

BERGER

BERGER PAINTS JAMAICA LIMITED

REVISED UNAUDITED SIX MONTHS FINANCIAL RESULTS

FOR THE PERIOD ENDED JUNE 30, 2023



BERGER



FOR LASTING BEAUTY AND PROTECTION

TABLE OF CONTENTS

	PAGE
Directors' Statement	1
Statement of Financial Position	2-3
Statement of Loss / Income	4
Statement of Change in Equity	5
Statement of Cash Flows	6-7
Notes to the Financial Statement	8-9
Top 10 Management and Directors' Shareholdings	10

BERGER PAINTS JAMAICA LIMITED
2023 UNAUDITED FINANCIAL STATEMENTS
DIRECTORS' STATEMENT

Financial Performance

Berger Paints Jamaica Limited (BPJL) recorded revenues of JA\$744M as compared to JA\$673M in the comparative period of 2022. Higher costs of raw material and supply chain costs continue to negatively impact cost of goods and gross profit margins in 2023. Cost of Goods Sold (COGS) in Q2 2023 was JA\$436M or 21% more than the JA\$361M recorded in Q2 2022. The increase in cost was driven by 14% higher sales volumes in Q2 2023 compared to Q2 2022. Consumer demand across the Hardware network and Retail Channel continues to be a challenge while our Projects Channel has shown strong performances year-to-date over 2022.

Despite the higher sales volumes in Q2 2023 compared to Q2 2022, production volumes were kept on par with production in Q2 2022 as our new filling equipment was installed and commissioned in May 2023. Manufacturing and Operating expenses for Q2 2023 totaled JA\$408M compared with JA\$319M in Q2 2022, an increase of JA\$89M or 28%. The increases were related to repairs and maintenance executed for both plant and machinery, inclusive of new equipment installation, and general building maintenance. In addition, increased utilities and costs related to technical support for upgrading of Human Resource Information Systems (HRIS) and implementation of our new Customer Relationship Management (CRM) platform. These costs are all geared towards delivering an improved performance in 2023.

BPJL recorded a loss of JA\$93M in Q2 2023 compared to profits of JA\$2K in Q2 2022. As outlined in our last Directors' Statement, additional charges were anticipated over Q2 and Q3 as additional costs will be incurred to improve our operations and performance for the long-term future. We are confident that our strong Balance Sheet will support this growth agenda.

Outlook

Our focus on the long-term strategies remains a priority and as we continue to roll out initiatives in equipment upgrades and improving distribution points, the results will be delivered. Risks to the business are reviewed frequently with the aim of ensuring mitigating measures are put in place and we stand ready to support our loyal customers, business partners and stakeholders.

On behalf of the Board of Directors and Management of Berger Paints Jamaica Limited, a heartfelt thank you to our loyal customers, dedicated staff, suppliers, and all other stakeholders for your ongoing and continued support.

On behalf of the Board

Adam N. Sabga
Chairman

BERGER PAINTS JAMAICA LIMITED
UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2023

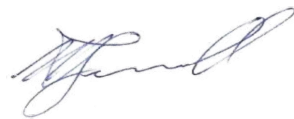
	Unaudited June 2023 \$'000	Unaudited June 2022 \$'000	Audited December 2022 \$'000
<u>ASSETS</u>			
Non-current assets			
Property, plant and equipment	275,965	354,445	301,600
Post employment benefits	81,108	212,970	81,108
Right-of-use assets	73,944	48,212	85,787
Deferred tax assets	14,310	-	5,322
	<hr/>	<hr/>	<hr/>
Total non-current assets	445,327	615,627	473,817
Current assets			
Inventories	965,994	1,049,100	858,990
Due from fellow subsidiaries	5,748	21,404	8,974
Trade and other receivables	661,104	493,207	808,991
Income tax recoverable	67,246	13,462	67,298
Cash and bank balances	180,079	168,552	258,933
	<hr/>	<hr/>	<hr/>
Total current assets	1,880,171	1,745,726	2,003,186
	<hr/>	<hr/>	<hr/>
Total assets	2,325,498	2,361,352	2,477,003
<u>EQUITY AND LIABILITIES</u>			
Shareholders' equity			
Share capital	141,793	141,793	141,793
Revaluation reserves	45,445	45,895	45,445
Revenue reserve	915,108	1,131,919	1,037,992
	<hr/>	<hr/>	<hr/>
Total shareholders' equity	1,102,346	1,319,606	1,225,230
Non-current liabilities			
Post employment benefits	94,534	132,556	94,534
Lease liabilities	54,104	34,803	66,312
Deferred Tax Liability	-	18,830	-
	<hr/>	<hr/>	<hr/>
Total non-current liabilities	148,638	186,189	160,846
	<hr/>	<hr/>	<hr/>

Current liabilities

Due to immediate parent company	371,633	287,261	335,004
Due to fellow subsidiaries	426,634	394,376	466,012
Dividends payable	6,876	13,593	6,874
Provisions	7,536	14,126	7,536
Lease liabilities	19,857	10,423	19,448
Trade and other payables	241,978	135,779	256,053
Total current liabilities	<u>1,074,514</u>	<u>855,557</u>	<u>1,090,927</u>
Total equity and liabilities	<u><u>2,325,498</u></u>	<u><u>2,361,352</u></u>	<u><u>2,477,003</u></u>

Approved by: **Adam Sabga**

Chairman



Hon. Michael Fennell

Director

BERGER PAINTS JAMAICALIMITED

UNAUDITED STATEMENT OF (LOSS)/INCOME

SIX MONTHS ENDED JUNE 30, 2023

	Quarter ended June 30 2023 \$'000	Quarter ended June 30 2022 \$'000	Six Months Ended June 30 2023 \$'000	Six Months Ended June 30 2022 \$'000	Audited December 2022 \$'000
Revenue from contracts with customers	743,773	673,085	1,461,307	1,392,099	3,295,791
Raw materials and consumable used	(351,347)	(387,555)	(827,575)	(842,275)	(1,929,144)
Changes in inventories of finished goods and work in progress (net)	(85,064)	26,411	(15,901)	84,413	(3,845)
Manufacturing expenses	(17,177)	(12,012)	(33,498)	(25,169)	(54,776)
Depreciation	(21,009)	(16,570)	(40,005)	(34,563)	(90,578)
Employee benefits expense	(127,532)	(116,814)	(265,613)	(272,333)	(527,063)
Other operating expenses	(242,269)	(173,285)	(423,201)	(290,182)	(728,833)
Other income	7,559	8,559	12,615	12,541	38,484
PROFIT BEFORE TAXATION	(93,068)	1,818	(131,871)	24,529	36
Taxation	5,591	2,393	8,988	(3,226)	666
NET PROFIT FOR THE YEAR	(87,476)	4,212	(122,884)	21,303	702
Earnings per stock unit	(\$0.41)	\$0.02	(\$0.57)	\$0.10	\$0.00

BERGER PAINTS JAMAICA LIMITED**UNAUDITED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY****AS OF JUNE 30, 2023**

	Share Capital \$'000	Revaluation Reserves \$'000	Revenue Reserve \$'000	Total \$'000
Balance at January 1, 2022	141,793	45,895	1,110,616	1,298,379
Net profit for three months	-	-	21,303	21,303
Total comprehensive income for the period	-	-	21,303	21,303
Balance at June 30, 2022	141,793	45,895	1,131,919	1,319,682
Balance at January 1, 2023	141,793	45,445	1,037,992	1,225,230
Net profit for three months	-	-	(122,884)	(122,884)
Total comprehensive loss for the period	-	-	(122,884)	(122,884)
Balance at June 30, 2023	141,793	45,445	915,108	1,102,346

BERGER PAINTS JAMAICA LIMITED
UNAUDITED STATEMENT OF CASH FLOWS
SIX MONTHS ENDED JUNE 30, 2023

	Unaudited June 2023	Unaudited June 2022	Audited December 2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Net (loss)/profit for the year	(122,884)	21,303	702
Adjustments for:			
Depreciation on property, plant and equipment	28,162	32,173	76,058
Depreciation on right of use assets	11,843	2,390	14,520
Interest expense on lease liabilities	2,390	1,875	1,984
Unrealised foreign exchange loss/(gains) (net)	8,544	(4,004)	(2,970)
Post retirement benefit charge	-	842	9,106
Income tax expense	(8,988)	3,226	(666)
Provision charge	-	5,015	1,633
Gain on sale of property, plant and equipment	(182)	-	(1,435)
Expected credit loss recognised on trade receivables	9,209	(3,392)	9,832
Expected credit loss recognised on other receivables	3,352	-	19,875
Reversal of expected credit loss on trade receivables	-	-	(8,817)
Prior Year Adjustment	-	-	(6,719)
Operating cash flows before movements in working capital:	(68,554)	59,430	113,103
Decrease/(increase) in trade and other receivables	135,327	150,801	(185,873)
Increase in inventories	(107,004)	(308,827)	(118,717)
Increase in due to/from fellow subsidiaries (net)	(36,152)	93,264	177,330
Provisions utilised	-	662	(7,561)
Increase in trade and other payables	(14,075)	(105,812)	9,665
Increase in due to immediate parent company	36,629	43,346	91,089
Post employment benefits contributions	-	(842)	(13,972)
Cash generated from operations	(53,829)	(67,979)	65,064
Interest paid	(2,390)	(1,875)	(1,984)
Income tax paid	-	(16,565)	(48,536)
Net cash provided by operating activities	(56,219)	(86,420)	14,544

CASH FLOWS FROM INVESTING ACTIVITIES

Acquisition of property, plant and equipment	(2,565)	(8,314)	(21,880)
Proceeds on sale of property, plant and equipment	<u>220</u>	<u>-</u>	<u>1,435</u>

Net cash used in investing activities	<u>(2,345)</u>	<u>(8,314)</u>	<u>(20,445)</u>
--	----------------	----------------	-----------------

CASH FLOWS FROM FINANCING ACTIVITIES

Lease liabilities payments	<u>(11,746)</u>	<u>(8,383)</u>	<u>(13,810)</u>
----------------------------	-----------------	----------------	-----------------

Net cash used in financing activities	<u>(11,746)</u>	<u>(8,383)</u>	<u>(13,810)</u>
--	-----------------	----------------	-----------------

NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(70,310)	(103,117)	(19,711)
---	----------	-----------	----------

OPENING CASH AND CASH EQUIVALENTS	258,933	275,674	275,674
--	---------	---------	---------

Effect of foreign exchange rate changes	<u>(8,544)</u>	<u>(4,004)</u>	<u>2,970</u>
---	----------------	----------------	--------------

CLOSING CASH AND CASH EQUIVALENTS	<u><u>180,079</u></u>	<u><u>168,553</u></u>	<u><u>258,933</u></u>
--	-----------------------	-----------------------	-----------------------

BERGER PAINTS JAMAICA LIMITED
NOTES TO UNAUDITED FINANCIAL RESULTS
AS AT JUNE 30, 2023

1. Basis of preparation

The unaudited financial results for the three-month period ended June 2023 have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting.

2. Significant accounting policies

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

The same accounting policies, presentation and methods of computation have been followed in these unaudited financial results as were applied in the preparation of the company's audited financial statements for the year ended December 31, 2022.

3. Related party transactions

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

Balances at the period end were:

	Amount owed by/(to) Related Parties	
	2023	2022
	\$'000	\$'000
<i>Immediate parent</i>		
Ansa Coatings International Ltd.	<u>(371,633)</u>	<u>(285,698)</u>
<i>Fellow subsidiaries</i>		
Ansa McaI Trading Inc.	(348,729)	(379,284)
Ansa Coatings Limited	(27,211)	14,224
ABEL Building Solutions	(24,279)	(7,213)
Ansa Polymer	(10,661)	(5,861)
Berger Barbados	(12,364)	(7,308)
Ansa McaI Limited	(3,390)	3,346
Ansa McaI Chemicals (Ja)	2,250	7,955
Ansa McaI Trading Ltd. (Guyana)	3,498	-
	<u>(420,886)</u>	<u>(374,141)</u>

4. Issued share capital

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

5. Earnings per stock unit

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

BERGER PAINTS JAMAICA LIMITED
QUARTERLY REPORT
30 JUNE 2023

TOP TEN (10) LARGEST SHAREHOLDERS		
SHAREHOLDERS	SHAREHOLDING	% OF ISSUED CAPITAL
ANSA COATINGS INTERNATIONAL LIMITED	115,438,340	53.86
SAGICOR POOLED EQUITY FUND	22,284,944	10.40
IDEAL GROUP CORPORATION LIMITED	10,988,500	5.13
IDEAL PORTFOLIO SERVICES COMPANY LIMITED	4,848,115	2.30
IDEAL BETTING COMPANY LIMITED	4,624,152	2.16
IDEAL GLOBAL INVESTMENTS LIMITED	4,020,000	1.88
GUARDIAN LIFE LTD - GUARDIAN EQUITY FUND	2,750,000	1.28
FIRST JAM./H.E.A.R.T/NTA PENSION SCHEME	2,433,500	1.14
GUARDIAN LIFE LIMITED/PENSION FUND	1,899,999	0.89
SAGICOR SELECT FUND LIMITED - ('CLASS C' SHARES) MANUFACTURING & DISTRIBUTION	1,719,169	0.80
TOTAL	171,006,719	80.10

SHAREHOLDINGS OF DIRECTORS AND THEIR CONNECTED PARTIES			
DIRECTORS	SHAREHOLDING	CONNECTED PARTY(S)	SHAREHOLDING
ADAM SABGA (CHAIRMAN)	NIL		
MICHAEL FENNELL	NIL	KATHLEEN PEGGY FENNELL	NIL
ANDY MAHADEO	NIL	DENISE GAYAH-MAHADEO	NIL
CRAIG LA CROIX	NIL	LISA LA CROIX	NIL
MILTON SAMUDA	NIL	ELIZABETH SAMUDA	NIL
JACQUELINE SHARP	NIL	JASON SHARP	NIL
RAY A. SUMAIRSINGH	NIL	CHARMAINE SUMAIRSINGH	NIL
TOTAL	0		0

SHAREHOLDINGS OF SENIOR MANAGEMENT AND THEIR CONNECTED PARTIES			
SENIOR MANAGEMENT	SHAREHOLDING	CONNECTED PARTY(S)	SHAREHOLDING
NEWTON ABRAHAMS	NIL	SHARMAINE ABRAHAMS	NIL
SHASHI MAHASE	NIL	RENEE BOUCAUD MAHASE	NIL
ARLANDO DUNKLEY	NIL	JADECIA DUNKLEY	NIL
CHAMIKA CUFFY	NIL	NIL	NIL
PETA GAYE LEVENE-THOMAS	NIL	DAMALI THOMAS	NIL
KADEEM WILSON*	NIL	ABIGALE CLARKE	NIL
TOTAL	0		0

Notes:

Resignation:

Effective 14 July 2023, Kadeem Wilson resigned as Human Resource Manager.

BERGER



BERGER PAINTS JAMAICA LIMITED

www.bergerpaintscaribbean.com



Together, we are
Family