

BUXIY

Paints



HALF YEAR Ended
December 31, 2011

CONTENTS

1.	COMPANY INFORMATION	1
2.	DIRECTORS' REVIEW	2
3.	AUDITORS' REVIEW REPORT TO THE MEMBERS	3
4.	CONDENSED INTERIM BALANCE SHEET	4
5.	CONDENSED INTERIM PROFIT AND LOSS ACCOUNT	5
6.	CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME	6
7.	CONDENSED INTERIM CASH FLOW STATEMENT	7
8.	CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY	8
9.	NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS	9-13



COMPANY INFORMATION

Company Information

Board of Directors:

Mr. Bashir Ahmed	Chairman
Mr. Shamshad Ali	Chief Executive Officer
Mr. H.P. Kotwal	
Mr. Sheikh Ajaz Majid	
Mr. Fakhruul Arfin	
Mr. Salman Tarik Kureshi	
Mr. Saeed Mohammad Sheikh	
Mr. Sheikh Asim Rafiq	(NIT Nominee)
Mr. Muhammad Hanif Idrees	(Alternate Director to Mr. Sheikh Ajaz Majid)

Audit Committee:

Mr. H.P. Kotwal	Chairman
Mr. Salman Tarik Kureshi	Member
Mr. Muhammad Hanif Idrees	Member

Company Secretary:

Mr. Shayan Mufti

Auditors:

KPMG- Taseer Hadi & Co.
Chartered Accountants

Legal Advisor:

Mr. Laiq Ahmed Khan

Bankers:

Habib Metropolitan Bank Limited
Habib Bank Limited
NIB Bank Limited
National Bank of Pakistan
MCB Bank Limited
Bank Alfalah

Share Registrar:

Noble Computer Services (Pvt.) Ltd.
1st Floor, House of Habib Building,
(Siddiqsons Tower), 3- Jinnah C.H. Society,
Main Shahrah-e-Faisal, Karachi-75350,
Ph: (92-21) 34325482-87
Fax: (92-21)34325442

Registered Office:

D-31, South Avenue, S.I.T.E., Karachi.

Web Site Address:

<http://www.buxly.com>

**DIRECTORS' REVIEW**

The Directors are pleased to present their report with unaudited interim financial statement for the six months ended December 31, 2011.

During the period under review, sales value has been at Rs. 53.6 million as against Rs. 36.1 million for the corresponding period of 2010. Gross margins have increased from 11.1% to 19.6% of net sales as compared to same period at last year. Selling and administrative expenses have increased by 4% due to variable cost on enhanced sales. Financial cost has decreased from Rs. 1.3 million to Rs. 0.25 million from the corresponding period. Resultantly there has been a net profit after tax of Rs. 1.1 million as against a net loss of Rs. 5.7 million of comparable period.

We expect to maintain this trend in the second half of the financial year.

CHIEF EXECUTIVE OFFICER**DIRECTOR**

Date: 25 February, 2012
Karachi.



**Auditors' Report on review of Condensed Interim
Financial Information to the Members**

Introduction

We have reviewed the accompanying condensed interim balance sheet of **Buxly Paints Limited** ("the Company") as at 31 December 2011 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity and notes to the condensed interim financial information for the six months period then ended (hereinafter referred as interim financial information). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for Interim Financial Reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as at and for the six months period ended 31 December 2011 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Other Matters

The figures for the quarter ended 31 December 2011 and 31 December 2010 in the condensed interim financial information have not been reviewed and we do not express a conclusion on them.

Date: 25 February, 2012

Karachi

KPMG Taseer Hadi & Co.

KPMG Taseer Hadi & Co.
Chartered Accountants
Muhammad Taufiq



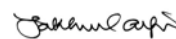
**CONDENSED INTERIM BALANCE SHEET
AS AT 31 DECEMBER 2011**

	Note	Un-Audited 31 December 2011 (Rupees in '000)	Audited 30 June 2011
ASSETS			
Non-Current Assets			
Property plant and equipment	6	1,873	1,879
Long term loans and advances		1,027	737
Long term deposits		91	91
Deferred tax asset	7	-	-
		2,991	2,707
Current Assets			
Stock in trade		22,382	18,988
Trade debts - unsecured	8	33,421	29,859
Current portion of long term loans and advances		312	232
Mark-up receivable		70	66
Advances and deposits		7,204	7,962
Prepayments and other receivables		5,624	5,652
Taxation - net		8,428	8,518
Term deposit receipts		150	150
Cash and bank balances		5,092	3,970
		82,683	75,397
Total Assets		85,674	78,104
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorised Capital			
5,000,000 (30 June 2011: 5,000,000)			
Ordinary shares of Rs. 10 each		50,000	50,000
Issued, subscribed and paid-up capital			
1,440,000 (30 June 2011: 1,440,000)			
ordinary shares of Rs. 10 each		14,400	14,400
Reserves		5,993	5,993
Accumulated loss		(14,647)	(15,751)
		5,746	4,642
Current Liabilities			
Short term running finance - secured	9	2,596	2,822
Trade and other payables	10	77,324	70,625
Interest and mark-up accrued		8	15
		79,928	73,462
Contingencies and commitments	11		
Total Equity and Liabilities		85,674	78,104

The annexed notes 1 to 18 form an integral part of these condensed interim financial information.



CHIEF EXECUTIVE OFFICER



DIRECTOR



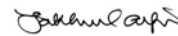
**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED AND QUARTER ENDED 31 DECEMBER 2011**

	Note	Six months period ended		Quarter ended	
		31 December 2011	31 December 2010	31 December 2011	31 December 2010
		(Rupees in '000)		(Rupees in '000)	
Sales - net	12	53,589	36,089	28,387	16,192
Cost of sales	13	(43,065)	(32,091)	(22,525)	(15,088)
Gross profit		10,524	3,998	5,862	1,104
Distribution and selling expenses	14	(5,448)	(5,276)	(2,909)	(2,900)
Administrative expenses	15	(3,422)	(3,265)	(1,994)	(1,786)
		(8,870)	(8,541)	(4,903)	(4,686)
Operating profit / (loss)		1,654	(4,543)	959	(3,582)
Other income		356	495	66	373
		2,010	(4,048)	1,025	(3,209)
Financial charges		(249)	(1,292)	(119)	(614)
Workers' Profit Participation Fund		(88)	-	(46)	-
Workers' Welfare Fund		(33)	-	(15)	-
		(370)	(1,292)	(180)	(614)
Profit / (loss) before taxation		1,640	(5,340)	845	(3,823)
Taxation					
- Current		(536)	(368)	(536)	(168)
- Prior years		-	-	-	(100)
		(536)	(368)	(536)	(268)
Profit / (loss) for the period		1,104	(5,708)	309	(4,091)
Earnings / (loss) per share - basic and diluted		0.77	(3.96)	0.21	(2.84)

The annexed notes 1 to 18 form an integral part of these condensed interim financial information.



CHIEF EXECUTIVE OFFICER



DIRECTOR



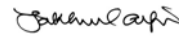
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED AND QUARTER ENDED 31 DECEMBER 2011**

	<u>Six months period ended</u>		<u>Quarter ended</u>	
	<u>31 December 2011</u>	<u>31 December 2010</u>	<u>31 December 2011</u>	<u>31 December 2010</u>
	(Rupees in '000)		(Rupees in '000)	
profit / (loss) after taxation	1,104	(5,708)	309	(4,091)
Other comprehensive income	-	-	-	-
Total comprehensive income / (loss)	<u>1,104</u>	<u>(5,708)</u>	<u>309</u>	<u>(4,091)</u>

The annexed notes 1 to 18 form an integral part of these condensed interim financial information.



CHIEF EXECUTIVE OFFICER



DIRECTOR



**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2011**

	31 December 2011	31 December 2010
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (loss) before taxation	1,640	(5,340)
Adjustments for:		
- Depreciation	50	45
- Provision in respect of stock in trade	393	-
- Provision for doubtful debts	317	-
- Gain on sale of property plant and equipment	-	(43)
- Financial charges	245	1,292
	<u>1,005</u>	<u>1,294</u>
	2,645	(4,046)
Working capital changes		
<i>(Increase) / decrease in current assets</i>		
Stock in trade	(3,787)	(6,464)
Trade debts	(3,879)	7,014
Advances and deposits	678	4,504
Prepayments and other receivables	28	(1,821)
	<u>(6,960)</u>	<u>3,233</u>
<i>(Decrease) / increase in current liabilities</i>		
Creditors, accrued and other liabilities	6,699	28,860
	<u>6,699</u>	<u>28,860</u>
Cash generated from / (used in) operations	2,384	28,047
Financial charges paid	(242)	(1,357)
Long term loans and advances (paid) / recovered	(290)	91
Income tax paid	(460)	(577)
	<u>(992)</u>	<u>(1,843)</u>
Net cash flow from operating activities	1,392	26,204
CASH FLOWS FROM INVESTING ACTIVITIES		
Sales proceeds of property, plant and equipment	-	200
Addition to property, plant and equipment	(44)	(44)
Net cash flow from investing activities	(44)	156
CASH FLOWS FROM FINANCING ACTIVITIES		
Net cash flow from financing activities	-	-
Net increase / (decrease) in cash and cash equivalents	1,348	26,360
Cash and cash equivalents at beginning of the period	1,148	(38,243)
Cash and cash equivalents at end of the period	<u>2,496</u>	<u>(11,883)</u>
Cash and cash equivalent comprises		
Cash and bank balances	5,092	2,393
Short-term running finance	(2,596)	(14,276)
	<u>2,496</u>	<u>(11,883)</u>

The annexed notes 1 to 18 form an integral part of these condensed interim financial information.



CHIEF EXECUTIVE OFFICER



DIRECTOR



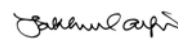
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2011**

	Issued, subscribed and paid-up capital(Rupees in '000).....	General reserve	Accumulated loss	Total
Balance as at 1 July 2010	14,400	5,993	(8,396)	11,997
<i>Transactions with owners, recorded directly in equity</i>	-	-	-	-
Total comprehensive loss for the period ended 31 December 2010	-	-	(5,708)	(5,708)
Balance as at 31 December 2010	14,400	5,993	(14,104)	6,289
<i>Transactions with owners, recorded directly in equity</i>	-	-	-	-
Total comprehensive loss for the period ended 30 June 2011	-	-	(1,647)	(1,647)
Balance as at 30 June 2011	14,400	5,993	(15,751)	4,642
<i>Transactions with owners, recorded directly in equity</i>	-	-	-	-
Total comprehensive income for the period ended 31 December 2011	-	-	1,104	1,104
Balance as at 31 December 2011	<u>14,400</u>	<u>5,993</u>	<u>(14,647)</u>	<u>5,746</u>

The annexed notes 1 to 18 form an integral part of these condensed interim financial information.



CHIEF EXECUTIVE OFFICER



DIRECTOR

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2011

1. STATUS AND NATURE OF BUSINESS

The Company was incorporated in Pakistan in April 1954 as a private limited company under the Companies Act, 1913 (now the Companies Ordinance, 1984) with registered office in Karachi, Sindh and subsequently converted into a public limited company in May 1985. Its shares are listed on the Karachi and Lahore Stock Exchanges. The principal activity of the company is manufacturing and sale of paints, pigments, protective surface coating, varnishes and other related products (under a toll manufacturing agreement with Berger Paints Pakistan Limited).

The registered office of the Company is situated at D-31, South Avenue, S.I.T.E. Karachi, Pakistan.

2. STATEMENT OF COMPLIANCE

These condensed interim financial information have been prepared in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting. The disclosures in the condensed interim financial information do not include the information reported for full annual financial statements and should therefore be read in conjunction with the financial statements for the year ended 30 June 2011.

These condensed interim financial statements are un-audited and are being submitted as required by Section 245 of the Companies Ordinance, 1984.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies for the preparation of these condensed interim financial statements are the same as those applied in the preparation of the financial statements for the preceding year ended 30 June 2011.

4. ESTIMATES

The preparation of condensed interim financial statements requires management to make judgments, estimates and assumptions that effect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that applied to financial statements as at and for the year ended 30 June 2011.

5. RISK MANAGEMENT

The Company's risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended 30 June 2011.



6. PROPERTY, PLANT AND EQUIPMENT

The following additions were made at cost during the period:

	31 December 2011 (un-audited)(Rupees in '000)....	30 June 2011 (Audited)
Computers	<u>44</u>	<u>49</u>

7. DEFERRED TAXATION

The Company has not recognised deferred tax assets of Rs 14.466 million (30 June 2011 : Rs. 16.326 million) as it is not probable that the offset will be available in future.

8. TRADE DEBTS - unsecured

Considered good	33,421	29,859
Considered doubtful	<u>27,200</u>	<u>26,884</u>
	60,621	56,743
Provision against debts considered doubtful	<u>(27,200)</u>	<u>(26,884)</u>
	<u>33,421</u>	<u>29,859</u>

9. SHORT TERM RUNNING FINANCE - Secured

This represents short term running finance facility of Rs. 45 million (2010: 45 million) obtained from Habib Metropolitan Bank Limited to finance the working capital requirements. The facility carries mark up at the rate of 2.5 percent above three months average KIBOR (2010: 2.5 percent above three months KIBOR), payable quarterly with the floor of 12.5% (2010: 12.5%) per annum.

This facility is secured against registered first ranking (pari passu) hypothecation charge over stocks and receivables of the Company, amounting to Rs. 70 million (2010: Rs 70 million). This facility has expired on 30 June 2011 and has not been renewed by the bank.

	2011(Rupees in '000)....	2010
10. TRADE AND OTHER PAYABLES		
Creditors	49,644	42,278
Accrued liabilities		
Accrued expenses	681	1,245
Salaries payable	41	91
	722	1,336
Unclaimed Dividend	<u>319</u>	<u>319</u>
	<u>50,685</u>	43,933
Other liabilities		
Advances from customers	26,549	26,558
Unfunded gratuity scheme	7	7
Workers' profit participation fund	(70)	(141)
Employees' Provident Fund	27	17
Commission payable	64	64
Others	62	187
	<u>26,639</u>	<u>26,692</u>
	<u>77,324</u>	<u>70,625</u>


11. CONTINGENCIES AND COMMITMENTS

31 December 2011 31 December 2010

(Rupees in '000)

Letter of guarantees 2,599 2,637

12. SALES - net

Six months ended Quarter ended
31 December 2011 31 December 2010 31 December 2011 31 December 2010

.....(Rupees in '000).....

Gross sales	62,799	42,728	33,181	19,414
Sales tax	(8,641)	(5,972)	(4,556)	(2,656)
	<u>54,158</u>	<u>36,756</u>	<u>28,625</u>	<u>16,758</u>
Commission and discounts	(569)	(667)	(238)	(566)
	<u>53,589</u>	<u>36,089</u>	<u>28,387</u>	<u>16,192</u>

13. COST OF SALES
Opening stock

Raw material	-	-	-	-
Container and packing material	597	-	627	-
	<u>597</u>	<u>-</u>	<u>627</u>	<u>-</u>

Add: Purchases

Raw material	41,438	33,889	24,003	12,609
Container and packing material	3,577	3,091	1,948	1,171
	<u>45,015</u>	<u>36,980</u>	<u>25,951</u>	<u>13,780</u>
	<u>45,612</u>	<u>36,980</u>	<u>26,578</u>	<u>13,780</u>

Less: Closing stock

Raw material	-	-	-	-
Container and packing material	(854)	-	(854)	-
	<u>(854)</u>	<u>-</u>	<u>(854)</u>	<u>-</u>

Raw material, container and packing material consumed	44,758	36,980	25,724	13,780
---	--------	--------	--------	--------

Manufacturing expenses

Toll manufacturing expenses	1,836	1,575	847	529
	<u>1,836</u>	<u>1,575</u>	<u>847</u>	<u>529</u>
	<u>46,594</u>	<u>38,555</u>	<u>26,571</u>	<u>14,309</u>

Work in process

Opening stock	3,060	7,262	3,551	10,947
Closing stock	(7,957)	(8,920)	(7,957)	(8,920)
	<u>(4,897)</u>	<u>(1,658)</u>	<u>(4,406)</u>	<u>2,027</u>

Cost of goods manufactured	41,697	36,897	22,165	16,336
----------------------------	--------	--------	--------	--------

Opening stock of finished goods	17,716	14,071	16,708	17,629
Closing stock of finished goods	(16,348)	(18,877)	(16,348)	(18,877)
	<u>1,368</u>	<u>(4,806)</u>	<u>360</u>	<u>(1,248)</u>

Cost of goods sold	<u>43,065</u>	<u>32,091</u>	<u>22,525</u>	<u>15,088</u>
--------------------	---------------	---------------	---------------	---------------



14. DISTRIBUTION AND SELLING EXPENSES

	Six months ended		Quarter ended	
	31 December 2011	31 December 2010	31 December 2011	31 December 2010
.....(Rupees in '000).....				
Salaries, wages and other benefits	3,845	3,673	1,922	2,003
Advertising expenses / sales promotion	64	289	28	239
Carriage outward	1,008	614	565	374
Depreciation	25	16	19	-
Others	506	684	375	284
	<u>5,448</u>	<u>5,276</u>	<u>2,909</u>	<u>2,900</u>

15. ADMINISTRATIVE EXPENSES

Salaries, wages and other benefits	1,235	1,735	720	808
Depreciation	25	29	6	16
Provision for doubtful debts	317	-	67	-
Provision for slow moving stock	393	-	393	-
Others	1,452	1,501	808	962
	<u>3,422</u>	<u>3,265</u>	<u>1,994</u>	<u>1,786</u>

16. RELATED PARTY RELATIONSHIP AND TRANSACTIONS

The related parties comprise of Berger Paints Limited, directors of the Company, major share holders and their close family members and key management personnel. The Company continues to have a policy whereby all transactions with related parties are entered into at commercial terms and conditions. Transactions with key management personnel are made as per the term of employment.

Details of transactions with related parties, other than those which have been specifically disclosed elsewhere in these condensed interim financial statements are as follows:

	Six months period ended	
	31 December 2011	31 December 2010
(Rupees in '000)		
Associated undertakings		
Berger Paints Pakistan Limited		
Purchases	<u>41,438</u>	<u>33,859</u>
Toll manufacturing expenses incurred	<u>1,836</u>	<u>1,575</u>
Royalty income	<u>352</u>	<u>418</u>
Due to Berger Paints Pakistan Limited.	<u>42,251</u>	<u>49,769</u>



	<u>Six months period ended</u>	
	<u>31 December</u>	<u>31 December</u>
	<u>2011</u>	<u>2010</u>
	<u>.....(Rupees in '000).....</u>	
Due from Berger Paints Pakistan Limited	<u>11,700</u>	<u>15,831</u>
Royalty income receivable from Berger Paints Pakistan Limited	<u>352</u>	<u>418</u>
National Bank of Pakistan - bank deposit	<u>29</u>	<u>23</u>
Remuneration of key management personnel		
Management remuneration	<u>1,051</u>	<u>549</u>
House rent and other benefits	<u>698</u>	<u>460</u>
Buxly Paints Limited Provident Fund		
Company's contribution	<u>14</u>	<u>-</u>

17. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial information were authorized for issue in the Board of Directors meeting held on February 25, 2012.

18. GENERAL

18.1 Figures have been rounded off to the nearest thousand of rupees.



CHIEF EXECUTIVE OFFICER



DIRECTOR




Adding Value & Protection

Buxly has been manufacturing superior quality paints since 1933. The company's focus on quality and durability through constant research and development have kept the Buxly name synonymous with customer's trust, generation after generation.

Today, Buxly offers a comprehensive range of products. From preparatory materials to finishing products for regular painting needs for buildings, industries and for extreme conditions and very specialized applications.

When you buy Buxly, you buy excellence in protective and decorative finishes.

Buxly's - commitment to excellence in quality

-  Extensive product Research & Development.
-  Trained and dedicated professional staff.
-  Emphasis on modern Quality Control techniques.