



**BERGER PAINTS  
JAMAICA LIMITED**

**UNAUDITED  
NINE MONTHS  
FINANCIAL  
RESULTS**

**FOR PERIOD ENDED  
SEPTEMBER 30, 2019**



**ansa mcal**  
GROUP OF COMPANIES

Together, we are

*Family*





## BERGER PAINTS JAMAICA LIMITED

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## DIRECTORS' STATEMENT

Unaudited Nine Months Financial Results for period ended September 30, 2019

### Financial Performance

Berger Paints Jamaica Limited (BPJL) reports Revenue of \$1.6 billion for the nine months ended September 30, 2019, this being 6% lower than \$1.7 billion for the corresponding period last year. Revenue for the period was mainly impacted by the adverse weather conditions experienced in the quarter, that resulted in delays in construction projects.

Operating expenses for the nine months totaled \$778 million, 5% below the \$817 million for the corresponding period last year. For the reporting quarter, operating expenses were 1% below the corresponding period last year arising from continued focus on expense management.

For the nine-month period, BPJL reports Profit after taxation of J\$40 million compared to \$43 million earned in the comparative period.

During the quarter BPJL implemented a new IT platform, Microsoft Dynamics D365O geared at improving efficiencies and productivity over the longer term. We also welcomed a new General Manager, Mr. Shashi Mahase, former General Manager of Berger Barbados, who we expect to reprise his successful performance. He replaces Barrington Graham who resigned effective October 29, 2019.

### Liquidity

Our cash resources stood at J\$435 million, up by \$120 million or 38% compared to last year. We continue to maintain adequate liquidity levels to enable us to respond effectively to changes in cash flow requirements.

As we enter the busy season, we anticipate the usual uptick in sales which, together with efficiencies being derived, should positively impact our Q4 performance.

On behalf of the Board

A handwritten signature in black ink, appearing to read "Adam N. Sabga".

Adam N. Sabga  
Chairman

**BERGER PAINTS JAMAICA**  
**UNAUDITED STATEMENT OF FINANCIAL POSITION**  
 AS AT SEPTEMBER 30, 2019

	(Unaudited)	(Unaudited)	(Audited)
	<u>September</u>	<u>September</u>	<u>December 31</u>
	<u>2019</u>	<u>2018</u>	<u>2018</u>
	\$'000	\$'000	\$'000
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Property, plant & equipment	258,881	258,547	243,700
Post employment benefits	137,820	164,310	136,563
Deferred tax assets	5,473	4,566	5,473
<b>Total non-current assets</b>	<u>402,174</u>	<u>427,423</u>	<u>385,736</u>
<b>Current Assets</b>			
Inventories	605,624	613,492	471,996
Due from fellow subsidiaries	44,369	19,736	17,122
Trade and other receivables	315,865	513,743	636,597
Income tax recoverable	46,925	-	62,760
Cash and bank balances	435,669	315,854	353,795
<b>Total Current Assets</b>	<u>1,448,452</u>	<u>1,462,825</u>	<u>1,542,270</u>
<b>Total Assets</b>	<u>1,850,626</u>	<u>1,890,248</u>	<u>1,928,006</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Equity</b>			
Share capital	141,793	141,793	141,793
Revaluation reserve	45,445	45,295	45,445
Revenue reserve	927,550	846,241	953,145
	<u>1,114,788</u>	<u>1,033,329</u>	<u>1,140,383</u>
<b>Non-current Liabilities</b>			
Post employment benefits	148,637	146,893	133,582
Lease liabilities	20,452	-	-
	<u>169,089</u>	<u>146,893</u>	<u>133,582</u>
<b>Current Liabilities</b>			
Due to immediate parent company	59,403	47,086	75,194
Due to fellow subsidiaries	135,499	361,352	276,231
Dividends payable	14,083	13,359	11,895
Provisions	14,581	17,709	15,830
Trade and other payables	343,183	250,755	274,891
Income tax payable	-	19,766	-
<b>Current Liabilities</b>	<u>566,749</u>	<u>710,026</u>	<u>654,041</u>
<b>Total Equity and Liabilities</b>	<u>1,850,626</u>	<u>1,890,248</u>	<u>1,928,006</u>

Approved by:



**Adam Sabga**  
Chairman



**Hon. Michael Fennell**  
Director



## BERGER PAINTS JAMAICA UNAUDITED STATEMENT OF COMPREHENSIVE INCOME

NINE MONTHS ENDED SEPTEMBER 30, 2019

	Audited				
	QUARTER ENDED <u>September 30</u> <u>2019</u> \$'000	QUARTER ENDED <u>September 30</u> <u>2018</u> \$'000	NINE MONTHS ENDED <u>September 30</u> <u>2019</u> \$'000	NINE MONTHS ENDED <u>September 30</u> <u>2018</u> \$'000	YEAR ENDED <u>December 31</u> <u>2018</u> \$'000
Revenue from contracts with customers	534,197	607,829	1,633,808	1,729,192	2,714,994
Raw materials and consumable used	(349,850)	(446,706)	(941,215)	(1,032,352)	(1,384,371)
Changes in inventories of finished goods and work in progress (net)	111,427	143,276	135,984	182,614	34,733
Manufacturing expenses	(34,516)	(32,448)	(84,007)	(92,226)	(132,595)
Depreciation	(11,178)	(6,929)	(28,496)	(23,732)	(40,805)
Employee benefits expense	(123,420)	(135,510)	(404,228)	(387,299)	(530,389)
Other operating expenses	(117,611)	(115,905)	(261,758)	(314,162)	(450,225)
Finance costs			(376)		-
Other income	182	507	540	967	818
<b>PROFIT BEFORE TAXATION</b>	<b>9,231</b>	<b>14,114</b>	<b>50,253</b>	<b>63,002</b>	<b>212,160</b>
Taxation	(1,846)	(5,144)	(10,051)	(19,766)	(38,610)
<b>NET PROFIT</b>	<b>7,385</b>	<b>8,970</b>	<b>40,202</b>	<b>43,236</b>	<b>173,550</b>
Other Comprehensive Income					
Other comprehensive income net of tax	-	-		-	(15,488)
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>7,385</b>	<b>8,970</b>	<b>40,202</b>	<b>43,236</b>	<b>158,062</b>
Earnings per stock unit	\$0.03	\$0.04	\$0.19	\$0.20	\$0.81

## BERGER PAINTS JAMAICA UNAUDITED STATEMENT OF CHANGES IN EQUITY

AS AT SEPTEMBER 30, 2019

	<u>Share Capital</u>	<u>Revaluatio n reserve</u>	<u>Revenue Reserve - Profit &amp; Loss Account</u>	<u>Total</u>
	\$'000	\$'000	\$'000	\$'000
<b>Balance at January 31, 2018</b>	141,793	45,295	870,395	1,057,483
Adjustment for impact of of IFRS 9	-	-	(6,308)	(6,308)
Net profit for nine months	-	-	43,236	43,236
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the period	-	-	43,236	43,236
Dividends	-	-	(61,082)	(61,082)
<b>Balance at September 30 2018</b>	<u>141,793</u>	<u>45,295</u>	<u>846,241</u>	<u>1,033,329</u>
<b>Balance at January 31, 2019</b>	141,793	45,445	953,145	1,140,383
Net profit for nine months	-	-	40,202	40,202
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the period	-	-	40,202	40,202
Dividends	-	-	(65,797)	(65,797)
<b>Balance at September 30 2019</b>	<u>141,793</u>	<u>45,445</u>	<u>927,550</u>	<u>1,114,788</u>

## BERGER PAINTS JAMAICA UNAUDITED STATEMENT OF CASH FLOWS

NINE MONTHS ENDED SEPTEMBER 30, 2019

	<u>September</u> <u>2019</u> \$'000	<u>Unaudited</u> <u>September</u> <u>2018</u> \$'000	<u>Audited</u> <u>December 31</u> <u>2018</u> \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net Profit	40,202	43,236	173,550
<i>Adjustments for:</i>			
Depreciation	28,496	23,732	40,805
Net provision charge	-	1,734	425
Post retirement benefit charge	15,404	15,146	20,195
(Reversal)/Impairment loss on trade & other receivables	(10,193)	26,039	18,301
Interest expense	376		
Income tax expense	10,051	19,766	38,610
Impact of IFRS 9 & 15 adoption	-	-	(14,081)
Operating cashflows before movements in working capital:	<u>84,336</u>	<u>129,653</u>	<u>277,805</u>
Decrease in trade and other receivables	330,925	134,018	25,354
(Increase)/Decrease in inventories	(133,628)	(204,758)	(33,217)
Increase/(Decrease) in trade and other payables	68,292	(130,040)	(105,904)
(Decrease)/Increase in due to fellow subsidiaries	(132,777)	345,985	143,171
Provisions utilised	(802)	(4,687)	(4,038)
(Decrease)/Increase in due to immediate parent company	(15,791)	19,610	47,718
Post employment benefits contribution	(11,394)	(1,700)	(13,164)
Cash generated from operations	<u>189,161</u>	<u>288,081</u>	<u>337,725</u>
Income tax paid	-	(51,355)	(143,179)
Net cash provided by operating activities	<u>189,161</u>	<u>236,726</u>	<u>194,546</u>
<b>Investing Activities</b>			
Acquisition of property, plant & equipment	(43,677)	(93,954)	(12,370)
Net cash used in investment activities	<u>(43,677)</u>	<u>(93,954)</u>	<u>(12,370)</u>
<b>Financing Activities</b>			
Dividends paid	(63,610)	(58,914)	(60,377)
Net cash used in financing activities	<u>(63,610)</u>	<u>(58,914)</u>	<u>(60,377)</u>
<b>NET INCREASE IN CASH AND BANK BALANCES</b>	81,874	83,858	121,799
<b>OPENING CASH AND CASH EQUIVALENTS</b>	353,795	231,996	231,996
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	<u><u>435,669</u></u>	<u><u>315,854</u></u>	<u><u>353,795</u></u>



## BERGER PAINTS JAMAICA

# NOTES TO UNAUDITED FINANCIAL RESULTS

NINE MONTHS ENDED SEPTEMBER 30, 2019

### 1. Basis of preparation

The unaudited financial results for the nine-month period ended September 30, 2019 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 year ended December 31, 2018.

#### 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.

### 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:

	<b>Amount owed by/ (to) Related Parties</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Immediate parent</b>		
Ansa Coatings International	(59,403)	(47,086)
<b>Fellow subsidiaries</b>		
Berger Trinidad	17,202	-
Berger Barbados	729	-
Penta Paints (Caribbean)	(99,751)	(113,853)
Ansa McAL (US) Inc.	(17,954)	(222,364)
Ansa Mcal Limited	(14,210)	-
Ansa Barbados	-	160
Ansa McAL Enterprise Ltd	-	(3,409)
Ansa Mcal Chemicals	22,623	-
Ansa Polymer	182	(2,150)
Richmond Motors	47	-

#### **4. Initial Application of IFRS 16 Leases**

The Company applied IFRS 16 leases and has not restated prior periods as allowed by the Standard.

On adoption of IFRS 16, the Company recognised a liability in relation to leases, which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. The liability is measured at the present value of the remaining lease payments, discounted using appropriate weighted average incremental borrowing rates applied on 1 January 2019 was 7.5%. The associated right-of-use asset for the property lease is measured at the amount equal to the lease liability.

#### **5. Dividends**

A final dividend of 30.7 cents per share totalling \$65.79 million for the year ended December 31, 2018 was approved and paid on May 28, 2019 to shareholders on the company's register of members at the close of business on May 10, 2019.

#### **6. Issued share capital**

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

#### **7. 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 LIST OF SHAREHOLDERS

AS AT SEPTEMBER 30, 2019

### 10 LARGEST SHAREHOLDERS

SHAREHOLDERS	SHAREHOLDING	% OF ISSUED CAPITAL
Ansa Coatings International Limited	116,023,364	54.13
SAGICOR Pooled Equity Fund	22,284,944	10.40
Ideal Group Corporation Limited	10,988,500	5.13
Ideal Portfolio Services Company Limited	5,226,086	2.44
Ideal Betting Company Limited	4,624,152	2.16
Ideal Global Investments Limited	4,020,000	1.88
JCSD Trustee Services Ltd - Sigma Equity	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
Karl P. Wright	1,883,829	0.88
<b>TOTAL</b>	<b>173,316,491</b>	<b>80.87</b>

### DIRECTORS' SHAREHOLDINGS AS AT 30 SEPTEMBER 2019

DIRECTORS	SHAREHOLDING	CONNECTED PARTY	SHAREHOLDING
Adam Sabga (Chairman)	NIL		NIL
Michael Fennell	NIL		NIL
Andy Mahadeo	NIL		NIL
Anfal Maharaj	NIL		NIL
Milton Samuda	NIL	Milton Samuda / Elizabeth Samuda	NIL
Jacqueline Sharp	NIL	Jacqueline Sharp / Jason Sharp	NIL
Ray A. Sumairsingh	NIL		NIL
<b>TOTAL</b>	<b>0</b>		<b>0</b>

### SENIOR MANAGEMENT SHAREHOLDINGS AS AT 30 SEPTEMBER 2019

SENIOR MANAGEMENT	SHAREHOLDING	CONNECTED PARTY	SHAREHOLDING
Newton Abrahams	NIL		NIL
Barrington Graham	NIL	Barrington Graham / George Hall	1,500
Huron Gordon	NIL		NIL
Peta-Gaye Levene-Thomas	NIL		NIL
Gladys Miller	NIL		NIL
Angela Scott-Brown	NIL		NIL
Jacqueline Warren-Wilson	3,799		
<b>TOTAL</b>	<b>3,799</b>		<b>1,500</b>

# BERGER



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