

# BERGER

BERGER PAINTS JAMAICA LIMITED

## UNAUDITED NINE MONTHS FINANCIAL RESULTS

FOR THE PERIOD ENDED SEPTEMBER 30, 2023



# BERGER



FOR LASTING BEAUTY AND PROTECTION

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**BERGER PAINTS JAMAICA LIMITED**  
**2023 UNAUDITED FINANCIAL STATEMENTS**  
**DIRECTORS' STATEMENT**

**Financial Performance**

Berger Paints Jamaica Limited (BPJL) recorded revenues of JA\$768M in Q3 2023 compared to JA\$789M sold in Q3 2022. Gross profit margins impacted by higher costs of raw material as supply chain costs and availability of key raw materials negatively impacted cost of goods sold in 2023 versus 2022. Cost of Goods Sold (COGS) in Q3 2023 was JA\$462M, marginally less than the JA\$464M recorded in Q3 2022 although sales volumes were lower by 5% between comparative quarters. 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. Manufacturing and Operating expenses for Q3 2023 totaled JA\$425 compared with JA\$328M in Q3 2022, an increase of JA\$97M or 30%. The increases were related to the implementation and deployment of new technology, most notably our new Customer Relationship Management (CRM) platform that went live in August and technical support for upgrading of Human Resource Information Systems (HRIS). These costs are in keeping with our strategic initiatives to improve our customer engagement and consumer experience and our continued efforts to invest in our human capital. Unexpected challenges in production saw impacts to absorption cost as well as impact to raw material and finished goods provisions. We expect to see improvements in these areas in Q4 2023.

BPJL recorded a loss of JA\$111M in Q3 2023 compared to profits of JA\$1M in Q3 2022. As indicated in prior Directors' Statement communications, these additional charges were expected during 2023. Improving our operational efficiencies and performance for the long-term future remains key and we are confident that our strong Balance Sheet will support this growth agenda.

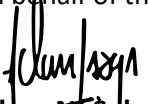
A year-to-date view at the end of September shows an increase of 2.2% (\$48M) versus same period prior year. Unfortunately, those gains were impacted most notable due to higher input costs of raw materials, investment in technology focused on HRIS implementation and cyber security infrastructure as well as the salary impact from minimum wage increases implemented over the period. The cumulative impact from these expense hits saw BPJL closing our year-to-date position as at September with a profit before tax loss of \$243M. The expectation is to significantly close this gap in the fourth quarter, which delivers a significant portion of our annualized performance.

**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 achieved. 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 SEPTEMBER 30, 2023**

	<b>Unaudited September 2023 \$'000</b>	<b>Unaudited September 2022 \$'000</b>	<b>Audited December 2022 \$'000</b>
<b><u>ASSETS</u></b>			
<b>Non-current assets</b>			
Property, plant and equipment	318,058	356,387	301,600
Post employment benefits	81,108	212,970	81,108
Right-of-use assets	67,716	50,587	85,787
Deferred tax assets	19,685	-	5,322
	<hr/>	<hr/>	<hr/>
<b>Total non-current assets</b>	<b>486,567</b>	<b>619,944</b>	<b>473,817</b>
<b>Current assets</b>			
Inventories	871,300	961,264	858,990
Due from fellow subsidiaries	1,548	22,283	8,974
Trade and other receivables	582,972	552,645	808,991
Income tax recoverable	67,246	11,886	67,298
Cash and bank balances	167,963	138,398	258,933
	<hr/>	<hr/>	<hr/>
<b>Total current assets</b>	<b>1,691,029</b>	<b>1,686,476</b>	<b>2,003,186</b>
	<hr/>	<hr/>	<hr/>
<b>Total assets</b>	<b>2,177,596</b>	<b>2,306,420</b>	<b>2,477,003</b>
<b><u>EQUITY AND LIABILITIES</u></b>			
<b>Shareholders' equity</b>			
Share capital	141,793	141,793	141,793
Revaluation reserves	45,445	45,895	45,445
Revenue reserve	809,285	1,131,420	1,037,992
	<hr/>	<hr/>	<hr/>
<b>Total shareholders' equity</b>	<b>996,523</b>	<b>1,319,107</b>	<b>1,225,230</b>
<b>Non-current liabilities</b>			
Post employment benefits	94,534	132,556	94,534
Lease liabilities	52,036	34,578	66,312
Deferred Tax Liability	-	18,830	-
	<hr/>	<hr/>	<hr/>
<b>Total non-current liabilities</b>	<b>146,570</b>	<b>185,964</b>	<b>160,846</b>

**Current liabilities**

Due to immediate parent company	346,362	305,558	335,004
Due to fellow subsidiaries	427,944	249,800	466,012
Dividends payable	6,875	13,593	6,874
Provisions	7,536	15,608	7,536
Lease liabilities	14,547	8,171	19,448
Trade and other payables	231,239	208,619	256,053
<b>Total current liabilities</b>	<b>1,034,503</b>	<b>801,349</b>	<b>1,090,927</b>
<b>Total equity and liabilities</b>	<b>2,177,596</b>	<b>2,306,420</b>	<b>2,477,003</b>

  
Approved by: **Adam Sabga**  
Chairman

  
**Hon. Michael Fennell**  
Director

**BERGER PAINTS JAMAICALIMITED**  
**UNAUDITED STATEMENT OF (LOSS)/INCOME**  
**NINE MONTHS ENDED SEPTEMBER 30, 2023**

	<b>Quarter ended September 30 2023 \$'000</b>	<b>Quarter ended September 30 2022 \$'000</b>	<b>Nine Months Ended September 30 2023 \$'000</b>	<b>Nine Months Ended September 30 2022 \$'000</b>	<b>Audited December 2022 \$'000</b>
Revenue from contracts with customers	768,133	789,251	2,229,441	2,181,350	3,295,791
Raw materials and consumable used	(417,077)	(398,996)	(1,244,652)	(1,241,272)	(1,929,144)
Changes in inventories of finished goods and work in progress (net)	(45,034)	(64,905)	(60,935)	19,508	(3,845)
Manufacturing expenses	(13,841)	(16,840)	(47,339)	(42,009)	(54,776)
Depreciation	(27,957)	(14,275)	(67,962)	(48,838)	(90,578)
Employee benefits expense	(150,663)	(151,334)	(416,275)	(423,666)	(527,063)
Other operating expenses	(232,836)	(145,869)	(656,036)	(436,051)	(728,833)
Other income	8,164	4,044	20,779	16,585	38,484
<b>PROFIT BEFORE TAXATION</b>	<b>(111,107)</b>	<b>1,076</b>	<b>(242,979)</b>	<b>25,607</b>	<b>36</b>
Taxation	5,284	(1,576)	14,272	(4,802)	666
<b>NET PROFIT FOR THE YEAR</b>	<b>(105,824)</b>	<b>(500)</b>	<b>(228,707)</b>	<b>20,805</b>	<b>702</b>
<b>Earnings per stock unit</b>	<b>(\$0.49)</b>	<b>(\$0.00)</b>	<b>(\$1.07)</b>	<b>\$0.10</b>	<b>\$0.00</b>

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

	<b>Share Capital \$'000</b>	<b>Revaluation Reserves \$'000</b>	<b>Revenue Reserve \$'000</b>	<b>Total \$'000</b>
<b>Balance at January 1, 2022</b>	141,793	45,895	1,110,616	1,298,379
Net profit for three months	-	-	20,805	20,805
Total comprehensive income for the period	-	-	20,805	20,805
<b>Balance at September 30, 2022</b>	<b>141,793</b>	<b>45,895</b>	<b>1,131,496</b>	<b>1,319,107</b>
<b>Balance at January 1, 2023</b>	141,793	45,445	1,037,992	1,225,230
Net profit for three months	-	-	(228,707)	(228,707)
Total comprehensive loss for the period	-	-	(228,707)	(228,707)
<b>Balance at September 30, 2023</b>	<b>141,793</b>	<b>45,445</b>	<b>809,285</b>	<b>996,523</b>

**BERGER PAINTS JAMAICA LIMITED**  
**UNAUDITED STATEMENT OF CASH FLOWS**  
**NINE MONTHS ENDED SEPTEMBER 30, 2023**

	Unaudited September 2023	Unaudited September 2022	Audited December 2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net (loss)/profit for the year	(228,707)	20,805	702
Adjustments for:			
Depreciation on property, plant and equipment	43,562	43,298	76,058
Depreciation on right of use assets	18,071	5,540	14,520
Interest expense on lease liabilities	3,474	4,441	1,984
Unrealised foreign exchange loss/(gains) (net)	(4,550)	2,565	(2,970)
Post retirement benefit charge	-	842	9,106
Income tax expense	(14,272)	4,802	(666)
Provision charge	-	3,533	1,633
Gain on sale of property, plant and equipment	(234)	(1,435)	(1,435)
Expected credit loss recognised on trade receivables	6,618	57	9,832
Expected credit loss recognised on other receivables	15,352	-	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:	(160,687)	84,448	113,103
Decrease/(increase) in trade and other receivables	204,050	89,815	(185,873)
Increase in inventories	(12,310)	(220,991)	(118,77)
Increase in due to/from fellow subsidiaries (net)	(30,643)	(52,192)	177,330
Provisions utilised	-	2,144	(7,561)
Increase in trade and other payables	(24,814)	(37,769)	9,665
Increase in due to immediate parent company	11,358	61,643	91,089
Post employment benefits contributions	-	(842)	(13,972)
Decrease Taxation	-	(4,071)	-
<b>Cash (used)/generated from operations</b>	<b>(13,046)</b>	<b>(77,815)</b>	<b>65,064</b>
Interest paid	(3,474)	(4,441)	(1,984)
Income tax paid	-	(16,565)	(48,536)
<b>Net cash provided by operating activities</b>	<b>(16,520)</b>	<b>(98,821)</b>	<b>14,544</b>



**CASH FLOWS FROM INVESTING ACTIVITIES**

Acquisition of property, plant and equipment	(62,045)	(26,977)	(21,880)
Proceeds on sale of property, plant and equipment	<u>350</u>	<u>1,435</u>	<u>1,435</u>

**Net cash used in investing activities**

<u>(61,695)</u>	<u>(25,542)</u>	<u>(20,445)</u>
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**CASH FLOWS FROM FINANCING ACTIVITIES**

Lease liabilities payments	<u>(17,305)</u>	<u>(15,478)</u>	<u>(13,810)</u>
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**Net cash used in financing activities**

<u>(17,305)</u>	<u>(15,478)</u>	<u>(13,810)</u>
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**NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS**

(95,520)	(139,841)	(19,711)
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**OPENING CASH AND CASH EQUIVALENTS**

258,933	275,674	275,674
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## Effect of foreign exchange rate changes

<u>4,550</u>	<u>2,565</u>	<u>2,970</u>
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**CLOSING CASH AND CASH EQUIVALENTS**

<u><u>167,963</u></u>	<u><u>138,398</u></u>	<u><u>258,933</u></u>
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**BERGER PAINTS JAMAICA LIMITED**  
**NOTES TO UNAUDITED FINANCIAL RESULTS**  
**AS AT SEPTEMBER 30, 2023**

**1. Basis of preparation**

The unaudited financial results for the nine-month period ended September 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:

	<b>Amount owed by/(to) Related Parties</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
<b><i>Immediate parent</i></b>		
Ansa Coatings International Ltd.	<u>(346,362)</u>	<u>(303,985)</u>
<b><i>Fellow subsidiaries</i></b>		
Ansa McaI Trading Inc.	(321,380)	(229,003)
Ansa Coatings Limited	(41,210)	(2,506)
ABEL Building Solutions	(45,459)	(6,551)
Ansa Polymer	(8,947)	-
Berger Barbados	(6,891)	(4,701)
Ansa McaI Limited	(4,057)	(826)
Ansa McaI Chemicals (Ja)	1,516	3,381
Sissons Paints	32	-
	<u>(426,395)</u>	<u>(240,206)</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 SEPTEMBER 2023**

<b>TOP TEN (10) LARGEST SHAREHOLDERS</b>		
<b>SHAREHOLDERS</b>	<b>SHAREHOLDING</b>	<b>% OF ISSUED CAPITAL</b>
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
<b>TOTAL</b>	<b>171,006,719</b>	<b>80.10</b>

<b>SHAREHOLDINGS OF DIRECTORS AND THEIR CONNECTED PARTIES</b>			
<b>DIRECTORS</b>	<b>SHAREHOLDING</b>	<b>CONNECTED PARTY(S)</b>	<b>SHAREHOLDING</b>
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
CHRISTAIN LLANOS	NIL	TIFFANY LLANOS	NIL
<b>TOTAL</b>	<b>0</b>		<b>0</b>

<b>SHAREHOLDINGS OF SENIOR MANAGEMENT AND THEIR CONNECTED PARTIES</b>			
<b>SENIOR MANAGEMENT</b>	<b>SHAREHOLDING</b>	<b>CONNECTED PARTY(S)</b>	<b>SHAREHOLDING</b>
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
<b>TOTAL</b>	<b>0</b>		<b>0</b>

**Notes:**

**Management Changes:**

*Effective 9<sup>th</sup> October 2023 Dwayne Williams replaced Shashi Mahase as General Manager*

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**BERGER PAINTS JAMAICA LIMITED**

[www.bergerpaintscaribbean.com](http://www.bergerpaintscaribbean.com)



Together, we are

*Family*

