

Interim Financial Report
for the half year ended
31 December 2023

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Company Information

Board of Directors

Mr. Maqbool H. H. Rahimtoola - Chairman
Dr. Mahmood Ahmad - Chief Executive
Mr. Tariq Ikram - Director
Mr. Zafar A. Osmani - Director
Mr. Shahzad M. Hussain - Director
Mr. Ilyas Sharif - Director
Mr. Mohammad Saeed - Director
Mr. Zareen Aziz - Director

Audit Committee

Mr. Tariq Ikram - Chairman
Mr. Maqbool H. H. Rahimtoola
Mr. Zareen Aziz

Human Resource Committee

Mr. Zafar A. Osmani - Chairman
Dr. Mahmood Ahmad
Mr. Mohammad Saeed

Committee for Business Strategies

Mr. Tariq Ikram - Chairman
Mr. Zafar Aziz Osmani
Mr. Zahid Majid (Alternate to Mr. Ilyas Sharif)

Chief Financial Officer

Mr. Nauman Afzal

Company Secretary

Mr. Nauman Afzal

Bankers

MCB Bank Limited
National Bank of Pakistan
Faysal Bank Limited
JS Bank Limited
Habib Metropolitan Bank Limited
Samba Bank Limited
Bank Islami Pakistan Limited
Bank Al-Habib Limited
Allied Bank Limited

Auditors

BDO Ebrahim & Co.
Chartered Accountants

Solicitors

Surrridge & Beecheno

Company Registrar

M/s Corplink Private Limited

Registered Office

36 Industrial Estate, Kot Lakhpat,
Lahore.
Tel: 92 42 111 237 437
Fax: 92 42 35151549

Factory

28 Km, Multan Road, Lahore.
Tel: 92 42 38102775
Fax: 92 42 37543450

Web Site

www.berger.com.pk

Directors' Report

The directors of the Company are pleased to present their review along with the interim financial statements of the Company for the half-year ending on 31 December, 2023.

MACROECONOMIC OVERVIEW

The economic recovery process continues at a steady pace even so the position remains challenging. This persistent uptick in economic indicators has resulted in improved GDP growth of 2.13% in the first quarter of FY2024, with expectations for continued growth in the second quarter. However, inflation remains high, During Jul-Dec FY 2024, CPI stood at 28.8% against 25% in the same period last year. The increase is due to an upward revision in food, energy prices Transport and Furnishing & household equipment maintenance, affecting the more vulnerable segment of society. In November 2023. The 1st tranche of US\$ 700 million was also received from the IMF, resultantly, stable foreign reserves position helped prevent substantial depreciation in the value of the Rupee, which closed at Rs 281.5. These favorable indicators, along with the expectation of a fall in inflation in the coming months, are expected to lead to a reduction in interest rates in 2024.

Large Scale Manufacturing (LSM) declined by 0.8% during Jul-Nov FY2024 against the contraction of 2.3% same period last year. In November 2023, LSM increased by 1.6% on YoY basis against the decline of 4.9% in the same month last year. For sustained growth, regular scheduled adjustments, power & transport sector reforms, and much-needed foreign currency inflows from bilateral and multilateral institutions are required to resolve the issue of Letter of Credits (LCs) are vital for ensuring sustained growth.

OPERATIONAL RESULTS

During the first half of the year, the Company achieved net sales of Rs. 4.388 billion, an increase of 20.06% as compared to last year, this upturn mainly accredited to an improvement in the selling price, despite likeness in sales volume. Gross profit increased by 23.8% mainly because of a better product mix, stable exchange rates, operational effectiveness and other cost reduction measures.

Sales and marketing expenses were at Rs. 379 million, while marketing activities were carried out in line with the marketing plan. Administrative expenses were at Rs. 108 million. Financial cost contributed positively by Rs. 6.5 million as compared to last year, because of efficient treasury operations and prudent management of available liquidity. The Company achieved a profit after tax of Rs. 144.83 million as against profit of Rs. 75.63 million for the corresponding period of last year. This translated into Earnings per Share (EPS) of Rs. 5.90.

FUTURE OUTLOOK

The challenging economic scenario emanating from an uncertain political environment and increasing competition from regional players is intensifying this situation, however, the company is cautiously optimistic about continuing the business growth trend in the remaining part of the year through better marketing by winning customer confidence, improved capacity utilization and better supply chain & treasury management to keep costs optimization.

The Directors take this opportunity to thank our shareholders and valued customers for their continued trust and appreciate the dedication demonstrated by all team members of the Company.

On behalf of the Board

Dr. Mahmood Ahmad
Chief Executive

Mr. Maqbool H.H. Rahimtoola
Director

Lahore:
Dated: February 22, 2024

مجلس نظما کی رپورٹ

کمپنی کے ڈائریکٹرز 31 دسمبر 2023ء کو اختتام پذیر نصف سال کے لئے کمپنی کی عبوری مالیاتی اسٹیٹمنٹس ازراہ مسرت پیش کرتے ہیں۔

کلی اقتصادی جائزہ

اگرچہ حالات ناسازگار ہیں لیکن معقول رفتار سے معاشی بحالی کا سفر جاری ہے۔ معاشی اشاریوں میں مسلسل بہتری کے رجحان نے مالیاتی سال 2024ء کی پہلی سہ ماہی میں شرح نمو کو 2.13% تک پہنچا دیا اور توقع کی جارہی ہے کہ دوسری سہ ماہی میں اس نمو کا سفر جاری رہے گا۔ البتہ، مالیاتی سال 2024ء جولائی تا دسمبر میں افراط زر کی شرح بلند ترین رہی اور CPI گذشتہ برس میں 25% کی نسبت 28.8% پر رہا۔ یہ اضافہ خوراک اور توانائی کی قیمتوں میں اضافے سے منسوب کیا جا رہا ہے۔ ٹرانسپورٹ اور فرسٹنگ اینڈ ہاؤس ہولڈرز کی کمیٹیوں کے بڑھتے ہوئے اخراجات نے معاشرے کے کمزور طبقے کو بہت متاثر کیا ہے۔ نومبر 2023ء میں، آئی ایم ایف سے 700 ملین ڈالر کی ایک قسط بھی وصول ہوئی جس کے نتیجے میں غیر ملکی زرمبادلہ کی مستحکم حالت نے روپے کی قدر میں نمایاں کمی پر قابو پانے میں مدد کی جو 281.5 روپے پر بند ہوا۔ ان سازگار اشاریوں بشمول آئینہ مہینوں میں افراط زر کی شرح میں کمی کی توقعات کے باعث سال 2024ء میں شرح سود میں کمی واقع ہونے کا امکان ہے۔

بڑے پیمانے کی صنعت (LSM) بھی جولائی تا نومبر مالیاتی سال 2024ء کے دوران 0.8% تک تنزلی کا شکار ہوئی جب کہ گذشتہ برس یہ کمی 2.3% تھی۔ نومبر 2023ء میں، LSM میں سالانہ کی بنیاد پر 1.6% فی صد اضافہ ریکارڈ ہوا جب کہ گذشتہ برس کے اسی ماہ میں یہ 4.9% کم تھا۔ پائیدار نمو، باقاعدہ شیڈولڈ اینڈ جسٹمنٹس، توانائی اور ٹرانسپورٹ کے شعبے میں اصلاحات اور دو طرفہ اور کثیر جہتی اداروں سے بیرونی کرنسی کی انتہائی ضروری آمد کے ذریعے لیٹر آف کریڈٹ (LCs) کے انتہائی مسئلہ کو حل کیا جاسکتا ہے جو پائیدار نمو کو یقینی بنا سکتا ہے۔

آپریٹنگ نتائج

سال کے پہلے نصف حصے کے دوران، کمپنی نے گذشتہ برس کے مقابلے میں 20.06% اضافے کے ساتھ 4.388 بلین روپے کی خالص سیلز کا ہدف حاصل کیا۔ یہ اضافہ فروخت کے غیر موزوں حجم کے باوجود قیمت فروخت میں بہتری سے منسوب کیا جا رہا ہے۔ مصنوعات میں اضافے، مستحکم شرح مبادلہ، آپریٹنگ کارکردگی اور لاگت کم کرنے کے دیگر اقدامات کے باعث کل منافع میں 23.8% اضافہ دیکھا گیا۔

سیلز اور مارکیٹنگ اخراجات 379 ملین روپے رہے جب کہ تشریحی سرگرمیاں مارکیٹنگ پلان کے عین مطابق سرانجام دی گئیں۔ انتظامی اخراجات 108 ملین روپے رہے۔ دستیاب لیکویڈٹی کے معقول انتظام اور سرمایہ صرف کرنے کے بہتر اقدامات کے باعث گذشتہ برس کے مقابلے میں قرضوں پر لاگت 6.5 بلین روپے رہی جو ایک مثبت اشارہ ہے۔ کمپنی نے گذشتہ برس کی اسی مدت میں 75.63 بلین روپے کی نسبت 144.83 بلین روپے منافع علاوہ ٹیکس حاصل کیا جس کے باعث فی حصص آمدنی (EPS) 5.90 روپے ہو گئی۔

مستقبل کا منظر نامہ

سیاسی بے یقینی کے ماحول اور ملکی سطح پر مسابقتی ماحول سے پیدا مشکل ترین معاشی تناظر نے حالات کو مزید ابتر کر دیا ہے۔ البتہ، کمپنی صارف کے اطمینان کو حاصل کر کے، استعداد کے بہترین استعمال اور بہتر سپلائی چین اور خزانے کے انتظام کے ذریعے بہتر مارکیٹنگ حکمت عملی کو اپناتے ہوئے اگلے نصف برس میں کاروباری ترقی کے رجحان کو برقرار رکھنے کے لئے پرامید ہے۔

ڈائریکٹرز اس موقع پر مسلسل بھروسہ کے لئے اپنے تمام شیئر ہولڈرز اور معزز صارفین کا شکریہ ادا کرتا ہے۔ ہمیں امید ہے کہ تمام ٹیم ممبرز کی جانب سے جذبے کے اظہار پر بھی شکر یہ ادا کرتے ہیں۔

منجانب بورڈ

لاہور

22 فروری، 2024ء

مقبول ایچ ایچ رحیم تولہ

ڈائریکٹر

ڈاکٹر محمود احمد

چیف ایگزیکٹو



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INDEPENDENT AUDITORS' REVIEW REPORT TO THE MEMBERS OF BERGER PAINTS PAKISTAN LIMITED

Report on review of interim financial statements

Introduction

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of BERGER PAINTS PAKISTAN LIMITED ("the Company") as at December 31, 2023 and the related unconsolidated condensed interim statement of profit or loss, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim statement of changes in equity and unconsolidated condensed interim statement of cash flows, and notes to the unconsolidated condensed interim financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements 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 statements 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 interim financial statements are not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Other Matter

The figures for the quarters ended December 31, 2023 and December 31, 2022 in the unconsolidated condensed interim statement of profit or loss and unconsolidated condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

The engagement partner on the review resulting in this independent auditor's review report is Muhammad Imran.

Lahore

DATED: 28 FEB 2024

UDIN: RR2023101319fwvPhcQX

Proo Ebrahim M.
 BDO EBRAHIM & CO.
 CHARTERED ACCOUNTANTS

Proo

BDO Ebrahim & Co. Chartered Accountants

BDO Ebrahim & Co., a Pakistan registered partnership firm, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

Unconsolidated Condensed Interim Statement of Financial Position (Un-audited)

as at December 31, 2023

		December 31, 2023 (Un-audited) (Rupees in thousand)	June 30, 2023 (Audited)
ASSETS	Note		
NON CURRENT ASSETS			
Property, plant and equipment	7	2,243,704	2,306,831
Long term investments	8	87,418	78,479
Long term loans	9	36,278	37,261
Long term deposits and prepayments		28,188	22,218
		<u>2,395,588</u>	<u>2,444,789</u>
CURRENT ASSETS			
Stores, spare parts and loose tools		32,757	30,341
Stock in trade	10	1,739,489	1,437,793
Trade debts - unsecured	11	2,162,909	1,907,525
Loans and advances		342,593	277,322
Trade deposits and short term prepayments		32,260	31,864
Other receivables	12	74,305	62,053
Tax refund due from Government		125,713	182,994
Short term investment	13	121,000	191,000
Cash and bank balances		88,071	47,078
		<u>4,719,097</u>	<u>4,167,970</u>
TOTAL ASSETS		<u>7,114,685</u>	<u>6,612,759</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital	14	500,000	250,000
50,000,000 (June 30, 2023: 25,000,000) shares of Rs. 10 each			
Issued, subscribed and paid up capital		245,516	245,516
24,551,615 (June 30, 2023: 24,551,615) ordinary shares of Rs. 10 each			
Capital reserves			
Revaluation surplus on property, plant and equipment		1,465,422	1,495,613
Other reserves (Share premium and fair value reserve)		50,632	56,205
		1,516,054	1,551,818
Revenue reserves			
General reserve		285,000	285,000
Accumulated profits		1,288,489	1,113,469
		<u>1,573,489</u>	<u>1,398,469</u>
Total equity		3,335,059	3,195,803
NON CURRENT LIABILITIES			
Long term financing - secured	15	102,592	94,221
Long term diminishing musharaka	16	291,666	333,333
Deferred grant		18,931	21,672
Long term employee benefits		160,936	144,748
Deferred taxation - net	17	92,094	104,645
		666,219	698,619
CURRENT LIABILITIES			
Trade and other payables	18	2,441,212	2,020,366
Current portion of deferred income		5,625	6,730
Current portion of long term financing	15	45,549	54,701
Current portion of long term diminishing musharaka	16	166,667	166,667
Unclaimed dividend		13,118	13,106
Accrued markup		35,733	31,459
Short term borrowings - secured	19	405,503	425,308
		3,113,407	2,718,337
CONTINGENCIES AND COMMITMENTS	20		
TOTAL EQUITY AND LIABILITIES		<u>7,114,685</u>	<u>6,612,759</u>

The annexed notes from 1 to 35 form an integral part of these unconsolidated condensed interim financial statements.

Chief Financial Officer

Chief Executive

Director

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

For the half year ended December 31, 2023

	Note	Half year ended		Quarter ended	
		December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
		(Rupees in thousand)			
Revenue from contract with customers - net	22	4,387,972	3,654,803	2,317,755	2,083,570
Cost of sales	23	(3,534,362)	(2,965,341)	(1,860,393)	(1,679,710)
Gross profit		853,610	689,462	457,362	403,860
Selling and distribution expenses		(379,201)	(333,821)	(188,570)	(169,935)
Administrative and general expenses		(107,692)	(104,417)	(55,813)	(53,377)
Other operating expenses		(29,968)	(31,954)	(20,257)	(31,779)
		(516,861)	(470,192)	(264,640)	(255,091)
Profit from operations		336,749	219,270	192,722	148,769
Other income		43,092	36,975	25,408	35,458
		379,841	256,245	218,130	184,227
Finance cost	24	(137,794)	(144,319)	(55,042)	(72,845)
Profit before taxation for the period		242,047	111,926	163,088	111,382
Taxation	25	(97,218)	(36,297)	(68,003)	(36,139)
Profit after taxation for the period		144,829	75,629	95,085	75,243
Earnings per share - basic and diluted (Rupees)	26	5.90	3.64	3.87	3.62

The annexed notes from 1 to 35 form an integral part of these unconsolidated condensed interim financial statements.

Unconsolidated

Condensed Interim Statement of Comprehensive Income (Un-audited)

For the half year ended December 31, 2023

	Half year ended		Quarter ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
	----- (Rupees in thousand) -----			
Profit after taxation for the period	144,829	75,629	95,084	75,243
Other comprehensive income				
Items that may be reclassified subsequently to statement of profit or loss	-	-	-	-
Items that will not be reclassified subsequently to statement of profit or loss	-	-	-	-
Fair value gain/(loss) on investment as Fair value through OCI - net of tax	(5,573)	(3,317)	(4,041)	3,088
Total comprehensive income for the period	139,256	72,312	91,043	78,331

The annexed notes from 1 to 35 form an integral part of these unconsolidated condensed interim financial statements.

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

For the half year ended December 31, 2023

	Reserves						Total reserves	Total
	Issued, subscribed and paid-up capital	Capital			Revenue			
		Revaluation surplus on property, plant and	Share premium	Fair value reserve	General reserve	Accumulated profits		
-----Rupees in thousand-----								
Balance as at July 01, 2022 - (audited)	204,597	830,273	34,086	23,931	285,000	967,825	2,141,115	2,345,712
Profit after taxation for the period	-	-	-	-	-	75,629	75,629	75,629
Other comprehensive income for the period	-	-	-	-	-	-	-	-
- Fair value gain on investment classified as Fair Value through OCI	-	-	-	(3,317)	-	-	(3,317)	(3,317)
Total comprehensive income for the period	-	-	-	(3,317)	-	75,629	72,312	72,312
Transfer of incremental depreciation from surplus on revaluation of fixed assets - net of tax	-	(13,885)	-	-	-	13,885	-	-
Transaction with owners of the Company								
Final cash dividend for the year ended June 30, 2022 at the rate of 40%	-	-	-	-	-	(81,839)	(81,839)	(81,839)
Balance as at December 31, 2022 - (un-audited)	204,597	816,388	34,086	20,614	285,000	975,500	2,131,588	2,336,185
Balance as at July 01, 2023 - (audited)	245,516	1,495,613	34,086	22,119	285,000	1,113,469	2,950,287	3,195,803
Profit after taxation for the period	-	-	-	-	-	144,829	144,829	144,829
Other comprehensive income for the period	-	-	-	-	-	-	-	-
- Fair value loss on investment classified as Fair Value through OCI	-	-	-	(5,573)	-	-	(5,573)	(5,573)
Total comprehensive income for the period	-	-	-	(5,573)	-	144,829	139,256	139,256
Transfer of incremental depreciation from surplus on revaluation of fixed assets - net of tax	-	(30,191)	-	-	-	30,191	-	-
Balance as at December 31, 2023 - (un-audited)	245,516	1,465,422	34,086	16,546	285,000	1,288,489	3,089,543	3,335,059

The annexed notes from 1 to 35 form an integral part of these unconsolidated condensed interim financial statements.

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

For the half year ended December 31, 2023

	Note	Half year ended	
		December 31, 2023	December 31, 2022
(Rupees in thousand)			
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation for the period		242,047	111,926
Adjustments for non cash and other items:			
Depreciation on property, plant and equipment	7	107,503	69,387
Amortization on computer software		-	23
Provision for expected credit losses	11	33,316	23,708
Gain on disposal of property, plant and equipment		-	(1,997)
Provision for staff retirement and other long term benefits		22,365	19,953
Finance costs		137,794	144,319
		<u>300,978</u>	<u>255,393</u>
Profit before working capital changes		543,025	367,319
(Increase) / decrease in current assets:			
Stores and spare parts		(2,416)	(7,255)
Stock-in-trade		(301,696)	251,162
Trade debts - unsecured		(288,700)	(322,365)
Loans and advances		(65,271)	(22,549)
Trade deposits and short term prepayments		(396)	7,672
Others receivables		(12,252)	30,363
		(670,731)	(62,972)
Increase/(decrease) in current liabilities:			
Trade and other payables		420,845	(203,753)
Cash generated from operations		<u>293,139</u>	<u>100,594</u>
Taxes paid		(67,000)	(36,536)
Finance cost paid		(133,507)	(147,926)
Staff retirement and other long term benefits paid		(6,177)	(14,568)
Long term loans - net		983	(4,094)
Long term deposits - net		(5,970)	(4,313)
		(211,671)	(207,437)
Net cash generated from / (used) in operating activities		<u>81,468</u>	<u>(106,843)</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Capital expenditure incurred		(44,376)	(10,889)
Proceeds from disposal of property, plant and equipment		-	2,613
Short term investments - net		100,000	(51,000)
Net cash generated from / (used in) investing activities		<u>55,624</u>	<u>(59,276)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Long term financing - net		(4,627)	(37,861)
Long term diminishing musharaka - net		(41,667)	484,000
Short term borrowings - net		-	(160,552)
Dividend paid		-	(44,716)
Net cash (used in) / generated from financing activities		<u>(46,294)</u>	<u>240,871</u>
Net increase / (decrease) in cash and cash equivalents		90,798	74,752
Cash and cash equivalents at beginning of the period		(378,230)	(894,716)
Cash and cash equivalents at end of the period	21	<u>(287,432)</u>	<u>(819,964)</u>

The annexed notes from 1 to 35 form an integral part of these unconsolidated condensed interim financial statements.

Chief Financial Officer

Chief Executive

Director

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

For the half year ended December 31, 2023

1 REPORTING ENTITY INFORMATION

- 1.1 Berger Paints Pakistan Limited ("the Company") was incorporated in Pakistan on March 25, 1950 as a Private Limited Company under the Companies Act 1913 (now Companies Act, 2017) and was subsequently converted into a Public Limited Company. The Company is listed on the Pakistan Stock Exchange ("PSX"). The principle business activity of the Company is manufacturing and trading of paints, varnishes and other related items. Slotrapid Limited, based in British Virgin Island is the Holding Company. The aggregate percentage of holding is 52.05% (June 30, 2023: 52.05%).
- 1.2 These unconsolidated condensed interim financial statements are the separate financial statements of the Company in which investments in subsidiary and associates are accounted for on the basis of direct cost of investment less identified impairment, if any rather than on the basis of reported results and net assets of the investees. Consolidated condensed interim financial statements of the Company are prepared separately. The Company has following investments:

Company name	Country of incorporation	Percentages of shareholding	Nature of business
Subsidiary			
Berger DPI (Private) Limited	Pakistan	51.00%	Execution of contracts relating to application of road marking paints and installation of road safety equipment
Associate			
3S Pharmaceuticals (Private) Limited	Pakistan	49.00%	Manufacturing of medicines

2 GEOGRAPHICAL LOCATION AND ADDRESSES OF BUSINESS UNITS

The geographical locations and addresses of the Company's business units including production facilities are as under:

The registered office of the Company is situated at 36-Industrial Estate Kot-Lakhpat, Lahore and the manufacturing facility of the Company is located at 28 KM Multan Road, Lahore.

Regional office	Office address
Karachi	X-3 Manghopir Road, S.I.T.E
Islamabad	Plot No. 201, Street 1, Sector, I-10/3
Multan	174/A Lodhi Colony, MRE, Opposite Hascol Petrol Pump MDA Road

3 BASIS OF PREPARATION

3.1 Statement of compliance

These unconsolidated condensed interim financial statements of the Company 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 34, 'Interim Financial Reporting' (IAS 34), issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 (the Act); and
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan 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, the provisions of and directives issued under the Companies Act, 2017 have been followed.

These unconsolidated condensed interim financial statements are un-audited but subject to the limited scope review by the auditors and is being submitted to the shareholders as required under section 237 of the Companies Act, 2017 and the listing regulations of the Pakistan Stock Exchange.

These unconsolidated condensed interim financial statements do not include all the information and disclosures required for full annual unconsolidated financial statements and should be read in conjunction with the annual unconsolidated financial statements of the Company as at and for the year ended June 30, 2023 which have been prepared in accordance with approved accounting standards as applicable in Pakistan. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last annual financial statements.

The comparative statement of financial position presented in these unconsolidated condensed interim financial statements have been extracted from the annual unconsolidated audited financial statements of the Company for the year ended June 30, 2023, whereas the comparative unconsolidated condensed interim statement of profit or loss, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim statement of cash flows and unconsolidated condensed interim statement of changes in equity are extracted from the un-audited unconsolidated condensed interim financial statements for the half year ended December 31, 2022.

3.2 Basis of measurement

These unconsolidated condensed interim financial statements have been prepared under the historical cost convention, except for the recognition of certain staff retirement benefits at present value, some investment at fair value and certain operating fixed assets at revalued amounts.

3.3 Functional and presentation currency

The financial statements are presented in Pak Rupees ("Rs") which is the Company's functional and presentation currency.

4 USE OF ESTIMATES AND JUDGMENTS

The preparation of unconsolidated interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts. Actual results may differ from these judgements, estimates and assumptions.

Judgements and estimates made by the management in the preparation of these unconsolidated condensed interim financial statements are the same as those applied in the unconsolidated annual audited financial statements of the Company for the year ended June 30, 2023.

5 SIGNIFICANT ACCOUNTING POLICIES AND CHANGES THERE IN

5.1 The accounting policies and methods of computation adopted in the preparation of these unconsolidated condensed interim financial statements are consistent with those applied in the preparation of the unconsolidated annual audited financial statements of the company for the year ended June 30, 2023.

5.2 Change in accounting standards, interpretations and amendments to published accounting and reporting standards.

5.2.1 Amendments to published accounting and reporting standards which became effective during the period:

Certain standards, amendments and interpretations to approved accounting standards are effective for accounting periods beginning on January 01, 2023, but are considered not to be relevant or did not have any significant effect on the Company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these unconsolidated condensed interim financial statements.

The Company adopted the narrow-scope amendments to the International Accounting Standard (IAS) 1, Presentation of Financial Statements which have been effective for annual reporting periods beginning on or after 1 January 2023. Although the amendments did not result in any changes to accounting policy themselves, they will impact the accounting policy information disclosed in the annual financial statements.

These amendments had no effect on the interim condensed financial statements of the Company as they relate to disclosures of accounting policies in the annual financial statements rather than interim financial statements. The amendments are expected to be applicable for the accounting policy disclosures in the annual financial statements of the Company.

5.2.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company:

There are certain standards, amendments to the accounting standards and interpretations that are mandatory for the Company's accounting periods beginning on or after January 1, 2024, but are considered not to be relevant or expected to have any significant effect on the Company's operations and are, therefore, not detailed in these unconsolidated condensed interim financial statements.

6. TAXATION

The provisions for taxation for the half year and quarter ended December 31, 2023, have been made using the estimated effective tax rate applicable to expected total annual earnings. The applicable income tax rate for the Tax Year 2024 is 29%. Income tax expense is recognized in each interim period based on best estimate of the weighted average annual income tax rate expected for the full financial year. Amounts accrued for income tax expense in one interim period may have to be adjusted in a subsequent interim period of that financial year if the estimate of the annual income tax rate changes.

		December 31, 2023 (Un-audited)	June 30, 2023 (Audited)
	Note	Rupees in thousand	
7	PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets	7.1	2,027,561	2,088,301
Capital work in progress	7.2	2,472	1,864
Right-of-use-asset (leasehold land)	7.3	213,671	216,666
		2,243,704	2,306,831

	December 31, 2023 (Un-audited)	June 30, 2023 (Audited)
Note	Rupees in thousand	
7.1 Operating fixed assets		
Opening net book value at the start of the period / year	2,088,301	1,423,908
Additions during the period / year - cost	43,768	37,970
Net book value of assets disposed off during the period / year	-	(3,073)
Depreciation charge for the period / year	(104,508)	(134,173)
Revaluation during the period / year	7.1.3 -	763,669
Closing net book value at the end of the period / year	<u>2,027,561</u>	<u>2,088,301</u>
7.1.1 Following is the details of additions during the period / year - at cost:		
Buildings on leasehold land	-	449
Plant and machinery	3,191	2,919
Electric fittings	2,331	779
Computer and related accessories	910	1,294
Office equipment	838	184
Motor vehicles	36,241	24,852
Furniture and fixtures	-	786
Laboratory equipment	257	6,707
	<u>43,768</u>	<u>37,970</u>
7.1.2 Following is the detail of disposals during the period / year - at net book value (NBV):		
Plant and machinery	-	456
Motor vehicles	-	2,617
	<u>-</u>	<u>3,073</u>

7.1.3 The Company has revalued certain operating fixed assets. The latest valuation of freehold land, leasehold land, building on freehold land, building on leasehold land and plant and machinery was carried out by Harvester Enterprises and Company, an independent valuer on June 30, 2023. The valuation was determined by reference to current market value of the similar properties / assets. The most significant input into this valuation approach is price per acre for land, price per square foot for buildings and present operational condition and age of plant and machinery respectively.

	December 31, 2023 (Un-audited)	June 30, 2023 (Audited)
Note	Rupees in thousand	
7.2 Capital work in progress		
Opening balance at the start of the period / year	1,864	14,182
Additions (at cost)	7,254	29,661
Transferred to operating fixed assets/adjustments	(6,646)	(41,979)
Closing balance at the end of the period / year	<u>2,472</u>	<u>1,864</u>

7.2.1 This represents civil work in process and plant & machinery at the period / year end.

7.3 Right-of-use-asset

Leasehold land

Opening net book value at the start of the period / year	216,666	190,071
Additions during the period / year	-	-
Depreciation charge for the period / year	(2,995)	(5,125)
Revaluation surplus for the period / year	-	31,720
Closing net book value at the end of the period / year	<u>213,671</u>	<u>216,666</u>

7.3.1 The Company has a lease contract of its warehouse. Lease liability against the right-of-use asset has been paid off at the start of the contract.

8 LONG TERM INVESTMENTS

In equity instruments - at cost	8.1	58,233	58,233
Investment in equity instrument classified as FVOCI	8.2	29,185	20,246
		<u>87,418</u>	<u>78,479</u>
8.1 In equity instruments - at cost			
Subsidiary company - unlisted			
Berger DPI (Private) Limited	8.1.1	2,550	2,550
Associated company - unlisted			
3S Pharmaceuticals (Private) Limited	8.1.2	55,683	55,683
		<u>58,233</u>	<u>58,233</u>

8.1.1 This represents investment at cost in subsidiary company 765,000 (June 30, 2023: 765,000) number of shares with face value of Rs. 10 each. The Company holds 51% (June 30, 2023: 51%) shares in the Company.

8.1.2 This represents investment in associated company 392,000 (June 30, 2023: 392,000) number of shares with face value of Rs. 100 each. The Company holds 49% (June 30, 2023: 49%) shares in the Company.

		December 31, 2023 (Un-audited)	June 30, 2023 (Audited)
	Note	Rupees in thousand	
8.2 Investment in equity instrument classified as FVOCI			
Buxly Paints Limited - listed			
Cost		3,830	3,830
Fair value adjustment	8.2.2	25,355	16,416
		29,185	20,246

8.2.1 The Company owns 273,600 (June 30, 2023: 273,600) fully paid ordinary shares of Rs. 10 each representing 19.00% (June 30, 2023: 19.00%) investment of total shares in Buxly Paints Limited. As at December 31, 2023, the market value of each share was Rs. 106.76 (June 30, 2023: Rs. 74).

8.2.2 Fair value adjustment

Opening balance at start of the period / year	16,416	29,628
Fair value gain / (loss)	8,939	(13,212)
Closing balance at end of the period / year	25,355	16,416

9 LONG TERM LOANS

Opening balance at start of the period / year	66,244	69,701
Disbursements during the period/year	6,305	23,755
Repayments during the period/year	(15,634)	(27,212)
	56,915	66,244
Discounting adjustment for recognition at fair value - deferred employee benefits	(8,818)	(5,135)
Closing balance at end of the period / year	48,097	61,109
Current portion shown under current assets	(11,819)	(23,847)
	36,278	37,261

9.1 These represent interest free loans provided to the employees of the Company in accordance with the terms of their employment, under a scheme for the purchase of motor vehicles. These loans are secured by keeping title of the underlying assets in the name of the Company till final settlement. These loans are recoverable over a period of three to then years. These loans have been discounted using market rate as at reporting date and the corresponding discounting impact has been recognised as prepared employee benefits.

	December 31, 2023 (Un-audited)	June 30, 2023 (Audited)
Note	Rupees in thousand	
10 STOCK-IN-TRADE		
Raw and packing materials		
- in hand	652,578	589,530
- in transit	242,591	206,607
	<u>895,169</u>	<u>796,137</u>
Semi processed goods	168,328	164,124
Finished goods		
- Manufactured	717,778	500,787
- Trading	73,006	91,527
	<u>790,784</u>	<u>592,314</u>
	<u>1,854,281</u>	<u>1,552,575</u>
Provision for slow moving and obsolete stocks		
- Raw material	(25,797)	(23,665)
- Semi processed goods	(3,769)	(5,900)
- Finished goods	(85,226)	(85,217)
	<u>(114,792)</u>	<u>(114,782)</u>
	<u>1,739,489</u>	<u>1,437,793</u>

10.1 Aggregate stocks with a cost of Rs. 17.39 million (2023: Rs. 13.43 million) are being valued at net realizable value of Rs. 1.61 million (2023: Rs. 9.24 million).

11 TRADE DEBTS - UNSECURED

Considered good			
Related parties	11.1	212,437	241,351
Others		2,175,221	1,860,458
		<u>2,387,658</u>	<u>2,101,809</u>
Considered doubtful			
Related parties	11.1	3,021	7,608
Others		183,688	145,785
		<u>186,709</u>	<u>153,393</u>
Allowance for expected credit losses (ECL)	11.2	(186,709)	(153,393)
Provision for discounts		(224,749)	(194,284)
		<u>2,162,909</u>	<u>1,907,525</u>

	December 31, 2023 (Un-audited)	June 30, 2023 (Audited)
Note	Rupees in thousand	
11.1 Trade debts include the following amounts due from the following related parties:		
Buxly Paints Pakistan Limited - related party	215,458	248,959
11.2 Movement in allowance for ECL		
Opening balance at start of the period / year	153,393	154,952
Allowance for ECL for the period / year	33,316	73,084
Bad debts written off	-	(74,643)
Closing balance at end of the period / year	186,709	153,393
11.3 Provision for discounts		
Balance at beginning of the year	194,284	138,588
Charge for the year - net	904,454	2,196,122
Discounts paid during the year	(873,989)	(2,140,426)
Balance at end of the year	224,749	194,284
12 OTHER RECEIVABLES		
LC margin	34,457	20,363
Receivable from related parties	19,330	-
Export rebate	11,018	10,536
Provision against export rebate	(9,736)	(9,736)
	1,282	800
Accrued interest	13,218	14,010
Insurance claim receivable	1,586	1,608
Others	4,432	3,206
Due from provident fund	-	22,066
	74,305	62,053

	December 31, 2023 (Un-audited)	June 30, 2023 (Audited)
Note	Rupees in thousand	
12.1 Other receivables include the following amounts due from the following related parties:		
Buxly Paints Pakistan Limited - related party	14,597	1,338
Berger Road Safety (Private) Limited - subsidiary of Berger DPI (Private) Limited	15,729	10,621
3S Pharmaceutical (Private) Limited - related party	4,843	3,879
	<u>35,169</u>	<u>15,838</u>
Less: Impairment allowance	(15,839)	(15,838)
	<u>19,330</u>	<u>-</u>
13 SHORT TERM INVESTMENT		
At amortised cost		
Term deposit receipts (TDRs)		
JS Bank Limited	71,000	31,000
National Bank of Pakistan Limited	-	110,000
Bank Islami Pakistan Limited	50,000	50,000
13.1	<u>121,000</u>	<u>191,000</u>

13.1 This represents term deposit receipts which are mark-up based investments with conventional banks. The balance is under lien with commercial bank against letter of guarantee, maturing up to one year and carry mark-up at the rates ranging from 15% to 22% (June 30, 2023: 7% to 20.10%) per annum.

13.2 The balance includes Rs. 30 million which has been included in cash and cash equivalents in note 20 to these financial statements.

14. AUTHORISED SHARE CAPITAL

During the year the Company has increased its authorised share capital from Rs. 250.00 million to Rs. 500.00 million as approved by the Board of Directors and members in the meeting held on September 22, 2023, and October 24, 2023, respectively.

		December 31, 2023 (Un-audited)	June 30, 2023 (Audited)
	Note	Rupees in thousand	
15	LONG TERM FINANCING - SECURED		
Mark-up based financing from conventional banks	15.1	94,887	101,016
Islamic mode of financing	15.2	53,254	47,906
		148,141	148,922
Current maturity shown under current liabilities:			
Mark-up based financing from conventional banks		(19,950)	(23,518)
Islamic mode of financing		(25,599)	(31,183)
		(45,549)	(54,701)
		102,592	94,221
15.1	The reconciliation of the carrying amount is as follows:		
Opening balance at start of the period / year		101,016	157,524
Disbursements during the period / year			
Repayments during the period / year		(9,975)	(31,736)
Deferred Grant recognized during the period / year		-	(31,073)
Unwinding of discount on liability		3,846	6,301
Closing balance at end of the period / year		94,887	101,016
15.2	The reconciliation of the carrying amount is as follows:		
Opening balance at start of the period / year		47,906	93,429
Disbursements during the period / year		22,877	-
Repayments during the period / year		(17,529)	(45,523)
Closing balance at end of the period / year		53,254	47,906
15.3	There is no material change in the terms and conditions of the Long term financing - secured as disclosed in the unconsolidated annual audited financial statements as at and for the year ended June 30, 2023 except as follows:		
15.4	Islamic mode of financing includes a new diminishing musharika facility amounting to Rs. 22.88 million for purchase of vehicle. The facility is repayable in 16 quarterly installments ending in April 2027. Profit is payable quarterly and charged at the rate of three month's KIBOR plus 1% per annum. The facility is secured against charge over present and future current and fixed assets of the Company. The title of asset is held jointly by the Company and the lender till the facility was fully repaid.		

		December 31, 2023 (Un-audited)	June 30, 2023 (Audited)
	Note		
16	LONG TERM DIMINISHING MUSHARAKA		
Berger Paints Pakistan Limited			
Sukuk of Rs. 500 million		458,333	500,000
Current maturity shown under current liabilities:	16.1	(166,667)	(166,667)
		<u>291,666</u>	<u>333,333</u>
16.1	The Company issued 500 million BPPL Sukuk certificates, having face value of Rs. 1 million each and entered into a diminishing musharaka agreement with the investment agent, Pak Oman Investment Company (trustee on behalf of the Sukuk holders) as a co-owner of the musharaka assets. The issue resulted in cash receipt of subscription money of Rs. 500 million. The Sukuk certificates carry profit at the rate of 3 months KIBOR + 1.5% with quarterly rental payments. These certificates are issued for a tenure of four years and are structured in such a way that first quarterly principal repayment installment commenced from the quarter ended September 2023. Under this arrangement the Company sold the beneficial ownership of the musharaka assets, its freehold land and building on freehold land, to the investment agent (for the benefit of Sukuk holders) although legal title remains with the Company. The overall arrangement has been accounted for in these financial statements on the basis of substance of the transaction.		
17	DEFERRED TAXATION - NET		
Deferred tax liability on taxable temporary differences arising in respect of			
- Accelerated tax depreciation		46,563	78,846
- Surplus on revaluation of fixed assets		(229,931)	(272,713)
		(183,368)	(193,867)
Deferred tax asset on deductible temporary differences arising in respect of:			
- Impairment allowance on financial assets		78,232	71,448
- Investment in related parties		4,487	1,491
- Minimum turnover tax		6,781	-
- Fair value gain on investment classified as FVOCI		(8,809)	5,703
- Provision for slow moving stock		10,583	10,580
		<u>91,274</u>	<u>89,222</u>
		<u>(92,094)</u>	<u>(104,645)</u>

	December 31, 2023 (Un-audited)	June 30, 2023 (Audited)
Note	Rupees in thousand	
17.1 Movement in deferred tax balances is as follows:		
Opening balance at start of the period / year	(104,645)	(8,379)
Recognized in profit or loss:		
- Accelerated tax depreciation including surplus on revaluation of fixed assets on financial assets	10,499	39,266
- Minimum turnover tax	6,784	10,022
- Investment in related parties	6,781	(23,328)
- Provision for slow moving stock	2,996	163
	3	(2,580)
	27,063	23,543
Recognized in other comprehensive income:		
- Fair value gain / (loss) on investment classified as FVOCI	(14,512)	11,400
- Surplus on revaluation of fixed assets	-	(131,209)
Closing balance at end of the period / year	<u>(92,094)</u>	<u>(104,645)</u>

18 TRADE AND OTHER PAYABLES

Trade and other creditors		1,385,858	1,173,882
Import bills payable		384,274	316,196
Contract liabilities	18.1	73,533	80,111
Accrued expenses		196,189	129,831
Provision for infrastructure cess	18.2	96,087	96,087
Royalty payable to related parties	18.3	40,158	40,158
Technical fee payable	18.4	40,090	40,090
Workers' Profits Participation Fund		35,491	22,478
Workers' Welfare Fund		13,243	8,038
Due to statutory authorities		10,547	9,634
Others		81,641	41,682
Sales tax payable		84,101	62,179
		<u>2,441,212</u>	<u>2,020,366</u>

18.1 Contract balances primarily comprises of contract liabilities, representing advance consideration received from customers for the purchase of products. Balance as at reporting date amounted to Rs. 73.53 million (2023: 80.11 million). Revenue recognized during the reporting period which was included in the contract liabilities at the beginning of the period amounted to Rs. 80.11 million (2023: Rs. 45.16 million).

18.2 Provision for infrastructure cess

Opening balance at start of the period / year		96,087	96,087
Provision for the period / year		-	-
Bad debts written off		-	-
Closing balance at end of the period / year	16.1.1	<u>96,087</u>	<u>96,087</u>

18.2.1 This provision has not yet been paid by the Company, considering the order of Honorable Supreme Court of Pakistan dated September 01, 2021 in which interim relief relating to the recovery of this cess was provided to the Companies. During the period the Company is paying the cess as per applicable Act.

Note	December 31, 2023 (Un-audited) Rupees in thousand	June 30, 2023 (Audited)
18.3 Royalty payable to related parties		
Slotrapid Limited - Holding Company	40,126	40,126
Buxly Paints Limited - Associated Company	32	32
	<u>40,158</u>	<u>40,158</u>

18.4 No provision has been recorded against royalty as the Company has been granted waiver by the parent company for the period. Further, there is also no technical fee payable for the period as the Company contact with Oxyplast Belgium N.V. has been expired and has not been renewed yet.

19 SHORT TERM BORROWINGS - SECURED

Mark-up based borrowings from conventional banks	19.1	227,347	268,720
Mark-up based borrowings from Islamic banks	19.2	178,156	156,588
		<u>405,503</u>	<u>425,308</u>
19.1 The reconciliation of the carrying amount is as follows:			
Opening balance at start of the period / year		268,727	1,010,951
Disbursements during the period/year		26,206,759	41,415,711
Repayments during the period/year		(26,248,139)	(42,157,935)
Closing balance at end of the period / year		<u>227,347</u>	<u>268,727</u>
19.2 The reconciliation of the carrying amount is as follows:			
Opening balance at start of the period / year		156,588	362,988
Disbursements during the period/year		338,265	763,271
Repayments during the period/year		(316,697)	(969,671)
Closing balance at end of the period / year		<u>178,156</u>	<u>156,588</u>

19.3 There is no material change in the terms and conditions of the short term financing and short term running financing- secured as disclosed in the unconsolidated annual audited financial statements as at and for the year ended June 30, 2023.

20 CONTINGENCIES AND COMMITMENTS

20.1 Contingencies

- a) There has been no change in the contingencies as compared to those disclosed in the audited annual financial statements of the Company for the year ended June 30, 2023.

20.2 Commitments

- a) Outstanding letters of credit as at December 31, 2023, amounted to Rs. 659 million (June 30, 2023: Rs. 804.83 million).
- b) Outstanding letters of guarantee as at December 31, 2023 amounted to Rs. 132 million (June 30 2023: Rs. 125.14 million).
- c) The amount of future ljarah rentals for ljarah financing and the period in which these payments will become due are as follows:

	December 31, 2023 (Un-audited)	June 30, 2023 (Audited)
	Rupees in thousand	
Not later than one year	-	1,698
Later than one year and not later than five years	-	-
	<u>-</u>	<u>1,698</u>

December 31, 2023 (Un-audited)	December 31, 2022 (Un-audited)	June 30, 2022 (Audited)
Rupees in thousand		

21 CASH AND CASH EQUIVALENTS

Cash and cash equivalents as at December 31/ June 30 comprise of the following:

Cash and bank balances	88,071	93,098	47,078
Short term investment	30,000	-	-
Short term borrowings - secured	(405,503)	(913,062)	(425,308)
	<u>(287,432)</u>	<u>(819,964)</u>	<u>(378,230)</u>

22 REVENUE FROM CONTRACT WITH CUSTOMERS - NET

	----- (Un-audited) -----			
	Half year ended		Quarter ended	
	December 31,		December 31,	
	2023	2022	2023	2022
----- (Rupees in thousand) -----				
Sales				
Local	6,295,174	5,551,239	3,300,546	3,729,248
Export	39,800	10,320	21,311	5,409
	6,334,974	5,561,559	3,321,857	3,734,657
Less: Sales tax	(1,042,548)	(812,199)	(540,000)	(788,473)
Less: Discounts	(904,454)	(1,094,557)	(464,103)	(862,614)
	(1,947,002)	(1,906,756)	(1,004,103)	(1,651,087)
	4,387,972	3,654,803	2,317,755	2,083,570

23 COST OF SALES

Raw materials consumed	3,240,665	2,550,372	1,690,378	1,332,784
Other overheads:				
Stores, spares and consumables	3,438	5,642	1,610	79
Freight and handling	157,544	130,495	96,335	70,340
Salaries, wages and other benefits	139,601	152,447	68,151	79,488
Travelling and conveyance	9,299	8,747	6,274	4,861
Fuel, water and power	64,749	56,045	37,910	25,632
Repair and maintenance	22,442	22,165	11,808	9,943
Legal and professional	710	758	522	758
Rent, rates and taxes	206	20	-	-
Insurance	3,492	6,170	1,888	3,083
Depreciation	87,229	50,598	42,631	25,292
Ijarah lease rentals	28	292	-	84
Communication	707	729	394	388
Printing and stationery	1,261	793	593	423
Project application cost	-	4,447	-	4,447
Other expenses	7,208	4,900	4,054	2,058

----- (Un-audited) -----

	Half year ended		Quarter ended	
	December 31,		December 31,	
	2023	2022	2023	2022

----- (Rupees in thousand) -----

Opening work in process	158,224	158,054	170,005	182,659
Closing work in process	(164,953)	(163,624)	(164,953)	(163,624)
Cost of goods manufactured	3,731,850	2,989,050	1,967,600	1,578,695
Finished goods				
Opening stock	507,097	484,634	597,379	609,358
Closing stock	(704,585)	(508,343)	(704,585)	(508,343)
	(197,488)	(23,709)	(107,206)	101,015
	<u>3,534,362</u>	<u>2,965,341</u>	<u>1,860,393</u>	<u>1,679,710</u>

24 FINANCE COST

Islamic mode of financing:

- Long term financing	5,461	6,077	2,988	3,125
- Long term diminishing musharaka	59,966	38,791	28,541	22,233
- Short term financing	-	14,645	-	6,902
- Short term running finances	15,563	15,264	15,563	7,947

Mark-up based borrowings from conventional banks:

- Long term financing	3,214	4,417	3,214	2,412
- Short term financing	-	1,389	-	53
- Short term running finances	48,756	57,211	2,623	30,120

Bank charges	4,834	1,310	2,113	-
Sukuk charges	-	5,000	-	-
Others	-	215	-	53
	<u>137,794</u>	<u>144,319</u>	<u>55,042</u>	<u>72,845</u>

25 TAXATION

Current (note 25.1)	123,875	47,380	94,660	47,222
Prior year	406	-	406	-
Deferred	(27,063)	(11,083)	(27,063)	(11,083)
	<u>97,218</u>	<u>36,297</u>	<u>68,003</u>	<u>36,139</u>

- 25.1 This includes super tax under Section 4C of the Income Tax Ordinance, 2001 amounting to 21.16 million (December 31, 2022: Rs. 1.55 million).

26 EARNINGS PER SHARE - BASIC AND DILUTED

There is no dilutive effect on the basic earnings per share of the Company, which is based on:

	----- (Un-audited) -----			
	Half year ended		Quarter ended	
	December 31,		December 31,	
	Restated		Restated	
	2023	2022	2023	2022
Profit after taxation - (Rs. in thousand)	144,829	75,629	95,085	75,243
Weighted average number of ordinary shares - (Rs. in thousand)	24,552	20,800	24,552	20,800
Earnings per share - basic and diluted - (Rs.)	5.90	3.64	3.87	3.62

- 26.1 The earnings per share has been restated due to bonus elements against bonus shares issued during the year ended June 30, 2023.

27 TRANSACTIONS WITH RELATED PARTIES

Related parties include subsidiaries, associated entities, directors, other key management personnel and close family members of directors and other key management personnel. Details of transactions with related parties during the period, other than those which have been disclosed elsewhere in these unconsolidated condensed interim financial statements, are as follows:

Name of parties, nature and basis of relationship	Holding Percentage	Nature of transaction	------(Un-audited)-----	
			Half year ended	
			December 31,	
			2023	2022
'Rupees in thousand				
Transaction with:				
Holding Company				
Slotrapid Limited	52.05%	Royalty expense	-	24,740
Subsidiary of the subsidiary company				
Berger Road Safety (Private) Limited				
		Rental income and other service charges	-	150
		Receipts / adjustments	-	136,215
		Loss on adjustment	-	174
		Trade and other receivables taken	-	136,041
Related party				
Buxly Paints Limited				
	19.00%	Sales	248,784	194,025
		Rental income and other service charges	600	600
		Toll manufacturing	20,750	15,519
Associate				
3S Pharmaceuticals (Private) Limited				
	49.00%	Common expenditure incurred	964	40
Retirement benefit plans				
Contribution to staff retirement benefit plans				
			22,424	32,531
Key management personnel				
Remuneration and other benefits				
			142,856	137,962

	December 31, 2023	June 30, 2023
	(Un-audited)	(Audited)
	Rupees in thousand	
Balances as at:		
Holding Company		
Royalty payable	40,126	40,126
Berger Road Safety (Private) Limited		
Other receivable	15,729	10,621
Buxly Paints Limited		
Other receivable	14,597	1,338
Trade debt	215,458	248,959
Royalty payable	32	32
Associated Undertaking - 3S Pharmaceuticals (Private) Limited		
Other receivable	4,843	3,879

27.1 'In addition to these transactions, the parent Company has an agreement with Buxly Paints Limited (BPL) for construction and use of warehouse on BPL's land located at X-3 Manghopir Road, S.I.T.E, Karachi for a term of ten years at a nominal monthly rent. After the aforementioned term of ten years, the Parent Company will handover the possession of the building to BPL free of cost.

28 FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

Underlying the definition of fair value is the presumption that the Company is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

A financial instrument is regarded as quoted in an active market if quoted price is readily and regularly available from an exchange dealer, broker, industry group, pricing service, or regulatory agency, and that price represents actual and regularly occurring market transactions on an arm's length basis.

IFRS 13 'Fair Value Measurement' requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Quoted prices (unadjusted) in active markets for identical assets or liabilities that entity can access at measurement date (Level 1)

Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2)

Inputs for the asset or liability that are not based on observable market data (i.e. unobservable) inputs (Level 3)

Transfer between levels of the fair value hierarchy are recognised at the end of the reporting period during which the changes have occurred. However, there were no transfers between levels of fair value hierarchy during the year.

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

29 FINANCIAL INSTRUMENTS BY CATEGORY

	Carrying value		Fair value					
	Financial assets at amortised cost	FVOCI - equity instrument	Financial liabilities at amortised cost	Total	Level 1	Level 2	Level 3	Total
(Rupees in thousand)								
On-Balance sheet financial instruments								
As at December 31, 2023								
Financial assets measured at fair value								
Investments classified as FVOCI	-	29,185	-	29,185	29,185	-	-	29,185
Financial assets at amortised cost								
Long term investment at cost	58,233	-	-	58,233	-	-	-	-
Financial assets - at amortised cost								
Long-term loans - secured	48,097	-	-	48,097	-	-	-	-
Long-term deposits	27,336	-	-	27,336	-	-	-	-
Trade debts	2,162,909	-	-	2,162,909	-	-	-	-
Trade deposits	23,289	-	-	23,289	-	-	-	-
Other receivables	74,305	-	-	74,305	-	-	-	-
Short term investments	121,000	-	-	121,000	-	-	-	-
Cash and bank balances	88,071	-	-	88,071	-	-	-	-
	2,603,240	29,185	-	2,632,425	29,185	-	-	29,185
Financial liabilities at amortised cost								
Long term financing - secured	-	-	172,697	172,697	-	-	-	-
Long term diminishing musharaka	-	-	458,333	458,333	-	-	-	-
Trade and other payables	-	-	2,224,297	2,224,297	-	-	-	-
Accrued markup	-	-	35,733	35,733	-	-	-	-
Short-term borrowings - secured	-	-	405,503	405,503	-	-	-	-
	-	-	3,296,563	3,296,563	-	-	-	-
As at June 30, 2023								
Financial assets measured at fair value								
Investments classified as FVOCI	-	20,246	-	20,246	20,246	-	-	20,246
Financial assets - at cost								
Long term investment at cost	58,233	-	-	58,233	-	-	-	-
Financial assets - at amortised cost								
Long term loans - secured	61,109	-	-	61,109	-	-	-	-
Long term deposits	22,218	-	-	22,218	-	-	-	-
Trade debts	1,907,525	-	-	1,907,525	-	-	-	-
Trade deposits	18,536	-	-	18,536	-	-	-	-
Other receivables	62,053	-	-	62,053	-	-	-	-
Short term investment	191,000	-	-	191,000	-	-	-	-
Cash and bank balances	46,470	-	-	46,470	-	-	-	-
	2,367,144	20,246	-	2,387,390	20,246	-	-	20,246
Financial liabilities at amortised cost								
Long term financing - secured	-	-	177,324	177,324	-	-	-	-
Long term diminishing musharaka	-	-	500,000	500,000	-	-	-	-
Trade and other payables	-	-	1,741,839	1,741,839	-	-	-	-
Accrued markup	-	-	31,459	31,459	-	-	-	-
Short-term borrowings - secured	-	-	425,308	425,308	-	-	-	-
	-	-	2,875,930	2,875,930	-	-	-	-

- 29.1** The Company has revalued certain fixed assets at fair value and classified under property, plant and equipment. The carrying value and level of fair value of these non - financial assets have been disclosed in the relevant note to the condensed interim financial statements.
- 29.2** Due to the Company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non performance by these counter parties on their obligations to the Company. Accordingly, the credit risk is minimal.

30 FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.

There have been no significant changes in the risk management policies since the year end.

The unconsolidated condensed interim financial statements does not include all financial risk management information and disclosures required in the annual financial statements and should be read in conjunction with the Company's audited annual unconsolidated financial statements for the year ended June 30, 2023.

The Company's financial risk management objective and policies are consistent with that disclosed in the annual financial statements for the year ended June 30, 2023.

31 SUMMARY OF SIGNIFICANT TRANSACTIONS AND EVENTS AFFECTING THE COMPANY'S FINANCIAL POSITION AND PERFORMANCE

All other significant transactions and events that have affected the Company's financial position and performance during the period have been adequately disclosed in the notes to these financial statements.

32 CORRESPONDING FIGURES

- 32.1** Corresponding figures have been rearranged and reclassified, wherever necessary for the purpose of comparison and better presentation. However, no significant reclassification has been made during the period.
- 32.2** In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', corresponding figures in the unconsolidated condensed interim statement of financial position comprise of balances as per the audited annual unconsolidated financial statements of the Company for year ended June 30, 2023 and the corresponding figures in the unconsolidated condensed interim statement of profit or loss and the unconsolidated condensed interim comprehensive income, unconsolidated condensed interim statement of cash flows and unconsolidated condensed interim statement of changes in equity comprise of balances of comparable period as per the condensed interim financial statements of the Company for the half year ended December 31, 2023.

33 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial statements were authorized for issue on _____ by the Board of Directors of the Company.

34 NON-ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE

There are no significant reportable events after the unconsolidated condensed interim statement of financial position.

35 GENERAL

Amounts have been rounded off to the nearest rupees in thousand unless otherwise stated.

Chief Financial Officer

Chief Executive

Director

Berger Paints Pakistan Limited Consolidated Financial Statements

Consolidated Condensed Interim Statement of Financial Position (Un-audited)

as on December 31, 2023

	December 31, 2023 (Un-audited) (Rupees in thousand)	June 30, 2023 (Audited)
ASSETS		
NON CURRENT ASSETS		
Property, plant and equipment	2,244,183	2,307,469
Equity - accounted investee - unlisted	45,453	48,013
Long term investment - FVOCI	29,185	20,246
Long term loans	36,279	37,262
Long term deposits and prepayments	28,188	22,218
	2,383,288	2,435,208
CURRENT ASSETS		
Stores, spare parts and loose tools	32,757	30,341
Stock in trade	1,739,489	1,437,793
Trade debts - unsecured	2,173,209	1,917,825
Loans and advances	342,593	277,322
Trade deposits and short term prepayments	32,260	31,864
Other receivables	66,271	65,549
Tax refund due from Government	152,671	209,904
Short term investment	121,000	191,000
Cash and bank balances	88,809	47,824
	4,749,059	4,209,422
TOTAL ASSETS	7,132,348	6,644,630
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorised share capital	500,000	250,000
Issued, subscribed and paid-up capital	245,516	245,516
Capital reserves		
Revaluation surplus on property, plant and equipment	1,465,422	1,495,613
Other reserves (Share premium and fair value reserve)	50,632	56,205
	1,516,054	1,551,818
Revenue reserves		
General reserve	285,000	285,000
Accumulated profits	1,300,697	1,128,397
	1,585,697	1,413,397
Equity attributable to the owners of the Company	3,347,267	3,210,731
Non-controlling interests	7,950	8,101
Total equity	3,355,217	3,218,832
NON CURRENT LIABILITIES		
Long term financing - secured	102,592	94,221
Long term diminishing musharaka	291,666	333,333
Deferred grant	18,931	21,672
Long term employee benefits	160,936	144,748
Deferred taxation - net	92,094	104,450
	666,219	698,424
CURRENT LIABILITIES		
Trade and other payables	2,438,716	2,029,403
Current portion of deferred income	217,841	228,098
Unclaimed dividend	13,118	13,106
Accrued markup	35,733	31,459
Short term borrowings - secured	405,503	425,308
	3,110,912	2,727,374
	3,777,131	3,425,798
CONTINGENCIES AND COMMITMENTS		
TOTAL EQUITY AND LIABILITIES	7,132,348	6,644,630

Chief Financial Officer

Chief Executive

Director

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

For the half year ended December 31, 2023

	Half year Ended		Quarter Ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
----- (Rupees in thousand) -----				
Revenue from contract with customers - net	4,387,972	3,658,824	2,317,754	2,086,941
Cost of sales	(3,534,517)	(2,968,740)	(1,860,470)	(1,677,244)
Gross profit	853,455	690,084	457,284	409,697
Selling and distribution expenses	(379,201)	(334,781)	(188,570)	(168,194)
Administrative and general expenses	(107,697)	(124,693)	(55,816)	(73,545)
Other operating expenses	(29,968)	(31,954)	(20,257)	(11,737)
	(516,866)	(491,428)	(264,643)	(253,476)
Profit from operations	336,589	198,656	192,641	156,221
Other income	43,163	68,176	25,436	35,983
	379,752	266,832	218,077	192,204
Finance cost	(137,817)	(144,399)	(55,045)	(72,847)
Share of loss of equity - accounted investee	(2,560)	(8,455)	(2,432)	(8,413)
Profit before taxation for the period	239,375	113,978	160,600	110,944
Taxation	(97,414)	(41,506)	(68,003)	(36,336)
Profit after taxation for the period	141,961	72,472	92,597	74,608
Attributable to:				
Equity holders of the parent	142,112	69,876	92,624	70,797
Non-controlling interest	(151)	2,596	(27)	3,811
Earnings per share - basic and diluted (Rupees)	5.79	3.42	3.77	3.37

Consolidated Condensed Interim Statement of Comprehensive Income (Un-audited)

For the half year ended December 31, 2023

	Half year Ended		Quarter Ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
	----- (Rupees in thousand) -----			
Profit after taxation for the period	141,961	72,472	92,597	74,608
Other comprehensive income				
Items that may be reclassified subsequently to statement of profit or loss	-	-	-	-
Items that will not be reclassified subsequently to statement of profit or loss	-	-	-	-
Fair value (loss) / gain on investment classified as Fair value through OCI - net of tax	(5,573)	(3,317)	(4,041)	3,088
Total comprehensive income for the period	136,388	69,155	88,556	77,696
Attributable to:				
Equity holders of the parent	136,539	66,559	84,745	73,885
Non-controlling interest	(151)	2,596	3,811	3,811
	136,388	69,155	88,556	77,696

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

For the half year ended December 31, 2023

	Reserves				Capital	Revenue			Total equity attributable to owners of the Parent Company	Non controlling Interests	Total
	Issued, subscribed and paid-up capital	Revaluation surplus on property, plant and equipment	Share premium	Fair value reserve		General reserve	Accumulated profits				
----- (Rupees in thousand) -----											
Balance as at July 01, 2022 - (audited)	204,597	830,273	34,086	23,931	34,086	285,000	990,162	2,968,049	7,725	2,375,774	
Profit after taxation for the period	-	-	-	-	-	-	69,876	69,876	2,596	72,472	
Other Comprehensive Income for the period	-	-	-	(3,317)	-	-	-	(3,317)	-	(3,317)	
- Revaluation surplus on property, plant & equipment	-	-	-	-	-	-	-	-	-	-	
- Fair value gain on investment classified as Fair Value through OCI	-	-	-	(3,317)	-	-	-	-	-	-	
Total comprehensive income for the period	-	-	-	(3,317)	-	-	69,876	66,559	2,596	69,155	
Transfer of incremental depreciation from surplus on revaluation of fixed assets - net of tax	-	(13,885)	-	-	-	-	13,885	-	-	-	
Transaction with owners of the Company	-	-	-	-	-	-	(81,839)	(81,839)	-	(81,839)	
Final cash dividend for the year June 30, 2022	-	(13,885)	-	-	-	-	(67,954)	(81,839)	-	(81,839)	
Balance as at December 31, 2022 - (un-audited)	204,597	816,388	34,086	20,614	34,086	285,000	992,084	2,352,769	10,321	2,363,090	
Balance as at July 01, 2023 - (audited)	245,516	1,495,613	34,086	22,119	34,086	285,000	1,128,394	3,210,728	8,101	3,218,829	
Profit after taxation for the period	-	-	-	-	-	-	142,112	142,112	(151)	141,961	
Other comprehensive income for the period	-	-	-	-	-	-	-	-	-	-	
- Revaluation surplus on property, plant & equipment	-	-	-	(5,573)	-	-	-	(5,573)	-	(5,573)	
- Fair value gain on investment classified as Fair Value through OCI	-	-	-	(5,573)	-	-	-	-	-	-	
- Actuarial gain on staff retirement benefits	-	-	-	(5,573)	-	-	-	-	(151)	-	
Total comprehensive income for the period	-	-	-	(5,573)	-	-	142,112	136,539	(151)	136,388	
Transfer of incremental depreciation from surplus on revaluation of fixed assets - net of tax	-	(30,191)	-	-	-	-	30,191	-	-	-	
Transaction with owners of the Company	-	-	-	-	-	-	-	-	-	-	
Bonus shares issue during the year	-	-	-	-	-	-	-	-	-	-	
Final cash dividend for the year June 30, 2023	-	-	-	-	-	-	-	-	-	-	
Balance as at December 31, 2023 - (Un-audited)	245,516	1,465,422	34,086	16,546	34,086	285,000	1,300,697	3,347,267	7,950	3,355,217	

Chief Financial Officer

Chief Executive

Director

Consolidated Condensed Interim Statement of Cash Flow (Un-audited)

For the half year ended December 31, 2023

	Half year Ended	
	December 31, 2023	December 31, 2022
	(Rupees in thousand)	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit after taxation for the period	239,375	113,978
Adjustments for non cash and other items:		
Depreciation on property, plant and equipment	107,662	69,548
Amortization on computer software	-	23
Provision for doubtful debts	33,316	23,708
Share of loss of associated company	2,560	8,455
Gain on disposal of property, plant and equipment	-	(1,997)
Provision for staff retirement and other long term benefits	22,365	19,953
Finance costs	137,817	144,399
	<u>303,720</u>	<u>264,089</u>
Profit before working capital changes	543,095	378,067
(Increase) / decrease in current assets:		
Stores and spare parts	(2,416)	(7,255)
Stock-in-trade	(301,696)	251,162
Trade debts - unsecured	(307,400)	(261,646)
Loans and advances	(65,271)	13,747
Trade deposits short-term prepayments	(396)	7,672
Others receivables	(12,252)	38,149
	<u>(689,431)</u>	<u>41,829</u>
(Decrease)/Increase in current liabilities:		
Trade and other payables	409,316	70,135
Cash generated from/(used in) operations	<u>262,980</u>	<u>490,031</u>
Taxes paid	(67,049)	(17,639)
Finance cost paid	(133,530)	(147,926)
Staff retirement and other long term benefits paid	(6,177)	(14,568)
Long term loans - net	983	(4,094)
Long term deposits - net	(5,970)	(4,313)
	<u>(211,743)</u>	<u>(188,540)</u>
Net cash generated from/(used in) operating activities	51,237	301,491
CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure incurred	(44,376)	(10,889)
Proceeds from disposal of property, plant and equipment	-	2,613
Short term investments - net	100,000	(51,000)
Net cash used in investing activities	55,624	(59,276)
CASH FLOW FROM FINANCING ACTIVITIES		
Long term financing - net	(171,071)	(77,861)
Long term diminishing musharaka - net	125,000	484,000
Dividend paid	-	(44,716)
Net cash generated from / (used in) financing activities	<u>(46,071)</u>	<u>361,423</u>
Net increase / (decrease) in cash and cash equivalents	60,790	236,195
Cash and cash equivalents at beginning of the period	<u>(377,484)</u>	<u>(1,149,647)</u>
Cash and cash equivalents at end of the period	<u>(316,694)</u>	<u>(913,452)</u>

Chief Financial Officer

Chief Executive

Director

For Free Color Advisory



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