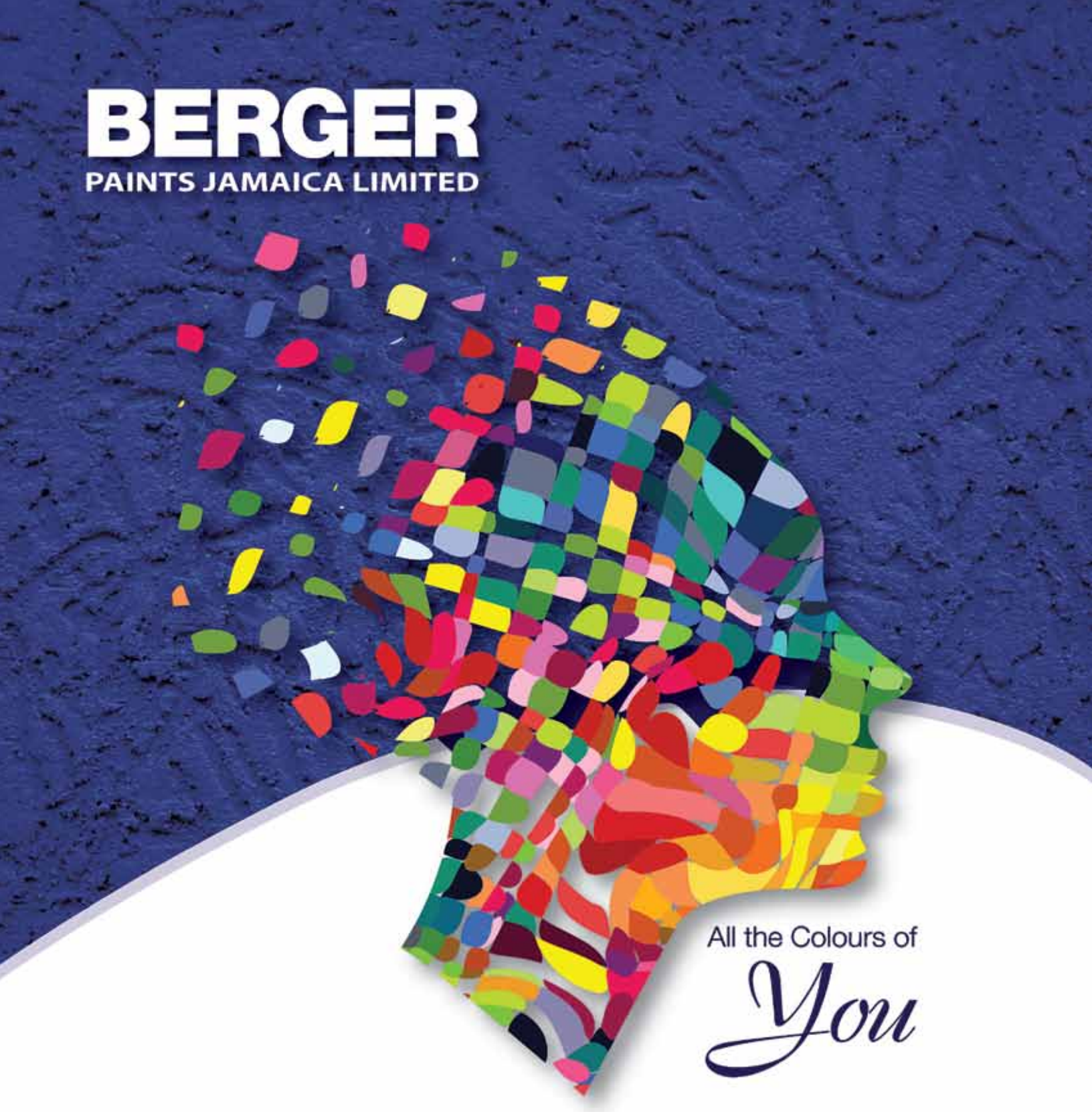
BERGER
PAINTS JAMAICA LIMITED



ANNUAL REPORT
2013 - 2014

BERGER PAINTS JAMAICA
CERTIFIED TO ISO 14001:2004
ENVIRONMENTAL MANAGEMENT SYSTEM
CERTIFICATE NO. 10001694 GM

BERGER PAINTS

BERGER PAINTS JAMAICA
CERTIFIED TO ISO 9001:2008
QUALITY MANAGEMENT SYSTEM
CERTIFICATE NO. 10001694 QM08

Contents

BERGER PAINTS

MISSION STATEMENT

BERGER PAINTS JAMAICA LIMITED

is committed to provide the best quality coatings and excellent customer service via superior technology and well-trained, highly motivated human resource - thereby creating an environment where we continue to be the preferred business partner, leader in the market-place, preferred employer, and outstanding corporate citizen, thus constantly satisfying the needs of all our stakeholders.

Company Profile

Berger Paints Jamaica Limited manufactures and distributes decorative, industrial and wood coatings and paint related material. It is a subsidiary of Berger International Limited, itself a subsidiary of the Asian Paints Group, a conglomerate which ranks among the top four decorative coating companies in the world.

In November 2002 Asian Paints (India) Limited, the largest paint manufacturer in India, acquired a controlling 51% stake in Berger International Limited BIL, the parent company of Berger Jamaica. During the year ending March 31st, 2014 Asian Paints acquired the remaining stake in BIL.The US $ 2 billion Asian Paints Group, with a presence in 17 countries, is spread across the Caribbean, the Middle East, Africa, South Asia, South East Asia and the South Pacific region. It has 23 paint manufacturing facilities worldwide which service customers in over 65 countries.

Asian Paints is the only paint company to be ranked amongst the '200 Best Under a Billion Dollar Companies' in the world for 2005 by The Forbes Global Magazine.

Berger's unwavering pursuit of excellence in the manufacturing of high quality paints products, utilizing international best practices and standards has sustained the company's leadership in the industry over the years. Berger Paints has remain true it 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 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 programs and the professional delivery of value added service to the market on a consistent basis. An organisation with a social conscience that is demonstrated in its support for the myriad of programs and initiatives benefiting the society at large, particularly, those most in need.

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
Duke Corporation Ltd.
Scotiabank Centre
Cnr. Duke and Port Royal Street
Kingston

Chairman's Statement

Jalaj Dani - Chairman

2012-13 was a year of economic fragility in the world economy, with global growth hovering around 3.6%; in contrast, this past financial year was a year of optimism. After weak showings in the previous year, the global economy, through upswings in Asia and the Euro zone, began to register encouraging growth. In the US, unemployment trended downwards and inflation continues to abate, with growth slowly improving.

The economic challenges remain for Jamaica with low growth, large-scale unemployment, a debt-to-GDP ratio of nearly 139% and a dollar (JMD) that continues to slide versus its US counterpart. However, the positives are that tourist arrivals have increased and foreign remittances are on the rise following the slump that began with the 2008 US crisis.

In May 2013, the International Monetary Fund (IMF) approved a four-year Extended Fund Facility (EFF) yielding a total support package of US$932 million to facilitate the Government of Jamaica's (GoJ) economic reform agenda to stabilize the economy, reduce debt and create the conditions for growth and resilience. In coordination with the IMF, the World Bank and the Inter-American Development Bank (IDB) each allocated US$510 million over the same period to support these efforts. Jamaica has met the performance and indicative requirements set by the IMF, earning the confidence placed in the country by these agencies.

Jamaica will likely need to rationalize the public sector, privatize more state-controlled entities and impose more fiscal discipline in order to meet its obligations while pursuing its national goals. Though these stringent short-term measures, if imposed will bring a measure of hardship, they are expected in time to lessen debt levels and restore general confidence and competiveness.

The local paint market was characterized by shrinking demand due to declining disposable income, resulting in shifting demand from premium products to economy products and competitors pursued heavy discounting to the trade during the peak season in an effort to gain market share. Against this backdrop of an intensely competitive market and challenging economic environment, the performance of Berger Paints Jamaica (Limited) during the period under review can be considered commendable.

The priority focus for Berger during the year included rejuvenation of core brands; managing costs and better capital management, as well as continued focus on customers and employees. These, coupled with our commitment to being good corporate citizens, drove our activities during 2013-14.

Berger's topline grew by 8% in 2013-14 and Profit After Tax increased by 30% over the previous year. The Company remains the market leader in the Jamaican paint space, with clear focus on customer centricity, a vital element of success in difficult economic times. The sustainability of our business will be dependent on delivering quality products and services to our customers, and in that regard, we are constantly pursuing customer-centric initiatives which will keep the customer at the heart of what we do.

As leaders, we have refused to allow our flagship products to rest on their laurels, and following up on the encouraging acceptance by customers of Rust Pro and Magicote, as well as the Colour Visualizer, we have updated the packaging of our core brands. This move has re-energized the visual impact of Berger products on the shelf and rekindled the affinity of consumers with our brands.

Our commitment to protecting Jamaica's natural environment continues undiminished, and this past year saw our new effluent-treatment facility fully operational and performing consistently

with the Natural Resource Conservation Act. Regular tests have been conducted by a certified laboratory in accordance with the stated guidelines of the National Environment and Planning Agency (NEPA).
The Company remains steadfast in its belief in reducing the environmental impact resulting from the production and use of our products.

In recognition of our corporate stewardship of caring for the environment, the Company is the recipient of the 'Best Environmental Management Programme', awarded by the Jamaica Manufacturers Association for the second successive year.

As a socially conscious corporate citizen, we also continued our support to the community around us. We remain very proud of our support for education, most notably through our school-feeding programme; as well as our award-winning support of high school athletics and long-time sponsorship of the top netball league.

The next financial year promises to present the Company with a variety of challenges, but as we have done in the recent past, we expect to pursue our growth path. Simultaneously, we are committed to maintaining a firm handle on all the factors of production in order to optimize operating efficiency.

On the group front, we are happy to announce that Asian Paints has set forth a challenging and powerful medium-term goal as Direction 13-18 that sets its sight on growing the revenues at the group level threefold by the year 2018. A number of initiatives, including expansion into new markets as well as growth into new segments, have been set rolling. As a result, to benefit from the fast-growing home décor market in India, Asian Paints has acquired 51% stake in the kitchen-solutions provider company, Sleek International Private Limited in India.

As you know, the Company has witnessed a changing of the guard this past year with the retirement of long-serving Regional Managing Director Warren McDonald at the end of April 2013. His tenure set a foundation of the core values which are a hallmark of our group's operations and will serve as guideposts for Mr. Mustafa Turra, who succeeds him as the head of the Company. It is my hope that Mr. Turra will enjoy his time with the Company and thrive on the challenges in the same way his predecessor did.

My heartfelt thanks go to our shareholders and Directors for their loyal support. As always, I thank the Company's management, staff and suppliers for their support and ingenuity, and most of all for their commitment to playing their part in making Berger synonymous with paint in this market. Finally, I extend my appreciation to Berger International and Asian Paints for their support in all the Company's endeavors, and most of all, to our customers for their abiding belief in the brand Berger.

Yours sincerely,

Jalaj Dani
Chairman

General Manager's Statement

Mustafa Turra - General Manager

Jamaica's Economic Situation
Jamaica staved off major crisis last year, taking steps to place the economy on the road to recovery by using a recipe of tough measures. These strategies, while discomforting in the short term, are expected to lessen the country's debt burden and begin the process of renewing confidence and competiveness in the economy. However, the persistently low levels of growth and employment, coupled with very high national debt and high crime rate remain a constant threat to the economic outlook.

The International Monetary Fund (IMF) reported that policy implementation under the current loan programme in 2013-14 was encouraging, with Jamaica having met all indicative and quantitative performance targets so far. The life of the four-year rescue programme, meant to lower the huge debt burden, will be subject to fifteen IMF reviews. The GOJ target for debt to GDP ratio is 96% by 2020.

In 2013, the country's GDP grew by 0.2% over the previous year as per STATIN reports. While, Net International Reserves have increased to J$ 1,300 million at March 2014 end in line with IMF program requirements, they remain low given the external risk.

The major challenge for the country now will be to foster growth even as these difficult fiscal adjustments are underway. The road will not be easy. GDP, therefore, will need to grow, and an improvement in the overall business climate will need to be tackled head on. Devaluation of the Jamaican dollar and the inflationary impact continue to cause concerns for Jamaican businesses. Reducing the cost of electricity, implementing promised tax reforms and an overall modernizing of government operations will all go a far way in announcing that the country is open for business.

Despite these challenges, there is a reason for cautious optimism as business confidence is on the upswing, IMF has endorsed government's policies and programmes being "on-track", tourist arrivals are on the rise and remittance flows are recovering.

Performance Highlights
Berger Paints Jamaica (Limited) profit before tax increased 43% over the last year, which is significant against the backdrop of the tight economic conditions and intensely competitive business environment in which the Company operates. Berger Paints (Jamaica) Ltd. was also able to achieve a top-line growth of 8% and increase in market share, despite a declining demand for paint products in the country.

Operating expenses for the company increased 7%. This is in the face of inflation of 8.3% and JMD devaluation against USD of 10.6% in the same period.

Return on capital employed increased to 24% from 22% last year, even as capital employed increased by 18% due, in part, to increased inventories for the purpose of ensuring a high level of service.

We are also proud of the fact that while other companies were cutting back on investing, we went against the grain, updating our packaging, boosting our research and development capability and making improvements to products.

The Company achieved a positive shift in brand perception with the redesign of packaging for our flagship premium products 303, Everglow and 404. The new look resonated well with our customers and helped us give a fresh look to the products.

The capabilities of the Berger Colour Visualizer continue to play a useful role in the virtual colour selection experience at our Colour World Dealer locations across the island. At the same time, we continue to expand our dealer and Colourworld network to allow more customers access to this capability and to enhance customer experience and satisfaction.

Growing our export markets will remain a focus area for the Company in the next year as well.

Turnberry Housing Complex (St. Andrew)

General Manager's Statement cont'd.

Environmental Focus

The Company's effluent treatment facility, which became operational in 2012, is a model of efficiency and has become the standard, studied by several local industrial entities as they move towards their own waste management operations. Today, we treat both domestic and trade waste water, before it is released into the environment and the system continues to be monitored by the National Environment and Planning Agency (NEPA).

We are also committed to the ongoing initiative designed to lower Volatile Organic Compounds (VOCs) in Berger products, by replacing raw materials with low-VOC components in keeping with international standards.

As our next 60 years of dynamism in the Jamaican economy gets underway, the Company will continue its commitment to good corporate citizenship and so we are always grateful for the recognition paid to us by civil society.

Berger has now been honoured two years in a row for 'Best Environmental Management Programme' by the Jamaica Manufacturers Association (JMA).

Corporate Relations & Responsibility

The Company continued its strong association with sports with a quarter-century of support for big-league netball in the Berger Elite League (formerly Berger Netball Super League).

As a 40-year sponsor of the Gibson Relays, the Company was recently honoured for its solid support. We also continue to support the Riverton Meadows Early Childhood Centre by providing a midday meal to the centre in partnership with another leading corporate entity. We partnered last year with the Ministry of Local Government and the Fire Department to upgrade the Fire Station in Portmore as a major Labor Day project. The Company also continues to support various institutions and community organizations in various painting and refurbishing initiatives throughout the year.

The Way Forward

Berger Paints (Jamaica) Ltd. remains optimistic about the outlook for the current financial year. We understand that some elements of the financial situation may strengthen slowly. Notwithstanding, we will continue to invest in research and development as we strive to bring innovative products to market. This year, we plan to introduce a new product with performance parameters that will revolutionize the emulsion segment of the market.

Additionally, we are planning a major upgrade of our 1320 Colour System that will offer our consumers more expansive and appealing colour options that are consistent with changing consumer preferences. We also plan to invest in our operations, upgrade equipment and improve processes to enhance capacity, productivity and output.

We will endeavour to build upon our dominance in market share position in order to continue building long-term shareholder value.

A Word of Thanks

Despite the challenges in the economy and a tough competitive scenario, Berger Paints Jamaica has seen an encouraging year of performance in the market and Jamaican society at large. Without the Company's dedicated staff, we would not have been able to maintain our leadership position. Our loyal customer base and supportive trade have once again demonstrated strong and even growing support for Berger products. We continue to receive excellent support from our suppliers both local & overseas, our parent company Asian Paints and its subsidiaries, as well as local statutory and regulatory bodies.

Finally, on behalf of the Board of Directors and management, I would like to thank you, the shareholders, for your belief in the Company and look forward to an ever-strengthening partnership in the years to come.

Mustafa Turra
General Manager

Management Discussion & Analysis

The Management of Berger Paints Jamaica Limited ("Berger" or the "Company") is responsible for the integrity and objectivity 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 has been approved by both the Audit Committee and Board of Directors.

The MD & A is presented to enable readers to assess the operational results and financial condition of the Company for the year ended March 31, 2014 and to compare the current financial year to prior financial years.

Corporate Overview

Berger Jamaica is the leading paint manufacturing and distribution company in Jamaica offering lasting beauty and protection for over 60 years.

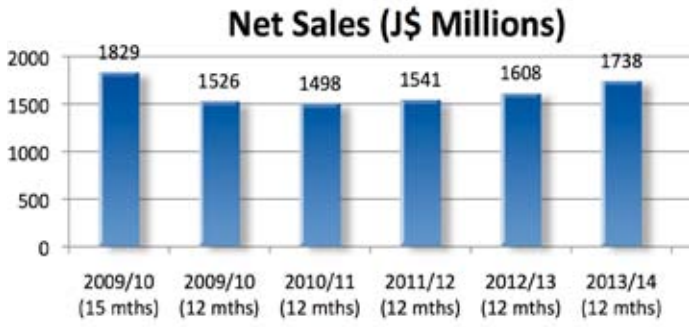
During this financial year, the economic situation in Jamaica was difficult. Jamaica's weak fiscal position led to an agreement with the International Monetary Fund (IMF) and other multilateral donor agencies to embark on an aggressive fiscal reform programme in exchange for a four (4) year extended fund facility aimed at supporting the country. The Company responded successfully to the many challenges dominating the local economy through its tradition of excellence and an uncompromising stance to providing products and services of the highest quality.

As at March 31, 2014, Berger had J$884 million in assets, and recorded net profits of J$54.906 million for the year ended March 31, 2014. Berger Paints Jamaica Limited trades under the symbol "BRG" on the Jamaica Stock Exchange.

Financial Performance Overview

The Company reported a Net Profit of $54.906 million for the financial year ended March 31, 2014. This was 30% above the net profit of $42.240 million for the comparative period ended March 31, 2013. The Earnings Per Share of $0.26 is 30% above the corresponding period ended March 31, 2013.

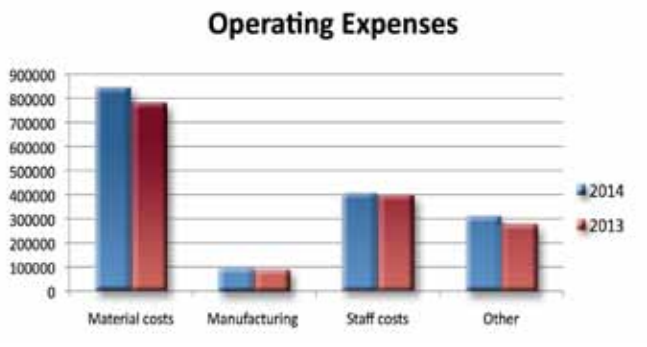
Total comprehensive loss for the year, net of tax was $30.403 million, compared to total comprehensive income of $33.603 million, net of tax for the comparative period ended March 31, 2013. Total comprehensive income was adversely impacted by the remeasurement of the Defined Benefit pension plan, in keeping with the accounting requirements of IAS19.



Net sales for the financial year ended March 31, 2014 stood at $1,738 million compared to $1,608 million, an 8% increase over the prior period.

Despite inflation rate of 8.3% and currency devaluation of 10.6%, operating expenses were held to 7% year over year, totalling $1,662 million for the financial year ended March 31, 2014 compared to $1,553 million for the prior period.

Management Discussion & Analysis cont'd.



Increase in operating expenses was in part, a result of increased material costs which grew by 7.9% due to the global market forces of supply and demand and in part to the devaluation of the Jamaican dollar when compared to the US dollar.

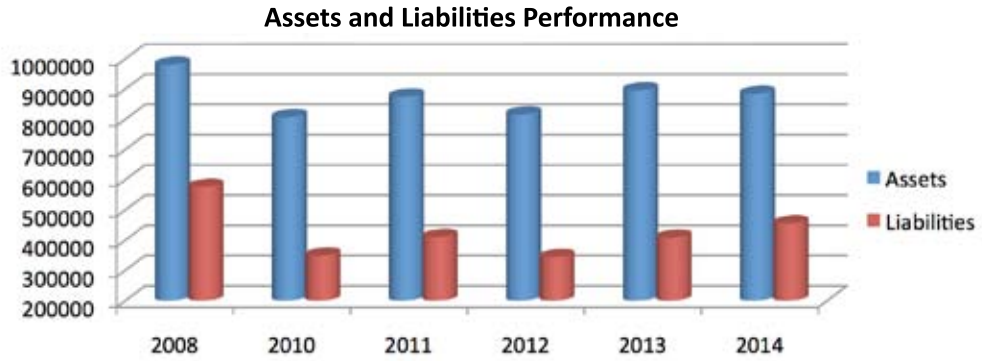
Continued cost containment measures, such as process improvements and plant and machinery upgrade, have been implemented by management to achieve systematic cost reduction, as such; management monitors expenses on a monthly basis to achieve this objective. The Company continues to enjoy the benefits of sourcing savings from supply contracts negotiated by our parent company that leverages their volume requirements to secure the best terms from suppliers.

	2009/10 (15 mths)	2009/10 (12 mths)	2010/11 (12 mths)	2011/12 (12 mths)	2012/13* (12 mths)	2013/14 (12 mths)
Profit before taxation	95,416	106,024	101,091	49,402	56,478	80,708
Net Profit	74,099	70,683	67,806	33,317	42,240	54,906
Earnings per stock unit	$0.35	$0.33	$0.32	$0.16	$0.20	$0.26

*Restated

Earnings Per Share for Berger Paints Jamaica Limited was 26 cents at end of the financial year March 31, 2014. This was 30% above the comparative prior period. Our book value per share as at March 31, 2014 was $2.00, a decrease of 11.9% compared to $2.27 as at March 31, 2013, due primarily to the remeasurement of the Defined Benefit pension plan, in keeping with the accounting requirements of IAS19.

Management Discussion & Analysis



Bergers's Financial Condition

Total assets decreased by $11.417 million or 1.3% moving from $895.654 million for the financial year ended March 31, 2013 to $884.237 million as at March 31, 2014.

The Company's liabilities at year end March 31, 2014 stood at $455.506 million, an increase of $46.8 million or 11.4 % above March 31, 2013.

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.

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 met 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 economic outlook remains challenging. Slow economic growth, waning consumer and business confidence will continue to weigh on the local market in 2014. The Government of Jamaica has committed to a process of extensive structural reforms which should lead to the strengthening of the macroeconomic framework, increased efficiency and higher levels of productivity. The long road to recovery will not be an easy one. Despite the challenges ahead, Berger Jamaica is confident of its strategic direction. Our continued focus will be to dominate the local industry with innovative, cutting edge finishes and painting solutions to meet the needs of the market, at home and abroad.

Corporate Governance

One of the primary responsibilities of the Board of Directors and Management is to ensure Berger Paints Jamaica Limited ("Berger" or the "Company") has a robust and effective Corporate Governance framework so as to ensure greater transparency, protection of shareholder interests and to enhance the financial performance of the company.

Board of Directors

The Company is led and managed by an effective Board that has overall responsibility for Corporate Governance, strategic direction, overseeing investments, operations and internal controls, financial reporting, compliance and approving nominations to the Board of Directors.

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, 2013 and March 31, 2014, as well as the attendance of each Board member at these meetings are disclosed below:

	BOARD		AUDIT	
	No. of Meetings	Attendance	No. of Meetings	Attendance
Jalaj Dani	6	1	N/A	N/A
Mustafa Turra **	6	6	4^	4^
Tom Thomas *	6	2	N/A	N/A
Michael Fennell	6	6	4	4
Warren McDonald	6	6	4	4
Milton Samuda	6	5	4	4
Pokar Chandiram	6	5	4	3
Newton Abrahams+	6	3	N/A	N/A
Gokul Manjeshwar***	6	0	N/A	N/A

^ Mr. Turra is not a member of the Audit Committee but attends upon invitation of the Committee
**Appointed June 1, 2013* ***Appointed May 1, 2013*
**** Resigned May 31, 2013* *+ Alternate Director to Tom Thomas*

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 March 31, 2014, the Board comprised four Non-Executive Directors and three Executive Directors. The names of the Directors including details of their qualifications and experience are set out on page 16 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.

Audit Committee

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

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

The work of the Audit Committee is supported by two Internal Audit departments, as the Company is audited annually by the Internal Audit departments of Berger International Limited (the Immediate Holding Company) and Asian Paints Limited (Ultimate Holding Company), the results of which are reported to the Audit Committee and the Board of Directors respectively.

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

The members of the Audit Committee are the Honourable Michael Fennell OJ, Mr. Milton Samuda, Mr. Pokar Chandiram and Mr. Warren McDonald. The Committee is chaired by Mr. Fennell.

The General Manager/Director and the Financial Controller/Company Secretary are invited to Committee meetings at the discretion of the Committee.

Directors' Report
Year Ended March 31, 2014

1. Operating results

	$'000
Revenues	1,737,995
Profit before taxation	80,708
Net Profit After Tax	54,906

2. Dividends

A final dividend 13¢ per share totalling $27.862 million for year ended March 31, 2013 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 21, 2013.

The Directors recommend a dividend of 8¢ per share totalling $17.146 million for the year ended March 31, 2014 to be paid on July 9, 2014 to shareholders on the Company's register of members at the close of business June 20, 2014.

3. Directors

The Directors as at March 31, 2014 were as follows:-

Mr. Jalaj Dani – Chairman
Mr. Mustafa Turra – General Manager
Mr. Tom Thomas – Regional Head
Hon. Michael Fennell, OJ
Mr. Warren McDonald
Mr. Milton Samuda
Mr. Pokar Chandiram
Mr. Newton Abrahams – Alternate Director to Mr. Tom Thomas

During the year under review the following were the Board Changes:

- Mr. Gokul Manjeshwar resigned from the Board effective June 1, 2013.

- Mr. Tom Thomas was appointed to the Board effective June 1, 2013. He was subsequently elected by the shareholders at the last Annual General Meeting on June 18, 2013.

- Mr. Mustafa Turra, General Manager, was appointed to the Board effective May 1, 2013. He was subsequently elected by the shareholders at the last Annual General Meeting on June 18, 2013.

In accordance with Article 97 of the Company's Articles of Incorporation, Mr. Jalaj Dani and Michael Fennell retire by rotation, and being eligible, offer themselves for re-election.

4. Auditors

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

5. Employees

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

6. 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

Company Secretary

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the sixty-second Annual General Meeting of Berger Paints Jamaica Limited will be held at the Knutsford Court Hotel, 16 Chelsea Avenue or 11 Ruthven Road, Kingston 10, on Monday, June 16, 2014 at 10:00 a.m. for the following purposes:

1. To receive, consider and, if thought fit, approve and adopt the report of the Directors and Audited Accounts for the year ended 31st March, 2014, 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 final dividend.

4. To re-elect the retiring Director(s) and to fix the remuneration of the Directors.
   Pursuant to Articles 96 & 97 and the Directors to retire from Office are Mr. Michael Fennell and Mr. Jalaj Dani 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. Jalaj Dani be and is hereby re-elected as a Director of the Company.
   b) Be it RESOLVED THAT retiring Director, Mr. Michael Fennell be and is hereby re-elected as a Director of the Company;

BY ORDER OF THE BOARD

Huron Gordon
Company Secretary

Dated this 28th day of April, 2014

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.

7 Year Financial Statistical Review

TABLE 1: SEVEN-YEAR SUMMARY OF SELECTED FINANCIAL DATA

(in thousands)	2014	2013*	2012	2011	15 months to March 31, 2010	2008	2007
INCOME STATEMENT SUMMARY							
Sales (Net of discounts and rebates)	1,737,995	1,608,216	1,540,689	1,498,241	1,829,255	1,527,014	1,454,602
Operating profit	80,572	56,235	50,121	100,189	100,540	29,106	78,855
Investment revenues	272	270	855	943	728	292	949
Finance costs	(136)	(27)	(1,574)	(41)	(5,852)	(7,919)	(3,210)
Profit before taxation	80,708	56,478	49,402	101,091	95,416	21,479	76,594

TABLE 2: KEY RATIOS AND PER COMMON SHARE DATA

PROFITABILITY RATIOS							
Return on average Shareholders' equity	12%	9%	7%	15%	17%	4%	11%
Return on average total assets	6%	5%	4%	8%	8%	2%	5%
Profit margin	3%	3%	2%	5%	4%	1%	3%
Effective tax rate	32%	25%	33%	33%	22%	28%	38%
PER COMMON SHARE DATA							
Earnings Per Share	$0.26	$0.20	$0.16	$0.32	$0.35	$0.07	$0.22
Book Value Per Share	$2.00	$2.27	$2.20	$2.17	$2.14	$1.89	$2.02

* Restated

Board of Directors

Mr. Jalaj Dani
Chairman
B.Sc. (Chemical Eng.), M.Sc. (Chemical Eng.)

He has been Chairman of Berger International since 2005 and manages the international operations of Asian Paints Limited - spanning across twenty countries. He sits on the Boards of several international subsidiaries of Asian Paints Limited and other Indian companies. He is a member of the Management Council of the International Business Unit of Asian Paints, the ultimate parent company of Berger Paints Jamaica Ltd. He has been Chairman of the Board since 2002

Mr. Mustafa Turra
General Manager / Director
B. Tech (Electrical),
Post Graduate (Business Mgmt.)

He has 9 years of work experience in the paint industry. He has experience in sales, marketing and general management. He has worked as Brand Manager in the Marketing Department of Asian Paints Limited and thereafter as the Regional Marketing Manager for three subsidiaries of the Asian Paints Group in the Middle East region, which included the Berger subsidiaries in United Arab Emirates and Bahrain. He was appointed General Manager of Berger Paints Jamaica Limited on May 1, 2013 and is also a Director on the Board of the company.

Mr. Tom Thomas
Director / Regional Head
B.Sc. (Electronics Eng.),
Post Graduate (Business Mgmt.)

He has total work experience of 26 years of which 24 years have been in the paint industry. He has wide experience in general management, business development, international operations, sales and marketing. He is a General Manager within the Asian Paints Group and effective May 1, 2013, supervises the Berger Units in Jamaica, Barbados, Trinidad and Tobago, besides handling other responsibilities in the international operations of the Asian Paints Group.

Hon. Michael Fennell, OJ
Independent Director

He is a Management Consultant, serves on many Boards across Jamaica and is himself a past Managing Director of Berger Paints Jamaica Limited. He is currently the President of the Commonwealth Games Federation as well as the Jamaica Olympic Association. He has been a Board member since 1983.

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

He is a past Regional Managing Director was employed to Berger Paints Jamaica Limited for 33 years. He was appointed an Independent Director in May 2013. He is the Vice President of the Jamaica Chamber of Commerce and serves on several other Boards.

Mr. Milton Samuda
Independent Director
LLB. (Hons.)

He is an Attorney-At-Law and a partner at Samuda & Johnson. He serves on several other Boards and is the Chairman of Jamaica Trade and Invest (JAMPRO). He has been a Board member since 2004.

Mr. Pokar Chandiram, CD, JP
Independent Director
B.Sc. (Business Administration)

He has been Managing Director of K. Chandiram Limited since 1979, and is a Director of several Boards in Jamaica, including Berger Paints Jamaica Limited since 1994. He was awarded the Prime Minister's Medal for community work in 1993.

Management Team

(left to right)
**Arnold Bloomfield - Operations & Personnel Manager, Newton Abrahams - Sales Manager
Gladys Miller - Regional Technical Manager, Mustafa Turra - General Manager,
Huron Gordon - Financial Controller/Company Secretary,
Trevor Lloyd - Marketing Manager**

Corporate Highlights

'Berger 60 Christmas Bonanza' promotion!
Mr. Steve McKnight was chosen as the Grand Prize Winner of the 'Berger 60 Christmas Bonanza' promotion 2013, and was awarded a Cruise for two in the Caribbean, plus airfare. Mr. McKnight purchased his paint from Phil's Hardware.
Fifteen other lucky winners, over a six-week period, won themselves 32" Led Televisions, Sony PlayStations, Samsung Galaxy Tablet computers, Kindle Fire HD Tablet computers and Ipod Nanos.
Mr. McKnight (left) was presented with his prize by Mr. Trevor Lloyd (Marketing Manager-BPJL) on December 31, 2013.

Berger Labour Day Project
Berger Paints in collaboration with the Ministry of Local Government and the Jamaica Fire Brigade provided a facelift to the Portmore Fire Station in Waterford, St. Catherine. Total refurbishment was done at a cost of $1.5 million, of which, BPJL provided the paint for the entire project.

Gibson Relays
The winners of the 4 x 100m All Age & Junior High School Boys race proudly display their gold medals after emerging victors at the Annual Gibson Relays at the National Stadium. Sharing in the moment is Miss Dionne King (Marketing Assistant - BPJL). Berger has sponsored the Gibson Relays since its inception in 1973.

Environmental Award
In October 2013, Berger copped the JMA award for Best Environmental Management Programme, for the second successive year. This was in recognition of the Company's environmental initiatives and practices over the years.
Mr. Ronald Fuller (Environmental Management Representative - BPJL) accepts the trophy from Mrs. Jacqueline Scott-Brown (Manager - National Certification Body of Jamaica -NCBJ) at the JMA's Annual Awards banquet at The Jamaica Pegasus Hotel.

Corporate Highlights

Education Award
Berger Paints was the recipient of the JTA's Partners in Education Award, from the Jamaica Teachers' Association (JTA). This Award recognizes Berger's significant contribution to the field of education, through the sponsorship of the local teaching profession's highest honour, the JTA Roll of Honour Award.
Mr. Trevor Lloyd (Marketing Manager - BPJL, right) accepts the award from Mr. Paul Adams (Past President - JTA) at a ceremony at the Ritz Carlton Hotel, Montego Bay.

Netball victors
Jamalco was crowned the Berger Super Netball League 2013 champions. This victory made them a 10-time title holder, the second most for any team in the league!
Miss Samantha Mundle (Team Captain) accepts the coveted trophy from Mr. Trevor Lloyd (Marketing Manager-BPJL) at the Leila Robinson Netball Courts, while the rest of the Jamalco team and Ms. Dionne King (Marketing Assistant-BPJL) shares in the moment.

Christmas at Riverton
Members of the Berger family, complete with its own 'Santa Claus', Oral 'Tanto' McKennon brought enjoyment to the students of the Riverton Meadows Early Childhood Centre, by furnishing them with gifts, at the Company's annual Christmas treat on December 11, 2013.

Long Service Awardees
The majority of Berger's employees have been with the company for more than 15 years. Berger prides itself on its long-serving employees and each year recognizes them for their years of valuable service.
The 2013 honourees from LEFT to RIGHT are: Courtney Louden - 10 years, Maurice Sawyers - 30 years, Michele Russell - 21 years, Richard Salmon - 10 years, Viris McCarthy - 10 years, Warren McDonald (retired 33 yrs.); Inset (L-R): Sheldon King and Clinton Hanson - 10 years. Berger SALUTES YOU ALL!

Disclosure of Shareholdings

LIST OF SHAREHOLDERS
AS AT 31 MARCH 2014

10 LARGEST SHAREHOLDERS

SHAREHOLDERS	SHAREHOLDING	% OF ISSUED CAPITAL
LEWIS BERGER (OVERSEAS)	109,332,222	51.01
SAGICOR PIF EQUITY FUND	22,284,944	10.40
IDEAL GROUP CORPORATION LIMITED	10,988,500	5.13
NATIONAL INSURANCE FUND	4,642,791	2.17
IDEAL BETTING COMPANY LIMITED	4,624,152	2.16
KEY INSURANCE COMPANY LIMITED	3,799,999	1.77
IDEAL PORTFOLIO SERVICES COMPANY LIMITED	3,586,653	1.67
JCSD TRUSTEE SERVICES LIMITED - SIGMA OPTIMA	2,943,098	1.37
MAYBERRY WEST INDIES LIMITED	2,615,252	1.22
FIRST JAM./H.E.A.R.T/NTA PENSION SCHEME	2,433,500	1.14
TOTAL	**167,251,111**	**78.04**

DIRECTORS' SHAREHOLDINGS
AS AT 31 MARCH 2014

DIRECTORS	SHAREHOLDING	CONNECTED PARTY	SHAREHOLDING
JALAJ DANI	NIL		
WARREN McDONALD	704,911		
POKERDAS CHANDIRAM CHATANI	45,000		
MICHAEL FENNELL	9,213		
MILTON SAMUDA	NIL	MILTON SAMUDA/ELIZABETH SAMUDA	12,007
TOM THOMAS*	NIL		
MUSTAFA TURRA	NIL		
NEWTON ABRAHAMS**	NIL		
TOTAL	**759,124**		**12,007**

SENIOR MANAGEMENT SHAREHOLDING
AS AT 31 MARCH 2014

SENIOR MANAGEMENT	SHAREHOLDING
NEWTON ABRAHAMS**	NIL
ARNOLD BLOOMFIELD	NIL
GLADYS MILLER	18,240
HURON GORDON	2,352
TREVOR LLOYD	NIL
MUSTAFA TURRA	Nil
TOTAL	**20,592**

**Tom Thomas was appointed a director effective June 1, 2013*
***Newton Abrahams was appointed alternate director for Tom Thomas effective June 1, 2013*

EY
Building a better working world
Chartered Accountants

8 Olivier Road
Kingston 8
Jamaica, W.I.

Tel: +1 876 925 2501
Fax: +1 876 755 0413
ey.com

INDEPENDENT AUDITORS' REPORT

To the members of Berger Paints Jamaica Limited

Report on the financial statements

We have audited the accompanying financial statements of Berger Paints Jamaica Limited (the company), which comprise the statement of financial position as at March 31, 2014, the income statement, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Jamaican Companies Act, 2004 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.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Building a better working world

Report on the financial statements (Cont'd)

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the company as at March 31, 2014, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Other Matter

The financial statements of the company for the financial year ended March 31, 2013 were audited by another auditor who expressed an unmodified opinion on those financial statements on April 24, 2013.

Report on additional requirements of the Jamaican Companies Act, 2004

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 and the financial statements are in agreement therewith and give the information required in the manner so required.

Ernst & Young

Chartered Accountants
Kingston, Jamaica

April 24, 2014

BERGER PAINTS JAMAICA LIMITED
STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2014

	Notes	2014 $'000	Restated 2013 $'000	Restated 2012 $'000
ASSETS				
Non-current assets				
Property, plant and equipment	5	140,331	126,993	130,762
Post employment benefits	6	42,466	119,874	121,670
Deferred tax assets	7,25	27,186	2,612	-
Total non-current assets		209,983	249,479	252,432
Current assets				
Inventories	8	363,510	265,319	249,235
Due from fellow subsidiaries	9	190	3,558	2,416
Trade and other receivables	10	269,232	216,507	219,132
Investment security	11	541	30,270	-
Cash and bank balances	12	40,781	130,521	93,509
Total current assets		674,254	646,175	564,292
Total assets		884,237	895,654	816,724
EQUITY AND LIABILITIES				
Shareholders' Equity				
Share capital	13	141,793	141,793	141,793
Revaluation reserves	14	44,695	44,545	42,666
Revenue reserve				
Income statement	25	242,243	300,658	296,796
Total shareholders' equity		428,731	486,996	481,255
Non-current liabilities				
Post employment benefits	6,25	165,904	126,576	111,117
Deferred tax liability	25	-	-	4,242
Total non-current liabilities		165,904	126,576	115,359
Current liabilities				
Due to immediate parent company	9	17,370	9,513	8,845
Due to fellow subsidiaries	9	4,230	4,987	608
Dividends payable		14,575	13,719	13,154
Provisions	15	13,306	14,859	12,873
Trade and other payables	16	230,621	235,431	175,793
Income tax payable	21(c)	9,500	3,573	8,837
Total current liabilities		289,602	282,082	220,110
Total equity and liabilities		884,237	895,654	816,724

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 April 24, 2014 and are signed on its behalf by:

Mustafa Turra
General Manager/Director

Michael Fennell
Director

BERGER PAINTS JAMAICA LIMITED
INCOME STATEMENT
YEAR ENDED MARCH 31, 2014

	Notes	2014 $'000	Restated 2013 $'000
Sales (net of discounts and rebates)	18	1,737,995	1,608,216
PROFIT BEFORE FINANCE COSTS AND TAXATION	19,25	80,844	56,505
Finance costs	19(b)	(136)	(27)
PROFIT BEFORE TAXATION	19	80,708	56,478
Taxation	21,25	(25,802)	(14,238)
NET PROFIT FOR THE YEAR		54,906	42,240
Earnings per stock unit	22	26¢	20¢

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

BERGER PAINTS JAMAICA LIMITED
STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED MARCH 31, 2014

	Note	2014 $'000	2013 $'000
NET PROFIT FOR THE YEAR	25	54,906	42,240
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		150	1,879
Remeasurement of defined benefit plans	25	(113,945)	(14,021)
Income tax effect	25	28,486	3,505
		(85,459)	(10,516)
Other comprehensive loss for the year net of tax		(85,309)	(8,637)
TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE YEAR, NET OF TAX		(30,403)	33,603

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

BERGER PAINTS JAMAICA LIMITED
STATEMENT OF CHANGES IN EQUITY
YEAR ENDED MARCH 31, 2014

	Notes	Share Capital $'000	Revaluation Reserves $'000	Revenue Reserve - Income Statement $'000	Total $'000
Balance April 1, 2012 as previously reported		141,793	42,666	287,871	472,330
Adjustment on application of revised IAS 19	25	-	-	8,925	8,925
Balance at April 1, 2012 as restated	25	141,793	42,666	296,796	481,255
Net profit for the year as restated	25	-	-	42,240	42,240
Other comprehensive income for the year as restated	7,25	-	1,879	(10,516)	(8,637)
Total comprehensive income for the year as restated	25	-	1,879	31,724	33,603
Dividends paid	17	-	-	(27,862)	(27,862)
Balance at March 31, 2013 as restated	25	141,793	44,545	300,658	486,996
Net profit for the year		-	-	54,906	54,906
Other comprehensive loss for the year	7	-	150	(85,459)	(85,309)
Total comprehensive loss for the year		-	150	(30,553)	(30,403)
Dividends paid	17	-	-	(27,862)	(27,862)
Balance at March 31, 2014		141,793	44,695	242,243	428,731

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

BERGER PAINTS JAMAICA LIMITED
STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2014

	Notes	2014 $'000	2013 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit for the year		54,906	42,240
Adjustments for:			
Depreciation	5	20,034	18,215
Unrealised foreign exchange gains (net)		(1,647)	(1,221)
Post retirement benefit charge	6 (e)	18,602	18,584
Income tax expense	21	25,802	14,238
Interest income		(272)	(270)
Interest expense		136	27
Gain on sale of property, plant and equipment		(3,850)	-
Provision charge		17,928	17,509
Impairment loss recognised on trade receivables	10	4,341	15,476
Impairment loss recognised on other receivables	10	1,863	-
Reversal of impairment loss on trade receivables	10	(1,504)	(8,163)
Operating cash flows before movements in working capital:		136,339	116,635
Increase in trade and other receivables		(57,425)	(4,688)
Increase in inventories		(98,191)	(16,084)
Increase in due to fellow subsidiary companies		2,611	3,237
Provisions utilised		(19,481)	(15,523)
(Decrease) Increase in trade and other payables		(4,810)	59,638
Increase in due to immediate parent company		7,857	668
Post employment benefits contributions	6 (e)	(15,810)	(15,350)
Cash (used in) generated from operations		(48,910)	128,533
Income tax paid		(15,814)	(20,972)
Interest paid	19	(136)	(27)
Net cash (used in) provided by operating activities		(64,860)	107,534
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		272	270
Proceeds from sale of property, plant and equipment		3,850	-
Acquisition of property, plant and equipment	5	(33,372)	(14,446)
Investment security (net)		29,729	(30,270)
Net cash provided by (used in) investing activities		479	(44,446)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(27,006)	(27,297)
Net cash used in financing activities		(27,006)	(27,297)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		(91,387)	35,791
OPENING CASH AND CASH EQUIVALENTS		130,521	93,509
Effect of foreign exchange rate changes		1,647	1,221
CLOSING CASH AND CASH EQUIVALENTS		40,781	130,521

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

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, which is incorporated in the United Kingdom. The ultimate holding company is Asian Paints (India) Limited, which is incorporated in India. The registered office of the company is 256 Spanish Town Road, Kingston 11.

These financial statements are expressed in Jamaican dollars.

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)*

In the current year, the company has applied a number of new and revised IFRS issued by the International Accounting Standards Board (IASB) that are mandatorily effective for the accounting period. These are listed below.

IFRS 13 *Fair Value Management*

IFRS 13 establishes a single source of guidance of fair value measurements and disclosures about fair value measurements. The Scope of IFRS is broad; the fair value measurement requirements of IFRS 13 apply to both financial instruments and non-financial instruments for which other IFRS require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of IFRS 2 Share-based Payment, leasing transactions that are within the scope of IAS 17 Leases, and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under IFRS 13 is an exit price. IFRS 13 also includes extensive disclosure requirements.

IFRS 13 requires prospective application from January 1, 2013. In addition, specific transitional provisions were given to entities such that they need not apply the disclosure requirements set out in the Standards in comparative information provided for periods before the initial application of the Standard. In accordance with these transitional provisions, the company has not made any new disclosures required by IFRS 13 for the 2013 comparative period. Other than the additional disclosures, the application of IFRS 13 has not had any material impact on the amounts recognised in the financial statements.

Amendments to IAS 1 *Presentation of Items of Other Comprehensive Income*
The amendments to IAS 1 introduce new terminology, whose use is not mandatory, for the statements of comprehensive income and income statement. Under the amendments to IAS 1, the 'statement of comprehensive income' is renamed as the 'statement of profit or loss and other comprehensive income'. The company has not adopted the change in name. The amendments to IAS 1 also retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. The company continues to utilize the two statement presentation.

The amendments to IAS 1 also require items of other comprehensive income to be grouped into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to profit or loss and (b) items that will be reclassified subsequently to profit or loss when specific conditions are met. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to IAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

2 ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (Cont'd)

2.1 *Standards and Disclosures affecting amounts reported and or disclosures in the current period (and/or prior periods) (Cont'd)*

Annual Improvements to IFRS 2009 – 2011 Cycle issued in May 2012

- **Amendments to IAS *Presentation of Financial Statements***
  The Annual Improvements to IFRS 2009 – 2011 have made a number of amendments to IFRS. The amendments that are relevant to the company are listed below.

  The amendments to IAS 1 gives guidance on when a statement of financial position as at the beginning of the preceding period (third statement of financial position) and the related notes are required to be presented. The amendments specify that a third statement of financial position is required when a) an entity applies an accounting policy retrospectively, or makes a retrospective restatement or reclassification of items in its financial statements, and b) the retrospective application, restatement or reclassification has a material effect on the information in the third statement of financial position. The amendments specify that related notes are not required to accompany the third statement of financial position.

  In the current year, the company has applied IAS 19 Employee Benefits (Revised), which resulted in changes to the information in the statement of financial position as at April 1, 2012. In accordance with the amendments to IAS 1, the company has presented a third statement of financial position as at April 1, 2012 without the related notes except for the disclosure requirements of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* as detailed below.

- **IAS 19 *Employee Benefits (as revised in 2011)***
  In the current year, the company has applied IAS 19 *Employee Benefits* (as revised in 2011) and the related consequential amendments for the first time.

  IAS 19 (as revised in 2011) changes the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of change in defined benefit obligations and in the fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of IAS 19 and accelerate the recognition of past service costs. All actuarial gains and losses are recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the statement of financial position to reflect the full value of the plan deficit or surplus. Furthermore, the interest cost and expected return on the plan assets used in the previous version of IAS 19 are replaced with a 'net interest' amount under IAS 19 (as revised in 2011), which is calculated by applying the discount rate to the net defined benefit liability or asset. The amended standard requires retrospective application with certain limited exceptions. In addition, IAS 19 (as revised in 2011) introduces certain changes in the presentation of the defined benefit cost including more extensive disclosures.

  The company has applied the relevant transitional provisions. The adjustments in this regard are detailed in Notes 6 and 25.

2 ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (Cont'd)

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 1, 32, 34 and IFRS 1	Amendment arising from 2009 - 2011 Annual Improvements to IFRS	January 1, 2013
IAS 27	Consolidated and Separate Financial Statements - Reissued as IAS 27 Separate Financial Statements	January 1, 2013
IAS 28	Investments in Associates - Reissued as IAS 28 Investments in Associates and Joint Ventures	January 1, 2013
IFRS 7	Financial Instruments: Disclosures - Amendments enhancing disclosures about offsetting financial assets and financial liabilities	January 1, 2013
IFRS 10	Consolidated Financial Statements	January 1, 2013
IFRS 10, 11, and 12	Consolidated Financial Statements, Joint Arrangements, and Disclosure of Interests in Other Entities - Transition guidance	January 1, 2013
IFRS 11	Joint Arrangements	January 1, 2013
IFRS 12	Disclosures of Interests in Other Entities	January 1, 2013
IFRIC 20	Stripping costs in the Production Phase of a Surface Mine	January 1, 2013

2.3 *Standards and interpretations in issue not yet effective*

At the date of authorisation of these financial statements, the following Standards and Interpretations were in issue but not effective or early adopted for the financial period being reported on:

		Effective for annual periods beginning on or after
New and Revised Standards		
IAS 16, 24, 38 and IFRS 2, 3, 8 and 13	Amendments arising from 2010 – 2012 Annual Improvements to IFRS	July 1, 2014
IAS 40 and IFRS 1, 3 and 13	Amendments arising from 2011 – 2013 Annual Improvements to IFRS	July 1, 2014
IAS 19	Employee Benefits – Amendment to clarify the requirements that relate to how contributions from employees or third parties linked to service should be attributed to periods of service	July 1, 2014
IAS 32	Financial Instruments: - Amendments to application guidance on the offsetting of financial assets and financial liabilities	January 1, 2014
IAS 39	Financial Instruments: Recognition and Measurement - Amendments to permit an entity to continue to apply hedge accounting requirements	When IFRS 9 is applied
IFRS 1	First-time Adoption of International Financial Reporting Standards - Amendment for Government loan with a below-market rate of interest when transitioning to IFRS	July 1, 2013

2 ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (Cont'd)

2.3 *Standards and interpretations in issue not yet effective (Cont'd)*

		Effective for annual periods beginning on or after
New and Revised Standards (Cont'd)		
IFRS 7	Financial Instruments: Disclosures	
	- Amendments requiring disclosures about the initial application of IFRS 9	January 1, 2015 (or otherwise when IFRS 9 is first applied)
	- Additional hedge accounting disclosures (and consequential amendments)	When IFRS 9 is applied
IFRS 9	Financial Instruments: Classification and Measurement of financial assets	January 1, 2018
IFRS 10, 12 and IAS 27	Consolidated Financial Statements, Disclosure of Interests In Other Entities, and Separate Financial Statements	
	- Amendments for investment entities	January 1, 2014
New and Revised Interpretations		
IFRIC 21	Levies	January 1, 2014

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*

  IFRS 9, issued in November 2009, introduced new requirements for the classification and measurement of financial assets. IFRS 9 was amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition.

  Key requirements of IFRS 9:

  - All recognised financial assets that are within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* are to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

  - With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability, that is attributable to changes in the credit risk of that liability, is presented in other comprehensive income, unless the recognition of the effects of change in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

  The directors and management anticipate that the application of IFRS 9 may impact the amounts reported in respect of the company's financial assets and liabilities. However, the directors and management have not yet completed their detailed analysis of the impact of the application of the amendments and hence have not yet quantified the extent of the likely impact.

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) and the relevant requirements of the Jamaican Companies Act, 2004.

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.

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 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 equivalent 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 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.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.4 Fair value measurement (Cont'd)

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

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

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

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

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 (Cont'd)

3.6 Impairment of tangible assets (Cont'd)

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 (with the option of contributing an additional 5%). The company's rate of contribution is determined by external actuaries. The contributions are recognised as an expense when employees have rendered service entitling them to the contributions.

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, excluding net interest 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 profit or loss:

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

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. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.7 Employee benefits (Cont'd)

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 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. The cost of work-in-progress comprises direct materials and an appropriate proportion of labour and overhead expenses (fixed and variable) in bringing the 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 of the company include any asset that is:

(a) cash;
(b) an equity instrument of another entity;
(c) a contractual right:

  (i) to receive cash or another financial asset from another entity; or
  (ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the company.

Financial liabilities of the company include any liability that is a contractual obligation:

  (i) to deliver cash or another financial asset to another entity; or
  (ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the company.

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

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

3.9.1 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.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.9 Financial instruments

3.9.1 Financial assets (Cont'd)

(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 that are quoted by the 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.

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 premium 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.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.9 Financial instruments (Cont'd)

3.9.1 Financial assets (Cont'd)

(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.

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 income. 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.

Derecognition of financial assets

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.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.9 Financial instruments (Cont'd)

3.9.1 Financial assets (Cont'd)

Derecognition of financial assets (Cont'd)

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.

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 re-measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield 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 (Cont'd)

3.9 Financial instruments (Cont'd)

3.9.2 Financial liabilities and equity instruments

(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.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.10 Taxation

Deferred tax (Cont'd)
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 current and deferred tax are 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.12 Revenue recognition (Cont'd)

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 on 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 Leasing

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.

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. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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.

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 of an asset of approximately $42.67 million (2013: $119.87 million) in respect of the defined benefit pension plan and a liability of approximately $165.90 million (2013: $126.58 million) in respect of post retirement medical liabilities are subject to estimates in respect of periodic costs which costs would be 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.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Cont'd)

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 $5.43 million (2013: $1.77 million) increase/decrease in the current and deferred tax provisions.

5. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Freehold Buildings	Plant and Machinery	Furniture, Fixtures & Equipment	Motor Vehicles	Capital Works-in-Progress	Totals
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At cost							
April 1, 2012	27,000	69,022	148,286	63,769	36,979	9,483	354,539
Additions	-	73	10,028	3,839	-	506	14,446
Transfer from capital work-in-progress	-	-	9,989	-	-	(9,989)	-
Reclassification	-	469	1,096	(1,565)	-	-	-
March 31, 2013	27,000	69,564	169,399	66,043	36,979	-	368,985
Additions	-	8,103	6,743	3,174	15,352	-	33,372
Disposals	-	-	-	-	(13,185)	-	(13,185)
March 31, 2014	27,000	77,667	176,142	69,217	39,146	-	389,172
Accumulated depreciation							
April 1, 2012	-	22,749	116,412	52,388	32,228	-	223,777
Depreciation charge	-	3,095	10,096	3,422	1,602	-	18,215
March 31, 2013	-	25,844	126,508	55,810	33,830	-	241,992
Depreciation charge	-	3,552	8,317	3,205	4,960	-	20,034
Disposals	-	-	-	-	(13,185)	-	(13,185)
March 31, 2014	-	29,396	134,825	59,015	25,605	-	248,841
Carrying amounts							
March 31, 2014	27,000	48,271	41,317	10,202	13,541	-	140,331
March 31, 2013	27,000	43,720	42,891	10,233	3,149	-	126,993

5. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

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

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

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

6. POST EMPLOYMENT BENEFITS

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

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 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, 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 periodically by actuaries (currently 5.5% (2013: 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 times 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 March 31, 2014 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 (Cont'd)**

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

Financial Assumptions

	2014	2013
	%	%
Gross discount rate	9.5	10.00
Net discount rate	8.5	9.00
Expected rate of salary increases	5.0	5.50
Future pension increases	2.5	2.75
Medical claims growth	8.0	8.50
Inflation	5.0	5.50
Administration fees (percentage of pay)	0.5	0.50
Investment fees (percentage of assets)	8.0	8.50

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 Deaths in service	Females Deaths in service
20	0.3	0.2
25	0.5	0.3
30	0.7	0.3
35	0.8	0.4
40	0.9	0.5
45	1.1	0.7
50	1.6	1.0
55	2.6	1.4
60	4.4	2.3
65	8.0	4.4

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

(iii) Terminations

No assumption was made for exit prior to retirement.

6. POST EMPLOYMENT BENEFITS (Cont'd)

(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	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Present value of obligation	(805,006)	(638,391)	(165,904)	(126,576)
Fair value of plan assets	847,472	758,265	-	-
Net assets (liability) in the statement of financial position	42,466	119,874	(165,904)	(126,576)

(c) Amounts recognised in the profit or loss in respect of the plans are as follows:

	Defined Benefit Pension Plan		Retiree Medical Plan	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Current service cost	12,796	14,143	5,303	4,260
Net interest cost:				
Interest cost on defined benefit obligation	55,840	52,075	12,426	10,907
Interest income on plan assets	(67,763)	(63,895)	-	-
Interest in effect of the asset ceiling	-	1,094	-	-
Total included in employee benefits Expense	873	3,417	17,729	15,167

(d) Amounts recognised in Other Comprehensive Income in respect of the plans are as follows:

	Defined Benefit Pension Plan		Retiree Medical Plan	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Remeasurements				
Change in demographic assumptions	35,549	-	24,834	-
Change in financial assumption	42,467	-	23,160	-
Experience adjustments	9,576	22,779	(21,642)	4,492
Change in the effect of the asset ceiling	-	(13,250)	-	-
	87,592	9,529	26,352	4,492

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

	Defined Benefit Pension Plan		Retiree Medical Plan	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Opening balance	119,874	121,670	(126,576)	(111,117)
Amount charged to income	(873)	(3,417)	(17,729)	(15,167)
Remeasurement recognised in OCI	(87,592)	(9,529)	(26,352)	(4,492)
Contributions by employer	11,057	11,150	4,753	4,200
Closing balance	42,466	119,874	(165,904)	(126,576)

6. POST EMPLOYMENT BENEFITS (Cont'd)

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

	Defined Benefit Pension Plan		Retiree Medical Plan	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Opening defined benefit obligation	638,391	590,570	126,576	111,117
Service cost	12,796	14,143	5,303	4,260
Interest cost	55,840	52,075	12,426	10,907
Members' contributions	14,701	13,376	-	-
Benefits paid	(163,367)	(54,072)	(4,753)	(4,200)
Value of purchased annuities	126,686	29,635	-	-
Remeasurement				
Changes in demographic assumptions	52,004	-	24,834	-
Changes in financial assumptions	47,987	-	23,160	-
Changes in experience adjustments	19,968	(7,336)	(21,642)	4,492
Closing defined benefit obligation	805,006	638,391	165,904	126,576

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

	Defined Benefit Pension Plan		Retiree Medical Plan	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Opening fair value of plan assets	758,265	724,396	-	-
Members' contributions	14,701	13,376	-	-
Employer's contributions	11,057	11,150	-	-
Interest income on plan assets	67,763	63,895	-	-
Benefits paid	(163,367)	(54,072)	-	-
Remeasurement				
Changes in demographic assumptions	16,455	-	-	-
Changes in financial assumptions	5,520	-		
Experience adjustments	10,392	(30,115)		
Value of purchased annuities	126,686	29,635	-	-
Closing fair value of plan assets	847,472	758,265	-	-
Movement in asset ceiling				
Liability (Asset)				
Effect of asset ceiling at beginning	-	12,156		
Interest in asset	-	1,094		
Remeasurement effects	-	(13,250)		
Effect of ceiling at the end	-	-		

6. **POST EMPLOYMENT BENEFITS (Cont'd)**

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

	Defined Benefit Pension Plan	
	2014	2013
	Fair Value of Plan Asset	Fair Value of Plan Asset
	$'000	$'000
Equity fund	152,864	182,234
CPI Indexed Fund	50,954	-
International Equity	33,970	-
Fixed income fund	5,662	163,382
Mortgage and real estate fund	181,172	157,098
Foreign currency fund	130,218	113,111
Money market fund	11,323	12,568
Value of purchased annuities	279,390	127,860
Consumer price indexed securities	-	-
Other assets	1,919	2,012
Closing fair value of plan assets	847,472	758,265

Apart from purchased annuities, each asset is 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	1% increase in Medical inflation Assumption
	$'000	$'000
(Decrease) Increase in defined benefit obligation	(26,010)	33,189

.2 Discount rate

	1% decrease in Discount rate Assumption	1% increase in Discount rate Assumption
	$'000	$'000
Increase (Decrease) in defined benefit obligation – Medical	33,016	(25,487)
Increase (Decrease) in defined benefit obligation – Pension	122,501	(97,593)

6. POST EMPLOYMENT BENEFITS (Cont'd)

(i) Sensitivity analyses (Cont'd)

.3 Salary Assumption

	1% decrease in Salary Assumption $'000	1% increase in Salary Assumption $'000
(Decrease) Increase in defined benefit obligation – pension	(36,762)	41,753

.4 Life expectancy

	1 year Decrease $'000	1 year Increase $'000
(Decrease) Increase in defined benefit obligation – Pension	(7,109)	7,109
(Decrease) Increase in defined benefit obligation – Medical	(4,967)	4,967

(j) Other

(i) Expected contributions for the next year

	$'000
Employer	10,366
Employee	12,626

(ii) Expected expense for the next year

	Health $'000	Pension $'000	Total $'000
Service cost	5,673	15,909	21,582
Financing cost	15,523	(4,567)	10,956
	21,196	11,432	32,538

(iii) Maturity profile of defined benefit obligation

	Weighted Average Duration of liability (years) – 2014	Weighted average Duration of liability (years) – 2013
Active member	11	9
Deferred pensioner	9	10

(iv) Included in the holdings of plan assets is an investment in the Sagicor Pooled Pension Investment Funds which holds 10.4% (2013: 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:

	2014 $'000	2013 $'000
Deferred tax assets	46,179	38,399
Deferred tax liabilities	(18,993)	(35,787)
	27,186	2,612

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

	2014 $'000	2013 $'000
Opening balance	2,612	(4,242)
(Charge) Credit to income for the period (Note 21(a))	(4,062)	1,470
Credit to other comprehensive income for the period (Note 21(b))	28,636	5,384
Closing balance	27,186	2,612

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

Deferred tax assets

	Unrealised Foreign Exchange Losses $'000	Accrued Vacation $'000	Post Employment Benefits Obligation $'000	Depreciation Charges in Excess of Capital Allowances $'000	Total $'000
Balance, April 1, 2012	-	4,291	37,039	3,738	45,068
Credit (Charge) to income for the year	605	(576)	(6,518)	(1,303)	(7,792)
Credit to other comprehensive income for the year	-	-	1,123	-	1,123
Balance, March 31, 2013	605	3,715	31,644	2,435	38,399
(Charge) Credit to income for the year	(605)	(390)	3,243	(1,056)	1,192
Credit to other comprehensive income for the year	-	-	6,588	-	6,588
Balance, March 31, 2014	-	3,325	41,475	1,379	46,179

7. DEFERRED TAX ASSETS (LIABILITIES) (Cont'd)

Deferred tax liabilities

	Unrealised Foreign Exchange Gains	Revaluation of Properties	Post-Employment Benefits Asset	Excess Value Over Tax Allowances on Motor Vehicles	Total
	$'000	$'000	$'000	$'000	$'000
Balance, April 1, 2012	261	6,913	40,557	1,579	49,310
Credit to income for the year	(261)	-	(8,206)	(795)	(9,262)
Credit to other comprehensive income for the year	-	(1,879)	(2,382)	-	(4,261)
Balance, March 31, 2013	-	5,034	29,969	784	35,787
Charge to income for the year	112	-	2,545	2,597	5,254
Credit to other comprehensive income for the year	-	(150)	(21,898)	-	(22,048)
Balance, March 31, 2014	112	4,884	10,616	3,381	18,993

8. INVENTORIES

	2014	2013
	$'000	$'000
Finished goods	149,536	120,201
Work-in-progress	6,162	11,712
Raw materials and supplies	140,330	102,109
Goods-in-transit	67,482	31,297
	363,510	265,319

Inventories stated above are net of provision for obsolescence amounting to approximately $20.18 million (2013: $21.10 million).

The cost of inventories recognised as an expense during the period, was $846.45 million (2013: $784.13 million).

Movement in provision for obsolescence

	2014	2013
	$'000	$'000
Opening balance	21,096	30,976
Charged to income	13,213	8,713
Reversal of write down (Note 8(a))	(14,132)	(18,593)
Closing balance	20,177	21,096

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

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 finished goods and raw materials		Technical Service Fees		Amounts Owed by (to) Related Parties	
	2014	2013	2014	2013	2014	2013	2014	2013
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Immediate parent								
Lewis Berger (Overseas Holdings) Ltd.	-	-	-	-	50,274	46,654	(17,370)	(9,513)
Fellow subsidiaries								
Berger Trinidad	-	759	3,755	1,524	-	-	(1,079)	1,367
Berger Barbados	769	2,362	-	-	-	-	190	2,191
Asian Paints International Limited	-	-		-	-	-	(3,151)	(2,640)
Berger Singapore	-	-	417	359	-	-	-	(184)
Berger International Limited	-	-	-	-	-	-	-	(460)
Berger Paints Emirates	-	-	-	-	-	-	-	(1,703)
	769	3,121	4,172	1,883	-	-	(4,040)	(1,429)
Directors	-	155	-	-	-	-	126	106

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.

9. BALANCES/TRANSACTIONS WITH RELATED PARTIES (Cont'd)

Loans to related parties

	2014 $'000	2013 $'000
Key management personnel	25	225

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 year was as follows:

	2014 $'000	2013 $'000
Short-term benefits	52,884	51,879
Post-employment benefits	2,179	2,582
	55,063	54,461

The remuneration of directors and key executives is determined by the directors of the parent company having regard to the performance of individuals and prevailing macro-economic factors.

10. TRADE AND OTHER RECEIVABLES

	2014 $'000	2013 $'000
Trade receivables (net of provisions for outstanding rebates to customers of $6.05 million (2013: $1.80 million))	287,144	238,175
Less allowance for doubtful debts	45,212	44,834
	241,932	193,341
Other receivables and prepayments (net of an allowance for doubtful debts of $3.47 million (2013: $1.61 million))	27,300	23,166
	269,232	216,507

The average credit period on sale of goods is 30 - 60 days. The company has provided fully for all receivables 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.

10. TRADE AND OTHER RECEIVABLES (Cont'd)

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. Approximately 98% (2013: 98%) of the trade receivables that are neither past due nor impaired have the best credit scoring attributable under the external credit bureau assessment as well as the internal assessment system used by the company. Of the trade receivables balance at the end of the reporting period, $89.084 million (2013: $86.740 million) (amount within the approved credit limit) is due from three (2013: three) of the company's customers (See also Note 24(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 $156.10 million (2013: $135.26 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 74 days (2013: 71 days).

Ageing of past due but not impaired

	2014 $'000	2013 $'000
30 – 90 days	117,768	85,871
91 – 180 days	27,884	41,556
181 – 270 days	9,676	5,724
271 – 360 days	773	2,108
	156,101	135,259

Movement in allowance for doubtful debts

	Trade Receivables		Other Receivables	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Opening balance	44,834	43,584	1,605	1,605
Impairment losses recognised on receivables	4,341	15,476	1,863	-
Amounts written-off as uncollectible	(2,459)	(6,063)	-	-
Amounts recovered during the year	(1,504)	(8,163)	-	-
Closing balance	45,212	44,834	3,468	1,605

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

	2014 $'000	2013 $'000
≥ 365 days	45,212	44,834

11. INVESTMENT SECURITY

This represents holdings in Scotia Premium Money Market Fund. At March 31, 2014, the eligible units held totaled 5,418.1 at a value of $100 per unit (2013: 302,701.1 units at a value of $100 per unit). The investment objective of the Fund is to provide unit holders with quarterly income, liquidity and preservation of capital.

12. CASH AND BANK BALANCES

	2014 $'000	2013 $'000
Cash on hand	244	330
Foreign currency bank deposits (Note 12(a))	29,666	3,624
Jamaican dollar bank deposits (Note 12(b))	10,871	126,567
	40,781	130,521

(a) These include:

(i) Interest bearing accounts totalling $28.231 million (2013: $2.329 million), representing the Jamaican dollar equivalent of US$258,807 (2013: US$23,554) and £0 (2013: £151). Interest on foreign currency deposits are at rates of 0.25% per annum (2013: 0.35% and 0.10%, respectively).

(ii) Non-interest bearing accounts totalling $1.435 million (2013: $1.295 million), representing the Jamaican dollar equivalent of Belize $26,700 (2013: $26,700).

(b) (i) This includes an interest bearing account totalling $0.009 million (2013: $0.009 million) at an interest rate of 0.65% (2013: 0.25%) per annum.

(ii) The company has a credit facility (overdraft) with a commercial bank to a limit of $99 million (2013: $99.75 million) at a rate of 17.25% (2013: 17.25%) per annum. The company has utilised the facility during the year, however there were no overdraft balances as at March 31, 2014 and March 31, 2013.

(c) Cash and cash equivalents

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

13. SHARE CAPITAL

	2014 No. of shares	2013 No. of shares	2014 $'000	2013 $'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.

14. REVALUATION RESERVES

	Properties Revaluation Reserve	
	2014	2013
	$'000	$'000
Balance at beginning of year	44,545	42,666
Adjustments to deferred tax liability in respect of revalued buildings (Note 21(b))	150	1,879
Balance at end of year	44,695	44,545

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.

15. PROVISIONS

	Employee Benefits	
	2014	2013
	$'000	$'000
Opening balance	14,859	12,873
Utilised during the year	(19,481)	(15,523)
Charged to income for year	17,928	17,509
Closing balance	13,306	14,859

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

16. TRADE AND OTHER PAYABLES

	2014	2013
	$'000	$'000
Trade payables	140,422	148,885
Other payables and accruals	90,199	86,546
	230,621	235,431

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

17. DIVIDENDS

During the current year:

(i) A final dividend 13¢ per share totalling $27.862 million for year ended March 31, 2013 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 21, 2013.

(ii) The directors propose a dividend of 8¢ per share totalling $17.146 million for the year ended March 31, 2014 to be paid on July 9, 2014 to shareholders on the company's register of members at the close of business June 20, 2014.

The dividends are subject to approval by the shareholders at the Annual General Meeting.

During the 2012/2013:

A final dividend of 13¢ per share totalling $27.862 million for year ended March 31, 2012 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 22, 2012.

18. SALES (NET OF DISCOUNTS AND REBATES)

The following are entity-wide disclosures:

(a) Products

	2014 $'000	2013 $'000
Decorative/architectural products	1,697,878	1,590,448
Industrial products	40,117	17,768
	1,737,995	1,608,216

(b) Geographical areas

	2014 $'000	2013 $'000
Domestic sales	1,671,366	1,544,418
Export sales	66,629	63,798
	1,737,995	1,608,216

(c) Major customers

Of the sales for the period, 14% (2013: 12%) was attributable to the company's largest customer. There were no other customers who represented 10% or more of the company's revenue.

19. PROFIT BEFORE TAXATION

(a) The profit before finance costs and taxation is arrived at after taking into account the following:

	2014 $'000	2013 $'000
Expenses		
Raw materials and consumables used	870,231	782,202
Changes in inventories of finished goods and work-in-progress (net)	(23,785)	1,926
Manufacturing expenses	94,879	89,085
Depreciation	20,034	18,215
Employee benefits expense (Note 20)	408,170	399,285
Other operating expenses	292,868	262,774
Total	1,662,397	1,553,487
Other income		
Investment revenues	272	270
Miscellaneous	4,974	1,506
Total	5,246	1,776

Other operating expenses include charges in respect of inventory obsolescence of $13.21 million (2013: $8.71 million).

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

	2014 $'000	2013 $'000
(i) Revenue and expenses on financial assets at amortised cost		
Revenue:		
Interest – bank deposits	272	270
Expenses:		
Interest – overdraft	136	27
Allowance for doubtful debt on sale of goods net of recoveries of $1,504,000 (2013: $8,163,000)	2,837	7,313
Allowance for doubtful debt on other receivables	1,863	-
(ii) Net loss on financial assets and financial liabilities at amortised cost		
Net foreign exchange loss	12,082	15,732
(iii) Other expenses		
Directors' emoluments		
Fees	1,688	1,000
Management	18,879	19,998
Audit fees	4,250	4,400

20. STAFF COSTS

Staff costs incurred during the period were:

	2014 $'000	2013 $'000
Salaries and wages	310,907	298,436
Statutory contributions	32,018	27,185
Other staff benefits	65,245	73,664
	408,170	399,285

21. TAXATION

By Jamaica Gazzette Supplement dated December 31, 2012, effective January 1, 2013, the corporate tax rate was reduced from 33⅓% to 25% for unregulated entities. Consequently, current and deferred taxes have been calculated using the tax rate of 25% (2013: 25%).

(a) Recognised in profit and loss

(i) The total charge for the period comprises:

	2014 $'000	2013 $'000
Current tax	20,956	15,708
Employment tax credit	(1,572)	-
Prior year under provision	2,356	-
Deferred tax adjustment (Note 7)	4,062	(1,470)
	25,802	14,238

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

	2014 $'000	2013 $'000
Profit before tax	80,708	56,478
Tax at the domestic income tax rate of 25% (2013: 25%)	20,177	14,119
Tax effect of expenses that are not deductible in determining taxable profit	336	22
Employment tax credit	(1,572)	-
Prior year under provision	2,356	-
Tax effect of expenses that are deductible for tax purposes only	-	1,213
Other	4,505	(1,116)
Tax expense for the period	25,802	14,238

The tax rate used for the reconciliations above is the company tax rate of 25% (2013: 25%) payable by corporate entities in Jamaica on taxable profits under tax laws.

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

	2014 $'000	2013 $'000
Revaluation of properties (Note 14)	150	1,879
Remeasurement of defined benefit plans	28,486	3,505
	28,636	5,384

21. TAXATION (Cont'd)

(c) Current tax liabilities

	2014	2013
	$'000	$'000
Income tax payable	9,500	3,573

22. EARNINGS PER STOCK UNIT

The calculation of earnings per stock unit is based on the profit after taxation of $54.906 million (2013: $42.240 million) and the number of stock units in issue during the period of 214,322,393 units.

23. COMMITMENTS

(a) Capital commitment

Capital expenditure authorised but not contracted for at March 31, 2014 amounted to approximately $7.790 million (2013: $0.796 million). These expenditures are mainly in respect of the acquisition of a filling machine (2013: building addition and acquisition of computer related equipment).

(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.

	2014	2013
	$'000	$'000
Minimum lease payments under operating leases recognised as an expense in the period	6,495	6,145

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

	2014	2013
	$'000	$'000
Within one year	8,999	5,477
In the second to fifth years inclusive	7,372	9,834
	16,371	15,311

24. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS 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:

	2014 $'000	2013 $'000
Financial Assets		
Loans and receivables – at amortised cost		
- Due from fellow subsidiaries	190	3,558
- Trade and other receivables (excluding prepayments)	260,100	215,158
- Cash and bank balances	40,781	130,521
	301,071	349,237
Financial assets at fair value through profit or loss	541	30,270
	301,612	379,507
Financial Liabilities (at amortised cost)		
- Due to immediate parent company	17,370	9,513
- Due to fellow subsidiairies	4,230	4,987
- Dividends payable	14,575	13,719
- Trade and other payables (excluding accruals)	203,928	216,920
	240,103	245,139

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 year to the company's exposure to these financial risks or the manner in which it manages and measures the risk.

The company does not hold or issue derivative financial instruments.

24 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (Cont'd)

Financial risk management policies and objectives (Cont'd)

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 24 (b) below, interest rates as disclosed in Note 24(c) below as well as equity price risks.

Money Market Pooled Fund price sensitivity analysis
The sensitivity analysis below has been determined based on the exposure to pooled fund price risk at the reporting date. If quoted prices has been 10% higher/lower, net profit for the year would increase/decrease by $54,000 (2013: $3.027 million) as a result of the changes in fair values of this instrument. The decrease in sensitivity is due mainly to the partial disposal of pooled fund investments.

(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)	
	2014	2013	2014	2013	2014	2013
	J$'000	J$'000	J$'000	J$'000	J$'000	J$'000
US dollars	141,443	145,879	56,617	56,492	84,826	89,387
Pound (£)	-	-	-	22	-	(22)
Belize dollars	-	-	1,435	1,294	(1,435)	(1,294)

Foreign currency sensitivity
The following table details the sensitivity to a 1% revaluation and 15% devaluation (2013: 1% revaluation and 10% 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.

24. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (Cont'd)

Financial risk management policies and objectives (Cont'd)

(b) Foreign exchange risk (Cont'd)

Foreign currency sensitivity (Cont'd)

If the Jamaican dollar strengthens by 1% or weakens by 15% (2013: strengthens by 1% or weakens by 10%) against the relevant foreign currency, profit will increase (decrease) by:

Profit or loss increase (decrease)

	March 31, 2014				March 31, 2013			
	Revaluation		Devaluation		Revaluation		Devaluation	
	%	J$'000	%	J$'000	%	J$'000	%	J$'000
US dollars	+1	848	-15	(12,724)	+1	893	-10	(8,939)
Pound (£)	+1	-	-15	-	+1	(1)	-10	2
Belize dollars	+1	(14)	-15	215	+1	(13)	-10	129
		834		12,509		879		(8,808)

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 year mainly due to the increased holdings of bank deposits, trade receivables and 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 exposure does not reflect the exposure during the period. US dollar denominated sales and liabilities are seasonal, fluctuating throughout the period.

(c) Interest rate risk management

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

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

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

Interest rate sensitivity
The sensitivity analyses below have been 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 250 basis points increase and a 100 basis point decrease (2013: a 400 basis points increase and a 100 basis points decrease) and for foreign currency denominated balances, a 200 basis points increase and a 50 basis points decrease (2013: 250 basis point increase and a 50 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.

24. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (Cont'd)

Financial risk management policies and objectives (Cont'd)

(c) Interest rate risk management (Cont'd)

If interest rates had been 250 basis points higher and 100 basis points lower for Jamaican dollar balances (2013: 400 basis points higher and 100 basis points lower) and 200 basis points higher and 50 basis points lower for foreign currency denominated balances (2013: 250 basis points higher and 50 basis points lower) and all other variables were held constant, the company's profit for the period would increase by $0.566 million and decrease by $0.141 million, respectively (2013: increase by $0.059 million and decrease by $0.011 million, respectively). This is mainly attributable to the company's exposure to interest rate risk on its bank deposits.

The company's sensitivity to interest rates has increased during the current period mainly due to the increased interest bearing bank deposit holdings.

(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 $301.612 million (2013: $379.507 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 $40.537 million (2013: $130.191 million) at the reporting date represents the company's maximum exposure to this class of financial assets.

Investment security
The credit risk associated with this investment is limited because the counterparty is a major financial institution with high credit rating. The carrying amount of $541,000 (2013: $30.270 million) at the reporting date represents the company's maximum exposure to this class of financial asset.

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 three (2013: three) retail entities whose outstanding balances (within the approved credit limits) amount to approximately 31% (2013: 36%) 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 $241.932 million (2013: $193.341 million) and other receivables totalling $18.168 million (2013: $21.817 million) at year end which is net of impairment of approximately $45.212 million and $3.468 million respectively (2013: $44.834 million and $1.605 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 the above balance totalling $190,000 (2013: $3.558 million) at the reporting date represents the company's maximum exposure to this class of financial assets.

24. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (Cont'd)

Financial risk management policies and objectives (Cont'd)

(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 $99 million (2013: $99.75 million).

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 group and 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	Total
	%	$'000	$'000
2014			
Non-interest bearing	-	240,103	240,103
2013			
Non-interest bearing	-	245,139	245,139

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	Total
	%	$'000	$'000
2014			
Non-interest bearing	-	273,253	273,253
Interest bearing	0.3	28,288	28,288
2013			
Non-interest bearing	-	377,153	377,153
Interest bearing	0.3	2,346	2,346

24. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (Cont'd)

Financial risk management policies and objectives (Cont'd)

(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.

- The fair value of the investment security is measured by reference to quoted market prices derived by valuation techniques based on prices quoted by the issuer.

(g) Fair value measurements recognised in the Statement of Financial Position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	2014			
	Level 1	Level 2	Level 3	Total
	$'000	$'000	$'000	$'000
Financial assets at fair value in the Statement of Financial Position				
Pooled funds	-	541	-	541

	2013			
	Level 1	Level 2	Level 3	Total
	$'000	$'000	$'000	$'000
Financial assets at fair value in the Statement of Financial Position				
Pooled funds	-	30,270	-	30,270

There were no transfers between Level 1 and Level 2 during the period.

24. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (Cont'd)

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 year ended 2013.

25. FINANCIAL EFFECT OF FINANCIAL STATEMENTS RESTATEMENTS AND RECLASSIFICATIONS

As disclosed in Note 2, during the year, the company applied IAS 19, Employee Benefits (as revised in 2011) with the consequent retrospective adjustments detailed below.

Below are the reconciliations of equity as at April 1, 2012 and as at March 31, 2013 and the Income Statement and Statement of Comprehensive Income for the year ended March 31, 2013.

a) Reconciliation of Equity at April 1, 2012

	2012 As previously reported $'000	Adjustment $'000	Notes	2012 As restated $'000
ASSETS				
Property, plant and equipment	130,762	-		130,762
Post employment benefits	121,670	-		121,670
Deferred tax assets	221	(221)	(1)	-
Total non-current assets	252,653	(221)		252,432
Total current assets	563,684	608	(4)	564,292
Total assets	816,337	387		816,724
EQUITY AND LIABILITIES				
Shareholders' Equity	141,793	-		141,793
Revaluation reserves	42,666	-		42,666
Revenue reserve – income statement	287,871	8,925	(2)	296,796
Total shareholders' equity	472,330	8,925		481,255
Non-current liabilities				
Deferred tax liability	-	4,242	(1)	4,242
Post employment benefits	124,505	(13,388)	(3)	111,117
Total non-current liabilities	124,505	(9,146)		115,359
Total current liabilities	219,502	608	(4)	220,110
Total equity and liabilities	816,337	387		816,724

25. FINANCIAL EFFECT OF FINANCIAL STATEMENTS RESTATEMENTS AND RECLASSIFICATIONS

(b) Reconciliation of Equity at March 31, 2013

	2013 As previously reported $'000	Adjustment $'000	Notes	2013 As restated $'000
ASSETS				
Property, plant and equipment	126,993	-		126,993
Post employment benefits	119,874	-		119,874
Deferred tax assets	4,800	(2,188)	(1)	2,612
Total non-current assets	251,667	(2,188)		249,479
Total current assets	642,617	3,558	(4)	646,175
Total assets	894,284	1,370		895,654
EQUITY AND LIABILITIES				
Shareholders' Equity	141,793	-		141,793
Revaluation reserves	44,545	-		44,545
Revenue reserve – income statement	294,092	6,566	(2)	300,658
Total shareholders' equity	480,430	6,566		486,996
Non-current liabilities				
Post employment benefits	135,330	(8,754)	(3)	126,576
Total non-current liabilities	135,330	(8,754)		126,576
Total current liabilities	278,524	3,558	(4)	282,082
Total equity and liabilities	894,284	1,370		895,654

25. FINANCIAL EFFECT OF FINANCIAL STATEMENTS RESTATEMENTS AND RECLASSIFICATIONS

(c) Income statement and statement of other comprehensive income year ended March 31, 2013

	2013 As previously reported $'000	Adjustment $'000	Notes	2013 As restated $'000
Sales (net of discounts and rebates)	1,608,216	-		1,608,216
Other income	1,776	-		1,776
Expenses	(1,562,874)	9,387	(5)	(1,553,487)
Profit before finance costs and taxation	47,118	9,387		56,505
Finance costs	(27)	-		(27)
Profit before taxation	47,091	9,387		56,478
Taxation	(13,008)	(1,230)	(6)	(14,238)
Net profit	34,083	8,157		42,240
Other comprehensive income				
Deferred tax adjustment on revaluation of property plant and equipment	1,879	-		1,879
Remeasurement loss on defined benefit plans		(14,021)	(5)	(14,021)
Tax on remeasurement	-	3,505	(6)	3,505
Other comprehensive (loss) income for the year	1,879	(10,516)		(8,637)
Total comprehensive income	35,962	(2,359)		33,603

Notes

(1) Deferred tax adjustments in respect of change in defined benefit liability.
(2) Net effect of (1) and (3).
(3) Change in defined benefit liability resulting from accounting for actuarial remeasurements fully recognised in the statement of financial position.
(4) Reclassification of fellow subsidiaries balances.
(5) Reduction in employee benefit expense and increase in remeasurement losses in other comprehensive income for defined benefit plans arising from (3) above.
(6) Deferred tax impact of transfer at (5) above.

FORM OF PROXY

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

16th day of June 2014 and at any adjournment thereof.

Signed this.....day of.....2014

.....

PLACE
$100
STAMP
HERE

NOTES

BERGER PAINTS JAMAICA LIMITED

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 measureable indicators.*

Mustafa Turra
General Manager

ADM 023 *Revised: May 1, 2013*

BERGER PAINTS

BERGER PAINTS JAMAICA LIMITED

Environment, Health & Safety Policy

- *We consider compliance to statutory 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 optimization and waste minimization. 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.*

Mustafa Turra
General Manager

ADM 023 *Revised: May 1, 2013*


NEW & IMPROVED
My Red...
my BERGER
LOW ODOUR
BERGER
404
GLOSS OIL PAINT
BERGER
303
BERGER
Everglow
All the Colours of You
BERGER
PAINTS