



THIRD QUARTER REPORT
For the Period Ended
31 March 2015

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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

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

CFO & Company Secretary

Mr. Abdul Wahid Qureshi

Bankers

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

Auditors

KPMG Taseer Hadi & Co.
Chartered Accountants

Solicitors

Surr ridge & Beecheno

Company Registrar

THK Associates Private Limited

Registered Office

36, Industrial Estate Kot Lakhpat,
Lahore

Directors' Review

The directors of your Company are pleased to present their review along with the unaudited financial statements of the Company for the nine months ended 31 March 2015.

Operational Results

Despite of unfavorable business conditions, energy shortages, deteriorating law and order situation in some part of Pakistan and prolonged winter badly affected on the sales performance of the quarter ended on March 31, 2015. However, your Company managed to maintain Sales for the period ended March 31, 2015 equal to the sales for the same period of last year. Due to lower oil prices and other cost reductions, margins remained protected and Earning per share increased to Rs. 2.12 little higher than Earning per share Rs. 2.04 in the same period of last year.

Future Outlook

GDP growth in Pakistan is projected at 4.2% in FY2015, underpinned by low international oil prices and the expected uptick in economic growth in advanced economies. The projections assume steady progress in macroeconomic and structural reforms, manageable political and security challenges, and normal weather.

We look forward a healthy sales trend and expect to deliver good result at the close of the year. We thank our shareholders, valued customers and all employees of the Company for their continued support.

On behalf of the Board

Karachi
Dated: 27 April 2015

Dr. Mahmood Ahmad
Chief Executive

Condensed Interim Unconsolidated Statement of Financial Position

As on 31 March 2015

	(Un-audited) 31 March 2015	(Audited) 30 June 2014
	(Rupees in thousand)	
ASSETS		
NON CURRENT ASSETS		
Property, plant and equipment	584,066	579,585
Intangibles	47,170	49,677
Investments - related parties	12,999	12,810
Long-term loans	29,661	22,731
Long-term deposits	18,970	17,196
Deferred taxation	162,100	156,457
	854,966	838,456
CURRENT ASSETS		
Stores	8,068	6,288
Stock in trade	777,422	810,836
Trade debts	1,085,841	1,083,418
Loans and advances	48,285	63,528
Trade deposits and short-term prepayments	15,933	10,857
Other receivables	53,606	48,734
Taxation - net	154,355	115,023
Cash and bank balances	187,118	255,010
	2,330,628	2,393,694
TOTAL ASSETS	3,185,594	3,232,150
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorised share capital 25,000,000 (June 2014: 25,000,000) ordinary shares of Rs.10 each	250,000	250,000
Issued, subscribed and paidup capital 18,186,409 (June 2014: 18,186,409) ordinary shares of Rs. 10/- each	181,864	181,864
Reserves	406,920	385,317
	588,784	567,181
SURPLUS ON REVALUATION OF FIXED ASSETS - NET OF TAX	183,804	184,878
NON-CURRENT LIABILITIES		
Long term financing	68,500	147,550
Staff retirement benefits	65,927	54,535
Liabilities against assets subject to finance lease	1,669	4,006
CURRENT LIABILITIES		
Trade and other payables	1,007,953	930,528
Accrued finance cost	28,995	40,164
Current maturity of long-term financing	105,600	105,600
Current maturity of liabilities against assets subject to finance lease	2,066	1,584
Short-term borrowings	1,132,296	1,196,124
	2,276,910	2,274,000
	2,413,006	2,480,091
CONTINGENCIES AND COMMITMENTS		
TOTAL EQUITY AND LIABILITIES	3,185,594	3,232,150

The annexed notes 1 to 8 form an integral part of these condensed interim financial statements.

Chief Financial Officer

Chief Executive

Director

Condensed Interim Unconsolidated Statement of Profit and Loss (Un-audited)

For the Period Ended 31 March 2015

	For the nine months ended		For the quarter ended	
	31 March 2015	31 March 2014	31 March 2015	31 March 2014
----- (Rupees in thousand) -----				
Sales - net	3,161,662	3,163,806	1,090,753	1,110,508
Cost of sales	2,354,047	2,374,051	821,562	852,448
Gross Profit	807,615	789,755	269,191	258,060
Distribution cost	494,123	511,418	185,513	171,320
Administrative expenses	144,893	121,491	40,309	41,287
	639,016	632,909	225,822	212,607
Operating Profit	168,599	156,846	43,369	45,453
Other operating income	24,278	44,343	2,908	23,326
	192,877	201,189	46,277	68,779
Finance cost	117,080	122,237	35,244	45,444
Other charges	5,653	6,204	1,239	2,103
	122,733	128,441	36,483	47,547
Profit before taxation	70,144	72,748	9,794	21,232
Taxation	31,617	35,574	9,450	11,105
Profit after taxation	38,527	37,174	344	10,127
Earning per share - basic and diluted	2.12	2.04	0.02	0.56

The annexed notes 1 to 8 form an integral part of these condensed interim financial statements.

Chief Financial Officer

Chief Executive

Director

Condensed Interim Unconsolidated Statement of Other Comprehensive Income (Un-audited) For the Period Ended 31 March 2015

	For the nine months ended		For the quarter ended	
	31 March 2015	31 March 2014	31 March 2015	31 March 2014
	----- (Rupees in thousand) -----			
Profit after taxation	38,527	37,174	344	10,127
Other comprehensive income for the period				
Fair value gain / (Loss) on 'Available for sale' investments	189	-	(905)	-
Total comprehensive income / (loss) for the period	<u>38,716</u>	<u>37,174</u>	<u>(561)</u>	<u>10,127</u>

The annexed notes 1 to 8 form an integral part of these condensed interim financial statements.

Chief Financial Officer

Chief Executive

Director

Condensed Interim Unconsolidated Statement of Cash Flows (Un-audited)

For the Period Ended 31 March 2015

	31 March 2015	31 March 2014
	(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	70,144	72,748
Adjustments for:		
Depreciation on property, plant and equipment	49,244	47,265
Amortization on intangibles	3,878	-
Provision against slow moving stock	6,877	-
Provision against bad debts	14,540	-
(Gain) on disposal of property, plant and equipment	(930)	(891)
Finance costs	117,080	122,237
	190,689	168,611
Operating profit before working capital changes	260,833	241,359
(Increase) / Decrease in Current Assets		
Stores and Spares	(1,780)	522
Stocks in Trade	26,537	(29,114)
Trade debts	(16,962)	(184,229)
Loans and advances	15,243	78
Trade deposits short-term prepayments	(5,075)	(2,407)
Others receivables	(4,872)	(7,664)
	13,091	(222,814)
Increase / (Decrease) in Current Liabilities		
Trade and other payables	77,425	(71,351)
Staff Retirement Benefits	11,392	3,512
Net cash generated / (used) in operations	362,741	(49,294)
Finance costs paid	(128,249)	(113,923)
Income tax paid	(76,590)	(19,538)
Long term loans	(6,930)	(3,402)
Dividend Paid	(18,008)	(3,581)
Long term deposits	(1,774)	(382)
	(231,551)	(140,826)
Net cash inflows / (outflows) from operating activities	131,190	(190,120)
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure incurred	(60,455)	(33,017)
Sales proceeds from disposal of fixed assets	6,106	3,178
Short Term Investments	-	303
Net cash outflows from investing activities	(54,349)	(29,536)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term financing - net	(79,050)	141,250
Short-term borrowings - net	(108,000)	14,000
Lease rentals paid	(1,855)	(1,841)
Net cash (outflows) / inflows from financing activities	(188,905)	153,409
Net decrease in cash and cash equivalents	(112,064)	(66,247)
Cash and cash equivalents at the beginning of the period	(783,114)	(854,453)
Cash and cash equivalents at the end of the period	(895,178)	(920,700)

The annexed notes 1 to 8 form an integral part of these condensed interim financial statements.

Chief Financial Officer
Chief Executive
Director

Condensed Interim Unconsolidated Statement of Changes in Equity (Un-audited)

For the Period Ended 31 March 2015

	Issued, subscribed and paid-up share capital	Capital Reserves		Revenue Reserves		Total
		Share premium	Fair value reserve	General reserve	Accumulated profit / (losses) and reserves	
(Rupees in thousand)						
Balance as at 1 July 2013 - Restated	181,864	56,819	-	285,000	(61,085)	462,598
Total comprehensive profit for the period ended 31 March 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
Final 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
Total comprehensive income for the year ended 30 June 2014						
Profit for the year	-	-	-	-	60,334	60,334
Other Comprehensive income for the year						
Fair value gain on 'Available for sale' investments	-	-	6,430	-	-	6,430
Measurement of defined benefit obligation	-	-	-	-	8,305	8,305
	-	-	6,430	-	8,305	14,735
Total Comprehensive income for the year	-	-	6,430	-	68,639	75,069
Surplus on revaluation of property plant and equipment realized through incremental depreciation charged on related assets during the period - net of tax	-	-	-	-	707	707
Balance as at 30 June 2014	181,864	56,819	6,430	285,000	37,068	567,181
Total comprehensive profit for the period ended 31 March 2015						
- Profit for the period	-	-	-	-	38,527	38,527
Other Comprehensive income for the period						
Fair value gain / (loss) on 'Available for sale' investments	-	-	189	-	-	189
	-	-	189	-	-	189
Balance as at 31 March 2015	181,864	56,819	6,619	285,000	75,595	605,897
Surplus on revaluation of property plant and equipment realized through incremental depreciation charged on related assets during the period - net of tax	-	-	-	-	1,074	1,074
Total contributions by and distribution to owners of the Company recognised directly in equity						
Final Dividend for the year ended 30 June 2014 @ Rs. 1.00 per share	-	-	-	-	(18,187)	(18,187)
Balance as at 31 March 2015	181,864	56,819	6,619	285,000	58,482	588,784

The annexed notes 1 to 8 form an integral part of these condensed interim financial statements.

Chief Financial Officer

Chief Executive

Director

Notes to the Condensed Interim Unconsolidated Financial Statement (Un-audited)

For the Period Ended 31 March 2015

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 BVI, is the holding Company of Berger Paints Pakistan Limited.

The registered office of the Company is situated at 36-Industrial Estate Kot-Lakhpat, Lahore and the production facility of the Company is located at Lahore.

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, 2014.

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, 2014.

4. PROPERTY, PLANT AND EQUIPMENT

	31 March 2015	30 June 2014
	(Rupees in thousand)	
Additions	<u>60,455</u>	<u>51,642</u>

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, 2014.

5.2 Commitments

5.2.1 Outstanding letter of credit as at March 31, 2015 amounted to Rs. 263.42 million [June 30, 2014: Rs. 377.79 million].

5.2.2 Outstanding letter of guarantees as at March 31, 2015 amounted to Rs. 49.52 million [June 30, 2014: Rs. 48.62 million].

6. TRANSACTION WITH RELATED PARTIES

The following table provides details in respect of transactions entered into with related parties during the quarter ended on March 31, 2015. All transactions were carried out at arms length price.

	31 March 2015	31 March 2014
	(Rupees in thousand)	
SALES		
Berger Road Safety (Private) Limited - a subsidiary	70,928	51,787
Buxly Paints Limited - related party	69,809	79,979
Dadex Eternit Limited	217	32
TOLL MANUFACTURING INCOME		
Buxly Paints Limited - related party	5,180	5,603
RENTAL INCOME AND OTHER SERVICES CHARGED		
Buxly Paints Limited - related party	2,706	2,706
Berger Road Safety (Private) Limited - a subsidiary	1,557	1,560
RENTAL EXPENSES		
Buxly Paints Limited - related party	900	900
ROYALTY		
Buxly Paints Limited - related party	900	639
Slotrapid Limited B.V.I - holding company	21,600	21,600

7. These interim condensed financial statements were authorized for issue on 27 April 2015 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 2015**

Condensed Interim Consolidated Statement of Financial Position

As on 31 March 2015

	(Un-audited) 31 March 2015 (Rupees in thousand)	(Audited) 30 June 2014
ASSETS		
NON CURRENT ASSETS		
Property, plant and equipment	588,458	584,572
Intangible	47,170	49,677
Investments - related parties	10,449	10,260
Long term loans	29,661	22,731
Long term deposits	20,595	18,821
Deferred taxation	161,691	156,199
	858,024	842,260
CURRENT ASSETS		
Stores	8,068	6,288
Stock in trade	779,153	810,836
Trade debts	1,147,968	1,107,263
Loans and advances	55,258	64,595
Trade deposits and short term prepayments	15,933	10,857
Other receivables	47,990	46,184
Taxation - net	158,264	122,885
Cash and bank balances	200,497	261,464
	2,413,131	2,430,372
TOTAL ASSETS	3,271,155	3,272,632
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorised share capital 25,000,000 ordinary shares of Rs.10 each	250,000	250,000
Share capital	181,864	181,864
Reserves	426,382	398,827
	608,246	580,691
NON-CONTROLLING INTEREST		
Advance against issue of share capital of subsidiary company	41	41
	24,689	17,474
SURPLUS ON REVALUATION OF FIXED ASSETS - NET OF TAX	183,804	184,878
NON-CURRENT LIABILITIES		
Long-term financing	68,500	147,550
Staff retirement benefits	65,927	54,535
Liabilities against assets subject to finance lease	3,652	6,409
CURRENT LIABILITIES		
Trade and other payables	1,046,781	937,024
Accrued finance cost	28,995	40,164
Current maturity of long-term financing	105,600	105,600
Current maturity of liabilities against assets subject to finance lease	2,624	2,142
Short term borrowings	1,132,296	1,196,124
	2,316,296	2,281,054
	2,454,375	2,489,548
TOTAL EQUITY AND LIABILITIES	3,271,155	3,272,632

Chief Financial Officer

Chief Executive

Director

Condensed Interim Consolidated Statement of Profit and Loss (Un-audited)

For the Period Ended 31 March 2015

	For the nine months ended		For the quarter ended	
	31 March 2015	31 March 2014	31 March 2015	31 March 2014
	----- (Rupees in thousand) -----			
Sales - net	3,238,769	3,119,498	1,126,629	1,043,857
Cost of sales	2,398,926	2,314,091	838,763	782,249
Gross profit	839,843	805,407	287,866	261,608
Distribution costs	501,397	515,729	188,417	172,655
Administrative expenses	148,219	121,536	41,292	41,280
	649,616	637,265	229,709	213,935
Operating profit	190,227	168,142	58,157	47,673
Other income	22,808	42,875	2,421	22,842
	213,035	211,017	60,578	70,515
Finance cost	117,319	122,264	35,319	45,468
Other charges	5,653	6,204	1,239	2,103
	122,972	128,468	36,558	47,571
Profit before taxation	90,063	82,549	24,020	22,944
Taxation	38,369	39,185	14,113	11,714
Profit after taxation	51,694	43,364	9,907	11,230
Attributable to:				
Equity holders of the parent	44,479	40,086	5,280	10,678
Non-controlling interest	7,215	3,278	4,627	552
Earning per share - basic and diluted	2.45	2.20	0.29	0.59
	Rupees			

Chief Financial Officer

Chief Executive

Director

Condensed Interim Consolidated Statement of Other Comprehensive Income (Un-audited) For the Period Ended 31 March 2015

	For the nine months ended		For the quarter ended	
	31 March 2015	31 March 2014	31 March 2015	31 March 2014
	----- (Rupees in thousand) -----			
Profit after taxation	51,694	43,364	9,907	11,230
Other comprehensive income for the period				
Fair value gain / (loss) on 'Available for sale' investments	189	-	(905)	-
Total comprehensive income for the period	<u>51,883</u>	<u>43,364</u>	<u>9,002</u>	<u>11,230</u>
Attributable to:				
Equity holder of the parent	44,668	40,086	4,375	10,678
Non-controlling interest	7,215	3,278	4,627	552

Chief Financial Officer

Chief Executive

Director

Condensed Interim Consolidated Statement Cash Flows (Un-audited) For the Period Ended 31 March 2015

	31 March 2015	31 March 2014
	(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash generated / (utilized) from operations	361,703	(50,767)
Finance costs paid	(128,488)	(113,950)
Income tax - net	(79,240)	(23,002)
Staff Retirement Benefits	11,392	3,512
Dividend Paid	(18,009)	(3,581)
Long-term loans - net	(6,930)	(3,402)
Lon-term investments in an associate	-	(382)
Long-term deposits - net	(1,774)	-
Net cash inflows / (outflows) from operating activities	138,654	(191,572)
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure	(60,574)	(33,057)
Sales proceeds from disposal of fixed assets	6,106	3,178
Short Term Investments	-	303
Net cash outflow from investing activities	(54,468)	(29,576)
CASH FLOWS FROM FINANCING ACTIVITIES		
Short-term borrowings - net	(108,000)	14,000
Lease Liability	(2,275)	(1,841)
Long term financing - net	(79,050)	141,250
Net cash (outflow) / inflows from financing activities	(189,325)	153,409
Net decrease in cash and cash equivalents	(105,139)	(67,739)
Cash and cash equivalents at 1 July	(776,660)	(848,855)
Cash and cash equivalents at 31 March 2015	(881,799)	(916,594)

Chief Financial Officer

Chief Executive

Director

Condensed Interim Consolidated Statement of Changes in Equity (Un-audited)

For the Period Ended 31 March 2015

	Capital Reserves			Revenue Reserves			Total equity attributable to shareholders of parent Company	Non-controlling interest	Total share capital and reserves
	Issued, subscribed and paid-up share capital	Share premium	Fair value reserve	General reserve	Accumulated (loss) / profit	Total equity attributable to shareholders of parent Company			
(Rupees in thousand)									
Balance as at 1 July 2013 - Restated	181,864	56,819	-	285,000	(44,642)	479,041	17,551	496,592	
Total comprehensive profit for the period ended 31 March 2014									
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 for the year ended 30 Jun 2013 @ Rs. 0.5 per share	-	-	-	-	(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	51,134
Profit for the period									
Other Comprehensive income for the period									
Fair value gain on 'Available for sale' investments	-	-	6,430	-	-	6,430	-	6,430	-
Measurement of defined benefit obligation	-	-	-	-	8,305	8,305	-	8,305	-
Total Comprehensive income for the period ended 30 Jun 2014									
Surplus on revaluation of property plant and equipment realized through incremental depreciation charged on related assets during the period - net of tax	-	-	-	-	707	707	-	707	-
Balance as at 30 June 2014	181,864	56,819	6,430	285,000	50,578	580,691	17,474	598,165	51,694
Profit for the period ended 31 March 2015									
Other Comprehensive income for the period									
Fair value gain on 'Available for sale' investments	-	-	189	-	-	189	-	189	-
Total comprehensive income for the period ended 31 March 2015									
Surplus on revaluation of property plant and equipment realized through incremental depreciation charged on related assets during the period - net of tax	-	-	-	-	1,074	1,074	-	1,074	-
Dividend for the year ended 30 June 2014 @ Rs. 1 per share	-	-	-	-	(18,187)	(18,187)	-	(18,187)	-
Balance as at 31 March 2015	181,864	56,819	6,619	285,000	77,944	608,246	24,689	632,935	51,883

Chief Financial Officer

Chief Executive

Director

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