

Interim Financial Report
for the quarter ended
30 September 2022



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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
Ms. Zareen Aziz - Director

Audit Committee

Mr. Tariq Ikram - Chairman
Mr. Maqbool H. H. Rahimtoola
Ms. 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

Chief Financial Officer

Mr. Abdul Wahid Qureshi

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

Auditors

BDO Ebrahim & Co.
Chartered Accountants

Solicitors

SurrIDGE & 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 quarter ending on September 30, 2022.

Operational Results

During the quarter under review, uncertainty continued to prevail in the country after the change in government, immense flood disaster, devaluation of Rupee against US dollar and international commodity prices have an important bearing on the inflation trajectory and resultantly slowed down in overall business activities which have badly affected performance of the companies. Despite these challenges, however, your Company managed to achieve sales for the quarter at Rs. 1,576 million as compared to Rs. 1,536 million in corresponding period of last year, up by 2.6%. Gross margins were remained under pressure and stood at 18.69%, compared with 18.75% for the same period last year. Company feels a reasonable recovery in the remaining part of the year.

Every effort was made to optimize the Administrative and Selling expenditure which resultantly remained under control and all marketing activities were executed according to the marketing plan

The Directors take this opportunity to thank our shareholders, our stakeholders and valued customers for their continued trust as indeed the Company appreciates the dedication demonstrated by all tiers of the Company's employees.

On behalf of the Board

Dr. Mahmood Ahmad
Chief Executive

Mr. Maqbool H.H. Rahimtoola
Director

Lahore:
Dated: 26 October 2022

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

As on 30 September 2022

(Un-audited) (Audited)
30 September 30 June
2022 2022
Rupees in thousand

ASSETS
Non-current assets

Property, plant and equipment	1,600,447	1,628,161
Intangible assets	9	23
Long term investments	64,510	70,915
Long term loans	49,900	38,632
Long term deposits and prepayments	38,151	38,138
Deferred taxation - net	11,103	-
	1,764,120	1,775,869

Current assets

Stores, spare parts and loose tools	25,311	22,735
Stock in trade	1,815,497	1,625,411
Trade debts - unsecured	1,713,076	1,628,302
Loans and advances	213,790	221,950
Trade deposits and short term prepayments	28,581	26,821
Other receivables	70,568	113,633
Tax refund due from Government	241,800	172,815
Short term investment	191,000	140,000
Cash and bank balances	39,665	223,671
	4,339,288	4,175,338
	6,103,408	5,951,207

EQUITY AND LIABILITIES

Authorised share capital	250,000	250,000
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Share capital and reserves

Issued, subscribed and paid-up capital	204,597	204,597
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Capital reserves

Revaluation surplus on property, plant and equipment	825,505	830,273
Other reserves	51,612	58,017
	877,117	888,290

Revenue reserves

General reserve	285,000	285,000
Accumulated profits	972,980	967,825
	1,257,980	1,252,825

Total equity

	2,339,694	2,345,712
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Non-current liabilities

Long term financing - secured	158,662	183,222
Long term diminishing musharaka	500,000	16,000
Deferred grant	1,189	2,251
Long term employee benefits	145,602	144,012
Deferred taxation - net	-	8,379
	805,453	353,864

Current liabilities

Trade and other payables	1,782,983	1,756,458
Current portion of deferred income	1,379	1,379
Current portion of long term financing	67,731	67,731
Unclaimed dividend	6,576	6,826
Accrued markup	45,836	45,298
Short term borrowings - secured	1,053,756	1,373,939
	2,958,261	3,251,631

Contingencies and commitments

	6,103,408	5,951,207
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The annexed notes 1 to 8 form an integral part of these condensed interim financial statements.

Chief Financial Officer

Chief Executive

Director

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

For the quarter ended 30 September 2022

	Quarter Ended 30 September	
	2022	2021
	Rupees in thousand	
Revenue from contract with customers - net	1,571,233	1,536,120
Cost of sales	(1,285,631)	(1,248,141)
Gross profit	285,602	287,979
Selling and distribution expenses	(163,886)	(175,215)
Administrative and general expenses	(51,040)	(44,918)
Other operating expenses	(175)	(4,265)
	(215,101)	(224,398)
Profit from operations	70,501	63,581
Other income	1,517	15,701
	72,018	79,282
Finance cost	(71,474)	(28,757)
Profit before taxation for the period	544	50,525
Taxation	(158)	(14,652)
Profit after taxation for the period	386	35,873
Earnings per share - basic and diluted (Rupees)	0.02	1.75

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

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

For the quarter ended 30 September 2022

	Quarter Ended 30 September	
	2022	2021
	Rupees in thousand	
Profit after taxation for the period	386	35,873
Other comprehensive income		
Items that may be reclassified to profit or loss		
Items that will not be reclassified to statement of profit or loss		
Fair value gain on investment classified as FVOCI	(6,405)	34,107
Total comprehensive income for the period	<u>(6,019)</u>	<u>69,980</u>

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

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

For the quarter ended 30 September 2022

	Quarter Ended 30 September	
	2022	2021
	Rupees in thousand	
Cash flows from operating activities		
Profit before taxation for the period	544	50,525
Adjustments for non cash and other items:		
Depreciation on property, plant and equipment	34,597	33,663
Amortization on computer software	14	47
Provision for doubtful debts	875	10,000
Provision for staff retirement and other long term benefits	4,959	4,456
Finance costs	71,474	28,757
	111,919	76,923
Profit before working capital changes	112,463	127,448
(Increase) / decrease in current assets:		
Stores and spare parts	(2,576)	(784)
Stock-in-trade	(190,086)	9,397
Trade debts - unsecured	(85,649)	(175,467)
Loans and advances	8,160	(39,839)
Trade deposits short-term prepayments	(1,760)	(4,402)
Others receivables	43,065	(10,971)
	(228,846)	(222,066)
Increase in current liabilities:		
Trade and other payables	26,525	105,137
Cash (used in) / generated from operations	(89,858)	10,519
Taxes paid	(88,625)	17,202
Finance cost paid	(70,936)	(26,956)
Staff retirement and other long term benefits paid	(3,369)	(2,863)
Long term loans - net	(11,268)	(5,955)
Long term deposits - net	(13)	(891)
	(174,211)	(19,463)
Net cash used in operating activities	(264,069)	(8,944)
Cash flows from investing activities		
Capital expenditure incurred	(6,883)	(53,177)
Short term investments	(51,000)	-
Net cash used in investing activities	(57,883)	(53,177)
Cash flows from financing activities		
Long term financing - net	(25,622)	(18,503)
Long term diminishing musharaka - net	484,000	-
Dividend paid	(250)	(5)
Net cash generated from / (used in) financing activities	458,128	(18,508)
Net increase / (decrease) in cash and cash equivalents	136,176	(80,629)
Cash and cash equivalents at beginning of the period	(1,150,268)	(813,867)
Cash and cash equivalents at end of the period	(1,014,092)	(894,496)

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

Chief Financial Officer

Chief Executive

Director

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

For the quarter ended 30 September 2022

	Reserves							Total reserves	Total
	Issued, subscribed and paid-up capital	Capital			Revenue				
		Revaluation surplus on property, plant and equipment	Share premium	Fair value reserve	General reserve	Accumulated profits			
Balance as at 30 June 2021 - (audited)	204,597	849,056	34,086	11,218	285,000	841,416	2,020,776	2,225,373	
Profit after taxation for the period	-	-	-	-	-	35,872	35,872	35,872	
Other comprehensive income for the period	-	-	-	34,107	-	-	34,107	34,107	
- Fair value gain on Investment classified as Fair Value through OCI	-	-	-	34,107	-	-	34,107	34,107	
Total comprehensive income for the period	-	-	-	34,107	-	35,872	69,979	69,980	
Transfer of incremental depreciation from surplus on revaluation of fixed assets - <i>net of tax</i>	-	(3,970)	-	-	-	3,970	-	-	
Transaction with owners of the Company	-	-	-	-	-	-	-	-	
Final cash dividend for the year ended June 30, 2021	-	-	-	-	-	-	-	-	
Balance as at 30 September 2021 - (un-audited)	204,597	845,086	34,086	45,325	285,000	881,258	2,090,755	2,295,353	
Balance as at 30 June 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	-	-	-	-	-	386	386	386	
Other Comprehensive income for the period	-	-	-	(6,405)	-	-	(6,405)	(6,405)	
- Fair value gain on Investment classified as Fair Value through OCI	-	-	-	(6,405)	-	-	(6,405)	(6,405)	
Total comprehensive income for the period	-	-	-	(6,405)	-	386	(6,019)	(6,019)	
Transfer of incremental depreciation from surplus on revaluation of fixed assets - <i>net of tax</i>	-	(4,768)	-	-	-	4,768	-	-	
Transaction with owners of the Company	-	-	-	-	-	-	-	-	
Final cash dividend for the year ended 30 June 2022	-	-	-	-	-	-	-	-	
Balance as at 30 September 2022 - (un-audited)	204,597	825,505	34,086	17,526	285,000	972,980	2,135,096	2,339,694	

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

Chief Financial Officer

Chief Executive

Director

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

For the period ended 30 September 2022

1 The company and its operations

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.

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

2 Basis of preparation

These interim condensed financial statements are unaudited and are being submitted to the shareholders in accordance with section 237 of the Companies Act, 2017 and have been prepared in accordance with the requirements of International Accounting Standard (IAS) - 34 "Interim Financial Reporting", as applicable in Pakistan.

The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements as at 30 June 2022.

3 Significant accounting policies

The accounting policies and methods of computation followed in the preparation of interim condensed financial statements are same as those published in the annual financial statements for the year ended 30 June 2022. Tax has been charged taking a full year assesment of the year 2023 and a deferred tax asset for Rs. 19.48 million has been recorded for the quarter ended 30 September 2022.

4 Property, plant and equipment

	30 September 2022	30 September 2021
	Rupees in thousand	
Additions during the period	<u>6,883</u>	<u>53,177</u>

5 Contingencies and commitments

5.1 Contingencies

There is no change in the status of contingency, set out in note 29 to the annual financial statements of the Company for the year ended 30 June 2022.

5.2 Commitments

5.2.1 Outstanding letter of credit as at 30 September 2022 amounted to Rs. 613 million (30 June 2022: Rs. 967.30 million).

5.2.2 Outstanding letter of guarantees as at 30 September 2022 amounted to Rs. 124.70 million (30 June 2022: Rs. 124.70 million].

6 Transaction with related parties

The following table provides details in respect of transactions entered into with related parties during the quarter ended on 30 September 2022. All transactions were carried out at arms length price.

	30 September 2022	30 September 2021
	Rupees in thousand	
Sales		
Berger Road Safety (Private) Limited - a subsidiary	-	1,011
Buxly Paints Limited - related party	82,731	52,907
Toll manufacturing income		
Buxly Paints Limited - related party	7,570	6,998
Rental income and other services charged		
Buxly Paints Limited - related party	300	300
Berger Road Safety (Private) Limited - a subsidiary	658	870
interest income		
Berger Road Safety (Private) Limited - a subsidiary	1,856	1,718
Buxly Paints Limited - related party	-	1,741
Rental expenses		
Buxly Paints Limited - related party	450	450
Royalty		
Slotrapid Limited B.V.I - holding company	12,350	12,694

7 These condensed interim financial statements were authorized for issue on 26 October 2022 by the Board of Directors of the Company.

8 General

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

Berger Paints Pakistan Limited Consolidated Financial Statements

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

As on 30 September 2022

	(Un-audited) 30 September 2022	(Audited) 30 June 2022
	Rupees in thousand	
ASSETS		
Non-current assets		
Property, plant and equipment	1,601,325	1,629,120
Intangible assets	9	23
Equity - accounted investee - unlisted	35,132	35,174
Long term investment - FVOCI	27,053	33,458
Long term loans	49,900	38,632
Long term deposits and prepayments	38,151	38,138
Deferred taxation - net	12,993	-
	<u>1,764,563</u>	<u>1,774,545</u>
Current assets		
Stores, spare parts and loose tools	25,311	22,735
Stock in trade	1,818,238	1,628,152
Trade debts - unsecured	1,727,249	1,701,094
Loans and advances	138,627	186,924
Trade deposits and short term prepayments	28,736	26,976
Other receivables	21,353	64,418
Tax refund due from Government	272,240	222,585
Short term investment	191,000	140,000
Cash and bank balances	40,575	224,292
	<u>4,263,329</u>	<u>4,217,176</u>
	<u>6,027,891</u>	<u>5,991,721</u>
EQUITY AND LIABILITIES		
Authorised share capital	<u>250,000</u>	<u>250,000</u>
Share capital and reserves		
Issued, subscribed and paid-up capital	204,597	204,597
Capital reserves		
Revaluation surplus on property, plant and equipment	825,505	830,273
Other reserves	51,612	58,017
	<u>877,117</u>	<u>888,290</u>
Revenue reserves		
General reserve	285,000	285,000
Accumulated profits	994,009	990,162
	<u>1,279,009</u>	<u>1,275,162</u>
Equity attributable to the owners of the Company	<u>2,360,723</u>	<u>2,368,049</u>
Non-controlling interests	<u>6,510</u>	<u>7,725</u>
Total equity	<u>2,367,233</u>	<u>2,375,774</u>
Non-current liabilities		
Long term financing - secured	158,662	183,222
Long term diminishing musharaka	500,000	16,000
Deferred grant	1,189	2,251
Long term employee benefits	145,602	144,012
Deferred taxation - net	-	1,477
	<u>805,453</u>	<u>346,962</u>
Current liabilities		
Trade and other payables	1,719,927	1,773,812
Current portion of deferred income	1,379	1,379
Current portion of long term financing	27,731	67,731
Unclaimed dividend	6,576	6,826
Accrued markup	45,836	45,298
Short term borrowings - secured	1,053,756	1,373,939
	<u>2,855,205</u>	<u>3,268,985</u>
Contingencies and commitments	<u>3,660,658</u>	<u>3,615,947</u>
	<u>6,027,891</u>	<u>5,991,721</u>

Chief Financial Officer

Chief Executive

Director

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

For the quarter ended 30 September 2022

	Quarter Ended	
	30 September	
	2022	2021
	Rupees in thousand	
Revenue from contract with customers - net	1,571,883	1,548,117
Cost of sales	(1,291,496)	(1,256,588)
Gross profit	280,387	291,529
Selling and distribution expenses	(166,587)	(177,332)
Administrative and general expenses	(51,148)	(45,502)
Impairment loss reversed / (recorded) during the year	0	-
Other operating expenses	(20,217)	(4,265)
	(237,952)	(227,099)
Profit from operations	42,435	64,430
Other income	32,193	15,707
	74,628	80,137
Finance cost	(71,552)	(30,530)
Share of profit of equity - accounted investee	(42)	61
Profit before taxation for the period	3,034	49,667
Taxation	(5,170)	(15,432)
Profit after taxation for the period	(2,136)	34,235
Attributable to:		
Owners of the Company	(921)	35,067
Non-controlling interests	(1,215)	(832)
	(2,136)	34,235
Earnings per share - basic and diluted (Rupees)	(0.05)	1.71

Condensed Interim

Consolidated Statement of Comprehensive Income (Un-audited)

For the quarter ended 30 September 2022

	Quarter Ended	
	30 September	
	2022	2021
	Rupees in thousand	
Profit after taxation for the period	(2,136)	34,235
Other comprehensive income		
Items that may be reclassified to profit or loss		
Items that will not be reclassified to statement of profit or loss		
Fair value gain on investment classified as FVOCI	(6,405)	34,107
Total comprehensive income for the period	<u>(8,541)</u>	<u>68,342</u>
Attributable to:		
Owners of the Company	(7,326)	69,174
Non-controlling interests	(1,215)	(832)
	<u>(8,541)</u>	<u>68,342</u>

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

For the quarter ended 30 September 2022

	Quarter Ended 30 September	
	2022	2021
	Rupees in thousand	
Cash flows from operating activities		
Cash (used in) / generated from operations	(68,821)	10,498
Finance cost paid	(71,014)	(26,956)
Income taxes - net	(69,295)	17,203
Staff retirement benefits	(3,369)	(2,863)
Long term loans	(11,268)	(5,955)
Long term deposits	(13)	(891)
	<u>(223,780)</u>	<u>(8,964)</u>
Net cash used in operating activities	(223,780)	(8,964)
Cash flows from investing activities		
Capital expenditure incurred	(6,882)	(53,192)
Short term investments	(51,000)	-
Net cash used in investing activities	(57,882)	(53,192)
<u>Cash flows from financing activities</u>		
Long term financing - net	(65,622)	(18,503)
Long term diminishing musharaka - net	484,000	-
Dividend paid	(250)	(5)
Net cash used in financing activities	418,128	(18,508)
Net decrease in cash and cash equivalents	136,465	(80,664)
Cash and cash equivalents at beginning of the period	(1,149,647)	(812,184)
Cash and cash equivalents at end of the period	<u>(1,013,181)</u>	<u>(892,848)</u>

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

For the quarter ended 30 September 2022

	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					
Balance as at 30 June 2021 - (audited)	204,597	849,056	34,086	11,218	285,000	869,962	2,253,919	6,183	2,260,102		
Profit after taxation for the period	-	-	-	-	-	35,067	35,067	(832)	34,235		
Other comprehensive income for the period	-	-	-	34,107	-	-	34,107	-	34,107		
- Fair value gain on Investment classified as Fair Value through OCI	-	-	-	34,107	-	-	34,107	-	34,107		
Total comprehensive income for the period	-	-	-	34,107	-	35,067	69,174	(832)	68,342		
Transfer of incremental depreciation from surplus on revaluation of fixed assets - net of tax	-	(3,970)	-	-	-	3,970	-	-	-		
Transaction with owners of the Company	-	-	-	-	-	-	-	-	-		
Final cash dividend for the year ended June 30, 2021	-	-	-	-	-	-	-	-	-		
Balance as at 30 September 2021 - (un-audited)	204,597	845,086	34,086	45,325	285,000	908,999	2,323,093	5,351	2,328,444		
Balance as at 30 June 2022 - (audited)	204,597	830,273	34,086	23,931	285,000	990,162	2,368,049	7,725	2,375,774		
Profit after taxation for the period	-	-	-	-	-	(921)	(921)	(1,215)	(2,136)		
Other Comprehensive income for the period	-	-	-	(6,405)	-	-	(6,405)	-	(6,405)		
- Fair value gain on Investment classified as Fair Value through OCI	-	-	-	(6,405)	-	-	(6,405)	-	(6,405)		
Total comprehensive income for the period	-	-	-	(6,405)	-	(921)	(7,326)	(1,215)	(8,541)		
Transfer of incremental depreciation from surplus on revaluation of fixed assets - net of tax	-	(4,768)	-	-	-	4,768	-	-	-		
Transaction with owners of the Company	-	-	-	-	-	-	-	-	-		
Final cash dividend for the year ended 30 June 2022	-	-	-	-	-	-	-	-	-		
Balance as at 30 September 2022 - (un-audited)	204,597	825,505	34,086	17,526	285,000	994,009	2,360,723	6,510	2,367,233		

Chief Financial Officer

Chief Executive

Director



For Free Color Advisory

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