



THIRD QUARTER REPORT
For the Period Ended
31 March **2016**

Buxly
PAINTS



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Company Information

Board of Directors:

Bashir Ahmed	Chairman
Shamshad Ali	Chief Executive Officer
Fakhru Arfin	
Hameed Ahmed	
Saeed Mohammad Sheikh	
Muhammad Hanif Idrees	
Sheikh Asim Rafiq	(NIT Nominee)

Audit Committee:

Muhammad Hanif Idrees	Chairman
Saeed Mohammad Sheikh	Member
Fakhru Arfin	Member

Human Resource and Remuneration Committee :

Hameed Ahmed	Chairman
Saeed Mohammad Sheikh	Member
Shamshad Ali	Member

CFO & Company Secretary:

Usman Zafar

Auditors:

Rehman Sarfraz Rahim Iqbal Rafiq
Chartered Accountants

Legal Advisor:

Laiq Ahmed Khan

Bankers:

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

Share Registrar:

THK Associates (Pvt.) Ltd.
Ground Floor, State Life Building No. 3
Dr. Zia Uddin Ahmed Road, P.O. Box No. 8533 Karachi
Ph: (92-21) 111-000-322
FAX: (92-21) 35655595

Registered Office:

X-3, Manghopir Road, S.I.T.E., Karachi-75700

Web Site Address:

<http://www.buxly.com>

Directors' review

The directors of your company are pleased to submit the un-audited condensed financial statements for the Nine Months and 3rd Quarter ended March 31, 2016.

Operational Results:

The company has achieved sales value amounting Rs.145.8 million as against Rs.109.2 million of corresponding period of last year. The gross margin percentage has improved by 1.51% during the period under review as against the same period of last year. The EPS i.e. Rs.2.32 per share has increased by Rs.0.74 per share in comparison to the same of the corresponding period of last year.

Incidence of Fire:

On March 21, 2016, a fire erupted in Karachi warehouse of the company which destroyed the stock of finished goods valuing Rs. 6 million. An insurance claim has been lodged which is in the process of verification.

Future Outlook:

Despite the increasing challenges, your Company is committed to further improve its results in the remainder period of the current financial year.

Chief Executive Officer

Director

Karachi:
April 23, 2016



Condensed Interim Balance Sheet

As on 31 March 2016

	(Un-audited) 31 March 2016 (Rupees in thousand)	(Audited) 30 June 2015
ASSETS		
Non-Current Assets		
Property and equipment	62,099	62,145
Investment properties	4,568	4,742
Long term loans and advances	1,862	2,045
Long term deposits	91	91
Deferred taxation	-	-
	68,620	69,023
Current Assets		
Stock-in-trade	13,321	20,988
Trade debts - unsecured	41,921	40,898
Current portion of long term loans and advances	185	642
Mark-up receivable	218	273
Advances and deposits	8,832	12,443
Prepayments and other receivables	6,555	4,695
Taxation-net	6,906	5,830
Term deposit receipts / accounts	6,925	4,430
Cash and bank balances	13,899	12,221
	98,762	102,420
Total Assets	167,382	171,443
EQUITY AND LIABILITIES		
Share Capital and Reserves		
Authorised Capital		
5,000,000 (30 June 2015: 5,000,000) Ordinary shares of Rs. 10 each	50,000	50,000
Issued, subscribed and paid-up capital		
1,440,000 (30 June 2015: 1,440,000) ordinary shares of Rs. 10 each	14,400	14,400
General Reserve	5,993	5,993
Accumulated loss	(7,870)	(11,212)
	12,523	9,181
Surplus on revaluation of fixed assets	60,435	60,435
Current Liabilities		
Advance from related party	40,000	40,000
Trade and other payables	54,424	61,827
	94,424	101,827
Contingencies and commitments	-	-
Total Equity and Liabilities	167,382	171,443

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

Chief Executive Officer

Director

Condensed Interim Profit and Loss Account (Un-audited)

For the Period Ended 31 March 2016

	Note	Nine months period ended		Quarter ended	
		31 March 2016	31 March 2015	31 March 2016	31 March 2015
----- (Rupees in thousand) -----					
Sales - net	11	145,803	109,247	52,727	43,416
Cost of sales	12	(114,998)	(87,817)	(40,049)	(33,736)
Gross profit		30,805	21,430	12,678	9,680
Distribution and selling expenses	13	(23,820)	(16,298)	(8,583)	(6,987)
Administrative expenses	14	(4,531)	(3,546)	(1,973)	(1,089)
		(28,351)	(19,844)	(10,556)	(8,076)
Operating profit / (loss)		2,454	1,586	2,122	1,604
Other income		3,014	2217	947	939
		5,468	3,803	3,069	2,543
Financial cost	15	(315)	(141)	(241)	(48)
Workers' Profit Participation Fund		(258)	(183)	(142)	(125)
Workers' Welfare Fund		(95)	(68)	(51)	(68)
		(668)	(392)	(434)	(241)
Profit before tax		4,800	3,411	2,635	2,302
Taxation		(1,458)	(1,132)	(524)	(434)
Profit for the period		3,342	2,279	2,111	1,868
Earnings per share - basic and diluted		2.32	1.58	1.47	1.30

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

 Chief Executive Officer

 Director



Condensed Interim Statement of Comprehensive Income (Un-audited)

For the Period Ended 31 March 2016

	Nine months period ended		Quarter ended	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
	----- (Rupees in thousand) -----			
Profit after taxation	3,342	2,279	2,111	1,868
Other comprehensive income	-	-	-	-
Total comprehensive income	3,342	2,279	2,111	1,868

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

Chief Executive Officer

Director

Condensed Interim Cash Flow Statement (Un-audited)

For the Nine Months Period Ended 31 March 2016

	31 March 2016	31 March 2015
	(Rupees in thousand)	
Cash Flows from Operating Activities		
Profit before taxation	4,800	3,411
Adjustments for:		
Depreciation	234	249
Provision against slow moving stocks	300	-
Provision for doubtful debts	200	1,000
Mark-up on term deposit receipt	(275)	(103)
Finance cost	315	141
	774	1,287
Operating cash flows before working capital changes	5,573	4,698
Working capital changes		
(Increase)/Decrease in Current Assets:		
Stock-in-trade	7,467	14,133
Trade debts	(1,323)	(2,200)
Advances and deposits	4,068	(262)
Prepayments and other receivables	(1,860)	477
Increase/(Decrease) in Current Liabilities:		
Trade & other payables	(7,404)	(15,134)
Cash generated from operations	948	(2,986)
	6,522	1,712
Finance cost paid	(315)	(141)
Income tax paid	(2,535)	(2,172)
	(2,850)	(2,313)
Net Cash Used in Operating Activities	3,672	(601)
Cash Flows from Investing Activities		
Additions to property and equipments	(13)	(35)
Investment in term deposit receipts	(2,495)	(2,662)
Mark up received on term deposit receipts	330	125
Long term loans and advances	184	(999)
Net Cash Used in Investing Activities	(1,994)	(3,571)
Cash Flows from Financing Activities		
Net Cash generated from Financing Activities	-	-
Net (decrease)/Increase in Cash and Cash Equivalents during the period	1,678	(4,172)
Cash and Cash Equivalents at the beginning of the period	12,221	10,154
Cash and Cash Equivalents at the end of the period	13,899	5,982

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 Ended 31 March 2016

	Issued subscribed and paid-up capital	General reserve	Accumulated losses	Share capital and reserve	Surplus on revaluation of fixed assets	Total
	----- (Rupees in thousand) -----					
Balance as at 01 July 2014	14,400	5,993	(13,278)	7,115	60,435	67,550
Transactions with owners, recorded directly in equity	-	-	-	-	-	-
Total comprehensive profit for the year ended 30 June 2015	-	-	2,066	2,066	-	2,066
Balance as at 30 June 2015	14,400	5,993	(11,212)	9,181	60,435	69,616
Transactions with owners, recorded directly in equity	-	-	-	-	-	-
Total comprehensive profit for the nine months period ended 31 March 2016	-	-	3,342	3,342	-	3,342
Balance as at 31 March 2016	14,400	5,993	(7,870)	12,523	60,435	72,958

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

Chief Executive Officer

Director

Notes to the Condensed Interim Financial Information

For the Ended 31 March 2016

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 Pakistan Stock Exchange. 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, at a specified toll manufacturing fees. As per the agreement, the Company will deliver the materials, packing, filling and other bulk components, together with other ingredients to Berger Paints Pakistan Limited, who will process the ingredients and packs the products and delivers the products to the Company or designated party in Pakistan indicated by the Company.

The registered office of the Company is situated at X-3, Manghopir Road, S.I.T.E. Karachi, Pakistan.

2. STATEMENT OF COMPLIANCE

This condensed financial information of the Company for the period ended 31 Mar 2016 has been prepared in accordance with the requirements of the "International Accounting Standard 34 - Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

This condensed interim financial information is un-audited and is being submitted as required by Section 245 of the Companies Ordinance, 1984.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of this financial information are the same as those applied in the preparation of the financial statements for the year ended 30 June 2015.

4. ESTIMATES

The preparation of financial information 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 the year ended 30 June 2015.

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 2015.



	(Un-audited) 31 March 2015 (Rupees in thousand)	(Audited) 30 June 2015
6. PROPERTY AND EQUIPMENT		
Opening written down value	62,145	62,189
Additions during the period-at cost	13	46
Depreciation charged	(60)	(90)
	62,098	62,145

7. DEFERRED TAXATION

Deferred tax asset has not been recognised on account of taxable losses and deductible temporary differences (net of taxable temporary differences) as it is not probable that the offset will be available in future.

	(Un-audited) 31 March 2015 (Rupees in thousand)	(Audited) 30 June 2015
8. SURPLUS ON REVALUATION OF FIXED ASSETS	60,435	60,435

The surplus is in respect of the land located at Plot No. X-3, Manghopir Road, S.I.T.E, Karachi, which was previously held at cost. The said plot was revalued on July 18, 2013 by an independent valuer M/s Iqbal A. Nanjee & Co. (Private) Limited, Karachi. The valuation of land has been made on the basis of fair market value. The valuation resulted in net surplus of Rs. 60.435 million. The aforementioned surplus amount has been credited to surplus on revaluation of fixed assets account to comply with the requirements of Section 235 of the Companies Ordinance, 1984.

9. ADVANCE	40,000	40,000
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On 10 July 2012, the company received an advance of Rs. 40 million from M.S. Orchids (Pvt) Ltd, a related party through an agreement dated 30 June 2012. As per the agreement, M.S. Orchids (Pvt) Limited desired to help the company to meet its annual sales targets through dealers network and to facilitate the business requirements of the Company.

The Company shall pay service charges at the rate of 4% on its annual net sales value, to be worked out on the basis of audited annual accounts of the company. The provisional payments shall be made on quarterly basis by 15 October, 15 January, 15 April and 15 July for the respective preceding quarters. As the company intends to settle the whole amount within one year, this has been classified as current liability.

10. CONTINGENCIES

Contingencies are amounted to (March 2016, Rs.14.020 million) (June 2015, Rs.11.525 million).

	----- (Un-audited) -----			
	Nine months ended		Quarter ended	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
	----- (Rupees in thousand) -----			
11. SALES - net				
Gross sales	173,603	130,675	62,731	51,703
Sales tax	(27,676)	(20,515)	(10,004)	(8,250)
	145,927	110,160	52,727	43,453
Commission and discounts	(124)	(913)	-	(217)
	145,803	109,247	52,727	43,236
12. COST OF SALES				
Opening stock				
Container and packing material	1,078	1,136	773	591
	1,078	1,136	773	591
Add: Purchases				
Raw material	94,952	62,960	27,525	23,297
Container and packing material	10,164	5,231	2,466	2,349
	105,116	68,191	29,991	25,646
	106,194	69,327	30,764	26,237
Less: Closing stock				
Container and packing material	(875)	(1,095)	(875)	(1,095)
Raw material, container and packing material consumed	105,319	68,232	29,889	25,142
Adjstment of stock loss	(6,000)*	-	(6,000)*	-
Manufacturing expenses				
Toll manufacturing expenses	8,515	5,493	2,906	2,233
	107,834	73,725	26,795	27,375
Work in process				
Opening stock	1,309	5,488	1,975	4,768
Closing stock	(1,281)	(3,897)	(1,281)	(3,897)
	28	1,591	694	871
Cost of goods manufactured	107,862	75,316	27,489	28,246
Opening stock of finished goods	23,058	33,064	28,483	26,053
Closing stock of finished goods	(15,922)	(20,563)	(15,922)	(20,563)
	7,136	12,501	12,561	5,490
Cost of goods sold	114,998	87,817	40,050	33,736

* Represents amount of stock lost due to fire.



	(Un-audited)			
	Nine months ended		Quarter ended	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
----- (Rupees in thousand) -----				
13. SELLING AND DISTRIBUTION EXPENSES				
Salaries, wages and other benefits	12,085	8,233	3,897	3,112
Advertising expenses/sales promotion	763	557	508	440
Carriage outward	2,934	1,156	815	383
Depreciation	47	50	16	17
Service charges	5,832	4,370	2,109	1,737
Others	2,159	1,932	1,238	1,298
	<u>23,820</u>	<u>16,298</u>	<u>8,583</u>	<u>6,987</u>
14. ADMINISTRATIVE EXPENSES				
Salaries, wages and other benefits	1,355	1,380	453	462
Depreciation	187	199	62	67
Service charges	180	180	60	60
Others	2,809	1,787	1,398	500
	<u>4,531</u>	<u>3,546</u>	<u>1,973</u>	<u>1,089</u>
15. FINANCIAL CHARGES				
Bank charges	315	141	241	48
	<u>315</u>	<u>141</u>	<u>241</u>	<u>48</u>

16. RELATED PARTY RELATIONSHIP AND TRANSACTIONS

Related parties comprises of Berger Paints Pakistan Limited, M.S.Orchids (Private) Limited, directors of the Company, major share holders and their close family members and key management personnel and employment retirement benefits plans. The Company continues to have a policy whereby all transactions with related parties undertakings are entered into at commercial terms and conditions at agreed rates. Further, contribution to defined contribution plan (provident fund) are made as per the terms of employment. Remuneration of key management personnel are in accordance with their terms of engagements. Details of transactions with related parties and balances receivables & payables, other than those which have been specifically disclosed elsewhere in these financial statements are as follows:

---- (Un-audited) ----
Nine months period ended
31 March 31 March
2016 2015
(Rupees in thousand)

Associated undertakings:

Berger Paints Pakistan Limited

Purchases during the period	94,000	62,960
Toll manufacturing expenses incurred	8,515	5,493
Royalty income (under royalty agreement)	1,314	900
Rent income	1,350	1,200
License fee Income	9	6
Rental expense and service charges	2,754	2,754
Sales during the period	3,462	1,228
Due to Berger Paints Pakistan Limited.	47,278	47,467

M.S. Orchids (Private) Limited

Advance from Related Party	40,000	40,000 *
Service Charges for the period	5,832	4,370
Service Charges Payable	1,759	1,737 *

Remuneration of Key Management Personnel

Management remuneration	2,459	1,605
House rent and other benefits	774	536

Buxly Paints Limited Provident Fund

Company's contribution	291	157
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* Represent amounts outstanding as on 30 June 2015.



17. GENERAL

17.1 Figures have been rounded off to the nearest thousand rupees.

17.2 Previous year figures have been re-arranged wherever necessary for the purpose of comparison.

18. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorized for issue in the Board of Directors meeting held on 23-April-2016.

Chief Executive Officer

Director



Buxly Paints Limited

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