

# BERGER PAINTS

Trusted Worldwide



Interim Financial Report  
for the half year ended  
**December 31, 2021**



## Contents

Company Information	02
Directors' Report	03
Directors' Report - Urdu	04
Independent Auditor's Review Report	05
Unconsolidated Condensed Interim Statement of Financial Position	06
Unconsolidated Condensed Interim Statement of Profit and Loss	07
Unconsolidated Condensed Interim Statement of Comprehensive Income	08
Unconsolidated Condensed Interim Statement of Changes in Equity	09
Unconsolidated Condensed Interim Statement of Cash Flow	10
Notes to the Unconsolidated Condensed Interim Financial Statements	11

## Consolidated Financial Statements

Condensed Interim Consolidated Statement of Financial Position	22
Condensed Interim Consolidated Statement of Profit and Loss	23
Condensed Interim Consolidated Statement of Comprehensive Income	24
Condensed Interim Consolidated Statement of Changes in Equity	25
Condensed Interim Consolidated Cash Flow Statement	26

# 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

## Chief Financial Officer

Mr. Abdul Wahid Qureshi

## Company Secretary

Mr. Nauman Afzal

## Bankers

MCB Bank Limited  
United Bank Limited  
National Bank of Pakistan  
Faysal Bank Limited  
JS Bank Limited  
Habib Metropolitan Bank Limited  
Samba Bank Limited  
Bank Islami Pakistan Limited

## Auditors

KPMG Taseer Hadi & 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](http://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 ended on December 31st, 2021.

## Operational Results

Pakistan's economic recovery, which was underway since FY21 continues as reflected by most indicators of domestic demand in different sectors. The country is expected to achieve the targeted GDP growth of more than 4%, as large-scale manufacturing (LSM) gained traction, demand indicators recorded encouraging growth, and all major crops, have shown increased production. Industry overall, managed accelerated financial performance, due to government grants and reliefs to various sectors. Specially, incentives for construction sector facilitated allied industries to gain momentum in business activities ensuing in positive signs of recovery.

The Company posted encouraging results that are in line with the set objectives. During the first half of the year, the Company achieved net sales of Rs. 3.531 billion, an increase of 30% as compared to last year on account of increased sales volume and better sales mix. However, global surge in raw material prices kept pressure on gross margins and devaluation of Pak Rupee against USD further increased input costs.

Sales and marketing expense were at Rs. 326.587 million, while marketing activities were carried out in line with marketing plan. Administrative expenses were at Rs. 101.728 million. The Company achieved profit after tax of Rs. 136.674 million. This translated into Earnings per Share (EPS) of Rs. 6.68.

## Future Outlook

Despite tough competition and increasing trend in input costs we are confident that the growth pattern witnessed during this period, will continue in remaining part of the year while gross margin will remain under pressure because of continued rise in global commodity prices. Negative trend in global economy will likely to weaken Pak Rupee against USD and play its part in increased inflation in the Company.

The Directors take this opportunity of thanking our shareholders and valued customers for their continued trust and appreciate the dedication demonstrated by all tiers of the Company's staff.

On behalf of the Board

Dr. Mahmood Ahmad  
Chief Executive

Mr. Maqbool H.H. Rahimtoola  
Director

Lahore:  
Dated: 23 February 2022

## مجلس نظامی رپورٹ

کمپنی کے ڈائریکٹرز 31 دسمبر 2021ء کو اختتام پذیر ششماہی کے لئے کمپنی کی عبوری مالیاتی اسٹیٹمنٹس کے ہمراہ اپنا تجزیہ ازراہ مسرت پیش کرتے ہیں۔

### آپریٹنگ نتائج

پاکستانی معیشت کی بحالی مالیاتی سال 2021ء سے جاری ہے جو مختلف شعبوں میں ملکی طلب کے اعشاریوں سے واضح ہے۔ ملک 4 فی صد سے زائد کی شرح نمو حاصل کرنے کی توقع رکھتا ہے کیونکہ بڑے پیمانے کی صنعتوں (LSM) نے رفتار پکڑی ہے، طلب کے اشاریے حوصلہ افزا نمو ریکارڈ کر رہے ہیں۔ اور تمام بڑی فصلوں کی پیداوار میں خاطر خواہ اضافہ ہوا ہے۔ مجموعی سطح پر حکومتی گرانٹ اور ریلیف کے باعث انڈسٹری کی کارکردگی کی رفتار درست رہی، خصوصی طور پر، تعمیراتی شعبے کے لئے مراعات نے متعلقہ صنعت کو کاروباری سرگرمیوں میں اضافہ کرنے میں مدد دی جو بحالی کی مثبت علامات ظاہر کر رہے ہیں۔

کمپنی نے حوصلہ افزا نتائج درج کئے ہیں جو طے شدہ اہداف کے عین مطابق ہیں۔ سال کے پہلے نصف حصے میں کمپنی نے 3.531 بلین روپے کی خالص سیلز کا ہدف حاصل کیا جو گذشتہ برس کی نسبت سیلز کے حجم کی بابت 30 فی صد اضافہ ظاہر کر رہا ہے۔ البتہ، عالمی سطح پر خام مال کی قیمتوں میں ہوش ربا اضافے نے مجموعی آمدنی پر دباؤ ڈالا اور ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں کمی نے پیداواری لاگت میں بھی مزید اضافہ کیا۔

مارکیٹنگ پلان کے مطابق مارکیٹنگ سرگرمیوں کو بروئے کار لاتے ہوئے سیلز اور مارکیٹنگ اخراجات 326.587 ملین روپے رہے اور انتظامی اخراجات 101.728 ملین روپے ریکارڈ ہوئے۔ کمپنی نے 136.674 ملین روپے کا نفع علاوہ ٹیکس ریکارڈ کیا جس کے باعث فی حصص آمدنی 6.68 روپے فی حصص ریکارڈ ہوئی۔

### مستقبل کا منظر نامہ

سخت مقابلے اور پیداواری لاگت میں اضافے کے باوجود ہم پر امید ہیں کہ اس مدت میں ترقی کارحان سال کے باقی عرصے میں بھی برقرار رہے گا۔ جب کہ عالمی سطح پر ایشیائی خورد و نوش کی قیمتوں میں اضافے کے باعث مجموعی آمدنی دباؤ کا شکار ہے گی۔ جس کے نتیجے میں روپے کی بے قدری اور ملکی سطح پر افراط زر میں اضافی ہو گا۔ عالمی معیشت میں منفی رجحان امریکی ڈالر کے مقابلے میں روپے کی قدر کو کم کرے گا اور ملکی سطح پر افراط زر میں اضافے کا باعث بنے گا۔ ڈائریکٹرز کمپنی پر حصص داران اور معزز صارفین کے بھروسے اور اعتماد پر ان کا تہہ دل سے شکریہ ادا کرتے ہیں اور ہر شعبے میں کمپنی کے ملازمین کے جذبے کو سراہتے ہیں۔

منجانب بورڈ

مقبول ایچ ایچ جیم تولد

ڈاکٹر محمود احمد

ڈائریکٹر

چیف ایگزیکٹو

لاہور

تاریخ: 23 فروری، 2022

# Independent Auditor's 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 as at December 31, 2021 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 this 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 financial statements based on our review. The figures of the unconsolidated condensed interim statement of profit or loss and unconsolidated condensed interim statement of comprehensive income for the three month period ended December 31, 2021 and December 31, 2020 have not been reviewed, as we are required to review only the cumulative figures for the six month period then ended December 31, 2021.

### 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 is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

### Other Matter

The financial statements of the Company for the year ended June 30, 2021 were audited by another firm of Chartered Accountants who expressed an unqualified opinion thereon vide their report dated October 7, 2021.

The engagement partner on the audit resulting in this independent auditor's report is Hammad Ali Ahmad.



**A. F. Ferguson & Co.**  
**Chartered Accountants**

**Lahore**

**Dated:** February 28, 2022

**UDIN:** RR202110092JekjzWHrf

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

as at December 31, 2021

Rupees in thousand	Note	(Un-audited) December 31, 2021	(Audited) June 30, 2021
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	5	1,662,977	1,634,795
Intangibles		117	211
Investments in related parties		75,747	52,505
Long-term loans	6	27,605	34,147
Long-term deposits		37,576	36,419
Deferred tax asset		-	29,093
		1,804,022	1,787,170
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		21,417	18,491
Stock in trade	7	1,825,372	1,225,895
Trade debts - unsecured		1,604,458	1,219,678
Loans and advances		279,134	277,245
Trade deposits and short term prepayments		19,441	31,676
Other receivables		208,648	184,323
Tax refund due from the Government - net		285,555	192,661
Short term investments		30,000	30,000
Cash and bank balances		36,552	44,476
		4,310,577	3,224,445
<b>TOTAL ASSETS</b>		<b>6,114,599</b>	<b>5,011,615</b>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised share capital			
25,000,000 ordinary shares of Rs.10 each		250,000	250,000
Issued, Subscribed and paid-up capital		204,597	204,597
Reserves		353,532	330,304
Accumulated Profit		905,975	841,416
Revaluation surplus on property, plant and machinery		839,332	849,056
		2,303,436	2,225,373
<b>NON-CURRENT LIABILITIES</b>			
Long term financing	8	200,105	152,498
Deferred income		2,758	1,155
Staff retirement and other long term benefits		78,718	75,589
Deferred tax liability		15,952	-
		297,533	229,242
<b>CURRENT LIABILITIES</b>			
Trade and other payables	9	2,215,599	1,569,174
Current portion of deferred income		3,002	2,407
Unclaimed dividend		6,826	7,551
Current maturity of long term financing	8	104,875	107,884
Accrued finance cost		27,066	22,479
Short term borrowings - secured		1,156,262	847,505
		3,513,630	2,557,000
<b>CONTINGENCIES AND COMMITMENTS</b>	10		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>6,114,599</b>	<b>5,011,615</b>

The annexed notes from 1 to 17 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 six months ended and three months ended December 31, 2021

Rupees in thousand	Note	Six Months Ended December 31,		Three Months Ended December 31,	
		2021	2020	2021	2020
Revenue from contract with customers	11	3,530,852	2,708,578	1,994,732	1,414,634
Cost of sales		2,886,188	2,087,030	1,638,047	1,093,548
<b>Gross Profit</b>		<b>644,664</b>	621,548	<b>356,685</b>	321,086
Selling and distribution expenses		(326,587)	(351,750)	(151,372)	(193,834)
Administrative and general expenses		(101,728)	(87,197)	(56,810)	(41,646)
Other operating income		27,546	32,307	11,845	18,831
Other expenses		(10,238)	(10,631)	(5,973)	(5,169)
Finance cost		(66,923)	(60,835)	(38,166)	(29,524)
		(477,930)	(478,106)	(240,476)	(251,342)
<b>Profit before taxation for the period</b>		<b>166,734</b>	143,442	<b>116,209</b>	69,744
Taxation		30,060	40,758	15,408	20,557
<b>Profit after taxation for the period</b>		<b>136,674</b>	102,684	<b>100,801</b>	49,187
Earnings per share - basic and diluted (Rupees)		6.68	5.02	4.93	2.40

The annexed notes from 1 to 17 form an integral part of these unconsolidated condensed interim financial statements.

# Unconsolidated

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

For the six months ended and three months ended December 31, 2021

Rupees in thousand	Six Months Ended December 31,		Three Months Ended December 31,	
	2021	2020	2021	2020
<b>Profit after taxation for the period</b>	<b>136,674</b>	102,684	<b>100,801</b>	49,187
<b>Other comprehensive income</b>				
<b>Items that will not be reclassified to profit or loss in subsequent periods</b>				
Fair value gain on Investment classified as Fair value through OCI	<b>23,228</b>	5,891	<b>34,107</b>	2,033
<b>Total comprehensive income for the period</b>	<b>159,902</b>	108,575	<b>134,908</b>	51,220

The annexed notes from 1 to 17 form an integral part of these unconsolidated condensed interim financial statements.

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

For the six months ended December 31, 2021

Rupees in thousand	Reserves								Total share capital and reserves
	Issued, subscribed and paid-up capital	Capital			Revenue			Total reserves	
		Share premium	Revaluation surplus on property, plant and machinery	Fair value reserve	General reserve	Accumulated Profit			
<b>Balance as at June 30, 2020 - (audited)</b>	204,597	34,086	832,950	6,457	285,000	691,933	1,850,426	2,055,023	
Profit for the period	-	-	-	-	-	102,684	102,684	102,684	
Other comprehensive income for the period	-	-	-	-	-	-	-	-	
- Fair value gain on Investment classified as Fair Value through OCI	-	-	-	5,891	-	-	5,891	5,891	
<b>Total comprehensive income for the period</b>	-	-	-	5,891	-	102,684	108,575	108,575	
Transfer of incremental depreciation from surplus on revaluation of fixed assets - net of tax	-	-	(10,764)	-	-	10,764	-	-	
<b>Transaction with owners of the Company</b>									
Final cash dividend at the rate of 10% (i.e. Rs. 1 per share ) for the year ended June 30, 2020	-	-	-	-	-	(20,460)	(20,460)	(20,460)	
<b>Balance as at December 31, 2020 - (un-audited)</b>	204,597	34,086	822,186	12,348	285,000	784,921	1,938,541	2,143,138	
<b>Balance as at June 30, 2021 - (audited)</b>	204,597	34,086	849,056	11,218	285,000	841,416	2,020,776	2,225,373	
Profit for the period	-	-	-	-	-	136,674	136,674	136,674	
Other Comprehensive income for the period	-	-	-	-	-	-	-	-	
- Fair value gain on Investment classified as Fair Value through OCI	-	-	-	23,228	-	-	23,228	23,228	
<b>Total comprehensive income for the period</b>	-	-	-	23,228	-	136,674	159,902	159,902	
Transfer of incremental depreciation from surplus on revaluation of fixed assets - net of tax	-	-	(9,724)	-	-	9,724	-	-	
<b>Transaction with owners of the Company</b>									
Final cash dividend at the rate of 40% (i.e. Rs. 4 per share ) for the year ended June 30, 2021	-	-	-	-	-	(81,839)	(81,839)	(81,839)	
<b>Balance as at December 31, 2021 - (un-audited)</b>	204,597	34,086	839,332	34,446	285,000	905,975	2,098,839	2,303,436	

The annexed notes from 1 to 17 form an integral part of these unconsolidated condensed interim financial statements.

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

For the six months ended December 31, 2021

Rupees in thousand	Note	Six Months Ended December 31,	
		2021	2020
<b>Cash flows from operating activities</b>			
<b>Profit before taxation</b>		<b>166,734</b>	<b>143,442</b>
Adjustments for non cash and other items:			
Depreciation on property, plant and equipment		<b>64,925</b>	56,074
Amortization on computer software		<b>94</b>	837
Provision charged against slow moving stock - net		<b>7,134</b>	14,629
Provision for doubtful debts		<b>4,090</b>	64,000
Gain on disposal of property, plant and equipment		<b>-</b>	(500)
Provision for staff retirement and other long term benefits		<b>11,624</b>	24,555
Finance costs		<b>66,923</b>	60,835
		<b>154,790</b>	220,430
<b>Profit before working capital changes</b>		<b>321,524</b>	<b>363,872</b>
(Increase) / decrease in current assets:			
Stores and spare parts		<b>(2,926)</b>	(3,109)
Stock-in-trade		<b>(606,611)</b>	(47,706)
Trade debts - unsecured		<b>(388,870)</b>	(247,992)
Loans and advances		<b>(1,889)</b>	(9,883)
Trade deposits short-term prepayments		<b>12,235</b>	5,972
Others receivables		<b>(24,325)</b>	15,280
		<b>(1,012,386)</b>	(287,438)
Increase in current liabilities:			
Trade and other payables		<b>646,425</b>	525,737
<b>Cash (used in) / generated from operations</b>		<b>(44,437)</b>	<b>602,171</b>
Taxes paid		<b>(77,909)</b>	(29,422)
Staff retirement and other long term benefits paid		<b>(8,495)</b>	(74,921)
Long term loans - paid		<b>6,542</b>	(2,917)
Long term deposits - paid		<b>(1,157)</b>	(675)
		<b>(81,019)</b>	(107,935)
<b>Net cash used in operating activities</b>		<b>(125,456)</b>	<b>494,236</b>
<b>Cash flows from investing activities</b>			
Capital expenditure incurred		<b>(93,107)</b>	(72,558)
Proceeds from disposal of property, plant and equipment		<b>-</b>	2,243
<b>Net cash used in investing activities</b>		<b>(93,107)</b>	<b>(70,315)</b>
<b>Cash flows from financing activities</b>			
Long term financing obtained		<b>107,464</b>	171,083
Repayment of long term financing		<b>(60,668)</b>	(215,037)
Short term borrowings - net		<b>(46,553)</b>	(130,394)
Finance cost paid		<b>(62,336)</b>	(74,003)
Dividend paid		<b>(82,564)</b>	(17,043)
<b>Net cash used in financing activities</b>		<b>(144,657)</b>	<b>(265,394)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(363,220)</b>	<b>158,527</b>
<b>Cash and cash equivalents at beginning of the period</b>		<b>(742,329)</b>	<b>(868,940)</b>
<b>Cash and cash equivalents at end of the period</b>	<b>12</b>	<b>(1,105,549)</b>	<b>(710,413)</b>

The annexed notes from 1 to 17 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 six months ended December 31, 2021

## 1 Reporting entity

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

## 2 Basis of preparation

### 2.1 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 the provisions of or directives issued under the Act differ with the requirements of IAS 34, the provisions of and directives issued under the Act have been followed.

These unconsolidated condensed interim financial statements do not include all the information and disclosures required in the unconsolidated annual audited financial statements, and should be read in conjunction with the Company's unconsolidated annual audited financial statements for the year ended June 30, 2021.

### 2.2 Basis of measurement

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

### 2.3 Functional and presentation currency

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

## 3 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, 2021.

#### 4 Summary of significant accounting policies

**4.1** 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, 2021.

**4.2** Change in accounting standards, interpretations and amendments to published accounting and reporting standards

**(a) Amendments to published accounting and reporting standards which became effective during the period:**

There were certain amendments to accounting and reporting standards which became mandatory for the Company during the period. However, the amendments did not have any significant impact on the financial reporting of the Company and, therefore, have not been disclosed in these unconsolidated condensed interim financial statements.

**(b) Amendments to published accounting and reporting standards that are not yet effective:**

There are certain amendments to the accounting and reporting standards that will be mandatory for the Company's annual accounting periods beginning on or after July 1, 2021. However, these amendments will not have any significant impact on the financial reporting of the Company and, therefore, have not been disclosed in these unconsolidated condensed interim financial statements.

#### 4.3 Taxation

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.

Rupees in thousand	Note	(Un-audited) December 31, 2021	(Audited) June 30, 2021
<b>5 Property, plant and equipment</b>			
Operating fixed assets	5.1	<b>1,448,838</b>	1,428,792
Capital work in progress		<b>25,019</b>	14,367
Right-of-use-asset (leasehold land)	5.2	<b>189,120</b>	191,636
		<b>1,662,977</b>	1,634,795

Rupees in thousand		(Un-audited) December 31, 2021	(Audited) June 30, 2021
<b>5.1</b>	<b>Operating fixed assets</b>		
	Opening net book value at the start of the period / year	<b>1,428,792</b>	1,372,979
	Additions during the period / year	<b>82,455</b>	188,382
	Net book value of assets disposed off during the period / year	-	(3,945)
	Depreciation charge for the period / year	<b>(62,409)</b>	(128,624)
	Closing net book value at the end of the period / year	<b>1,448,838</b>	1,428,792
<b>5.1.1</b>	Following is the details of additions during the period / year - at cost:		
	Plant and machinery	<b>73,034</b>	18,433
	Electric fittings	<b>258</b>	124,975
	Computer and related accessories	<b>452</b>	2,824
	Office equipment	<b>6,931</b>	3,015
	Motor vehicles	<b>1,780</b>	29,763
	Furniture and fixtures	-	365
	Laboratory equipment	-	2,009
	Building on freehold land	-	6,998
		<b>82,455</b>	188,382
<b>5.1.2</b>	Following is the detail of disposals during the period / year - at net book value (NBV):		
	Plant and Machinery	-	63
	Electric Fittings	-	181
	Office Equipment	-	35
	Motor Vehicles	-	3,666
		-	3,945

Rupees in thousand	(Un-audited) December 31, 2021	(Audited) June 30, 2021
<b>5.2 Right-of-use-asset</b>		
Opening net book value	191,636	197,805
Additions during the period / year	-	-
Depreciation charge for the period / year	(2,516)	(6,169)
Closing net book value	189,120	191,636
<b>6 Long-term loans</b>		
Opening Balance	34,147	48,053
Disbursements during the period	22,894	44,119
Repayments during the period	(10,334)	(24,595)
Discounting adjustment for recognition at fair value		
- deferred employee benefits	(5,848)	(17,666)
Closing Balance	40,859	49,911
Current portion shown under current liabilities	(13,254)	(15,764)
	27,605	34,147
<b>7 Stock-in-trade</b>		
Raw and packing materials		
- in hand	739,978	591,035
- in transit	515,206	151,184
	1,255,184	742,219
Semi processed goods	146,636	80,946
Finished goods		
- Manufactured	495,908	465,057
- Trading	78,794	81,687
	574,702	546,744
	1,976,522	1,369,909
Provision for slow moving and obsolete stocks		
- Raw material	(51,589)	(51,589)
- Semi processed goods	(5,007)	(4,471)
- Finished goods	(94,554)	(87,954)
	(151,150)	(144,014)
	1,825,372	1,225,895



Rupees in thousand		(Un-audited) December 31, 2021	(Audited) June 30, 2021
	Note		
<b>8 Long term financing - secured</b>			
Mark-up based financing from conventional banks	8.1	209,089	151,808
Islamic mode of financing	8.2	95,890	108,574
		304,979	260,382
Current maturity shown under current liabilities:			
Mark-up based financing from conventional banks		(73,722)	(76,349)
Islamic mode of financing		(31,153)	(31,535)
		(104,875)	(107,884)
		200,104	152,498
<b>8.1</b> The reconciliation of the carrying amount is as follows:			
Opening balance		151,808	42,567
Disbursements during the period/year		98,551	162,484
Repayments during the period/year		(39,835)	(52,506)
Deferred Grant recognized during the period		(3,898)	(6,418)
Unwinding of discount on liability		2,463	5,681
Closing balance		209,089	151,808
<b>8.2</b> The reconciliation of the carrying amount is as follows:			
Opening balance		108,574	105,314
Disbursements during the period/year		8,913	23,405
Repayments during the period/year		(21,597)	(20,145)
		95,890	108,574
<b>8.3</b> 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, 2021 except that:			
- the Company obtained a long term TERF facility amounting to Rs. 100 million to finance import and procurement of miscellaneous plant, machinery and spare parts for capex to be installed at the premises of the Company. The facility is repayable in 36 equal installments payable quarterly ending in March 2031. Markup is payable quarterly in arrears at the rate of 3 months KIBOR plus 5% per annum, and			
- the Company further obtained diminishing musharika facility amounting to Rs. 8.9 million for purchase of vehicles. The facility is repayable in 20 quarterly installments ending in April 2026. Interest is payable quarterly and charged at the rate of six months 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 assets is held jointly by the Company and the lender till the facility is fully repaid.			

	(Un-audited) December 31, 2021	(Audited) June 30, 2021
Rupees in thousand		
<b>9 Trade and other payables</b>		
Trade and other creditors	1,182,976	898,398
Import bills payable	609,628	324,246
Contract liabilities	37,446	34,840
Accrued expenses	95,550	63,611
Provision for infrastructure cess	92,674	88,097
Royalty payable to related parties	23,621	23,247
Technical fee payable	37,487	34,953
Workers' Profits Participation Fund	25,983	17,893
Workers' Welfare Fund	24,908	22,795
Due to statutory authorities	657	16,948
Others	84,669	44,146
	<b>2,215,599</b>	<b>1,569,174</b>

## 10 Contingencies and commitments

### 10.1 Contingencies

There has been no change in the contingencies and commitments as compared to those disclosed in the audited annual financial statements of the Company for the year ended 30 June 2021.

### 10.2 Commitments

- Outstanding letters of guarantee as at December 31, 2021 amounted to Rs. 118 million (June 30, 2021: Rs. 108.79 million).
- Outstanding letters of credit as at December 31, 2021 amounted to Rs.132.75 million (June 30, 2021: Rs. 464.38 million).
- The amount of future Ijarah rentals for Ijarah financing and the period in which these payments will become due are as follows:

	(Un-audited) December 31, 2021	(Audited) June 30, 2021
Rupees in thousand		
Not later than one year	3,349	4,629
Later than one year and not later than five years	384	1,647
	<b>3,733</b>	<b>6,276</b>

Rupees in thousand		Six Months Ended December 31,	
		2021	2020
<b>11</b>	<b>Revenue</b>		
	Local	4,876,876	4,095,901
	Export	9,764	35,987
		4,886,640	4,131,888
	Less: Discounts	(563,772)	(824,732)
	Sales Tax	(792,016)	(598,578)
		3,530,852	2,708,578
		(Un-audited) December 31,	(Audited) June 30,
	Rupees in thousand	2021	2021
<b>12</b>	<b>Cash and cash equivalents</b>		
	Cash and cash equivalents as at December 31, 2021 comprise of the following:		
	Cash and bank balances	36,552	44,476
	Short term borrowings - secured	(1,142,101)	(786,805)
		(1,105,549)	(742,329)

### 13 Balances and 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 financial statements, are as follows:

Rupees in thousand	Transactions during the six months ended	
	(Un-audited)	(Un-audited)
	December 31, 2021	December 31, 2020
<b>Nature and description of related party transaction</b>		
<b>Transactions with Holding Company</b>		
Royalty expense	23,589	21,789
<b>Transactions with Subsidiary Company</b>		
Sales including freight	1,011	49,191
Rental income and other service charges	1,670	1,888
<b>Transactions with Related Party</b>		
Sales	148,599	126,032
Rental income and other service charges	600	600
Royalty expense	-	8
Toll manufacturing	15,496	11,714
<b>Transactions with Associate</b>		
Sales	-	252
Common expenditures incurred	357	365
Rental income and other service charges	125	-
<b>Post employment benefit plans</b>	11,624	12,538
<b>Remuneration of key management personnel</b>	126,567	86,898

Rupees in thousand	Balances as at	
	(Un-audited) December 31, 2021	(Audited) June 30, 2021
<b>Transactions with Holding Company</b>		
Royalty payable	23,589	23,215
Payment / adjustments of royalty payable	23,215	37,500
Dividend payable to holding company	568	9,431
<b>Transactions with Subsidiary Company</b>		
Debtors	52,794	35,331
<b>Transactions with Related Party</b>		
Debtors	140,492	43,811
Royalty payable	32	32
<b>Transactions with Associate</b>		
Debtors	-	318

#### 14 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.

Fair value of financial assets and liabilities approximates their carrying value.

## **15 Financial risk management**

The Company's financial risk management objective and policies are consistent with that disclosed in the annual audited financial statements of the Company for the year ended June 30, 2021.

## **16 Authorization**

These unconsolidated condensed interim financial statements were authorized for issue by the Board of Directors of the Company on February 23, 2022.

## **17 General**

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

**17.2** Three months figures have not been audited.

## Berger Paints Pakistan Limited Consolidated Financial Statements

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

as on December 31, 2021

Rupees in thousand	(Un-audited) December 31, 2021	(Audited) June 30, 2021
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	1,664,086	1,636,041
Intangibles	117	211
Investments in related parties	72,199	49,955
Long-term loans	27,618	34,147
Long-term deposits	37,576	36,419
Deferred tax asset	-	24,700
	<b>1,801,596</b>	<b>1,781,473</b>
<b>CURRENT ASSETS</b>		
Stores	21,417	18,491
Stock in trade	1,835,564	1,237,161
Trade debts - unsecured	1,612,397	1,276,577
Loans and advances	243,883	246,748
Trade deposits and short term prepayments	19,441	31,676
Other receivables	174,225	162,588
Tax refund due from Government - net	333,653	240,243
Short term investments	30,000	30,000
Cash and bank balances	39,299	46,159
	<b>4,309,879</b>	<b>3,289,643</b>
<b>TOTAL ASSETS</b>	<b>6,111,475</b>	<b>5,071,116</b>
<b>EQUITY AND LIABILITIES</b>		
<b>SHARE CAPITAL AND RESERVES</b>		
Authorised share capital 25,000,000 ordinary shares of Rs.10 each	250,000	250,000
Issued, Subscribed and paid-up capital	204,597	204,597
Reserves	1,287,511	1,200,266
Revelatuation surplus on property, plant and machinery	839,332	849,056
	<b>2,331,440</b>	<b>2,253,919</b>
<b>NON-CONTROLLING INTEREST</b>	<b>6,608</b>	<b>6,183</b>
<b>NON-CURRENT LIABILITIES</b>		
Long term financing	160,105	152,498
Deferred Income	2,758	1,155
Staff retirement and other long term benefits	78,718	75,589
Deferred tax liability	20,345	-
	<b>261,926</b>	<b>229,242</b>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	2,173,470	1,593,946
Current portion of deferred income	3,002	2,407
Unclaimed dividend	6,826	7,551
Current maturity of long-term financing	144,875	107,884
Accrued finance cost	27,066	22,479
Short term borrowings - secured	1,156,262	847,505
	<b>3,511,501</b>	<b>2,581,772</b>
<b>CONTINGENCIES AND COMMITMENTS</b>		
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>6,111,475</b>	<b>5,071,116</b>

Chief Financial Officer

Chief Executive

Director



## Condensed Interim

## Consolidated Statement of Profit or Loss (Un-audited)

For the six months ended and three months ended December 31, 2021

Rupees in thousand	Six Months Ended December 31,		Three Months Ended December 31,	
	2021	2020	2021	2020
Revenue from contract with customers	3,556,215	2,743,093	2,008,098	1,432,676
Cost of sales	2,899,813	2,106,321	1,643,225	1,096,092
<b>Gross Profit</b>	<b>656,402</b>	636,772	<b>364,873</b>	336,584
Selling and distribution expenses	(330,788)	(358,422)	(153,456)	(197,257)
Administrative and general expenses	(101,839)	(88,190)	(56,337)	(39,610)
Other operating income	25,890	26,001	10,183	15,681
Other expenses	(10,238)	(10,631)	(5,973)	(5,501)
Finance cost	(70,112)	(60,845)	(39,582)	(29,529)
	(487,087)	(492,087)	(245,164)	(256,216)
<b>Share of profit of associated Company</b>	<b>(984)</b>	785	<b>(1,045)</b>	44
<b>Profit before taxation for the period</b>	<b>168,331</b>	145,470	<b>118,664</b>	80,412
Taxation	31,774	42,014	16,342	21,323
<b>Profit after taxation for the period</b>	<b>136,557</b>	103,456	<b>102,322</b>	59,089
<b>Attributable to:</b>				
Equity holders of the parent	136,132	103,501	101,065	56,394
Non-controlling interest	425	(45)	1,257	2,695
<b>Earning per share - basic and diluted</b>	<b>Rs.6.67</b>	Rs.5.06	<b>Rs.5.00</b>	Rs.2.89

# Condensed Interim

## Consolidated Statement of Comprehensive Income (Un-audited)

For the six months ended and three months ended December 31, 2021

Rupees in thousand	Six Months Ended December 31,		Three Months Ended December 31,	
	2021	2020	2021	2020
<b>Profit after taxation for the period</b>	<b>136,557</b>	103,456	<b>102,322</b>	59,089
<b>Other comprehensive income</b>				
<b>Items that will not be reclassified to profit or loss in subsequent periods</b>				
Fair value gain on Investment classified as Fair value through OCI	23,228	5,891	(10,879)	3,858
<b>Total comprehensive income for the period</b>	<b>159,785</b>	109,347	<b>91,443</b>	62,947
<b><u>Attributable to:</u></b>				
Equity holders of the parent	159,360	109,392	90,187	60,252
Non-controlling interest	425	(45)	1,257	2,695

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

For the six months ended December 31, 2021

Rupees in thousand	Issued, subscribed and paid-up capital	Reserves					Non-controlling interest	Total share capital and reserves	
		Capital		Revenue					
		Share premium	Revaluation surplus on property, plant and machinery	Fair value reserve	General reserve	Accumulated Profit			
Balance as at 30 June 2020 audited	204,597	34,086	877,100	6,457	285,000	660,188	2,067,428	11,442	2,078,870
<b><u>Total comprehensive income for the period</u></b>									
Profit for the period	-	-	-	-	-	103,501	103,501	(45)	103,456
Other comprehensive income for the period									
- Available for sale financial asset - net change in fair value	-	-	-	5,891	-	-	5,891		5,891
<b><u>Transactions with owners of the Company recognised directly in equity</u></b>	-	-	-	5,891	-	103,501	109,392	(45)	109,347
Transfer of incremental depreciation from surplus on revaluation of fixed assets - net of tax	-	-	(10,764)	-	-	10,764	-		-
<b><u>Transaction with owners of the Company</u></b>									
Final cash dividend at the rate of 10% (i.e. Rs. 1 per share ) for the year ended 30 June 2020	-	-	-	-	-	(20,460)	(20,460)		(20,460)
<b>Balance as at 31 December 2020 - un-audited</b>	<b>204,597</b>	<b>34,086</b>	<b>866,336</b>	<b>12,348</b>	<b>285,000</b>	<b>753,993</b>	<b>2,156,360</b>	<b>11,397</b>	<b>2,167,757</b>
<b>Balance as at 30 June 2021 - audited</b>	<b>204,597</b>	<b>34,086</b>	<b>849,056</b>	<b>11,218</b>	<b>285,000</b>	<b>869,962</b>	<b>2,253,919</b>	<b>6,183</b>	<b>2,260,102</b>
<b><u>Total comprehensive income for the period</u></b>									
Profit for the period	-	-	-	-	-	136,132	136,132	425	136,557
Other Comprehensive income for the period									
- Fair value loss on Investment classified as FVOCI	-	-	-	23,228	-	-	23,228		23,228
<b><u>Transactions with owners of the Company recognised directly in equity</u></b>	-	-	-	23,228	-	136,132	159,360	425	159,785
Transfer of incremental depreciation from surplus on revaluation of fixed assets - net of tax	-	-	(9,724)	-	-	9,724	-		-
<b><u>Transaction with owners of the Company</u></b>									
Final cash dividend at the rate of 40% (i.e. Rs. 4 per share ) for the year ended 30 June 2021	-	-	-	-	-	(81,839)	(81,839)		(81,839)
<b>Balance as at 31 December 2021 - un-audited</b>	<b>204,597</b>	<b>34,086</b>	<b>839,332</b>	<b>34,446</b>	<b>285,000</b>	<b>933,979</b>	<b>2,331,440</b>	<b>6,608</b>	<b>2,338,048</b>

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

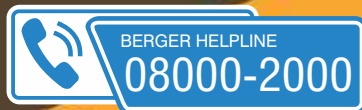
For the six months ended December 31, 2021

Rupees in thousand	Six Months Ended December 31,	
	2021	2020
<b><u>Cash flows from operating activities</u></b>		
<b>Profit before taxation for the period</b>	<b>168,331</b>	<b>143,442</b>
Adjustments for non cash and other items:		
Depreciation	65,089	56,074
Amortization	94	837
Provision charged against slow moving stock - net	-	14,629
Provision / (reversal) for doubtful debts	4,090	64,000
Gain on disposal of property, plant and equipment	-	(500)
Share of profit of associated Company	984	-
Amortization of deferred grant	2,198	-
Provision for staff retirement and other long term benefits	15,668	24,555
Finance costs	(70,112)	60,835
	<b>18,010</b>	<b>220,430</b>
<b>Operating profit before working capital changes</b>	<b>186,341</b>	<b>363,872</b>
(Increase) / decrease in current assets:		
Stores and spare parts	(2,926)	(3,109)
Stock-in-trade	(598,403)	(47,706)
Trade debts - unsecured	(339,910)	(247,992)
Loans and advances	2,865	(9,883)
Trade deposits short-term prepayments	12,235	5,972
Others receivables	(11,637)	15,280
	<b>(937,776)</b>	<b>(287,438)</b>
Increase in current liabilities:		
Trade and other payables	579,524	525,737
	<b>579,524</b>	<b>525,737</b>
<b>Cash generated from / (used in) operations</b>	<b>(171,911)</b>	<b>602,171</b>
Taxes paid	(80,139)	(29,422)
Staff retirement and other long term benefits paid	(12,539)	(74,921)
Long term loans - due from employees	6,529	(2,917)
Long term deposits - net	(1,157)	(675)
	<b>(87,306)</b>	<b>(107,935)</b>
<b>Net cash used in operating activities</b>	<b>(259,217)</b>	<b>494,236</b>
<b><u>Cash flows from investing activities</u></b>		
Capital expenditure incurred	(93,134)	(72,558)
Proceeds from disposal of property, plant and equipment	-	2,243
<b>Net cash used in investing activities</b>	<b>(93,134)</b>	<b>(70,315)</b>
<b><u>Cash flows from financing activities</u></b>		
Long term financing obtained	107,464	171,083
Repayment of long term financing	(62,866)	(215,037)
Short term borrowings - net	-	(130,394)
Finance cost paid	74,699	(74,003)
Dividend paid	(82,564)	(17,043)
<b>Net cash used in financing activities</b>	<b>36,733</b>	<b>(265,394)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(315,617)</b>	<b>158,527</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>(801,346)</b>	<b>(868,940)</b>
<b>Cash and cash equivalents at end of the period</b>	<b>(1,116,963)</b>	<b>(710,413)</b>

Chief Financial Officer

Chief Executive

Director



For Free Color Advisory

111-BERGER(111-237-437) KHI, LHR, ISB.

Berger Paints Pakistan Limited 28 Km, Multan Road, Lahore, Pakistan.

 [www.facebook.com/berger.pak](http://www.facebook.com/berger.pak)

 [www.twitter.com/BergerPaksitan](http://www.twitter.com/BergerPaksitan)

[www.berger.com.pk](http://www.berger.com.pk)