

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 even after the change in government, immense flood disaster, uncertainty in value of Rupee against US dollar and international commodity prices have an important bearing on the inflation trajectory and resultantly slowed down overall business activities and 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 2.29% mainly because of inflationary impact in sale prices. Gross margins were remained under pressure and stood at 18.18%, 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)



Director

Lahore

Dated. 26 October 2022

Berger Paints Pakistan Limited
Unconsolidated Condensed Interim Statement of Financial Position (Un-Audited)
As at 30 September 2022

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

ASSETS

Non-current assets

Property, plant and equipment
Intangible assets
Long term investments
Long term loans
Long term deposits and prepayments
Deferred taxation - net

1,600,447	1,628,161
9	23
64,510	70,915
49,900	38,632
38,151	38,138
11,103	-
1,764,120	1,775,869

Current assets

Stores, spare parts and loose tools
Stock in trade
Trade debts - unsecured
Loans and advances
Trade deposits and short term prepayments
Other receivables
Tax refund due from Government
Short term investment
Cash and bank balances

25,311	22,735
1,815,497	1,625,411
1,713,076	1,628,302
213,790	221,950
28,581	26,821
70,568	113,633
241,800	172,815
191,000	140,000
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
Other reserves

825,505	830,273
51,612	58,017
877,117	888,290

Revenue reserves

General reserve
Accumulated profits

285,000	285,000
972,980	967,825
1,257,980	1,252,825
2,339,694	2,345,712

Total equity

Non-current liabilities

Long term financing - secured
Long term diminishing musharaka
Deferred grant
Long term employee benefits
Deferred taxation - net

158,662	183,222
500,000	16,000
1,189	2,251
145,602	144,012
-	8,379
805,453	353,864

Current liabilities

Trade and other payables
Current portion of deferred income
Current portion of long term financing
Unclaimed dividend
Accrued markup
Short term borrowings - secured

1,782,983	1,756,458
1,379	1,379
67,731	67,731
6,576	6,826
45,836	45,298
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 Officer

Director

Berger Paints Pakistan Limited**Unconsolidated Condensed Interim 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.


Chief Financial Officer
Chief Executive Officer
Director

Berger Paints Pakistan Limited**Unconsolidated Condensed Interim 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.


Chief Financial Officer
Chief Executive Officer
Director

Berger Paints Pakistan Limited
Unconsolidated Condensed Interim Statement of Cash Flows (Un-Audited)
For the Quarter Ended 30 September 2022

Cash flows from operating activities

Profit before taxation for the period

Adjustments for non cash and other items:

Depreciation on property, plant and equipment
 Amortization on computer software
 Provision for doubtful debts
 Provision for staff retirement and other long term benefits
 Finance costs

Profit before working capital changes

(Increase) / decrease in current assets:

Stores and spare parts
 Stock-in-trade
 Trade debts - unsecured
 Loans and advances
 Trade deposits short-term prepayments
 Others receivables

Increase in current liabilities:

Trade and other payables

Cash (used in) / generated from operations

Taxes paid
 Finance cost paid
 Staff retirement and other long term benefits paid
 Long term loans - net
 Long term deposits - net

Net cash used in operating activities

Cash flows from investing activities

Capital expenditure incurred
 Short term investments
Net cash used in investing activities

Cash flows from financing activities

Long term financing - net
 Long term diminishing musharaka - net
 Dividend paid
Net cash generated from / (used in) financing activities

Net increase / (decrease) in cash and cash equivalents

Cash and cash equivalents at beginning of the period
Cash and cash equivalents at end of the period

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

Quarter Ended
30 September

2022 2021
Rupees in thousand

544 50,525

34,597	33,663
14	47
875	10,000
4,959	4,456
71,474	28,757
111,919	76,923
112,463	127,448

(2,576)	(784)
(190,086)	9,397
(85,649)	(175,467)
8,160	(39,839)
(1,760)	(4,402)
43,065	(10,971)
(228,846)	(222,066)

26,525 105,137

(89,858) 10,519

(88,625)	17,202
(70,936)	(26,956)
(3,369)	(2,863)
(11,268)	(5,955)
(13)	(891)
(174,211)	(19,463)
(264,069)	(8,944)

(6,883)	(53,177)
(51,000)	-
(57,883)	(53,177)

(25,622)	(18,503)
484,000	-
(250)	(5)
458,128	(18,508)

136,176	(80,629)
(1,150,268)	(813,867)
(1,014,092)	(894,496)


Chief Financial Officer


Chief Executive Officer


Director

Berger Paints Pakistan Limited
Unconsolidated Condensed Interim Statement Of Changes In Equity (Un-Audited)
For the Quarter Ended 30 September 2022

	Issued, subscribed and paid-up capital	Reserves			Revenue		Total reserves	Total
		Revaluation surplus on property, plant and equipment	Share premium	Fair value reserve	General reserve	Accumulated profits		
Rupees in thousand								
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								
- 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 - 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	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								
- 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 - 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	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 Officer


Director

Berger Paints Pakistan Limited

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

For the Quarter 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	6,883	53,177

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).

Berger Paints Pakistan Limited

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

For the Quarter Ended 30 September 2022

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.



Chief Financial Officer



Chief Executive Officer



Director

Berger Paints Pakistan Limited

Consolidated Condensed Interim Statement of Financial Position (Un-Audited)
As at 30 September 2022

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

ASSETS

Non-current assets

Property, plant and equipment
Intangible assets
Equity - accounted investee - unlisted
Long term investment - FVOCI
Long term loans
Long term deposits and prepayments
Deferred taxation - net

1,601,325	1,629,120
9	23
35,132	35,174
27,053	33,458
49,900	38,632
38,151	38,138
12,993	-
1,764,563	1,774,545

Current assets

Stores, spare parts and loose tools
Stock in trade
Trade debts - unsecured
Loans and advances
Trade deposits and short term prepayments
Other receivables
Tax refund due from Government
Short term investment
Cash and bank balances

25,311	22,735
1,818,238	1,628,152
1,727,249	1,701,094
138,627	186,924
28,736	26,976
21,353	64,418
272,240	222,585
191,000	140,000
40,575	224,292
4,263,329	4,217,176
6,027,891	5,991,721

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
Other reserves

825,505	830,273
51,612	58,017
877,117	888,290

Revenue reserves

General reserve
Accumulated profits

285,000	285,000
994,009	990,162
1,279,009	1,275,162
2,360,723	2,368,049

Equity attributable to the owners of the Company

6,510	7,725
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Non-controlling interests

2,367,233	2,375,774
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Total equity

Non-current liabilities

Long term financing - secured
Long term diminishing musharaka
Deferred grant
Long term employee benefits
Deferred taxation - net

158,662	183,222
500,000	16,000
1,189	2,251
145,602	144,012
-	1,477
805,453	346,962

Current liabilities

Trade and other payables
Current portion of deferred income
Current portion of long term financing
Unclaimed dividend
Accrued markup
Short term borrowings - secured

1,719,927	1,773,812
1,379	1,379
27,731	67,731
6,576	6,826
45,836	45,298
1,053,756	1,373,939
2,855,205	3,268,985
3,660,658	3,615,947

Contingencies and commitments

6,027,891	5,991,721
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Chief Financial Officer

Chief Executive Officer

Director

Berger Paints Pakistan Limited**Consolidated Condensed Interim 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


Chief Financial Officer
Chief Executive Officer
Director

Berger Paints Pakistan Limited**Consolidated Condensed Interim 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	<u>(1,215)</u>	<u>(832)</u>
	<u>(8,541)</u>	<u>68,342</u>


Chief Financial Officer
Chief Executive Officer
Director

Berger Paints Pakistan Limited
Consolidated Condensed Interim Statement of Cash Flows (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)
Cash flows from financing activities		
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>


Chief Financial Officer


Chief Executive Officer


Director

Berger Paints Pakistan Limited

Consolidated Condensed Interim Statement Of Changes In Equity (Un-Audited)

For the Quarter Ended 30 September 2022

	Reserves						Total equity attributable to owners of the Parent Company	Non controlling Interests	Total
	Issued, subscribed and paid-up capital	Revaluation surplus on property, plant and equipment	Share premium	Fair value reserve	General reserve	Accumulated profits			
	Rupees in thousand								
Balance as at 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									
- 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									
- 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 Officer

Director