

# BERGER

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## COMPANY INFORMATION

### **Board of Directors**

Sikander Dada - Chairman  
Dr. Mahmood Ahmad - Chief Executive  
Maqbool H. H. Rahimtoola  
C. H. Clover  
Ilyas Sharif  
Muhammad Naseem  
- Alternate to C. H. Clover  
Hamid Masood Sohail  
Mohammad Abdul Aleem

### **Audit Committee**

Hamid Masood Sohail  
Muhammad Naseem  
Maqbool H. H. Rahimtoola  
Mohammad Abdul Aleem

### **Bankers**

Habib Bank Limited  
Habib Metropolitan Bank Limited  
Citibank N. A.  
The Royal Bank of Scotland  
United Bank Limited  
MCB Bank Limited  
JS Bank Limited

### **Auditors**

A. F. Ferguson & Co.  
Chartered Accountants

### **Solicitors**

Surr ridge & Beecheno

### **Company Registrar**

Gangjees Registrar Services (Pvt.) Ltd.

# **BERGER**

Directors' Review

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The directors are presenting their report together with the un-audited financial statements of the Company for the quarter ended September 30, 2009.

## **Economic Overview**

Business environment during the quarter was difficult due to law & order issues, inflationary pressures and energy shortages.

## **Operational Results**

The company has achieved sales of Rs.785 million during the first quarter ended September 30, 2009. The loss before tax for the quarter was Rs.32.96 million as compared to the 4.38 million profits before tax for the quarter ended September 30, 2008. The loss is mainly attributable to reduction in sales and increase in finance and administrative cost.

## **ON BEHALF OF THE BOARD**

Dr. Mahmood Ahmad  
Chief Executive

Karachi  
Dated: October 29, 2009

# BERGER

CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)  
AS ON SEPTEMBER 30, 2009

Sep 30,  
2009  
June 30,  
2009  
---(Rupees in thousand)---

	Note		
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		1,050,910	1,052,460
Goodwill		37,850	40,750
Long-term investments		13,849	13,849
Long-term loans		12,983	13,916
Long-term deposits		15,404	15,337
Deferred taxation		95,613	80,146
		<b>1,226,609</b>	<b>1,216,458</b>
<b>CURRENT ASSETS</b>			
Stores		6,209	7,109
Stock-in-trade		991,456	1,021,979
Trade debts		571,070	552,117
Loans and advances		79,761	60,918
Trade deposits and short-term prepayments		29,927	24,526
Other receivables		123,992	102,898
Taxation - net		83,018	75,772
Cash and bank balances		213,651	170,875
		<b>2,099,084</b>	<b>2,016,194</b>
<b>TOTAL ASSETS</b>		<b>3,325,693</b>	<b>3,232,652</b>
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital		81,864	81,864
Reserves		95,387	114,787
		<b>177,251</b>	<b>196,651</b>
<b>SURPLUS ON REVALUATION OF FIXED ASSETS - net</b>		<b>524,627</b>	<b>526,650</b>
<b>NON-CURRENT LIABILITIES</b>			
Long term loan		227,777	50,000
<b>CURRENT LIABILITIES</b>			
Trade and other payables		868,286	894,303
Current maturity of long term loan		122,223	50,000
Accrued mark-up		56,515	50,785
Short-term borrowings		1,349,014	1,464,263
		<b>2,396,038</b>	<b>2,459,351</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	5		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>3,325,693</b>	<b>3,232,652</b>

The annexed notes form an integral part of these accounts.

Dr. Mahmood Ahmad  
Chief Executive

Sikander Dada  
Director

# BERGER

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2009

	Sep 30, 2009	Sep 30, 2008
	----(Rupees in thousand)----	
Net sales	785,385	1,009,262
Cost of sales	<u>587,201</u>	<u>788,601</u>
<b>Gross Profit</b>	<b>198,184</b>	<b>220,661</b>
Administrative expenses	<u>36,685</u>	<u>23,274</u>
Distribution cost	<u>136,803</u>	<u>140,001</u>
	<b>173,488</b>	<b>163,275</b>
<b>Operating Profit</b>	<b>24,696</b>	<b>57,386</b>
Other operating income	<u>13,526</u>	<u>3,291</u>
	<b>38,221</b>	<b>60,677</b>
Finance cost	<u>61,246</u>	<u>53,799</u>
Other charges	<u>9,933</u>	<u>2,500</u>
	<b>71,179</b>	<b>56,299</b>
<b>(Loss) / Profit before taxation</b>	<b>(32,958)</b>	<b>4,378</b>
Taxation	<u>(11,535)</u>	<u>1,235</u>
<b>(Loss) / Profit after taxation</b>	<b>(21,423)</b>	<b>3,143</b>
	<b>Rupees</b>	
(Loss) / Earning per share - basic and diluted	<u>(Rs.2.62)</u>	<u>Rs.0.38</u>

The annexed notes form an integral part of these accounts.

Dr. Mahmood Ahmad  
Chief Executive

Sikander Dada  
Director

# BERGER

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2009

	Sep 30, 2009	Sep 30, 2008
	----(Rupees in thousand)----	
<b>(Loss) / profit after taxation</b>	<b>(21,423)</b>	3,143
<b>Other comprehensive income</b>		
- Surplus on revaluation of property plant and equipment realised through incremental depreciation charged on related assets during the period	3,112	-
- Tax effect on incremental depreciation above	(1,089)	-
<b>Other comprehensive income for the quarter</b>	2,023	-
<b>Total comprehensive (loss) / income for the quarter</b>	<b><u>(19,400)</u></b>	<b><u>3,143</u></b>

The annexed notes form an integral part of these accounts.

Dr. Mahmood Ahmad  
Chief Executive

Sikander Dada  
Director

# BERGER

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2009

	Sep 30, 2009	Sep 30, 2008
	----(Rupees in thousand)----	
<b>Cash flows from operating activities</b>		
Cash (utilised) in operations	(15,697)	(135,225)
Finance cost paid	(55,516)	(48,912)
Income tax paid	(11,178)	(12,653)
<b>Net cash (outflow) from operating activities</b>	<b>(82,391)</b>	<b>(196,790)</b>
<b>Cash flow from investing activities</b>		
Capital expenditure	(10,450)	(101,901)
Long-term deposits	(67)	(777)
Long-term loans	933	(5,240)
<b>Net cash (outflow) from investing activities</b>	<b>(9,584)</b>	<b>(107,918)</b>
<b>Cash flows from financing activities</b>		
Short-term borrowings (repaid) - net	(165,000)	(16,667)
Long term loan	250,000	-
<b>Net cash inflow / (outflow) from financing activities</b>	<b>85,000</b>	<b>(16,667)</b>
<b>Net (decrease) in cash and cash equivalents</b>	<b>(6,975)</b>	<b>(321,375)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>(908,388)</b>	<b>(855,422)</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>(915,363)</b>	<b>(1,176,797)</b>

The annexed notes form an integral part of these accounts.

Dr. Mahmood Ahmad  
Chief Executive

Sikander Dada  
Director

# BERGER

STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2009

	CAPITAL RESERVES		REVENUE RESERVES		Total
	Issued, subscribed and paid-up share capital	Share premium	General reserve	Unapp- ropriated profit	
	-----Rupees in thousands-----				
Balance as on July 1, 2008	81,864	56,819	285,000	(256,900)	166,783
Total comprehensive income for the quarter	-	-	-	3,143	3,143
Balance as on September 30, 2008	81,864	56,819	285,000	(253,757)	169,926
Total comprehensive income for the period	-	-	-	26,725	26,725
Balance as on June 30, 2009	81,864	56,819	285,000	(227,032)	196,651
Total comprehensive (loss) for the quarter	-	-	-	(19,400)	(19,400)
<b>Balance as on September 30, 2009</b>	<b>81,864</b>	<b>56,819</b>	<b>285,000</b>	<b>(246,432)</b>	<b>177,251</b>

The annexed notes form an integral part of these accounts.

Dr. Mahmood Ahmad  
Chief Executive

Sikander Dada  
Director

# BERGER

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2009

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## 1. THE COMPANY AND ITS OPERATIONS

The company was incorporated in Pakistan on March 25, 1950 as a Private Limited Company under the Companies Act, 1913 and was subsequently converted into a public Limited Company. The Company's shares are quoted on the Karachi and Islamabad stock exchanges. The Company is engaged in the manufacturing of paints, varnishes and other related items. Slotrapid Limited, based in British virgin Island is the holding Company of Berger Paints Pakistan Limited.

The registered office of the Company is situated at D-31, South Avenue, S.I.T.E Karachi and the production facility of the Company are located at Karachi and Lahore.

## 2. BASIS OF PREPARATION

These condensed interim financial statements are unaudited and are being submitted to the shareholders in accordance with section 245 of the Companies Ordinance, 1984 and have been prepared in accordance with the requirements of International Accounting Standard (IAS) - 34 "Interim Financial Reporting", as applicable in Pakistan.

These condensed interim 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 June 30, 2009.

## 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted for the preparation of these condensed interim financial statements are same as those applied in the preparing of preceding annual published financial statements for the year ended June 30, 2009.

## 4. PROPERTY, PLANT AND EQUIPMENT

	Sep 30, 2009	Sep 30, 2008
	----(Rupees in thousand)----	
Addition	<u>10,450</u>	<u>32,566</u>

## 5. CONTINGENCIES AND COMMITMENTS

### 5.1 Contingencies

There is no change in the status of contingency, set out in note 25 to the annual financial statements of the company for the year ended June 30, 2009.

### 5.2 Commitments

**5.2.1** Outstanding letter of credit as at September 30, 2009 amounted to Rs 274.489 million [June 30, 2009: Rs 173.287 million].

**5.2.2** Outstanding letter of guarantees as at September 30, 2009 amounted to Rs 55.837 million [June 30, 2009: Rs 42.265 million].



# BERGER

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2009

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## 6. TRANSACTION WITH RELATED PARTIES

The following table provides details in respect of transactions entered into with related parties during the quarter ended September 30, 2009 and September 30, 2008.

	Sep 30, 2009	Sep 30, 2008
	----(Rupees in thousand)----	
<b>Sales</b>		
Berger DPI (Private) Limited - a subsidiary	7,455	17,598
Buxly Paints Limited - an associated undertaking	14,297	2,065
Dadex Eternit Limited - an associated undertaking	828	184
Berdex Construction Chemicals (Private) Limited - a subsidiary	5,436	5,865
<b>Toll Manufacturing Income</b>		
Buxly Paints Limited - an associated undertaking	209	-
<b>Service Charges Income</b>		
Berdex Construction Chemicals (Private) Limited - a subsidiary	1,513	-
Berger DPI (Private) Limited - a subsidiary	1,107	-
<b>Royalty</b>		
Buxly Paints Limited - an associated undertaking	200	533
Slotrapid Limited B.V.I - holding company	3,482	4,800

## 7. DATE OF AUTHORIZATION FOR ISSUE

These interim condensed financial statements were authorized for issue on October 29, 2009 by the Board of Directors of the Company.

## 8. GENERAL

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

Dr. Mahmood Ahmad  
Chief Executive

Sikander Dada  
Director

**BERGER & ITS SUBSIDIARIES**

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**CONSOLIDATED  
FINANCIAL  
STATEMENTS**

**BERGER, BERGER DPI & BERDEX**

# BERGER & ITS SUBSIDIARIES

CONDENSED INTERIM CONSOLIDATED BALANCE SHEET (UN-AUDITED)  
AS AT SEPTEMBER 30, 2009

	Sep 30, 2009	June 30, 2009
----(Rupees in thousand)----		
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	1,054,252	1,055,888
Goodwill	37,850	40,750
Investment in associate	6,388	6,388
Long term loans	13,435	14,398
Long term deposits	16,764	16,752
Deferred taxation	95,613	80,146
	1,224,302	1,214,322
<b>CURRENT ASSETS</b>		
Stores	6,209	7,109
Stock in trade	991,456	1,021,979
Trade debts	602,811	581,277
Loans and advances	96,566	66,514
Trade deposits and short term prepayments	30,036	24,693
Other receivables	105,338	89,476
Taxation - net	88,111	77,249
Cash and bank balances	217,047	173,297
	2,137,574	2,041,594
<b>TOTAL ASSETS</b>	<b>3,361,876</b>	<b>3,255,916</b>
<b>SHARE CAPITAL AND RESERVES</b>		
Share capital	81,864	81,864
Reserves	102,440	121,678
	184,304	203,542
<b>MINORITY INTEREST</b>		
Advance against issue of share capital of the subsidiary company	14,028	13,863
	41	41
<b>SURPLUS ON REVALUATION OF FIXED ASSETS - net</b>	524,627	526,650
<b>NON-CURRENT LIABILITY</b>		
Long-term loan	227,777	50,000
<b>CURRENT LIABILITIES</b>		
Trade and other payables	883,347	896,772
Accrued mark-up	56,515	50,785
Current maturity of long-term financing	122,223	50,000
Short term borrowings	1,349,014	1,464,263
	2,411,099	2,461,820
<b>CONTINGENCIES AND COMMITMENTS</b>		
	<b>3,361,876</b>	<b>3,255,916</b>

Dr. Mahmood Ahmad  
Chief Executive

Sikander Dada  
Director

# BERGER & ITS SUBSIDIARIES

CONDENSED INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT (UN-AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2009

	Sep 30, 2009	Sep 30, 2008
	----(Rupees in thousand)----	
Net sales	790,751	1,031,028
Cost of sales	588,001	804,894
<b>Gross profit</b>	<b>202,750</b>	226,134
Distribution cost	137,764	146,758
Administrative expenses	36,685	20,878
	174,449	167,636
<b>Operating profit</b>	<b>28,301</b>	58,498
Other operating income	10,906	3,292
	39,207	61,790
Other charges	9,933	2,500
Finance cost	61,268	53,800
	71,201	56,300
<b>(Loss) / Profit before taxation</b>	<b>(31,994)</b>	5,490
Taxation	(10,898)	2,374
<b>(Loss) / Profit after taxation</b>	<b>(21,096)</b>	3,116
Minority interest	165	(39)
Net (loss)/ profit for the year attributable to the holding company	(21,261)	3,077
	<b>Rupees</b>	
(Loss) / Earnings per share - basic and diluted	(2.60)	0.39

Dr. Mahmood Ahmad  
Chief Executive

Sikander Dada  
Director

# BERGER & ITS SUBSIDIARIES

CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2009

	Sep 30, 2009	Sep 30, 2008
	---(Rupees in thousand)---	
<b>(Loss) / profit after taxation</b>	<b>(21,096)</b>	<b>3,116</b>
<b>Other comprehensive income</b>		
- Surplus on revaluation of property plant and equipment realised through incremental depreciation charged on related assets during the period	3,112	-
- Tax effect on incremental depreciation above	(1,089)	-
<b>Other comprehensive income for the quarter</b>	<b>2,023</b>	<b>-</b>
Minority Interest	(165)	(39)
<b>Total comprehensive (loss)/ income for the quarter</b>	<b>(19,238)</b>	<b>3,077</b>

Dr. Mahmood Ahmad  
Chief Executive

Sikander Dada  
Director

# BERGER & ITS SUBSIDIARIES

CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT (UN-AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2009

	Sep 30, 2009	Sep 30, 2008
---(Rupees in thousand)---		
<b>Cash flows from operating activities</b>		
Cash (utilised) in operations	(10,534)	(6,112)
Finance cost paid	(55,535)	(88,761)
Income tax paid	(15,433)	(13,229)
<b>Net cash outflow from operating activities</b>	<b>(81,502)</b>	<b>(108,102)</b>
<b>Cash flows from investing activities</b>		
Long term loans	963	(5,469)
Long term deposits	(12)	(957)
Capital expenditure	(10,450)	8,989
Sale proceeds on disposal of property, plant and equipment	-	1,366
<b>Net cash (outflow)/inflow from investing activities</b>	<b>(9,499)</b>	<b>3,929</b>
<b>Cash flows from financing activities</b>		
Short term borrowings - net	(165,000)	150,000
Long term financing	250,000	(16,666)
<b>Net cash inflow from financing activities</b>	<b>85,000</b>	<b>133,334</b>
Net (decrease)/ increase in cash and cash equivalents	(6,001)	29,161
Cash and cash equivalents as at July 1	(905,966)	(837,973)
<b>Cash and cash equivalents as at September 30</b>	<b>(911,967)</b>	<b>(808,812)</b>

Dr. Mahmood Ahmad  
Chief Executive

Sikander Dada  
Director

# BERGER & ITS SUBSIDIARIES

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2009

	CAPITAL RESERVES		REVENUE RESERVES			Total
	Issued, subscribed and paid-up share capital	Share premium	General reserve	Unapp- ropriated profit	Minority interests	
	-----Rupees in thousands-----					
Balance as on July 1, 2008	81,864	56,819	285,000	(113,797)	21,028	330,914
Total comprehensive income for the quarter	-	-	-	3,077	39	3,116
Balance as on September 30, 2008	81,864	56,819	285,000	(110,720)	21,067	334,030
Total comprehensive (loss) for the period	-	-	-	(109,421)	(7,204)	(116,625)
Balance as on June 30, 2009	81,864	56,819	285,000	(220,141)	13,863	217,405
Total comprehensive (loss)/income for the quarter	-	-	-	(19,238)	165	(19,073)
<b>Balance as on September 30, 2009</b>	<b>81,864</b>	<b>56,819</b>	<b>285,000</b>	<b>(239,379)</b>	<b>14,028</b>	<b>198,332</b>

**Dr. Mahmood Ahmad**  
Chief Executive

**Sikander Dada**  
Director