

BERGER PAINTS

Trusted Worldwide



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

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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

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

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 could lead to weaken Pak Rupee against USD and play its part in increased inflation in the Country and 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 نمودار کیا 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 کارحجان سال کے باقی عرصے میں بھی برقرار رہے گا۔ جب کہ عالمی سطح پر ایشیائی خوردونوش 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

ڈائریکٹر

ڈاکٹر محمود احمد

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
ASSETS			
NON-CURRENT ASSETS			
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
CURRENT ASSETS			
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
TOTAL ASSETS		6,114,599	5,011,615
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
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
NON-CURRENT LIABILITIES			
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
CURRENT LIABILITIES			
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
CONTINGENCIES AND COMMITMENTS	10		
TOTAL EQUITY AND LIABILITIES		6,114,599	5,011,615

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		Three Months Ended	
		December 31,		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
Gross Profit		644,664	621,548	356,685	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)
Profit before taxation for the period		166,734	143,442	116,209	69,744
Taxation		30,060	40,758	15,408	20,557
Profit after taxation for the period		136,674	102,684	100,801	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		Three Months Ended	
	December 31,		December 31,	
	2021	2020	2021	2020
Profit after taxation for the period	136,674	102,684	100,801	49,187
Other comprehensive income				
Items that will not be reclassified to profit or loss in subsequent periods				
Fair value gain on Investment classified as Fair value through OCI	23,228	5,891	34,107	2,033
Total comprehensive income for the period	159,902	108,575	134,908	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 reserves	Total share capital and reserves
	Issued, subscribed and paid-up capital	Capital			Revenue				
		Share premium	Revaluation surplus on property, plant and machinery	Fair value reserve	General reserve	Accumulated Profit			
Balance as at June 30, 2020 - (audited)	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	
Total comprehensive income for the period	-	-	-	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	-	-	
Transaction with owners of the Company									
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)	
Balance as at December 31, 2020 - (un-audited)	204,597	34,086	822,186	12,348	285,000	784,921	1,938,541	2,143,138	
Balance as at June 30, 2021 - (audited)	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	
Total comprehensive income for the period	-	-	-	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	-	-	
Transaction with owners of the Company									
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)	
Balance as at December 31, 2021 - (un-audited)	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
Cash flows from operating activities			
Profit before taxation		166,734	143,442
Adjustments for non cash and other items:			
Depreciation on property, plant and equipment		64,925	56,074
Amortization on computer software		94	837
Provision charged against slow moving stock - net		7,134	14,629
Provision for doubtful debts		4,090	64,000
Gain on disposal of property, plant and equipment		-	(500)
Provision for staff retirement and other long term benefits		11,624	24,555
Finance costs		66,923	60,835
		154,790	220,430
Profit before working capital changes		321,524	363,872
(Increase) / decrease in current assets:			
Stores and spare parts		(2,926)	(3,109)
Stock-in-trade		(606,611)	(47,706)
Trade debts - unsecured		(388,870)	(247,992)
Loans and advances		(1,889)	(9,883)
Trade deposits short-term prepayments		12,235	5,972
Others receivables		(24,325)	15,280
		(1,012,386)	(287,438)
Increase in current liabilities:			
Trade and other payables		646,425	525,737
		(44,437)	602,171
Cash (used in) / generated from operations		(44,437)	602,171
Taxes paid		(77,909)	(29,422)
Staff retirement and other long term benefits paid		(8,495)	(74,921)
Long term loans - paid		6,542	(2,917)
Long term deposits - paid		(1,157)	(675)
		(81,019)	(107,935)
Net cash used in operating activities		(125,456)	494,236
Cash flows from investing activities			
Capital expenditure incurred		(93,107)	(72,558)
Proceeds from disposal of property, plant and equipment		-	2,243
Net cash used in investing activities		(93,107)	(70,315)
Cash flows from financing activities			
Long term financing obtained		107,464	171,083
Repayment of long term financing		(60,668)	(215,037)
Short term borrowings - net		(46,553)	(130,394)
Finance cost paid		(62,336)	(74,003)
Dividend paid		(82,564)	(17,043)
Net cash used in financing activities		(144,657)	(265,394)
Net (decrease) / increase in cash and cash equivalents		(363,220)	158,527
Cash and cash equivalents at beginning of the period		(742,329)	(868,940)
Cash and cash equivalents at end of the period	12	(1,105,549)	(710,413)

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-Lakhpat, 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
5 Property, plant and equipment			
Operating fixed assets	5.1	1,448,838	1,428,792
Capital work in progress		25,019	14,367
Right-of-use-asset (leasehold land)	5.2	189,120	191,636
		1,662,977	1,634,795

Rupees in thousand	(Un-audited) December 31, 2021	(Audited) June 30, 2021
5.1 Operating fixed assets		
Opening net book value at the start of the period / year	1,428,792	1,372,979
Additions during the period / year	82,455	188,382
Net book value of assets disposed off during the period / year	-	(3,945)
Depreciation charge for the period / year	(62,409)	(128,624)
Closing net book value at the end of the period / year	1,448,838	1,428,792
5.1.1 Following is the details of additions during the period / year - at cost:		
Plant and machinery	73,034	18,433
Electric fittings	258	124,975
Computer and related accessories	452	2,824
Office equipment	6,931	3,015
Motor vehicles	1,780	29,763
Furniture and fixtures	-	365
Laboratory equipment	-	2,009
Building on freehold land	-	6,998
	82,455	188,382
5.1.2 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
5.2 Right-of-use-asset		
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
6 Long-term loans		
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
7 Stock-in-trade		
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	Note	(Un-audited) December 31, 2021	(Audited) June 30, 2021
8 Long term financing - secured			
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
8.1 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
8.2 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
8.3 There is no material change in the terms and conditions of the Long term financing - secured as disclosed in the unconsolidated annual audited financial statements as at and for the year ended June 30, 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.			

Rupees in thousand	(Un-audited) December 31, 2021	(Audited) June 30, 2021
9 Trade and other payables		
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
	2,215,599	1,569,174

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:

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

Rupees in thousand	Six Months Ended December 31,	
	2021	2020
11 Revenue		
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)	(Audited)
	December 31,	June 30,
Rupees in thousand	2021	2021
12 Cash and cash equivalents		
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
Nature and description of related party transaction		
Transactions with Holding Company		
Royalty expense	23,589	21,789
Transactions with Subsidiary Company		
Sales including freight	1,011	49,191
Rental income and other service charges	1,670	1,888
Transactions with Related Party		
Sales	148,599	126,032
Rental income and other service charges	600	600
Royalty expense	-	8
Toll manufacturing	15,496	11,714
Transactions with Associate		
Sales	-	252
Common expenditures incurred	357	365
Rental income and other service charges	125	-
Post employment benefit plans	11,624	12,538
Remuneration of key management personnel	126,567	86,898

Rupees in thousand	Balances as at	
	(Un-audited) December 31, 2021	(Audited) June 30, 2021
Transactions with Holding Company		
Royalty payable	23,589	23,215
Payment / adjustments of royalty payable	23,215	37,500
Dividend payable to holding company	568	9,431
Transactions with Subsidiary Company		
Debtors	52,794	35,331
Transactions with Related Party		
Debtors	140,492	43,811
Royalty payable	32	32
Transactions with Associate		
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
ASSETS		
NON-CURRENT ASSETS		
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
	1,801,596	1,781,473
CURRENT ASSETS		
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
	4,309,879	3,289,643
TOTAL ASSETS	6,111,475	5,071,116
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
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
Revaluation surplus on property, plant and machinery	839,332	849,056
	2,331,440	2,253,919
NON-CONTROLLING INTEREST	6,608	6,183
NON-CURRENT LIABILITIES		
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	-
	261,926	229,242
CURRENT LIABILITIES		
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
	3,511,501	2,581,772
CONTINGENCIES AND COMMITMENTS		
TOTAL EQUITY AND LIABILITIES	6,111,475	5,071,116

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
Gross Profit	656,402	636,772	364,873	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)
Share of profit of associated Company	(984)	785	(1,045)	44
Profit before taxation for the period	168,331	145,470	118,664	80,412
Taxation	31,774	42,014	16,342	21,323
Profit after taxation for the period	136,557	103,456	102,322	59,089
Attributable to:				
Equity holders of the parent	136,132	103,501	101,065	56,394
Non-controlling interest	425	(45)	1,257	2,695
Earning per share - basic and diluted	Rs.6.67	Rs.5.06	Rs.5.00	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
Profit after taxation for the period	136,557	103,456	102,322	59,089
Other comprehensive income				
Items that will not be reclassified to profit or loss in subsequent periods				
Fair value gain on Investment classified as Fair value through OCI	23,228	5,891	(10,879)	3,858
Total comprehensive income for the period	159,785	109,347	91,443	62,947
<u>Attributable to:</u>				
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	Reserves							Non-controlling interest	Total share capital and reserves
	Issued, subscribed and paid-up capital	Share premium	Capital			Revenue			
			Revaluation surplus on property, plant and machinery	Fair value reserve	General reserve	Accumulated Profit	Total reserves		
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
Total comprehensive income for the period									
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
Transactions with owners of the Company, recognised directly in equity									
Transfer of incremental depreciation from surplus on revaluation of fixed assets - net of tax	-	-	(10,764)	-	-	10,764	-	-	-
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 2020	-	-	-	-	-	(20,460)	(20,460)	-	(20,460)
Balance as at 31 December 2020 - un-audited	204,597	34,086	866,336	12,348	285,000	753,993	2,156,360	11,397	2,167,757
Balance as at 30 June 2021 - audited	204,597	34,086	849,056	11,218	285,000	869,962	2,253,919	6,183	2,260,102
Total comprehensive income for the period									
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
Transactions with owners of the Company, recognised directly in equity									
Transfer of incremental depreciation from surplus on revaluation of fixed assets - net of tax	-	-	(9,724)	-	-	9,724	-	-	-
Transaction with owners of the Company									
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)
Balance as at 31 December 2021 - un-audited	204,597	34,086	839,332	34,446	285,000	933,979	2,331,440	6,608	2,338,048

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
Cash flows from operating activities		
Profit before taxation for the period	168,331	143,442
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
	18,010	220,430
Operating profit before working capital changes	186,341	363,872
(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
	(937,776)	(287,438)
Increase in current liabilities:		
Trade and other payables	579,524	525,737
	(171,911)	602,171
Cash generated from / (used in) operations	(171,911)	602,171
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)
	(87,306)	(107,935)
Net cash used in operating activities	(259,217)	494,236
Cash flows from investing activities		
Capital expenditure incurred	(93,134)	(72,558)
Proceeds from disposal of property, plant and equipment	-	2,243
Net cash used in investing activities	(93,134)	(70,315)
Cash flows from financing activities		
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)
Net cash used in financing activities	36,733	(265,394)
Net decrease in cash and cash equivalents	(315,617)	158,527
Cash and cash equivalents at beginning of the period	(801,346)	(868,940)
Cash and cash equivalents at end of the period	(1,116,963)	(710,413)

Chief Financial Officer

Chief Executive

Director



For Free Color Advisory

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