

BERGER PAINTS JAMAICA LIMITED

Unaudited Financial Results

April - June 2010

With the change in the Financial Year-end – December 31 to March 31 – the period under review, April to June 2010 therefore, represents the first quarter performance. This period is traditionally a slow one for paint sales and this trend was further aggravated this year by the economic recession which persists and the civil unrest and State of Emergency which affected business activities in late May and June.

Turnover 10% down, compared to the similar quarter last year, is expected to improve as the State of Emergency is lifted and commercial life returns to normal.

Efforts are continuing to contain expenditure, improve productivity and efficiency, and maximize sales, with a particular emphasis on Exports.

We wish to thank our customers, employees and other stakeholders for their continued commitment and support.



**Warren McDonald
Regional Managing Director – Caribbean
Berger Paints Jamaica Limited**

WMcD:js

BERGER PAINTS JAMAICA LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2010

| | (Unaudited) | (Unaudited) | (Audited) 15 months |
|-------------------------------------|--|--|--|
| | <u>June 30,</u> <u>2010</u> \$'000 | <u>June 30,</u> <u>2009</u> \$'000 | <u>March 31, 2010</u> <u>2010</u> \$'000 |
| ASSETS | | | |
| Non-current assets | | | |
| Fixed Assets | 144,061 | 172,432 | 148,348 |
| Long-term receivables | 159 | 759 | 159 |
| Post employment benefits | 130,864 | 111,733 | 130,864 |
| | <u>275,084</u> | <u>284,924</u> | <u>279,371</u> |
| Current Assets | <u>524,090</u> | <u>468,445</u> | <u>527,802</u> |
| Total Assets | <u><u>799,174</u></u> | <u><u>753,369</u></u> | <u><u>807,173</u></u> |
| EQUITY AND LIABILITIES | | | |
| Shareholders' Equity | | | |
| Share capital | 141,793 | 141,793 | 141,793 |
| Revaluation reserve | 42,266 | 42,066 | 42,266 |
| Revenue reserve | | | |
| Profit & loss account | 267,411 | 225,674 | 273,977 |
| | <u>451,470</u> | <u>409,533</u> | <u>458,036</u> |
| Non-current liabilities | | | |
| Post employment benefits | 87,309 | 71,487 | 87,309 |
| Deferred tax liabilities | 17,944 | 23,627 | 17,944 |
| | <u>105,253</u> | <u>95,114</u> | <u>105,253</u> |
| Current Liabilities | <u>242,451</u> | <u>248,722</u> | <u>243,884</u> |
| Total equity and liabilities | <u><u>799,174</u></u> | <u><u>753,369</u></u> | <u><u>807,173</u></u> |

Approved by:

P. A. A. W. W. W.

Approved by:

[Signature]

BERGER PAINTS JAMAICA LIMITED
STATEMENT OF COMPREHENSIVE INCOME
THREE MONTHS ENDED JUNE 30, 2010

| | (Unaudited) | (Unaudited) | (Audited) |
|--|-----------------------|----------------------|----------------------|
| | QUARTER ENDED | QUARTER ENDED | 15 MONTHS |
| | <u>June 30,</u> | <u>June 30,</u> | <u>ENDED</u> |
| | <u>2010</u> | <u>2009</u> | <u>March 31,</u> |
| | <u>\$'000</u> | <u>\$'000</u> | <u>2010</u> |
| | | | <u>\$'000</u> |
| Sales (net of discount and rebates) | 292,657 | 326,262 | 1,829,255 |
| (Loss)/Profit from operations | (10,130) | 21,227 | 100,540 |
| Income from investments | 296 | 347 | 728 |
| Finance Costs | <u>(15)</u> | <u>(2,814)</u> | <u>(5,852)</u> |
| PROFIT / (LOSS) BEFORE TAXATION | (9,849) | 18,760 | 95,416 |
| Taxation | <u>3,283</u> | <u>(5,074)</u> | <u>(21,317)</u> |
| NET (LOSS)/PROFIT | <u>(6,566)</u> | <u>13,686</u> | <u>74,099</u> |
| Earnings per stock unit | 0c | 6c | 35c |

BERGER PAINTS JAMAICA LIMITED
STATEMENT OF CASHFLOWS
THREE MONTHS ENDED JUNE 30, 2010

| | (Unaudited) | (Unaudited) | (Audited) |
|--|-----------------|------------------|-----------------------|
| | <u>June 30,</u> | <u>June 30,</u> | <u>15 Months</u> |
| | <u>2010</u> | <u>2009</u> | <u>March 31, 2010</u> |
| | \$'000 | \$'000 | \$'000 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Net (Loss)/Profit | (8,588) | 5,434 | 74,099 |
| Non-cash items included in net profit | <u>21,931</u> | <u>39,818</u> | <u>84,194</u> |
| | 15,365 | 45,252 | 158,293 |
| Decrease in operating assets | 18,888 | 192,807 | 222,435 |
| Increase in operating liabilities | <u>(15,241)</u> | <u>(217,144)</u> | <u>(237,207)</u> |
| Cash generated from operations | 19,010 | 20,915 | 143,521 |
| Income tax paid | | (2,080) | (4,358) |
| Interest paid | <u>(15)</u> | <u>(4,201)</u> | <u>(5,852)</u> |
| | 18,995 | 14,634 | 133,311 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Cash used in investing activities | (3,171) | 791 | (1,269) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Cash used in financing activities | <u>(7,234)</u> | <u>(30,678)</u> | <u>(19,238)</u> |
| NET (DECREASE) INCREASE IN CASH AND BANK BALANCES | 8,590 | (15,253) | 112,804 |
| OPENING CASH AND BANK BALANCES | 95,077 | (20,200) | (20,200) |
| Effect of foreign exchange rate changes | | | 2,473 |
| CLOSING CASH AND BANK BALANCES | <u>103,667</u> | <u>(35,453)</u> | <u>95,077</u> |

BERGER PAINTS JAMAICA LIMITED
STATEMENT OF CHANGES IN EQUITY

(UNAUDITED)

| | <u>Share Capital</u> | <u>Revaluation reserve</u> | <u>Revenue Reserve - Profit & Loss Account</u> | <u>Total</u> |
|---|----------------------|--------------------------------|--|----------------|
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Balance at January 1, 2008 | <u>141,793</u> | <u>41,866</u> | <u>249,687</u> | <u>433,346</u> |
| Net profit for the year | - | - | 15,560 | 15,560 |
| Other comprehensive income for the year | - | 200 | - | 200 |
| Total comprehensive income for the year | - | 200 | 15,560 | 15,760 |
| Dividends Paid | - | - | (45,008) | (45,008) |
| Balance at December 31, 2008 | <u>141,793</u> | <u>42,066</u> | <u>220,239</u> | <u>404,098</u> |
| Net Profit for the 15 months period | - | - | 74,099 | 74,099 |
| Other comprehensive income for the 15 months period | - | 200 | - | 200 |
| Total comprehensive income for the period | - | 200 | 74,099 | 74,299 |
| Dividends Paid | - | - | (20,361) | (20,361) |
| Balance at March 31, 2010 | <u>141,793</u> | <u>42,266</u> | <u>273,977</u> | <u>458,036</u> |
| Net Loss for three months | - | - | (6,566) | (6,566) |
| Balance at June 30, 2010 | <u>141,793</u> | <u>42,266</u> | <u>267,411</u> | <u>451,470</u> |

BERGER PAINTS JAMAICA LIMITED
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
THREE MONTHS ENDED JUNE 30, 2010

1. IDENTIFICATION

The main activity of the company, which is incorporated in Jamaica, is the manufacture and distribution of industrial and decorative paints and paint-related processed materials.

The company, which is listed on the Jamaica Stock Exchange, is a 51% subsidiary of Lewis Berger (Overseas Holdings) Limited, which is incorporated in the United Kingdom. The ultimate holding company is Asian Paints (India) Limited, which is incorporated in India. The registered office of the company is 256 Spanish Town Road, Kingston 11.

In order to coincide with the reporting date of the ultimate holding company, the accounting year was changed from December 31, to March 31.

These financial statements are expressed in Jamaican dollars

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Property, plant and equipment

All property, plant and equipment held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at historical or deemed cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. No depreciation is provided on freehold land.

Long-term receivables

These recoverable consumption taxes are shown at nominal values.

Inventories

These are stated at the lower of cost and net realisable value. The cost of finished goods comprises direct materials and labour plus an appropriate proportion of fixed and variable overhead expenses that have been incurred in bringing inventory to its present location and condition. The cost of work-in-progress comprises direct materials and an appropriate proportion of labour and overhead expenses (fixed and variable) in bringing the inventory to its present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs to completion and costs necessary to make the sale.

Financial instruments

Financial instruments include transactions that give rise to both financial assets and financial liabilities.

BERGER PAINTS JAMAICA LIMITED
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
THREE MONTHS ENDED JUNE 30, 2010

Financial assets of the company include any asset that is:

- (a) cash;
- (b) an equity instrument of another entity;
- (c) a contractual right:
 - (i) to receive cash or another financial asset from another entity; or
 - (ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the company.

Financial instruments (Cont'd)

Financial liabilities of the company include any liability that is a contractual obligation:

- (i) to deliver cash or another financial asset to another entity; or
- (ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the company.

Financial assets and liabilities are recognised on the company's balance sheet when the company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized only when the contractual rights to the cash flows from the asset expire, or the company transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the company recognizes its retained interest in the assets and an associated liability for amounts it may have to pay. If the company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company continues to recognise the financial asset and also recognizes a collateralized borrowing for the proceeds received. Financial liabilities are derecognized when and only when, the company's contractual obligations are discharged, cancelled or they expired.

Financial liabilities incurred and equity instruments issued by the company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities are initially measured at fair value, net of transaction costs (where applicable). They are subsequently re-measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis except for short-term liabilities when the recognition of interest would be immaterial.