BERGER

CREATE • INSPIRE • INNOVATE

ANNUAL REPORT 2017

MISSION STATEMENT

Berger Paints Jamaica Ltd. 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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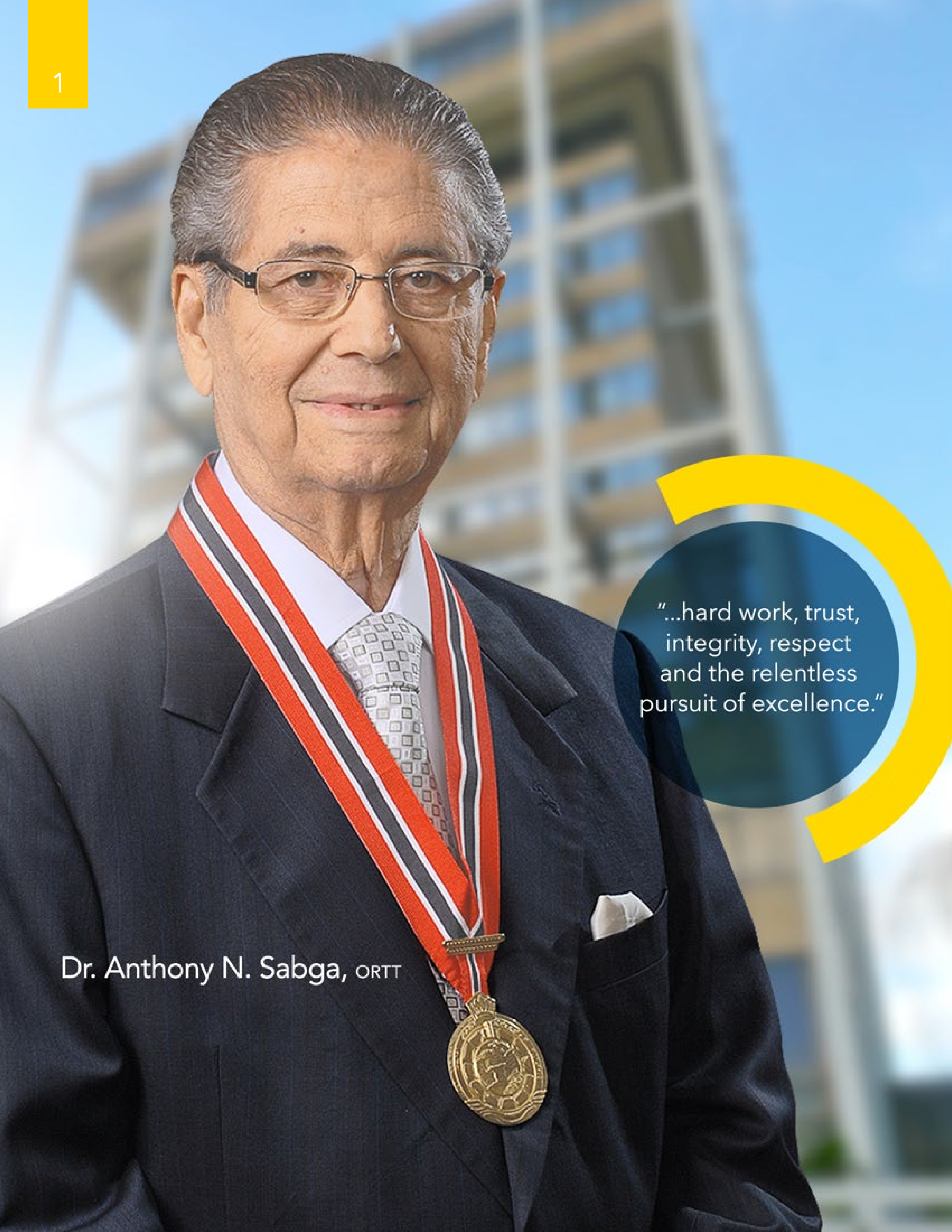

"...hard work, trust,
integrity, respect
and the relentless
pursuit of excellence."
Dr. Anthony N. Sabga, ORTT

ansa McAL
GROUP OF COMPANIES

Celebrating Visionary Leadership

The ANSA McAL *Family* wishes to pay tribute to the inspiring life and remarkable career of its most loved, revered and legendary member.

The legacy of the late Dr Anthony N. Sabga, ORTT – Chairman Emeritus, visionary, intrepid leader, and quintessential entrepreneur, renowned for inspiring excellence, has become embedded in the DNA of the Group he founded and led for more than sixty years.

His courage and daring to challenge conventional wisdom, matched with conviction and the unwavering faith in his ability to succeed, serve as the stimuli that sustain us as we write a new chapter in the Group's history.

In his honour, we the **ANSA McAL *Family***, proudly proclaim the commitment to the enduring principles of hard work, trust, integrity, respect and the relentless pursuit of excellence.

With a Caribbean enterprise built upon his timeless values, may his memory continue to guide and inspire us today and for many generations to come.

Together, we are

Family

COMPANY PROFILE

Berger Paints Jamaica Limited manufactures and distributes decorative, industrial and wood coatings and paint-related material. 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.

In June 2017, ANSA McAL through its subsidiary Ansa Coatings International Limited acquired Lewis Berger Limited (LBOH), the parent company for Berger Paints in Jamaica, Trinidad and Barbados. ANSA McAL is the largest regional conglomerate, comprising of over 70 companies in over 8 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 population of close to 6000 people.

Berger's unwavering pursuit of excellence in the manufacturing of high quality paint products, 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 are suited specifically to 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 an organisation with a social conscience that is demonstrated in its support for a myriad of programmes and initiatives benefiting the society at large, particularly, the most vulnerable.

COMPANY DATA

Company Secretary
Huron Gordon

Auditors
Ernst & Young
8 Olivier Road, Kingston 8

Bankers
Bank of Nova Scotia Jamaica Limited
National Commercial Bank Ltd.

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

QUALITY POLICY STATEMENT

- 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 in all business processes and shall track such improvement through measurable indicators.

ENVIRONMENT, HEALTH AND SAFETY POLICY

- We consider compliance to 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 the reduction of 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 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 and procedures as required, subject to the direction provided by this EHS Policy.

Mr. Ray A. Sumairsingh
Chairman

CHAIRMAN'S MESSAGE

BUILDING ON OUR STRENGTHS

The 2016 – 2017 year was described by my predecessor as "a truly spectacular year for the Company", and as Chairman, I am pleased to report our Management Team continued building on that performance in the 9-month period ended December 31, 2017. Guiding our performance was the proven strategy of delivering outstanding product quality, backed by outstanding technical support and engaging marketing programmes.

Following the change in ownership, it was decided by your Board, to change the year-end reporting date from March 31 to December 31, in accordance with the framework of the new majority shareholder.

ECONOMIC OVERVIEW

Jamaica's economy influenced by the efforts of the Economic Growth Council (EGC) continued to demonstrate signs of recovery, with anticipated GDP growth of 1.5% in FY2017/18. This performance is the fifth consecutive year of GDP growth and this recovery has been driven mainly by policy reforms and initiatives in the energy, manufacturing, agriculture and tourism sectors. The reforms implemented in the year also saw Jamaica being recognised as the best regional performer in the Forbes Magazine Best Countries for Business list.

ORGANISATIONAL CHANGES

Coincident with the acquisition in July 2017, the Asian Paints appointees to the Board and Management were withdrawn and the search for a new General Manager was commissioned.

For a transition period, ANSA McAL's Sector Head of Manufacturing – Director Andy Mahadeo, oversaw the operational aspects of Jamaica as Acting General Manager and relied heavily on the cohesive Management Team in Jamaica.

On April 1, 2018, the Manufacturing Sector will be split into Construction and Manufacturing. Accordingly, Berger Paints now falls within the Construction Sector, where our recently appointed Director, Mr Adam Sabga is the Sector Head.

We have secured a local General Manager who will assume office on May 1, 2018.

We are confident that with our sound business strategies the Berger brand will remain as #1 whilst we expand our operations, utilizing opportunities to create, inspire and innovate for all stakeholders.

TOGETHER WE ARE FAMILY

We experienced with great sadness, the passing of Mr Pokar Chandiram, CD, JP on December 2, 2017, after 23 years of being on the Board of Berger Paints Jamaica Ltd. His contribution as a Board member will be missed. Mr Adam Sabga has been appointed to fill that vacancy.

We wish to thank Mr Manish Choksi, Mr Tom Thomas and Mr Mustafa Turra for their contributions to Berger Paints and wish them every success in their continuing assignments at Asian Paints.

OUR SHAREHOLDERS

Management and employees continue to demonstrate resilience through another change of ownership and we are appreciative of their performance during the transition.

Our customers continue to keep Berger the #1 brand in Jamaica and we thank them for their continuing patronage.

Our shareholders saw some volatility in share prices in 2017 and we anticipate that the market will stabilize in 2018. We thank you for your continued interest in investing in Berger Jamaica.

OUTLOOK

The Board of Directors at Berger Paints Jamaica Limited see only opportunities to paint the country.

With a passion for service and a commitment to continue to provide our customers with a delightful experience, we will continue improving on quality, convenience and efficiency in delivery of our products.

With all hands on deck, there is opportunity for growth and for creating even greater value not just in 2018 but in the years ahead.

Mr. Ray A. Sumairsingh
Chairman


BERGER
royale
BERGER
royale
WATER-BASED LUXURY GLOSS ENAMEL
The Virtually Odourless Gloss Paint

Andy Mahadeo
Director/General Manager (Ag)

GENERAL MANAGER'S MESSAGE

BUSINESS OVERVIEW

The acquisition and handover of Berger Paints Jamaica Limited (BPJL) were completed at the on-set of the peak season in August 2017 and concluded with the departure of the previous General Manager, who was on secondment from Asian Paints. The management team and staff have responded well to the change giving their full support to ANSA McAL as we collectively work to "build a better Berger." The challenge and opportunity has been to transition the company to a different way of doing business that is built on the core values of customer excellence, creativity and innovation, employee-centered, respect and trust and social responsibility.

While the performance is creditable, there has been a decline in revenue and profits when compared to 2016/2017 on a pro-rata basis, with a few one-off extra-ordinary events that adversely affected the results. The one-week shutdown of operations and sales in order to conduct the verification exercise prior to the transfer of ownership as well as the significant legal and valuation costs incurred in September, will not be repeated going forward.

OPERATING PERFORMANCE

With the acquisition of Berger Paints Jamaica Limited (BPJL) by the ANSA McAL Group in July 2017 this reporting period spans the nine months from April to December 2017.

HSEQ

With respect to Health and Safety, ANSA McAL has reinforced the axiom that Safety is the 'number one priority.' Over the last five months, as the discipline of execution has been instilled in the organization, long outstanding risk-mitigating solutions have been implemented, as we move toward zero tolerance for accidents in the workplace.

While maintaining ISO 9001 certification in 2017 there were still significant opportunities for improvement in how we interacted with our customers and stakeholders. Our Quality Management Review meetings and conversations are now more focused on our customers and on eliminating quality issues, with full alignment between corporate and employee objectives.

From an environmental perspective, we will be working with a local institution to develop and implement the final solutions required to achieve full NEPA compliance in 2018.

FINANCIAL ANALYSIS

For the nine-month period under review, revenues were $1.91B versus $2.36B for the 12-month period ended March 2017, with a corresponding net profit of $174.13M versus $315.56M for the same periods. The biggest contributor to the revenue decline was a deliberate strategy of using aggressive pricing in an extremely competitive environment, to drive volume growth and take market share. This, coupled with increasing market acceptance and demand for our economy line, put downward pressure on margins.

There has been an increase in administration expenses, some of which were one-off and related to the acquisition. Apart from these, there were higher costs for legal settlements as well as higher inventory and bad debt provisions, which adversely affected the current period compared to 2016/2017.

From a manufacturing perspective, there have also been additional costs due to increased repairs and maintenance in our plant as well as an accrual for prior year customs duties that are being challenged.

CUSTOMERS AND SALES

When compared to the previous year, sales volumes were adversely affected by three main factors: an extended rainy season, the cement shortage which occurred mid-year and the operations and sales time lost during the verification exercise. For the nine-month period, volumes were 82% of what was achieved in full year 2016/2017, with strong growth in our premium Royale line and the Magicote economy line with its youthful, vibrant colours. The other product lines were also affected to some extent by our inability to meet demand during the peak months, due to aging equipment and limited finished goods storage, both of which are being addressed in 2018.

COSTS

In addition to the one-off expenses identified in the Overview, raw material prices have also increased significantly over 2016. In a very competitive environment, we have made a deliberate decision to grow market share by absorbing the price increases and ensuring our customers get the best possible value for money. While this has resulted in declining Gross Margins in the short term, it positions the brand for growth in the future as our strategies are implemented going forward.

GOVERNANCE

Significant work has been done to introduce the ANSA McAL governance model into Berger's business. The reporting lines in the various departments have now been changed to bring alignment with the ANSA McAL model and to reinforce the separation of duties that underpin strong governance and controls. Additionally, there has been a renewed focus on cash management, as the company works toward improving cash flow and reducing inventory and receivable provisioning.

BUSINESS OUTLOOK

The outlook for 2018 and beyond is extremely positive. The Berger brand remains strong and continues to dominate the local market with strong brand equity and a reputation for quality. With GDP projected to grow by at least 1.5% in 2018, construction activity and the demand for coatings is expected to remain relatively strong for the next two to three years. Plans are already being implemented to expand the company's local distribution and product range as well as to improve our level of customer service and responsiveness. In 2018, there will also be greater emphasis on building out exports by targeting new markets in Central America and the Greater CARICOM region.

We expect to realize the full effect of our coatings synergies across our five operating plants in 2018 as we leverage our regional supply chain to remove cost. Our Strategic Plan over the next three years (2018-2020) will see the company investing heavily in plant and equipment. This will enable us to increase production capacity and improve operational efficiencies while maintaining an unwavering focus on creating additional value for our customers as we continue to live up to our ethos of providing “lasting beauty and protection”.

Andy Mahadeo
Director/General Manager (Ag)

CORPORATE SOCIAL RESPONSIBILITY

INDUSTRY TRADE SHOWS

Berger participated in the Build Expo hosted in Montego Bay and the Health Home and Garden Expo held at the National Arena. The Berger team gave participants the chance to get hands-on with Roller-Tex and WoodTech Stains- the newest Berger products.

CORPORATE SOCIAL RESPONSIBILITY

DONATION TO OFFICE OF THE CHILDREN'S ADVOCATE (OCA)

Berger partnered with the Office of the Children's Advocate in the painting of a mural for the new therapeutic playroom at their downtown Kingston office. This will provide a safe and comfortable space for youngsters who have suffered traumatic experiences.

CORPORATE SOCIAL RESPONSIBILITY

SIGMA AND FOOD FOR THE POOR 5K

Building employee camaraderie while supporting worthy causes, employees participated in both the Sigma and Food For The Poor 5k fund raising runs

BERGER ELITE LEAGUE

2017 saw the 4th instalment of the Berger Elite League, Jamaica's most professional Netball League.

CORPORATE SOCIAL RESPONSIBILITY

PAINTERS SEMINAR

Over 500 painters and hardware counter hands were trained in annual painters' seminars across the Island.

CORPORATE SOCIAL RESPONSIBILITY

LABOUR DAY PROJECT

Employees volunteered to give a face lift to the Highholborn Street Basic School located in the Parade Gardens Community, Downtown Kingston.

CORPORATE SOCIAL RESPONSIBILITY

WINDWARD ROAD MURAL

Berger partnered with the MoDa Collection to transform an unsightly wall along the busy Windward Road corridor into a mural bringing art into the community.

CORPORATE SOCIAL RESPONSIBILITY

THE COLLECTION MODA

Berger supported local artisans at the MoDa Collection hosting a Kids Colour lab while introducing our range of paints.

CORPORATE SOCIAL RESPONSIBILITY

PALISADOES BEACH CLEAN UP

Berger team members volunteered to clean up a stretch of waterfront along the Palisadoes strip.

CORPORATE GOVERNANCE

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 Berger has a robust and effective Corporate Governance framework to ensure greater transparency, protection of shareholder interests and to enhance the financial performance of the company. This Code is influenced by applicable laws and regulations and internationally accepted Corporate Governance Best Practices and is available on our website at www.Bergercaribbean.com

BOARD OF DIRECTORS

The Company is led and managed by an effective Board that is responsible for the overall stewardship of Berger. Directors are elected by the shareholders 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 communication at Board meetings are allowed under the Company's Articles. Details of the frequency of Board and Audit Committee meetings held between April 1, 2017 and December 31, 2017, as well as the attendance of each Board member at these meetings are disclosed on page 47.

Matters which are 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 which 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 updated from time to time on relevant changes to statutes and regulatory requirements applicable to the Company's business.

In presenting the annual financial statements and quarterly financial statements to shareholders, it is the aim of the Board to provide shareholders with detailed analysis, explanations and assessment of the Company's financial position and prospects. 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, 2017, the Board comprised three Non-Executive Directors and three Executive Directors. The names of the Directors including details of their qualifications and experience are set out on page 33 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 are applicable 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 Director is not paid a fee in respect of his office as a director 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

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 fifths of the Committee comprises Non-Executive, Independent Directors.

The members of the Audit Committee are the Honourable Michael Fennell OJ, Mr. Milton Samuda, Mr. Andy Mahadeo, Mr. Aneal Maharaj and Mr. Warren McDonald. The Committee is chaired by Mr. Fennell.

The Financial Controller/Company Secretary is invited to Committee meetings at the discretion of the Committee.

DIRECTORS' REPORT

BOARD OF DIRECTORS

The Directors are pleased to submit their Report and the Audited Financial Statements for the nine months ended December 31, 2017.

OPERATING RESULTS

	$'000
Revenues	1,910,488
Profit before taxation	208,239
Net profit after tax	174,129

DIVIDENDS

The Directors recommend a final dividend of 28.5¢ per share totalling $61.08 million for the nine months ended December 31, 2017 to be paid on May 28, 2018 to shareholders on the Company's register of members at the close of business May 11, 2018.

DIRECTORS

The Directors as at December 31, 2017 were as follows: -

Mr. Ray A. Sumairsingh – Chairman
Mr. Andy Mahadeo – Asst. General Manager
Mr. Aneal Maharaj
Hon. Michael Fennell, OJ
Mr. Warren McDonald
Mr. Milton Samuda

Mr. Ray A. Sumairsingh, Mr. Aneal Maharaj, and Mr. Andy Mahadeo were appointed directors to fill the casual vacancies created upon resignation of Messrs. Manish Choksi, Tom Tomas and Mustafa Turra.

Mr. Adam Sabga was appointed director to fill the casual vacancy created upon the death of Mr. Pokar Chandiram.

In accordance with Article 97 of the Company's Articles of Incorporation, Mr. Ray A. Sumairsingh, Mr. Aneal Maharaj, and Mr. Adam Sabga, retire by rotation, and 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 of quality.

BY ORDER OF THE BOARD

BOARD OF DIRECTORS

Mr. Ray A. Sumairsingh
Chairman

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 (4) separate terms. He also served on the Board of the Insurance Association of the Caribbean (IAC) for several years, including two (2) 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 (8) years and is currently serving his second term as Chairman.

Andy Mahadeo
Director/General Manager (Ag)

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 then 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.

Mr. Aneal Maharaj
Group Finance Director/ Director

Mr. Maharaj is the Group Finance Director of the ANSA McAL Group of Companies. He is a Fellow of the Chartered Association of Certified Accountants (FCCA) and has over 25 years of experience in the energy sector and business advisory. Prior to joining the Group, Aneal was the Vice President, Finance at BHP Billiton and has held a variety of senior finance and planning positions with BP, AMOCO and Deloitte & Touche, in Trinidad, the UK and USA.

BOARD OF DIRECTORS

Hon. Michael Fennell, OJ, CD
LLD (Honoris Causa)
Independent Director

A past Managing Director of Berger Paints Jamaica Limited and Berger Caribbean, 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.

Mr. Warren McDonald, JP
F.C.A., B.Sc. (Hons.) Economics
Independent Director

A former Regional Managing Director, Mr. McDonald was employed to Berger Paints Jamaica Limited for 33 years, 20 of which he served as its Managing Director. He was appointed an Independent Director of Berger Paints Jamaica, Berger Paints Trinidad, and Berger Paints Barbados in May 2013.

He has served on several boards both in the Public and Private Sectors and is the Immediate Past President of the Jamaica Chamber of Commerce (JCC) and the Immediate Past Chairman of the Jamaica Customs Agency.

Mr. 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.

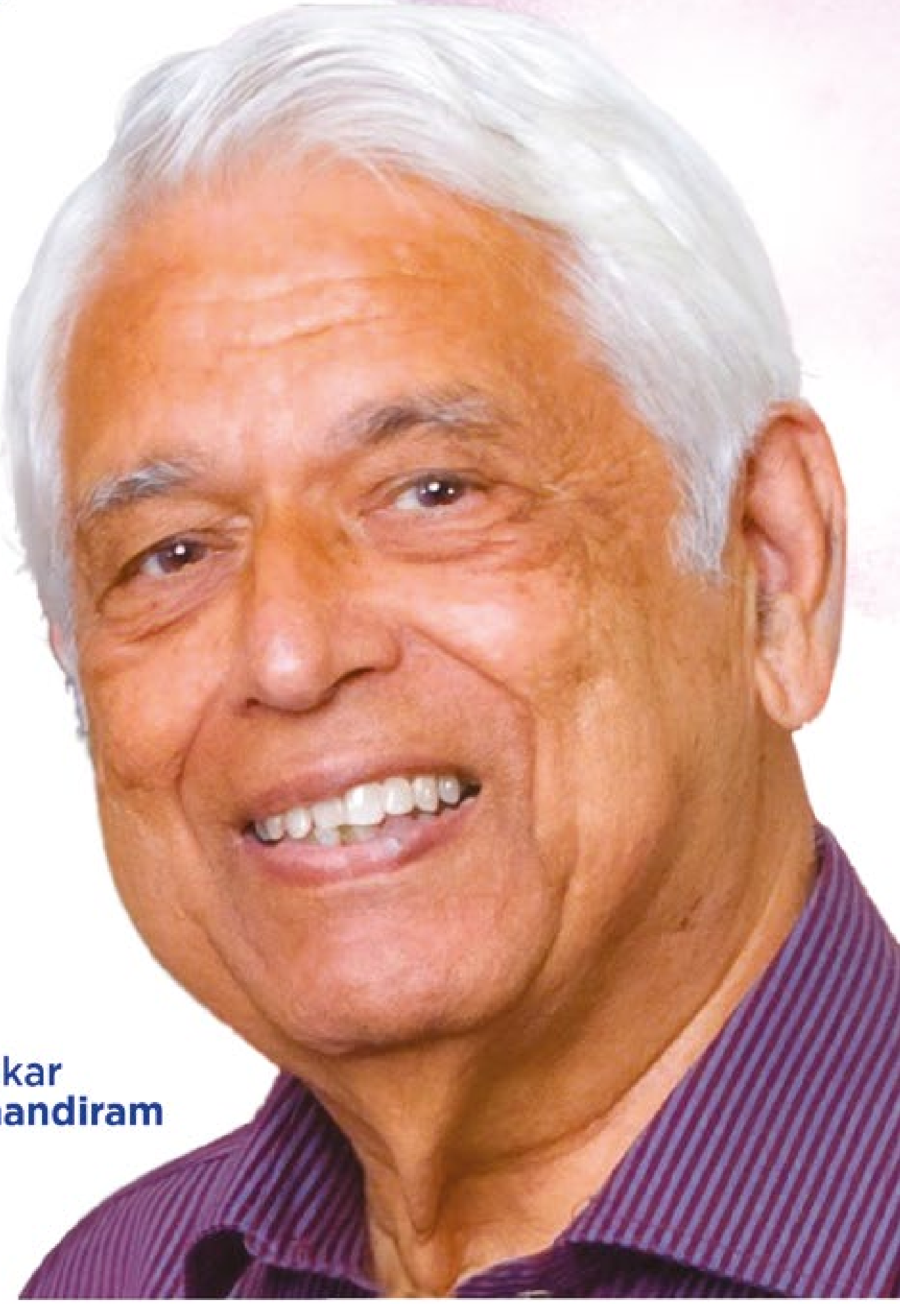
He has been a Board member since 2004.

Honouring a Legend

A Legacy of Service.
A Giant in many Spheres.
A Philanthropist.
A Humanitarian.
A True Patriot.

**Heartfelt gratitude for
your meaningful contributions.
We will miss you.**

**Rest in Peace from the
Berger Paints Jamaica Ltd. Family.**



**Pokar
Chandiram**

BERGER

ansa mcal
GROUP OF COMPANIES

Together, we are
Family

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the sixty-sixth Annual General Meeting of Berger Paints Jamaica Limited will be held at the **Courtleigh Hotel and Suites, 85 Knutsford Boulevard, Kingston 5, on Thursday, May 10, 2018 at 4:00 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 nine months ended 31 December 2017, 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 consider and, if thought fit, declare a:
    a. Final dividend of 28.5¢ per share
4. 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 Mr. Ray A. Sumairsingh, Mr. Aneal Maharaj, Mr. Andy Mahadeo, and Mr. Adam 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 Mr. Ray A. Sumairsingh be and is hereby re-elected as a Director of the Company.
    b) Be it RESOLVED THAT retiring Director Mr. Andy Mahadeo be and is hereby re-elected as a Director of the Company.
    c) Be it RESOLVED THAT retiring Director Mr. Aneal Maharaj be and is hereby re-elected as a Director of the Company.
    d) Be it RESOLVED THAT retiring Director Mr. Adam Sabga be and is hereby re-elected as a Director of the Company;

BY ORDER OF THE BOARD

Huron Gordon
Company Secretary

Dated this 13th day of March, 2017

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 74, a Corporate shareholder (member) may by resolution of its Directors' appoint a person (not a proxy) to attend and vote at the meeting.

1. Huron Gordon
Financial Controller / Company Secretary

2. Casey Perue
Marketing Manager

3. Gladys Miller
Operations and Regional Technology Manager

4. Angela Scott-Brown
Human Resource Manager

MANAGEMENT TEAM

5. Andy Mahadeo
Director/General Manager (Ag)

6. Jacqueline Warren-Wilson
Assistant Technology Manager

7. Newton Abrahams
Sales Manager

MANAGEMENT DISCUSSION AND ANALYSIS

The Management of Berger Paints Jamaica Limited (hereafter referred to as "Berger" or the "Company") is responsible for the reliability of the information contained in the Management Discussion and Analysis (MD & A). The financial information disclosed in the MD & A is consistent with the financial statements presented, which have been approved by both the Audit Committee and Board of Directors.

The MD & A is presented to help assist readers to assess the operational results and financial condition of the Company for the nine months ended December 31, 2017 compared to prior years. Unless otherwise indicated, all amounts are expressed in Jamaican dollars and have been primarily derived from our financial statements, which are prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Boards (IASB).

CORPORATE OVERVIEW

Berger, which commenced manufacturing in the Caribbean in 1953 is the largest Paint Manufacturing Company in the English speaking Caribbean and trades under the symbol "BRG" on the Jamaica Stock Exchange. The corporate signature, "For Lasting Beauty and Protection," epitomizes its commitment to quality and is dedicated to transforming the consumer paint experience in Jamaica.

During the period the following material change occurred with regards to the company's shareholding which affects the presentation of the financial statements:

1. 51.01% of Berger Paints Jamaica Limited (Berger) was acquired by Ansa Coatings International Limited on July 24, 2017. As at 31st December 2017, the % ownership was 54.12%.

2. As a result of the acquisition, Berger's year-end was changed from March 31 to December 31, to coincide with that of its parent.

3. These financial statements have therefore been prepared for 9 months from the date of the last audited period (ie 31 March 2017) to 31 December 2017. In reviewing these statements, Shareholders should be aware that as a result of the change in fiscal year end, the two audited periods are not directly comparable.

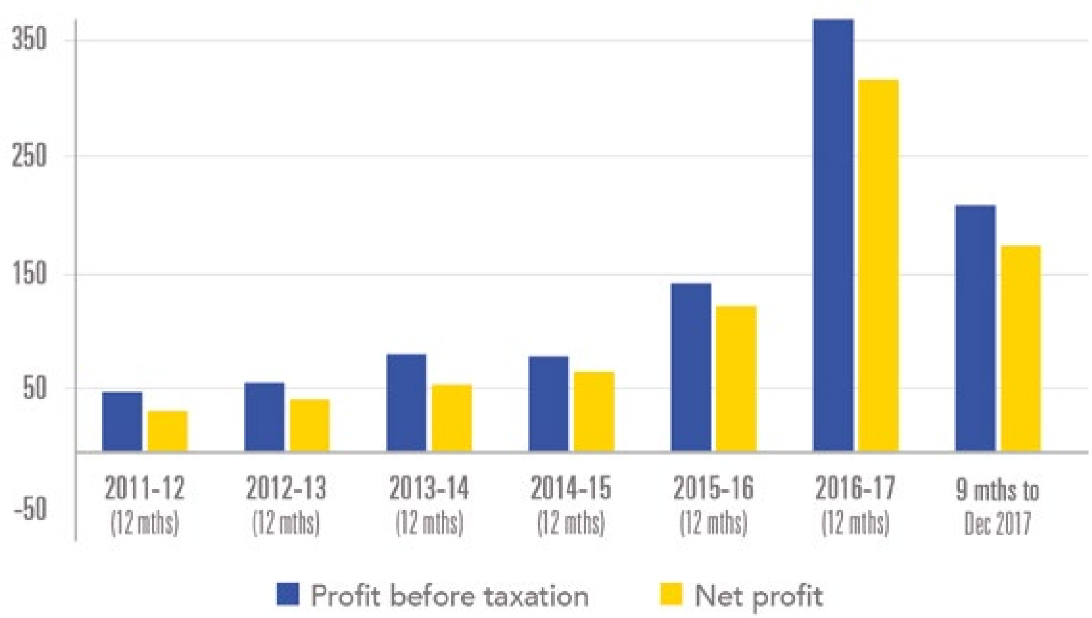
Macro-economic environment
The macroeconomic environment was relatively stable in 2017 with indicators overall trending positively: Real GDP registered growth of 0.9% for Q3 while inflation for the calendar year remained within the Central Bank range of 4% to 6%.

Financial Performance Overview
The Company reported a Net Profit of $174.13 million for the nine months ended December 31, 2017 compared to a net profit of $315.55 million for the twelve (12) months ended March 31, 2017. Net sales for the nine months ended December 31, 2017 stood at $1,910 million compared to $2,363 million.

Domestic sales continue to be our main driver of revenues, representing 96%, with the balance of 4% being exports to our main market in Belize. The company will, in 2018, seek to grow its export reach to include markets such as Cuba, Dominican Republic and Puerto Rico.

Our book value per share as at December 31, 2017 was $4.93 an increase of 8% compared to $4.56 as at March 31, 2017.

PROFIT BEFORE TAXATION AND NET PROFITS (J$ MILLIONS)



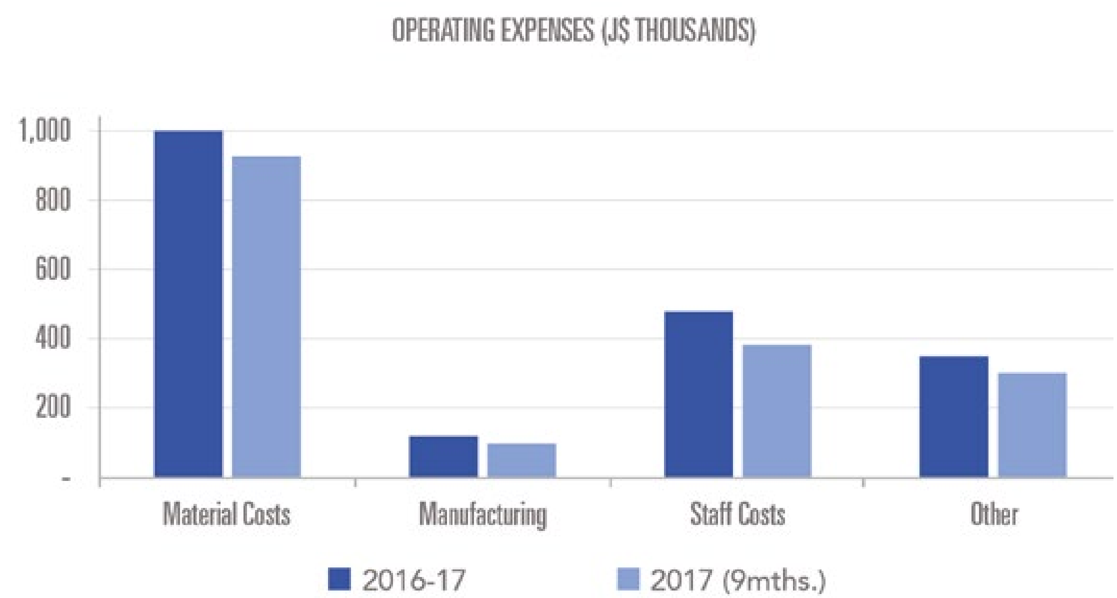
	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	9 mths to 31/12/17
Profit before Taxation	49,402	56,478	80,708	79,163	141,888	365,688	208,239
Net Profit	33,317	42,240	54,906	67,037	122,137	315,555	174,129
Earning per Stock Unit	$0.16	$0.20	$0.26	$0.31	$0.57	$1.47	$0.81

TOTAL OPERATING EXPENSES

Total operating expenses for the nine month period totaled $1,714 million compared to $2,004 million for the twelve (12) months ended December 31, 2017. During the nine month period there were one off expenses associated with the take-over bid by Ansa Coatings International Limited. Normalised for the one-off transactions and differences in accounting period, operating expenses continue to be well controlled.

Management remains focused on critical areas affecting profitability and as such expenses are monitored monthly to achieve this objective.

Taxation expense for the current period was $34.1 million as compared to $50.1 million for the year ended March 31, 2017.



BERGER'S FINANCIAL CONDITION

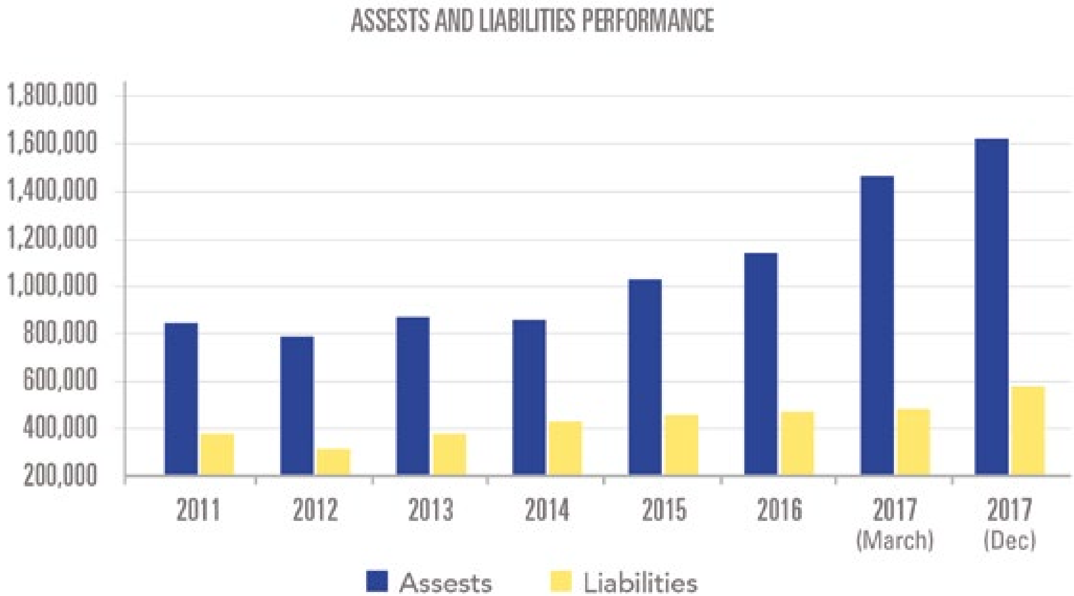
STRONG STATEMENT OF FINANCIAL POSITION UNDERPINNED BY STRONG FUNDAMENTALS.

Total assets increased by $194.485 million or 13% moving from $1,488.973 million for the financial year ended March 31, 2017 to $1,683.458 million as at December 31, 2017 primarily due to increases in trade and other receivables ($278.58M) and decrease in cash and bank balances ($154.57M).

The Company's liabilities at December 31, 2017 stood at $625.975 million, an increase of $113.925 million or 22% above March 31, 2017.

The growth in Receivables and Payables at December reflects our normal peak period activities rather than a deterioration relative to balances at March end.

The Acid test and Current ratios stood strong at 1.86 and 2.69, respectively, at December 31, 2017.



BUSINESS AWARD

In 2017 Berger Jamaica was awarded 2nd Runner up prize for Best Performing Company on the Jamaica Stock Exchange (JSE) main market.

LIQUIDITY

The company remains debt free with a healthy cash and bank balance of $231.9 million at December 31, 2017.

During the period, cash flow from financing activities increased from $41.9 million to $112.8 million, arising primarily from dividend payments. Cash flow used in investing activities decreased from $14.1 million to $10.1 million.

The Directors have recommended a dividend of $0.285 totalling $61.08 million, to be approved by the shareholders at the Annual General Meeting.

Shareholders Metrics					
	Dec-17	**Mar-17**	**Mar-16**	**Mar-15**	**Mar-14**
Share Price ($)	16.55	12.40	3.88	1.61	1.70
Earnings per Share ($)	0.81	1.47	0.57	0.31	0.26
Book Value per Share ($)	4.93	4.56	3.12	2.67	2.00
Final Dividend per Share ($)	0.285	0.30	0.20	0.12	0.08
Special Dividend per Share ($)	-	0.20	-	-	-
Dividend Yield	2%	4%	5%	7%	5%

ENVIRONMENT, HEALTH & SAFETY PROGRAMME (EHS)

The Company is committed to maintaining a safe and healthy environment for our employees, customers and other stakeholders and protecting the environment of the communities in which we do business. Our EHS programme continues to be deployed across our operations.

The company continues to make strong strides in sustainability. The specific power consumption (SPC) which is a measure of power used per Metric Ton of paint produced, shows significant reduction over the comparative periods. However, the specific water consumption (SWC) which is a measure of water per metric ton of production, saw a slight uptick in 2017.

	9 Months to Dec (Avg.)		
	2015	2016	2017
SPC	103	95	90
SWC	2.14	1.29	1.35

RISK MANAGEMENT FRAMEWORK

The Company's principal business activities – manufacture and sale of paints and paint related products are by their nature, highly competitive and subject to various risks, including foreign exchange, credit, interest rate and liquidity risks.

The primary goal of the Company's risk management is to ensure that the outcomes of risk-taking activities are predictable and consistent with group policies and objectives and that there is an appropriate balance between risk and reward in order to maximise Shareholder returns.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. To assist in its function, the Board has established an Audit Committee.

OVERVIEW OF RISKS

CREDIT RISK

Credit risk is defined as the potential for loss to the Company arising from the failure of a customer to honour their contractual obligations to the Company. In managing the risk, the Company has established a credit quality review process, involving regular analysis of the ability of customers and potential customers to meet payment obligations. The Company's primary objective is to be methodical in its assessment, so that it can better understand, select and manage its exposure.

FOREIGN EXCHANGE RISK

Foreign exchange risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Management consistently reviews the Company's exposure in this regard, by constant monitoring of factors influencing currency movements, including daily analysis of its demand for foreign currency to meet supplier payments and positioning our foreign currency bank account holdings accordingly.

LIQUIDITY RISK

Liquidity 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 funds through an adequate amount of committed facilities. Due to the nature of the underlying business, management of the Company maintains an adequate amount of its financial assets in liquid form to meet contractual obligations and other recurring payments.

STRATEGIC DIRECTION AND OUTLOOK

The Jamaican economy is performing well in respect of a number of macro indicators and we look forward to continued positive and focused fiscal management.

There is planned expansion of our product lines to include Automotive paints and brands such as Penta and Sissons. These should provide further impetus for market share growth.

The majority shareholder, Ansa McAl Group is the leading conglomerate in the Caribbean region with seventy-three companies spanning nine sectors in over eight territories, as such Berger anticipates benefitting from natural synergies and opportunities arising from this partnership which should ensure to the benefit of all its Stakeholders.

DISCLOSURE OF SHAREHOLDINGS

10 Largest Shareholders - As At 31 December 2017

Shareholders	Shareholding	% Of Issued Capital
Lewis Berger (Overseas)	109,332,222	51.01
Sagicor Pooled Equity Fund	22,284,944	10.40
Ideal Group Corporation Limited	10,988,500	5.13
Ansa Coatings International Limited - Buying A/C	6,106,118	2.85
Ideal Portfolio Services Company Limited	5,669,883	2.65
Ideal Betting Company Limited	4,624,152	2.16
Ideal Global Investments Limited	4,020,000	1.88
Mayberry West Indies Limited	3,205,381	1.50
Jcsd Trustee Services Ltd - Sigma Optima	3,082,116	1.44
First Jam./H.E.A.R.T/NTA Pension Scheme	2,433,500	1.14
Total	**171,746,816**	**80.13**

Directors' Shareholdings - As At 31 December 2017

Directors	Shareholding	Connected Party	Shareholding
Ray A. Sumairsingh	NIL		
Aneal Maharaj	NIL		
Andy Mahadeo	NIL		
Warren Mcdonald	419,655		
Milton Samuda	NIL	Milton Samuda / Elizabeth Samuda	12,007
Michael Fennell	9,213		
Pokerdas Chandiram Chatani	NIL	Pokerdas Chandiram Chatani/Sati Chandiram/ Vinod Chanra	45,000
Total	**428,868**		**57,007**

Senior Management Shareholding - As At 31 December 2017

Senior Management	Shareholding
Newton Abrahams	NIL
Gladys Miller	NIL
Huron Gordon	2,352
Casey Perue	NIL
Angela Scott-Brown	NIL
Jacqueline Warren-Wilson	3,799
Total	**6,151**

BOARD ATTENDANCE

	BOARD		AUDIT	
Members	**No of Meeting**	**Attendance**	**No of Meetings**	**Attendance**
Ray A. Sumairsingh *^	4	2	3	
Aneal Maharaj ^	4	1	3	1
Andy Mahadeo ^	4	2	3	1
Michael Fennell	4	3	3	2
Warren McDonald	4	3	3	2
Milton Samuda	4	4	3	3
Pokar Chandiram +	4		3	
Tom Thomas ^^	4	2	3	2
Mustafa Turra ^^	4	3	3	2
Manish Choksi ^^	4		3	

Key

^ Appointed July 2017

^^ Resigned July 2017

* Is not a member of the Audit Committee but attends upon invitation of the Committee

+ Deceased December 2017


BERGER
ROLLER-TEX
BERGER
ROLLER-TEX
TEXTURED PAINT
Easy to apply Beautiful,
Durable Colours and Textures.

FINANCIAL STATEMENT

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Chartered Accountants

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, 2017, the statements of income, comprehensive income, changes in equity and cash flows for the period 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, 2017 and of its financial performance and cash flows for the period 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' Code of Ethics for Professional Accountants ("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, and in forming 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.

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INDEPENDENT AUDITOR'S REPORT (Continued)

To the members of Berger Paints Jamaica Limited (Continued)

Key Audit Matters, (Continued)

Key audit matter	How our audit addressed the key audit matter
Revenue recognition - Rebates, discounts and returns	
Revenue is measured after taking account of returns, rebates, discounts and other similar incentives to customers on the Company's sales. There are a variety of contractual terms across the Company's customer base with the estimation of discounts, incentives and rebates made based on sales made during the period. Revenue is recognised when the risks and rewards of the underlying products have been transferred to the customer. The Company focuses on revenue as a key performance measure which could create an incentive for revenue to be recognised before the risks and rewards have been transferred.	Our audit procedures included the evaluation of the appropriateness of the Company's revenue recognition accounting policies inclusive of discounts, incentives and rebates and assessing compliance with the policies in terms of applicable accounting standards. We identified and evaluated the design and implementation of the Company's controls over calculation of discounts, incentives and rebates and the timing of revenue recognition. In addition, we performed substantive testing including analytical procedures to test the accuracy and completeness of the underlying calculation of the provisions. These procedures included challenging the appropriateness of management's assumptions and estimates and agreeing input data, including pricing and allowance data to underlying agreements with customers. We assessed sales transactions and credit notes occurring both before and after the year end date to assess whether the revenue was recognised in the correct period. We also considered the adequacy of the Company's disclosures (in Note 3) in respect of revenue.

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INDEPENDENT AUDITOR'S REPORT (Continued)

To the members of Berger Paints Jamaica Limited (Continued)

Key Audit Matters, (Continued)

Key audit matter	How our audit addressed the key audit matter
Accounting for defined benefit plans	
The Company's post-retirement benefit provisions relate to a defined benefit pension scheme amounting to an asset of \$162.61 million and a retiree medical post-retirement benefit scheme amounting to a liability of \$131.75 million. These provisions require significant level of judgement and technical expertise in determining the future levels of the following: - Discount rate - Inflation - Salary increases and; - Mortality rates Management uses external actuaries to assist in determining these assumptions and in valuing the assets and liabilities within the schemes.	As part of our audit, we have evaluated the actuarial assumptions adopted by management such as discount rates and future salary increases. In addition, we tested the valuation of plan assets. We also performed substantive audit procedures on the underlying participants' data of the post-retirement benefit provisions that was provided to the actuary. The discount and inflation rates were agreed to those issued by the Institute of Chartered Accountants of Jamaica. 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.

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INDEPENDENT AUDITOR'S REPORT (Continued)

To the members of Berger Paints Jamaica Limited (Continued)

Other information included in the Annual Report

Other information consists of the information included in the Company's December 2017 Annual Report other than the financial statements and our auditor's report thereon. Management is responsible for the other information. The Company's December 2017 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.

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.

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INDEPENDENT AUDITOR'S REPORT (Continued)

To the members of Berger Paints Jamaica Limited (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.

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INDEPENDENT AUDITOR'S REPORT (Continued)

To the members of Berger Paints Jamaica Limited (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.

Ernst & Young

Ernst & Young
Kingston, Jamaica

February 27, 2018

STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2017

	Notes	December 31, 2017 $'000	March 31, 2017 $'000
ASSETS			
Non-current assets			
Property, plant and equipment	5	188,325	197,583
Post employment benefits	6	162,610	148,936
Deferred tax assets	7	4,566	6,412
Total non-current assets		355,501	352,931
Current assets			
Inventories	8	408,734	342,616
Due from fellow subsidiaries	9	13,427	11,641
Trade and other receivables	10	673,800	395,220
Cash and bank balances	11	231,996	386,565
Total current assets		1,327,957	1,136,042
Total assets		1,683,458	1,488,973
EQUITY AND LIABILITIES			
Shareholders' Equity			
Share capital	12	141,793	141,793
Revaluation reserves	13	45,295	45,145
Revenue reserve		870,395	789,985
Total shareholders' equity		1,057,483	976,923
Non-current liabilities			
Post employment benefits	6	131,747	132,209
Current liabilities			
Due to immediate parent company	9	27,476	12,891
Due to fellow subsidiaries	9	9,058	2,215
Dividends payable		11,191	16,892
Provisions	14	19,443	15,964
Trade and other payables	15	380,795	301,646
Income tax payable		46,265	30,233
Total current liabilities		494,228	379,841
Total equity and liabilities		1,683,458	1,488,973

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 February 27, 2018 and are signed on its behalf by:

Ray A. Sumairsingh
Chairman

Michael Fennell
Director

STATEMENT OF INCOME
NINE MONTHS ENDED DECEMBER 31, 2017

	Notes	9 months December 31, 2017 $'000	12 months March 31, 2017 $'000
Sales (net of discounts and rebates)	17	1,910,488	2,363,088
Raw materials and consumable used		(900,483)	(1,080,705)
Changes in inventories of finished goods and work in progress (net)		(31,416)	28,641
Manufacturing expenses		(96,326)	(116,461)
Depreciation	5	(19,398)	(31,997)
Employee benefits expense	19	(381,241)	(481,224)
Other operating expenses		(284,999)	(322,172)
Other income		11,614	6,518
PROFIT BEFORE TAXATION	18	208,239	365,688
Taxation	20	(34,110)	(50,133)
NET PROFIT FOR THE YEAR		174,129	315,555
Earnings per stock unit	21	$0.81	$1.47

The accompanying notes form an integral part of the Financial Statements.

STATEMENT OF COMPREHENSIVE INCOME
NINE MONTHS ENDED DECEMBER 31, 2017

	Notes	9 months December 31, 2017 $'000	12 months March 31, 2017 $'000
NET PROFIT FOR THE YEAR		174,129	315,555
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	13	150	150
Remeasurement of employment benefit plans	6	17,923	46,773
Deferred tax effect	7	(4,481)	(11,693)
		13,442	35,080
Other comprehensive income for the year net of tax		13,592	35,230
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		187,721	350,785

The accompanying notes form an integral part of the Financial Statements.

STATEMENT OF CHANGES IN EQUITY
NINE MONTHS ENDED DECEMBER 31, 2017

	Notes	Share Capital $'000	Revaluation Reserves $'000	Revenue Reserve $'000	Total $'000
Balance at April 1, 2016		141,793	44,995	482,214	669,002
Net profit for the year		-	-	315,555	315,555
Other comprehensive income for the year		-	150	35,080	35,230
Total comprehensive income for the year		-	150	350,635	350,785
Dividends	16	-	-	(42,864)	(42,864)
Balance at March 31, 2017		141,793	45,145	789,985	976,923
Net profit for the period		-	-	174,129	174,129
Other comprehensive income for the period		-	150	13,442	13,592
Total comprehensive income for the period		-	150	187,571	187,721
Dividends	16	-	-	(107,161)	(107,161)
Balance at December 31, 2017		141,793	45,295	870,395	1,057,483

The accompanying notes form an integral part of the Financial Statements.

STATEMENT OF CASH FLOWS
NINE MONTHS ENDED DECEMBER 31, 2017

	Notes	9 months December 31, 2017 $'000	12 months March 31, 2017 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit for the year		174,129	315,555
Adjustments for:			
Depreciation	5	19,398	31,997
Unrealised foreign exchange gains (net)		(1,706)	(2,128)
Post retirement benefit charge	6(e)	14,445	19,966
Income tax expense	20	34,110	50,133
Gain on sale of property, plant and equipment		-	(1,334)
Provision charge	14	6,725	20,662
Impairment loss recognised on trade receivables	10	44,373	24,176
Impairment loss recognised on other receivables	10	1,727	616
Reversal of impairment loss on trade receivables	10	(26,128)	(22,586)
Operating cash flows before movements in working capital:		267,073	437,057
Increase in trade and other receivables		(298,552)	(72,061)
Increase in inventories		(66,118)	(4,623)
Decrease/(increase) in due to/from fellow subsidiaries (net)		5,057	(8,749)
Provisions utilised	14	(3,246)	(22,999)
Increase in trade and other payables		79,149	15,796
Increase in due to immediate parent company		14,585	1,924
Post employment benefits contributions	6(e)	(10,658)	(12,827)
Cash (used in)/generated from operations		(12,710)	333,518
Income tax paid		(20,563)	(31,739)
Net cash (used in)/provided by operating activities		(33,273)	301,779
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		-	1,338
Acquisition of property, plant and equipment	5	(10,140)	(15,462)
Net cash used in investing activities		(10,140)	(14,124)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(112,862)	(41,940)
Net cash used in financing activities		(112,862)	(41,940)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(156,275)	245,715
OPENING CASH AND CASH EQUIVALENTS		386,565	138,722
Effect of foreign exchange rate changes		1,706	2,128
CLOSING CASH AND CASH EQUIVALENTS		231,996	386,565

The accompanying notes form an integral part of the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS
NINE MONTHS ENDED DECEMBER 31, 2017

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 51% subsidiary of Lewis Berger (Overseas Holdings) Limited (LBOH), which is incorporated in the United Kingdom. On July 24, 2017, Ansa MaCal Limited through its subsidiary Ansa Coatings International Limited acquired Asian Paints Limited's holding in LBOH. 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.

During the nine months period ended December 31, 2017, the company's year end was changed from March 31 to December 31, to coincide with that of the new parent company.

These financial statements are expressed in Jamaican dollars and have been prepared for the nine months period with comparison to the audited twelve month period ended March 31, 2017. The amounts presented in the financial statements are therefore not entirely comparable.

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 Disclosures affecting amounts reported and or disclosures in the current period (and/or prior periods)*

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 adopted with no effect on 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.

		Effective for annual periods beginning on or after
Amendments to Standards		
IAS 7	IAS 7 Disclosure Initiative – Amendments to IAS 7	January 1, 2017
IAS 12	IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses – Amendments to IAS 12	January 1, 2017
IFRS 12	Amendments arising from 2014 – 2016 Annual Improvements to IFRS	January 1, 2017
Practice Statements		
IFRS Practice Statement 2	Making Materiality Judgements	Any time after September 14, 2017

NOTES TO THE FINANCIAL STATEMENTS
NINE MONTHS ENDED DECEMBER 31, 2017

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

2.3 *Standards and interpretations in issue not yet effective*

New and Revised Standards		Effective for annual periods beginning on or after
IAS 28	Long-term Interests in Associates and Joint Ventures - Amendments to IAS 28	January 1, 2019
IAS 40	Transfers of Investment Property - Amendments to IAS 40	January 1, 2018
IFRS 2	IFRS 2 Classification and Measurement of Share-based Payment Transactions – Amendments to IFRS 2	January 1, 2018
IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts - Amendments to IFRS 4	January 1, 2018
IFRS 9	Financial Instruments	January 1, 2018
IFRS 9	Prepayment Features with Negative Compensation - Amendments to IFRS 9	January 1, 2019
IFRS 10 and IAS 28	IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28	Effective date deferred indefinitely
IFRS 15	Revenue from Contracts with Customers	January 1, 2018
IFRS 16	Leases	January 1, 2019
IFRS 17	Insurance Contracts	January 1, 2021
IFRS 1 and IAS 28	Amendments arising from 2014 – 2016 Annual Improvements to IFRS	January 1, 2018
IFRS 3, 11 and IAS 12, 23	Amendments arising from 2015 – 2017 Annual Improvements to IFRS	January 1, 2019
IFRIC 22	IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration	January 1, 2018
IFRIC 23	IFRIC Interpretation 23 Uncertainty over Income Tax Treatments	January 1, 2019

NOTES TO THE FINANCIAL STATEMENTS
NINE MONTHS ENDED DECEMBER 31, 2017

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

2.3 *Standards and interpretations in issue not yet effective (continued)*

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 not yet effective and have concluded that the following are relevant to the operations of the company and are likely to impact amounts reported in the company's financial statements:

- IFRS 9 *Financial Instruments*
  In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

  The company plans to adopt the new standard on the required effective date. Overall, the company expects no significant impact on its statement of financial position and equity except for the effect of applying the impairment requirements of IFRS 9 (See below).

  (i) Classification and measurement

  The company does not expect a significant impact on its statement of financial position or equity on applying the classification and measurement requirements of IFRS 9.

  (ii) Impairment

  This phase will be implemented by the company from January 1, 2018. The impairment requirements are based on an expected credit loss (ECL) model that replaces the IAS 39 incurred loss model. The ECL model applies to financial assets accounted for at amortised cost or at FVOCI, including commitments and guarantees.

  The company has assessed that the application of IFRS 9 will result in earlier recognition of credit losses and is currently assessing the extent of the impact and the adjustment required.

  (iii) Hedge accounting

  The new hedging model may lead to more economic hedging strategies meeting the requirements for hedge accounting. At this time, the company is not engaged in hedging strategies and therefore this phase has no impact on the company.

- IFRS 15 Revenue from Contracts with Customers
  IFRS 15, 'Revenue from contracts with customers' is more prescriptive than the current IFRS requirements for revenue recognition and provides more application guidance. The disclosure requirements are also more extensive. Implementing this standard required extensive work in reassessing our accounting policies, systems and processes, the impact of which is currently being assessed. The company has decided to apply the modified retrospective approach from January 1, 2018. Additional information on the new requirements of IFRS 15 are further detailed below.

NOTES TO THE FINANCIAL STATEMENTS
NINE MONTHS ENDED DECEMBER 31, 2017

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

2.3 *Standards and interpretations in issue not yet effective (Continued)*

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

- IFRS 15 Revenue from Contracts with Customers (continued)
  IFRS 15 replaces all existing revenue requirements in IFRS (IAS 11, 'Construction Contracts', IAS 18, 'Revenue', IFRIC 13, 'Customer Loyalty Programmes', IFRIC 15, 'Agreements for the Construction of Real Estate', IFRIC 18, 'Transfers of Assets from Customers' and SIC 31, 'Revenue – Barter Transactions Involving Advertising Services') and applies to all revenue arising from contracts with customers, unless the contracts are in the scope of other standards, such as IAS 17, 'Leases' (or IFRS 16, 'Leases', once applied). Its requirements also provide a model for the recognition and measurement of gains and losses on disposal of certain non-financial assets, including property, plant and equipment and intangible assets.

  The standard outlines the principles an entity must apply to measure and recognise revenue. The core principle is that an entity will recognise revenue at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer.

  The principles in IFRS 15 must be applied using a five-step model:
  1. Identify the contract(s) with a customer
  2. Identify the performance obligations in the contract
  3. Determine the transaction price
  4. Allocate the transaction price to the performance obligations in the contract
  5. Recognise revenue when (or as) the entity satisfies a performance obligation

  The standard requires the company to exercise judgement, taking into consideration all relevant facts and circumstances when applying each step of the model to contracts with its customers. The standard also specifies how to account for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

  Application guidance is provided in IFRS 15 to assist entities in applying its requirements to certain common arrangements, including licences of intellectual property, warranties, rights of return, principal-versus-agent considerations, options for additional goods or services and breakage.

- IFRS 16 Leases
  This new standard requires lessees to account for all leases under a single on-balance sheet model, subject to certain exemptions in a similar way to finance leases under IAS 17. Lessees recognize a liability to pay rentals with a corresponding asset, and recognize interest expense and depreciation separately. The standard provides guidance on the two recognition exemptions for leases – leases of "low value" assets and short-term leases with a term of 12 months or less. Lessor accounting is substantially the same as IAS 17. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. Early adoption is permitted but not before the company applies IFRS 15. The directors and management have not yet assessed the impact of the application of this standard on the company's financial statements.

NOTES TO THE FINANCIAL STATEMENTS
NINE MONTHS ENDED DECEMBER 31, 2017

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

2.3 *Standards and interpretations in issue not yet effective (Continued)*

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

- IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration
  The interpretation clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration. The interpretation is effective for annual periods beginning on or after January 1, 2018. The directors and management have not yet assessed the impact of the application of the amendment to this standard on the company's financial statements.

- IFRIC Interpretation 23 Uncertainty over Income Tax Treatments
  The interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12. The interpretation does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses the following:
  a) Whether an entity considers uncertain tax treatments separately.
  b) The assumptions an entity makes about the examination of tax treatments by taxation authorities.
  c) How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.
  d) How an entity considers changes in facts and circumstances.

  An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed. The interpretation is effective for annual periods beginning on or after January 1, 2019, but certain transition reliefs are available. The directors and management have not yet assessed the impact of the application of the amendment to this standard on the company's financial statements.

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.

The principal accounting policies are set out below.

NOTES TO THE FINANCIAL STATEMENTS
NINE MONTHS ENDED DECEMBER 31, 2017

3. **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Fair value measurement (Continued)

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.

3.5 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.

3.6 Impairment of tangible assets

At the end of each reporting period, the company reviews the carrying amounts of its tangible 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 group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

3.6 **Impairment of tangible assets (Continued)**

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.

3.7 **Employee benefits**

3.7.1 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.

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. **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

3.7 **Employee benefits (Continued)**

3.7.2 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.

3.7.3 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.

3.8 **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 calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs necessary to make the sale.

3.9 **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 23. Listed below are the company's financial assets and liabilities and the specific accounting policies relating to each:

NOTES TO THE FINANCIAL STATEMENTS
NINE MONTHS ENDED DECEMBER 31, 2017

3. **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

3.9 **Financial instruments (Continued)**

3.9.1 ***Financial assets***

Financial assets are recognised and derecognised on trade date where the purchase or sale of the instrument is under a contract whose terms require delivery of the instrument within the timeframe established by regulation or convention in the market place.

The company's financial assets are classified as financial assets at 'fair value through profit or loss (FVTPL)' and 'loans and receivables' with the classification being based on the nature and purpose of the financial asset and is determined at the time of initial recognition.

(a) *Financial assets at FVTPL*

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL. A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis: or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 permits the entire combined contract (asset and liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other income', if any. Fair value is based on realisable prices, derived by valuation techniques, quoted by the relevant financial institution at the end of the reporting period.

(b) *Loans and receivables*

These are non-derivative financial assets with fixed or determinable payments and are not quoted in an active market. Loans and receivables are measured at amortised cost using the effective interest method less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.9 Financial instruments (Continued)

3.9.1 Financial assets (Continued)

(b) *Loans and receivables (Continued)*

Effective interest method
The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees or points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial assets, or where appropriate, a shorter period to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments.

The company's portfolio of loans and receivables comprises amounts due from fellow subsidiaries (See Related Party below), trade and other receivables and cash and bank balances.

(c) *Impairment of financial assets*

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that have occurred after initial recognition of the financial assets, the estimated future cash flows of the asset have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables includes the company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 30 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.9 Financial instruments (Continued)

3.9.1 Financial assets (Continued)

(c) *Impairment of financial assets (Continued)*

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset’s carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return of a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Recoveries of amounts previously written off are credited to profit or loss. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, if in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial assets at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

<u>Derecognition of financial assets</u>
The company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

3.9 **Financial instruments (Continued)**

3.9.1 ***Financial assets (Continued)***

(c) *Impairment of financial assets (Continued)*

Derecognition of financial assets (Continued)
On derecognition of a financial asset other than in its entirety (e.g. when the company retains an option to repurchase part of a transferred asset or retains a residual interest that does not result in the retention of substantially all the risks and rewards of ownership and the company retains control), the company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

3.9.2 ***Financial liabilities and equity instruments***

Classification as debt or equity
Debt and equity instruments issued by the company are classified according to the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments
An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

Financial liabilities
These are classified as “other financial liabilities”.

Financial liabilities are initially measured at fair value, net of transaction costs (where applicable). They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective interest basis except for short-term liabilities when the recognition of interest would be immaterial.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums and discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

The company’s financial liabilities comprise amounts due to immediate parent company, due to fellow subsidiaries, dividends payable and trade and other payables.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.9 Financial instruments (Continued)

3.9.2 Financial liabilities and equity instruments (continued)

(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.

Intergroup transactions are recorded at pre-determined group rates and are settled quarterly. Interest is not charged on these balances as they are settled in a short period.

(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 of financial liabilities

The company derecognises financial liabilities when the company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3.10 Taxation

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

<u>Current tax</u>
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.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

3.10 **Taxation (Continued)**

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.

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.

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.

3.11 **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.

3.12 **Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates, discounts and other similar allowances.

NOTES TO THE FINANCIAL STATEMENTS
NINE MONTHS ENDED DECEMBER 31, 2017

3. **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

3.12 **Revenue recognition (Continued)**

Sale of goods
Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the company; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Specifically, revenue from the sale of goods is recognised when goods are delivered and legal title is passed.

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.

3.13 **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).

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.

3.14 **Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

NOTES TO THE FINANCIAL STATEMENTS
NINE MONTHS ENDED DECEMBER 31, 2017

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.14 Leases (Continued)

The company as a lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals, if any, arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

3.15 Research and development expenditure

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

3.16 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.

3.17 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.

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.

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

Critical judgements in applying accounting policies

Management believes there are no judgements made that had a significant effect on the amounts recognised in the financial statements.

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 $162.61 million (March 2017: $148.94 million) in respect of the defined benefit pension plan and a liability of approximately $131.75 million (March 2017: $132.21 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 $3.41 million (March 2017: $5.01 million) increase/decrease in the current and deferred tax provisions.

c) Revenue recognition - Rebates, discounts and returns
Revenue is measured after taking account of returns, rebates, discounts and other similar incentives by customers on the Company's sales. Due to the variety of contractual terms across the Company's customer base, the estimation of discounts, incentives and rebates recognised based on sales made during the year is considered complex. A change of +/- 10% in the provision for outstanding rebates of these estimates would have the effect of approximately $1.07 million (March 2017: $2.44 million) increase/decrease in the rebate provision.

NOTES TO THE FINANCIAL STATEMENTS
NINE MONTHS ENDED DECEMBER 31, 2017

5. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land $'000	Freehold Buildings $'000	Plant and Machinery $'000	Furniture, Fixtures & Equipment $'000	Motor Vehicles $'000	Totals $'000
At cost						
April1, 2016	27,000	97,776	248,848	95,561	39,067	508,252
Additions	-	-	14,563	899	-	15,462
Disposal	-	-	(1,605)	-	(3,812)	(5,417)
March 31, 2017	27,000	97,776	261,806	96,460	35,255	518,297
Additions	-	1,313	6,637	2,190	-	10,140
						-
December 31, 2017	27,000	99,089	268,443	98,650	35,255	528,437
Accumulated Depreciation						
April 1, 2016	-	38,581	155,709	68,929	30,911	294,130
Depreciation charge	-	4,461	15,682	6,914	4,940	31,997
Disposal	-	-	(1,603)	-	(3,810)	(5,413)
March 31, 2017	-	43,042	169,788	75,843	32,041	320,714
Depreciation charge	-	2,692	11,278	4,438	990	19,398
						-
December 31, 2017	-	45,734	181,066	80,281	33,031	340,112
Carrying amounts						
December 31, 2017	27,000	53,355	87,377	18,369	2,224	188,325
March 31, 2017	27,000	54,734	92,018	20,617	3,214	197,583

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.

NOTES TO THE FINANCIAL STATEMENTS
NINE MONTHS ENDED DECEMBER 31, 2017

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.

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% (March 2017: 5.5%) of pensionable salaries) and the employees contribute at a rate of 5% of pensionable salaries (with the option of contributing an additional 5%). Pension benefits are determined on a prescribed benefits basis and are payable at a rate of 1⅔% 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 of the two plans were carried out as at December 31, 2017 by Ravi Rambarran of Rambarran & Associates Limited (Consulting Actuaries), Fellow of the Institute of Actuaries. The obligations were measured using the projected unit credit method.

6. **POST EMPLOYMENT BENEFITS (CONTINUED)**

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

Financial Assumptions

	December 31, 2017 %	March 31, 2017 %
Gross discount rate ($JA)	8.00	9.50
Expected rate of salary increases	6.50	6.50
Future pension increases	3.25	3.25
Medical inflation	8.00	7.00
Inflation	5.00	6.50
Minimum funding rate	0.25	0.25
Administration fees (percentage of pay)	1.00	1.00

Demographic Assumptions

(i) Mortality

American 1994 Group 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	4.43 – 14.53	2.29 – 8.63

(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.

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

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

NOTES TO THE FINANCIAL STATEMENTS
NINE MONTHS ENDED DECEMBER 31, 2017

6. **POST EMPLOYMENT BENEFITS (CONTINUED)**

(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	
	December 31, 2017 $'000	March 31, 2017 $'000	December 31, 2017 $'000	March 31, 2017 $'000
Present value of obligation	(1,080,051)	(997,223)	(131,747)	(132,209)
Fair value of plan assets	1,386,267	1,209,519	-	-
Unrecognised asset due to ceiling	(143,606)	(63,360)	-	-
Net asset (liability) in the statement of financial position	162,610	148,936	(131,747)	(132,209)

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

	Defined Benefit Pension Plan		Retiree Medical Plan	
	9 Months December 31, 2017 $'000	12 Months March 31, 2017 $'000	9 Months December 31, 2017 $'000	12 Months March 31, 2017 $'000
Current service cost	12,898	14,742	2,850	4,252
Net interest cost:				
Interest cost on defined benefit obligation	70,640	76,493	9,309	13,403
Interest income on plan assets	(85,766)	(94,532)	-	-
Interest effect of the assets ceiling	4,514	5,608	-	-
Total included in employee benefits expense	2,286	2,311	12,159	17,655

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

	Defined Benefit Pension Plan		Retiree Medical Plan	
	9 Months December 31, 2017 $'000	12 Months March 31, 2017 $'000	9 Months December 31, 2017 $'000	12 Months March 31, 2017 $'000
Remeasurements				
Change in financial assumptions	169,379	(39,919)	38,519	(11,461)
Experience adjustments	(254,696)	29,880	(46,857)	(20,710)
Change in effect of the asset ceiling	75,732	(4,563)	-	-
	(9,585)	(14,602)	(8,338)	(32,171)

NOTES TO THE FINANCIAL STATEMENTS
NINE MONTHS ENDED DECEMBER 31, 2017

6. POST EMPLOYMENT BENEFITS (CONTINUED)

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

	Defined Benefit Pension Plan		Retiree Medical Plan	
	9 Months December 31, 2017 $'000	12 Months March 31, 2017 $'000	9 Months December 31, 2017 $'000	12 Months March 31, 2017 $'000
Opening balance	148,936	128,133	(132,209)	(151,040)
Amount charged to income	(2,286)	(2,311)	(12,159)	(17,655)
Remeasurement recognised in OCI	9,585	14,602	8,338	32,171
Contributions by employer	6,375	8,512	4,283	4,315
Closing balance	162,610	148,936	131,747	(132,209)

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

	Defined Benefit Pension Plan		Retiree Medical Plan	
	9 Months December 31, 2017 $'000	12 Months March 31, 2017 $'000	9 Months December 31, 2017 $'000	12 Months March 31, 2017 $'000
Opening defined benefit obligation	997,223	871,233	132,209	151,040
Service cost	12,898	14,742	2,850	4,252
Interest cost	70,640	76,493	9,309	13,403
Members' contributions	9,337	11,896	-	-
Benefits paid	(27,621)	(61,985)	(4,283)	(4,315)
Value of purchased annuities	-	18,426	-	-
Remeasurement:				
Changes in financial assumptions	191,484	(52,609)	38,519	(11,461)
Changes in experience adjustments	(173,910)	119,027	(46,857)	(20,710)
Closing defined benefit obligation	1,080,051	997,223	131,747	132,209

NOTES TO THE FINANCIAL STATEMENTS
NINE MONTHS ENDED DECEMBER 31, 2017

6. POST EMPLOYMENT BENEFITS (CONTINUED)

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

	Defined Benefit Pension Plan	
	9 Months December 31, 2017 $'000	12 Months March 31, 2017 $'000
Opening fair value of plan assets	1,209,519	1,061,681
Members' contributions	9,337	11,896
Employer's contributions	6,375	8,512
Interest income on plan assets	85,766	94,532
Benefits paid	(27,621)	(61,985)
Value of purchased annuities	-	18,426
Remeasurement:		
Changes in financial assumptions	22,105	(12,690)
Experience adjustments	80,786	89,147
Closing fair value of plan assets	1,386,267	1,209,519
Movement in asset ceiling liability(asset)		
Effect of asset ceiling at beginning	(63,360)	(62,315)
Interest in asset	(4,514)	(5,608)
Remeasurement effects	(75,732)	4,563
Effect of ceiling at the end of period	(143,606)	(63,360)

6. **POST EMPLOYMENT BENEFITS (CONTINUED)**

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

	Defined Benefit Pension Plan	
	December 31, 2017 Fair Value of Plan Asset $'000	**March 31, 2017 Fair Value of Plan Asset $'000**
Equity fund	314,340	262,807
CPI indexed fund	46,286	43,687
International equity	40,996	36,506
Fixed income fund	136,417	121,230
Mortgage and real estate fund	316,374	237,329
Foreign currency fund	156,916	149,272
Money market fund	5,952	4,104
Value of purchased annuities	367,184	351,287
Other adjustments	1,802	3,297
Closing fair value of plan assets	1,386,267	1,209,519

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	(18,540)	23,172

.2 Discount rate

	1% decrease in Discount rate Assumption $'000	**1% increase in Discount rate Assumption $'000**
Increase (Decrease) in defined benefit obligation – Medical	23,051	(18,158)
Increase (Decrease) in defined benefit obligation – Pension	115,282	(91,408)

NOTES TO THE FINANCIAL STATEMENTS
NINE MONTHS ENDED DECEMBER 31, 2017

6. **POST EMPLOYMENT BENEFITS (CONTINUED)**

(i) Sensitivity analyses (Continued)

.3 Future pension increase

	1% decrease in Future Pension Assumption $'000	1% increase in Future Pension Assumption $'000
(Decrease) Increase in defined benefit obligation – Pension	(91,936)	107,427

.4 Salary assumption

	1% decrease in Salary Assumption $'000	1% increase in Salary Assumption $'000
(Decrease) Increase in defined benefit obligation – Pension	(36,270)	40,486

.5 Life expectancy

	1 year Decrease $'000	1 year Increase $'000
(Decrease) Increase in defined benefit obligation – Medical	(4,431)	4,463
(Decrease) Increase in defined benefit obligation – Pension	(13,382)	13,346

(j) Other

(i) Expected contributions for the next year

	$'000
Employer	8,454
Employee	12,180
	20,634

(ii) Expected expense for the next year

	Medical $'000	Pension $'000	Total $'000
Service cost	3,888	17,593	21,481
Financing cost (net)	12,360	(15,104)	(2,744)
	16,248	2,489	18,737

6. POST EMPLOYMENT BENEFITS (CONTINUED)

(j) Other (continued)

(iii) Maturity profile of defined benefit obligation

	Weighted Average Duration of liability 31 December 2017	Weighted average Duration of liability 31 March 2017
Pension	27	27
Medical	27	27

(iv) Included in the holdings of plan assets is an investment in the Sagicor Pooled Pension Investment Funds which holds 10.4% (March 2017: 10.4%) of the company's issued shares.

7. 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:

	December 31, 2017 $'000	March 31, 2017 $'000
Deferred tax assets	49,930	49,451
Deferred tax liabilities	(45,364)	(43,039)
	4,566	6,412

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

	9 Months December 31, 2017 $'000	12 Months March 31, 2017 $'000
Opening balance	6,412	16,592
Credit to income for the period (Note 20(a))	2,485	1,363
Charge to other comprehensive income for the period (Note 20(b))	(4,331)	(11,543)
Closing balance	4,566	6,412

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

7. DEFERRED TAX ASSETS (LIABILITIES) (CONTINUED)

Deferred tax assets

	Excess value over tax allowances on motor vehicles $'000	Depreciation charges in excess of capital allowances $'000	Accrued vacation $'000	Post employment benefits obligation $'000	Accrued incentive and other $'000	Total $'000
Balance, April 1, 2016	-	-	4,575	37,760	13,806	56,141
(Charge) Credit to income for the year	-	-	(584)	3,335	(1,398)	1,353
Charge to other comprehensive income for the year	-	-	-	(8,043)	-	(8,043)
Balance, March 31, 2017	-	-	3,991	33,052	12,408	49,451
Credit (Charge) to income for the year	59	3,520	869	1,969	(3,853)	2,564
Charge to other comprehensive income for the year	-	-	-	(2,085)	-	(2,085)
Balance, December 31, 2017	59	3,520	4,860	32,936	8,555	49,930

Deferred tax liabilities

	Unrealised foreign exchange gains $'000	Revaluation of properties $'000	Post-employment benefits asset $'000	Excess value over tax allowances on motor vehicles $'000	Capital allowances in excess of depreciation charges $'000	Total $'000
Balance, March 31, 2016	102	4,584	32,033	1,301	1,529	39,549
Charge (Credit) to income for the year	432	-	1,550	(880)	(1,112)	(10)
(Credit) Charge to other comprehensive income for the year	-	(150)	3,650	-	-	3,500
Balance, March 31, 2017	534	4,434	37,233	421	417	43,039
(Credit) Charge to income for the year	(105)	-	1,022	(421)	(417)	79
(Credit) Charge to other comprehensive income for the year	-	(150)	2,396	-	-	2,246
Balance, December 31, 2017	429	4,284	40,651	-	-	45,364

NOTES TO THE FINANCIAL STATEMENTS
NINE MONTHS ENDED DECEMBER 31, 2017

8. INVENTORIES

	December 31, 2017 $'000	March 31, 2017 $'000
Finished goods	187,596	219,012
Work-in-progress	446	1,208
Raw materials and supplies	213,338	120,260
Goods-in-transit	7,354	2,136
	408,734	342,616

Inventories stated above are net of provision for obsolescence amounting to approximately $38.36 million (March 2017: $35.24 million).

The cost of inventories recognised as an expense during the period, was $931.90 million (March 2017: $1,052.06 million).

Movement in provision for obsolescence

	December 31, 2017 $'000	March 31, 2017 $'000
Opening balance	35,237	40,378
Charged to income	20,724	7,435
Reversal of write down (Note 8(a))	(17,600)	(12,576)
Closing balance	38,361	35,237

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

Charges in respect of inventory obsolescence of $20.72 million (March 2017: $7.44 million) are recorded in other operating expenses.

9. BALANCES/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	
	9 Months Dec 31, 2017 $'000	12 Months Mar 31, 2017 $'000	9 Months Dec 31, 2017 $'000	12 Months Mar 31, 2017 $'000	9 Months Dec 31, 2017 $'000	12 Months Mar 31, 2017 $'000	Dec 31, 2017 $'000	Mar 31, 2017 $'000
Immediate parent								
Lewis Berger (Overseas Holdings) Ltd.	-	-	-	-	54,795	68,202	(27,476)	(12,891)
Fellow subsidiaries								
Berger Trinidad	-	-	1,402	3,481	-	-	13,427	11,641
Berger Barbados	204	3,022	1,301	2,324	-	-	(3,182)	(181)
ABEL Building Solutions	-	-	3,171	-	-	-	(3,171)	-
Ansa Mcal (Barbados)	-	-	149	-	-	-	(149)	-
Ansa Coating (Ja) Ltd.	-	-	200	-	-	-	(200)	-
Ansa Mcal Trading	-	-	2,356	-	-	-	(2,356)	-
Asian Paints International Limited	-	-	-	-	-	-	-	(1,422)
Berger Singapore	-	-	-	451	-	-	-	(527)
Berger Emirates	-	-	-	-	-	-	-	(85)
	204	3,022	8,579	6,256	-	-	4,369	9,426
Reflected in statement of financial position:								
Due from fellow subsidiaries							13,427	11,641
Due to fellow subsidiaries							(9,058)	(2,215)
							4,369	9,426
Directors							125	121

9. **BALANCES/TRANSACTIONS WITH RELATED PARTIES (CONTINUED)**

Sale of goods to related parties were made at the predetermined group 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 and will be settled in cash. 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.

Loans to related parties

	December 31, 2017 $'000	March 31, 2017 $'000
Key management personnel	125	120

These comprise short-term loans. No interest is charged on these amounts.

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

	December 31, 2017 $'000	March 31, 2017 $'000
Short-term benefits	63,095	83,449
Post-employment benefits	1,827	2,217
	64,922	85,666

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.

10. **TRADE AND OTHER RECEIVABLES**

	December 31, 2017 $'000	March 31, 2017 $'000
Trade receivables (net of provisions for outstanding rebates to customers of $10.67 million (March 2017: $24.40 million))	694,260	411,672
Less allowance for doubtful debts	58,255	40,010
	636,005	371,662
Other receivables and prepayments (net of an allowance for doubtful debts of $13.97 million (March 2017: $12.24 million))	37,795	23,558
	673,800	395,220

10. **TRADE AND OTHER RECEIVABLES (CONTINUED)**

The average credit period on sale of goods is 30 - 60 days. The company has provided fully for all receivables due for over one year because historical experience has shown that receivables that are past due beyond this period are generally not recoverable. Trade receivables outstanding between 30 days and 1 year 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.

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, $161.69 million (March 2017: $73.36 million) (amount within the approved credit limit) is due from two (March 2017: one) of the company's customers (See also Note 23(d)). There are no other customers who represent more than 5% of the total balance of trade receivables.

Included in the company's trade receivable balance are debtors with a carrying amount of $175.76 million (March 2017: $223.19 million) which is past due at the reporting date for which the company has not provided as there has not been a significant change in credit quality of the debtors and the amounts are still considered recoverable. 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. The average age of these receivables is 78 days (March 2017: 60 days).

Ageing of past due but not impaired

	December 31, 2017 $'000	March 31, 2017 $'000
30 – 90 days	68,308	184,570
91 – 180 days	54,197	28,614
181 – 270 days	53,256	7,937
271 – 360 days	-	2,073
	175,761	223,194

Movement in allowance for doubtful debts

	Trade Receivables		Other Receivables	
	December 31, 2017 $'000	March 31, 2017 $'000	December 31, 2017 $'000	March 31, 2017 $'000
Opening balance	40,010	50,244	12,244	11,628
Impairment losses recognised on receivables	44,373	24,176	1,727	616
Amounts written-off as uncollectible	-	(11,824)	-	-
Amounts recovered during the year	(26,128)	(22,586)	-	-
Closing balance	58,255	40,010	13,971	12,244

NOTES TO THE FINANCIAL STATEMENTS
NINE MONTHS ENDED DECEMBER 31, 2017

10. TRADE AND OTHER RECEIVABLES (CONTINUED)

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 doubtful debts.

Ageing of impaired trade receivables

	December 31, 2017 $'000	March 31, 2017 $'000
≥ 365 days	58,255	40,010

Ageing of impaired other receivables

	December 31, 2017 $'000	March 31, 2017 $'000
≥ 365 days	13,971	12,244

11. CASH AND BANK BALANCES

	December 31, 2017 $'000	March 31, 2017 $'000
Cash on hand	410	984
Foreign currency bank deposits (Note 11(a))	76,250	96,125
Jamaican dollar bank deposits (Note 11(b))	155,336	289,456
	231,996	386,565

(a) These include non-interest bearing accounts totalling $1.65 million (March 2017: $1.62 million), representing the Jamaican dollar equivalent of Belize $26,700 (March 2017: $26,700) and $74.5 million (March 2017: $94.50 million) representing the Jamaican dollar equivalent of US$596,301 (March 2017: US$734,508).

(b) (i) This includes an interest bearing account totalling $0.006 million (March 2017: $0.008 million) at an interest rate of 0.025% (March 2017: 0.05%) per annum.
(ii) The company has a credit facility (overdraft) with a commercial bank to a limit of $90 million (March 2017: $90.0 million) at a rate of 16.25% (March 2017: 16.25%) per annum. The company did not utilise 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.

NOTES TO THE FINANCIAL STATEMENTS
NINE MONTHS ENDED DECEMBER 31, 2017

12. SHARE CAPITAL

	December 31, 2017 No. of shares	March 31, 2017 No. of shares	December 31, 2017 $'000	March 31, 2017 $'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.

13. REVALUATION RESERVES

	Properties Revaluation Reserve	
	December 31, 2017 $'000	March 31, 2017 $'000
Balance at beginning of year	45,145	44,995
Adjustments to deferred tax liability in respect of revalued buildings (Note 20(b))	150	150
Balance at end of year	45,295	45,145

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 realised, is transferred directly to revenue reserve.

14. PROVISIONS

	Employee Benefits	
	9 Months December 31, 2017 $'000	12 Months March 31, 2017 $'000
Opening balance	15,964	18,301
Charged to income for year	6,725	20,662
Utilised during the year	(3,246)	(22,999)
Closing balance	19,443	15,964

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

NOTES TO THE FINANCIAL STATEMENTS
NINE MONTHS ENDED DECEMBER 31, 2017

15. **TRADE AND OTHER PAYABLES**

	December 31, 2017 $'000	March 31, 2017 $'000
Trade payables	234,720	186,765
Other payables and accruals	146,075	114,881
	380,795	301,646

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.

16. **DIVIDENDS**

During the current period

(i) A special dividend of 20¢ per share totalling $42.86 million and a final dividend of 30¢ per share totalling $64.30 million for the year ended March 31, 2017 was approved at the company's Annual General Meeting and paid to shareholders on the company's register of members at the close of business July 31, 2017.

During 2016/2017:

A final dividend of 20¢ per share totalling $42.86 million for year ended March 31, 2016 was approved at the company's Annual General Meeting and paid to shareholders on the company's register of members at the close of business on June 14, 2016.

17. **SALES (NET OF DISCOUNTS AND REBATES)**

The following are entity-wide disclosures:

(a) Products

	9 Months December 31, 2017 $'000	12 Months March 31, 2017 $'000
Decorative/architectural products	1,833,555	2,267,910
Industrial products	76,933	95,178
	1,910,488	2,363,088

NOTES TO THE FINANCIAL STATEMENTS
NINE MONTHS ENDED DECEMBER 31, 2017

17. **SALES (NET OF DISCOUNTS AND REBATES) (Continued)**

(b) Geographical areas

	9 Months December 31, 2017 $'000	12 Months March 31, 2017 $'000
Domestic sales	1,833,159	2,236,670
Export sales	77,329	126,418
	1,910,488	2,363,088

(c) Major customers

Of the sales for the period, 11% (March 2017: 11%) was attributable to the company's largest customer. There were no other customers who represented 10% or more of the company's revenue.

18. **PROFIT BEFORE TAXATION**

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

	9 Months December 31, 2017 $'000	12 Months March 31, 2017 $'000
(i) Revenue and expenses on financial assets at amortised cost		
Expenses:		
Allowance for doubtful debts on sale of goods net of recoveries of $26.12 million (March 2017: $22.59 million)	18,245	1,590
Allowance for doubtful debt on other receivables	1,727	616
(ii) Net loss on financial assets and financial liabilities at amortised cost		
Net foreign exchange loss	2,781	1,755
(iii) Other expenses		
Directors' emoluments		
Fees	1,463	1,950
Management	13,608	25,739
Audit fees	5,320	5,232

19. **STAFF COSTS**

Staff costs incurred during the period were:

	9 Months December 31, 2017 $'000	12 Months March 31, 2017 $'000
Salaries, wages and statutory contributions	324,125	398,498
Other staff benefits	57,116	82,726
	381,241	481,224

20. **TAXATION**

Current and deferred taxes have been calculated using the tax rate of 25% (March 2017: 25%).

(a) **Recognised in profit and loss**

(i) The total charge for the period comprises:

	9 Months December 31, 2017 $'000	12 Months March 31, 2017 $'000
Current tax	52,278	92,672
Employment tax credit	(15,683)	(27,922)
Write back excess tax provisions – prior years	-	(13,254)
Deferred tax adjustment (Note 7)	(2,485)	(1,363)
	34,110	50,133

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

	9 Months December 31, 2017 $'000	12 Months March 31, 2017 $'000
Profit before tax	208,239	365,688
Tax at the domestic income tax rate of 25%	52,060	91,422
Tax effect of expenses that are not deductible in determining taxable profit	-	50
Non assessable income	(2,313)	-
Employment tax credit	(15,684)	(27,922)
Prior years over provision	-	(13,254)
Other	47	(163)
Tax expense for the period	34,110	50,133

NOTES TO THE FINANCIAL STATEMENTS
NINE MONTHS ENDED DECEMBER 31, 2017

20. **TAXATION (CONTINUED)**

(b) **Recognised directly in other comprehensive income in equity** (Note 7)

	9 Months December 31, 2017 $'000	**12 Months March 31, 2017 $'000**
Revaluation of properties (Note 13)	150	150
Remeasurement of defined benefit plans	(4,481)	(11,693)
	(4,331)	(11,543)

21. **EARNINGS PER STOCK UNIT**

The calculation of earnings per stock unit is based on the profit after taxation of $174.13 million (March 2017: $315.56 million) and the number of stock units in issue during the period of 214,322,393 units (March 2017: 214,322,393 units).

22. **COMMITMENTS**

(a) Capital commitment

There were capital commitments of $2.53 Million as at December 31, 2017 in respect of the acquisition of plant and machinery. There were no capital commitments as at March 31, 2017.

(b) Operating lease arrangements

Operating lease payments represent rentals payable by the company for certain of its office locations. Leases are negotiated for an average term of three to five years and rentals are fixed for an average of three to five years.

	9 Months December 31, 2017 $'000	**12 Months March 31, 2017 $'000**
Minimum lease payments under operating leases recognised as an expense in the period	6,575	7,612

NOTES TO THE FINANCIAL STATEMENTS
NINE MONTHS ENDED DECEMBER 31, 2017

22. **COMMITMENTS (CONTINUED)**

(b) Operating lease arrangements (Continued)

At the end of the reporting period, the company has outstanding commitments under operating leases, which fall due as follows:

	9 Months December 31, 2017 $'000	12 Months March 31, 2017 $'000
Within one year	9,293	9,401
In the second to fifth years inclusive	10,850	9,809
	20,142	19,210

23. **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:

	December 31, 2017 $'000	March 31, 2017 $'000
Financial Assets		
Loans and receivables – at amortised cost		
- Due from fellow subsidiaries	13,427	11,641
- Trade and other receivables (excluding prepayments)	670,668	393,233
- Cash and bank balances	231,996	386,565
	916,091	791,439
Financial Liabilities (at amortised cost)		
- Due to immediate parent company	27,476	12,891
- Due to fellow subsidiaries	9,058	2,215
- Dividends payable	11,191	16,892
- Trade and other payables (excluding accruals)	311,464	258,108
	359,189	290,106

23. **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 group's policy guidelines are complied with.

There has been no change during the period 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 exposes it primarily to the financial risks of changes in foreign currencies, as disclosed in Note 23(b) below, interest rates as disclosed in Note 23(c) below.

NOTES TO THE FINANCIAL STATEMENTS
NINE MONTHS ENDED DECEMBER 31, 2017

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

Financial risk management policies and objectives (Continued)

(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.

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:

	Liabilities		**Assets**		**Net Liabilities (Assets)**	
	December 31, 2017 J$'000	**March 31, 2017 J$'000**	**December 31, 2017 J$'000**	**March 31, 2017 J$'000**	**December 31, 2017 J$'000**	**March 31, 2017 J$'000**
US dollars	209,636	120,772	114,488	120,462	95,148	310
Euros	634	-	-	-	634	-
Belize dollars	-	-	1,652	1,625	(1,652)	(1,625)

Foreign currency sensitivity
The following table details the sensitivity to a 2% revaluation and 4% devaluation (March 2017: 1% 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.

NOTES TO THE FINANCIAL STATEMENTS
NINE MONTHS ENDED DECEMBER 31, 2017

23. 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)

If the Jamaican dollar strengthens by 2% or weakens by 4% (March 2017: strengthens by 1% or weakens by 6%) against the relevant foreign currency, profit will increase (decrease) by:

Profit or loss increase (decrease)

	December 31, 2017				March 31, 2017			
	Revaluation		Devaluation		Revaluation		Devaluation	
	%	J$'000	%	J$'000	%	J$'000	%	J$'000
US dollars	+2	(1,903)	-4	3,806	+1	(3)	-6	18
Euros	+2	(13)	-4	25	+1	-	-6	-
Belize dollars	+2	33	-4	(66)	+1	16	-6	(96)
		(1,883)		3,765		13		(78)

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 increased during the current period mainly due to the increased trade receivables offset by decreased holdings of bank deposits and increased 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 23(e) below.

Management of interest rate risk

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

NOTES TO THE FINANCIAL STATEMENTS
NINE MONTHS ENDED DECEMBER 31, 2017

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

Financial risk management policies and objectives (Continued)

(c) Interest rate risk management (Continued)

Interest rate sensitivity
The sensitivity analyses is 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 100 basis points increase and a 100 basis point decrease (March 2017: a 100 basis points increase and a 100 basis points decrease) and for foreign currency denominated balances, a 50 basis points increase and a 100 basis points decrease (March 2017: 50 basis point 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, 2017 and March 31, 2017, the company had no significant exposure to interest rate risk.

(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, cash equivalents, trade and other receivables and amounts due from related parties. The maximum exposure to credit risk is the amount of approximately $915.68 million (March 2017: $790.46 million) 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) totalling $231.59 million (March 2017: $385.58 million) at the reporting date represents the company's maximum exposure to this class of financial assets.

NOTES TO THE FINANCIAL STATEMENTS
NINE MONTHS ENDED DECEMBER 31, 2017

23. **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
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 two retail entities whose outstanding balances (March 2017: one retail entity whose balance) (within the approved credit limits) amount to approximately 23% (March 2017: 18%) of trade receivables (see Note 10). 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.

The carrying amount of financial assets in respect of trade receivables totalling $636.01 million (March 2017: $371.66 million) and other receivables totalling $34.66 million (March 2017: $21.57 million) at year end which is net of impairment of approximately $58.255 million and $13.97 million respectively (March 2017: $40.01 million and $12.24 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. The carrying amount of $13.43 million (March 2017: $11.64 million) at the reporting date represents the company's maximum exposure to this class of financial assets.

(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 $90.0 million (March 2017: $90.0 million).

NOTES TO THE FINANCIAL STATEMENTS
NINE MONTHS ENDED DECEMBER 31, 2017

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

Financial risk management policies and objectives (Continued)

(e) Liquidity risk management (Continued)

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

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	Total $'000
December 2017 (9 Months)			
Non-interest bearing	-	359,189	359,189
March 2017 (12 Months)			
Non-interest bearing	-	290,106	290,106

Non-derivative financial assets

The following table details the company's expected maturity for its non-derivative financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the company anticipates that the cash flow will occur in a different period.

	Weighted Average Effective Interest Rate %	On Demand or Within 1 Year $'000	Total $'000
December 2017 (9 Months)			
Non-interest bearing	-	916,091	916,091
Interest bearing	0.0	8	8
March 2017 (12 Months)			
Non-interest bearing	-	791,431	791,431
Interest bearing	0.0	8	8

NOTES TO THE FINANCIAL STATEMENTS
NINE MONTHS ENDED DECEMBER 31, 2017

23. **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

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. A market price, where an active market (such as a recognised stock exchange) exists, is the best evidence of the fair value of a financial instrument. Where market prices are not available for the financial assets and liabilities of the company, fair values in the financial statements have been presented using various estimation techniques based on market conditions existing at the end of the reporting period. Generally, judgement is necessarily required in interpreting market data to develop estimates of fair value. Accordingly, the estimates presented in these financial statements are not necessarily indicative of the amounts that the company would realise in a current market exchange.

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.

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 March 31, 2017.

NOTES

PROXY FORM

I/WE ....

of .... being a member/members of

the above named Company, hereby appoint ....

of ....

or failing him .... of ....

.... as my/our proxy to vote for me/us on my/our

behalf at the Annual General Meeting of the Company to be held on the 10th day of May, 2018and

at any adjournment thereof.

Signed this .... day of 2018

....

PLACE
$100
STAMP
HERE

BERGER