

TRANSFORMING The **BERGER DYNAMIC**



FOR LASTING BEAUTY AND PROTECTION

Berger Paints (Jamaica) Ltd.



Annual Report 2021



MISSION STATEMENT

Berger Paints Jamaica Limited is committed to providing the best quality coatings and excellent customer service via superior technology and well-trained, highly motivated human resources thereby creating an environment where we continue to be the preferred business partner, leader in the marketplace, preferred employer, and outstanding corporate citizen, constantly satisfying the needs of all our stakeholders.

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BERGER

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COMPANY PROFILE

BERGER

Berger Paints Jamaica Limited (BPJL) manufactures and distributes decorative, industrial and wood coatings, paint-related material and is a distributor of automotive coatings. In 1953, Berger Paints started operating in Jamaica and since then has been providing innovative, cutting-edge paint products and services. Berger Paints Jamaica Limited remains the largest paint-manufacturing entity in the English-speaking Caribbean, with 95% of the Company's products manufactured locally.

BPJL is a subsidiary of Ansa Coatings International Limited whose ultimate parent company is ANSA McAL Limited. ANSA McAL is the largest regional conglomerate, comprising over 70 companies in over eight territories, in the following sectors: Automotive, Beverage, Construction, Distribution, Financial Services, Manufacturing, Media, Retail and Services. With over 135 years of history, ANSA McAL is an iconic Corporate Group employing a work force of close to 6,000 people.

Berger's unwavering pursuit of excellence in the manufacturing of high quality paint products, while utilising international best practices and standards has sustained the Company's leadership in the industry over the years. Berger Paints has remained true to its ethos of putting the consumer at the heart of what it does, primarily by formulating products that are environmentally friendly and best suited to handle the harsh tropical conditions of the Caribbean.

The name Berger has become synonymous with quality and excellence, the foundation of which has been built on innovative product research and development programmes and the professional delivery of value-added service to the market on a consistent basis. Berger is, in addition, an organisation with a social conscience that is demonstrated in its support of a myriad of programmes and initiatives benefiting the society at large, particularly, the most vulnerable.

COMPANY DATA

COMPANY SECRETARY

Carlinton Montgomery

AUDITORS

Ernst & Young Chartered Accountants
8 Olivier Road, Kingston 8

BANKERS

Bank of Nova Scotia Jamaica Limited
National Commercial Bank Limited

ATTORNEYS-AT-LAW

Myers, Fletcher & Gordon
21 East Street, Kingston
REGISTERED OFFICE
256 Spanish Town Road,
Kingston 11

REGISTRAR AND TRANSFER AGENT

PwC Corporate Services (Jamaica) Limited
Scotiabank Centre,
Cnr. Duke and Port Royal Streets,
Kingston

- We shall provide products and services that meet stated standards on time, every time.
- We shall continually improve our processes to understand changing customer needs and preferences and use the same as input for periodically reviewing and revising performance standards of our products and services.
- We accept zero defect as a quality absolute, and shall design and operate our quality system accordingly.
- We shall organize our work practices to do a job right the first time, every time.
- We are committed to continual improvement in quality

ENVIRONMENT, HEALTH AND SAFETY POLICIES

- We consider compliance with statutory Environment, Health and Safety (EHS) requirements as the minimum performance standard and are committed to go beyond and adopt stricter standards wherever appropriate.
- We shall focus on pollution abatement, resource optimisation and waste minimisation. We believe that these measures will help in sustainable development.
- We are committed to reducing the generation of solid waste and its disposal in a safe and environmentally friendly manner.
- We are committed to continual improvement in the area of EHS.
- We shall give priority and attention to health and safety of employees.
- We shall train all employees (including employees of service providers) to carry out work in our premises and at customer sites as per prescribed procedures designed to meet all EHS requirements of the Company.
- We shall encourage sharing of information and communication of our EHS management system with stakeholders.
- We shall educate customers and the public on the safe use of our products.
- When required under any law, for the time being in force, or to meet certification requirements, establishments shall prescribe additional policies.

Over my last few Chairman's statements, I have reinforced that despite the present environmental challenges, a focused commitment to delivery on Berger Paints Jamaica Limited's (BPJL) long-term strategies must remain our priority. I am proud to say that the focus has begun to bear fruit, and 2021 was a strong turnaround year for performance.

Despite the economic uncertainty, a flawlessly executed BOLDLY BERGER reset campaign was launched, which revitalized the BERGER brand, that our loyal customers have come to know and continue to trust. This marketing campaign highlighted the new and modern look and feel of the brand.

As 2021 became a year of adapting to business in a pandemic environment, we utilized the lessons learnt from 2020 to improve our business performance. As the country experienced its third and fourth waves, the Government duly imposed varying restrictions and safety protocols throughout the year. BPJL adapted to the "new norm" and maintained its own protocols that remain of paramount importance to us.

Focusing on the safety and health of its staff, customers, and stakeholders, BPJL implemented several measures as follows at all our locations:

- Business Continuity Plans – a systematic approach to maintaining operations based on the number of BPJL employees confirming positive.
- Covid-19 protocols for all persons entering the compound included infrared temperature checks, screening forms, sanitization stations and awareness signage encouraging the use of masks.
- Vaccination drives in conjunction with the Private Sector Vaccination Initiative (PSVI) providing support via townhalls, provision of consumables for vaccination sites and programs geared towards encouraging vaccination among employees and their families.

In keeping with our commitment to our stakeholders, customers, and employees, we continue to maintain

our focus on creating a more sustainable, innovative, and profitable future.

2021 REVIEW

Strong revenue performance of \$3,108M or a 31% increase was recorded in 2021 as compared to \$2,371M for the same period in 2020. This performance is a testament to BPJL's focus on market engagement and building on the pillars of producing a world-class product at the highest quality levels.

Supply to the market was supported by improved forecasting and production planning. This contributed to improved fulfilment levels and supported our supply to customers as trade activity was relatively buoyant due to increased construction activity throughout 2021.

Supply Chain and logistic challenges remained as one of the major risks to the business as global supplies remained unpredictable. Raw Material prices incurred significant and frequent increases as reliability of supply remained under constant threat with some suppliers calling force majeure. Price increases ranged from 50% to 80% and in some cases, doubled, unavoidably resulting in price adjustments during 2021. Cost of Goods Sold (COGS) was also impacted by the macro-economic environment resulting in volatility in the foreign exchange market, where the Jamaican dollar devalued 5.8% in 2021 versus 2020. The Cost of Sales is heavily influenced by the exchange rates since 95% of material inputs are imported from international suppliers.

Despite the challenges of the supply chain, we maintained the use of only quality raw materials in accordance with our strict ISO 9001:2015 standards.

Cost of Goods Sold for 2021 totaled \$1,647M, an increase of \$428M or 35% above the \$1,218M recorded in 2020, and operating expenses for 2021 totaled \$1,340M above the \$1,161M for 2020, or an increase of \$179M or 15.4%. Increases in operating

BERGER

31%
INCREASE IN
REVENUES

1,254%
INCREASE IN
PROFIT BEFORE TAX

\$159.7M
PROFIT BEFORE TAX

31%
INCREASE IN
PRODUCTION OUTPUT

expenses resulted mainly from execution of our various marketing campaigns and focus on building a sustainable platform for continued growth. In addition, our production output was improved and increased by 31% over 2020 in spite of incurring additional costs in manufacturing expenses.

With our focus on continued improvements in operational efficiencies and investment geared to driving revenue growth all while balancing the ongoing challenges, including the impact of the Covid-19 pandemic thus far, BPJL recorded Profit Before Tax (PBT) of \$159.7M for 2021, an increase of \$147.9M or 1,254% over the PBT of \$11.8M recorded in 2020.



ADAM N. SABGA
Chairman

2022 OPPORTUNITIES

The Management Team continues to take the lessons learnt from challenges experienced in prior years to develop the strategies going forward. Issues that impacted performance have been placed on the radar for improvement. The lessons learnt from the experiences in operating in the "new norm" have created many opportunities and we have begun to see these initiatives bearing fruit.

The synergies being developed across our sister subsidiaries within the Construction Sector in Trinidad, Barbados and Grenada allow a collaborative approach to common challenges and create a cohesive approach to our operations, supply chain and approach to the regional market space. Standardization of our processes and continuous rationalization of our product offerings allow for continuous improvement in efficiencies to remain the best in class. This was more evident than ever during the ongoing pandemic as we benefitted from the ability to leverage on each other's expertise and resources.

In 2020, the Board of Directors and the Management Team had made the decision to not be a victim of the pandemic and accepted that we needed to be aggressive in creating the opportunities to achieve our business objectives. The strategic foundation that has been laid will auger well for our long-term success. The lessons learnt continue to drive us to be more aggressive in our management of resources, costs, and reduction of waste in our processes to drive operational excellence. These are all built into our business DNA and form part of our Key Performance Indicators that are cascaded down throughout the organization. Fueled by the performance of 2021 and the operational efficiencies aggressively being pursued, we are confident that Berger Paints Jamaica Limited will deliver a significantly stronger performance over 2021.

Our performance indicators for the Company first quarter of 2022 are trending ahead of 2021 and the team remain committed to delivering stronger results and an overall business transformational performance in 2022.

On behalf of the Management and Staff of Berger Paints Jamaica Limited, we thank you for your continued support and wish for all our stakeholders a successful and satisfying 2022.



ADAM N. SABGA
Chairman

7654
Seasoning

9341
Broccoli

8405
Bamboo Grove

9485
Rainy Forest



BOLDLY BERGER

YOUR PASSION. YOUR COLOUR.



@ bergerpaintscaribbean | f berger caribbean | bergerpaintscaribbean.com



ANSA McAL
GROUP OF COMPANIES



SHASHI MAHASE
GENERAL MANAGER

Berger Paints Jamaica Limited (BPJL) rebounded in 2021 with a significantly improved performance over 2020. Despite the ongoing challenges with Covid-19 pandemic and restrictions to some degree, BPJL remained steadfast in pursuing strategies that enabled improved results. The Company utilized initiatives and means of adapting developed in 2020 to leverage and maximize opportunities available in 2021.

As the pandemic continued throughout 2021, the well-being of our staff, customers and their families remained at the forefront of our objectives. Vaccinations among our workforce was high on our agenda and the Company partnered with private sector companies in encouraging employees and their families in getting vaccinated. Restrictions imposed by the Government, although reduced, continued to have a marked impact on the business environment and economic conditions. BPJL's Business Continuity Plans were continuously evaluated to ensure adequate Health and Safety (HSE) protocols to protect our staff and customers. While the Company experienced instances of positive cases, the enforcement of protocols such as quarantining and sanitizing enabled the Company to navigate 2021 without any major disruptions to business operations.

CORPORATE STRUCTURE

The Construction Sector is one of ten sectors in the ANSA McAL Group of Companies. Overall, the Construction Sector which offers a diversified range of products and services saw an improved performance in 2021. BPJL is one of four (4) coatings companies (Berger Paints – Barbados, Ansa Coatings – Trinidad and Sissons Paints – Grenada) across the Caribbean. Each of these subsidiary's Management Teams reports to a common Sector Head Office where each area of the business is headed by a functional Head and support staff. Together we work towards ensuring strategic direction in the areas of Sales, Marketing, Operations, Supply Chain and Human Resources. This collaborative approach served us well during

the pandemic as we were able to leverage the strengths and lessons learnt from the teams across the sector.

2021 REVIEW

As with many countries, 2021 was expected to be a year of recovery. The Statistical Institute of Jamaica (STATIN) issued a release in December 2021 on Gross Domestic Product (GDP) stating that total value added for the Jamaican economy increased by 5.8% during the third quarter of 2021 when compared to the third quarter of 2020. This increase was driven by the growth in the Services and Goods Producing Industries of 7.1% and 2.4% respectively. Towards the end of 2021, the Jamaican economy continued to show signs of recovery when compared to 2020.

Coming off a relatively positive Q4 2020, January 2021 began slowly. However, February to December saw growth and consistency in volumes sold. A major strategy, the BOLDLY BERGER campaign was rolled out in March. This much-anticipated campaign was well received and created excitement across our network of customers and consumers. Although there were sustained protocols, commercial activity remained on a high and month on month we were able to surpass the prior year's volumes and revenue.

As the Government of Jamaica began relaxation of the COVID-19 measures which included the reopening of the entertainment sector in July 2021 and the gradual easing of international travel restrictions, the growth in the Services Industries improved. The increase in the Goods Producing Industries was mainly due to higher output levels in Agriculture, Forestry & Fishing (7.3%), Manufacturing (4.6%) and Construction (4.4%). Relative to the second quarter of 2021, total value added grew by 0.6%.

However, volatility in the foreign exchange market versus its \$USD counterpart continued resulting in a decline of 5.8% in 2021 relative to 2020. This added to significant challenges felt around and adversely impacted our Cost of Goods Sold (COGS) as over 95% of raw materials are sourced internationally.

Improved forecasting and production planning allowed us to be better prepared throughout 2021 and particularly in Q4 peak period which contributed to an improved performance over Q4 2020. Increased plant utilization and plant efficiencies were major factors that contributed to the improvements as well. Improvements in overall efficiencies and increased commercial activity resulted in BPJL achieving net revenues of \$3,108 million compared to \$2,371 million for the prior year ended December 31, 2020, a 31% increase.

Raw Materials supply issues remained one of the most significant risks to the business. As global challenges in the saw many international suppliers calling force majeure the shortage of key supplies drove unit prices up significantly.

Cost of Goods Sales (COGS) increased by 35% over prior year, mainly driven by 16% increase in volumes sold and the effects of raw material price increases. The Company focused on mitigating the impact on COS by strategically managing our inventory of raw materials and finished goods as we did in 2020. However, with the frequent increases in raw materials costs and not wanting to compromise on the quality of our products, we were left with no choice but to implement price adjustments in 2021. To judiciously manage price adjustments, we focused on production efficiencies to control costs and this resulted in 2021 volumes manufactured surpassed 2020 by 31%.

OPERATIONAL COSTS

As commercial activities increased, inevitably so too did operational costs. The Management Team took prudent actions around cost management and continuously looked for opportunities to counter rising costs while ensuring investments needed to drive our revenue agenda were maintained. Selling and Administrative costs for 2021 were 15% higher than prior year. However, because costs management was exercised throughout 2021, cash expenses to revenue were 43% versus 49% in 2020. A major contributor to these costs in 2021 were the

marketing expenses associated with the Boldly Berger campaign and after delays due to the onset of the COVID-19 pandemic in March 2020, the decision was made to roll out in March 2021. The campaign involved dynamic changes in digital advertising, social media, billboards, buses and creating an awareness of major changes in the look and feel of the Brand. This augured well throughout 2021 as evident in the sales performance.

In addition, as we stepped up efforts to safeguard the wellbeing of employees, Health and Safety expenses were higher than prior year due to the maintenance of the protocols (masking, face shields etc.) and encouraging employees to get vaccinated by facilitating costs for vaccines (family members included), transportation and reward/recognition initiatives.

As mentioned earlier, additional costs were incurred in the procurement of raw materials to ensure our strict quality standards were maintained. Although challenges with Supply Chain worsened, our commitment to quality remained uncompromised as evident in our recertification in the ISO Quality Management Systems (QMS) 9001:2015 and Environmental Management Systems (EMS) 14001:2015 during 2021. Our unwavering commitment to best practices to improve our customer experience also played a significant role in our recertification.

Improved forecasting, production planning and monitoring of fulfilment service levels allowed us to effectively execute periodic rationalization of our overall product portfolio. This ensured that market demands were met, while allowing us to utilize valuable and scarce resources on the products, that add value and optimize the benefits to the consumer and business. With improved line of sight of what the market required and a positive outlook on commercial activities, inventory levels were increased by 66% over prior year. Carrying costs due to increases in costs of raw material and finished goods contributed to this increase. Investments in plant equipment and Digital Tinting

Systems to support our BOLDLY Berger campaign saw an increase of 24% over 2020.

This approach to investments in long term strategies will continue in 2022 and will include upgrades to plant equipment that will increase our output, lower our manufacturing costs, and improve the operational efficiencies within the Company.

Based on the factors previously outlined, for the 2021 period, the Company realized a Profit Before Tax (PBT) of \$159.7 million compared to 2020's PBT of \$11.8 million.

The performance of 2021 is evidence of the Management Team and Company's commitment to the long-term strategies and our investment in the future of the organization. BPJL remains profitable with strong liquidity. The Company remains debt free with strong cash balances. Management of assets and liabilities continue to be strategic to mitigate risks and manage working capital. The Company looks forward to building on the performance of 2021.

CORPORATE SOCIAL RESPONSIBILITY

The Management Team of Berger Paints Jamaica Limited continued to partner with our surrounding communities in which we operate. Despite the restrictions imposed, we continued to provide support to social and non-commercial activities and entities in Jamaica.

Among the projects we supported in 2021 were:

- The nationwide vaccination efforts by partnering with the Private Sector Vaccination Initiative and setting up of vaccination sites throughout the country.
- Programmes geared towards encouraging employees and family members in getting vaccinated.
- Donation of paints to various entities including foster homes, churches, charity organizations

and schools across Jamaica to assist them in their renovation and beautification exercises.

- Riverton Meadows Early Childhood feeding program in partnership with Grace Kennedy.
- Donation of drums to entities such as schools and communities for water storage.

2022 BUSINESS OUTLOOK

2021 saw Berger Paints Jamaica Limited adapting to the new norm. As the challenges of the pandemic continued, we remained focused on opportunities to improve areas of the business. One of the key areas has been our ability to leverage the support of our fellow subsidiaries and maximize opportunities for supply of raw materials and finished goods. The support from the wider team and common Sector Office oversight also provides key insights to allow for appreciation of the business drivers and quicker decision making to leverage these opportunities for improvement. Given the long-term strategies that have been cascaded down throughout the organization, BPJL looks forward to a successful 2022 and years to come. As the economy continues to show signs of recovery, I am happy to report that Quarter One of 2022 has started positively, and we are presently trending ahead of the same period in 2021.

REVENUE PLANS

Our revenue strategies for 2022 remain heavily focused on our customers and the Customer Experience (CX) created. To this end, we continue to incorporate CX metrics in our Key Performance Indicators (KPI) and Balanced Scorecards. These are cascaded down throughout the organization and are reviewed on a continuous basis for identification of gaps and opportunities for improvement.

We continue to support the largest contributor to our business, the Hardware Channel, by upgrading equipment and systems that provide more value

for money and separates us from the competition. This Channel achieved a 37% increase in business in 2021 over 2020. The Dealer network will continue to see upgrades to our Digital Tinting Systems and Shaker Systems to support exciting and innovative changes to our Colour Systems that will enhance our product offerings going forward.

The Projects Channel anticipates a resurgence of the Tourism Industry as we see arrivals to the island increasing. Construction activity was buoyant in 2021 and although we may be on the tail-end of many projects, we expect to continue to see growth in this area. We were able to achieve 18% increase over prior year in revenue from Projects and the focus in this channel continues via strategic partnerships with key stakeholders and increased offerings in Textured, Industrial and Specialty products.

The Automotive Channel continues its year-on-year growth with a 58% increase in revenues over the prior period. Our product offerings of world class brands in PPG Nexa 2K and Shopline continue to penetrate the market and are recognized for its superior performance and international standards. The Aquabase line of PPG products remains the only well-established line of environmentally friendly automotive paints in the local market. We continue to work with key Automotive Dealerships towards developing a partnership and creation of the first eco-friendly service centre. To complement the overall portfolio, the Roberlo brand provides support in the economy line of offerings.

We continue to forge partnerships with Dealers and Garage owners throughout the island and have improved our distribution of products via our existing Depots in Mandeville and Montego Bay.

Our Retail Channel continues to be another area of focus and as our first independent Colour Shop continues to gain momentum, we are actively looking at other key areas for additional shops. The focus of these shops will continue to be providing our consumers an opportunity to explore all brands within our house of brands. Consultations on

GENERAL MANAGER'S REPORT

BERGER

products, correct application, colour advice etc. empower our users with sound knowledge of the brands offered and support our Dealer network regardless of location.

We are committed to be the supplier of choice for products and services in Jamaica and remain committed to providing our consumers with viable options in paint products and services that beautify their lives and living spaces.

On behalf of the Board of Directors and Management of Berger Paints Jamaica Limited, we express our heartfelt gratitude to our team members, who continue to rise above the present challenges, to serve our customers with diligence and care. Our dedicated focus and commitment to the health and wellbeing of our employees, their families, our customers, and the wider community remain paramount as we look ahead to a brighter 2022. I would also like to take this opportunity to wish our customers and shareholders continued good health, and to express my gratitude for your continued support and confidence in us.



SHASHI MAHASE
General Manager

X148
Pigeon Crest

X147
Mineral Blue

7430
Dream Scapes

9206
Deep Pool

BOLDLY BERGER



YOUR PASSION. YOUR COLOUR.



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ANSB mcaL
GROUP OF COMPANIES

CORPORATE ENGAGEMENT

BERGER

We introduced a new modern look, including a new logo and packaging for our core brands: Berger Royale, Berger Weatherproof Ultra, Berger Everglow, Berger 303 and Berger 404.

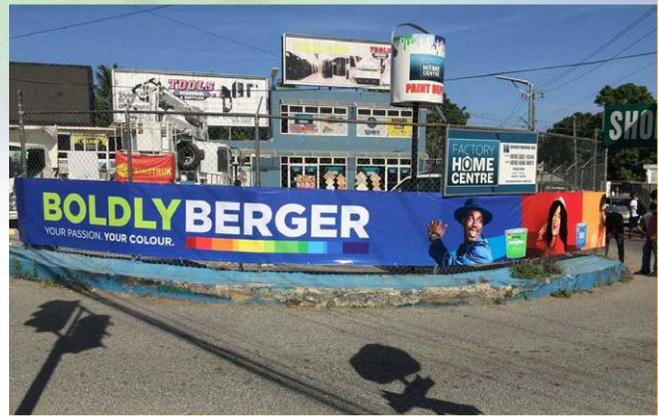
We also launched a regional advertising campaign to support our new look, powerfully titled **"Boldly Berger"**. The campaign raised awareness for the new Berger logo, packaging and brand identity by extension.

"Boldly Berger" has revitalized the brand and cemented the fact that Berger is a world-class brand manufactured right here in the Caribbean.



BERGER

CORPORATE ENGAGEMENT



NOTICE OF ANNUAL GENERAL MEETING

BERGER

NOTICE IS HEREBY GIVEN that the Seventieth Annual General Meeting of Berger Paints Jamaica Limited will be held at the Courtyard by Marriott Hotel, 1 Park Close, Kingston 5, and online on Friday, July 29, 2022, at 2:00 p.m. for the following purposes:

1. To receive, consider and, if thought fit, approve and adopt the report of the Directors and Audited Accounts for the year ended 31st December 2021, and the report of the Auditors on the Accounts.
2. To re-appoint the Auditors Ernst & Young and authorize the Directors to fix their remuneration for the ensuing year.
3. To re-elect the retiring Director(s) and to fix the remuneration of the Directors.

Pursuant to Articles 96 & 97 the Directors to retire from Office are the Honourable Mr. Michael Fennell, OJ and Mr. Adam Norman Sabga, and being eligible, offer themselves for re-election.

To consider and if thought fit pass the following resolutions:

- a) Be it RESOLVED THAT retiring Director the Honourable Mr. Michael Fennell be and is hereby re-elected as a Director of the Company.
- b) Be it RESOLVED THAT retiring Director and Mr. Adam Norman Sabga be and is hereby re-elected as a Director of the Company.

BY ORDER OF THE BOARD



Carlinton Montgomery
Company Secretary

Dated this 31st day of May 2022

REGISTERED OFFICE
256 Spanish Town Road
Kingston 11

NOTES:

1. A member entitled to attend and vote at a General Meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company. A suitable form of proxy is enclosed. It must be lodged at the Company's registered office at least forty-eight hours before the time appointed for holding the meeting. The proxy form shall bear stamp duty of \$100 before being signed. The stamp duty may be paid by adhesive stamp(s) to be cancelled by the persons executing the proxy.
2. Pursuant to Article 76, a Corporate Shareholder (member) may, by resolution of its Directors, appoint a person (not a proxy) to attend and vote at the meeting.

Corporate governance remains a key area of focus for Berger Paints Jamaica Limited ("Berger" or the "Company"). One of the primary responsibilities of the Board of Directors and Management is to ensure that Berger has a robust and effective Corporate Governance framework to ensure greater transparency, protection of shareholder interest, and to enhance the financial performance of the Company. The Code is influenced by applicable laws and regulations and internationally accepted Corporate Governance Best Practices and is available on our website at www.bergerpaintscaribbean.com

BOARD OF DIRECTORS

The Company is led and managed by an effective Board that is responsible for the overall stewardship of Berger. The shareholders elect directors to supervise the management of the business and affairs of the Company with the goal of enhancing long term shareholder value.

To assist in its function, the Board has established an Audit Committee.

Regular meetings of the Board and Audit Committee are convened. Telephonic attendance and conference via audio-visual communications at Board meetings are allowed under the Company's Articles. Details of the frequency of Board and Audit Committee meetings held during the year and the attendance of each Board member at these meetings, are disclosed on page 33.

Matters specifically reserved for decision making by the Board, include those involving corporate plans and budgets, material acquisitions and disposal of assets, corporate financial restructuring, share issues, dividends, and other returns to Shareholders.

Although the day-to-day functions of the business are delegated to management, it is the Board that remains ultimately accountable to its Shareholders to ensure that the business is managed in compliance with applicable laws and is consistent with safe and sound business practices.

The Company does not have a formal training programme for the Directors. However, in discharging that obligation, Directors may rely on the expertise of the Company's senior management, its outside advisors, and Auditors. Directors are also briefed on the business and are updated from time to time on relevant changes in statutes and regulatory requirements applicable to the Company's business.

In preparing the annual financial statements and quarterly financial statements to Shareholders, the Board aims to provide Shareholders with detailed analysis, explanations and assessment of the Company's financial position and prospects. In addition, Management currently provides the Board with appropriately detailed management accounts of the Company's performance, position and prospects on a quarterly basis.

All Independent Directors have access to all levels of senior executives in the Company and are encouraged to speak to other employees to seek additional information if required.

BOARD BALANCE AND INDEPENDENCE

Each of the Non-Executive Directors brings considerable business and/or professional experience, independent challenge, and rigour to the deliberations of the Board. The Board considers a Director to have met the criteria for independence if he or she:-

- does not represent a substantial shareholding
- is not a close relative of a significant Shareholder
- does not have an employment relationship with the Company

As at December 31, 2021, the Board comprised three Non-Executive Directors and four Executive Directors. The names of the Directors and details of their qualifications and experience are set out on pages 22 through 25 of this report. In accordance with the Company's Articles, one-third of its

Directors retire by rotation every year.

The Company Secretary attends all Board meetings and is responsible for ensuring that established procedures are followed, and all relevant statutes and regulations which apply to the Company are complied with. All Directors have separate and independent access to the Company Secretary.

DIRECTORS' REMUNERATION

The Board determines the level and structure of fees paid to Non-Executive Directors. The Executive Directors are not paid a fee in respect to their office as directors of the Company.

AUDIT COMMITTEE

The Committee assists the Board in fulfilling its responsibilities relating to:

- The integrity of the financial statements and any formal announcements relating to the Company's performance
- Overseeing the relationship between the Company and its external Auditors
- The review of the effectiveness and adequacy of the Company's internal and financial controls
- The review of the external audit plans and subsequent findings
- The review of the effectiveness of the services provided by the external Auditors and other related matters
- Litigation reviews
- The review of compliance reports

The work of the Audit Committee is supported by two Internal Audit Departments, as the Company is

audited annually by the Internal Audit Departments of ANSA McAL Group and externally by Ernst & Young. Results of these audits are reported to the Audit Committee and the Board of Directors, respectively.

In accordance with generally accepted Corporate Governance standards and the requirements of the Jamaica Stock Exchange Listing Agreement that the majority of Committee members should be independent, three-quarters of the Committee comprise Non-Executive, Independent Directors.

The members of the Audit Committee are the Honourable Michael Fennell OJ, Mr. Milton Samuda, Mr. Andy Mahadeo, and Mrs. Jacqueline Sharp. The Committee is chaired by Mr. Fennell.

The General Manager and the Chief Financial Officer are invited to Committee meetings at the discretion of the Committee.

The Directors are pleased to submit their Report and the Audited Financial Statements for the year ended December 31, 2021

OPERATING RESULTS

	\$'000
Revenue from contracts with customers	3,108,089
Profit before taxation	159,693
Net profit after tax	123,340

DIRECTORS

The Directors, as at December 31, 2021, were as follows:

- Mr. Adam Sagba – Chairman
- Mr. Ray Sumairsingh
- Mr. Andy Mahadeo
- Mr. Craig La Croix
- Hon. Michael Fennel. OJ
- Mr. Milton Samuda
- Mrs. Jacqueline Sharpe

Pursuant to Articles 96 & 97 the Directors to retire from Office are the Honourable Mr. Michael Fennell, OJ and Mr. Adam Norman Sabga, who being eligible, offer themselves for re-election.

AUDITORS

The Auditors, Ernst & Young, have signified their willingness to continue in Office. Their re-appointment will be proposed at the Annual General Meeting.

EMPLOYEES

Your Directors wish to thank the management and staff of the Company for their performance during the year under review.

CUSTOMERS

Your Directors wish to thank our valued customers for their support and contribution to the Company's performance during the year under review and look forward to their continued support of the Berger brand.

BY ORDER OF THE BOARD



Carlinton Montgomery
 Company Secretary

May 31, 2022



ADAM SABGA
CHAIRMAN

Adam N. Sabga assumed the role of Sector Head for the Construction Sector of ANSA McAL Limited in March, 2018. He previously held the position of Managing Director of Standard Distributors Ltd, Standard Distribution & Sales (Barbados) Ltd and Bell Industries Ltd since 2013.

He joined the ANSA McAL Group in 2007 as a Project Engineer at Alstons Building Enterprises Ltd (ABEL), and last served in the position of General Manager of ABEL Building Solutions prior to his move to Standard.

Mr. Sabga holds a B.Eng in Civil Engineering from the University of the West Indies, and an Executive MBA from the Arthur Lok Jack Graduate School of Business.

He is also a past Director of the Trinidad and Tobago Contractors Association and currently holds several directorships within the ANSA McAL Group.



MR. RAY A. SUMAIRSINGH
DIRECTOR

Mr. Sumairsingh became a Chartered Banker (ACIB) in 1975, after completing studies in London, UK. In 1982, he achieved his MBA in Finance, while working in New York, USA. His early career covered banking in Trinidad and Tobago, London and Wall Street, NYC. His career continued in Life, Pensions, Property and Casualty Insurance for the next fifteen years. In his role as a Senior Executive in Insurance, he also served as a Director of the Association of Trinidad and Tobago Insurance Companies (ATTIC) for over twenty years, as well as President for four separate terms. He also served on the Board of the Insurance Association of the Caribbean (IAC) for several years, including two years as President.

In 2000, he joined the ANSA McAL Group and holds several directorships in the ANSA McAL Group, including the Parent Board since 2001. Mr. Sumairsingh has been a Director of the Trinidad and Tobago Stock Exchange for the past eight years and is currently serving his second term as Chairman.



ANDY MAHADEO
DIRECTOR

Mr. Mahadeo is a Mechanical Engineer by profession and a member of both the Association of Professional Engineers and the Board of Engineering of Trinidad and Tobago. He started his professional career in the Energy sector working for both local and international oil service companies before joining the ANSA McAL Group in 1994.

During his time with ANSA McAL, Andy successfully progressed through the ranks of Maintenance Engineer to Operations Manager and on to Managing Director of ANSA McAL Chemicals Ltd. In 2016 he became Manufacturing Sector Head for the Ansa McAL Group of Companies.

Throughout his career, he has been able to consistently demonstrate the creativity, energy, passion and focus on people basics that are the hallmarks of the Group's core values.



CRAIG LA CROIX
DIRECTOR

Craig La Croix was named the Operations Director for the Construction Sector of ANSA McAL Limited effective September 2, 2019. He joined Abel Building Solutions (a division of ANSA McAL Enterprises Limited) in 2005 and in 2015 was promoted to the position of Managing Director of ABS. Mr. La Croix is a Mechanical Engineer with approximately 25 years' experience in the engineering field. He received a BSc with Honours in 1994 at the University of the West Indies, Trinidad and Tobago.

Mr. La Croix is a Director on the Boards of ANSA McAL Enterprises Limited (AMEL) and Tobago Marketing Company Ltd (TOMCO) and a past Director of the Trinidad & Tobago Manufacturers Association (TTMA) and Trinidad & Tobago Contractors Association (TTCA).

He continues to represent TTCA on the National Building Code Committee and the Trinidad & Tobago Bureau of Standards Clay Block Committee.

BOARD OF DIRECTORS

BERGER



HON. MICHAEL FENNELL, OJ, CD
DIRECTOR

A past Managing Director of Berger Paints Jamaica Limited and Berger Caribbean, Mr. Fennell is a retired management consultant who serves on a number of Boards in both the Public and Private Sectors.

A respected national, regional and international sports administrator, he is a Past President and now an Honorary Life President of the Commonwealth Games Federation as well as the immediate Past President of the Jamaica Olympic Association. He has been a Board member since 1983.



MILTON SAMUDA LLB. (HONS.)
INDEPENDENT DIRECTOR

An attorney-at-law and the Managing Partner at Samuda & Johnson, Mr. Samuda serves on several other Boards in both the Public and Private Sectors. He is the Chairman of the Institute of Law & Economics, Chairman of Sabina Park Holdings Limited, Chairman of Wolmer's Trust, Immediate Past Chairman of Jamaica Promotions (JAMPRO) and a Past President of the Jamaica Chamber of Commerce. He has been a Board member since 2004.



JACQUELINE SHARP
INDEPENDENT DIRECTOR

Jackie, a seasoned financial services professional, is currently Director for her family-owned manufacturing, export and retail business, Coffee Traders Limited. Prior to this, she has had over 26 years of experience in the Financial Services industry, 20 of which she spent with Scotia Group Jamaica Limited. She led different divisions throughout her career, including Treasury, Finance, Administration, Insurance, Risk Management and Compliance. Her final position at Scotia was as Chief Executive Officer, where she oversaw the profitable growth of its operations in Jamaica, with oversight of four other countries in the Caribbean.

Jackie holds a Bachelor of Science (BSc.) degree with honours in Accounting from the University of the West Indies, is a Chartered Financial Analyst Charter Holder and has successfully completed the Certified Public Accountant (CPA) examination. She has also completed Executive Education programmes at Richard Ivey Business School in Canada and Duke University, USA.

MANAGEMENT TEAM

BERGER



SHASHI MAHASE
GENERAL MANAGER



NEWTON ABRAHAMS
SALES MANAGER



PETA-GAYE LEVENE-THOMAS
**MARKETING MANAGER /
REGIONAL BRAND LEAD -
BERGER**



GLADYS MILLER
OPERATIONS MANAGER



CARLINTON MONTGOMERY
**CHIEF FINANCIAL OFFICER /
CORPORATE SECRETARY**



ROBERT POLLACK
REGIONAL SALES MANAGER



JACQUELINE WARREN-WILSON
TECHNICAL MANAGER

- X007
Fish Rouge
- X021
Crimson Drape
- 0005
Mahogany
- X027
Raisin Delight

BOLDLY BERGER



YOUR PASSION. YOUR COLOUR.





MACRO-ECONOMIC ENVIRONMENT

The Jamaican economy, as with most economies around the world, expected to rebound to some level in 2021. However, the COVID-19 pandemic continues to have a devastating impact. The Planning Institute of Jamaica indicated that GDP for FY2021/22 is expected to grow within a range of 7.0% to 9.0%. The calendar year inflation rate was 7.3% for 2021 versus a maximum target of 6%.

As of December 31, 2021, the Statistical Institute of Jamaica (STATIN) issued a release on Gross Domestic Product (GDP) stating that total value added for the Jamaican economy increased by 5.8% during the third quarter of 2021 when compared to the third quarter of 2020. This was attributable to growth in both the Services and Goods Producing Industries of 7.1% and 2.4% respectively. Despite these statistics, the economy continued to show signs of recovery from the negative impacts of COVID-19 in 2020.

There was relaxation of some COVID-19 measures including the reopening of the entertainment sector in July 2021, as well as the easing of international travel restrictions. The growth in the Services Industries was due to improved performance in all eight (8) industries: Hotels & Restaurants (114.6%), Transport, Storage & Communication (8.8%), Wholesale & Retail Trade, Repairs, Installation of Machinery & Equipment (4.4%), Other Services (12.2%), Finance & Insurance Services (2.3%), Real Estate, Renting & Business Activities (0.7%), Electricity & Water Supply (0.6%) and Producers of Government Services (0.4%). The increase in the Goods Producing Industries was mainly due to higher output levels in Agriculture, Forestry & Fishing (7.3%), Manufacturing (4.6%) and Construction (4.4%). Mining & quarrying however, declined by 29.7%. Relative to the second quarter of 2021, total value added grew by 0.6%.

Volatility in the foreign exchange market continued and compared to its USD counterpart, the average exchange rate of the JMD was JA\$151.49 in 2021 relative to JA\$143.15 in 2020, a 5.8% decline. Berger

Paints Jamaica Limited (BPJL) would feel the adverse impact of this in our Cost of Goods Sold (COGS) as we source over 90% of raw materials from international suppliers.

Figure 1 below illustrates the trend over the last two years.

Forex Trend 2020 - 2021



Figure 1 - FX Rates 2020 - 2021

VOLUMES SOLD

Volumes sold in FY 2021 were 5,108 KL versus 4,394 KL sold in FY 2020, an increase of 714KL or 16%. A night shift was introduced in February 2021 and ran for 10 months of 2021 (with a break in July 2021) compared to approximately nine months in 2020. This allowed for improved plant utilization and supported sales volume demand and issues of product availability that have been a perennial problem for Berger Paints Jamaica Limited (BPJL). There were improved operational efficiencies and effective Cost Per Litre (CPL) management. Improvements in sales forecasting supported better production planning and as a result improved output and order fulfilment rates to our customers. Production output for 2021 was 5,300,000 Litres compared to 2020 total litres of 4,100,000 Litres.

REVENUE GROWTH

Sales revenue in FY 2021 was JA\$3,108M compared to FY 2020 revenue of JA\$2,371M. This 31% or JA\$737M increase was driven by improved operational efficiencies, forecasting and raw material availability despite ongoing challenges with Supply Chain and international suppliers. BPJL was able to achieve budgeted revenues 11 of 12 months for 2021. Trade activity remained relatively buoyant, and there was increased construction activity in the local market.

Export sales saw a decline of 45% or JA\$28.7M as the decision was made to have export markets supplied by Ansa Coatings Limited (ACL) out of Trinidad. With ACL being able to operate more during the latter half of 2021, it meant that exports to BPJL were reduced.

Intercompany sales were JA\$4.4M vs prior year total sales revenue of JA\$5.6M. The decline of 22% or JA\$1.208M was mainly attributed to reduction of sales to fellow coating subsidiaries because of lock down periods in 2021 vs. 2020. This was more apparent during the peak periods in 2021 vs. 2020 where ACL was fully operational.

GROWTH BY PRODUCT LINES

Overall, total litres sold in 2021 was 714KL more than 2020. Of the products offered, there was growth of 14% in our Berger product lines and 26% growth in our Magicote product lines. Our Berger offerings account for 70% of total litres while Magicote offerings account for 26%. There was also growth in our supporting fighter brand Penta as we sold 32% more in 2021 than in 2020. Although this represents only 2% of overall litres, initiatives in 2022 should see this brand penetrating the market more effectively to compete against competitor brand offerings.

Automotive litres sold in 2021 declined by 1% versus 2020 as we saw major challenges in Supply Chain and our main supplier PPG. This resulted in stock outs during the year and impacted our customer base. Initiatives to incorporate sales of automotive products at our Depots and Colour Shops were started in late 2021 and will be a key driver in having products available at geographic locations and improve distribution to the automotive network in 2022.

Despite surpassing revenue budget by 7% and prior year by 31%, COVID-19 impacted overall operations to some extent in 2021, more so from a sales perspective. We would have been limited by curfew hours and lost approximately 15 days equivalent in sales. Improvements were derived from initiatives around sales forecasting and production planning to improve customer order fulfilment. BPJL improved fulfilment rates in 2021 from February's 60% to December's 86%. The internal team have also accepted that there is room for improvement in 2022.

COST OF GOODS SOLD (COGS)

Other than the risks of positive cases of COVID-19 and the potential impact to business continuity, Supply Chain challenges can be regarded as the most significant risks throughout 2021. Several international suppliers would have called force majeure resulting in major disruptions to supplies and prices. Increasing lead times due to shipping logistics and price increases from freight forwarders compounded the challenges. Overall increase in COGS was JA\$609M in FY 2021 versus FY 2020 as quarterly inventory revaluations were conducted. This was driven by 16% increases in volumes accounting for approximately JA\$205M and JA\$404M attributed to increases in raw materials prices. BPJL implemented three price adjustments during 2021: March (6%), July (7.5%) and November (6%) to protect eroding gross profit (GP) %. FY 2021 GP% came in at 40% versus FY 2020 GP% of 47%.

Direct Labour costs in FY 2021 were increased by 15% or JA\$23M versus FY 2020 mainly due to reclassification of bonus accrual costs from Cash Expenses and night shifts. Manufacturing overheads saw a decrease of JA\$3.1M.

Purchase Price Variances (PPV) in FY 2021 was JA\$182M due to challenges in Supply Chain and logistics as identified above. PPV amounted to JA\$235M more than FY 2020 mainly due to volume of raw materials purchased to ensure there were no stock outs that impacted sales in 2020. In addition, BPJL's surpassing of budgeted volumes and revenue gave the indication that market activity was increasing and warranted procurement of adequate volumes of raw materials to meet demand.

SELLING, GENERAL AND ADMIN COSTS (SG&A)

SG&A costs for FY 2021 was JA\$1,022M versus FY 2020 costs of JA\$860M, an increase of JA\$162M or 19%. Increased activity in Sales and Production drove this, however cost management was exercised throughout 2021 and expenses measured against revenues monthly. Cash Expenses to Revenue

in 2021 was 40% versus 36% in 2020. There were increased Operating Expenses associated with higher trade activity in FY 2021 versus FY 2020.

Overall FY 2021 versus FY 2020 saw increased costs for: Promoters utilized throughout the Hardware network of JA\$19M or 32%; Management fees based on revenue resulted in JA\$25M or 31% increased costs; Accruals made for bonuses, based on projected BPJL performance for FY 2021 were JA\$36M more than payouts for FY 2020; Legal/Professional fees, inclusive of accruals for pending legal matters and Audit fees were JA\$18.7M more in FY 2021 than FY 2020; Product Preparation (Carriage Outwards) saw increased costs of JA\$4.5M and Office expenses incurred increased costs of JA\$4.6M.

Marketing expenses in FY 2021 versus FY 2020 saw an increase of JA\$39M. This was mainly associated with the Boldly Berger campaign. After delays due to the onset of the COVID-19 pandemic in March 2020, the decision was made to roll out in February 2021. The campaign involved dynamic changes in digital advertising, social media, billboards, buses and creating an awareness of major changes in the look and feel of the Brand. This augured well throughout 2021 as evident in the sales performance.

Health and Safety expenses were JA\$5.5M more than prior year as we stepped up our efforts to safeguard employees by increasing sanitization of areas, maintaining of protocols (masking, face shields etc.) and encouraging employees to get vaccinated by facilitating costs for vaccines (family members included), travel to locations and reward/recognition initiatives.

NON-CASH EXPENSES

Good work continued in managing provisions for Bad Debts and Inventory. Efforts in FY 2021 enabled us to see write backs of JA\$5.4M in Bad Debts and Expected Credit Losses, JA\$19.7M less than 2020. However, FY 2020 was a strong year in recovering Bad Debts (JA\$25M). Nevertheless, BPJL's objective has shifted to one of control and avoidance of

Accounts Receivables (AR) becoming provisioned so resources are not wasted on recovery. Inventory provisions saw FY 2021 have write backs from provision of JA\$15M, an increase of JA\$6.6M compared to FY 2020 write backs of JA\$8.4M. As per objectives on control of AR provisions, focus on Inventory provisions has shifted to better forecasting, considerations of lead times with suppliers and consumption to better utilize resources.

Realized/Unrealized Gains and Losses were closely monitored throughout 2021. Despite challenges with FX volatility and availability during the year, continuous monitoring was done to ensure USD obligations were kept current. We also monitored trends in exchange rates for the most opportune time for buying based on funds available. FY 2020 incurred net losses in Realized/Unrealized movement of JA\$51M. In FY 2021 we only incurred a net loss of JA\$2M, a commendable performance considering FY 2021 was a year with significantly higher USD obligations for purchase of raw materials than FY 2020.

Full year 2021 depreciation costs for items under COGS saw a 15% or JA\$7M reduction as major Capex, inclusive of a new Four Head filling machine, carded for 2021, was shifted to 2022. Depreciation costs for items within other expenses came in 104% or JA\$20.2M more (FY Budget JA\$40M). Other than the Digital Tinting Systems (DTS) and Shakers that were rolled out to the trade in anticipation of the peak period mentioned before, throughout 2021, Capex were approved for improvement in operations, delivery of products and buildings. Lease expenses for Depots and Colour Shop were as expected and relatively consistent with 2020.

PROFIT BEFORE TAX (PBT)

FY 2021 realized Profit Before Taxes of JA\$159.7M compared to FY 2020 PBT of JA\$11.8M, an increase of JA\$147.9M. Despite challenges faced due to the ongoing COVID-19 pandemic and ripple effects of measures implemented to curb the number of positive cases, BPJL completed FY 2021 with a

MANAGEMENT DISCUSSION AND ANALYSIS

BERGER

strong performance. There are opportunities in terms of improving efficiencies, service to customers and cost management that can allow BPJL to have an even stronger performance in 2022.

	2014/2015	2015/2016	2016/2017	9 months to 31/12/17	2018	2019	2020	2021
Profit before tax J\$'000	79,163	141,888	365,688	208,239	212,160	41,397	11,793	159,693
Net profit J\$'000	67,037	122,137	315,555	174,129	173,550	29,302	11,645	123,340
Earnings per stock unit J\$	\$0.31	\$0.57	\$1.47	\$0.81	\$0.81	\$0.14	\$0.05	\$0.58

TAXATION

Tax computations for FY 2021 amounted to JA\$36M compared to FY 2020, tax calculated amounted to JA\$148K.

GENERAL BUSINESS PERFORMANCE VERSUS BUDGET AND PRIOR YEAR

As outlined in notes above, performance versus prior year was significantly stronger. While we have adapted to the new norm and developed strategies around them, we were able to achieve commendable results. This despite the continuing challenges around COVID-19 and associated impacts on business, Supply Chain challenges and impact to costs of process inputs, low vaccination levels and risks to business.

The current environment remains uncertain but local and global conditions are projected to improve on the backdrop of the vaccines now being administered worldwide. BPJL will in 2022 continue to leverage its strength as decorative market leader, strong distribution network and is excited to embark on a major transformation of its look and feel through the launch of our Boldly Berger campaign.

STRATEGIC DIRECTION AND OUTLOOK

The Jamaican economy is performing well in respect of a few macro indicators, and we look forward to continuing positive and focused fiscal management. We expect that domestic sales will continue to grow as our strategies have been developed around key aspects of the business.

BOARD ATTENDANCE

DIRECTORS	BOARD		AUDIT	
	NO. OF MEETINGS	ATTENDANCE	NO. OF MEETINGS	ATTENDANCE
ADAM SABGA	4	4	4	
MICHAEL FENNELL	4	4	4	4
ANDY MAHADEO	4	2	4	2
CRAIG LA CROIX	4	4	4	
MILTON SAMUDA	4	4	4	4
JACQUELINE SHARP	4	4	4	4
RAY A. SUMAIRSINGH	4	3	4	

DISCLOSURE OF SHAREHOLDINGS

BERGER

LIST OF SHAREHOLDERS AS AT 31 DECEMBER 2021

TOP TEN (10) LARGEST SHAREHOLDERS

SHAREHOLDERS	SHAREHOLDINGS	% OF ISSUED CAPITAL
ANSA COATINGS INTERNATIONAL LIMITED	116,023,364	54.13
SAGICOR POOLED EQUITY FUND	22,284,944	10.40
IDEAL GROUP CORPERATION LIMITED	10,988,500	5.13
IDEAL PORTFOLIO SERVICES COMPANY LIMITED	4,950,269	2.31
IDEAL BETTING COMPANY LIMITED	4,624,152	2.16
IDEAL GLOBAL INVESTMENTS LIMITED	4,020,000	1.88
GUARDIAN LIFE LIMITED - 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
TOTAL	171,831,119	80.17

DIRECTORS' SHAREHOLDINGS AS AT 31 DECEMBER 2021

DIRECTORS	SHAREHOLDINGS	CONNECTED PARTY	SHAREHOLDINGS
ADAM SABGA (CHAIRMAN)	NIL		
MICHAEL FENNELL	NIL	KATHLEEN PEGGY FENNEL	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
TOTAL	0		0

SENIOR MANAGEMENT SHAREHOLDINGS AS AT 31 DECEMBER 2021

MANAGER	SHAREHOLDINGS	CONNECTED PARTY	SHAREHOLDINGS
NEWTON ABRAHAMS	NIL		
SHASHI MAHASE	NIL	RENEE BOUCAUD MAHASE	NIL
DWIGHT JACKSON	NIL	SANDRA JACKSON	NIL
PETA GAYE LEVENE-THOMAS	NIL	DAMALI THOMAS	NIL
GLADYS MILLER	NIL	WENDELL MILLER	NIL
CARLINTON MONTGOMERY**	NIL	RENEE MONTGOMERY	NIL
ROBERT POLACK	NIL	MICHELE POLACK	NIL
JACQUELINE WARREN-WILSON	3,3799		
TOTAL	3,799		0

Notes:

**Effective 28 December 2021, Carlinton Montgomery was appointed as Chief Financial Officer/Company Secretary

BERGER



**FINANCIAL
HIGHLIGHTS
2021**



BERGER PAINTS JAMAICA LIMITED YEAR ENDED DECEMBER 31, 2021

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INDEPENDENT AUDITOR'S REPORT

To the members of Berger Paints Jamaica Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Berger Paints Jamaica Limited (the “company”), which comprise the statement of financial position as at December 31, 2021, the statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the company as at December 31, 2021 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the Jamaican Companies Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (“ISAs”). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants’ (“IESBA”) International Code of Ethics for Professional Accountants (including International Independence Standards) (“IESBA Code”), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, informing our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

INDEPENDENT AUDITOR'S REPORT (Continued)

To the members of Berger Paints Jamaica Limited (Continued)

Report on the Audit of the Financial Statements (Continued)

Key Audit Matters (Continued)

Key audit matter	How our audit addressed the key audit matter
Accounting for post employment benefit plans	
<p>The company's post-retirement benefit provisions relate to a defined benefit pension scheme amounting to an asset of \$212.13 million and a retiree medical post-retirement benefit scheme amounting to a liability of \$132.56 million.</p> <p>These provisions require a significant level of judgement and technical expertise in their determination. The key assumptions used include the discount rate, inflation rate, mortality and future salary increases which involve judgement. Changes to the assumptions could have a significant impact to the post employment benefits recognized.</p> <p>Management uses external actuaries to assist in determining these key assumptions and in valuing the assets and liabilities within the schemes.</p>	<p>As part of our audit, we have assessed whether the key actuarial assumptions adopted by management are reasonable and consistently applied. The discount and inflation rates were agreed to those issued by the Institute of Chartered Accountants of Jamaica. In addition, we tested the valuation of relevant scheme assets. We also performed substantive audit procedures on the underlying participants' data that was provided to the actuary.</p> <p>We placed reliance on the actuary's report and therefore assessed the actuary's qualifications (i.e., professional certification, membership in an appropriate professional body), experience and reputation in the field. We also assessed the actuary's objectivity and evaluated the work performed (including reviewing the assumptions and inputs used in the report) in accordance with ISA 620 Using the Work of an Expert.</p> <p>We also assessed the adequacy of disclosures in the financial statements.</p>



INDEPENDENT AUDITOR'S REPORT (Continued)

To the members of Berger Paints Jamaica Limited (Continued)

Report on the Audit of the Financial Statements (Continued)

Key Audit Matters (Continued)

Key audit matter	How our audit addressed the key audit matter
Allowance for expected credit losses	
<p>As described in Note 4 Critical Accounting Judgements and Key Sources of Estimation Uncertainty under section Allowance for expected credit losses (ECL), the company applies a simplified approach in calculating ECLs amounting to \$50.97 million. Therefore, the company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. Based on IFRS 9 – “Financial Instruments”, the company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.</p> <p>The process of developing an expectation of credit losses requires management to use judgement which could inherently be subjective.</p>	<p>In auditing the allowance for expected credit losses, we performed the following:</p> <ul style="list-style-type: none"> - We evaluated the techniques and methodologies used by the company to estimate the ECLs and assessed their compliance with the requirements of IFRS 9. - We assessed the reasonableness of the methodologies and assumptions applied, by validating the completeness of the inputs used to derive the loss rates used in determining the ECLs for trade receivables. - We also assessed the adequacy of disclosures in the financial statements.

Other information included in the Annual Report

Other information consists of the information included in the company’s annual report other than the financial statements and our auditor’s report thereon. Management is responsible for the other information. The company’s annual report is expected to be made available to us after the date of this auditor’s report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.



INDEPENDENT AUDITOR'S REPORT (Continued)

To the members of Berger Paints Jamaica Limited (Continued)

Report on the Audit of the Financial Statements (Continued)

Other information included in the Annual Report (Continued)

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Responsibilities of Management and the Board of Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS and the Jamaican Companies Act, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITOR'S REPORT (Continued)

To the members of Berger Paints Jamaica Limited (Continued)

Report on the Audit of the Financial Statements (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that presents a true and fair view.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



INDEPENDENT AUDITOR'S REPORT (Continued)

To the members of Berger Paints Jamaica Limited (Continued)

Report on the Audit of the Financial Statements (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on additional requirements of the Jamaican Companies Act

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit. In our opinion, proper accounting records have been maintained, so far as appears from our examination of those records, and the financial statements, which are in agreement therewith, give the information required by the Jamaican Companies Act, in the manner required.

The engagement partner on the audit resulting in this independent auditor's report is Kayann Sudlow.

A handwritten signature in blue ink that reads 'Ernst & Young'.

Ernst & Young
Kingston, Jamaica

March 1, 2022

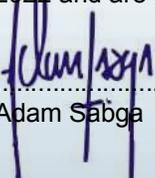
BERGER PAINTS JAMAICA LIMITED

STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2021

	Notes	2021 \$'000	2020 \$'000
ASSETS			
Non-current assets			
Property, plant and equipment	5	355,778	286,813
Post employment benefits	6	212,128	175,095
Right-of-use assets	7	50,587	63,866
Deferred tax assets	8	-	7,575
Total non-current assets		<u>618,493</u>	<u>533,349</u>
Current assets			
Inventories	9	740,273	445,714
Due from fellow subsidiaries	10	2,243	22,222
Trade and other receivables	11	644,008	575,007
Income tax recoverable		18,762	38,705
Cash and bank balances	12	275,674	210,804
Total current assets		<u>1,680,960</u>	<u>1,292,452</u>
Total assets		<u>2,299,453</u>	<u>1,825,801</u>
EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	13	141,793	141,793
Revaluation reserves	14	45,895	45,745
Revenue reserve		1,110,691	962,182
Total shareholders' equity		<u>1,298,379</u>	<u>1,149,720</u>
Non-current liabilities			
Post employment benefits	6	132,556	138,271
Deferred tax liabilities	8	19,357	-
Lease liabilities	7	35,944	53,771
Total non-current liabilities		<u>187,857</u>	<u>192,042</u>
Current liabilities			
Due to immediate parent company	10	243,915	147,754
Due to fellow subsidiaries	10	281,951	102,318
Dividends payable		13,593	13,775
Provisions	15	13,464	11,692
Lease liabilities	7	13,906	11,065
Trade and other payables	16	246,388	197,435
Total current liabilities		<u>813,217</u>	<u>484,039</u>
Total equity and liabilities		<u>2,299,453</u>	<u>1,825,801</u>

The accompanying notes form an integral part of the financial statements.

The financial statements were approved and authorised for issue by the Board of Directors on March 1, 2022 and are signed on its behalf by:


..... Chairman
Adam Sabga


..... Director
Michael Fennell

BERGER PAINTS JAMAICA LIMITED

STATEMENT OF INCOME
YEAR ENDED DECEMBER 31, 2021

	Notes	2021 \$'000	2020 \$'000
Revenue from contracts with customers	18	3,108,089	2,371,281
Raw materials and consumable used		(1,878,366)	(1,091,421)
Changes in inventories of finished goods and work in progress (net)		231,786	(127,036)
Manufacturing expenses		(57,504)	(55,747)
Depreciation	5,7	(73,668)	(65,711)
Employee benefits expense	20	(549,884)	(511,614)
Other operating expenses		(659,502)	(527,993)
Other income		38,742	20,034
PROFIT BEFORE TAXATION	19	159,693	11,793
Taxation	21	(36,353)	(148)
NET PROFIT FOR THE YEAR		123,340	11,645
Earnings per stock unit	22	\$0.58	\$0.05

The accompanying notes form an integral part of the financial statements.

BERGER STATEMENT OF COMPREHENSIVE INCOME

BERGER PAINTS JAMAICA LIMITED

STATEMENT OF COMPREHENSIVE INCOME YEAR ENDED DECEMBER 31, 2021

	Notes	2021 \$'000	2020 \$'000
NET PROFIT FOR THE YEAR		123,340	11,645
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to profit or loss in subsequent periods:			
Deferred tax adjustment in respect of revaluation of property, plant and equipment	14	150	150
Remeasurement of employment benefit plans	6	42,820	38,794
Deferred tax	8	(10,705)	(9,698)
		32,115	29,096
Other comprehensive income for the year net of tax		32,265	29,246
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		155,605	40,891

The accompanying notes form an integral part of the financial statements.

BERGER PAINTS JAMAICA LIMITED

STATEMENT OF CHANGES IN EQUITY
YEAR ENDED DECEMBER 31, 2021

	Notes	Share Capital \$'000	Revaluation Reserves \$'000	Revenue Reserve \$'000	Total \$'000
Balance at January 1, 2020		141,793	45,595	921,441	1,108,829
Net profit for the year		-	-	11,645	11,645
Other comprehensive income for the year		-	150	29,096	29,246
Total comprehensive income for the year		-	150	40,741	40,891
Balance at December 31, 2020		141,793	45,745	962,182	1,149,720
Net profit for the year		-	-	123,340	123,340
Transfers and other movements	9	-	-	(6,946)	(6,946)
Other comprehensive income for the year		-	150	32,115	32,265
Total comprehensive income for the year		-	150	148,509	148,659
Balance at December 31, 2021		141,793	45,895	1,110,691	1,298,379

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The accompanying notes form an integral part of the financial statements.

BERGER PAINTS JAMAICA LIMITED

STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2021

	Notes	2021 \$'000	2020 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit for the year		123,340	11,645
Adjustments for:			
Depreciation on property, plant and equipment	5	60,389	52,961
Depreciation on right of use assets	7	13,279	12,750
Interest expense on lease liabilities	7	3,386	3,728
Unrealised foreign exchange losses (gains) (net)		6,200	(33,924)
Post retirement benefit charge	6(e)	14,867	19,462
Income tax expense	21	36,353	148
Provision charge	15	2,480	3,475
Expected credit loss recognised on trade receivables	11	1,381	5,866
Expected credit loss recognised on other receivables	11	832	-
Reversal of expected credit loss on trade receivables	11	(6,549)	(30,880)
Reversal of expected credit loss on other receivables	11	(1,265)	-
Effect of change in Inventory provision policy	9	(6,946)	-
Gain on sale of property, plant and equipment		-	(801)
Operating cash flows before movements in working capital:		247,747	44,430
(Increase)/Decrease in trade and other receivables		(63,400)	18,439
(Increase)/Decrease in inventories		(294,559)	192,986
Increase/(Decrease) in due to/from fellow subsidiaries (net)		199,612	(531,781)
Provisions utilised	15	(708)	(9,243)
Increase/(Decrease) in trade and other payables		48,953	(105,693)
Increase in due to immediate parent company		96,161	101,026
Post employment benefits contributions	6(e)	(14,795)	(14,198)
Cash generated from/(used in) operations		219,011	(304,034)
Interest paid		(3,386)	(3,728)
Tax paid		(33)	-
Net cash provided by/(used in) operating activities		215,592	(307,762)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	5	(129,354)	(88,606)
Proceeds on sale of property, plant and equipment		-	801
Net cash used in investing activities		(129,354)	(87,805)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(182)	(34)
Lease liabilities payments	7	(14,986)	(12,217)
Net cash used in financing activities		(15,168)	(12,251)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		71,070	(407,818)
OPENING CASH AND CASH EQUIVALENTS		210,804	584,698
Effect of foreign exchange rate changes		(6,200)	33,924
CLOSING CASH AND CASH EQUIVALENTS	12	275,674	210,804
Supplemental non-cash activities disclosure:			
Right of use assets acquired under finance leases	7	-	46,812

The accompanying notes form an integral part of the financial statements.

BERGER PAINTS JAMAICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2021

1. IDENTIFICATION

The main activity of the company, which is incorporated and domiciled 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 54.12% subsidiary of Ansa Coatings International Limited. The ultimate holding company is Ansa McAL Limited, which is incorporated in Trinidad. The registered office of the company is 256 Spanish Town Road, Kingston 11.

These financial statements are expressed in Jamaican dollars.

The Board of Directors has the power to amend these financial statements after issue, if required.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

2.1 *Standards and interpretations affecting amounts reported and or disclosed in the current period (and/or prior period)*

There were no standards and interpretations that were applied in the year that affected the presentation and disclosures in these financial statements.

2.2 *Standards and interpretations and amendments to existing standards adopted with no effect on the financial statements*

The following additional new and revised Standards and Interpretations have been adopted in these financial statements. Their adoption has not had any impact on the amounts reported in these financial statements but may impact the accounting for future transactions or arrangements.

Amendment to IFRS 16 Leases - Covid-19 Related Rent Concessions beyond June 30, 2021 (effective April 1, 2021)

On May 28, 2020, the International Accounting Standards Board ('IASB') amended IFRS 16 Leases to provide relief to lessees from applying IFRS 16 guidance on lease modification to rent concessions arising as a direct consequence of the Covid-19 pandemic.

In March 2021, the IASB amended the conditions of the practical expedient. Following the amendment, the practical expedient now applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before June 30, 2022, provided the other conditions for applying the practical expedient are met.

As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16 if the change were not a lease modification.

BERGER PAINTS JAMAICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2021

2 ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

2.2 *Standards and interpretations and amendments to existing standards adopted with no effect on the financial statements (continued)*

Amendment to IFRS 16 Leases - Covid-19 Related Rent Concessions beyond June 30, 2021 (effective April 1, 2021) (continued)

The practical expedient applies only to rent concessions occurring as a direct consequence of the Covid-19 pandemic and only if all the following conditions are met:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change.
- Any reduction in lease payments affects only payments originally due on or before June 30, 2022.
- There is no substantive change to other terms and conditions of the lease.

Lessees will apply the practical expedient retrospectively, recognizing the cumulative effect of initially applying the amendment as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of the annual reporting period in which the amendment is first applied.

The amendments are effective for annual reporting periods beginning on or after April 1, 2021, however earlier application is permitted. The directors and management assessed the impact of the application of this amendment on the company's financial statements and deemed it to be immaterial.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 - Interest Rate Benchmark Reform Phase 2 (effective January 1, 2021)

In August 2020, the IASB published Interest Rate Benchmark Reform – Phase 2, Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16. The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR).

The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest.
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued.
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

These amendments had no impact on the financial statements of the company.

BERGER PAINTS JAMAICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2021

2 ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

2.2 *Standards and interpretations and amendments to existing standards adopted with no effect on the financial statements (continued)*

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 - Interest Rate Benchmark Reform Phase 2 (effective January 1, 2021) (continued)

The annual improvement process of the International Accounting Standards Board deals with non-urgent, but necessary clarifications and amendments to IFRS. The following amendments are applicable to periods beginning on or after January 1, 2021, but have resulted in no material change to the company's financial statements.

- IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter
- IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

2.3 *Standards, interpretations and amendments to existing standards that are not yet effective and have not yet been early adopted by the company*

- Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework – effective January 1, 2022
- Amendments to IAS 16 Property, Plant and Equipment - Proceeds before intended use - effective January 1, 2022
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts - Costs of fulfilling a contract – effective January 1, 2022
- IFRS 17 Insurance Contracts – Effective January 1, 2023
- Amendments to IAS 1 Presentation of Financial Statements - Amendments to IAS 1 – Classification of liabilities as Current or Non-current - effective January 1, 2023
- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and errors – Definition of accounting estimates - effective January 1, 2023
- Amendments to IAS 1 and IFRS Practice statement 2 – Disclosure of accounting policies - effective January 1, 2023
- Amendments to IAS 12 Income Taxes – Deferred tax related to assets and liabilities arising from a single transaction - effective January 1, 2023
- Amendments arising from 2018-2020 annual improvements to IFRS

New and Revised Standards and Interpretations in issue not yet effective that are relevant

The Board of Directors and management have assessed the impact of all the new and revised Standards and Interpretations in issue but not yet effective and have concluded that the following is relevant to the operations of the company and are likely to impact amounts reported in the company's future financial statements:

BERGER PAINTS JAMAICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2021

2 ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

2.3 *Standards, interpretations and amendments to existing standards that are not yet effective and have not yet been early adopted by the company (continued)*

Amendments to IAS 16: Property, Plant and Equipment: Proceeds before Intended Use

In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss. The amendment is effective for annual reporting periods beginning on or after January 1, 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment. The directors and management have not yet assessed the impact of the application of this amendment on the company's financial statements.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively. The directors and management have not yet assessed the impact of the application of this amendment on the company's financial statements.

Amendments to IAS 8: Accounting Policies, Changes in Accounting Estimates and errors: Definition of accounting estimates

In February 2021, the Board issued amendments to IAS 8, which introduces a new definition of accounting estimates. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors.

The amended standard clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors. The previous definition of a change in accounting estimate specified that changes in accounting estimates may result from new information or new developments. Therefore, such changes are not corrections of errors. This aspect of the definition was retained by the Board.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023. The directors and management have not yet assessed the impact of the application of this amendment on the company's financial statements.

BERGER PAINTS JAMAICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2021

2 ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

2.3 *Standards, interpretations and amendments to existing standards that are not yet effective and have not yet been early adopted by the company (continued)*

Amendments to IAS 1 and IFRS Practice statement 2: Disclosure of accounting policies

In February 2021, the Board issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures.

The amendments aim to help entities provide accounting policy disclosures that are more useful by:

- Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies, and
- Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023. The directors and management have not yet assessed the impact of the application of this amendment on the company's financial statements.

Amendments to IAS 12 Income Taxes: Deferred tax related to assets and liabilities arising from a single transaction

In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement whether such deductions are attributable for tax purposes to the liability recognised in the financial statements or to the related asset component.

Under the amendments, the initial recognition exception does not apply to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. It only applies if the recognition of a lease asset and lease liability give rise to taxable and deductible temporary differences that are not equal.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and should be applied retrospectively. The directors and management have not yet assessed the impact of the application of this amendment on the company's financial statements.

BERGER PAINTS JAMAICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2021

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Statement of compliance

The company's financial statements have been prepared in accordance and comply with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB), and the relevant requirements of the Jamaican Companies Act.

3.2 Basis of preparation

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.

In accordance with the requirements of IAS 1 'Presentation of Financial Statements', the company has performed a going concern assessment as of the reporting date. While the COVID-19 pandemic has heightened the inherent uncertainty in the going concern assessment, the company has concluded that there are no material uncertainties that may cast significant doubt on its ability to continue to operate as a going concern. The financial statements have therefore been prepared on the going concern basis.

The principal accounting policies are set out below.

3.3 Current versus non-current classification

The company presents assets and liabilities in statement of financial position based on current/non-current classification.

An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

BERGER PAINTS JAMAICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For the purpose of fair value disclosures, the company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

BERGER PAINTS JAMAICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Transactions with jointly controlled entities

Common control business combinations are scoped out of IFRS 3, 'Business Combinations'. Where such transactions arise, management's policy is to apply either the requirements of IFRS 3 or the "pooling of interests" method ("POI method"), the latter being an approach outside of the IFRS. The determination of which method is applied depends on:

- a) Whether the common control business combination is deemed to have substance to the company. Substance exists where:
 - There is a business purpose to the transaction;
 - Outside parties, such as non-controlling interests are involved;
 - The transaction was conducted at fair value; and
 - The acquired company had business activities prior to the acquisition.

If the transaction is deemed to have no substance, then only the POI method can be applied.

- b) The size and significance of the acquisition to the company.
- c) The company's reporting requirements.

The key differences between the POI method and the acquisition method under IFRS 3 are:

- The POI method does not permit fair valuation of assets or liabilities acquired. Instead assets and liabilities are recognised at their carrying values.
- No new goodwill is generated under the POI method. Instead, any difference between the consideration paid and the carrying value of net assets acquired is recognised in equity.

The carrying values recognised are typically those within the consolidated financial statements of the ultimate parent company, ANSA McAL Limited, however there are situations where the carrying values recognised will be those within the stand-alone financial statements of the acquired entity. In determining which carrying values should be used, management considers:

- The timing of the transaction in comparison to when the acquired company was established within the company;
- The identity and nature of the users of the company's financial statements; and
- Whether consistent accounting policies are used by the acquired company.

The company has a policy of combining the results of the acquired company from the acquisition date and not restating periods prior to the date of the combination. Further, equity balances are retained to allow for recycling of profits and equity that can occur as a result of future events.

BERGER PAINTS JAMAICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 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 statement of financial position at historical or deemed cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Freehold land is not depreciated.

Depreciation is recognised so as to write off the cost of assets (other than land and properties under construction) less their residual values, over the estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Properties in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and for qualifying assets, borrowing costs capitalised in accordance with the company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Repairs and maintenance costs are recognised in profit or loss as incurred.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the assets. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3.7 Leases

The company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessor

Leases in which the company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Company as a lessee

The company applies a single recognition and measurement approach for all leases, except for short term leases and leases of low value assets. The company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

BERGER PAINTS JAMAICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Leases (continued)

Company as a lessee (continued)

Right-of-use assets

The company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying assets is available for use). The right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of the initial lease liabilities recognized, initial direct costs incurred, and lease payments made on or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Land and building 2 to 5 yrs.

If ownership of the leased asset transfers to the company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies at 3.8 "Impairment of non-financial assets".

Lease liabilities

At the commencement date of the lease, the company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentive receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the company and payments of penalties for terminating the lease, if the lease term reflects the company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event of condition that triggers the payment occurs.

In calculating the present value of lease payments, the company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short term leases and leases of low-value assets

The company applies the short term lease recognition exemption to its short term leases (that is, those leases that have a lease term of 2 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

BERGER PAINTS JAMAICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.8 Impairment of non-financial assets

At the end of each reporting period, the company reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest company of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than the carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

3.9 Employee benefits

3.9.1 Pension obligations

The company operates a defined benefit pension plan. The plan is funded by contributions from employees and employer. The employees contribute at the rate of 5% of pensionable salaries. The employees may make additional unmatched voluntary contributions up to the maximum permissible by the Income Tax Act. The employer contributes such funds as are necessary to meet the balance of the liabilities as determined by actuarial valuations subject to a maximum rate so that the total contributions (employee and employer) sum to 20% of pensionable salaries. The company's rate of contribution of 5.5% is determined by the Board of Directors upon recommendation of external actuaries.

The cost of providing benefits is determined using the Projected Unit Credit Method with external actuarial valuations being carried out at the end of each reporting period.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling and the return on plan assets (excluding net interest), are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

BERGER PAINTS JAMAICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.9 Employee benefits (continued)

3.9.1 Pension obligations (continued)

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the company recognises restructuring-related costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The company recognises the following changes in the net defined benefit obligation under employee benefit costs in the statement of income:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements
- Net interest expense or income

3.9.2 Termination obligations

Termination benefits are payable whenever an employee's employment is terminated involuntarily before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The company recognises termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed formal plan without the possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than twelve (12) months after the end of the reporting period are discounted to present value.

3.9.3 Other post-retirement obligations

The company provides health benefits to qualifying employees upon retirement. The entitlement to these benefits is usually based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment, using an accounting methodology similar to that used for the defined benefit pension plan as disclosed above.

3.10 Inventories

These are stated at the lower of cost and net realisable value. The cost of finished goods and cost of work-in-progress 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. Cost is arrived at based on the standard cost method (which approximates to the weighted average cost). Net realisable value represents the estimated selling price less all estimated costs of completion and costs necessary to make the sale.

BERGER PAINTS JAMAICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.11 Financial instruments

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

Financial assets and liabilities are recognised on the company's statement of financial position when the company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transactions costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities (except for financial assets and financial liabilities at fair value through profit or loss where such costs are recognised immediately in profit or loss), as appropriate, on initial recognition.

The fair values of financial instruments are discussed in Note 24. Listed below are the company's financial assets and liabilities and the specific accounting policies relating to each:

3.11.1 Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the company has applied the practical expedient, the company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the company has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the company commits to purchase or sell the asset.

BERGER PAINTS JAMAICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.11 Financial instruments (continued)

3.11.1 Financial assets (continued)

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the company. The company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The company's financial assets at amortised cost includes trade and other receivables including contract assets, due from related parties and cash and bank balances.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a company of similar financial assets) is primarily derecognised (i.e., removed from the company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired or
- The company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the company has transferred substantially all the risks and rewards of the asset, or (b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

BERGER PAINTS JAMAICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.11 Financial instruments (continued)

3.11.1 *Financial assets (continued)*

Derecognition (continued)

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the company has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the company could be required to repay.

Impairment

The company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the company applies a simplified approach in calculating ECLs. Therefore, the company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The company considers a financial asset in default when contractual payments are 360 days past due. However, in certain cases, the company may also consider a financial asset to be in default when internal or external information indicates that the company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

BERGER PAINTS JAMAICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.11 Financial instruments (continued)

3.11.2 Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The company's financial liabilities include trade and other payables, lease liabilities, due to related parties and dividend payable.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

(a) *Related party*

A party is related to the company if:

- (i) directly, or indirectly through one or more intermediaries, the party:
 - controls, is controlled by, or is under common control with, the company (this includes parent, subsidiaries and fellow subsidiaries);
 - has an interest in the entity that gives it significant influence over the company or;
 - has joint control over the company;
- (ii) the party is an associate of the company;
- (iii) the party is a joint venture in which the company is a venturer;
- (iv) the party is a member of the key management personnel of the company or its parent;
- (v) the party is a close member of the family of any individual referred to in (i) or (iv);
- (vi) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or
- (vii) the party is a post-employment benefit plan for the benefit of employees of the company, or of any entity that is a related party of the company.

Intercompany transactions are recorded at pre-determined company rates and are settled within 30 days. Interest is not charged on these balances as they are settled in a short period.

BERGER PAINTS JAMAICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.11 Financial instruments (continued)

3.11.2 Financial liabilities (continued)

Initial recognition and measurement (continued)

(b) Dividends payable

These are recognised as a liability in the period in which they are approved by the shareholders at the annual general meeting.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in the statement of income.

3.12 Taxation

Income tax expense represents the sum of tax currently payable and deferred tax.

Current tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before taxation as reported in the statement of income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

BERGER PAINTS JAMAICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.12 Taxation (continued)

Deferred tax (continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

The company offsets deferred tax assets and deferred tax liabilities if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority.

Current and deferred tax for the period

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity respectively.

Sales tax

Expenses and assets are recognised net of the amount of sales tax except:

- when the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognised as part of the cost of acquisition of the asset or part of the expense item as applicable.
- when receivables and payables are stated with the amount of tax included.

The net amount of sales tax recoverable from or payable to the taxation authority is included as part of receivables or payables in the statement of financial position.

3.13 Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the company will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

BERGER PAINTS JAMAICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.14 Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. The company has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods before transferring them to the customer.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 4.

Sales of products to third parties

Revenue from the sale of products to third parties is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. The company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties). In determining the transaction price for sales, the company considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any).

(i) *Variable consideration*

If the consideration in a contract includes a variable amount, the company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Certain customers are provided with a right of return and discount incentives based on volumes subject to the maintenance of their customer account on a current basis. The rights of return and discounts give rise to variable consideration.

- Rights of return

Certain contracts provide a customer with a right to return the goods within a specified period. The company uses the expected value method to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the company will be entitled. The requirements in IFRS 15 on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, the company recognises a refund liability. A right of return asset (and corresponding adjustment to cost of sales) is also recognised for the right to recover products from a customer.

BERGER PAINTS JAMAICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.14 Revenue from contracts with customers (continued)

Sales of products to third parties (continued)

(i) *Variable consideration (continued)*

- Discount incentives

The company provides discount incentives under a partnership incentive plan (PIP) whereby discounts are applied at the point of invoicing to certain customers based on the achievement of volume targets and/or maintenance of their account on a current basis. The company uses historical performance to estimate the discount incentive tier the customer is likely to fall in subject to the attainment of the two criteria previously mentioned. The model is assessed on a quarterly basis.

(ii) *Significant financing component*

Where the company receives short-term advances from their customers, using the practical expedient in IFRS 15, the company does not adjust the promised amount of consideration for the effects of a significant financing component if they expect, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

Where the company receives long-term advances from customers, the transaction price for such contracts is discounted, using the rate that would be reflected in a separate financing transaction between the company and their customers at contract inception, to take into consideration the significant financing component.

Contract balances

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Trade receivables

A receivable represents the company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section 3.11 Financial instruments – initial recognition and subsequent measurement.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the company transfers goods or services to the customer, a contract liability is recognised when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the company performs under the contract.

BERGER PAINTS JAMAICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.14 Revenue from contracts with customers (continued)

Assets and liabilities arising from rights of return

Right of return assets

Right of return asset represents the company's right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of the returned goods. The company updates the measurement of the asset recorded for any revisions to its expected level of returns, as well as any additional decreases in the value of the returned products.

Refund liabilities

A refund liability is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount the company ultimately expects it will have to return to the customer. The company updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period. Refer to above accounting policy on variable consideration.

Cost to obtain a contract

The company pays sales commission to its employees for each contract that they obtain. The company has elected to apply the optional practical expedient for costs to obtain a contract which allows the company to immediately expense sales commissions (included under employee benefits and part of cost of sales) because the amortisation period of the asset that the company otherwise would have used is one year or less.

Interest revenue

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the company and the amount of the income can be measured reliably.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

3.15 Foreign currencies

The financial statements are presented in Jamaican dollars, the currency of the primary economic environment in which the company operates (its functional currency).

BERGER PAINTS JAMAICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.15 Foreign currencies (continued)

In preparing the financial statements of the company, transactions in currencies other than the company's functional currency, are recorded at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are re-translated at the rates prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are re-translated at the rates prevailing at the date when the fair value was determined. The gain or loss arising on translation of a non-monetary item measured in fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation differences on items whose fair values gain is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively). Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated.

All other exchange differences are recognised in profit or loss for the period in which they arise.

3.16 Research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

3.17 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3.18 Segment reporting

An operating segment is a component of the company that engages in business activities from which it may earn revenues and incur expenses; whose operating results are regularly reviewed by the entity's Chief Operating Decision Maker (CODM) to make decisions about resources to be allocated to the segment and assess its performance; and for which discrete financial information is available.

Based on the information presented to and reviewed by the CODM, the operations of the company are considered as one operating segment.

BERGER PAINTS JAMAICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2021

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the company's accounting policies, which are described in Note 3, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

a) Revenue from contracts with customers

Determining method to estimate variable consideration and assessing the constraint

Certain contracts for the sale of goods include a right of return and discount incentives that give rise to variable consideration. In estimating the variable consideration, the company is required to use either the expected value method or the most likely amount method based on which method better predicts the amount of consideration to which it will be entitled.

The company determined that the expected value method is the appropriate method to use in estimating the variable consideration for the sale of various goods with rights of return, given the large number of customer contracts that have similar characteristics.

Before including any amount of variable consideration in the transaction price, the company considers whether the amount of variable consideration is constrained. The company determined that the estimates of variable consideration are not constrained based on its historical experience, business forecast and the current economic conditions. In addition, the uncertainty on the variable consideration will be resolved within a short time frame.

b) Determining the lease term of contracts with renewal and termination options – company as a lessee

The company determines the lease term as the non-cancellable term of the lease, together with any period covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The company has lease contracts that include extensions and termination options. The company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

The company included the renewal period as part of the lease term for leases of property. The company typically exercises its option to renew for these leases. The periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

BERGER PAINTS JAMAICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2021

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Key sources of estimation uncertainty

The following are the key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

a) Post employment benefits

As disclosed in Note 6, the company operates a defined benefit pension plan and provides post retirement medical benefits. The amounts shown in the statement of financial position are an asset of approximately \$212.13 million (2020: \$175.09 million) in respect of the defined benefit pension plan and a liability of approximately \$132.56 million (2020: \$138.27 million) in respect of post retirement medical liabilities. The post employment benefits are subject to estimates in respect of periodic costs, which costs are dependent on future returns on assets, future discount rates, rates of salary increases and the inflation rate in respect of the pension plan, and rates of increases in medical costs for the post retirement medical plan. External actuaries are contracted by the company in this regard.

The estimated return on pension assets assumption is determined by considering long-term historical returns, asset allocation and future estimates of long-term investment returns. The company estimates the appropriate discount rate annually, which rate is used to determine the present value of estimated cash outflows expected to be required to settle the pension and post-retirement medical benefit obligation.

To determine the appropriate discount rate in the absence of high quality corporate bonds, the interest rates on government bonds that have maturities approximating the related pension liabilities were considered.

The expected increase in medical costs was determined by comparing the historical relationship of actual medical cost increases with the local rate of inflation. Current market conditions also impact the assumptions outlined above.

Note 6(i) details some sensitivity analyses in respect of these post employment benefit plans.

b) Income taxes

Estimates are required in determining the provision for income taxes. There are some transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of estimates in respect of items deductible or not deductible for tax purposes is different from the amounts that were originally recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. A change of +/- 10% in the final tax outcome of these estimates would have the effect of approximately \$3.64 million (2020: \$0.01 million) increase/decrease in the current and deferred tax provisions.

c) Revenue from contracts with customers – Returns and incentive discounts

Estimating variable consideration for returns and incentive discounts

The company estimates variable considerations to be included in the transaction price for the sale of goods with rights of return.

BERGER PAINTS JAMAICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2021

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Key sources of estimation uncertainty (continued)

c) Revenue from contracts with customers – Returns and incentive discounts (continued)

Estimating variable consideration for returns and incentive discounts (continued)

The company developed a model for forecasting sales returns. The model used the historical return data of each product to derive expected return percentages. These percentages are applied to determine the expected value of the variable consideration. Any significant changes in experience as compared to historical return pattern will impact the expected return percentages estimated by the company.

The company's expected incentive discount/volume rebates are analysed on a per customer basis for contracts that are subject to a single volume threshold among other factors. Determining whether a customer will be likely entitled to rebate will depend on the customer's historical discount incentive/rebates entitlement and accumulated purchases to date among other factors.

The company applied a model for estimating expected incentive discounts for contracts with more than one volume threshold. The model uses the historical purchasing patterns and discounts entitlement of customers to determine the expected discount percentages and the expected value of the variable consideration. Any significant changes in experience as compared to historical purchasing patterns and discount entitlements of customers will impact the expected discounts percentages estimated by the company.

The company updates its assessment of expected returns and discounts periodically and the refund liabilities are adjusted accordingly. Estimates of expected returns and discounts are sensitive to changes in circumstances and the company's past experience regarding returns and discount entitlements may not be representative of customers' actual returns and discount entitlements in the future. As at December 31, 2021, the amount recognised as refund liabilities for the expected returns was maintained at \$4.29 million.

d) Allowance for expected credit losses

The company uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for various ageing buckets and the related loss patterns. The provision matrix is initially based on the company's historical observed default rates. The company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product, inflation and foreign exchange rates) are expected to deteriorate over the next year which can lead to an increased number of defaults in the construction sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the company's trade receivables is disclosed in Note 11.

BERGER PAINTS JAMAICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2021

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Key sources of estimation uncertainty (continued)

d) Allowance for expected credit losses (continued)

At year end trade receivables totaled \$583.35 million (2020: \$474.07 million) for which an allowance for expected credit losses of \$50.97 million (2020: \$56.14 million) (Note 11) was recognised.

In response to the COVID-19 pandemic, the company assessed the need to adjust the loss rates to incorporate forward-looking information, taking into account the expected recovery rate of receivables and various applicable macroeconomic factors. Based on the analysis performed as at December 31, 2021, no material overlay adjustments specifically related to the COVID-19 pandemic was considered necessary.

e) Provision for obsolescence of inventory

Estimates of provision for obsolescence of inventory are based on the most reliable evidence available at the time the estimates are made, of the amount the inventories are expected to realize. Estimates of provision for obsolescence also take into consideration the purpose for which the inventory is held.

f) Leases - estimating the incremental borrowing rate

If the company cannot readily determine the interest rate implicit in the lease, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease.

The company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as stand-alone credit rating).

BERGER PAINTS JAMAICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2021

5. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land \$'000	Freehold Buildings & Leasehold Improvements \$'000	Plant and Machinery \$'000	Furniture Fixtures & Equipment \$'000	Motor Vehicles \$'000	Totals \$'000
At cost						
January 1, 2020	27,000	109,390	345,586	143,547	44,610	670,133
Additions	-	19,757	57,738	5,913	5,198	88,606
Disposals	-	-	(395)	(7,438)	(4,266)	(12,099)
December 31, 2020	27,000	129,147	402,929	142,022	45,542	746,640
Additions	-	8,011	100,962	16,086	4,295	129,354
December 31, 2021	27,000	137,158	503,891	158,108	49,837	875,994
Accumulated depreciation						
January 1, 2020	-	54,553	229,413	97,753	37,246	418,965
Depreciation charge	-	4,608	28,809	16,938	2,606	52,961
Disposals	-	-	(395)	(7,438)	(4,266)	(12,099)
December 31, 2020	-	59,161	257,827	107,253	35,586	459,827
Depreciation charge	-	8,397	27,233	21,558	3,201	60,389
December 31, 2021	-	67,558	285,060	128,811	38,787	520,216
Carrying amounts						
December 31, 2021	27,000	69,600	218,831	29,297	11,050	355,778
December 31, 2020	27,000	69,986	145,102	34,769	9,956	286,813

a) The following useful lives are used in the calculation of depreciation:

Freehold buildings	50 years
Plant and machinery	6 years to 12½ years
Other fixed assets	4 years to 8 years

b) Freehold land and buildings were revalued in 1995 and the revaluation surplus of \$49.579 million was credited to revaluation reserves. The revalued amounts of \$27 million for land and \$47.529 million for buildings have been designated the deemed cost of these assets, as permitted under the provisions of IFRS 1.

6. POST EMPLOYMENT BENEFITS

The company operates a defined benefit pension plan for qualifying employees and provides post retirement medical benefits to its pensioners. The plans are exposed to interest rate risk, inflation and changes in life expectancy for pensioners. Note 6(h) details the plan's exposure in respect of various financial assets.

BERGER PAINTS JAMAICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2021

6. POST EMPLOYMENT BENEFITS (CONTINUED)

Plan information

Regulatory framework	The law requires each plan sponsor to be an ordinary annual contributor but does not stipulate a minimum funding rate or solvency level. In absence of guidance from the Financial Services Commission (Regulator), the working party of actuaries and auditors agreed on a minimum employer contributions rate of 0.25% of payroll per annum where plan rules do not specify a minimum.
Responsibilities	The trustees ensure benefits are funded, benefits are paid, and assets are invested to maximize return subject to acceptable investment risks while considering the liability profile. The board of trustees (including sponsor, employee and pensioner representatives) have contracted a pension services provider to administer the plan's activities. The plan is registered with the Financial Services Commission.
Asset-Liability Matching	Pensions are secured through the purchase of annuities. The remaining assets are invested in segregated pooled funds.

Defined benefit pension plan

This plan is funded by contributions from the employees and the company. The company contributes to the plan at rates determined by the Board of Directors upon recommendation of external actuaries (currently 5.5% (2020: 5.5%) of pensionable salaries) and the employees contribute at a rate of 5% of pensionable salaries (with the option of contributing an additional amount subject to a maximum rate so that the total contributions (employee and employer) sum to 20% of pensionable salaries). Pension benefits are determined on a prescribed benefits basis and are payable at a rate of 1% of the employee's average earnings over the three years prior to retirement multiplied by the employee's number of years membership in the plan.

Retiree medical plan

The company bears the full cost of health care of employees after retirement.

Valuation

The most recent actuarial valuations for IFRS purposes of the two plans were carried out as at December 31, 2021 by Apex Consulting Limited (Consulting Actuaries), Fellow of the Institute of Actuaries. The obligations were measured using the projected unit credit method. The last actuarial valuation to determine the adequacy of funding done as at December 31, 2018 revealed that the plan was adequately funded at that date.

BERGER PAINTS JAMAICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2021

6. POST EMPLOYMENT BENEFITS (CONTINUED)

(a) The principal assumptions used for the purpose of the actuarial valuations were as follows:

Financial Assumptions

	2021 %	2020 %
Gross discount rate	9.00	9.00
Expected rate of salary increases	4.50	4.50
Future pension increases	2.00	2.00
Medical inflation	5.50	5.50
Inflation	5.00	5.00
Minimum funding rate	0.25	0.25
Administration fees (percentage of pay)	1.00	1.00

Demographic Assumptions

(i) Mortality

American 1994 Company Annuitant Mortality (GAM94) table with 5-year mortality improvement.

Death rates per 1,000 are set out below:

Age	Males	Females
20 – 40	0.35 – 0.66	0.22 – 0.29
30 – 40	0.66 – 0.85	0.29 – 0.48
40 – 50	0.85 – 1.58	0.48 – 0.97
50 – 60	1.58 – 4.43	0.97 – 2.29
60 - 70	<u>4.43 – 14.53</u>	<u>2.29 – 8.63</u>

(ii) Retirement - males who joined the plan before January 1, 2002 will retire at age 65 and all other members will retire at age 60.

(iii) Terminations - no assumption was made for exit prior to retirement.

(iv) Marital statistics – 80% of members are assumed to be married at their date of retirement.

BERGER PAINTS JAMAICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2021

6. POST EMPLOYMENT BENEFITS (CONTINUED)

- (a) The principal assumptions used for the purpose of the actuarial valuations were as follows (continued):

Defined benefit pension plan amounts for the current and previous four years were as follows:

	2021 \$'000	2020 \$'000	2019 \$'000	2018 \$'000	2017 \$'000
Present value of obligation	(986,695)	(994,440)	(1,004,652)	(1,069,906)	(1,080,051)
Fair value of plan assets	1,525,938	1,493,379	1,663,555	1,487,691	1,386,267
Unrecognised asset due to ceiling	(327,115)	(323,844)	(509,380)	(281,222)	(143,606)
Net asset in the statement of financial position	212,128	175,095	149,523	136,563	162,610

- (b) Amounts included in the statement of financial position arising from the company's obligation in respect of these plans are as follows:

	Defined Benefit Pension Plan		Retiree Medical Plan	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Present value of obligation	(986,695)	(994,440)	(132,556)	(138,271)
Fair value of plan assets	1,525,938	1,493,379	-	-
Unrecognised asset due to ceiling	(327,115)	(323,844)	-	-
Net asset (liability) in the statement of financial position	212,128	175,095	(132,556)	(138,271)

- (c) Amounts recognised in the statement of income in respect of the plans are as follows:

	Defined Benefit Pension Plan		Retiree Medical Plan	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Current service cost	14,099	14,485	2,598	3,450
Net interest cost:				
Interest cost on defined benefit obligation	87,122	76,000	12,402	11,007
Interest income on plan assets	(101,354)	(85,480)	-	-
Total included in employee benefits expense	(133)	5,005	15,000	14,457

BERGER PAINTS JAMAICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2021

6. POST EMPLOYMENT BENEFITS (CONTINUED)

(d) Amounts recognised in other comprehensive income in respect of the plans are as follows:

	Defined Benefit Pension Plan		Retiree Medical Plan	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Remeasurements				
Change in financial assumptions	-	(75,000)	-	(18,754)
Experience adjustments	(31,525)	238,318	(14,566)	2,178
Change in effect of the asset ceiling	3,271	(185,536)	-	-
	<u>(28,254)</u>	<u>(22,218)</u>	<u>(14,566)</u>	<u>(16,576)</u>

(e) Movements in the net asset (liability) were as follows:

	Defined Benefit Pension Plan		Retiree Medical Plan	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Opening balance	175,095	149,523	(138,271)	(146,229)
Amount credit (charged) to income	133	(5,005)	(15,000)	(14,457)
Remeasurement recognised in OCI	28,254	22,218	14,566	16,576
Contributions by employer	8,646	8,359	6,149	5,839
Closing balance	<u>212,128</u>	<u>175,095</u>	<u>(132,556)</u>	<u>(138,271)</u>

BERGER PAINTS JAMAICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2021

6. POST EMPLOYMENT BENEFITS (CONTINUED)

(f) Changes in the present value of the defined benefit obligation were as follows:

	Defined Benefit Pension Plan		Retiree Medical Plan	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Opening defined benefit obligation	994,440	1,004,652	138,271	146,229
Service cost	14,099	14,485	2,598	3,450
Interest cost	87,122	76,000	12,402	11,007
Members' contributions	14,371	13,566	-	-
Benefits paid	(109,776)	(50,809)	(6,149)	(5,839)
Remeasurement:				
Changes in financial assumptions	-	(75,000)	-	(18,754)
Changes in experience adjustments	(13,561)	11,546	(14,566)	2,178
Closing defined benefit obligation	<u>986,695</u>	<u>994,440</u>	<u>132,556</u>	<u>138,271</u>

(g) Changes in the fair value of plan assets are as follows:

	Defined Benefit Pension Plan	
	2021 \$'000	2020 \$'000
Opening fair value of plan assets	1,493,379	1,663,555
Members' contributions	14,371	13,566
Employer's contributions	8,646	8,359
Interest income on plan assets	101,354	85,480
Benefits paid	(109,776)	(50,809)
Remeasurement:		
Experience adjustments	17,964	(226,772)
Closing fair value of plan assets	<u>1,525,938</u>	<u>1,493,379</u>
Movement in asset ceiling asset		
Effect of asset ceiling at beginning	(323,844)	(509,380)
Remeasurement effects	(3,271)	185,536
Effect of ceiling at the end of period	<u>(327,115)</u>	<u>(323,844)</u>

BERGER PAINTS JAMAICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2021

6. POST EMPLOYMENT BENEFITS (CONTINUED)

(h) The major categories of plan assets are as follows:

	Defined Benefit Pension Plan	
	2021	2020
	Fair Value of Plan Asset \$'000	Fair Value of Plan Asset \$'000
Equity fund	402,755	388,278
CPI indexed fund	67,126	59,735
International equity	67,126	59,735
Fixed income fund	111,876	149,337
Mortgage and real estate fund	302,067	253,874
Foreign currency fund	156,627	194,139
Money market fund	11,188	14,933
Value of purchased annuities	407,173	373,345
Closing fair value of plan assets	1,525,938	1,493,379

Apart from purchased annuities, each asset is held in a segregated fund.

There are no plan assets in respect of the Retiree Medical Plan.

(i) Sensitivity analyses

1. Medical Inflation

	1% decrease in Medical inflation Assumption \$'000	1% increase in Medical inflation Assumption \$'000
(Decrease) Increase in defined benefit obligation - 2021	(15,701)	19,272
(Decrease) Increase in defined benefit obligation - 2020	(16,378)	20,103

BERGER PAINTS JAMAICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2021

6. POST EMPLOYMENT BENEFITS (CONTINUED)

(i) Sensitivity analyses (continued)

2. Discount rate

	1% decrease in Discount rate Assumption \$'000	1% increase in Discount rate Assumption \$'000
2021		
Increase (Decrease) in defined benefit obligation		
- Medical	18,410	(14,947)
Increase (Decrease) in defined benefit obligation		
- Pension	109,184	(88,191)
2020		
Increase (Decrease) in defined benefit obligation		
- Medical	19,204	(15,591)
Increase (Decrease) in defined benefit obligation		
- Pension	110,041	(88,884)
3. Future pension increase		
	1% decrease in Future Pension Assumption \$'000	1% increase in Future Pension Assumption \$'000
2021		
(Decrease) Increase in defined benefit obligation		
- Pension	(66,206)	77,046
2020		
(Decrease) Increase in defined benefit obligation		
- Pension	(66,725)	77,651
4. Salary assumption		
	1% decrease in Salary Assumption \$'000	1% increase in Salary Assumption \$'000
2021		
(Decrease) Increase in defined benefit obligation		
- Pension	(23,264)	27,309
2020		
(Decrease) Increase in defined benefit obligation		
- Pension	(23,809)	27,523

BERGER PAINTS JAMAICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2021

6. POST EMPLOYMENT BENEFITS (CONTINUED)

(i) Sensitivity analyses (continued)

5. Life expectancy

	1 year Decrease \$'000	1 year Increase \$'000
2021		
(Decrease) Increase in defined benefit obligation - Medical	(3,790)	3,783
(Decrease) Increase in defined benefit obligation - Pension	(16,587)	16,244
2020		
(Decrease) Increase in defined benefit obligation - Medical	(3,953)	3,946
(Decrease) Increase in defined benefit obligation - Pension	(16,718)	16,371

(j) Other

(i) Expected employer contributions for the next year

	\$'000
Pension	11,565
Medical	6,757
	<u>18,322</u>

(ii) Expected expense for the next year

	Medical \$'000	Pension \$'000	Total \$'000
Service cost	2,957	12,954	15,911
Financing cost (net)	12,196	(18,664)	(6,468)
	<u>15,153</u>	<u>(5,710)</u>	<u>9,443</u>

(iii) Maturity profile of defined benefit obligation

	Weighted average duration of liability 2021	Weighted average duration of liability 2020
Pension	12	12
Medical	13	14

(iv) Included in the holdings of plan assets is an investment in the Sagicor Pooled Pension Investment Funds which holds 10.4% (2020: 10.4%) of the company's issued shares.

BERGER PAINTS JAMAICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2021

7. LEASES

Company as a lessee

Set out below are the carrying amount of right of use assets recognised and the movement during the year:

	2021 \$'000	2020 \$'000
As at January 1	63,866	29,804
Additions	-	46,812
Depreciation	<u>(13,279)</u>	<u>(12,750)</u>
As at December 31	<u><u>50,587</u></u>	<u><u>63,866</u></u>

Set out below are the carrying amount of lease liabilities and the movement during the period:

	2021 \$'000	2020 \$'000
As at January 1	64,836	30,241
Additions	-	46,812
Accretion of interest	3,386	3,728
Payments	<u>(18,372)</u>	<u>(15,945)</u>
As at December 31	<u><u>49,850</u></u>	<u><u>64,836</u></u>
Classified as:		
Current	13,906	11,065
Non-current	<u>35,944</u>	<u>53,771</u>
	<u><u>49,850</u></u>	<u><u>64,836</u></u>

The following are the amounts recognised in profit or loss:

	2021 \$'000	2020 \$'000
Depreciation expense of right of use asset	13,279	12,750
Interest expense on lease liabilities	<u>3,386</u>	<u>3,728</u>
Total amount recognised in profit or loss	<u><u>16,665</u></u>	<u><u>16,478</u></u>

Operating lease payments relating to short term leases and leases of low value assets recognized as expense for the year amounted to \$0.60 million (2020: \$0.28 million).

BERGER PAINTS JAMAICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2021

7. LEASES (CONTINUED)

Company as a lessor

The company has entered into an operating lease on its freehold land with a related party. The lease has a term of three years. Rental income recognised by the company during the year is \$0.35 million (2020: \$0.35 million).

Future minimum rentals receivable under non-cancellable operating lease as at 31 December are as follows:

	2021 \$'000	2020 \$'000
Within one year	263	350
After one year but not more than three year	-	966
	<u>263</u>	<u>1,316</u>

8. DEFERRED TAX ASSETS (LIABILITIES)

Certain deferred tax assets and liabilities have been offset in accordance with the company's accounting policy. The following is the analysis of the deferred tax balances:

	2021 \$'000	2020 \$'000
Deferred tax assets	46,428	57,439
Deferred tax liabilities	<u>(65,785)</u>	<u>(49,864)</u>
	<u>(19,357)</u>	<u>7,575</u>

The movement during the period in the company's deferred tax position was as follows:

	2021 \$'000	2020 \$'000
Opening balance	7,575	8,562
(Debit)/Credit to income for the period (Note 21(a))	(16,377)	8,561
Charge to other comprehensive income for the period (Note 21(b))	<u>(10,555)</u>	<u>(9,548)</u>
Closing balance	<u>(19,357)</u>	<u>7,575</u>

The following are the major deferred tax liabilities and assets recognised by the company and the movements thereon, during the current and prior periods:

BERGER PAINTS JAMAICA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021**

8. DEFERRED TAX ASSETS (LIABILITIES) (CONTINUED)

Deferred tax assets

	Accrued Vacation	Post Employment Benefits Obligation	Accrued incentive and other	Unrealised Foreign exchange losses	Lease liabilities in excess of right of use assets	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance, January 1, 2020	4,365	36,557	10,989	4,288	109	56,308
Credit/(Charge) to income for the year	(1,443)	2,157	233	4,195	133	5,275
Charge to other comprehensive income for the year	-	(4,144)	-	-	-	(4,144)
Balance, December 31, 2020	2,922	34,570	11,222	8,483	242	57,439
Credit/(Charge) to income for the year	444	2,213	(2,288)	(7,496)	(242)	(7,369)
Charge to other comprehensive income for the year	-	(3,642)	-	-	-	(3,642)
Balance, December 31, 2021	3,366	33,141	8,934	987	-	46,428

BERGER PAINTS JAMAICA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021**

8. DEFERRED TAX ASSETS (LIABILITIES) (CONTINUED)

Deferred tax liabilities	Revaluation of properties \$'000	Post- employment benefits asset \$'000	Capital allowances in excess of depreciation charges \$'000	Capital allowances in excess of depreciation charges on motor vehicles \$'000	Right of use assets in excess of lease liabilities \$'000	Total \$'000
Balance, January 1, 2020	3,984	37,381	6,283	98	-	47,746
Charge to income for the year	-	841	(4,266)	139	-	(3,286)
Credit to other comprehensive Income for the year	(150)	5,554	-	-	-	5,404
Balance, December 31, 2020	3,834	43,776	2,017	237	-	49,864
(Credit)/Charge to income for the year	-	2,195	5,951	678	184	9,008
Charge/(Credit) to other comprehensive Income for the year	(150)	7,063	-	-	-	6,913
Balance, December 31, 2021	3,684	53,034	7,968	915	184	65,785

BERGER PAINTS JAMAICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2021

9. INVENTORIES

	2021	2020
	\$'000	\$'000
Finished goods	416,170	177,279
Work-in-progress	11,347	18,452
Raw materials and supplies	288,372	183,817
Goods-in-transit	24,384	66,166
	<u>740,273</u>	<u>445,714</u>

Inventories stated above are net of provision for obsolescence amounting to approximately \$50.36 million (2020: \$58.48 million).

The cost of inventories recognised as an expense during the period, was \$1,646.58 million (2020: \$1,218.46 million).

Movement in provision for obsolescence

	2021	2020
	\$'000	\$'000
Opening balance	58,484	62,737
Effect of change in policy (a)	6,946	-
Charged to income	4,490	8,439
Reversal of write down (b)	<u>(19,557)</u>	<u>(12,692)</u>
Closing balance	<u>50,363</u>	<u>58,484</u>

(a) During the year, the company changed its accounting policy to record provision for obsolescence. This resulted in the recognition of additional provision of \$6.95 million which was debited to retained earnings.

(b) Previous write downs have been reversed as a result of reworks of material in the production process.

Charges in respect of inventory obsolescence of \$4.49 million (2020: \$8.44 million) are recorded in raw materials and consumable used.

BERGER PAINTS JAMAICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

10. BALANCE SHEET TRANSACTIONS WITH RELATED PARTIES

Details of transactions and balances with the parent company and other related parties are disclosed below:

Trading transactions and balances

The company carried out transactions in the ordinary course of business during the period with its affiliates as follows:

	Sales of Goods and Raw Materials		Purchases of Goods, Raw Materials and Equipment		Technical Service Fees		Amounts Owed by (to) Related Parties	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
<i>Immediate parent</i>								
Ansa Coatings International Ltd.	-	-	-	-	107,385	81,962	(243,915)	(147,754)
<i>Fellow subsidiaries</i>								
Berger Barbados	482	460	5,165	-	-	-	(1,380)	7,475
ABEL Building Solutions	-	-	-	-	-	-	(24,638)	(3,993)
Ansa Mcal (Barbados)	-	-	-	-	-	-	(53)	(49)
Ansa Coating (Ja) Ltd.	-	-	-	-	-	-	(6,871)	11,153
Ansa Mcal Trading Inc.	-	-	-	4,672,202	-	-	-	(27,485)
Ansa Coatings Limited	3,853	5,134	65,448	125,632	-	-	-	(9,219)
Ansa Mcal Limited	-	-	-	-	-	-	440	(61,572)
Ansa Polymer	-	-	80,392	-	-	-	-	2
Sissons Paints	-	-	-	-	-	-	(321)	-
Ansa Mcal Chemicals	-	-	344	-	-	-	985	3,470
Ansa Mcal Chemicals (Ja)	54	-	-	-	-	-	813	-
Ansa Merchant Bank	-	-	-	-	-	-	5	119
Ansa Technologies Limited	-	-	-	-	-	-	-	3
Ansa US	-	-	1,214,028	-	-	-	(248,688)	-
Reflected in statement of financial position:	4,389	5,594	1,365,377	4,797,834	443	-	(279,708)	(80,096)
Due from fellow subsidiaries							2,243	22,222
Due to fellow subsidiaries							(281,951)	(102,318)
							(279,708)	(80,096)

BERGER PAINTS JAMAICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2021

10. BALANCES/TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

Sale of goods to related parties were made at the predetermined company rates. Purchases are made at market prices discounted to reflect the quantity of goods purchased and the relationships between the parties.

The amounts outstanding are unsecured, interest free and will be settled on demand. No guarantees have been given or received. No expense has been recognized during the year for irrecoverable debts in respect of the amounts owed by related parties.

Compensation of key management personnel

The remuneration of directors and other members of key management during the period was as follows:

	2021	2020
	\$'000	\$'000
Short-term benefits	74,061	74,902
Post-employment benefits	<u>3,835</u>	<u>3,758</u>
	<u><u>77,896</u></u>	<u><u>78,660</u></u>

The remuneration of directors and key executives is determined by the directors of the parent company having considered the recommendation of the local Board and performance of individuals and prevailing macro-economic factors.

11. TRADE AND OTHER RECEIVABLES

	2021	2020
	\$'000	\$'000
Trade receivables	583,352	474,074
Less allowance for expected credit losses	<u>(50,974)</u>	<u>(56,142)</u>
	532,378	417,932
Other receivables and prepayments (net of an allowance for expected credit losses of \$15.10 million (2020: \$15.53 million))	<u>111,630</u>	<u>157,075</u>
	<u><u>644,008</u></u>	<u><u>575,007</u></u>

The average credit period on sale of goods is 30 - 60 days. The company has provided fully for all receivables due for over 180 days (2020: 180 days) because historical experience has shown that receivables that are past due beyond this period are generally not recoverable. Trade receivables outstanding between 30 and 180 days (2020: 30 and 180 days) are provided for based on estimated irrecoverable amounts from the sale of goods, determined by reference to past default experience of the counterparty and an analysis of the counterparty's current financial position.

BERGER PAINTS JAMAICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2021

11. TRADE AND OTHER RECEIVABLES (CONTINUED)

Before accepting any new customer, the company uses a credit bureau to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed annually. Of the trade receivables balance at the end of the reporting period, \$60.29 million (2020: \$57.34 million) (amount within the approved credit limit) is due from one (2020: one) of the company's customer (See also Note 24(d)). There were no other customers who represented more than 5% of the total balance of trade receivables.

The company does not hold any collateral or other credit enhancements over these balances, nor does it have a legal right of offset against any amount owed by the company to the counterparty.

Movement in allowance for expected credit losses

	Trade Receivables		Other Receivables	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Opening balance	56,142	81,156	15,531	15,531
Expected credit losses recognized	1,381	5,866	832	-
Amounts recovered during the year	(6,549)	(30,880)	(1,265)	-
Closing balance	50,974	56,142	15,098	15,531

In determining the recoverability of a receivable, the company considers any change in the credit quality of the receivable from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited due to the fact that the customer base is large and unrelated. The directors believe that, at the end of the reporting period, there is no further credit provision required in excess of the allowance for expected credit losses.

Ageing of impaired trade receivables

	2021 \$'000	2020 \$'000
0-30 days	-	2,744
31-90 days	-	19,334
91-180 days	4,687	437
Over 181 days	46,287	33,627
	50,974	56,142

BERGER PAINTS JAMAICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2021

11. TRADE AND OTHER RECEIVABLES (CONTINUED)

Ageing of impaired other receivables

	2021 \$'000	2020 \$'000
≥ 12 months	15,098	15,531

12. CASH AND BANK BALANCES

	2021 \$'000	2020 \$'000
Cash on hand	517	531
Foreign currency bank balances (Note 12(a))	50,763	18,783
Jamaican dollar bank balances (Note 12(b))	224,394	191,490
	275,674	210,804

(a) These include non-interest bearing accounts totalling \$nil (2020: \$1.79 million), representing the Jamaican dollar equivalent of Belize \$nil (2020: \$26,700) and \$50.76 million (2020: \$16.98 million) representing the Jamaican dollar equivalent of US\$0.33 million (2020: US\$0.118 million).

(b) The company has a credit facility (overdraft) with a commercial bank with a limit of \$90 million (2020: \$90 million) at a rate of 16.25% (2020: 16.25%) per annum. The company did not utilize the facility in the current or prior period.

(c) Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash at bank and in hand, net of bank overdraft, and other highly liquid bank deposits held with financial institutions, with an original maturity of three months or less from the date of acquisition and are held to meet cash requirements rather than for investment purposes.

13. SHARE CAPITAL

	2021 No. of shares	2020 No. of shares	2021 \$'000	2020 \$'000
Authorised: No par value ordinary shares at the beginning and end of the period	214,322,393	214,322,393		
Issued and fully paid at the beginning and end of the period:	214,322,393	214,322,393		
Stated capital			141,793	141,793

There were no movements in share capital during the period.

The company has one class of ordinary shares which carry one vote per share and no right to fixed income.

BERGER PAINTS JAMAICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2021

14. REVALUATION RESERVES

	Properties Revaluation Reserve	
	2021 \$'000	2020 \$'000
Balance at beginning of year	45,745	45,595
Adjustments to deferred tax liability in respect of revalued buildings (Note 21(b))	150	150
Balance at end of year	<u>45,895</u>	<u>45,745</u>

The properties revaluation reserve arose on the revaluation of land and buildings prior to conversion to IFRS, and is shown net of annual deferred tax charges. Where revalued land and buildings are sold, the portion of the properties revaluation reserve that relates to that asset, and is effectively realized, is transferred directly to revenue reserve.

15. PROVISIONS

	Employee Benefits	
	2021 \$'000	2020 \$'000
Opening balance	11,692	17,460
Charged to income for year	2,480	3,475
Utilized during the year	(708)	(9,243)
Closing balance	<u>13,464</u>	<u>11,692</u>

The provision for employees' benefits represents annual leave entitlements accrued.

16. TRADE AND OTHER PAYABLES

	2021 \$'000	2020 \$'000
Trade payables	56,599	73,356
Other payables and accruals	189,789	124,079
	<u>246,388</u>	<u>197,435</u>

The credit period on purchases of goods from the company's major suppliers range from 30 - 60 days. The company has financial risk management procedures in place to ensure that all payables are paid within the credit timeframe.

17. DIVIDENDS

There were no dividends declared for the year ended December 31, 2021.

BERGER PAINTS JAMAICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2021

18. REVENUE FROM CONTRACTS WITH CUSTOMERS

The following are entity-wide disclosures:

(a) Products

	2021	2020
	\$'000	\$'000
Decorative/architectural products	2,867,844	2,187,383
Industrial products	169,732	116,637
Automotive products	70,513	67,260
	<u>3,108,089</u>	<u>2,371,281</u>

(b) Geographical areas

	2021	2020
	\$'000	\$'000
Domestic sales	3,072,893	2,307,356
Export sales	35,196	63,925
	<u>3,108,089</u>	<u>2,371,281</u>

(c) Major customers

Of the sales for the year, 12% (2020: 11%) was attributable to the company's largest customer. There were no other customers who represented 10% or more of the company's revenue.

(d) Right of return assets and liabilities

	2021	2020
	\$'000	\$'000
Right of return asset (included in other receivables)	961	961
Refund liabilities (included in other payables)		
- Arising from rights of return	<u>4,290</u>	<u>4,290</u>

(e) Performance obligations

The performance obligation is satisfied upon delivery of manufactured products or of goods purchased for resale. The terms of payment are determined by prior approval and can be cash or credit for a period of 7 or 30 days and 60 days for export customers. Where there are returns due to damaged or faulty products or sales errors, customers are entitled to full refunds. Such returns usually occur within one month of delivery.

BERGER PAINTS JAMAICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2021

19. PROFIT BEFORE TAXATION

The profit before taxation is stated after taking into account the following:

	2021	2020
	\$'000	\$'000
(i) Expenses on financial assets at amortised cost		
Allowance for expected credit losses on sale of goods net of recoveries of \$6.55 million (2020: \$30.88 million)	(5,168)	(25,014)
Allowance for expected credit losses on other receivables net of recoveries of \$1.27 million (2020: \$nil)	(433)	-
(ii) Net loss on financial assets and financial liabilities at amortised cost		
Net foreign exchange loss	9,718	50,924
(iii) Other expenses		
Directors' emoluments		
Fees	5,864	4,611
Management	20,657	18,185
Audit fees	7,380	6,240

20. EMPLOYEES BENEFITS EXPENSE

Staff costs incurred during the period were:

	2021	2020
	\$'000	\$'000
Salaries, wages and statutory contributions	491,959	446,275
Other staff benefits	57,925	65,339
	<u>549,884</u>	<u>511,614</u>

21. TAXATION

Current and deferred taxes have been calculated using the tax rate of 25% (2020: 25%).

(a) Recognised in profit and loss

(i) The total charge for the period comprises:

	2021	2020
	\$'000	\$'000
Current tax	23,091	4,330
Prior year (over) under provision	(3,115)	4,379
Deferred tax adjustment (Note 8)	16,377	(8,561)
	<u>36,353</u>	<u>148</u>

Current and deferred taxes have been calculated using the tax rate of 25% (2020: 25%).

BERGER PAINTS JAMAICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2021

21. TAXATION (CONTINUED)

(a) Recognised in profit and loss (continued)

(ii) The charge for the period is reconciled to the profit as per the income statement as follows:

	2021 \$'000	2020 \$'000
Profit before tax	159,693	11,793
Tax at the domestic income tax rate of 25%	39,923	2,948
Tax effect of expenses that are not deductible in determining taxable profit	9,671	30
Non assessable income	-	(200)
Employment tax credit	(9,307)	(1,855)
Prior year (over) under provision	(3,115)	4,379
Other	(819)	(5,154)
Tax expense for the year	<u>36,353</u>	<u>148</u>

(b) Recognised directly in other comprehensive income in equity (Note 8)

	2021 \$'000	2020 \$'000
Revaluation of properties (Note 14)	150	150
Remeasurement of defined benefit plans	(10,705)	(9,698)
	<u>(10,555)</u>	<u>(9,548)</u>

22. EARNINGS PER STOCK UNIT

The calculation of basic and fully diluted earnings per stock unit of \$0.58 (2020: \$0.05) is based on the profit after taxation of \$123.34 million (2020: \$11.65 million) and the number of stock units in issue during the period of 214,322,393 (2020: 214,322,393 units).

23. COMMITMENTS

(a) Capital commitments

There were no capital commitments as at December 31, 2021 nor at December 31, 2020.

BERGER PAINTS JAMAICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2021

24. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 3 to the financial statements.

Categories of financial instruments

The following table sets out the financial instruments as at the end of the reporting period:

	2021 \$'000	2020 \$'000
Financial Assets (at amortised cost)		
- Due from fellow subsidiaries	2,243	22,222
- Trade and other receivables (excluding prepayments)	616,438	545,890
- Cash and bank balances	275,674	210,804
	<u>894,355</u>	<u>778,916</u>
Financial Liabilities (at amortised cost)		
- Due to immediate parent company	243,915	147,754
- Due to fellow subsidiaries	281,951	102,318
- Dividends payable	13,593	13,775
- Trade and other payables (excluding accruals)	141,961	102,944
- Lease liabilities	49,850	64,836
	<u>731,270</u>	<u>431,627</u>

BERGER PAINTS JAMAICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2021

24. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT (CONTINUED)

Financial risk management policies and objectives

By its nature, the company's activities involve the use of financial instruments.

The company has exposure to the following risks from its use of its financial instruments: market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

Financial risk management objectives

The company's activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. The company's aim is therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects on the company's financial performance.

The company has documented financial risk management policies which are directed by its parent company. These policies set out the company's overall business strategies and its risk management philosophy. The financial risk management programme seeks to minimise potential adverse effects of financial performance of the company. The Board of Directors, directed by the parent company, provides written policies for overall financial risk management as well as policies covering specific areas, such as market risk, credit risk and liquidity risk. Periodic reviews are undertaken to ensure that the company's policy guidelines are complied with.

There has been no change during the year to the company's exposure to these financial risks or the manner in which it manages and measures the risk.

The company does not hold or issue derivative financial instruments.

Exposures are measured using sensitivity analyses indicated below.

(a) Market risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market. The company's activities expose it primarily to the financial risks of changes in foreign currencies, as disclosed in Note 24(b) below, interest rates as disclosed in Note 24(c) below.

(b) Foreign exchange risk

The company undertakes certain transactions denominated in currencies other than the Jamaican dollar resulting in exposures to exchange rate fluctuations.

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

BERGER PAINTS JAMAICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2021

24. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT (CONTINUED)

Financial risk management policies and objectives (continued)

(b) Foreign exchange risk (continued)

Management of foreign exchange risk

Management consistently reviews the company's exposure in this regard by constant monitoring of international foreign exchange markets and factors influencing currency movements including daily analysis of its demand for foreign currency to meet supplier payments and positioning its foreign currency bank account holdings accordingly.

The carrying amounts of foreign currency denominated monetary assets and monetary liabilities arising in the ordinary course of business at the reporting date are as follows:

	<u>Liabilities</u>		<u>Assets</u>		<u>Net Liabilities (Assets)</u>	
	2021	2020	2021	2020	2021	2020
	J\$'000	J\$'000	J\$'000	J\$'000	J\$'000	J\$'000
US dollars	516,173	271,329	67,708	64,381	448,465	206,948
Belize dollars	-	-	6	1,799	(6)	(1,799)

Foreign currency sensitivity

The following table details the sensitivity to a 2% revaluation and 8% devaluation (2020: 2% revaluation and 6% devaluation) in the Jamaican dollar against the relevant foreign currencies. The above sensitivity rates are used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for the above change in foreign currency rates.

If the Jamaican dollar strengthens by 2% or weakens by 8% (2020: strengthens by 2% or weakens by 6%) against the relevant foreign currency, profit will (decrease) increase by:

	2021				2020			
	<u>Revaluation</u>		<u>Devaluation</u>		<u>Revaluation</u>		<u>Devaluation</u>	
	%	J\$'000	%	J\$'000	%	J\$'000	%	J\$'000
US dollars	+2	8,969	-8	(35,876)	+2	4,139	-6	(12,417)
Belize dollars	+2	-	-8	-	+2	(36)	-6	108
		<u>8,969</u>		<u>(35,876)</u>		<u>4,103</u>		<u>(12,309)</u>

BERGER PAINTS JAMAICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2021

24. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT (CONTINUED)

Financial risk management policies and objectives (continued)

(b) Foreign exchange risk (continued)

Foreign currency sensitivity (continued)

This is mainly attributable to the exposure outstanding on bank balances, receivables and payables in the respective foreign currency at the end of the reporting period.

The company's sensitivity to foreign currency has decreased during the current period mainly due to the decreased trade receivables and bank deposits as well as decreased payables denominated in foreign currencies.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as at the end of the reporting period as it does not reflect the exposure during the period. US dollar denominated sales and liabilities are seasonal, fluctuating throughout the period.

(c) Interest rate risk management

Interest rate risk is the potential that the value of a financial instrument will fluctuate due to changes in market interest rates as a result of cash flow or fair value interest rate risk. Financial instruments subject to fixed interest rates are exposed to fair value interest rate risk while those subject to floating interest rates are exposed to cash flow risk.

The company's exposure to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section at Note 24(e) below.

Management of interest rate risk

The company manages its interest rate risk by monitoring the movements in the market interest rates closely.

Interest rate sensitivity

The sensitivity analyses are determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. In respect of Jamaican dollar investments, a 300 basis points increase and a 50 basis points decrease (2020: a 100 basis points increase and a 100 basis point decrease) and for foreign currency denominated balances, a 100 basis points increase and a 100 basis points decrease (2020: 100 basis points increase and a 100 basis points decrease) is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the possible change in interest rates.

As at December 31, 2021 and December 31, 2020, the company had no significant exposure to interest rate risk.

BERGER PAINTS JAMAICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2021

24. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT (CONTINUED)

Financial risk management policies and objectives (continued)

(d) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company.

Financial assets that potentially subject the company to concentration of credit risk consist principally of cash and cash equivalents, trade and other receivables and amounts due from related parties. The maximum exposure to credit risk is the amount of approximately \$893.84 million (2020: \$778.40 million) (excluding cash on hand) disclosed under 'categories of financial instruments' above and the company holds no collateral in this regard. Generally, the company manages its credit risk by screening its customers, establishing credit limits and the rigorous follow-up of receivables.

Cash and bank deposits

The credit risk on liquid funds is limited because the counterparties are major banks with high credit ratings. The carrying amount of cash and bank balances (excluding cash on hand) totaling \$275.16 million (2020: \$210.8 million) at the reporting date represents the company's maximum exposure to this class of financial assets.

Trade and other receivables

The company has adopted a policy of dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The company's exposure and the credit ratings of its counterparties are continuously monitored, and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by management on an annual basis. Further, trade receivables consist of a large number of customers, spread across the retail and construction sectors and as such, the company does not have significant credit risk exposure to any single counterparty, except in respect of one (2020: one) retail entity whose outstanding balance at December 31, 2021 (within the approved credit limits) amounted to approximately 10% (2020: 11%) of trade receivables (see Note 11). Ongoing credit evaluation is performed on the financial condition of trade receivables. The book value of receivables is stated after allowance for likely losses estimated by the company's management based on prior experience and their assessment of the current economic environment.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for various customers with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than 180 days and are not subject to enforcement activity.

BERGER PAINTS JAMAICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2021

24. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT (CONTINUED)

Financial risk management policies and objectives (continued)

(d) Credit risk management (continued)

Trade and other receivables (continued)

Set out below is the information about the credit risk exposure on the company's trade receivables using a provision matrix.

31 December 2021	Trade receivables				Total
	Days past due				
	0-30 days	31- 90 days	91- 180 days	Over 181 days	
Current					
	\$'000	\$'000	\$'000	\$'000	\$'000
Expected credit loss rate	0.00%	0.00%	100.00%	100.00%	
Estimated total gross carrying amount at default	512,810	19,568	4,687	46,287	583,352
Allowance for expected credit loss	-	-	4,687	46,287	50,974

31 December 2020	Trade receivables				Total
	Days past due				
	0-30 days	31- 90 days	91- 180 days	Over 181 days	
Current					
	\$'000	\$'000	\$'000	\$'000	\$'000
Expected credit loss rate	0.92%	13.63%	100.00%	100.00%	
Estimated total gross carrying amount at default	298,274	141,716	437	33,647	474,074
Allowance for expected credit loss	2,744	19,314	437	33,647	56,142

The carrying amount of financial assets in respect of trade receivables totaling \$532.38 million (2020: \$417.93 million) and other receivables totaling \$33.09 million (2020: \$127.96 million) excluding prepayments at year end which is net of impairment of approximately \$15.10 million (2020: \$15.53 million, respectively), represents the company's maximum exposure to this class of financial asset.

Amounts due from fellow subsidiaries

The directors believe that the credit risks associated with this financial instrument are minimal. There is no significant increase in credit risk associated with related parties and therefore the probability of default is considered insignificant. The carrying amount of \$2.24 million (2020: \$22.22 million) at the reporting date represents the company's maximum exposure to this class of financial assets.

BERGER PAINTS JAMAICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2021

24. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT (CONTINUED)

Financial risk management policies and objectives (continued)

(e) Liquidity risk management

Liquidity risk, also referred to as funding risk, is the risk that the company will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at, or close to, its fair value. Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents, and the availability of funding through an adequate amount of committed facilities. Due to the nature of the underlying business, the management of the company maintains an adequate amount of its financial assets in liquid form to meet contractual obligations and other recurring payments. The company also maintains a credit overdraft facility with a commercial bank to a limit of \$90 million (2020: \$90.0 million).

Liquidity and interest risk analyses in respect of non-derivative financial liabilities

The following tables detail the company's remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the company can be required to pay. The table includes both interest and principal cash flows.

	Weighted Average Effective Interest Rate %	On Demand or Within 1 Year \$'000	1 - 5 years \$'000	Total \$'000
<u>December 2021</u>				
Non-interest bearing	Nil	681,420	-	681,420
Interest bearing – lease liabilities	4.83 - 5.65	14,156	58,064	72,220
		<u>695,576</u>	<u>58,064</u>	<u>753,640</u>
<u>December 2020</u>				
Non-interest bearing	Nil	366,791	-	366,791
Interest bearing – lease liabilities	4.83 - 5.65	14,698	66,887	81,585
		<u>381,489</u>	<u>66,887</u>	<u>448,376</u>

BERGER PAINTS JAMAICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2021

24. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT (CONTINUED)

Financial risk management policies and objectives (continued)

(f) Fair value of financial assets and financial liabilities

The following methods and assumptions have been used in determining the fair values of financial assets and financial liabilities:

- The carrying amounts included in the financial statements for cash and bank balances, trade and other receivables and trade and other payables, due to immediate parent company and due from or to fellow subsidiaries reflect the approximate fair values because of the short-term maturity of these instruments.
- The carrying amount of lease liabilities (variable rate) is assumed to approximate their fair value.

Capital risk management policies and objectives

The company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the equity balance.

The Board monitors the return on capital (net income divided by shareholder's equity).

The company's Board of Directors reviews the capital structure on a semi-annual basis. As a part of this review, the Board of Directors considers the cost of capital and the associated risks. Additionally, based on recommendations of the Board of Directors, the company balances its overall capital structure through the payment of dividends.

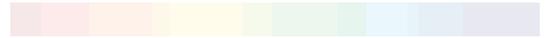
The company's overall strategy as directed by its parent remains unchanged from the year ended December 31, 2020.

25. CORONAVIRUS UPDATE

COVID-19, a respiratory illness caused by a new virus, was declared a world-wide pandemic by the World Health Organisation on 11 March 2020. The pandemic continued to affect economies in 2021 and the company has considered this impact in preparing its financial statements. The duration and extent of the COVID-19 pandemic and related financial, social and public health impacts of the pandemic remains uncertain. As such, the actual economic events and conditions in the future may be materially different from those estimated by the company at the reporting date. No matters have arisen since the end of the financial year which have significantly affected or may significantly affect the operations of the company. The company will continue to closely monitor the situation in order to plan its response, if necessary.



BERGER



NOTES



FORM OF PROXY

FOR THE 70TH ANNUAL GENERAL MEETING OF BERGER PAINTS JAMAICA LIMITED

I/We _____ of
_____ (address)

being a member/member of the above-named company, hereby appoint:

_____ (name of proxy)

of _____ (address)

or failing him/her, _____ (name of alternate proxy)

of _____ (address)

as my/our proxy to vote for me/us on my/our behalf at the 70th Annual General Meeting of the Company to be held at 2.00 p.m. on Friday, July 29, 2022, and at any adjournment thereof. Please indicate by inserting a tick in the appropriate square how you wish your votes to be cast. Unless otherwise instructed, the proxy will vote or abstain from voting, at his/her discretion.

NO	RESOLUTION DETAILS	VOTE FOR OR AGAINST (TICK APPROPRIATE BOX)	
1	Resolution No. 1: "That the Directors' Report, the Auditor's Report and the Statements of Account of the Company for the year ended 31st December 2021 be approved.	For <input type="checkbox"/>	Against <input type="checkbox"/>
2	Resolution No. 2: "That Ernst & Young, Chartered Accountants be and are hereby appointed Auditors of the Company to hold office until the next Annual General Meeting at a remuneration to be fixed by the Directors of the Company."	For <input type="checkbox"/>	Against <input type="checkbox"/>
3a	Resolution 3a: "That retiring Director Honourable Mr. Michael Fennell be and is hereby re-elected a Director of the Company".	For <input type="checkbox"/>	Against <input type="checkbox"/>
4b	Resolution 3b: "That retiring Director Mr. Adam Norman Sabga be and is hereby re-elected a Director of the Company".	For <input type="checkbox"/>	Against <input type="checkbox"/>

Signed this _____ day of _____ 2022

Signature: _____ Signature: _____

Notes:

1. If the appointer is a Corporation, this form must be under its common seal or under the hand of an officer or attorney duly authorised.
2. A Member entitled to attend and vote at this meeting may appoint a Proxy to attend and vote in his/her stead. A Proxy need not be a Member of the Company. A Proxy Form is enclosed for your convenience. Completed Proxy Forms must be lodged at the Company's Registered Office, 256 Spanish Town Road, Kingston 11 no later than forty-eight hours before the time appointed for holding the meeting. The Proxy Form shall bear the stamp duty of \$100.00 before being signed. The stamp duty may be paid by adhesive stamp(s) to be cancelled by the person executing the Proxy.
3. The Proxy Form will attract stamp duty of \$100.00 which may be paid by affixing adhesive stamp(s) to be cancelled by the person executing the Proxy Form or stamp duty impressed by the Stamp Office.



TRANSFORMING The
BERGER DYNAMIC

FOR LASTING BEAUTY AND PROTECTION