

**BERGER PAINTS JAMAICA LIMITED
UNAUDITED FINANCIAL RESULTS
FOR SIX MONTHS ENDED JUNE 30, 2018**

BERGER PAINTS JAMAICA LIMITED

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**Directors' Statement - Unaudited Financial Results for
Six Months Ended 30 June 2018**

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BERGER PAINTS JAMAICA LIMITED

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August 13, 2018

Attn: The Jamaica Stock Exchange

BERGER PAINTS JAMAICA LIMITED

UNAUDITED FINANCIAL STATEMENTS FOR HALF YEAR ENDED 30 JUNE 2018

DIRECTORS' STATEMENT

For the period ended June 30, 2018 Berger Paints Jamaica Limited (BPJL) recorded a 21% increase in profit before tax (PBT) over the comparative period in 2017, (\$37.67M vrs \$31.22M)

Revenue achieved for the reporting period, increased by 35% to \$615.26M (\$454.55M-2017)

Cost of sales for the reporting period also increased over the comparative period by \$96.89 million, due largely to rising raw material costs and the continuing impact of currency devaluation.

Our operating expenses also increased due primarily to increased spend in advertising, selling and distribution.

Total assets increased by 17.8% from \$1.478M to \$1.742M as at June 2018.

We are confident that the results over the remainder of this year will reflect improved market penetration and with operational efficiencies will create better value for our stakeholders.

On behalf of the Board


Adam N. Sabga
Chairman



BERGER PAINTS JAMAICA
CERTIFIED TO ISO 14001:2015
ENVIRONMENTAL MANAGEMENT SYSTEM
CERTIFICATE NO. 15001848400



BERGER PAINTS JAMAICA
CERTIFIED TO ISO 9001:2015
QUALITY MANAGEMENT SYSTEM
CERTIFICATE NO. 15001848400

DIRECTORS: Adam N. Sabga (Chairman); Ray A. Sumairsingh; Andy Mahadeo; Michael Fennell; Milton Samuda; Warren McDonald; Aneal Maharaj

BERGER PAINTS JAMAICA LIMITED
UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

(Audited)

	<u>June 30</u> <u>2018</u> \$'000	<u>June 30</u> <u>2017</u> \$'000	<u>December 31</u> <u>2017</u> \$'000
ASSETS			
Non-current assets			
Property, plant & equipment	254,873	209,794	188,325
Post employment benefits	163,786	149,507	162,610
Deferred tax assets	4,566	6,412	4,566
Total non-current assets	<u>423,225</u>	<u>365,713</u>	<u>355,501</u>
Current Assets			
Inventories	478,527	444,102	408,734
Due from fellow subsidiaries	18,270	14,762	13,427
Trade and other receivables	666,389	347,014	673,800
Cash and bank balances	156,037	306,461	231,996
Total Current Assets	<u>1,319,223</u>	<u>1,112,338</u>	<u>1,327,957</u>
Total Assets	<u>1,742,448</u>	<u>1,478,051</u>	<u>1,683,458</u>
EQUITY AND LIABILITIES			
Shareholders' Equity			
Share capital	141,793	141,793	141,793
Revaluation reserve	45,295	45,145	45,295
Revenue reserve	837,271	813,401	870,395
	<u>1,024,359</u>	<u>1,000,339</u>	<u>1,057,483</u>
Non-current liabilities			
Post employment benefits	<u>141,844</u>	<u>136,892</u>	<u>131,747</u>
Current Liabilities			
Due to immediate parent company	29,978	12,300	27,476
Due to fellow subsidiaries	289,067	1,937	9,058
Dividends payable	13,359	16,887	11,191
Provisions	21,177	16,763	19,443
Trade and other payables	208,041	265,241	380,795
Income tax payable	14,622	27,692	46,265
Current Liabilities	<u>576,244</u>	<u>340,820</u>	<u>494,228</u>
Total equity and liabilities	<u>1,742,448</u>	<u>1,478,051</u>	<u>1,683,458</u>

Approved by:


Adam Sabga
Chairman

Approved by:


Hon. Michael Fennell
Director

BERGER PAINTS JAMAICA LIMITED
UNAUDITED INCOME STATEMENT
SIX MONTHS ENDED 30 JUNE 2018

					Audited
	QUARTER	QUARTER	SIX MONTHS	SIX MONTHS	9 MONTHS
	ENDED	ENDED	ENDED	ENDED	ENDED
	June 30	June 30	June 30	June 30	December 31
	2018	2017	2018	2017	2017
	\$'000	\$'000	\$'000	\$'000	\$'000
Sales (net of discount and rebates)	615,265	454,553	1,121,363	903,089	1,910,488
Raw materials and consumable used	(315,692)	(203,599)	(585,646)	(426,850)	(900,483)
Changes in inventories of finished goods and work in progress (net)	16,985	1,761	39,338	30,402	(31,416)
Manufacturing expenses	(37,079)	(27,019)	(59,778)	(59,986)	(96,326)
Depreciation	(9,527)	(6,991)	(16,803)	(14,096)	(19,398)
Employee benefits expense	(133,762)	(126,969)	(251,789)	(233,721)	(381,241)
Other operating expenses	(98,847)	(60,788)	(198,257)	(125,604)	(284,999)
Other income	321	273	460	3,554	11,614
PROFIT BEFORE TAXATION	37,665	31,221	48,888	76,788	208,239
Taxation	(11,131)	(7,805)	(14,622)	12,329	(34,110)
NET PROFIT	26,534	23,416	34,266	89,117	174,129
Other Comprehensive Income					
Other comprehensive income for year net of tax	-	-	-	-	13,592
TOTAL COMPREHENSIVE INCOME	26,534	23,416	34,266	89,117	187,721
Earnings per stock unit	\$0.12	\$0.11	\$0.16	\$0.42	\$0.81

BERGER PAINTS JAMAICA LIMITED
UNAUDITED STATEMENT OF CASH FLOWS
SIX MONTHS ENDED 30 JUNE 2018

	<u>June 30</u> <u>2018</u> \$'000	<u>June 30</u> <u>2017</u> \$'000	<u>Audited</u> <u>December 31</u> <u>2017</u> \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Net Profit	34,266	89,117	174,129
<i>Adjustments for:</i>			
Depreciation	16,803	14,095	19,398
Net provision charge/(write-back)	1,734	20,662	6,725
Gain on sale of property, plant & equipment	-	(680)	-
Post retirement benefit charge	10,097	9,623	14,445
Impairment loss on trade & other receivables	14,588	(9,560)	19,972
Income tax expense	14,622	(12,329)	34,110
	<u>92,110</u>	<u>110,928</u>	<u>268,779</u>
Decrease/(Increase) in trade and other receivables	(7,177)	355,724	(298,552)
Increase in inventories	(69,783)	(153,897)	(66,118)
(Decrease)/Increase in trade and other payables	(172,754)	(54,351)	79,149
Increase/(Decrease) in due to fellow subsidiaries	275,166	(7,732)	5,057
Provisions utilised	-	(22,999)	(3,246)
Increase/(Decrease) in due to immediate parent company	2,502	(10,610)	14,585
Post employment benefits contribution	(1,176)	(12,327)	(10,658)
Cash generated from operations	118,888	204,736	(11,004)
Income tax paid	(52,582)	(20,739)	(20,563)
Net Cash flows from operating activities	66,306	183,997	(31,567)
Investing Activities			
Acquisition of property, plant & equipment	(83,351)	(35,788)	(10,140)
Proceeds from sale of property, plant & equipment	-	759	-
Net cash from (used) in investment activities	(83,351)	(35,029)	(10,140)
Financing Activities			
Dividends paid	(58,914)	(546)	(112,862)
Net cash used in financing activities	(58,914)	(546)	(112,862)
NET (DECREASE) INCREASE IN CASH AND BANK BALANCES	(75,959)	148,422	(154,569)
OPENING CASH AND BANK BALANCES	231,996	158,039	386,565
CLOSING CASH AND BANK BALANCES	156,037	306,461	231,996

BERGER PAINTS JAMAICA LIMITED
UNAUDITED STATEMENT OF CHANGES STOCKHOLDERS' EQUITY
AS AT 30 JUNE 2018

	<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 31, 2017	141,793	44,995	689,204	875,992
Net profit for six months	-	-	89,117	89,117
Other comprehensive income for the period	-	150	35,080	35,230
Total comprehensive income for the period	-	150	124,197	124,347
Balance at 30 June 2017	<u>141,793</u>	<u>45,145</u>	<u>813,401</u>	<u>1,000,339</u>
Balance at January 31, 2018	141,793	45,295	870,395	1,057,483
Adjustment for the impact of IFRS9	-	-	(6,308)	(6,308)
Net profit for six months	-	-	34,266	34,266
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	34,266	34,266
Dividends	-	-	(61,082)	(61,082)
Balance at 30 June 2018	<u>141,793</u>	<u>45,295</u>	<u>837,271</u>	<u>1,024,359</u>

BERGER PAINTS JAMAICA LIMITED
NOTES TO THE UNAUDITED FINANCIAL RESULTS
SIX MONTHS ENDED 30 JUNE 2018

1. Basis of preparation

The unaudited financial results for the six-month period ended 30 June 2018 have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting.

2. Significant accounting policies

These unaudited results have been prepared under the historical cost convention. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The same accounting policies, presentation and methods of computation have been followed in these unaudited financial results as were applied in the preparation of the company's audited financial statements for the nine (9) months ended December 31, 2017.

IFRS 9

The Group implemented Phase II – Impairment of IFRS 9, 'Financial Instruments' and adopted IFRS 15, 'Revenue from Contracts with Customers' effective 1 January 2018. Phase III – Hedge Accounting of IFRS 9 was not applicable to the Group. Retrospective application of these standards was not required; therefore, the resulting adjustments were made to retained earnings as at 1 January 2018. The adjustment required up to 31 March 2018 was made through the Consolidated Statement of Comprehensive Income however this amount was not material.

3. Related Party Transactions

The company carried out transactions in the ordinary course of business during the period with its affiliates. Balances at the period end were:

	Amount owed by/ (to)	
	<u>Related Parties</u>	
	2018	2017
	\$'000	\$'000
Immediate parent		
Lewis Berger Overseas Holding	(29,978)	(12,300)
Fellow subsidiaries		
Penta Paints (Caribbean)	(106,182)	13,568
Berger Singapore	-	743
Ansa McAL (US) Inc.	(155,061)	
Ansa Polymer	(4,246)	-
Ansa Barbados	150	-
Ansa McAL Trading	(2,287)	-
Ansa McAL Enterprise Ltd	(3,171)	

4. Dividends

A final dividend of 28.5 cents per share totaling \$61.08 million for the nine months ended December 31, 2017 was recommended by the Board of Directors to be paid on May 28, 2018 to shareholders of the Company's register of members at the close of business on May 11, 2018.

5. Issued Share Capital

There were no movements in the issued capital of the company in either the current or the prior interim reporting periods.

6. Earnings per stock unit

The calculation of the earnings per stock unit is based on the profit after tax and the number of stock units in issue during the period of 214,322,393.

BERGER PAINTS JAMAICA LIMITED

**LIST OF SHAREHOLDERS
AS AT 30 JUNE 2018**

10 LARGEST SHAREHOLDERS

SHAREHOLDERS	SHAREHOLDING	% OF ISSUED CAPITAL
LEWIS BERGER (OVERSEAS)	109,332,222	51.01
SAGICOR POOLED EQUITY FUND	22,284,944	10.40
IDEAL GROUP CORPORATION LIMITED	10,988,500	5.13
ANSA COATINGS INTERNATIONAL LIMITED	6,691,142	3.12
IDEAL PORTFOLIO SERVICES COMPANY LIMITED	5,568,694	2.60
IDEAL BETTING COMPANY LIMITED	4,624,152	2.16
IDEAL GLOBAL INVESTMENTS LIMITED	4,020,000	1.88
JCSD TRUSTEE SERVICES LTD - SIGMA OPTIMA	3,082,116	1.44
GUARDIAN LIFE LTD - GUARDIAN EQUITY FUND	2,750,000	1.28
FIRST JAM./H.E.A.R.T/NTA PENSION SCHEME	2,433,500	1.14
TOTAL	171,775,270	80.15

DIRECTORS' SHAREHOLDINGS

AS AT 30 JUNE 2018

DIRECTORS	SHAREHOLDING	CONNECTED PARTY	SHAREHOLDING
MICHAEL FENNELL	NIL		
ANDY MAHADEO	NIL		
ANDY MAHARAJ	NIL		
WARREN MCDONALD	NIL		
ADAM SABGA	NIL		
MILTON SAMUDA	NIL	MILTON SAMUDA/ ELIZABETH SAMUDA	NIL
RAY A. SUMAIRSINGH	NIL		
TOTAL	0		0

SENIOR MANAGEMENT SHAREHOLDING

AS AT 30 JUNE 2018

SENIOR MANAGEMENT	SHAREHOLDING
NEWTON ABRAHAMS	NIL
HURON GORDON	NIL
GLADYS MILLER	NIL
CASEY PERUE	NIL
ANGELA SCOTT-BROWN	NIL
JACQUELINE WARREN-WILSON	3,799
TOTAL	3,799