



Third Quarter Report
31 March 2014

BERGER 
Trusted Worldwide

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COMPANY INFORMATION

Board of Directors

Mr. Maqbool H. H. Rahimtoola - Chairman
Dr. Mahmood Ahmad - Chief Executive
Mr. Hamid Masood Sohail
Mr. Muhammad Naseem
Mr. Ilyas Sharif
Mr. Shahzad M. Husain
Mr. Zafar A. Osmani

Audit Committee

Mr. Hamid Masood Sohail - Chairman
Mr. Maqbool H. H. Rahimtoola
Mr. Muhammad Naseem

Human Resource Committee

Dr. Mahmood Ahmad
Mr. Shahzad M. Husain
Mr. Zafar A. Osmani

CFO & Company Secretary

Mr. Abdul Wahid Qureshi

Bankers

MCB Bank Limited
Habib Metropolitan Bank Limited
Faysal Bank Limited
JS Bank Limited
United Bank Limited
Bank Al-Habib Limited
Summit Bank Limited
Habib Bank Limited

Auditors

KPMG Taseer Hadi & Co.
Chartered Accountants

Solicitors

Surr ridge & Beecheno

Company Registrar

THK Associates Private Limited

Registered Office

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

DIRECTORS' REVIEW

The Directors of your company are pleased to present the Directors' Review together with the condensed interim Financial Statements (un-audited) for the quarter and nine months ended March 31, 2014.

OPERATIONAL RESULTS

Macro-economic and security challenges continued to weigh on the country's economy. However economic growth supported by the inflow of overseas remittances, better credit availability at banks and appreciation of Rupee value against US dollar, are the factors which are likely to create conducive business environment in the days to come. Your company managed to achieve marginal sales growth over the same period last year, net sales amounted to Rs.3,164 million as compared with the amount of Rs.3,022 million for the same period last year. The company also continued to improve upon the gross margins while ensuring production of excellent quality products and services to the customers through vigorous technological development and innovative efforts.

FUTURE OUTLOOK

We look forward to a continued healthy sales trend in the light of expected socio-political stability in the country. We take this opportunity to thank our shareholders, valued customers and all employees of the company for their dedication and hard work.

On behalf of the Board

Karachi
Dated: 22 April 2014

Dr. Mahmood Ahmad
Chief Executive

CONDENSED INTERIM UNCONSOLIDATED BALANCE SHEET (UN-AUDITED)
AS ON 31 MARCH 2014

	31 Mar 2014	30 Jun 2013
	(Rupees in thousand)	
ASSETS		
NON- CURRENT ASSETS		
Property, plant and equipment	578,694	595,229
Intangible asset-in progress	15,513	15,513
Goodwill	36,750	36,750
Long term investments (subsidiaries and an associate)	4,086	4,086
Long term loans	24,241	20,839
Long term deposits	16,666	16,284
Deferred taxation	160,845	162,901
	836,795	851,602
CURRENT ASSETS		
Stores	6,430	6,952
Stock in trade	905,029	875,915
Trade debts	1,011,617	827,388
Loans and advances	56,945	57,023
Trade deposits and short term prepayments	16,131	13,724
Other receivables	50,520	42,856
Taxation - net	112,762	126,742
Short term investments	18,580	18,883
Cash and bank balances	299,386	217,345
	2,477,400	2,186,828
TOTAL ASSETS	3,314,195	3,038,430
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorised share capital 25,000,000 ordinary shares of Rs.10 each	250,000	250,000
Issued, Subscribed and paid-up capital	181,864	181,864
Reserves	309,541	280,734
	491,405	462,598
SURPLUS ON REVALUATION OF FIXED ASSETS - NET OF TAX	185,585	186,311
NON-CURRENT LIABILITIES		
Long term financing	151,250	50,000
Liabilities against asset subject to finance lease	3,649	5,583
Staff retirement benefits	64,204	60,692
	219,103	116,275
CURRENT LIABILITIES		
Trade and other payables	887,037	952,876
Current maturity of long term financing	105,000	65,000
Current maturity of liabilities asset subject to finance lease	2,184	2,091
Accrued finance cost	45,795	37,481
Short term borrowings	1,378,086	1,215,798
	2,418,102	2,273,246
CONTINGENCIES AND COMMITMENTS		
TOTAL EQUITY AND LIABILITIES	3,314,195	3,038,430

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

Chief Financial Officer

Chief Executive

Director

CONDENSED INTERIM UNCONSOLIDATED PROFIT AND LOSS ACCOUNT (UN-AUDITED)
 FOR THE PERIOD ENDED 31 MARCH 2014

	For the nine months ended		For the quarter ended	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
	----- (Rupees in thousand) -----			
Net sales	3,163,806	3,021,746	1,110,508	994,240
Cost of sales	2,374,051	2,383,003	852,448	782,810
Gross Profit	789,755	638,743	258,060	211,430
Administrative expenses	121,491	112,729	41,287	38,621
Distribution cost	511,418	406,625	171,320	135,373
	632,909	519,354	212,607	173,994
Operating Profit	156,846	119,389	45,453	37,436
Other operating income	44,343	42,835	23,326	15,884
	201,189	162,224	68,779	53,320
Finance cost	122,237	124,614	45,444	38,146
Other charges	6,204	2,322	2,103	989
	128,441	126,936	47,547	39,135
Profit before taxation	72,748	35,288	21,232	14,185
Taxation	35,574	15,109	11,105	4,377
Profit after taxation	37,174	20,179	10,127	9,808
Earning per share - basic and diluted	Rs.2.04	Rs.1.11	Rs.0.56	Rs.0.54

The annexed notes form an integral part of these accounts.

Chief Financial Officer

Chief Executive

Director

CONDENSED INTERIM UNCONSOLIDATED
STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE PERIOD ENDED 31 MARCH 2014

	For the nine months ended		For the quarter ended	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
	----- (Rupees in thousand) -----			
Profit after taxation	37,174	20,179	10,127	9,808
Other comprehensive income	-	-	-	-
Total comprehensive profit for the period	<u>37,174</u>	<u>20,179</u>	<u>10,127</u>	<u>9,808</u>

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

Chief Financial Officer

Chief Executive

Director

CONDENSED INTERIM UNCONSOLIDATED
CASH FLOW STATEMENT (UN-AUDITED)
FOR THE PERIOD ENDED 31 MARCH 2014

	31 Mar 2014	31 Mar 2013
	(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	72,748	35,288
Adjustment for:		
Depreciation	47,265	47,093
Provision against slow moving	-	2,438
Provision against bad debts	-	4,945
Gain on disposal of fixed assets	(891)	(4,329)
Gain on Long term investments	-	(2,021)
Finance costs	122,237	124,614
	168,611	172,740
Operating profit before working capital changes	241,359	208,028
(Increase) / decrease in current assets		
Stores and Spares	522	1,478
Stocks in Trade	(29,114)	86,644
Trade debts	(184,229)	(65,445)
Loans and advances	78	(38,939)
Trade deposits short-term prepayments	(2,407)	(8,261)
Others receivables	(7,664)	(9,992)
	(222,814)	(34,515)
Increase / (decrease) in current liabilities		
Trade and other payables	(71,351)	(229,402)
Staff Retirement Benefits	3,512	13,010
Net cash utilized in operations	(49,294)	(42,879)
Finance costs paid	(113,923)	(126,122)
Income tax - net	(19,538)	11,050
Long-term loans - net	(3,402)	(3,393)
Long-term deposits - net	(382)	(585)
Dividend paid	(3,581)	-
	(140,826)	(119,050)
Net cash outflow from operating activities	(190,120)	(161,929)
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure	(33,017)	(14,272)
Sales proceeds from disposal of fixed assets	3,178	4,654
Short-term investment	303	(11,637)
Net cash outflow from investing activities	(29,536)	(21,255)
CASH FLOWS FROM FINANCING ACTIVITIES		
Short-term borrowings - net	14,000	84,000
Lease Liability	(1,841)	(1,391)
Long term financing - net	141,250	(78,750)
Net cash inflow from financing activities	153,409	3,859
Net decrease in cash and cash equivalents	(66,247)	(179,325)
Cash and cash equivalents at 1 July	(854,453)	(796,683)
Cash and cash equivalents at 31 March	(920,700)	(976,008)

The annexed notes form an integral part of these financial statements.

Chief Financial Officer

Chief Executive

Director

CONDENSED INTERIM UNCONSOLIDATED
STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE PERIOD ENDED 31 MARCH 2014

	Share capital	Capital Reserves	Revenue Reserves		Total
		Share premium	General reserve	Accumulated losses	
(Rupees in thousand)					
Balance as at 1 July 2012	181,864	56,819	285,000	(122,512)	401,171
Total comprehensive loss for the period ended 31 Mar 2013	-	-	-	20,179	20,179
Surplus on revaluation of property plant and equipment realized through incremental depreciation charged on related assets during the period - net of tax.	-	-	-	1,089	1,089
Balance as at 31 March 2013	181,864	56,819	285,000	(101,244)	422,439
Total comprehensive profit for the period ended 30 Jun 2013	-	-	-	39,839	39,839
Surplus on revaluation of property plant and equipment realized through incremental depreciation charged on related assets during the period - net of tax.	-	-	-	320	320
Balance as at 30 June 2013	181,864	56,819	285,000	(61,085)	462,598
Total comprehensive profit for the period ended 31 Mar 2014	-	-	-	37,174	37,174
Surplus on revaluation of property plant and equipment realized through incremental depreciation charged on related assets during the period - net of tax	-	-	-	726	726
Dividend paid for the year ended June 30, 2013	-	-	-	(9,093)	(9,093)
Balance as at 31 March 2014	181,864	56,819	285,000	(32,278)	491,405

Chief Financial Officer

Chief Executive

Director

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)

FOR THE PERIOD ENDED 31 MARCH 2014

1. STATUS AND NATURE OF BUSINESS

The company was incorporated in Pakistan on March 25, 1950 as a Private Limited Company under the Companies Act, 1913 and was subsequently converted into a public Limited Company. The Company's shares are quoted on the Karachi and Islamabad stock exchanges. The Company is engaged in the manufacturing of paints, varnishes and other related items. Slotrapid Limited, based in British virgin Island is the holding Company of Berger Paints Pakistan Limited. The registered office of the Company is situated at X-3, Manghopir Road, S.I.T.E., Karachi.

2. BASIS OF PREPARATION

These interim condensed financial statements are unaudited and are being submitted to the shareholders in accordance with section 245 of the Companies Ordinance, 1984 and have been prepared in accordance with the requirements of International Accounting Standard (IAS) - 34 "Interim Financial Reporting", as applicable in Pakistan.

The interim condensed 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 as at June 30, 2013.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation followed in the preparation of interim condensed financial statements are same as those published in the annual financial statements for the year ended June 30, 2013.

31 Mar 2014 (Rupees in thousand)	30 Jun 2013
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4. PROPERTY, PLANT AND EQUIPMENT

Additions

33,017

28,567

5. CONTINGENCIES AND COMMITMENTS

5.1 Contingencies

There is no change in the status of contingency, set out in note 28 to the annual financial statements of the company for the year ended June 30, 2013.

5.2 Commitments

5.2.1 Outstanding letter of credit as at March 31, 2014 amounted to Rs. 256.415 million (June 30, 2013: Rs. 167.506 million).

5.2.2 Outstanding letter of guarantees as at March 31, 2014 amounted to Rs. 41.286 million (June 30, 2013: Rs. 38.403 million).

6. TRANSACTION WITH RELATED PARTIES

The following table provides details in respect of transactions entered into with related parties during the Nine months ended:

	31 Mar 2014	31 Mar 2013
	(Rupees in thousand)	
SALES		
Berger DPI (Private) Limited - a subsidiary	-	160
Berger Road Safety (Private) Limited - a subsidiary	51,787	39,194
Buxly Paints Limited - an associated	79,979	75,419
Dadex Eternit Limited - an associated	32	229
TOLL MANUFACTURING INCOME		
Buxly Paints Limited - an associated	5,603	4,196
RENTAL INCOME AND OTHER SERVICES CHARGED		
Buxly Paints Limited - an associated	2,706	2,706
Berger Road Safety (Private) Limited - a subsidiary	1,560	1,559
COMMISSION EXPENSE		
Berdex Construction Chemicals Private Limited - a subsidiary	-	1,248
ROYALTY		
Buxly Paints Limited - an associated	639	413
Slotrapid Limited B.V.I - holding company	21,600	20,506

7. DATE OF AUTHORISATION FOR ISSUE

These interim condensed financial statements were authorized for issue on 22 April, 2014 by the Board of Directors of the Company.

8. GENERAL

Figures presented in these interim condensed financial statements have been rounded off to the nearest thousand rupees.

Chief Financial Officer

Chief Executive

Director

**CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE PERIOD ENDED
31 MARCH 2014**

CONDENSED INTERIM CONSOLIDATED BALANCE SHEET (UN-AUDITED)

AS ON 31 MARCH 2014

	31 Mar 2014	30 Jun 2013
	(Rupees in thousand)	
ASSETS		
Property, plant and equipment	579,101	595,982
Intangible asset - in progress	15,513	15,513
Goodwill	36,750	36,750
Long term investments	2,311	2,311
Long term loans	24,241	20,839
Long term deposits	17,981	17,599
Deferred taxation	160,845	162,830
	836,742	851,824
CURRENT ASSETS		
Stores	6,430	6,952
Stock in trade	910,029	875,915
Trade debts	1,063,589	859,880
Loans and advances	59,941	57,693
Trade deposits and short-term prepayments	16,131	14,224
Other receivables	52,785	41,169
Taxation - net	117,256	131,454
Short term investments	18,580	18,883
Cash and bank balances	303,492	222,943
	2,548,233	2,229,113
TOTAL ASSETS	3,384,975	3,080,937
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorized share capital 25,000,000 ordinary shares of Rs.10 each	250,000	250,000
Issued, Subscribed and paid-up capital	181,864	181,864
Reserves	328,896	297,177
	510,760	479,041
Non controlling interest	20,829	17,551
Advance against issue of share capital	41	41
SURPLUS ON REVALUATION OF FIXED ASSETS - NET OF TAX	185,585	186,311
NON-CURRENT LIABILITIES		
Long term financing	151,250	50,000
Staff retirement benefits	64,204	60,692
Liability against assets subject to finance lease	3,649	5,583
CURRENT LIABILITIES		
Trade and other payables	917,592	961,348
Current maturity of long-term financing	105,000	65,000
Current maturity of liability against assets subject to finance lease	2,184	2,091
Accrued finance cost	45,795	37,481
Short-term borrowings	1,378,086	1,215,798
	2,448,657	2,281,718
TOTAL EQUITY AND LIABILITIES	3,384,975	3,080,937

Chief Financial Officer

Chief Executive

Director

CONDENSED INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT (UN-AUDITED)
 FOR THE PERIOD ENDED 31 MARCH 2014

	For the nine months ended		For the quarter ended	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
----- (Rupees in thousand) -----				
Sales - net	3,119,498	3,045,997	1,043,857	999,393
Cost of sales	2,314,091	2,391,704	782,249	781,408
	805,407	654,293	261,608	217,985
Distribution cost	515,729	411,343	172,655	136,599
Administrative expenses	121,536	113,180	41,280	38,820
	637,265	524,523	213,935	175,419
Operating profit	168,142	129,770	47,673	42,566
Finance costs	122,264	124,635	45,468	38,163
Other charges	6,204	2,322	2,103	989
	128,468	126,957	47,571	39,152
Other operating income	42,875	42,453	22,842	15,380
	82,549	45,266	22,944	18,794
Profit from associate	-	-	-	-
Profit before taxation	82,549	45,266	22,944	18,794
Taxation	39,185	18,361	11,714	6,027
Profit after taxation	43,364	26,905	11,230	12,767
Non controlling interest	3,278	3,285	552	1,019
Net Profit for the period attributable to the holding company	40,086	23,620	10,678	11,748
Profit per share - basic and diluted	Rs.2.20	Rs.1.30	Rs.0.59	Rs.0.65

Chief Financial Officer

Chief Executive

Director

CONDENSED INTERIM CONSOLIDATED
STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE PERIOD ENDED 31 MARCH 2014

	For the nine months ended		For the quarter ended	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
	----- (Rupees in thousand) -----			
Profit after taxation	43,364	26,905	11,230	12,767
Minority interest	(3,278)	(3,285)	(552)	(1,019)
Total comprehensive profit for the period	40,086	23,620	10,678	11,748

Chief Financial Officer

Chief Executive

Director

CONDENSED INTERIM CONSOLIDATED
CASH FLOW STATEMENT (UN-AUDITED)
FOR THE PERIOD ENDED 31 MARCH 2014

	31 Mar 2014	31 Mar 2013
	(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash utilized in operations	(47,255)	(40,853)
Finance cost paid	(113,950)	(126,143)
Income tax - net	(23,002)	10,305
Long term loans - net	(3,402)	(3,393)
Dividend Paid	(3,581)	-
Long term investments in an associate	(382)	(585)
Net cash outflow from operating activities	(191,572)	(160,669)
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure	(33,057)	(14,308)
Sales proceeds from disposal of fixed assets	3,178	4,654
Short-term Investments	303	(11,637)
Net cash outflow from investing activities	(29,576)	(21,291)
CASH FLOWS FROM FINANCING ACTIVITIES		
Short-term borrowings - net	14,000	84,000
Lease liability - net	(1,841)	(1,391)
Long term financing - net	141,250	(78,750)
Net cash inflow/ (outflow) from financing activities	153,409	3,859
Net decrease in cash and cash equivalents	(67,739)	(178,101)
Cash and cash equivalents at 1 July	(848,855)	(792,568)
Cash and cash equivalents at 31 March	(916,594)	(970,669)

Chief Financial Officer

Chief Executive

Director

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE PERIOD ENDED 31 MARCH 2014

	Capital Reserves		Revenue Reserves		Total Share Capital and Reserves	Non-controlling interest	Total Equity
	Share capital	Share premium	General reserve	Accumulated profit/ (loss)			
	(Rupees in thousand)						
Balance as at 1 July 2012	181,864	56,819	285,000	(108,703)	414,980	14,790	429,770
Total comprehensive profit for the period ended 31 Mar 2013	-	-	-	23,620	23,620	3,285	26,905
Surplus on revaluation of property, plant and equipment realized through incremental depreciation charged on related assets during the period - net of tax	-	-	-	1,089	1,089	-	1,089
Balance as at 31 March 2013	181,864	56,819	285,000	(83,994)	439,689	18,075	457,764
Total comprehensive profit for the period ended 30 June 2013	-	-	-	39,032	39,032	(524)	38,508
Surplus on revaluation of property, plant and equipment realized through incremental depreciation charged on related assets during the period - net of tax	-	-	-	320	320	-	320
Balance as at 30 June 2013	181,864	56,819	285,000	(44,642)	479,041	17,551	496,592
Total comprehensive profit for the period ended 31 Mar 2014	-	-	-	40,086	40,086	3,278	43,364
Surplus on revaluation of property, plant and equipment realized through incremental depreciation charged on related assets during the period - net of tax	-	-	-	726	726	-	726
Final Dividend	-	-	-	(9,093)	(9,093)	-	(9,093)
Balance as at 31 March 2014	181,864	56,819	285,000	(12,923)	510,760	20,829	531,589

Chief Financial Officer

Chief Executive

Director

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Berger Paints Pakistan Limited 36, Industrial Estate Kot Lakhpat, Lahore
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