

# BERGER

BERGER PAINTS JAMAICA LIMITED

## UNAUDITED SIX MONTHS FINANCIAL RESULTS

FOR PERIOD ENDED JUNE 30, 2021



# BERGER



BERGER PAINTS JAMAICA LIMITED

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## DIRECTORS' STATEMENT

### UNAUDITED Q2 FINANCIAL STATEMENTS

Despite the current socio-economic challenges, Berger Paints Jamaica Ltd. (BPJL) has continued to push forward with our transformational agenda and coupled with our BOLDLY BERGER relaunch, we have recorded encouraging numbers for the quarter.

As the roll out of our exciting and modern branding and packaging continues across the region, our commitment to our valued customers, remains on offering world-class, premium products backed by industry-leading customer service and experience.

### Financial Performance

BPJL continues to build **BOLD** momentum in delivering on our strategic initiatives. This has resulted in revenue of J\$665.7 million being recorded for the quarter ended June 30, 2021, compared to J\$411.5 million in the corresponding quarter last year representing a 62% increase.

Operating expenses for the quarter totaled J\$370.1 million or 35.7% above the J\$272.8 million for the corresponding quarter last year. The increase in operating expenses resulted mainly from execution of planned investments in our **BOLDLY BERGER** campaign and packaging redesign, investments in further development of our human capital and additional depreciation associated with capital expenditures.

Cost of Sales for the quarter totaled J\$310.5 million which represents an increase of 71% above the J\$181.2 million recorded in the comparative quarter. This increase is mainly due to the strong performance in sales volumes, significant supply chain challenges brought on by the ongoing pandemic, the Suez Canal blockage in March of this year, and further devaluation of the Jamaican Dollar. Profit Before Tax (PBT) was J\$1.8 million for the quarter ended June 30, 2021, a substantial turnaround from the loss of J\$42.3 million for the corresponding quarter last year. A strong Statement of Financial Position supports our performance and growth agenda. BPJL remains liquid with a healthy cash balance of J\$180 million as at the end of the reporting quarter. Total assets

**62%**  
INCREASE IN REVENUE

**\$665.7m**  
2ND QUARTER REVENUE

increased by \$668M or 39.3%, moving from J\$1.7 Billion to J\$2.4 Billion year-on-year. This is driven by higher Inventories and Trade Receivables directly linked to increased sales.

### Outlook

BPJL's performance for the first half of 2021 validates our commitment to building a powerful future through the delivery of our long-term strategies, despite the uncertainties we are now in. A safe working environment, employee engagement and performance plans to continuously develop our talent remains a key area of focus, which will further bolster the organization's capacity to sustain strong performances into the future.

Our recertification of ISO certificates for Quality Management Systems (9001:2015) and Environmental Management Systems (14001:2015) is testament that we continue to produce our coatings at the highest of international quality standards, while caring for the environment and communities in which we operate. Our Business Continuity plans have been tested and our ability to report on the current results is proof of strong strategies in place to ensure sustainability to our valued stakeholders and shareholders alike. We continue to proactively manage risks to the business and remain optimistic as the economy continues to show signs of recovery.

Our strategic direction and intent have not wavered, and we look forward to building on the momentum garnered thus far in 2021. We are extremely grateful for the continued confidence of our shareholders and express a heartfelt thank you to our employees and valued customers for their ongoing support.

On behalf of the Board



Adam N. Sabga  
Chairman

**BERGER PAINTS JAMAICA LIMITED**  
**UNAUDITED STATEMENT OF FINANCIAL POSITION**  
AS AT JUNE 30 2021

	<b>June 30,</b> <b>2021</b> <b>\$'000</b>	<b>(Unaudited)</b> <b>June 30,</b> <b>2020</b> <b>\$'000</b>	<b>(Audited)</b> <b>December 31</b> <b>2020</b> <b>\$'000</b>
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Property, plant & equipment	283,725	276,782	286,813
Post employment benefits	176,412	150,613	175,095
Right-of-use asset	57,234	24,347	63,866
Deferred tax assets	7,575	8,562	7,575
<b>Total non-current assets</b>	<b>524,946</b>	<b>460,304</b>	<b>533,349</b>
<b>Current Assets</b>			
Inventories	1,143,159	584,125	445,714
Due from fellow subsidiaries	11,268	42,091	22,222
Trade and other receivables	465,361	360,083	575,007
Income tax recoverable	38,632	68,446	38,705
Cash and bank balances	180,455	180,674	210,804
<b>Total Current Assets</b>	<b>1,838,875</b>	<b>1,235,419</b>	<b>1,292,452</b>
<b>Total Assets</b>	<b>2,363,821</b>	<b>1,695,723</b>	<b>1,825,801</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Equity</b>			
Share capital	141,793	141,793	141,793
Revaluation reserve	45,745	45,595	45,745
Revenue reserve	972,266	858,196	962,182
	<b>1,159,804</b>	<b>1,045,584</b>	<b>1,149,720</b>
<b>Non-current Liabilities</b>			
Post employment benefits	143,406	154,787	138,271
Lease liabilities	43,886	8,744	53,771
	<b>187,292</b>	<b>163,531</b>	<b>192,042</b>
<b>Current Liabilities</b>			
Due to immediate parent company	189,346	67,830	147,754
Due to fellow subsidiaries	238,926	287,607	102,318
Dividends payable	13,593	13,809	13,775
Provisions	14,783	18,010	11,692
Lease liabilities	15,004	14,315	11,065
Trade and other payables	545,073	85,037	197,435
	<b>1,016,725</b>	<b>486,608</b>	<b>484,039</b>
<b>Total Equity and Liabilities</b>	<b>2,363,821</b>	<b>1,695,723</b>	<b>1,825,801</b>

Approved by:

**Adam Sabga**  
Chairman



**Hon. Michael Fennell**  
Director



## BERGER PAINTS JAMAICA LIMITED

# UNAUDITED STATEMENT OF COMPREHENSIVE INCOME

SIX MONTHS ENDED JUNE 30 2021

	<b>QUARTER ENDED June 30 2021 \$'000</b>	<b>QUARTER ENDED June 30 2020 \$'000</b>	<b>SIX MONTHS ENDED June 30 2021 \$'000</b>	<b>SIX MONTHS ENDED June 30 2020 \$'000</b>	<b>Audited YEAR ENDED December 31 2020 \$'000</b>
Revenue from contracts with customers	665,732	411,495	1,263,242	919,999	2,371,281
Raw materials and consumable used	(384,097)	(118,888)	(737,202)	(409,608)	(1,091,421)
Changes in inventories of finished goods and work in progress (net)	73,551	(62,333)	146,843	(31,868)	(127,036)
Manufacturing expenses	(12,725)	(32,578)	(27,318)	(51,087)	(55,747)
Depreciation	(18,921)	(6,573)	(36,039)	(25,021)	(65,711)
Employee benefits expense	(153,888)	(126,931)	(285,594)	(268,713)	(511,614)
Other operating expenses	(184,554)	(106,666)	(344,913)	(218,413)	(527,993)
Other income	16,705	212	31,170	466	20,034
<b>PROFIT BEFORE TAXATION</b>	<b>1,803</b>	<b>(42,262)</b>	<b>10,189</b>	<b>(84,245)</b>	<b>11,793</b>
Taxation	-	21,000	(105)	21,000	(148)
<b>NET PROFIT</b>	<b>1,803</b>	<b>(21,262)</b>	<b>10,084</b>	<b>(63,245)</b>	<b>11,645</b>
Other Comprehensive Income					
Other comprehensive income net of tax	-	-	-	-	29,246
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>1,803</b>	<b>(21,262)</b>	<b>10,084</b>	<b>(63,245)</b>	<b>40,891</b>
Earnings per stock unit	\$0.01	(\$0.10)	\$0.05	(\$0.30)	\$0.05

**BERGER PAINTS JAMAICA LIMITED**  
**UNAUDITED STATEMENT OF CHANGES IN**  
**STOCKHOLDERS' EQUITY**  
AS AT JUNE 30 2021

	<u>Share Capital</u>	<u>Revaluation reserve</u>	<u>Revenue Reserve - Profit &amp; Loss Account</u>	<u>Total</u>
	\$'000	\$'000	\$'000	\$'000
<b>Balance at January 1, 2021</b>	<b>141,793</b>	<b>45,745</b>	<b>962,182</b>	<b>1,149,720</b>
Net profit for six months	-	-	10,084	10,084
Total comprehensive income for the period	-	-	10,084	10,084
<b>Balance at June 30 2021</b>	<b>141,793</b>	<b>45,745</b>	<b>972,266</b>	<b>1,159,804</b>
<b>Balance at January 1, 2020</b>	<b>141,793</b>	<b>45,595</b>	<b>921,441</b>	<b>1,108,829</b>
Net loss for six months	-	-	(63,245)	(63,245)
Total comprehensive loss for the period	-	-	(63,245)	(63,245)
<b>Balance at June 30, 2020</b>	<b>141,793</b>	<b>45,595</b>	<b>858,196</b>	<b>1,045,584</b>

\* Prior year adjustment relates to a change in the Group's Inventory provisioning policies.

## BERGER PAINTS JAMAICA LIMITED

# UNAUDITED STATEMENT OF CASH FLOWS

SIX MONTHS ENDED JUNE 30 2021

	<u>Unaudited</u> <u>June 30</u> <u>2021</u> <u>\$'000</u>	<u>Unaudited</u> <u>June 30</u> <u>2020</u> <u>\$'000</u>	<u>Audited</u> <u>December 31</u> <u>2020</u> <u>\$'000</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net Profit /(Loss)	10,084	(63,245)	11,645
<i>Adjustments for:</i>			
Depreciation	29,407	19,564	52,961
Depreciation on right of use assets	6,632	5,457	12,750
Interest expense on lease liabilities	3,030	541	3,728
Unrealised foreign exchange gains (net)	(14,443)	13,729	(33,924)
Provision charge	3,800	550	3,475
Post retirement benefit charge	5,135	8,558	19,462
(Reversal)/Expected credit loss on trade receivables (net)	(2,606)	(6,747)	(25,014)
Income tax (credit) / expense	105	(21,000)	148
Gain on sale of property, plant & equipment	-	-	(801)
Operating cash flows before movements in working capital:	41,144	(42,593)	44,430
Decrease in trade and other receivables	112,252	215,096	18,439
(Increase)/Decrease in inventories	(697,445)	54,575	192,986
Increase/(Decrease) in trade and other payables	347,638	(218,091)	(105,693)
Increase/(Decrease) in due to fellow subsidiaries	147,562	(368,025)	(531,781)
Provisions utilised	(742)	549	(9,243)
Increase in due to immediate parent company	41,592	21,102	101,026
Post employment benefits contribution	(1,317)	(1,090)	(14,198)
<b>Cash (used) / generated from operations</b>	<b>(9,316)</b>	<b>(338,477)</b>	<b>(304,034)</b>
Interest paid	(3,030)	(541)	(3,728)
Income tax paid	-	-	-
<b>Net Cash flows from operating activities</b>	<b>(12,346)</b>	<b>(339,018)</b>	<b>(307,762)</b>
<b>Investment Activities</b>			
Acquisition of property, plant & equipment	(26,319)	(45,178)	(88,606)
Proceeds on sale of property, plant & equipment	-	-	801
<b>Net cash flows used in investment activities</b>	<b>(26,319)</b>	<b>(45,178)</b>	<b>(87,805)</b>
<b>Financing Activities</b>			
Dividends paid	(182)	-	(34)
Lease liabilities payments	(5,945)	(6,099)	(12,217)
<b>Net cash flows used in financing activities</b>	<b>(6,127)</b>	<b>(6,099)</b>	<b>(12,251)</b>
<b>NET DECREASE IN CASH AND BANK BALANCES</b>	<b>(44,792)</b>	<b>(390,295)</b>	<b>(407,818)</b>
<b>OPENING CASH AND CASH EQUIVALENTS</b>	<b>210,804</b>	<b>584,698</b>	<b>584,698</b>
<b>Effect of foreign exchange rate changes</b>	<b>14,443</b>	<b>(13,729)</b>	<b>33,924</b>
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	<b>180,455</b>	<b>180,674</b>	<b>210,804</b>



## BERGER PAINTS JAMAICA LIMITED

### NOTES TO UNAUDITED FINANCIAL RESULTS

SIX MONTHS ENDED JUNE 30, 2021

#### 1. Basis of preparation

The unaudited financial results for the six-month period ended June 30, 2021 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, 2020.

#### 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:

	<u>Amount owed by/(to) Related Parties</u>	
	2021 \$'000	2020 \$'000
<b>Immediate parent</b>		
Ansa Coatings International	(165,585)	(55,703)
<b>Fellow subsidiaries</b>		
Berger Trinidad	-	18,693
Berger Barbados	(6,766)	(209)
Ansa Coatings Limited	(8,814)	(134,246)
AnsaMcAL (US) Inc.	(45,564)	(225,672)
AnsaMcAl Limited	(1,635)	(65,482)
Ansa Chemicals	3,547	25,193
Richmond Motors	-	28
Ansa Polymer	(10,821)	-
AnsaMcal Enterprise	(15,596)	-
Ansa Coatings Jamaica	9,810	-
Ansa Merchant Bank	122	-
Ansa Mcal Barbados	(50)	-



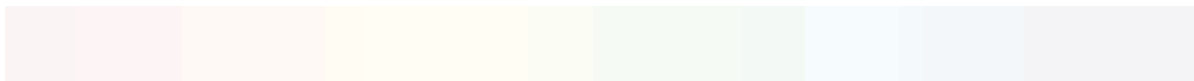
#### **4. Issued share capital**

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

#### **5. 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.

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## BERGER PAINTS JAMAICA LIMITED

### TOP 10, MANAGEMENT AND DIRECTORS' SHAREHOLDINGS

30 JUNE 2021

#### TOP TEN (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	4,962,421	2.32
IDEAL BETTING COMPANY LIMITED	4,624,152	2.16
IDEAL GLOBAL INVESTMENTS LIMITED	4,020,000	1.88
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
GUARDIAN LIFE LIMITED/PENSION FUND	1,899,999	0.89
KARL P WRIGHT	1,856,391	0.87
<b>TOTAL</b>	<b>171,843,271</b>	<b>80.18</b>

#### SHAREHOLDINGS OF DIRECTORS AND THEIR CONNECTED PARTIES

DIRECTORS	SHAREHOLDING	CONNECTED PARTY	SHAREHOLDING
Adam Sabga (Chairman)	NIL		
Michael Fennell	NIL	Kathleen Peggy Fennell	NIL
Andy Mahadeo	NIL	Denise Gayah-Mahadeo	NIL
Craig La Croix	NIL	Lisa La Croix	NIL
Milton Samuda	NIL	Elizabeth Samuda	NIL
Jacqueline Sharp	NIL	Jason Sharp	NIL
Ray A. Sumairsingh	NIL	Charmaine Sumairsingh	NIL
<b>TOTAL</b>	<b>0</b>		<b>0</b>

#### SHAREHOLDINGS OF SENIOR MANAGEMENT AND THEIR CONNECTED PARTIES

SENIOR MANAGEMENT	SHAREHOLDING	CONNECTED PARTY	SHAREHOLDING
Newton Abrahams	NIL	Sharmaine Abrahams	NIL
Shashi Mahase	NIL	Renee Boucaud Mahase	NIL
Huron Gordon	NIL	Nadine Gordon	NIL
Peta Gaye Levene-Thomas	NIL	Damali Thomas	NIL
Gladys Miller	NIL	Wendell Miller	NIL
Robert Polack	NIL	Michele Polack	NIL
Jacqueline Warren-Wilson	3,799		
<b>TOTAL</b>	<b>3,799</b>		<b>0</b>

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BERGER PAINTS JAMAICA LIMITED

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Together, we are  
*Family*