

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

As on 31 December 2019

Rupees in thousand	Note	(Un-audited) 31 December 2019	(Audited) 30 June 2019
ASSETS			
<u>Non current assets</u>			
Property, plant and equipment	5	1,182,822	1,177,145
Intangibles		26,229	26,696
Investments in related parties		54,062	54,504
Loan to related party - <i>secured</i>	8	40,000	-
Long term loans - <i>secured</i>		45,389	44,628
Long term deposits - <i>unsecured</i>		21,685	21,205
Deferred taxation - <i>net</i>		22,011	43,878
		1,392,198	1,368,056
<u>Current assets</u>			
Stores and spare parts		18,106	16,906
Stock-in-trade	6	1,132,994	917,368
Trade debts - <i>unsecured</i>	7	1,442,556	1,461,014
Loans and advances		195,240	98,786
Trade deposits and short term prepayments		37,847	41,206
Other receivables		27,086	13,891
Loan to related party - <i>secured</i>	8	-	40,000
Tax refund due from Government - <i>net</i>		281,975	280,934
Short term investments		32,195	32,195
Cash and bank balances		37,324	76,625
		3,205,322	2,978,925
		4,597,520	4,346,981
EQUITY AND LIABILITIES			
Authorized share capital			
25,000,000 (30 June 2019: 25,000,000) ordinary shares of Rs. 10/- each		250,000	250,000
<u>Share capital and reserves</u>			
Issued, subscribed and paid-up capital		204,597	204,597
Reserves		932,332	903,660
Revaluation surplus on property, plant and machinery - <i>net of tax</i>		463,932	472,012
		1,600,861	1,580,269
<u>Non-current liabilities</u>			
Long term financing - <i>secured</i>	9	108,212	89,635
Staff retirement and other long term benefits		164,042	154,049
		272,254	243,684
<u>Current liabilities</u>			
Trade and other payables		1,316,431	1,192,513
Unclaimed dividend		9,026	5,980
Interest / markup accrued on borrowings		44,098	39,432
Current maturity of long term financing		48,742	80,356
Short term borrowings - <i>secured</i>		1,306,108	1,204,747
		2,724,405	2,523,028
Contingencies and commitments			
	10		
		4,597,520	4,346,981

The annexed notes 1 to 15 form an integral part of these condensed interim unconsolidated financial statements.

Chief Financial Officer

Chief Executive

Director

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

For the half year and quarter ended 31 December 2019

Rupees in thousand	Six months ended		Three months ended	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
Sales - net	2,444,787	2,635,887	1,314,617	1,474,898
Cost of sales	(1,938,834)	(2,091,324)	(1,017,042)	(1,163,153)
Gross profit	505,953	544,563	297,575	311,745
Selling and distribution costs	(296,473)	(347,052)	(142,625)	(173,822)
Administrative and general expenses	(86,561)	(102,686)	(43,771)	(50,048)
	(383,034)	(449,737)	(186,396)	(223,869)
Profit from operations	122,919	94,825	111,179	87,875
Other income - net	57,748	27,869	27,590	12,196
	180,667	122,694	138,769	100,071
Other expenses	(5,157)	(3,911)	(5,157)	(3,911)
Finance cost	(98,251)	(66,015)	(51,182)	(36,841)
	(103,408)	(69,926)	(56,339)	(40,752)
Profit before taxation	77,259	52,768	82,430	59,319
Taxation	(35,764)	(15,302)	(22,811)	(10,770)
Profit after taxation	41,495	37,466	59,619	48,549
	Rupees	Rupees	Rupees	Rupees
Earnings per share - basic and diluted	2.03	1.83	2.91	2.37

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Chief Financial Officer

Chief Executive

Director

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

For the half year and quarter ended 31 December 2019

Rupees in thousand	Six months ended		Three months ended	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
Profit after taxation	41,495	37,466	59,619	48,549
<u>Other comprehensive (loss) / income</u>				
<u>Items that may be reclassified to profit or loss</u>				
Fair value loss on Investment classified as Available for sale	-	(12,679)	-	(9,439)
<u>Items that will not be reclassified to profit or loss</u>				
Fair value loss on Investment classified as FVOCI	(443)	-	471	-
Total comprehensive income for the period	41,052	24,787	60,090	39,110

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Chief Financial Officer

Chief Executive

Director

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

For the half year ended 31 December 2019

Rupees in thousand	31 December 2019	31 December 2018
<u>Cash flows from operating activities</u>		
Profit before taxation	77,259	52,767
<i>Adjustments for non cash and other items:</i>		
Depreciation on property, plant and equipment	33,687	40,650
Amortization on computer software	867	2,863
Provision charged against slow moving stock - net (Reversal) / provision for doubtful debts	78	252
Bad debts written off	(9,024)	6,763
Gain on disposal of property, plant and equipment	(892)	(21,763)
Provision for staff retirement and other long term benefits	(5,299)	(6,450)
Finance costs	19,425	15,486
	98,251	66,015
	137,093	103,816
Operating profit before working capital changes	214,352	156,584
<i>(Increase) / Decrease in current assets:</i>		
Stores and spare parts	(1,201)	166
Stock-in-trade	(215,705)	77,973
Trade debts - unsecured	28,374	(412,649)
Loans and advances	(96,454)	45,088
Trade deposits short-term prepayments	3,359	10,134
Others receivables	(13,195)	(6,884)
	(294,822)	(286,172)
<i>Increase in current liabilities:</i>		
Trade and other payables	123,918	79,372
Cash generated from / (used in) operations	43,448	(50,216)
Finance cost paid	(93,585)	(56,258)
Taxes paid	(14,938)	(29,241)
Staff retirement and other long term benefits paid	(9,432)	(6,609)
Long term loans - due from employees	(761)	10,677
Long term deposits - net	(480)	748
	(119,196)	(80,683)
Net cash used in operating activities	(75,748)	(130,899)
<u>Cash flows from investing activities</u>		
Fixed capital expenditure	(48,318)	(33,593)
Sale proceeds from disposal of property, plant and equipment	13,853	10,388
Net cash used in investing activities	(34,463)	(23,203)
<u>Cash flows from financing activities</u>		
Long term financing obtained	23,652	99,953
Loans repaid	(36,689)	(33,795)
Short term borrowings - net	(100,000)	(150,000)
Dividend paid	(17,414)	(18,933)
Net cash used in financing activities	(130,451)	(102,775)
Net decrease in cash and cash equivalents	(240,662)	(256,877)
Cash and cash equivalents at beginning of the period	(1,028,122)	(716,569)
Cash and cash equivalents at end of the period	(1,268,784)	(973,446)

The annexed notes 1 to 15 form an integral part of these condensed interim unconsolidated financial statements.

Chief Financial Officer

Chief Executive

Director

Condensed Interim

Unconsolidated Statement of Changes in Equity (Un-audited)

For the half year ended 31 December 2019

Rupees in thousand

	Reserves							
	Issued, subscribed and paid-up capital	Capital			Revenue			Total share capital and reserves
		Share premium	Revaluation surplus on property, plant and Machinery	Fair value reserve	General reserve	Accumulated Profit	Total reserves	
For the half year ended 31 December 2018								
Balance as at 30 June 2018 - audited	181,864	56,819	509,131	21,707	285,000	465,141	1,334,640	1,519,662
Adjustment on initial application of IFRS 9 (net of tax)	-	-	-	-	-	(4,187)	(4,187)	(4,187)
Adjusted balance as at 01 July 2018	181,864	56,819	509,131	21,707	285,000	460,954	1,330,453	1,515,475
Total comprehensive income for the half year ended 31 December 2018								
Profit for the period	-	-	-	-	-	37,466	37,466	37,466
Other comprehensive income for the period								
- Available for sale financial asset - net change in fair value	-	-	-	(12,679)	-	-	(12,679)	(12,679)
Total Comprehensive income for the period	-	-	-	(12,679)	-	37,466	24,787	24,787
Transfer of incremental depreciation from surplus on revaluation of fixed assets -net of tax	-	-	(9,339)	-	-	9,339	-	-
Transaction with owners of the Company								
Final cash dividend at the rate of 12.5% (i.e. Rs. 1.25 per share) for the year ended 30 June 2018	-	-	-	-	-	(22,733)	(22,733)	(22,733)
Issue of Bonus shares at the rate of 12.5% (i.e. Rs. 1.25 shares for every 10 shares held)	22,733	(22,733)	-	-	-	-	-	-
Balance as at 31 December 2018 - un-audited	204,597	34,086	499,792	9,028	285,000	485,026	1,336,694	1,521,716
For the half year ended 31 December 2019								
Balance as at 30 June 2019 - audited	204,597	34,086	472,012	8,924	285,000	575,650	1,399,153	1,580,269
Total comprehensive income for the half year ended 31 December 2019								
Profit for the period	-	-	-	-	-	41,495	41,495	41,495
Other Comprehensive income for the period								
- Fair value loss on Investment classified as FVOCI	-	-	-	(443)	-	-	(443)	(443)
Total Comprehensive (loss) / income for the period	-	-	-	(443)	-	41,495	41,052	41,052
Transfer of incremental depreciation from surplus on revaluation of fixed assets -net of tax	-	-	(8,080)	-	-	8,080	-	-
Transaction with owners of the Company								
Final cash dividend at the rate of 10% (i.e. Rs. 1 per share) for the year ended 30 June 2019	-	-	-	-	-	(20,460)	(20,460)	(20,460)
Balance as at 31 December 2019 - un-audited	204,597	34,086	463,932	8,481	285,000	604,765	1,419,745	1,600,861

The annexed notes 1 to 15 form an integral part of these condensed interim unconsolidated financial statements.

Chief Financial Officer

Chief Executive

Director

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

For the half year ended 31 December 2019

1 Reporting entity

Berger Paints Pakistan Limited ("the Company") was incorporated in Pakistan on 25 March 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 registered office of the Company is situated at 36-Industrial Estate Kot-Lakhpatt, Lahore and the principal manufacturing facility of the Company is located at 28 Km Multan Road, Lahore.

The Company has following investments:

Company name	Country of incorporation	Percentages of shareholding	Nature of business
<u>Subsidiaries</u>			
Berger DPI (Private) Limited	Pakistan	51.00%	Execution of contracts relating to application of road marking paints and installation of road safety equipment
Berdex Construction Chemicals (Private) Limited	Pakistan	51.96%	Merchandising and application of construction chemicals
<u>Associate</u>			
3S Pharmaceuticals (Private) Limited	Pakistan	49.00%	Manufacturing of medicines

2 Basis of preparation

2.1 Statement of compliance

- 2.1.1** These condensed interim unconsolidated financial statements are being submitted to the shareholders as required under Section 237 of the Companies Act, 2017 ("the Act") and the Rule Book of Pakistan Stock Exchange limited are un-audited but subject to limited scope review by external auditors as required by the Act and Code of Corporate Governance.
- 2.1.2** These condensed interim unconsolidated financial statements comprises the condensed interim unconsolidated statement of financial position of the Company as at 31 December 2019 and the related condensed interim unconsolidated statement of profit or loss, condensed interim unconsolidated statement of comprehensive income, condensed interim unconsolidated cash flow statement and condensed interim unconsolidated statement of changes in equity together with the notes forming part thereof.
- 2.1.3** These condensed interim unconsolidated 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 (IAS) 34 - Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- 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.

2.1.4 These condensed interim unconsolidated financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the annual financial statements for the year ended 30 June 2019.

2.1.5 Comparative statement of financial position numbers are extracted from the annual audited financial statements of the Company for the year ended 30 June 2019, whereas comparative condensed interim unconsolidated statement of profit or loss, condensed interim unconsolidated statement of comprehensive income, condensed interim unconsolidated cash flow statement and condensed interim unconsolidated statement of changes in equity are stated from unaudited condensed interim unconsolidated financial statements of the Company for the six months period ended 31 December 2018.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except for employee retirement benefits and investment which are stated at present value and fair value respectively.

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupees ("Rs."), which is the Company's functional and presentation currency. All financial information has been rounded to the nearest thousand rupees, except when otherwise indicated.

3 Use of estimates and judgments

The preparation of the condensed interim unconsolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing the condensed interim unconsolidated financial statements, the significant judgments made by the management in applying accounting policies and the key sources of estimates were the same as those applied to the annual financial statements for the year ended 30 June 2019.

4 Summary of significant accounting policies

4.1 The accounting policies and the methods of computation adopted in the preparation of these condensed interim unconsolidated financial statements are same as those applied in the preparation of the annual audited financial statements for the year ended 30 June 2019 except for the adoption of new standards effective as 01 July 2019 as stated below:

4.2 New standards, interpretations and amendments adopted by the Company

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 January 2020 and are not expected to have significant impact on these condensed interim unconsolidated financial statements:

<u>Standard or Interpretation</u>	Effective date (accounting periods beginning on
Amendment to IFRS 3 - Business Combinations	01 January 2020
Amendment to IAS 1 - Presentation of Financial Statements	01 January 2020
Amendment to IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors	01 January 2020
Amendments to IFRS 9, IAS 39 & IFRS 7 - Financial Instrument	01 January 2020

4.3 Change in accounting policies

The Company has adopted IFRS 16 'Leases' from 01 July 2019 which is effective from the annual periods beginning on or after 01 January 2019. There are other new standards which are effective from 01 July 2019 but they do not have a material effect on the Company's condensed interim unconsolidated financial statements.

4.3.1 IFRS 16 'Leases'

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. As a result, the Company, as a lessee, has recognized right of use of asset representing its right to use the underlying asset and lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items.

The Company has applied IFRS 16 using the modified retrospective approach as at 01 July 2019. Accordingly, the comparative information presented for 2018 has not been restated -i.e. it is presented, as previously reported, under IAS 17 and related interpretations. The details of changes in accounting policies are disclosed below:

As a lessee

As a lessee, the Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. The Company now recognizes right of use assets and lease liabilities for material leases i.e. these leases are on balance sheet.

The Company presents right-of-use asset in 'property, plant and equipment', as a separate line item with the same classification of underlying assets of the same nature that it owns.

Significant accounting policies

The Company recognizes a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and subsequently at cost less accumulated depreciation and impairment losses, and adjusted for certain re-measurements of the lease liability.

The right to use asset is subsequently depreciated using the straight line method from the commencement date to the earlier of the end of useful life of the right of use asset or the end of the lease term. The estimated useful life of right of use asset is determined on the same basis as those of property, plant and equipment. In addition, the right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. Right of use asset is disclosed in the property, plant and equipment as referred in note 5 to these condensed interim unconsolidated financial statements.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or if that rate cannot be readily determined i.e. the Company's incremental borrowing rate. The Company has used its incremental borrowing rate as the discount rate. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by the lease payment made. It is re-measured when there is a change in future lease payments arising from a change in rate or a change in the terms of the lease arrangement.

The Company has applied judgment to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Company is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

Short term leases

The Company has elected not to recognise the right of use asset and lease liability for short term leases of properties that have a lease term of 12 months or less. The Company recognises the lease payments associated with these leases as an expense on a straight line basis.

Transition

Previously, the Company classified leasehold land as finance lease under IAS-17. At transition leasehold land is reclassified under Right of use asset. The Company has already fully settled lease liability in respect of this asset, there is no impact on financial statements for the period as a result of adoption of IFRS-16 except for the aforementioned reclassification.

Rupees in thousand	<i>Note</i>	(Un-audited) 31 December 2019	(Audited) 30 June 2019
5 Property, plant and equipment			
Operating fixed assets	5.1	1,039,764	1,153,113
Capital work in progress		54,666	24,032
Right-of-use-asset (Leasehold Land)	5.2	88,392	-
		1,182,822	1,177,145
5.1 Operating fixed assets			
Opening net book value		1,063,619	1,219,396
Additions during the period / year		17,284	75,084
Net book value of assets disposed off		(8,554)	(63,575)
Depreciation charge for the period / year		(32,584)	(77,792)
Closing net book value		1,039,764	1,153,113

Rupees in thousand	(Un-audited) 31 December 2019	(Audited) 30 June 2019
5.2 Right-of-use-asset		
Opening net book value	89,494	-
Additions during the period / year	-	-
Depreciation charge for the period / year	(1,102)	-
Closing net book value	88,392	-

- 6** The amount charged to condensed interim unconsolidated statement of profit or loss in respect of write down of inventory to net realizable value and charge of provision for obsolete and slow moving stock - net for the period amounted to Rs. 1.33 million (30 June 2019: Rs 5.56 million) and Rs. 0.078 million (30 June 2019: Rs 4.95 million) respectively.
- 7** The amount charged to condensed interim unconsolidated statement of profit or loss in respect of recoveries of trade debts and provision for doubtful debts for the period amounted to Rs. 11.09 million (30 June 2019: Rs. 18.9 million) and Rs. 2.07 million (30 June 2019: Rs 4.47 million) respectively. Bad debts written off during the period against provision for doubtful debts were Rs. 0.89 million (30 June 2019: Rs. 2.52 million).
- 8** This represents loan given to Berger Road Safety (Private) Limited, a related party at a markup rate of average borrowing rate of the Company plus 2% per annum and in case of absence of borrowing the Karachi inter Bank Offered Rate for the relevant period. As per original terms of the loan, it was repayable on 31 Dec 2019. However, the repayment date has been extended for further three years till October 2022 after obtaining special resolution from member in Annual General Meeting held on 24 October 2019. Accordingly this loan has been reclassified to non-current assets.

Rupees in thousand	Note	(Un-audited) 31 December 2019	(Audited) 30 June 2019
9 Long term financing - secured			
<i>Mark-up based financing from conventional banks:</i>			
- JS Bank Limited			
- Loan -1	9.1	8,600	-
- Loan -2	9.2	33,333	66,667
<i>Islamic mode of financing:</i>			
- Bank Islami	9.3	97,917	100,000
- First Habib Modarba			
- Loan -1	9.4	14,226	-
- Loan -2	9.5	2,879	3,324
		156,955	169,991
<i>Mark-up based financing from conventional banks:</i>			
Current maturity shown under current liabilities		(35,053)	(66,667)
<i>Islamic mode of financing:</i>			
Current maturity shown under current liabilities		(13,689)	(13,689)
		(48,742)	(80,356)
		108,212	89,635

- 9.1** This represents SBP financing scheme for renewal energy facility of Rs. 43 million to finance 0.38MW grid pegged solar power plant. In accordance with terms of the agreement, 20% of the facility amount has been released by JSBL and remaining 80% will be released after the completion of project. Principle terms of the loan are as follows:

Principle repayment

The outstanding balance is repayable in quarterly instalments of Rs. 0.43 million each ending in November 2024.

Rate of return

Markup is payable quarterly and charged at the rate of 6% per annum.

Security

The facility is secured against an equitable mortgage and first charge of Rs. 371 million on land and building of Lahore factory of the Company.

- 9.2** During the period / year, the Company has made repayments amounting to Rs. 33.34 million (30 June 2019: Rs. 66.67 million).
- 9.3** During the period / year, the Company has made repayments amounting to Rs. 2.08 million (30 June 2019: Rs. Nil).

- 9.4 This represents a diminishing musharka facility of Rs. 15.05 million obtained for purchase of vehicle. Principle terms of loan are as follows:

Principle repayment

During the period / year, the Company has made repayments amounting to Rs. 0.83 million (30 June 2019: Rs. Nil). The outstanding balance is repayable in quarterly instalments of Rs. 0.44 million each ending in July 2024.

Rate of return

Markup is payable quarterly and charged at the rate of six month KIBOR plus 1% per annum.

Security

Vehicle(s) to be registered in the name of customer and Hire Purchase Agreement (HPA) will mark in favour of First Habib Modarba.

- 9.5 During the period / year, the Company has made repayments amounting to Rs. 0.44 million (30 June 2019: Rs. 0.86 million).

10 Contingencies and commitments

10.1 Contingencies

There is no material change in the status of contingencies as reported in audited financial statements of the Company for the year ended 30 June 2019 except for the case from tax year 2014. The Deputy Commissioner Inland Revenue (DCIR), Lahore, vide its assessment order dated 31 August 2017, created demand of Rs. 484 million u/s 177/122. The Company had filed an appeal before Commissioner Inland Revenue (CIR-A-1) who remanded back the case to Deputy Commissioner Inland Revenue (DCIR) by deleting demand amounting to Rs. 451.01 million. The management has filed an appeal before Appellate Tribunal Inland Revenue Lahore on 13 December 2019. The management and the Company's legal counsel are of the view that there is very likelihood of final decision of the case to be in favor of the Company.

10.2 Commitments

- Outstanding letters of guarantee as at 31 December 2019 amounted to Rs. 83.32 million (30 June 2019: Rs. 112.68 million).
- Outstanding letters of credit as at 31 December 2019 amounted to Rs. 224.84 million (30 June 2019: Rs. 346.84 million).
- The amount of future Ijarah rentals for Ijarah financing and the period in which these payments will become due are as follows:

Rupees in thousand	(Un-audited) 31 December 2019	(Audited) 30 June 2019
Not later than one year	8,037	12,429
Later than one year and not later than five years	12,248	19,218
	20,285	31,647

11 Balances and transactions with related parties

The Company is a subsidiary of Slotrapid Limited, therefore all the subsidiaries and associates of the Holding Company are related parties of the Company. In addition related parties include entities under common directorship, post employment benefit plans, directors and key management personnel. Detail of significant transactions and balances with related parties is as follows:

Rupees in thousand

Name of parties, nature and basis of relationship	Holding Percentage	Nature and description of related party transaction	Balances as at		Transactions during the half year ended (Un-audited)	
			(Un-Audited)	(Audited)	31 December	31 December
			31 December 2019	30 June 2019	2019	2018
I. Holding Company						
Slotrapid Limited B.V.I.	52,05%	Royalty payable / expense	18,539	38,823	19,386	19,258
		Dividend payable	1,219	10,649	-	-
		Dividend paid	-	-	9,431	-
ii. Subsidiary Company						
Berger Road Safety (Private) Limited (Wholly owned subsidiary of Berger DPI (Private))	-	Debtors / sales including freight	69,344	98,762	92,207	105,399
		Rental income and other service charges	2,722	5,869	2,722	3,023
		Interest income on long term loan	4,219	8,640	4,219	3,758
iii. Related Party						
Buxly Paints Limited (Common Group)	19,95%	Debtors / sales	124,493	125,016	129,235	104,405
		Rental income and other service charges	600	1,200	600	600
		Royalty payable / expense	30	296	30	767
		Toll manufacturing	10,187	22,356	10,187	11,523
iv. Associate						
Dadex Eternit Limited (Common Directorship)	-	Debtors / sales	181	-	155	257
v. Post employment benefit						
		Expense charged in respect of retirement benefit plans	-	-	19,425	15,486
vi. Remuneration of key management personnel						
			-	-	88,323	104,878

12 Fair value measurement of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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.

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy;

Rupees in thousand

	Carrying amount				Fair value			
	Financial assets at amortised cost	FVOCI - equity instruments	Other financial liabilities	Total carrying amount	Level 1	Level 2	Level 3	Total
As at 31 December 2019								
Financial assets - measured at fair value								
Investment classified as FVOCI	-	12,312	-	12,312	12,312	-	-	12,312
Financial assets - at amortised cost								
Loan to related party - secured	40,000	-	-	40,000	-	-	-	-
Long term loans - secured	45,389	-	-	45,389	-	-	-	-
Long term deposits	21,685	-	-	21,685	-	-	-	-
Loans and advances	6,850	-	-	6,850	-	-	-	-
Trade debts	1,442,556	-	-	1,442,556	-	-	-	-
Trade deposits	37,847	-	-	37,847	-	-	-	-
Other receivables	2,718	-	-	2,718	-	-	-	-
Short term investment - secured	32,195	-	-	32,195	-	-	-	-
Cash and bank balances	37,324	-	-	37,324	-	-	-	-
	1,666,563	12,312	-	1,678,875	12,312	-	-	12,312
Financial liabilities - measured at fair value								
	-	-	-	-	-	-	-	-
Financial liabilities - at amortised cost								
Long term financing - secured	-	-	156,954	156,954	-	-	-	-
Trade and other payables	-	-	1,119,524	1,119,524	-	-	-	-
Interest / markup accrued on borrowings	-	-	44,098	44,098	-	-	-	-
Short term borrowings - secured	-	-	1,306,108	1,306,108	-	-	-	-
	-	-	2,626,684	2,626,684	-	-	-	-

Rupees in thousand

	Carrying amount				Fair value			
	Financial assets at amortised cost	FVOCI - equity instruments	Other financial liabilities	Total carrying amount	Level 1	Level 2	Level 3	Total
As at 30 June 2019								
Financial assets - measured at fair value								
Investment classified as FVOCI	-	12,754	-	12,754	12,754	-	-	12,754
Financial assets - at amortised cost								
Long term loan to related party - secured	-	-	-	-	-	-	-	-
Long term loans - secured	44,628	-	-	44,628	-	-	-	-
Long term deposits	21,205	-	-	21,205	-	-	-	-
Loans and advances	14,708	-	-	14,708	-	-	-	-
Trade debts	1,461,014	-	-	1,461,014	-	-	-	-
Trade deposits	26,814	-	-	26,814	-	-	-	-
Other receivables	2,618	-	-	2,618	-	-	-	-
Short term investment - secured	32,195	-	-	32,195	-	-	-	-
Long term loan to related party - secured	40,000	-	-	40,000	-	-	-	-
Cash and bank balances	75,505	-	-	75,505	-	-	-	-
	1,718,687	12,754	-	1,731,441	12,754	-	-	12,754
Financial liabilities - measured at fair value								
	-	-	-	-	-	-	-	-
Financial liabilities - at amortised cost								
Long term financing - secured	-	-	169,991	169,991	-	-	-	-
Trade and other payables	-	-	1,003,216	1,003,216	-	-	-	-
Interest / markup accrued on borrowings	-	-	39,432	39,432	-	-	-	-
Short term borrowings - secured	-	-	1,204,747	1,204,747	-	-	-	-
	-	-	2,417,386	2,417,386	-	-	-	-

12.1 Fair value versus carrying amounts

The Company has not disclosed the fair values of financial assets and liabilities which are for short term or repriced over short term. Therefore, their carrying amounts are reasonable approximation of fair value.

13 Financial risk management

The Company's financial risk management objective and policies are consistent with that disclosed in the annual financial statements of the Company for the year ended 30 June 2019.

14 Authorization

These un-audited condensed interim unconsolidated financial statements were authorized for issue by the Board of Directors of the Company on 25 February 2020.

15 General

15.1 Figures have been rounded off to the nearest thousand of rupees unless otherwise stated.

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Berger Paints Pakistan Limited Consolidated Financial Statements

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

As on 31 December 2019

Rupees in thousand	31 December 2019	30 June 2019
<u>Non-current assets</u>		
Property, plant and equipment	1,185,309	1,180,493
Intangibles	26,229	26,696
Investments - related parties	50,798	51,199
Long term loans	45,389	44,628
Long term deposits	22,670	22,190
Deferred taxation	30,632	52,847
	1,361,027	1,378,053
<u>Current assets</u>		
Stores	18,106	16,906
Stock in trade	1,143,645	932,717
Trade debts	1,508,589	1,479,490
Loans and advances	200,366	105,794
Trade deposits and short term prepayments	37,847	41,206
Other receivables	27,086	13,891
Taxation - net	339,251	332,900
Short term investments	32,195	32,195
Cash and bank balances	40,325	79,253
	3,347,410	3,034,352
	4,708,437	4,412,405
<u>Share capital and reserves</u>		
Authorised share capital 25,000,000 ordinary shares of Rs.10 each	250,000	250,000
Share capital	204,597	204,597
Reserves	947,191	917,001
Surplus on revaluation of fixed assets	463,932	472,012
	1,615,720	1,593,610
Non-controlling interest	18,437	17,335
<u>Non-current liabilities</u>		
Long-term financing	108,212	89,635
Staff retirement and other long term benefits	164,042	154,049
Liabilities against assets subject to finance lease	991	1,086
	273,245	244,770
<u>Current liabilities</u>		
Trade and other payables	1,392,561	1,225,162
Unclaimed dividend	9,026	5,980
Accrued finance cost	44,098	39,432
Current maturity of long-term financing	48,742	80,356
Current maturity of liabilities against assets subject to finance lease	500	1,013
Short term borrowings	1,306,108	1,204,747
	2,801,035	2,556,690
	3,074,280	2,801,460
Contingencies and commitments	4,708,437	4,412,405

Chief Financial Officer

Chief Executive

Director

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

For the period ended 31 December 2019

Rupees in thousand	Six months ended		Three months ended	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
Sales - net	2,529,640	2,752,467	1,362,102	1,525,651
Cost of sales	1,998,695	2,169,057	1,050,394	1,201,014
Gross profit	530,945	583,410	311,708	324,637
Marketing and Distribution costs	304,027	356,378	146,882	180,596
Administrative expenses	91,564	107,736	46,429	52,558
	395,591	464,114	193,311	233,154
Operating profit	135,354	119,296	118,397	91,483
Other operating income	50,839	23,021	24,326	10,525
	186,193	142,317	142,723	102,008
Other operating expenses	5,157	3,911	5,157	3,911
Finance cost	98,543	70,044	51,423	39,030
	103,700	73,955	56,580	42,941
Share of profit of associated Company	42	(1,555)	2,105	399
Profit before taxation	82,535	66,807	88,248	59,466
Taxation	38,420	18,077	24,465	10,840
Profit after taxation	44,115	48,730	63,783	48,626
Attributable to:				
Equity holders of the parent	43,013	42,284	62,981	48,651
Non-controlling interest	1,102	6,446	802	(25)
	Rupees	Rupees	Rupees	Rupees
Earning per share - basic and diluted	2.10	2.07	3.08	2.38

Chief Financial Officer

Chief Executive

Director

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

For the period ended 31 December 2019

Rupees in thousand	Six months ended		Three months ended	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
Profit after taxation	44,115	48,730	63,783	48,626
<u>Other comprehensive income / (loss)</u>				
<u>Items that may be reclassified to profit and loss</u>				
<u>Items that will not be reclassified to profit or loss</u>				
Fair value (loss) / profit on investment classified as FVOCI	(443)	(12,679)	471	(3,240)
Total comprehensive income for the period	43,672	36,051	64,254	45,386
<u>Attributable to :</u>				
Equity holder of the parent	42,570	29,605	63,452	45,411
Non-controlling interest	1,102	6,446	802	(25)

Chief Financial Officer

Chief Executive

Director

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

For the period ended 31 December 2019

Rupees in thousand	31 December 2019	31 December 2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash generated from operations	52,342	(42,597)
Finance cost paid	(93,877)	(60,287)
Income taxes - net	(22,556)	(37,964)
Staff retirement benefits	(9,432)	(6,609)
Long term loans	(761)	10,677
Long term deposits	(480)	748
Net cash inflows / (outflows) from operating activities	(74,764)	(136,032)
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure	(48,318)	(33,594)
Sale proceeds on disposal of property, plant and equipment	13,853	10,389
Net cash (outflows) / inflows from investing activities	(34,465)	(23,205)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long term financing	(13,037)	66,158
Dividend paid	(17,414)	(18,933)
Short term borrowings - net	(100,000)	(150,000)
Lease liability	(608)	(747)
Net cash (outflows) from financing activities	(131,059)	(103,522)
Net increase / (decrease) in cash and cash equivalents	(240,288)	(262,759)
Cash and cash equivalents at 1 Jul	(1,025,495)	(711,420)
Cash and cash equivalents at 31 December	(1,265,783)	(974,179)

Chief Financial Officer

Chief Executive

Director

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

For the period ended 31 December 2019

Rupees in thousand

	Reserves								Total equity attributable to owners of the parent Company	Non controlling interest	Total equity
	Capital				Revenue						
	Share capital	Share premium	Surplus on Revaluation of property, plant and equipment	Fair value reserve	General reserve	Accumulated (Loss) / Profit					
Balance as at 30 June 2018 - audited	181,864	56,819	509,131	21,707	285,000	480,102	1,534,623	20,599	1,555,222		
Adjustment on initial application of IFRS 9 (net of tax)						(5,039)	(5,039)	-	(5,039)		
Balance as at 1 July 2018 - audited	181,864	56,819	509,131	21,707	285,000	475,063	1,529,584	20,599	1,550,183		
<u>Total comprehensive income for the period</u>											
Profit for the period	-	-	-	-	-	42,284	42,284	6,446	48,730		
Other Comprehensive income for the period											
- Fair value gain on 'Available for sale' investments	-	-	-	(12,679)	-	-	(12,679)	-	(12,679)		
Total comprehensive income for the period	-	-	-	(12,679)	-	42,284	29,605	6,446	36,051		
Surplus on revaluation of property, plant and equipment realized through incremental depreciation charged on related assets during the period	-	-	(9,339)	-	-	9,339	-	-	-		
<u>Transaction with owners of the Parent Company</u>											
Final cash dividend at the rate of 12.5% (i.e. Rs. 1.25 per share) for the year ended 30 June 2018	-	-	-	-	-	(22,733)	(22,733)	-	(22,733)		
Issue of Bonus shares at the rate of 12.5% (i.e. Rs. 1.25 shares for every 10 shares held)	22,733	(22,733)	-	-	-	-	-	-	-		
Balance as at 31 December 2018 - unaudited	204,597	34,086	499,792	9,028	285,000	503,953	1,536,456	27,045	1,563,501		
<u>Total comprehensive income for the period</u>											
Profit for the period	-	-	-	-	-	57,773	57,773	(9,710)	48,063		
Other Comprehensive income for the period											
- Fair value loss on 'Available for sale' investments	-	-	-	(104)	-	-	(104)	-	(104)		
- Remeasurement of defined benefit obligation	-	-	-	-	-	3,391	3,391	-	3,391		
Total comprehensive income for the period	-	-	-	(104)	-	61,164	61,060	(9,710)	51,350		
Surplus on revaluation of property, plant and equipment realized through incremental depreciation charged on related assets during the period	-	-	(23,874)	-	-	23,874	-	-	-		
Reversal of deferred tax due to change of rate	-	-	(3,906)	-	-	-	(3,906)	-	(3,906)		
Balance as at 30 June 2019 - audited	204,597	34,086	472,012	8,924	285,000	588,991	1,593,610	17,335	1,610,945		
<u>Total comprehensive income for the period</u>											
Profit for the period	-	-	-	-	-	43,013	43,013	1,102	44,115		
Other Comprehensive income for the period											
- Fair value loss on 'Available for sale' investments	-	-	-	(443)	-	-	(443)	-	(443)		
Total comprehensive income for the period	-	-	-	(443)	-	43,013	42,570	1,102	43,672		
Surplus on revaluation of property, plant and equipment realized through incremental depreciation charged on related assets during the period	-	-	(8,080)	-	-	8,080	-	-	-		
<u>Transaction with owners of the Parent Company</u>											
Final cash dividend at the rate of 10.00% (i.e. Rs. 1.00 per share) for the year ended 30 June 2019	-	-	-	-	-	(20,460)	(20,460)	-	(20,460)		
Balance as at 31 December 2019 - unaudited	204,597	34,086	463,932	8,481	285,000	619,624	1,615,720	18,437	1,634,157		

Chief Financial Officer

Chief Executive

Director

For Free Color Advisory



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