

**BERGER PAINTS JAMAICA LIMITED
UNAUDITED FINANCIAL RESULTS
FOR NINE MONTHS ENDED SEPTEMBER 30, 2018**

BERGER PAINTS JAMAICA LIMITED

Content

**Directors' Statement - Unaudited Financial Results for
Nine Months Ended September 30, 2018**

Statement of Financial Position

Statement of Comprehensive Income

Statement of Changes in Equity

Statement of Cash Flows

Notes to the Financial Statements



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November 13, 2018

Attn: The Jamaica Stock Exchange

**BERGER PAINTS JAMAICA LIMITED
UNAUDITED Q3 FINANCIAL STATEMENTS
DIRECTORS' STATEMENT**

Quarter Ended September 30, 2018 (Q3)

Revenues for Q3 totalled J\$607.8 million representing a decrease of 2% when compared to the same quarter last year due largely to lower volumes and changes in product mix, in response to market demands.

Cost of sales increased by J\$3.2 million, which is a 1% increase over the comparative quarter in 2017. Operating expenses also increased by J\$34 million or 13%. The increased operating costs for the quarter stemmed from investment in additional storage space as well as some one-off expenses relating to improvement to the Berger plant.

Nine Months Ended September 30, 2018

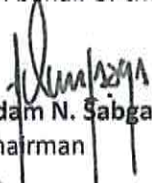
Total revenues for the period totalled J\$1,729 billion, an increase of J\$205 million or 13% over the comparative period in 2017. However, cost of sales also increased by J\$153 million or 21% over the comparative period due to higher raw material prices. Depreciation in the Jamaican Dollar against its US counterpart, which has so far shown an average of 3.5 % YOY, also had an adverse effect.

Operating expenses also increased by J\$127.4 million or 18% over the comparative period. These increased costs resulted in a reduced Profit before Taxation of J\$63 million as compared to J\$140 million earned in the comparative period.

The increased operating costs were attributable to the expansion in our operations in regard to several new strategic initiatives which will benefit the company in the longer term.

Management is working on reducing the cost of production, while we continue to re-engage the market and expand the geographic reach. These initiatives all require upfront cost ahead of the expected revenues that they will generate.

On behalf of the Board


Adam N. Sabga
Chairman



BERGER PAINTS JAMAICA
CERTIFIED TO ISO 14001:2004
ENVIRONMENTAL MANAGEMENT SYSTEM
CERTIFICATE NO. 10091494 US



BERGER PAINTS JAMAICA
CERTIFIED TO ISO 9001:2008
QUALITY MANAGEMENT SYSTEM
CERTIFICATE NO. 1007040003

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

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


(Audited)

	<u>September 30</u> <u>2018</u> \$'000	<u>September 30</u> <u>2017</u> \$'000	<u>December 31</u> <u>2017</u> \$'000
ASSETS			
Non-current Assets			
Property, plant & equipment	258,547	204,346	188,325
Post employment benefits	164,310	150,128	162,610
Deferred tax assets	4,566	6,412	4,566
Total non-current assets	<u>427,423</u>	<u>360,886</u>	<u>355,501</u>
Current Assets			
Inventories	613,492	412,410	408,734
Due from fellow subsidiaries	19,736	17,493	13,427
Trade and other receivables	513,743	470,720	673,800
Cash and bank balances	315,854	224,077	231,996
Total Current Assets	<u>1,462,825</u>	<u>1,124,700</u>	<u>1,327,957</u>
Total Assets	<u>1,890,248</u>	<u>1,485,586</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	846,241	760,164	870,395
	<u>1,033,329</u>	<u>947,102</u>	<u>1,057,483</u>
Non-current Liabilities			
Post employment benefits	146,893	141,577	131,747
Current Liabilities			
Due to immediate parent company	47,086	18,126	27,476
Due to fellow subsidiaries	361,352	3,166	9,058
Dividends payable	13,359	22,072	11,191
Provisions	17,709	16,764	19,443
Trade and other payables	250,755	308,573	380,795
Income tax payable	19,766	28,206	46,265
Current Liabilities	<u>710,026</u>	<u>396,907</u>	<u>494,228</u>
Total Equity and Liabilities	<u>1,890,248</u>	<u>1,485,586</u>	<u>1,683,458</u>

Approved by:


Adam Ganga
Chairman

Approved by:


Hon. Michael Fennell
Director

BERGER PAINTS JAMAICA LIMITED
UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
NINE MONTHS ENDED SEPTEMBER 30, 2018

	QUARTER ENDED September 30 2018 \$'000	QUARTER ENDED September 30 2017 \$'000	NINE MONTHS ENDED September 30 2018 \$'000	NINE MONTHS ENDED September 30 2017 \$'000	Audited 9 MONTHS ENDED December 31 2017 \$'000
Sales (net of discount and rebates)	607,829	620,983	1,729,192	1,524,072	1,910,488
Raw materials and consumable used	(446,706)	(319,389)	(1,032,352)	(746,239)	(900,483)
Changes in inventories of finished goods and work in progress (net)	143,276	19,176	182,614	49,578	(31,416)
Manufacturing expenses	(32,448)	(24,802)	(92,226)	(84,788)	(96,326)
Depreciation	(6,929)	(6,362)	(23,732)	(20,458)	(19,398)
Employee benefits expense	(135,510)	(125,864)	(387,299)	(359,585)	(381,241)
Other operating expenses	(115,905)	(99,588)	(314,162)	(225,192)	(284,999)
Other income	507	501	967	4,055	11,614
PROFIT BEFORE TAXATION	14,114	64,655	63,002	141,443	208,239
Taxation	(5,144)	(10,731)	(19,766)	1,598	(34,110)
NET PROFIT	8,970	53,924	43,236	143,041	174,129
Other Comprehensive Income					
Other comprehensive income for year net of tax	-	-	-	-	13,592
TOTAL COMPREHENSIVE INCOME	8,970	53,924	43,236	143,041	187,721
Earnings per stock unit	\$0.04	\$0.25	\$0.20	\$0.67	\$0.81

BERGER PAINTS JAMAICA LIMITED
UNAUDITED STATEMENT OF CHANGES STOCKHOLDERS' EQUITY
AS AT SEPTEMBER 30, 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 nine months	-	-	143,041	143,041
Other comprehensive income for the period	-	150	35,080	35,230
Total comprehensive income for the period	-	150	178,121	178,271
Dividends	-	-	(107,161)	(107,161)
Balance at September 30, 2017	<u>141,793</u>	<u>45,145</u>	<u>760,164</u>	<u>947,102</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 nine months	-	-	43,236	43,236
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	43,236	43,236
Dividends	-	-	(61,082)	(61,082)
Balance at September 30, 2018	<u>141,793</u>	<u>45,295</u>	<u>846,241</u>	<u>1,033,329</u>

BERGER PAINTS JAMAICA LIMITED
UNAUDITED STATEMENT OF CASH FLOWS
NINE MONTHS ENDED SEPTEMBER 30, 2018

	<u>September 30</u> <u>2018</u> \$'000	<u>September 30</u> <u>2017</u> \$'000	<u>Audited</u> <u>December 31</u> <u>2017</u> \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Net Profit	43,236	143,041	174,129
<i>Adjustments for:</i>			
Depreciation	23,732	20,458	19,398
Provision charge	1,734	20,662	6,725
Gain on sale of property, plant & equipment	-	(680)	-
Post retirement benefit charge	15,146	(23,403)	14,445
Impairment loss on trade & other receivables	26,039	(8,013)	19,972
Income tax expense	19,766	(1,598)	34,110
	<u>129,653</u>	<u>150,467</u>	<u>268,779</u>
Decrease/(Increase) in trade and other receivables	134,018	214,007	(298,552)
Increase in inventories	(204,758)	(122,230)	(66,118)
(Decrease)/Increase in trade and other payables	(130,040)	(15,196)	79,149
Increase/(Decrease) in due to fellow subsidiaries	345,985	809	5,057
Provisions utilised	(4,687)	(23,445)	(3,246)
Increase/(Decrease) in due to immediate parent company	19,610	(7,882)	14,585
Post employment benefits contribution	(1,700)	(21,495)	(10,658)
Cash generated from operations	<u>288,081</u>	<u>175,035</u>	<u>(11,004)</u>
Income tax paid	(51,355)	(30,955)	(20,563)
Net Cash flows from operating activities	<u>236,726</u>	<u>144,080</u>	<u>(31,567)</u>
Investing Activities			
Acquisition of property, plant & equipment	(93,954)	(36,702)	(10,140)
Proceeds from sale of property, plant & equipment	-	759	-
Net cash used in investment activities	<u>(93,954)</u>	<u>(35,943)</u>	<u>(10,140)</u>
Financing Activities			
Dividends paid	(58,914)	(42,099)	(112,862)
Net cash used in financing activities	<u>(58,914)</u>	<u>(42,099)</u>	<u>(112,862)</u>
NET INCREASE / (DECREASE) IN CASH AND BANK BALANCES	83,858	66,038	(154,569)
OPENING CASH AND BANK BALANCES	231,996	158,039	386,565
CLOSING CASH AND BANK BALANCES	<u>315,854</u>	<u>224,077</u>	<u>231,996</u>

BERGER PAINTS JAMAICA LIMITED
NOTES TO THE UNAUDITED FINANCIAL RESULTS
NINE MONTHS ENDED SEPTEMBER 30, 2018

1. Basis of preparation

The unaudited financial results for the nine-month period ended September 30, 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 Company. 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 September 30, 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	(47,086)	(18,126)
Fellow subsidiaries		
Penta Paints (Caribbean)	(113,853)	14,327
Ansa McAL (US) Inc.	(222,364)	
Ansa Polymer	(2,150)	-
Ansa Barbados	160	-
Ansa McAL Enterprise Ltd	(3,409)	-

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 and 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 SEPTEMBER 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	5,551,284	2.59
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	171,757,860	80.14

**DIRECTORS' SHAREHOLDINGS
AS AT 30 SEPTEMBER 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 SEPTEMBER 2018**

SENIOR MANAGEMENT	SHAREHOLDING	CONNECTED PARTY	SHAREHOLDING
BARRINGTON GRAHAM	NIL	BARRINGTON GRAHAM/GEORGE HALL	1,500
HURON GORDON	NIL		
PETA GAYE LEVENE-THOMAS	NIL		
GLADYS MILLER	NIL		
CASEY PERUE	NIL		
ANGELA SCOTT-BROWN	NIL		
JACQUELINE WARREN-WILSON	3,799		
TOTAL	3,799		1,500