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Board of Directors:

Mr. Bashir Ahmed	Chairman
Mr. Shamshad Ali	Chief Executive Officer
Mr. H.P Kotwal	
Mr. Fakhrul Arfin	
Mr. S. T. Kureshi	
Mr. Fareed Khan	
Mr. Muhammad Hanif Idrees	
Mr. Sheikh Asim Rafiq	(NIT Nominee)

Audit Committee:

Mr. Muhammad Hanif Idrees	Chairman
Mr. Fareed Khan	Member
Mr. Fakhrul Arfin	Member

**Human Resource and
Remuneration Committee :**

Mr. Bashir Ahmed	Chairman
Mr. H.P Kotwal	Member
Mr. Shamshad Ali	Member

CFO & Company Secretary:

Mr. Asad Ali

Auditors:

Rehman Sarfraz Rahim Iqbal Rafiq
Chartered Accountants

Legal Advisor:

Mr. 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>

Buxly Paints Limited

Directors' Review:

The Directors of your company are pleased to present the condensed interim financial statements for the nine months ended March 31, 2018.

Operational Results:

During the period your Company achieved the net sales revenue of Rs. 224.989 million (March 31, 2017: 189.622 million) which reflects 19% growth over the corresponding period of last year. In spite of the growth in revenue, gross margin as percentage of net sales reduced by 8% over the corresponding period of last year. Reduction in margins was mainly on account of increase in raw material costs due to devaluation of Pak rupee against dollar and rising oil prices. In view of stiff competition from non-compliant unorganized sector impact of increased costs was absorbed by the company to maintain the volume growth. To compensate the impact of reduced margin management focused on costs leading to profit before tax of Rs.0.319million. However due to minimum tax there has been a loss after tax of Rs.2.493 million.

Outlook:

Inflationary trend and unfair competition from non-compliant unorganized sector is expected to continue maintaining pressure on profitability. The management is exploring means to enhance margins and is focused to maintain sales revenue growth by strengthening relationship with existing customers along with exploring new avenues to improve the overall results for the year.

We extend our gratitude to all our stakeholders for their continued support and thank the management and all employees for their dedication and hard work.

Chief Executive

Director

**Karachi:
April 26, 2018**

مجلسِ نظما کی رپورٹ

آپ کی کمپنی کے ناظمین 31 مارچ 2018ء کو اختتام ہونے والے 9 ماہ پر عبوری مالیاتی گوشوارے بعد اپنے تبصرے کے پیش کرتے ہوئے دلی مسرت کا اظہار کرتے ہیں۔

مالیاتی کارکردگی:

افراط زر میں اضافہ کے زحمان اور غیر منظم شعبہ سے سخت مقابلہ کے باوجود کمپنی نے حجم کی ترقی کو برقرار رکھا۔ سال کے اولین 9 ماہ کی سیلز 244.989.989 ملین روپے تک رہی (گزشتہ سال کی اسی مدت ”31 مارچ 2018ء“ میں سیلز 189.622 ملین روپے تھی) جو کہ گزشتہ سال اسی مدت میں ہونے والی سیلز سے 19 فیصد زیادہ ہے۔ آمدنی میں اضافہ کے باوجود کل منافع گزشتہ اسی مدت کے دوران ہونے والی سیلز سے 8 فیصد کم ہے۔ البتہ خام مال کی لاگت میں اضافہ ہوا جس کے نتیجے میں 9 ماہی مالیاتی سال 2017-18ء میں منافع میں کمی ہوئی جو کہ عالمی سطح پر ڈالر کے مقابل پاکستانی روپے کی قدر میں کمی اور خام تیل کی قیمتوں میں تیزی کے زحمان کے باعث ہے۔ کم منافع کے اثرات کی خٹائی کیلئے انتظامیہ نے لاگت پر توجہ مرکوز کی جو 0.319 ملین روپے قبل از ٹیکس منافع کا باعث بنا، تاہم کم سے کم ٹیکس کے باعث 2.493 ملین روپے بعد از ٹیکس نقصان ہوا۔

مستقبل کا لائحہ عمل:

افراط زر میں اضافہ اور مقابلہ کے سخت زحمان کے باوجود آپ کی کمپنی کی کوشش رہے گی کہ سیلز میں اضافہ ہو جس کے اطلاق سے سال کے آخری 3 ماہ کے دوران منافع بخش کاروبار کا حصول ممکن ہوگا۔ کمپنی مستقبل کے لائحہ عمل کے لیے موجودہ صارفین کی ضروریات اور ان سے مضبوط تعلقات کے لیے کوشاں ہے تاکہ نئے مواقع کو بروئے کار لاتے ہوئے نتائج میں بہتری لائی جاسکے۔

ڈائریکٹر

چیف ایگزیکٹو آفیسر

کراچی: 26 اپریل 2018ء

Buxly Paints Limited
Condensed Interim Balance Sheet (Un-audited)
As at 31 March 2018

	Note	Un-audited 31 March 2018	Audited 30 June 2017
ASSETS			
Non-Current Assets			
Property and equipment	6	62,177	62,218
Investment properties		4,133	4,290
Long term loans and advances		3,448	1,703
Long term security deposits		91	91
Deferred taxation	7	-	-
		69,849	68,302
Current Assets			
Stock-in-trade		53,761	32,254
Trade debts - unsecured		82,439	65,477
Advances and deposits		16,975	15,412
Prepayments and other receivables		3,504	2,505
Term deposit receipts / accounts		7,217	7,217
Mark-up receivable		53	234
Current portion of long term loans and advances		240	530
Taxation-net		8,593	5,692
Cash and bank balances		7,618	18,192
		180,400	147,513
Total Assets		250,249	215,815
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorised Capital			
5,000,000 (30 June 2017: 5,000,000) Ordinary shares of Rs. 10 each		50,000	50,000
Issued, subscribed and paid-up capital			
1,440,000 (30 June 2017: 1,440,000) ordinary shares of Rs. 10 each		14,400	14,400
Reserves			
Revenue Reserve		5,993	5,993
Capital Reserve - Surplus on Revaluation of Fixed Assets	8	60,435	60,435
Accumulated Profit/ (loss)		(94)	2,399
		80,734	83,227
Current Liabilities			
Markup Accrued		1,247	805
Short term borrowings - secured	9	49,980	39,834
Unclaimed Dividend		319	319
Trade and other payables		117,969	91,630
		169,515	132,588
Contingencies and commitments	10		
Total Equity and Liabilities		250,249	215,815

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

Chief Executive

Director

Chief Financial Officer

Buxly Paints Limited
Condensed Interim Profit and Loss Account (Un-audited)
For the period ended 31 March 2018

	Note	Nine months period ended		Quarter ended	
		31 March	31 March	31 March	31 March
		2018	2017	2018	2017
		(Rupees in '000)		(Rupees in '000)	
Sales - net	11	224,989	189,622	89,232	65,251
Cost of sales	12	(189,573)	(144,072)	(80,229)	(49,683)
Gross profit		35,416	45,550	9,003	15,568
Distribution and selling expenses	13	(28,279)	(34,410)	(8,459)	(11,257)
Administrative expenses	14	(6,749)	(5,261)	(2,105)	(2,037)
		(35,028)	(39,671)	(10,564)	(13,294)
Operating profit / (loss)		388	5,879	(1,561)	2,274
Other income		3,098	3,255	1,070	1,196
		3,486	9,134	(491)	3,470
Financial cost	15	(3,167)	(366)	(1,326)	(227)
Other charges		-	(614)	150	(227)
		(3,167)	(980)	(1,176)	(454)
Profit before tax		319	8,154	(1,667)	3,016
Taxation		(2,812)	(1,929)	(1,115)	(665)
Profit/ (Loss) for the period		(2,493)	6,225	(2,782)	2,351
Earnings per share - basic and diluted		(1.73)	4.32	(1.93)	1.63

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

Chief Executive

Director

Chief Financial Officer

Buxly Paints Limitec

Condensed Interim Statement of Comprehensive Income (Un-audited)

For the period ended 31 March 2018

	Nine months period ended		Quarter ended	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
	----- (Rupees in '000) -----			
Profit after taxation	(2,493)	6,225	(2,782)	2,351
Other comprehensive income	-	-	-	-
Total comprehensive income	<u>(2,493)</u>	<u>6,225</u>	<u>(2,782)</u>	<u>2,351</u>

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

Chief Executive

Director

Chief Financial Officer

Buxly Paints Limited
Condensed Interim Cash Flow Statement (Un-audited)
For the period ended 31 March 2018

	31 March 2018	31 March 2017
	----- (Rupees in '000) -----	
Cash Flows from Operating Activities		
Profit before taxation	319	8,154
Adjustments for:		
Depreciation	245	225
Mark-up on term deposit receipt	(272)	(296)
Finance cost	3,167	366
	<u>3,140</u>	<u>295</u>
Operating cash flows before working capital changes	3,459	8,449
Working capital changes		
(Increase)/Decrease in Current Assets:		
Stock-in-trade	(21,507)	(9,291)
Trade debts	(16,962)	(16,215)
Advances and deposits	(1,563)	307
Prepayments and other receivables	(999)	4,504
Increase/(Decrease) in Current Liabilities:		
Trade & other payables	26,339	21,039
Cash generated from operations	<u>(14,692)</u>	<u>344</u>
	(11,233)	8,793
Finance cost paid	(2,725)	(366)
Income tax paid	(5,713)	(3,496)
	<u>(8,438)</u>	<u>(3,862)</u>
Net Cash Used in Operating Activities	<u>(19,671)</u>	<u>4,931</u>
Cash Flows from Investing Activities		
Additions to property and equipments	(47)	(172)
Investment in term deposit receipts	-	(292)
Mark up received on term deposit receipts	453	98
Long term loans and advances	(1,455)	(160)
Net Cash Used in Investing Activities	<u>(1,049)</u>	<u>(527)</u>
Cash Flows from Financing Activities		
Repayment of Advance from related party	-	(40,000)
Short term borrowings - secured	10,146	39,705
Net Cash generated from Financing Activities	<u>10,146</u>	<u>(295)</u>
Net (decrease)/Increase in Cash and Cash Equivalents during the period	(10,574)	4,109
Cash and Cash Equivalents at the beginning of the period	<u>18,192</u>	<u>16,632</u>
Cash and Cash Equivalents at the end of the period	<u><u>7,618</u></u>	<u><u>20,741</u></u>

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

Chief Executive

Director

Chief Financial Officer

Buxly Paints Limited
 Condensed Interim Statement of Changes in Equity (Un-audited)
 For the period ended 31 March 2018

	Note	Revenue Reserves		Capital Reserves	Total Reserves	Total	
		General reserve	Accumulated losses	Surplus on revaluation of fixed assets			
		issued, subscribed and paid-up capital	(Rupees in thousand)				
Balance as at 01 July 2016		14,400	5,993	(6,077)	-	(84)	14,316
Effect of change in accounting policy	3.3	-	-	-	60,435	60,435	60,435
Balance as at 1 July 2016 - as restated		<u>14,400</u>	<u>5,993</u>	<u>(6,077)</u>	<u>60,435</u>	<u>60,351</u>	<u>74,751</u>
Total comprehensive profit for the year ended 30 June 2017		-	-	8,476	-	8,476	8,476
Balance as at 30 June 2017 - as restated		<u>14,400</u>	<u>5,993</u>	<u>2,399</u>	<u>60,435</u>	<u>68,827</u>	<u>83,227</u>
Total comprehensive profit for the nine month period ended 31 March 2018		-	-	(2,493)	-	(2,493)	(2,493)
Balance as at 31 March 2018		<u>14,400</u>	<u>5,993</u>	<u>(94)</u>	<u>60,435</u>	<u>66,334</u>	<u>80,734</u>

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

 Chief Executive

 Director

 Chief Financial Officer

Buxly Paints Limited

Notes to the Condensed Interim Financial Statements (Un-audited)

For the period ended 31 March 2018

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 Act, 2017) 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

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 and provisions of and directives issued under the Companies Act 2017. Where provisions of and directives issued under the Companies Act 2017 differ with the requirements of IAS 34, provisions of and directives issued under the Companies Act 2017 have been followed.

These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2017.

These condensed interim financial statements have been restated to account for the effect of change in accounting policy relating to surplus on revaluation of Property and Equipment in order to fairly present the result of the period and quarter ended March 31, 2017

This condensed interim financial information is un-audited and is being submitted as required by Section 237 of the Companies Act, 2017.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- 3.1. The accounting policies and methods of computation adopted in the preparation of these condensed interim financial statements are same as those applied in the preparation of financial statements for the year ended June 30, 2017 except for the change in presentation of Surplus of revaluation of Property and Equipment due to promulgation of Companies Act 2017.
- 3.2. Effective 30 May 2017, the Companies Act, 2017 (the Act) was enacted which replaced and repealed the previous Companies Ordinance, 1984 (the repealed Ordinance).
- 3.3. Section 235 of the repealed Ordinance relating to treatment of surplus arising on revaluation of property, plant and equipment has not been carried forward in the Act. The said section of the repealed Ordinance specified presentation and accounting treatment relating to the revaluation of property, plant and equipment which was not in accordance with the requirement of IAS 16 'Property, Plant and Equipment'. Consequent to deletion of said section from the Act, the Company has changed its accounting policy with respect to surplus arising on revaluation of property, plant and equipment to conform it with the requirement of IAS 16. Previously, the Company used to transfer such surplus to an account called 'Surplus on revaluation of fixed assets' which was shown separately in statement of financial position after Capital and Reserves (i.e. Equity). Further the surplus on revaluation of fixed assets was allowed to be applied by the Company in setting off or in diminution of any deficit arising from the revaluation of any other fixed assets of the Company. The said change in accounting policy has been made in accordance with the requirement of IAS 8 'Accounting Policies, Change in Accounting Estimates and Errors' and accordingly 'Surplus on revaluation of fixed assets' is now part of Equity. However there was no change in the reported amounts of financial statements of the Company due to the change in accounting policy.

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 2017.

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 2017.

31 March	30 June
2018	2017
(Un-audited)	(Audited)
(Rupees in '000)	

6 PROPERTY AND EQUIPMENT

Opening written down value	62,218	62,117
Additions during the period-at cost	47	190
Depreciation charged	(88)	(89)
	<u>62,177</u>	<u>62,218</u>

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.

31 March	30 June
2018	2017
(Un-audited)	(Audited)
(Rupees in '000)	

8 SURPLUS ON REVALUATION OF FIXED ASSETS

<u>60,435</u>	<u>60,435</u>
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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 and is accounted for in accordance with note. 3.3

9 SHORT TERM BORROWINGS - SECURED

Company entered into an agreement with JS Bank Limited for short term running finance facility under mark-up arrangement. This arrangement is secured against hypothecation charge over stocks and receivables of the company along with additional comfort on equitable mortgage on industrial property of the company situated at Plot # X-3, Manghopir Road, S.I.T.E., Karachi. The running finance facility carries mark-up of 3 months KIBOR + 2%.

10 CONTINGENCIES

Contingencies amounted to Rs.17.146 million in March 2018 and Rs.16.689 million in June 2017.

Nine months period ended		Quarter ended	
31 March	31 March	31 March	31 March
2018	2017	2018	2017

(Rupees in '000)

11. SALES - net

Gross sales	268,138	226,470	106,412	77,772
Sales tax	(42,812)	(35,679)	(17,027)	(12,111)
	225,326	190,791	89,385	65,661
Commission and discounts	(337)	(1,169)	(153)	(410)
	224,989	189,622	89,232	65,251

12. COST OF SALES

Opening stock				
Container and packing material	551	519	1,590	365
	551	519	1,590	365
Add: Purchases				
Raw material	170,821	129,267	66,020	43,198
Container and packing material	19,763	11,132	8,600	5,005
	190,584	140,399	74,620	48,203
	191,135	140,918	76,210	48,568
Less: Closing stock				
Container and packing material	(1,809)	(381)	(1,809)	(381)
Raw material, container and packing material consumed	189,326	140,537	74,401	48,187
Manufacturing expenses				
Toll manufacturing expenses	20,496	11,821	8,689	3,948
	209,822	152,358	83,090	52,135
Work in process				
Opening stock	895	757	6,713	3,643
Closing stock	(6,274)	(624)	(6,274)	(624)
	(5,379)	133	439	3,019
Cost of goods manufactured	204,443	152,491	83,529	55,154
Opening stock of finished goods				
Stock recovered from damaged stocks	35,565	18,035	47,135	22,126
Closing stock of finished goods	(50,435)	(27,597)	(50,435)	(27,597)
	(14,870)	(8,419)	(3,300)	(5,471)
Cost of goods sold	189,573	144,072	80,229	49,683

13. SELLING AND DISTRIBUTION EXPENSES

	Nine months period ended		Quarter ended	
	31 March	31 March	31 March	31 March
	2018	2017	2018	2017

(Rupees in '000)

Salaries, wages and other benefits	16,267	15,862	4,589	5,501
Advertising expenses/sales promotion	1,212	5,064	351	2,208
Carriage outward	6,262	2,554	2,345	841
Depreciation	49	45	18	16
Service charges	-	7,074	-	2,100
Printing and Stationery	702	152	629	37
Rent Rates and Taxes	280	180	70	60
Postage, telephone and fax	106	67	54	5
Others	3,401	3,412	403	490
	28,279	34,410	8,459	11,258

	Nine months period ended		Quarter ended	
	31 March	31 March	31 March	31 March
	2018	2017	2018	2017
	(Rupees in '000)			
14. ADMINISTRATIVE EXPENSES				
Salaries, wages and other benefits	2,799	1,325	1,108	557
Depreciation	196	179	73	61
Service charges	-	180	-	60
Printing and Stationery	259	297	26	4
Postage, telephone and fax	66	89	12	21
Repair & maintenance	469	372	70	108
Travelling & conveyance	195	71	38	47
Directors' fee	313	376	100	150
Auditors' fee	113	113	-	-
Others	2,339	2,259	678	1,029
	6,749	5,261	2,105	2,037

15. FINANCIAL CHARGES

Finance Cost and Bank Charges	3,167	336	1,326	227
	3,167	336	1,326	227

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:

	Nine months period ended	
	31 March	31 March
	2018	2017
	(Rupees in '000)	
Associated undertakings		
Berger Paints Pakistan Limited		
Purchases during the period	170,821	129,367
Toll manufacturing expenses incurred	20,496	11,821
Royalty income (under royalty agreement)	1,467	1,601
Rent income	1,350	1,350
License fee Income	9	9
Rental expense and service charges	-	2,754
Due to Berger Paints Pakistan Limited.	99,577	65,832
M.S. Orchids (Private) Limited		
Service Charges for the period	-	7,074
Service Charges Payable	-	2,100
Remuneration of Key Management Personnel		
Management remuneration	2,427	2,502
House rent and other benefits	784	839
Buxly Paints Limited Provident Fund		
Company's contribution	329	326

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 26-April-2018.

Chief Executive

Director

Chief Financial Officer