DIRECTORS’ CIRCULAR

To the Stockholders of Berger Paints Jamaica Limited

in response to the Offer by

ANSA COATINGS INTERNATIONAL LIMITED
(a wholly owned subsidiary of ANSA McAl Limited)

to acquire 104,990,171 ordinary stock units in

BERGER PAINTS JAMAICA LIMITED
(being all the issued ordinary stock units not already held by
the Offeror or the Offeror’s Affiliates)

THIS DOCUMENT IS IMPORTANT

IT IS RECOMMENDED THAT YOU CONSULT YOUR
STOCKBROKER, BANK MANAGER, ATTORNEY-AT-LAW,
ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IN
RELATION TO THIS DOCUMENT
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INTRODUCTION

September 14, 2017

From: The Board of Directors
Berger Paints Jamaica Limited
256 Spanish Town Road
Kingston 11

To: The Stockholders of Berger Paints Jamaica Limited

On August 31, 2017, an offer (the “Offer”) was received from Ansa Coatings International Limited (herein called the “Offeror” or “ANSA”) to purchase 104,990,171 of the issued ordinary shares of Berger Paints Jamaica Limited (herein called the “Company” or “Berger Jamaica”) being all the issued ordinary shares not already held by the Offeror or the Offeror’s affiliates. The price being offered is J$10.88 or US$0.08485 in cash per stock unit (the “Offer Price”).

The Offer opened at 9:00 a.m. on September 7th, 2017 (the “Opening Date”) and is scheduled to close at 4:00 p.m. on September 28th, 2017 (the “Closing Date”). The procedure and requirements relating to acceptance of the Offer are set out in the Offeror’s Take-Over Bid Circular and the Form of Acceptance and Transfer circulated with this Directors’ Circular which are all sent to you as part of the Offer.

This Directors’ Circular is issued in accordance with the Jamaica Stock Exchange Rules and General Principles Relating to Take-Overs and Mergers and the Securities (Take-Overs and Mergers) Regulations 1999, as amended.

It is recommended that you read the Take-Over Bid and the Directors’ Circular carefully and that you consult your stockbroker, bank manager, attorney-at-law, accountant or other professional adviser.
1. As far as the Directors are aware, the number of Berger Jamaica stock units directly or indirectly, legally or beneficially owned by each director or officer of Berger Jamaica as at 18 August, 2017 is outlined below:

BERGER PAINTS JAMAICA LIMITED
LIST OF SHAREHOLDERS
AS AT 18 AUGUST 2017

<table>
<thead>
<tr>
<th>SHAREHOLDERS</th>
<th>SHAREHOLDING</th>
<th>% OF ISSUED CAPITAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>LEWIS BERGER (OVERSEAS)</td>
<td>109,332,222</td>
<td>51.01</td>
</tr>
<tr>
<td>SAGICOR POOLED EQUITY FUND</td>
<td>22,284,944</td>
<td>10.40</td>
</tr>
<tr>
<td>IDEAL GROUP CORPORATION LIMITED</td>
<td>10,988,500</td>
<td>5.13</td>
</tr>
<tr>
<td>IDEAL PORTFOLIO SERVICES COMPANY LIMITED</td>
<td>5,302,923</td>
<td>2.47</td>
</tr>
<tr>
<td>IDEAL BETTING COMPANY LIMITED</td>
<td>4,624,152</td>
<td>2.16</td>
</tr>
<tr>
<td>IDEAL GLOBAL INVESTMENTS LIMITED</td>
<td>4,000,000</td>
<td>1.87</td>
</tr>
<tr>
<td>KEY INSURANCE CO. LTD.</td>
<td>3,799,999</td>
<td>1.77</td>
</tr>
<tr>
<td>JCSD TRUSTEE SERVICES LTD - SIGMA OPTIMA</td>
<td>3,082,116</td>
<td>1.44</td>
</tr>
<tr>
<td>MAYBERRY WEST INDIES LIMITED</td>
<td>3,136,993</td>
<td>1.46</td>
</tr>
<tr>
<td>FIRST JAM./H.E.A.R.T/NTA PENSION SCHEME</td>
<td>2,433,500</td>
<td>1.14</td>
</tr>
<tr>
<td>TOTAL</td>
<td>168,985,349</td>
<td>78.85</td>
</tr>
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DIRECTORS’ SHAREHOLDINGS
AS AT 18 AUGUST 2017

<table>
<thead>
<tr>
<th>DIRECTORS</th>
<th>SHAREHOLDING</th>
<th>CONNECTED PARTY</th>
<th>SHAREHOLDING</th>
</tr>
</thead>
<tbody>
<tr>
<td>ANEAL MAHARAJ</td>
<td>NIL</td>
<td></td>
<td></td>
</tr>
<tr>
<td>WARREN McDONALD</td>
<td>419,655</td>
<td></td>
<td></td>
</tr>
<tr>
<td>POKERDAS CHANDIRAM CHATANI</td>
<td>NIL</td>
<td>POKERDAS CHANDIRAM CHATANI/SATI CHANDIRAM/VINOD CHANRA</td>
<td>45,000</td>
</tr>
<tr>
<td>MICHAEL PENNELL</td>
<td>9,213</td>
<td></td>
<td></td>
</tr>
<tr>
<td>MILTON SAMUDA</td>
<td>NIL</td>
<td>MILTON SAMUDA/ELIZABETH SAMUDA</td>
<td>12,007</td>
</tr>
<tr>
<td>RAY A. SUMAIRSINGH</td>
<td>NIL</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ANDY MAHADEO</td>
<td>NIL</td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td>428,868</td>
<td></td>
<td>57,007</td>
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SENIOR MANAGEMENT SHAREHOLDING
AS AT 18 AUGUST 2017

<table>
<thead>
<tr>
<th>SENIOR MANAGEMENT</th>
<th>SHAREHOLDING</th>
</tr>
</thead>
<tbody>
<tr>
<td>NEWTON ABRAHAMS</td>
<td>NIL</td>
</tr>
<tr>
<td>GLADYS MILLER</td>
<td>18,240</td>
</tr>
<tr>
<td>HURON GORDON</td>
<td>2,352</td>
</tr>
<tr>
<td>CASEY PERUE</td>
<td>NIL</td>
</tr>
<tr>
<td>ANGELA SCOTT-BROWN</td>
<td>NIL</td>
</tr>
<tr>
<td>MUSTAFA TURRA</td>
<td>NIL</td>
</tr>
<tr>
<td>SREEJITH VENUGOPAL</td>
<td>NIL</td>
</tr>
</tbody>
</table>
1. To the knowledge of your Directors, the persons directly or indirectly beneficially holding more than 10% of the voting rights of Berger Jamaica as at 18 August, 2017 are:

<table>
<thead>
<tr>
<th>SHAREHOLDERS</th>
<th>SHAREHOLDING</th>
<th>% OF ISSUED CAPITAL</th>
</tr>
</thead>
<tbody>
<tr>
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<td>51.01</td>
</tr>
<tr>
<td>SAGICOR POOLED EQUITY FUND</td>
<td>22,284,944</td>
<td>10.40</td>
</tr>
</tbody>
</table>

2. As far as the Directors are aware, there are no special arrangements between the Offeror or the Offeror’s affiliates or any parties acting in concert with any of the directors or officers, immediate past directors/officers or shareholders of Berger Jamaica.

3. As far as the Directors are aware and after due enquiry, there is no director or officer of Berger Jamaica or any person holding participating voting shares that carry more than ten per cent (10%) of the voting rights of Berger Jamaica who owns any shares in the Offeror.

4. With respect to the Directors of the Company, the offeror company and the
Directors have agreed that the independent directors of Berger Jamaica (namely, Messrs. Pokar Chandiram, Michael Fennell, Warren McDonald and Milton J. Samuda) will remain as directors of Berger Jamaica.

5. As far as the Directors are aware, no director or officer of Berger Jamaica, and no person or company beneficially holding over 10% of the voting rights of Berger Jamaica, has any interest in any material contracts to which Berger Jamaica is a party. Of those persons, Michael Fennell, Warren McDonald, Milton Samuda, Huron Gordon and Gladys Miller intend to accept the offer in respect of the Offer.

6. The volume of trading and price range of the stock of Berger Jamaica stock units on the Jamaica Stock Exchange from March 1, 2017 to August 31, 2017 being the six (6) month period preceding the Offer are as follows:

<table>
<thead>
<tr>
<th>MONTH</th>
<th>TRADE VOLUME</th>
<th>HIGH ($)</th>
<th>LOW ($)</th>
<th>CLOSE ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>March</td>
<td>910,154</td>
<td>15.00</td>
<td>10.50</td>
<td>12.40</td>
</tr>
<tr>
<td>April</td>
<td>688,594</td>
<td>16.00</td>
<td>12.01</td>
<td>15.59</td>
</tr>
<tr>
<td>May</td>
<td>421,199</td>
<td>24.00</td>
<td>15.59</td>
<td>18.65</td>
</tr>
<tr>
<td>June</td>
<td>605,077</td>
<td>19.52</td>
<td>12.05</td>
<td>16.72</td>
</tr>
<tr>
<td>July</td>
<td>220,953</td>
<td>19.52</td>
<td>13.30</td>
<td>18.76</td>
</tr>
<tr>
<td>August</td>
<td>491,828</td>
<td>19.00</td>
<td>13.00</td>
<td>14.06</td>
</tr>
</tbody>
</table>

7. The audited financial statements for the year ended March 31, 2017 and the un-audited financial statements for the Company’s last quarter ended June 30, 2017 are herein attached at Appendix 1 and Appendix 2 respectively. The Directors are not aware of any information that indicates any material change in the financial position or prospects of Berger Jamaica since the Company’s last published interim financial statements dated June 30, 2017. Attached as Appendix 3 is a letter from the Chief Financial Officer of Berger Jamaica, certifying that the interim financial statement dated August 31, 2017 fairly reflects the financial position of the Company over the period in question.

8. As far as the Directors are aware, none of the Directors or Officers of Berger
Jamaica have purchased or sold Berger Jamaica stock units or ANSA shares in the six (6) months preceding the opening of the Offer, SAVE AND EXCEPT THAT Director Warren McDonald sold 285,256 shares during the past six (6) months.

9. As far as the Directors are aware, none of the Directors or Officers of ANSA have purchased or sold Berger Jamaica stock units or ANSA shares in the six (6) months preceding the opening of the Offer.

10. Berger Jamaica’s profit and loss summaries extracted from the audited financial statements for the five financial years ended March 31, 2017 are set out in Appendix 4.

11. At the request of Berger Jamaica, NAI Langford and Brown carried out a valuation of the real estate and buildings and plant and equipment of the Company as at August 21 & 25, 2017. The valuations and the valuator’s written consent to use the said valuations herein are reproduced at Appendix 5. The Directors are of the view that there are no other material facts that have not been disclosed in the said valuations.

12. In evaluating the Offer, the Directors retained PricewaterhouseCoopers Tax and Advisory Services Limited (“PwC Advisory”) to provide a fairness opinion of the Offer. The Fairness Opinion was completed and submitted to the Board on 7th September 2017. The Fairness Opinion sets out the scope of its review, the assumptions and limitations upon which the Fairness Opinion is based and the approach used in coming to the conclusion in the Fairness Opinion. PwC Advisory has stated in the Fairness Opinion that the consideration under the Offer is fair to the shareholders of BPJL from a financial point of view. PwC Advisory review procedures focused on evaluating the fairness of the offer on a stand-alone basis and not relative to the price attributed to other companies included in the LBOH Acquisition.

A copy of the Fairness Opinion is available for inspection at the offices of the Company.

The Board’s Recommendation

Shareholders should note that those directors of Berger Jamaica who were appointed by the Offeror were not present at the meetings of the Directors at which the
response of the Directors to the Offer were being discussed and they did not participate in the deliberations of the Directors as to whether or not the Directors should recommend the Offer to the shareholders. The other independent Directors constituted themselves into a Special Committee to guide the Board in relation to the Offer. These Directors are Michael Fennell, Warren McDonald, Pokar Chandiram and Milton Samuda.

The Special Committee reviewed the entirety of the information set out herein, the terms and conditions of the Offer set out in the Take-over Bid Circular issued by the Offeror, the trading information of the stock units over the past six months on the Jamaica Stock Exchange ("JSE") and such other information as it considered relevant.

HAVING BEEN SATISFIED THAT THE OFFEROR IS ABLE TO IMPLEMENT THE OFFER IN FULL, THE DIRECTORS RECOMMEND THAT THE OFFER MADE BY THE OFFEROR BE ACCEPTED BY STOCKHOLDERS.

Basis for Recommendation

1. In making its recommendation your Board considered the recommendation of the Special Committee and carefully reviewed and considered all relevant aspects of the offer. The factors set out below are the principal reasons for the UNANIMOUS RECOMMENDATION of the Special Committee and your Board that all Berger Jamaica Shareholders ACCEPT the Offer and TENDER all their Berger Jamaica Shares to the Offeror.

Planned Delisting of the Berger Jamaica shares

2. ACI currently holds indirectly approximately 51.01% of the ordinary share capital of Berger Jamaica. In your Directors’ view, it is highly likely that acceptances of the Offer will take the aggregate holdings of ACI beyond 80%. Under the Rules of the Jamaica Stock Exchange, where one shareholder either individually or collectively with "concert parties" holds more than 80% of the listed shares of a company, the Stock Exchange has the right to de-list such a company. In fact, the Offeror has made clear its intention to delist the Berger Jamaica Shares. Indeed, at paragraph 10 of its Offer Circular it states that:
"If ACI acquires an additional 29% or more of the Shares pursuant to the Offer, ACI intends to procure that the Shares are delisted from the JSE. In that event the Shares will thereafter not be tradable across the floor of the JSE, and all transfers will be subject to the payment of transfer tax and stamp duty."

It is therefore clear that Berger Jamaica Shares will, in all probability, be delisted from the JSE.

3. If the Berger Jamaica Shares are delisted, they will become illiquid - that is to say there will be no recognised trading system in which Berger Jamaica Shares may be bought or sold. In such a case, a person holding Berger Jamaica Shares may still be able to sell them but he most likely would have to find his own buyer and ACI would not be obliged to buy such shares at the current Offer price except during the period when any compulsory "squeeze out" is in process.

4. In addition, as the Offeror has indicated, a sale of Berger Jamaica Shares after the de-listing will expose the seller to the following transactional taxes which are avoided in the case of a sale of listed shares on the JSE namely:

<table>
<thead>
<tr>
<th>Tax</th>
<th>Rate</th>
<th>Who pays</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transfer Tax</td>
<td>5% on sale price (or market value if transfer is not deemed to be on an arm's length basis)</td>
<td>Seller</td>
</tr>
<tr>
<td>Stamp duty</td>
<td>1% of sale price</td>
<td>Customarily borne equally by seller and buyer</td>
</tr>
</tbody>
</table>

Thus, failure to accept the Offer is likely to put a Dissenting Shareholder (namely, a shareholder who does not accept this Offer) at a significant disadvantage for not only will the current Offer Price not be available (except during any compulsory "squeeze out", initiated four months after the close of the Offer), but the seller will incur transfer costs of approximately 5.5% unless the Offeror or other purchaser agrees to bear such costs. It should also be said that where shares are transferred after delisting the JSE cess (0.3% or 30 basis points) and stockbroker's fees (negotiable) would both be avoided on the part or the seller. Note that the purchaser also bears a similar JSE cess of 0.3% on the “buy” side of the trade.
Absence of Conditions to the Offer

5. The Offer is commendably simple without any conditions that create uncertainty. All that you, as a Berger Jamaica Shareholder, has to do is complete and sign the Form of Acceptance and Transfer and deliver it to the Lead Broker at:

Scotia Investments Jamaica
7 Holborn Road
Kingston 10
Jamaica

along with the relevant stock certificate or, if your Berger Jamaica Shares are held in the Jamaica Central Securities Depository (JCSD), with your JCSD receipt or account statement evidencing proof of ownership of such Berger Jamaica Shares. You may also deliver the document to your securities dealer for transmission to the Lead Broker or other Receiving Agent. If you cannot find your share certificate then you can sign a Form of Indemnity for Lost Certificate which you can get from the Lead Broker in the Directory section of the Offer. If your BERGER JAMAICA Shares are held in the JCSD and you do not have an up-to-date account statement then you should contact your securities dealer or the JCSD immediately.

6. So the acceptance process fairly simple and relatively devoid of material uncertainty.

Future Dividend Policy

7. The Offer Circular states that: ACI may or may not change or alter Berger Paint Jamaica Limited's dividend policy after the Initial Closing Date” (i.e. 28 September 2017, unless extended). Thus, ACI is giving no commitment on future dividend policy. As a result of the Offer, Berger Jamaica is likely to become a closely-held ACI subsidiary and, in such a case, it is likely that Berger Jamaica will have no predictable dividend policy. In such circumstances, dividends and distributions tend to be paid when it is strategic for ACI to effect such payment.

After completion of the Transaction ACI may not purchase Berger Jamaica shares at the Offer Price

8. If the Offeror does not acquire 90% of the Berger Jamaica Shares not already held by ACI, the Offer will close on the Final Closing Date. If the
Offeror acquires 90% or more of the outstanding Berger Jamaica shares not already held by ACI, then it will have the right to evoke section 209 of the Companies Act 2004 in order to compulsorily acquire Berger Jamaica Shares held by Dissenting Shareholders including so called "dead or missing" shareholders.

9. The compulsory acquisition or "squeeze out" price would be the Offer Price of J$10.88 or US$0.08485 per Berger Jamaica Share. However, since the compulsory acquisition right can only be initiated if the 90% acceptance threshold is achieved, there is no guarantee that that price will be available after the Final Closing Date of the Offer.

"Dissenting shareholders" who are compulsorily "squeezed out", will suffer a time value loss on the Offer Price

10. If you decide not to accept the Offer, there is no guarantee, as stated above, that the Offeror may take steps to compulsorily acquire your Berger Jamaica Shares. Before the Offeror can do so it must acquire at least 90% of the outstanding Berger Jamaica Shares which ACI does not already own. In other words, ACI indirectly owns 51.01% of the Berger Jamaica Shares. In order to trigger the right to compulsorily "squeeze out" the remaining shareholders, the Offeror must receive acceptances in the Offer totaling approximately 90% of the 104,990,171 Berger Jamaica Shares not in the hands of ACI - that is to say an additional 94,491,153 Berger Jamaica Shares (approximately). This may or may not occur and even if it occurs, ACI may not seek to compulsorily acquire the remaining Berger Jamaica Shares.

11. But, even if the 90% acceptance threshold is achieved, there is a four (4) month "cooling off" period before the Offeror can initiate the compulsory acquisition process; followed by a one (1) month period during which a Dissenting Shareholder may challenge the "squeeze out" - in Court. It means that a Dissenting Shareholder who is "squeezed out" would receive payment for his Berger Jamaica Shares, at the earliest, five (5) months after the Final Closing Date and possibly later. At that point the payment for Berger Jamaica Shares would be the fixed offer price of J$10.88 or US$0.08485 without regard to the interest which the Dissenting Shareholder could have earned on his sale price had he accepted the Offer. In other words, a Dissenting Shareholder whose Berger Jamaica Shares are compulsorily acquired will lose at least five (5) months or potential interest on his sale price. It should be noted that even if ACI acquires sufficient Berger Jamaica Shares to effect compulsory acquisition of the Berger Jamaica Shares remaining in the hands of Dissenting Shareholders, it
may elect not to exercise its right to “squeeze out” the remaining minority.

**Very little chance of successfully opposing compulsory "squeeze out"**

12. At paragraph 11 above we outlined the circumstances in which the Offeror could compulsorily “squeeze out” the Dissenting Shareholders who have not accepted the Offer. Under section 209(1) (b) of the Companies Act, 2004 a Dissenting Shareholder may, within one (1) month after receiving the compulsory acquisition notice (which can only be served with the 4th and the 6th month after the Final Closing Date of the Offer) apply to the Court for a Court Order blocking the compulsory acquisition or modifying the terms of the acquisition.

13. Having regard to the terms of the Offer and in particular the Offer Price we have been advised by our Attorneys, Myers, Fletcher & Gordon, that the chances of such an application to the Court succeeding are slim.

**A Dissenting Shareholder would have reduced information and reporting rights**

14. If Berger Jamaica is delisted from the JSE, then a Berger Jamaica Shareholder who continues to hold his Berger Jamaica Shares would have substantially reduced information and reporting rights. Berger Jamaica, as a listed company, is obliged by the Rules of the Jamaica Stock Exchange to:

14.1 send to each shareholder an Annual Report containing not only its audited financial statements but also a record of the company's activities during the relevant financial year, a management discussion and analysis of the Company’s performance and near-term prospects and a list of the 10 largest shareholders among other things;

14.2 send to the JSE quarterly financial statements within forty-live (45) days after the end of each financial quarter; and

14.3 timely disclosure to the JSE (for release to the market by publication on the JSE website) any information relating to the business and affairs of Berger Jamaica that results in, or would reasonably be expected to result in: a significant change in the market price or value of Berger Jamaica’s listed securities ("Material Information").

15. If and when Berger Jamaica is de listed it will cease to be bound by the Rules of
the Jamaica Stock Exchange. Its reporting obligations to shareholders would be governed only by Companies Act, 2004 and its Articles of Incorporation and the only mandatory reporting requirements are the auditors’ report together with the audited balance sheet and profit and Loss account not less than 21 days before each annual general meeting - that is to say once per year. Thus a continuing Berger Jamaica Shareholder after the Company is delisted would not be entitled to receive quarterly financial statements and timely reports of material information affecting the Company.

A “Hold out” will be materially disenfranchised

16. When Berger International Paints Limited (BIPL) was in control of Berger Jamaica, its subsidiary, Lewis Berger Overseas Holdings Limited (LBOH) held 51.01% of the Berger Jamaica Shares. That meant that BIPL could secure the passing of an ordinary resolution without the support of any other shareholder even if all other shareholders opposed the resolution. ACI controls 51.01% of the issued Berger Jamaica’s Shares and as a result of this Offer its holding will most likely exceed 75%.

17. As a shareholder controlling more than 75% of the votes capable of being cast at a general meeting, ACI will be in a position to pass not only any ordinary resolution (which requires a 50% majority vote) but also any special resolution (which requires a 75% majority vote). A Dissenting Shareholder is therefore likely to have no voting influence in the Company at all and could be thoroughly marginalized.

Once again, it is recommended that stockholders seek independent financial advice before making their final decision to accept or reject the Offer by consulting a stockbroker, bank manager, attorney-at-law or other professional advisor.

Should you decide to accept the Offer the procedure for acceptance of the offer is set out in the Take-Over Bid Circular and the FORM OF ACCEPTANCE AND TRANSFER to be found in the Take-over Bid Circular.

Matters Affecting Overseas Shareholders

Shareholders who are resident in, or citizens of, jurisdictions outside Jamaica or persons who are custodians, nominees or trustees of shareholders and are residents of jurisdictions outside Jamaica, are particularly advised to have regard to Appendix II of the Take-Over Bid Circular which warns that such persons may be affected by the laws of the relevant jurisdictions.
A Berger Jamaica Shareholder may be deemed NOT to have properly and validly accepted the Offer if (i) his address on the Form of Application is an address in any of the territories defined therein as Restricted Jurisdictions or Affected Foreign Countries and in the case of an Affected Foreign Country, if he fails to satisfy the Offeror that acceptance will not violate the laws and regulations of such Affected Foreign Country and he does not provide the Offeror with the name and address of a person or agent in Jamaica to whom he wishes the consideration to which he is entitled under the Offer to be sent; or (ii) the Form of Acceptance and Transfer received from him is received in an envelope postmarked in, or which otherwise appears to the Offeror or its agents to have been sent from any of the Restricted Jurisdictions or any Affected Foreign Country.

Documents Available for Inspection

Copies of the following documents are available for inspection by stockholders on any business day during which the Offer remains in effect, between the hours of 9:00 a.m. and 3:00 p.m. at the offices of:

Berger Paints Jamaica Limited
256 Spanish Town Road
Kingston 11

1. Articles of Incorporation of Berger Paints Jamaica Limited.
2. Report and Valuation on the real estate and buildings and plant and equipment of the Company prepared by NAI Langford and Brown.

The Offer document also lists several documents available for inspection at the offices of the Offeror's Attorneys at law.
The Directors have approved the contents of this Directors' Circular and authorised its delivery to Berger Jamaica's stockholders.

On behalf of the Board of Directors
Berger Paints Jamaica Limited

[Signatures]

Michael Pennell, Director

Warren McDonald, Director

Milton Samuda, Director
APPENDIX 1

AUDITED FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2017 AND CONSENT LETTER OF E&Y TO USE THE FINANCIAL STATEMENTS
BERGER PAINTS JAMAICA LIMITED

FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2017
# BERGER PAINTS JAMAICA LIMITED
## DIRECTORS’ CIRCULAR
### BERGER PAINTS JAMAICA LIMITED
#### YEAR ENDED MARCH 31, 2017

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<th>Page</th>
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## FINANCIAL STATEMENTS

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</tr>
</thead>
<tbody>
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<tr>
<td>Statement of Income</td>
<td>9</td>
</tr>
<tr>
<td>Statement of Comprehensive Income</td>
<td>10</td>
</tr>
<tr>
<td>Statement of Changes in Equity</td>
<td>11</td>
</tr>
<tr>
<td>Statement of Cash Flows</td>
<td>12</td>
</tr>
<tr>
<td>Notes to the Financial Statements</td>
<td>13-57</td>
</tr>
</tbody>
</table>
INDEPENDENT AUDITOR’S REPORT

To the members of Berger Paints Jamaica Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Berger Paints Jamaica Limited (the Company), which comprise the statement of financial position as at March 31, 2017, the statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at March 31, 2017 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the Jamaican Companies Act.

Basis for Opinion

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

Key Audit Matters

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

We have fulfilled the responsibilities described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.
INDEPENDENT AUDITOR’S REPORT (Continued)
To the members of Berger Paints Jamaica Limited (Continued)

**Key Audit Matters. (Continued)**

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

A member firm of Ernst & Young Global Limited
INDEPENDENT AUDITOR'S REPORT (Continued)

To the members of Berger Paints Jamaica Limited (Continued)

*Key Audit Matters, (Continued)*

<table>
<thead>
<tr>
<th>Key audit matter</th>
<th>How our audit addressed the key audit matter</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income taxes</td>
<td>We tested the amounts recognized as current and deferred tax. Together with our tax specialists, we considered any large or unusual items affecting the effective tax rate and whether or not any current year items would indicate a requirement for further accruals. We analysed and challenged the assumptions used to determine the tax accruals and tested the accuracy of calculations. This included the review of correspondence with the relevant tax authorities. We also used our knowledge and experience of the application of local legislation by the relevant authorities and courts in order to assess the positions taken by management. We also assessed the adequacy of the Company’s disclosures included in Notes 7 and 20 to the financial statements.</td>
</tr>
<tr>
<td>As detailed in Note 4 (b), uncertainties exist with respect to the interpretation of tax regulations and the amount and timing of future taxable income. The Company establishes provisions based on reasonable estimates, taking cognizance of possible differing interpretations of tax regulations by the taxable entity and the relevant tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the Company.</td>
<td></td>
</tr>
</tbody>
</table>
INDEPENDENT AUDITOR'S REPORT (Continued)

To the members of Berger Paints Jamaica Limited (Continued)

**Key Audit Matters, (Continued)**

<table>
<thead>
<tr>
<th>Key audit matter</th>
<th>How our audit addressed the key audit matter</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounting for defined benefit plans</td>
<td>As part of our audit we have evaluated and challenged actuarial assumptions adopted by management such as discount rates and future salary increases. In addition we tested the valuation of plan assets. We also performed substantive audit procedures on the underlying participants' data of the post-retirement benefit provisions that was provided to the actuary. The discount and inflation rates were agreed to those issued by the Institute of Chartered Accountants of Jamaica. We placed reliance on the actuary's report and therefore assessed the actuary's qualifications (i.e. professional certification, membership in an appropriate professional body), experience and reputation in the field. We also assessed the actuary's objectivity and evaluated the work performed (including reviewing the assumptions and inputs used in the report) in accordance with ISA 620 Using the Work of an Expert.</td>
</tr>
<tr>
<td>The Company's post-retirement benefit provisions relate to a defined benefit pension scheme amounting to an asset of $148.94 million and a retiree medical post-retirement benefit scheme amounting to a liability of $132.21 million. These provisions require significant level of judgement and technical expertise in determining the future levels of the following: Discount rate, Inflation, Salary increases and; Mortality rates Management uses external actuaries to assist in determining these assumptions and in valuing the assets and liabilities within the schemes.</td>
<td></td>
</tr>
</tbody>
</table>
INDEPENDENT AUDITOR'S REPORT (Continued)

To the members of Berger Paints Jamaica Limited (Continued)

Other information included in the Annual Report

Other information consists of the information included in the Company's 2017 Annual Report other than the financial statements and our auditor's report thereon. Management is responsible for the other information. The Company's 2017 Annual Report is expected to be made available to us after the date of this auditor's report.

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

To the members of Berger Paints Jamaica Limited (Continued)

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

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

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

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

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

To the members of Berger Paints Jamaica Limited (Continued)

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

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

Report on additional requirements of the Jamaican Companies Act

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

The engagement partner on the audit resulting in this independent auditor’s report is Winston Robinson.

Ernst & Young
Kingston, Jamaica

April 28, 2017
BERGER PAINTS JAMAICA LIMITED

STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2017

<table>
<thead>
<tr>
<th></th>
<th>Notes</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td>$’000</td>
<td>$’000</td>
</tr>
<tr>
<td>Non-current assets</td>
<td>5</td>
<td>197,583</td>
<td>214,122</td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>6</td>
<td>148,936</td>
<td>128,133</td>
</tr>
<tr>
<td>Post employment benefits</td>
<td>7</td>
<td>6,412</td>
<td>16,562</td>
</tr>
<tr>
<td>Total non-current assets</td>
<td></td>
<td>352,931</td>
<td>358,847</td>
</tr>
<tr>
<td>Current assets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inventories</td>
<td>8</td>
<td>342,616</td>
<td>337,983</td>
</tr>
<tr>
<td>Due from fellow subsidiaries</td>
<td>9</td>
<td>11,641</td>
<td>7,511</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>10</td>
<td>395,220</td>
<td>325,365</td>
</tr>
<tr>
<td>Cash and bank balances</td>
<td>11</td>
<td>369,565</td>
<td>138,722</td>
</tr>
<tr>
<td>Total current assets</td>
<td></td>
<td>1,136,042</td>
<td>809,591</td>
</tr>
<tr>
<td>Total assets</td>
<td></td>
<td>1,488,973</td>
<td>1,168,438</td>
</tr>
<tr>
<td><strong>EQUITY AND LIABILITIES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shareholders' Equity</td>
<td>12</td>
<td>141,793</td>
<td>141,793</td>
</tr>
<tr>
<td>Share capital</td>
<td></td>
<td>145,145</td>
<td>44,956</td>
</tr>
<tr>
<td>Revaluation reserves</td>
<td></td>
<td>769,985</td>
<td>482,214</td>
</tr>
<tr>
<td>Total shareholders' equity</td>
<td></td>
<td>976,923</td>
<td>966,002</td>
</tr>
<tr>
<td>Non-current liabilities</td>
<td>6</td>
<td>132,209</td>
<td>151,040</td>
</tr>
<tr>
<td>Post employment benefits</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current liabilities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Due to immediate parent company</td>
<td>9</td>
<td>12,691</td>
<td>10,667</td>
</tr>
<tr>
<td>Due to fellow subsidiaries</td>
<td>9</td>
<td>2,215</td>
<td>6,834</td>
</tr>
<tr>
<td>Dividends payable</td>
<td></td>
<td>16,692</td>
<td>15,969</td>
</tr>
<tr>
<td>Provisions</td>
<td>14</td>
<td>15,964</td>
<td>18,301</td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>15</td>
<td>301,646</td>
<td>285,650</td>
</tr>
<tr>
<td>Income tax payable</td>
<td>20(c)</td>
<td>30,233</td>
<td>10,476</td>
</tr>
<tr>
<td>Total current liabilities</td>
<td></td>
<td>379,841</td>
<td>346,396</td>
</tr>
<tr>
<td>Total equity and liabilities</td>
<td></td>
<td>1,488,973</td>
<td>1,168,438</td>
</tr>
</tbody>
</table>

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 28, 2017 and are signed on its behalf by:

Mustafa Turra
General Manager/Director

Warren McDonald
Director
### BERGER PAINTS JAMAICA LIMITED

#### STATEMENT OF INCOME

**YEAR ENDED MARCH 31, 2017**

<table>
<thead>
<tr>
<th>Notes</th>
<th>2017 $'000</th>
<th>2016 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales (net of discounts and rebates)</td>
<td>17</td>
<td>2,363,088</td>
</tr>
<tr>
<td>Raw materials and consumable used</td>
<td></td>
<td>(1,080,705)</td>
</tr>
<tr>
<td>Changes in inventories of finished goods and work in progress (net)</td>
<td></td>
<td>28,641</td>
</tr>
<tr>
<td>Manufacturing expenses</td>
<td></td>
<td>(116,461)</td>
</tr>
<tr>
<td>Depreciation</td>
<td>5</td>
<td>(31,997)</td>
</tr>
<tr>
<td>Employee benefits expense</td>
<td>19</td>
<td>(461,224)</td>
</tr>
<tr>
<td>Other operating expenses</td>
<td></td>
<td>(322,172)</td>
</tr>
<tr>
<td>Other income</td>
<td></td>
<td>8,518</td>
</tr>
</tbody>
</table>

**PROFIT BEFORE FINANCE COSTS AND TAXATION**

<table>
<thead>
<tr>
<th></th>
<th>2017 $'000</th>
<th>2016 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>365,688</td>
<td>142,849</td>
</tr>
</tbody>
</table>

**Finance costs**

<table>
<thead>
<tr>
<th>Notes</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>18(i)</td>
<td></td>
<td>(961)</td>
</tr>
</tbody>
</table>

**PROFIT BEFORE TAXATION**

<table>
<thead>
<tr>
<th></th>
<th>2017 $'000</th>
<th>2016 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>365,688</td>
<td>141,888</td>
</tr>
</tbody>
</table>

**Taxation**

<table>
<thead>
<tr>
<th></th>
<th>2017 $'000</th>
<th>2016 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(50,133)</td>
<td>(19,751)</td>
</tr>
</tbody>
</table>

**NET PROFIT FOR THE YEAR**

<table>
<thead>
<tr>
<th></th>
<th>2017 $'000</th>
<th>2016 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>315,555</td>
<td>122,137</td>
</tr>
</tbody>
</table>

**Earnings per stock unit**

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$1.47</td>
<td>$0.57</td>
</tr>
</tbody>
</table>

The accompanying notes form an integral part of the Financial Statements.
BERGER PAINTS JAMAICA LIMITED

STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED MARCH 31, 2017

<table>
<thead>
<tr>
<th>Note</th>
<th>2017 $'000</th>
<th>2016 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NET PROFIT FOR THE YEAR</td>
<td>315,555</td>
<td>122,137</td>
</tr>
<tr>
<td>OTHER COMPREHENSIVE INCOME</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Items that will not be reclassified to profit or loss in subsequent periods:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deferred tax adjustment in respect of revaluation of property, plant and equipment</td>
<td>13</td>
<td>150</td>
</tr>
<tr>
<td>Remeasurement of defined benefit plans</td>
<td>6</td>
<td>40,773</td>
</tr>
<tr>
<td>Deferred tax effect</td>
<td>7</td>
<td>(11,693)</td>
</tr>
<tr>
<td>Other comprehensive income for the year net of tax</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>35,080</td>
<td>(62)</td>
</tr>
<tr>
<td>TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>350,785</td>
<td>122,225</td>
</tr>
</tbody>
</table>

The accompanying notes form an integral part of the Financial Statements.
<table>
<thead>
<tr>
<th>Notes</th>
<th>Share Capital $'000</th>
<th>Revaluation Reserves $'000</th>
<th>Revenue Reserve $'000</th>
<th>Total $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>141,793</td>
<td>44,845</td>
<td>385,857</td>
<td>572,495</td>
</tr>
<tr>
<td>Balance at April 1, 2015</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net profit for the year</td>
<td>-</td>
<td></td>
<td>122,137</td>
<td>122,137</td>
</tr>
<tr>
<td>Other comprehensive income (loss) for the year</td>
<td>-</td>
<td>150</td>
<td>(82)</td>
<td>88</td>
</tr>
<tr>
<td>Total comprehensive income for the year</td>
<td>-</td>
<td>150</td>
<td>122,075</td>
<td>122,225</td>
</tr>
<tr>
<td>Dividends</td>
<td>16</td>
<td>-</td>
<td>(25,718)</td>
<td>(25,718)</td>
</tr>
<tr>
<td>Balance at March 31, 2016</td>
<td>141,793</td>
<td>44,845</td>
<td>482,214</td>
<td>669,852</td>
</tr>
<tr>
<td>Net profit for the year</td>
<td>-</td>
<td></td>
<td>315,555</td>
<td>315,555</td>
</tr>
<tr>
<td>Other comprehensive income for the year</td>
<td>-</td>
<td>150</td>
<td>35,083</td>
<td>35,230</td>
</tr>
<tr>
<td>Total comprehensive income for the year</td>
<td>-</td>
<td>150</td>
<td>350,635</td>
<td>350,785</td>
</tr>
<tr>
<td>Dividends</td>
<td>16</td>
<td>-</td>
<td>(42,964)</td>
<td>(42,964)</td>
</tr>
<tr>
<td>Balance at March 31, 2017</td>
<td>141,793</td>
<td>45,145</td>
<td>799,985</td>
<td>976,923</td>
</tr>
</tbody>
</table>

The accompanying notes form an integral part of the Financial Statements.
BERGER PAINTS JAMAICA LIMITED

STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2017

<table>
<thead>
<tr>
<th>CASH FLOWS FROM OPERATING ACTIVITIES</th>
<th>Notes</th>
<th>2017 $'000</th>
<th>2016 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net profit for the year</td>
<td></td>
<td>315,555</td>
<td>122,137</td>
</tr>
<tr>
<td>Adjustments for:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>5</td>
<td>31,967</td>
<td>29,323</td>
</tr>
<tr>
<td>Unrealised foreign exchange gains (net)</td>
<td>6(e)</td>
<td>(2,128)</td>
<td>(408)</td>
</tr>
<tr>
<td>Post retirement benefit charge</td>
<td>20</td>
<td>19,866</td>
<td>19,208</td>
</tr>
<tr>
<td>Income tax expense</td>
<td>18</td>
<td>10,133</td>
<td>10,751</td>
</tr>
<tr>
<td>Interest income</td>
<td>18</td>
<td>-</td>
<td>(22)</td>
</tr>
<tr>
<td>Interest expense</td>
<td></td>
<td>-</td>
<td>991</td>
</tr>
<tr>
<td>Gain on sale of property, plant and equipment</td>
<td>14</td>
<td>(1,334)</td>
<td>-</td>
</tr>
<tr>
<td>Provision charge</td>
<td>10</td>
<td>20,962</td>
<td>20,076</td>
</tr>
<tr>
<td>Impairment loss recognised on trade receivables</td>
<td>10</td>
<td>24,176</td>
<td>37,212</td>
</tr>
<tr>
<td>Impairment loss recognised on other receivables</td>
<td>10</td>
<td>616</td>
<td>8,004</td>
</tr>
<tr>
<td>Reversal of impairment loss on trade receivables</td>
<td>10</td>
<td>(22,966)</td>
<td>(32,343)</td>
</tr>
<tr>
<td>Operating cash flows before movements in working capital</td>
<td></td>
<td>437,057</td>
<td>223,900</td>
</tr>
<tr>
<td>Increase in trade and other receivables</td>
<td></td>
<td>(72,061)</td>
<td>(28,990)</td>
</tr>
<tr>
<td>Increase in inventories</td>
<td></td>
<td>(4,623)</td>
<td>(2,286)</td>
</tr>
<tr>
<td>Decrease in due to fellow subsidiary companies</td>
<td>14</td>
<td>(8,749)</td>
<td>(2,200)</td>
</tr>
<tr>
<td>Provisions utilised</td>
<td></td>
<td>(22,959)</td>
<td>(10,351)</td>
</tr>
<tr>
<td>Increase in trade and other payables</td>
<td></td>
<td>15,796</td>
<td>2,234</td>
</tr>
<tr>
<td>Increase in due to immediate parent company</td>
<td></td>
<td>1,904</td>
<td>497</td>
</tr>
<tr>
<td>Post employment benefits contributions</td>
<td>6(e)</td>
<td>(12,827)</td>
<td>(13,494)</td>
</tr>
<tr>
<td>Cash generated from operations</td>
<td></td>
<td>333,516</td>
<td>161,380</td>
</tr>
<tr>
<td>Income tax paid</td>
<td></td>
<td>(31,739)</td>
<td>(29,496)</td>
</tr>
<tr>
<td>Interest paid</td>
<td></td>
<td>-</td>
<td>(951)</td>
</tr>
<tr>
<td>Net cash provided by operating activities</td>
<td></td>
<td>301,777</td>
<td>134,933</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CASH FLOWS FROM INVESTING ACTIVITIES</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest received</td>
<td></td>
<td>-</td>
<td>22</td>
</tr>
<tr>
<td>Proceeds from sale of property, plant and equipment</td>
<td></td>
<td>1,338</td>
<td>-</td>
</tr>
<tr>
<td>Acquisition of property, plant and equipment</td>
<td>5</td>
<td>(15,462)</td>
<td>(63,889)</td>
</tr>
<tr>
<td>Investment security (net)</td>
<td></td>
<td>-</td>
<td>562</td>
</tr>
<tr>
<td>Net cash used in investing activities</td>
<td></td>
<td>(14,124)</td>
<td>(63,305)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CASH FLOWS FROM FINANCING ACTIVITIES</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Dividends paid</td>
<td></td>
<td>(41,940)</td>
<td>(24,918)</td>
</tr>
<tr>
<td>Net cash used in financing activities</td>
<td></td>
<td>(41,940)</td>
<td>(24,918)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>NET INCREASE IN CASH AND CASH EQUIVALENTS</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>246,715</td>
<td></td>
<td>48,710</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>OPENING CASH AND CASH EQUIVALENTS</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>138,722</td>
<td></td>
<td>91,604</td>
<td></td>
</tr>
</tbody>
</table>

| Effect of foreign exchange rate changes | | 2,128 | 408 |

<table>
<thead>
<tr>
<th>CLOSING CASH AND CASH EQUIVALENTS</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>366,565</td>
<td></td>
<td>138,722</td>
<td></td>
</tr>
</tbody>
</table>

The accompanying notes form an integral part of the Financial Statements.
BERGER PAINTS JAMAICA LIMITED– DIRECTORS’ CIRCULAR

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2017

1. IDENTIFICATION

The main activity of the company, which is incorporated and domiciled in Jamaica, is the manufacture and distribution of industrial and decorative paints and paint-related processed materials.

The company, which is listed on the Jamaica Stock Exchange, is a 51% subsidiary of Lewis Berger (Overseas Holdings) Limited, which is incorporated in the United Kingdom. The ultimate holding company is Asian Paints 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)

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

2.2 Standards and Interpretations adopted with no effect on financial statements

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

<table>
<thead>
<tr>
<th>Amendments to Standards</th>
<th>Effective for annual periods beginning on or after</th>
</tr>
</thead>
<tbody>
<tr>
<td>IAS 1</td>
<td>January 1, 2016</td>
</tr>
<tr>
<td>IAS 16 and 38</td>
<td>January 1, 2016</td>
</tr>
<tr>
<td>IAS 16 and 41</td>
<td>January 1, 2016</td>
</tr>
<tr>
<td>IAS 27</td>
<td>January 1, 2016</td>
</tr>
<tr>
<td>IFRS 10 and IAS 26</td>
<td>January 1, 2016</td>
</tr>
<tr>
<td>IFRS 10, 12 and IAS 28</td>
<td>January 1, 2016</td>
</tr>
<tr>
<td>IFRS 11</td>
<td>January 1, 2016</td>
</tr>
<tr>
<td>IFRS 14</td>
<td>January 1, 2016</td>
</tr>
<tr>
<td>IFRS 5, 7 and IAS 19, 34</td>
<td>January 1, 2016</td>
</tr>
</tbody>
</table>
2 ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS
(CONTINUED)

2.3 Standards and Interpretations in issue not yet effective

Effective for annual periods beginning on or after

<table>
<thead>
<tr>
<th>New and Revised Standards</th>
<th></th>
<th>Effective Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>IAS 7 Disclosure Initiative – Amendments to IAS 7</td>
<td></td>
<td>January 1, 2017</td>
</tr>
<tr>
<td>IAS 40 Transfers of Investment Property – Amendments to IAS 40</td>
<td>IAS 40 Transfers of Investment Property – Amendments to IAS 40</td>
<td>January 1, 2018</td>
</tr>
<tr>
<td>IFRS 2 Classification and Measurement of Share-based Payment</td>
<td>IFRS 2 Classification and Measurement of Share-based Payment Transactions – Amendments to IFRS 2</td>
<td>January 1, 2016</td>
</tr>
<tr>
<td>Transactions – Amendments to IFRS 2</td>
<td>IFRS 2 Classification and Measurement of Share-based Payment Transactions – Amendments to IFRS 2</td>
<td>January 1, 2016</td>
</tr>
<tr>
<td>IFRS 4 Applying IFRS 9 Financial Instruments with IFRS 4</td>
<td>IFRS 4 Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts – Amendments to IFRS 4</td>
<td>January 1, 2018</td>
</tr>
<tr>
<td>IFRS 9 Financial Instruments</td>
<td>IFRS 9 Financial Instruments</td>
<td>January 1, 2018</td>
</tr>
<tr>
<td>IFRS 15 Revenue from Contracts with Customers</td>
<td>IFRS 15 Revenue from Contracts with Customers</td>
<td>January 1, 2018</td>
</tr>
<tr>
<td>IFRS 16 Leases</td>
<td>IFRS 16 Leases</td>
<td>January 1, 2019</td>
</tr>
<tr>
<td>IFRS 1, 12 and IAS 28 Transactions and Advance Consideration</td>
<td>IFRS 1, 12 and IAS 28 Transactions and Advance Consideration</td>
<td>January 1, 2018</td>
</tr>
<tr>
<td>IFRIC 22 IFRIC Interpretation 22 Foreign Currency</td>
<td>IFRIC 22 IFRIC Interpretation 22 Foreign Currency</td>
<td>January 1, 2018</td>
</tr>
</tbody>
</table>

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

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

- **IFRS 9 Financial Instruments**

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

The Company expects no significant impact on its statement of financial position and equity except for the effect of applying the impairment requirements of IFRS 9 (See below).
BERGER PAINTS JAMAICA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2017

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

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

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

- IFRS 9 Financial Instruments (continued)
  (i) Classification and measurement
    The Company does not expect a significant impact on its statement of financial position or equity on applying the classification and measurement requirements of IFRS 9.
  
  (ii) Impairment
    IFRS 9 requires the Company to record expected credit losses on all of its debt securities, loans and receivables either on a 12-month or lifetime basis. The Company expects to apply the simplified approach and record lifetime expected losses on all trade receivables. The Company does not expect a significant impact on its equity, but it will need to perform a more detailed analysis, which considers all reasonable and supportable information, including forward-looking elements to determine the extent of the impact.

  (iii) Hedge accounting
    This amendment would not apply as the Company does not apply hedge accounting.

- IFRS 15 Revenue from Contracts with Customers

  IFRS 15 was issued in May 2014 and establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

  The new revenue standard will supersede all current revenue recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. Early adoption is permitted. The Company plans to adopt the new standard on the required effective date using the full retrospective method. The Company is considering the clarifications issued by the IASB in an exposure draft in July 2015 and will monitor any further developments.
BERGER PAINTS JAMAICA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2017

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Statement of compliance

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

3.2 Basis of preparation

The financial statements have been prepared under the historical cost basis. Historical cost is
generally based on the fair value of the consideration given in exchange for assets.

The principal accounting policies are set out below.
3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Current versus non-current classification

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

An asset is current when it is:

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

All other assets are classified as non-current.

A liability is current when:

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

The company classifies all other liabilities as non-current.

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

3.4 Fair value measurement

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

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

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

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

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

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

3.4 Fair value measurement (Continued)

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

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

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

3.5 Property, plant and equipment

All property, plant and equipment held for use in the production or supply of goods or services, or for
administrative purposes, are stated in the statement of financial position at historical or deemed cost,
less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Freehold land is not depreciated.

Depreciation is recognised so as to write off the cost of assets (other than land and properties under
construction) less their residual values, over the estimated useful lives, using the straight-line
method. The estimated useful lives, residual values and depreciation methods are reviewed at the
end of each reporting period, with the effect of any changes in estimate accounted for on a
progressive 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 asset. Any gain or loss arising on the
disposal or retirement of an item of property, plant and equipment is determined as the difference
between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3.6 Impairment of tangible assets

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

3.6 Impairment of tangible assets (Continued)

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

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

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

3.7 Employee benefits

3.7.1 Pension obligations

The company operates a defined benefit pension plan. The plan is funded by contributions
from employees and employer. The employees contribute at the rate of 5% of pensionable
salaries (with the option of contributing an additional 5%). The company’s rate of contribution
of 5.5% is determined by the Board of Directors upon recommendation of external actuaries.

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

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling,
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. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Employee benefits (Continued)

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

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

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

The fair values of financial instruments are discussed in Note 23. Listed below are the company's financial assets and liabilities and the specific accounting policies relating to each:
3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.9 Financial instruments (Continued)

3.9.1 Financial assets

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

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

(a) Financial assets at FVTPL

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

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

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

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

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

(b) Loans and receivables

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

3.9 Financial instruments (Continued)

3.9.1 Financial assets (Continued)

(b) Loans and receivables (Continued)

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

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

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

(c) Impairment of financial assets:

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

Objective evidence of impairment could include:

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

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

For financial assets carried at amortised cost, the amount of impairment loss recognised is the difference between the asset’s carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.
3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.9 Financial Instruments (Continued)

3.9.1 Financial assets (Continued)

(c) Impairment of financial assets (Continued)

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

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

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial assets at the date the impairment is reversed does not exceed what 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 recognise its retained interest in the asset and an associated liability for amounts it may have to pay. If the company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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

3.9 Financial instruments (Continued)

3.9.1 Financial assets (Continued)

(c) Impairment of financial assets (Continued)

Derecognition of financial assets (Continued)

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

3.9.2 Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

Financial liabilities

These are classified as “other financial liabilities”.

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

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

The company’s financial liabilities comprise amounts due to immediate parent company, due
to fellow subsidiaries, dividends payable and trade and other payables.
3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)
   
3.9 Financial instruments (Continued)

   3.9.2 Financial liabilities and equity instruments (continued)

   (a) Related party

   A party is related to the company if:

   (i) directly, or indirectly through one or more intermediaries, the party:
       - controls, is controlled by, or is under common control with, the company (this
         includes parent, subsidiaries and fellow subsidiaries);
       - has an interest in the entity that gives it significant influence over the company;
       - 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 statement of income because of items of income or
   expense that are taxable or deductible in other years and items that are never taxable or deductible.
   The company's liability for current tax is calculated using tax rates that have been enacted or
   substantively enacted at the end of the reporting period.
3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.10 Taxation (Continued)

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

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

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

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

3.11 Provisions

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

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

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

3.12 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates, discounts and other similar allowances.
3. **Significant Accounting Policies (Continued)**

3.12 **Revenue recognition (Continued)**

- **Sales of goods**
  - Revenue from the sale of goods is recognised when all the following conditions are satisfied:
    - the company has transferred to the buyer the significant risks and rewards of ownership of the goods;
    - the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
    - the amount of revenue can be measured reliably;
    - it is probable that the economic benefits associated with the transaction will flow to the company; and
    - the costs incurred or to be incurred in respect of the transaction can be measured reliably.

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

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

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

3.13 **Foreign currencies**

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

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

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.
3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.14 Leasing (Continued)

The company as a lessee

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

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

3.15 Research and development expenditure

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

3.16 Borrowing costs

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

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

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

3.17 Segment reporting

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

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

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.
4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY
(CONTINUED)

Critical judgements in applying accounting policies

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

Key sources of estimation uncertainty

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

a) Post employment benefits

As disclosed in Note 6, the company operates a defined benefit pension plan and provides post retirement medical benefits. The amounts shown in the statement of financial position are an asset of approximately $148.94 million (2016: $128.13 million) in respect of the defined benefit pension plan and a liability of approximately $132.21 million (2016: $151.04 million) in respect of post retirement medical liabilities. The post employment benefits are subject to estimates in respect of periodic costs, which costs are dependent on future returns on assets, future discount rates, rates of salary increases and the inflation rate in respect of the pension plan, and rates of increases in medical costs for the post retirement medical plan. External actuaries are contracted by the company for 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 obligations.

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

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

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

b) Income taxes

Estimates are required in determining the provision for income taxes. There are some transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of estimates in respect of items deductible or not deductible for tax purposes is different from the amounts that were originally recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. A change of +/- 10% in the final tax outcome of these estimates would have the effect of approximately $5.01 million (2016: $1.96 million) increase/decrease in the current and deferred tax provisions.

c) Revenue recognition - Rebates, discounts and returns

Revenue is measured after taking account of returns, rebates, discounts and other similar incentives by customers on the Company’s sales. Due to the variety of contractual terms across the Company’s customer base, the estimation of discounts, incentives and rebates recognised based on sales made during the year is considered complex. A change of +/- 10% in the provision for outstanding rebates of these estimates would have the effect of approximately $2.44 million (2016: $3.55 million) increase/decrease in the current and deferred tax provisions.
## BERGER PAINTS JAMAICA LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

#### YEAR ENDED MARCH 31, 2017

### 5. PROPERTY, PLANT AND EQUIPMENT

<table>
<thead>
<tr>
<th></th>
<th>Freehold Land</th>
<th>Freehold Buildings</th>
<th>Plant and Machinery</th>
<th>Furniture, Fixtures &amp; Equipment</th>
<th>Motor Vehicles</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$’000</td>
<td>$’000</td>
<td>$’000</td>
<td>$’000</td>
<td>$’000</td>
<td>$’000</td>
</tr>
<tr>
<td><strong>At cost</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>April 1, 2015</td>
<td>27,000</td>
<td>84,825</td>
<td>207,164</td>
<td>86,287</td>
<td>38,067</td>
<td>444,363</td>
</tr>
<tr>
<td>Additions</td>
<td>–</td>
<td>12,341</td>
<td>41,584</td>
<td>9,284</td>
<td>–</td>
<td>63,889</td>
</tr>
<tr>
<td>March 31, 2016</td>
<td>27,000</td>
<td>97,176</td>
<td>248,845</td>
<td>95,561</td>
<td>38,067</td>
<td>503,252</td>
</tr>
<tr>
<td>Additions</td>
<td>–</td>
<td>–</td>
<td>14,563</td>
<td>899</td>
<td>–</td>
<td>15,462</td>
</tr>
<tr>
<td>Disposals</td>
<td>–</td>
<td>–</td>
<td>(1,605)</td>
<td>–</td>
<td>(3,812)</td>
<td>(5,417)</td>
</tr>
<tr>
<td>March 31, 2017</td>
<td>27,000</td>
<td>97,176</td>
<td>261,706</td>
<td>96,460</td>
<td>35,255</td>
<td>518,297</td>
</tr>
<tr>
<td><strong>Accumulated Depreciation</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>April 1, 2015</td>
<td>–</td>
<td>33,575</td>
<td>143,217</td>
<td>62,387</td>
<td>25,628</td>
<td>264,607</td>
</tr>
<tr>
<td>Depreciation charge</td>
<td>–</td>
<td>5,006</td>
<td>12,402</td>
<td>6,542</td>
<td>5,283</td>
<td>29,333</td>
</tr>
<tr>
<td>March 31, 2016</td>
<td>–</td>
<td>38,581</td>
<td>155,709</td>
<td>68,932</td>
<td>30,911</td>
<td>294,130</td>
</tr>
<tr>
<td>Depreciation charge</td>
<td>–</td>
<td>4,461</td>
<td>15,582</td>
<td>6,914</td>
<td>4,940</td>
<td>31,997</td>
</tr>
<tr>
<td>Disposals</td>
<td>–</td>
<td>–</td>
<td>(1,603)</td>
<td>–</td>
<td>(3,810)</td>
<td>(5,413)</td>
</tr>
<tr>
<td>March 31, 2017</td>
<td>–</td>
<td>43,942</td>
<td>169,788</td>
<td>75,843</td>
<td>32,041</td>
<td>320,714</td>
</tr>
<tr>
<td><strong>Carrying amounts</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>March 31, 2017</td>
<td>27,000</td>
<td>54,734</td>
<td>92,518</td>
<td>20,617</td>
<td>3,214</td>
<td>197,563</td>
</tr>
<tr>
<td>March 31, 2016</td>
<td>27,000</td>
<td>59,195</td>
<td>98,139</td>
<td>26,632</td>
<td>8,156</td>
<td>214,122</td>
</tr>
</tbody>
</table>

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 $345,579 million was credited to revaluation reserves. The revalued amounts of $27 million for land and $47,520 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 5(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, and assets are invested to maximize return subject to acceptable investment risks while considering the liability profile. The board of trustees (including sponsor, employee and pensioner representatives) have contracted a pension services provider to administer the plan’s activities. The plan is registered with the Financial Services Commission.

Asset-Liability Matching: Pensions are secured through the purchase of annuities. The remaining assets are invested in segregated pooled funds.

Defined benefit pension plan

This plan is funded by contributions from the employees and the company. The company contributes to the plan at rates determined by the Board of Directors upon recommendation of external actuaries (currently 5.5% (2016: 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 15% 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, 2017 by Ravi Rambaran of Rambarran & Associates Limited (Consulting Actuaries), Fellow of the Institute of Actuaries. The obligations were measured using the projected unit credit method.
6. POST EMPLOYMENT BENEFITS (CONTINUED)

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

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross discount rate ($JA)</td>
<td>0.5</td>
<td>9.0</td>
</tr>
<tr>
<td>Expected rate of salary increases</td>
<td>6.5</td>
<td>5.5</td>
</tr>
<tr>
<td>Future pension increases</td>
<td>3.25</td>
<td>2.75</td>
</tr>
<tr>
<td>Medical inflation</td>
<td>7.0</td>
<td>7.0</td>
</tr>
<tr>
<td>Inflation</td>
<td>6.5</td>
<td>6.5</td>
</tr>
<tr>
<td>Minimum funding rate</td>
<td>0.25</td>
<td>0.25</td>
</tr>
<tr>
<td>Administration fees (percentage of pay)</td>
<td>1.0</td>
<td>1.0</td>
</tr>
</tbody>
</table>

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:

<table>
<thead>
<tr>
<th>Age</th>
<th>Males</th>
<th>Females</th>
</tr>
</thead>
<tbody>
<tr>
<td>20 – 40</td>
<td>0.35 – 0.68</td>
<td>0.22 – 0.29</td>
</tr>
<tr>
<td>30 – 40</td>
<td>0.66 – 0.85</td>
<td>0.29 – 0.48</td>
</tr>
<tr>
<td>40 – 50</td>
<td>0.85 – 1.58</td>
<td>0.48 – 0.97</td>
</tr>
<tr>
<td>50 – 60</td>
<td>1.58 – 4.43</td>
<td>0.97 – 2.25</td>
</tr>
<tr>
<td>60 – 70</td>
<td>4.43 – 14.53</td>
<td>2.29 – 8.63</td>
</tr>
</tbody>
</table>

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

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

(iv) Marital statistics - 80% of members are assumed to be married at their date of retirement.
6 POST EMPLOYMENT BENEFITS (CONTINUED)

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

<table>
<thead>
<tr>
<th></th>
<th>Defined Benefit</th>
<th>Retiree Medical Plan</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Pension Plan</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
</tr>
<tr>
<td>Present value of obligation</td>
<td>(967,223)</td>
<td>(871,233)</td>
<td>(132,209)</td>
<td>(151,040)</td>
</tr>
<tr>
<td>Fair value of plan assets</td>
<td>1,209,519</td>
<td>1,061,681</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Unrecognised asset due to ceiling</td>
<td>(63,360)</td>
<td>(62,315)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Net asset (liability) in the statement of financial position</td>
<td>148,936</td>
<td>128,133</td>
<td>(132,209)</td>
<td>(151,040)</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>Defined Benefit</th>
<th>Retiree Medical Plan</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Pension Plan</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
</tr>
<tr>
<td>Current service cost</td>
<td>14,742</td>
<td>14,097</td>
<td>4,252</td>
<td>4,645</td>
</tr>
<tr>
<td>Net interest cost:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest cost on defined benefit obligation</td>
<td>76,493</td>
<td>72,911</td>
<td>13,403</td>
<td>13,709</td>
</tr>
<tr>
<td>Interest income on plan assets</td>
<td>(54,532)</td>
<td>(67,520)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Interest effect of the assets ceiling</td>
<td>5,680</td>
<td>1,367</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total included in employee benefits expense</td>
<td>2,311</td>
<td>855</td>
<td>17,655</td>
<td>18,354</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>Defined Benefit</th>
<th>Retiree Medical Plan</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Pension Plan</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
</tr>
<tr>
<td>Remeasurements</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Change in financial assumption</td>
<td>(39,919)</td>
<td>35,297</td>
<td>(11,461)</td>
<td>11,526</td>
</tr>
<tr>
<td>Experience adjustments</td>
<td>29,880</td>
<td>(72,788)</td>
<td>(20,710)</td>
<td>(20,508)</td>
</tr>
<tr>
<td>Change in effect of the asset ceiling</td>
<td>(4,563)</td>
<td>46,568</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>(14,602)</td>
<td>9,065</td>
<td>(32,171)</td>
<td>(6,962)</td>
</tr>
</tbody>
</table>
BERGER PAINTS JAMAICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2017

6 POST EMPLOYMENT BENEFITS (CONTINUED)

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

<table>
<thead>
<tr>
<th></th>
<th>Defined Benefit</th>
<th>Retiree Medical Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Pension Plan</td>
<td></td>
</tr>
<tr>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
</tr>
<tr>
<td>Opening balance</td>
<td>128,133</td>
<td>129,756</td>
</tr>
<tr>
<td>Amount charged to income</td>
<td>(2,311)</td>
<td>(855)</td>
</tr>
<tr>
<td>Remeasurement recognised in OCI</td>
<td>14,602</td>
<td>(9,065)</td>
</tr>
<tr>
<td>Contributions by employer</td>
<td>8,512</td>
<td>6,297</td>
</tr>
<tr>
<td>Closing balance</td>
<td>148,936</td>
<td>128,133</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>Defined Benefit</th>
<th>Retiree Medical Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Pension Plan</td>
<td></td>
</tr>
<tr>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
</tr>
<tr>
<td>Opening defined benefit obligation</td>
<td>871,233</td>
<td>808,972</td>
</tr>
<tr>
<td>Service cost</td>
<td>14,742</td>
<td>14,097</td>
</tr>
<tr>
<td>Interest cost</td>
<td>76,403</td>
<td>72,911</td>
</tr>
<tr>
<td>Members' contributions</td>
<td>11,896</td>
<td>11,430</td>
</tr>
<tr>
<td>Benefits paid</td>
<td>(61,985)</td>
<td>(113,856)</td>
</tr>
<tr>
<td>Value of purchased annuities</td>
<td>18,426</td>
<td>33,037</td>
</tr>
<tr>
<td>Remeasurement:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Changes in financial assumptions</td>
<td>(52,696)</td>
<td>52,506</td>
</tr>
<tr>
<td>Changes in experience adjustments</td>
<td>119,027</td>
<td>(5,954)</td>
</tr>
<tr>
<td>Closing defined benefit obligation</td>
<td>997,223</td>
<td>671,233</td>
</tr>
</tbody>
</table>
6 POST EMPLOYMENT BENEFITS (CONTINUED)

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

<table>
<thead>
<tr>
<th>Description</th>
<th>Defined Benefit Pension Plan</th>
<th>Retiree Medical Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2017 $'000</td>
<td>2016 $'000</td>
</tr>
<tr>
<td>Opening fair value of plan assets</td>
<td>1,061,681</td>
<td>951,120</td>
</tr>
<tr>
<td>Members' contributions</td>
<td>11,896</td>
<td>11,430</td>
</tr>
<tr>
<td>Employer's contributions</td>
<td>8,512</td>
<td>8,297</td>
</tr>
<tr>
<td>Interest income on plan assets</td>
<td>94,532</td>
<td>87,520</td>
</tr>
<tr>
<td>Benefits paid</td>
<td>(81,985)</td>
<td>(113,856)</td>
</tr>
<tr>
<td>Value of purchased annuities</td>
<td>18,426</td>
<td>33,037</td>
</tr>
<tr>
<td>Revaluation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Changes in financial assumptions</td>
<td>(12,690)</td>
<td>17,209</td>
</tr>
<tr>
<td>Experience adjustments</td>
<td>89,147</td>
<td>66,834</td>
</tr>
<tr>
<td>Closing fair value of plan assets</td>
<td>1,209,519</td>
<td>1,061,681</td>
</tr>
<tr>
<td>Movement in asset ceiling</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Liability (Asset)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Effect of asset ceiling at beginning</td>
<td>(62,315)</td>
<td>(14,392)</td>
</tr>
<tr>
<td>Interest at asset</td>
<td>(5,608)</td>
<td>(1,367)</td>
</tr>
<tr>
<td>Remeasurement effects</td>
<td>4,563</td>
<td>(48,566)</td>
</tr>
<tr>
<td>Effect of ceiling at the end</td>
<td>(63,360)</td>
<td>(62,315)</td>
</tr>
</tbody>
</table>
BERGER PAINTS JAMAICA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2017

6 POST EMPLOYMENT BENEFITS (CONTINUED)

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

<table>
<thead>
<tr>
<th>Defined Benefit Pension Plan</th>
<th>2017 Fair Value of Plan Asset $'000</th>
<th>2016 Fair Value of Plan Asset $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity fund</td>
<td>262,807</td>
<td>196,320</td>
</tr>
<tr>
<td>CPI indexed fund</td>
<td>43,687</td>
<td>40,262</td>
</tr>
<tr>
<td>International equity</td>
<td>36,506</td>
<td>46,680</td>
</tr>
<tr>
<td>Fixed income fund</td>
<td>121,230</td>
<td>59,841</td>
</tr>
<tr>
<td>Mortgage and real estate fund</td>
<td>237,329</td>
<td>214,061</td>
</tr>
<tr>
<td>Foreign currency fund</td>
<td>149,272</td>
<td>166,799</td>
</tr>
<tr>
<td>Money market fund</td>
<td>4,104</td>
<td>3,127</td>
</tr>
<tr>
<td>Value of purchased annuities</td>
<td>361,287</td>
<td>342,712</td>
</tr>
<tr>
<td>Other adjustments</td>
<td>3,297</td>
<td>(8,141)</td>
</tr>
<tr>
<td>Closing fair value of plan assets</td>
<td>1,209,519</td>
<td>1,061,681</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>1% decrease in Medical inflation</th>
<th>1% increase in Medical inflation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assumption $'000</td>
<td>Assumption $'000</td>
</tr>
</tbody>
</table>

(Decrease) Increase in defined benefit obligation (18,608) 23,241

2. Discount rate

<table>
<thead>
<tr>
<th>1% decrease in Discount rate</th>
<th>1% increase in Discount rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assumption $'000</td>
<td>Assumption $'000</td>
</tr>
</tbody>
</table>

Increase (Decrease) in defined benefit obligation – Medical 23,121 (18,230)
Increase (Decrease) in defined benefit obligation – Pension 100,430 (80,071)
6. POST EMPLOYMENT BENEFITS (CONTINUED)

(i) Sensitivity analyses (Continued)

<table>
<thead>
<tr>
<th>1% decrease in</th>
</tr>
</thead>
<tbody>
<tr>
<td>Future Pension</td>
</tr>
<tr>
<td>Assumption</td>
</tr>
<tr>
<td>$'000</td>
</tr>
<tr>
<td>(Decrease) Increase in defined benefit obligation – Pension</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>1% decrease in</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salary Assumption</td>
</tr>
<tr>
<td>$'000</td>
</tr>
<tr>
<td>(Decrease) Increase in defined benefit obligation – Pension</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>1 year decrease</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 year increase</td>
</tr>
<tr>
<td>$'000</td>
</tr>
<tr>
<td>(Decrease) Increase in defined benefit obligation – Medical</td>
</tr>
<tr>
<td>(Decrease) Increase in defined benefit obligation – Pension</td>
</tr>
</tbody>
</table>

(j) Other

(i) Expected contributions for the next year

<table>
<thead>
<tr>
<th></th>
<th>$'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employer</td>
<td>8,467</td>
</tr>
<tr>
<td>Employee</td>
<td>12,104</td>
</tr>
<tr>
<td></td>
<td>20,571</td>
</tr>
</tbody>
</table>

(ii) Expected expense for the next year

<table>
<thead>
<tr>
<th>Medical</th>
<th>Pension</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
</tr>
<tr>
<td>Service cost</td>
<td>3,068</td>
<td>17,563</td>
</tr>
<tr>
<td>Financing cost (net)</td>
<td>12,350</td>
<td>(15,104)</td>
</tr>
<tr>
<td></td>
<td>16,418</td>
<td>2,419</td>
</tr>
</tbody>
</table>
6. POST EMPLOYMENT BENEFITS (CONTINUED)

   (i) Other (continued)

   (ii) Maturity profile of defined benefit obligation

<table>
<thead>
<tr>
<th></th>
<th>Weighted Average Duration of Liability (years)</th>
<th>Weighted average Duration of Liability (years)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2017</td>
<td>2016</td>
</tr>
<tr>
<td>Pension</td>
<td>27</td>
<td>27</td>
</tr>
<tr>
<td>Medical</td>
<td>27</td>
<td>27</td>
</tr>
</tbody>
</table>

   (iv) Included in the holdings of plan assets is an investment in the Stagicor Pooled Pension Investment Funds which holds 10.4% (2016: 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:

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$'000</td>
<td>$'000</td>
</tr>
<tr>
<td>Deferred tax assets</td>
<td>49,451</td>
<td>56,141</td>
</tr>
<tr>
<td>Deferred tax liabilities</td>
<td>(43,038)</td>
<td>(39,548)</td>
</tr>
</tbody>
</table>

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>6,412</td>
<td>16,592</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$'000</td>
<td>$'000</td>
</tr>
<tr>
<td>Opening balance</td>
<td>16,592</td>
<td>7,849</td>
</tr>
<tr>
<td>Credit to income for the period (Note 20(a))</td>
<td>1,363</td>
<td>8,772</td>
</tr>
<tr>
<td>(Charge) Credit to other comprehensive income for the period (Note 20(b))</td>
<td>(11,543)</td>
<td>171</td>
</tr>
<tr>
<td>Closing balance</td>
<td>6,412</td>
<td>16,592</td>
</tr>
</tbody>
</table>

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

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2017

7 DEFERRED TAX ASSETS (LIABILITIES) (CONTINUED)

Deferred tax assets

<table>
<thead>
<tr>
<th></th>
<th>Accrued vacation</th>
<th>Post-employment benefits</th>
<th>Incentive and other</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>$’000</td>
<td>$’000</td>
<td>$’000</td>
<td>$’000</td>
<td>$’000</td>
</tr>
<tr>
<td>Balance, April 1, 2016</td>
<td>4,151</td>
<td>36,708</td>
<td>7,876</td>
<td>45,038</td>
</tr>
<tr>
<td>Credit to income for the year</td>
<td>424</td>
<td>3,287</td>
<td>5,027</td>
<td>8,540</td>
</tr>
<tr>
<td>Balance, March 31, 2018</td>
<td>4,575</td>
<td>37,780</td>
<td>13,604</td>
<td>55,061</td>
</tr>
<tr>
<td>Credit to income for the year</td>
<td>(584)</td>
<td>3,335</td>
<td>(1,168)</td>
<td>1,393</td>
</tr>
<tr>
<td>Balance, March 31, 2017</td>
<td>(3,043)</td>
<td>(12,406)</td>
<td>(8,008)</td>
<td>(5,051)</td>
</tr>
</tbody>
</table>

Deferred tax liabilities

<table>
<thead>
<tr>
<th></th>
<th>Unrealized foreign exchange gains</th>
<th>Revaluation of properties</th>
<th>Post-employment benefits asset</th>
<th>Excess value over tax allowances on motor vehicles</th>
<th>Capital allowances in excess of depreciation charges</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>$’000</td>
<td>$’000</td>
<td>$’000</td>
<td>$’000</td>
<td>$’000</td>
<td>$’000</td>
<td>$’000</td>
</tr>
<tr>
<td>Balance, April 1, 2016</td>
<td>579</td>
<td>4,734</td>
<td>32,499</td>
<td>2,498</td>
<td>943</td>
<td>41,160</td>
</tr>
<tr>
<td>(Credit); Change to income for the year</td>
<td>(477)</td>
<td>-</td>
<td>1,881</td>
<td>(1,157)</td>
<td>569</td>
<td>776</td>
</tr>
<tr>
<td>Balance, March 31, 2018</td>
<td>102</td>
<td>4,654</td>
<td>32,023</td>
<td>1,331</td>
<td>1,529</td>
<td>38,540</td>
</tr>
<tr>
<td>Charge (Credit) to income for the year</td>
<td>432</td>
<td>-</td>
<td>1,550</td>
<td>(680)</td>
<td>(1,112)</td>
<td>(10)</td>
</tr>
<tr>
<td>Balance, March 31, 2017</td>
<td>534</td>
<td>4,434</td>
<td>37,233</td>
<td>421</td>
<td>417</td>
<td>45,038</td>
</tr>
</tbody>
</table>
### BERGER PAINTS JAMAICA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED MARCH 31, 2017**

<table>
<thead>
<tr>
<th>8 INVENTORIES</th>
<th>2017 $'000</th>
<th>2016 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Finished goods</td>
<td>219,012</td>
<td>191,237</td>
</tr>
<tr>
<td>Work-in-progress</td>
<td>1,208</td>
<td>542</td>
</tr>
<tr>
<td>Raw materials and supplies</td>
<td>120,260</td>
<td>141,156</td>
</tr>
<tr>
<td>Goods-in-transit</td>
<td>2,136</td>
<td>5,206</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>342,616</strong></td>
<td><strong>337,693</strong></td>
</tr>
</tbody>
</table>

Inventories stated above are net of provision for obsolescence amounting to approximately $35.24 million (2016: $40.38 million).

The cost of inventories recognised as an expense during the period, was $1,052.06 million (2016: $953.45 million).

#### Movement in provision for obsolescence

<table>
<thead>
<tr>
<th></th>
<th>2017 $'000</th>
<th>2016 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening balance</td>
<td>40,378</td>
<td>31,732</td>
</tr>
<tr>
<td>Charged to income</td>
<td>7,435</td>
<td>33,617</td>
</tr>
<tr>
<td>Reversal of write down (Note 8(a))</td>
<td>(12,576)</td>
<td>(24,971)</td>
</tr>
<tr>
<td><strong>Closing balance</strong></td>
<td><strong>35,237</strong></td>
<td><strong>40,378</strong></td>
</tr>
</tbody>
</table>

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

Charges in respect of inventory obsolescence of $7.44 million (2016: $33.62 million) are recorded in other operating expenses.
### Balances/Transactions with Related Parties

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

#### Table of transactions and balances

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

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales of Goods and Raw Materials</td>
<td>$100</td>
<td>$100</td>
<td>$100</td>
<td>$100</td>
<td>$100</td>
<td>$100</td>
<td>$100</td>
<td>$100</td>
</tr>
<tr>
<td>Purchases of finished goods and raw materials</td>
<td>82,202</td>
<td>60,045</td>
<td>1,023</td>
<td>1,023</td>
<td>11,941</td>
<td>7,511</td>
<td>18,020</td>
<td>15,377</td>
</tr>
<tr>
<td>Technical Service Fees</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Amounts Owed by Related Parties</td>
<td>91,202</td>
<td>61,045</td>
<td>1,023</td>
<td>1,023</td>
<td>11,941</td>
<td>7,511</td>
<td>18,020</td>
<td>15,377</td>
</tr>
</tbody>
</table>

**Immediate parent**

- **Lewis Berger (Overseas Holdings) Ltd.**
  - 2017: $0
  - 2016: $0

**Fellow subsidiaries**

- **Berger Trinidad**
  - 2017: 334
  - 2016: 1,544
- **Berger Barbados**
  - 2017: 2,374
  - 2016: 15
- **Asian Paints International Limited**
  - 2017: -
  - 2016: -
- **Berger Singapore**
  - 2017: 65
  - 2016: 329
- **Berger Entinas**
  - 2017: -
  - 2016: -

**Reflected in statement of financial position**

- **Due from fellow subsidiaries**
  - 2017: 11,941
  - 2016: 7,511
- **Due to fellow subsidiaries**
  - 2017: (2,145)
  - 2016: (1,023)

**Directors**

- **2017: 21**
- **2016: 18**

Sale of goods to related parties were made at the predetermined group rates. Purchases are made at market prices. 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.
BERGER PAINTS JAMAICA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2017

9. BALANCES/TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

Loans to related parties

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$'000</td>
<td>$'000</td>
</tr>
<tr>
<td>Key management personnel</td>
<td>120</td>
<td>778</td>
</tr>
</tbody>
</table>

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:

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$'000</td>
<td>$'000</td>
</tr>
<tr>
<td>Short-term benefits</td>
<td>83,449</td>
<td>72,787</td>
</tr>
<tr>
<td>Post-employment benefits</td>
<td>2,217</td>
<td>1,810</td>
</tr>
</tbody>
</table>

65,666  74,587

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

10. TRADE AND OTHER RECEIVABLES

<table>
<thead>
<tr>
<th></th>
<th>2017 $'000</th>
<th>2016 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade receivables (net of provisions for outstanding rebates to customers of $24.40 million (2016: $35.48 million))</td>
<td>411,672</td>
<td>347,205</td>
</tr>
<tr>
<td>Less allowance for doubtful debts</td>
<td>40,010</td>
<td>50,244</td>
</tr>
<tr>
<td>Other receivables and prepayments (net of an allowance for doubtful debts of $12.24 million (2016: $11.63 million))</td>
<td>371,662</td>
<td>296,662</td>
</tr>
</tbody>
</table>

23,558  28,403

395,220  325,365

The average credit period on sale of goods is 30 - 60 days. The company has provided fully for all receivables due for over one year because historical experience has shown that receivables that are past due beyond this period are generally not recoverable. Trade receivables outstanding between 30 days and 1 year are provided for based on estimated irrecoverable amounts from the sale of goods, determined by reference to past default experience of the counterparty and an analysis of the counterparty’s current financial position.
BERGER PAINTS JAMAICA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2017

10. TRADE AND OTHER RECEIVABLES (CONTINUED)

Before accepting any new customer, the company uses a credit bureau to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed annually. Of the trade receivables balance at the end of the reporting period, $73.36 million (2016: $120.10 million) (amount within the approved credit limit) is due from one (2016: two) of the company's customers (See also Note 23(d)). There are no other customers who represent more than 5% of the total balance of trade receivables.

Included in the company's trade receivable balance are debtors with a carrying amount of $223.19 million (2016: $246.37 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 60 days (2016: 67 days).

<table>
<thead>
<tr>
<th>Ages of past due but not impaired</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>30 – 90 days</td>
<td>184,570</td>
<td>192,195</td>
</tr>
<tr>
<td>91 – 180 days</td>
<td>28,614</td>
<td>30,974</td>
</tr>
<tr>
<td>181 – 270 days</td>
<td>7,937</td>
<td>19,188</td>
</tr>
<tr>
<td>271 – 360 days</td>
<td>2,073</td>
<td>4,010</td>
</tr>
<tr>
<td></td>
<td>223,184</td>
<td>246,367</td>
</tr>
</tbody>
</table>

**Movement in allowance for doubtful debts**

<table>
<thead>
<tr>
<th></th>
<th>Trade Receivables</th>
<th>Other Receivables</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening balance</td>
<td>50,244</td>
<td>45,515</td>
</tr>
<tr>
<td>Impairment losses recognised on receivables</td>
<td>24,176</td>
<td>37,212</td>
</tr>
<tr>
<td>Amounts written-off as uncollectible</td>
<td>(11,924)</td>
<td>(141)</td>
</tr>
<tr>
<td>Amounts recovered during the year</td>
<td>(22,586)</td>
<td>(32,343)</td>
</tr>
<tr>
<td>Closing balance</td>
<td>40,010</td>
<td>50,244</td>
</tr>
</tbody>
</table>

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.

<table>
<thead>
<tr>
<th>Ages of impaired trade receivables</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>≥ 365 days</td>
<td>40,010</td>
<td>50,244</td>
</tr>
</tbody>
</table>
10. TRADE AND OTHER RECEIVABLES (CONTINUED)

Ageing of impaired other receivables

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>≥ 365 days</td>
<td>12,244</td>
<td>11,628</td>
</tr>
</tbody>
</table>

11. CASH AND BANK BALANCES

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash on hand</td>
<td>984</td>
<td>796</td>
</tr>
<tr>
<td>Foreign currency bank deposits (Note 11(a))</td>
<td>96,125</td>
<td>20,007</td>
</tr>
<tr>
<td>Jamaican dollar bank deposits (Note 11(b))</td>
<td>269,456</td>
<td>117,919</td>
</tr>
<tr>
<td></td>
<td>386,565</td>
<td>138,722</td>
</tr>
</tbody>
</table>

(a) These include non-interest bearing accounts totalling $1.62 million (2016: $1.57 million), representing the Jamaican dollar equivalent of Belize $26,700 (2016: $26,700) and $94.50 million (2016: $18.44 million) representing the Jamaican dollar equivalent of US$734,508 (2016: US$149,167).

(b) (i) This includes an interest bearing account totalling $0.008 million (2016: $0.008 million) at an interest rate of 0.05% (2016: 0.20%) per annum.

(ii) The company has a credit facility (overdraft) with a commercial bank to a limit of $90.0 million (2016: $91.5 million) at a rate of 16.25% (2016: 17.25%) per annum. The company did not utilise the facility during the year, hence there were no overdraft balances as at March 31, 2017 and March 31, 2016.

(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.

12. SHARE CAPITAL

<table>
<thead>
<tr>
<th></th>
<th>2017 No. of shares</th>
<th>2016 No. of shares</th>
<th>2017 $'000</th>
<th>2016 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Authorised: No par value ordinary shares at the beginning and end of the period</td>
<td>214,322,393</td>
<td>214,322,393</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Issued and fully paid at the beginning and end of the period</td>
<td>214,322,393</td>
<td>214,322,393</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Stated capital | 141,793 | 141,793 |

There were no movements in share capital during the period.

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

<table>
<thead>
<tr>
<th>Properties</th>
<th>Revaluation Reserve</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2017 $'000</td>
<td>2016 $'000</td>
</tr>
<tr>
<td>Balance at beginning of year</td>
<td>44,995</td>
<td>44,845</td>
</tr>
<tr>
<td>Adjustments to deferred tax liability in respect of revalued buildings (Note 20(b))</td>
<td>150</td>
<td>150</td>
</tr>
<tr>
<td>Balance at end of year</td>
<td>45,145</td>
<td>44,995</td>
</tr>
</tbody>
</table>

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

14. PROVISIONS

<table>
<thead>
<tr>
<th>Employee Benefits</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2017 $'000</td>
</tr>
<tr>
<td>Opening balance</td>
<td>18,301</td>
</tr>
<tr>
<td>Charged to income for year</td>
<td>20,662</td>
</tr>
<tr>
<td>Utilised during the year</td>
<td>(22,599)</td>
</tr>
<tr>
<td>Closing balance</td>
<td>15,964</td>
</tr>
</tbody>
</table>

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

15. TRADE AND OTHER PAYABLES

<table>
<thead>
<tr>
<th></th>
<th>2017 $'000</th>
<th>2016 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade payables</td>
<td>186,785</td>
<td>135,555</td>
</tr>
<tr>
<td>Other payables and accruals</td>
<td>114,881</td>
<td>150,295</td>
</tr>
<tr>
<td></td>
<td>301,668</td>
<td>285,850</td>
</tr>
</tbody>
</table>

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.
BERGER PAINTS JAMAICA LIMITED – DIRECTORS’ CIRCULAR

SECTION 16

DIVIDENDS

During the current year:

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

(ii) The directors propose a special dividend of 20¢ per share totalling $42.86 million and a final dividend of 30¢ per share totalling $64.30 million for the year ended March 31, 2017 to be paid on August 4, 2017 to shareholders on the company’s register of members at the close of business July 21, 2017.

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

During the 2015/2016:

A final dividend of 12¢ per share totalling $25.72 million for the year ended March 31, 2015 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 20, 2015.

SECTION 17

SALES (NET OF DISCOUNTS AND REBATES)

The following are entity-wide disclosures:

(a) Products

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Decorative/architectural products</td>
<td>2,267,910</td>
<td>1,668,047</td>
</tr>
<tr>
<td>Industrial products</td>
<td>95,178</td>
<td>84,568</td>
</tr>
<tr>
<td></td>
<td>2,363,088</td>
<td>2,050,615</td>
</tr>
</tbody>
</table>

(b) Geographical areas

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic sales</td>
<td>2,236,670</td>
<td>1,944,544</td>
</tr>
<tr>
<td>Export sales</td>
<td>126,418</td>
<td>106,071</td>
</tr>
<tr>
<td></td>
<td>2,363,088</td>
<td>2,050,615</td>
</tr>
</tbody>
</table>

(c) Major customers

Of the sales for the period, 11% (2016: 14%) was attributable to the company’s largest customer. There were no other customers who represented 10% or more of the company’s revenue.
### PROFIT BEFORE TAXATION

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

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>(i) Revenue and expenses on financial assets at amortised cost</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest – bank deposits</td>
<td>-</td>
<td>22</td>
</tr>
<tr>
<td>Expenses:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest – overdraft</td>
<td>-</td>
<td>961</td>
</tr>
<tr>
<td>Allowance for doubtful debt on sale of goods net of recoveries of $22.59 million (2016: $32.34 million)</td>
<td>1,590</td>
<td>4,863</td>
</tr>
<tr>
<td>Allowance for doubtful debt on other receivables</td>
<td>616</td>
<td>8,004</td>
</tr>
<tr>
<td>(ii) Net loss on financial assets and financial liabilities at amortised cost</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net foreign exchange loss</td>
<td>1,755</td>
<td>2,911</td>
</tr>
<tr>
<td>(iii) Other expenses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Directors’ emoluments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fees</td>
<td>1,950</td>
<td>1,950</td>
</tr>
<tr>
<td>Management</td>
<td>25,739</td>
<td>21,031</td>
</tr>
<tr>
<td>Audit fees</td>
<td>4,935</td>
<td>4,815</td>
</tr>
</tbody>
</table>
BERGER PAINTS JAMAICA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2017

19. STAFF COSTS

Staff costs incurred during the period were:

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries, wages and statutory contributions</td>
<td>368,498</td>
<td>385,587</td>
</tr>
<tr>
<td>Other staff benefits</td>
<td>82,726</td>
<td>89,770</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>451,224</td>
<td>475,357</td>
</tr>
</tbody>
</table>

20. TAXATION

Current and deferred taxes have been calculated using the tax rate of 25% (2016: 25%).

(a) Recognised in profit and loss

(i) The total charge for the period comprises:

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current tax</td>
<td>92,572</td>
<td>40,745</td>
</tr>
<tr>
<td>Employment tax credit</td>
<td>(27,922)</td>
<td>(12,222)</td>
</tr>
<tr>
<td>Write back excess tax provisions – prior years</td>
<td>(13,254)</td>
<td>-</td>
</tr>
<tr>
<td>Deferred tax adjustment (Note 7)</td>
<td>(1,363)</td>
<td>(8,772)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>50,133</td>
<td>19,751</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit before tax</td>
<td>365,688</td>
<td>141,888</td>
</tr>
<tr>
<td>Tax at the domestic income tax rate of 25%</td>
<td>91,422</td>
<td>35,472</td>
</tr>
<tr>
<td>Tax effect of expenses that are not deductible in determining taxable profit</td>
<td>50</td>
<td>255</td>
</tr>
<tr>
<td>Employment tax credit</td>
<td>(27,922)</td>
<td>(12,222)</td>
</tr>
<tr>
<td>Prior years over provision</td>
<td>(13,254)</td>
<td>-</td>
</tr>
<tr>
<td>Other</td>
<td>(163)</td>
<td>(3,754)</td>
</tr>
<tr>
<td><strong>Tax expense for the period</strong></td>
<td>50,133</td>
<td>19,751</td>
</tr>
</tbody>
</table>

The tax rate used for the reconciliations above is the company tax rate of 25% (2016: 25%) payable by corporate entities in Jamaica on taxable profits under tax laws.
BERGER PAINTS JAMAICA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2017

20. TAXATION (CONTINUED)

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

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revaluation of properties (Note 13)</td>
<td>150</td>
<td>150</td>
</tr>
<tr>
<td>Remeasurement of defined benefit plans</td>
<td>(11,543)</td>
<td>21</td>
</tr>
<tr>
<td></td>
<td>(11,393)</td>
<td>171</td>
</tr>
</tbody>
</table>

(c) Current tax liabilities

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income tax payable</td>
<td>30,233</td>
<td>10,475</td>
</tr>
</tbody>
</table>

21. EARNINGS PER STOCK UNIT

The calculation of earnings per stock unit is based on the profit after taxation of $315.56 million (2016: $122.14 million) and the number of stock units in issue during the period of 214,322,393 units (2016: 214,322,393 units).

22. COMMITMENTS

(a) Capital commitment

There were no capital commitments as at March 31, 2017. Capital expenditure authorised but not contracted for at March 31, 2016 amounted to approximately $7.30 million. These expenditures were mainly in respect of the acquisition of plant & machinery and Dealer Tinting Machines.

(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.

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minimum lease payments under operating leases recognised as an expense in the period</td>
<td>7,612</td>
<td>7,783</td>
</tr>
</tbody>
</table>
BERGER PAINTS JAMAICA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2017

22. COMMITMENTS (CONTINUED)

(b) Operating lease arrangements (Continued)

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

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$'000</td>
<td>$'000</td>
</tr>
<tr>
<td>Within one year</td>
<td>9,401</td>
<td>8,605</td>
</tr>
<tr>
<td>In the second to fifth years inclusive</td>
<td>9,809</td>
<td>19,210</td>
</tr>
<tr>
<td></td>
<td>19,210</td>
<td>27,815</td>
</tr>
</tbody>
</table>

23. 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:

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$'000</td>
<td>$'000</td>
</tr>
<tr>
<td>Financial Assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loans and receivables – at amortised cost</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Due from fellow subsidiaries</td>
<td>11,641</td>
<td>7,511</td>
</tr>
<tr>
<td>- Trade and other receivables (excluding prepayments)</td>
<td>393,233</td>
<td>321,022</td>
</tr>
<tr>
<td>- Cash and bank balances</td>
<td>386,565</td>
<td>138,722</td>
</tr>
<tr>
<td></td>
<td>781,438</td>
<td>468,055</td>
</tr>
<tr>
<td>Financial Liabilities (at amortised cost)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Due to immediate parent company</td>
<td>12,861</td>
<td>10,967</td>
</tr>
<tr>
<td>- Due to fellow subsidiaries</td>
<td>2,215</td>
<td>6,834</td>
</tr>
<tr>
<td>- Dividends payable</td>
<td>16,882</td>
<td>15,968</td>
</tr>
<tr>
<td>- Trade and other payables (excluding accruals)</td>
<td>258,108</td>
<td>221,640</td>
</tr>
<tr>
<td></td>
<td>290,106</td>
<td>255,409</td>
</tr>
</tbody>
</table>
BERGER PAINTS JAMAICA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2017

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

Financial risk management policies and objectives

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

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

Financial risk management objectives

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

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

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

The company does not hold or issue derivative financial instruments.

Exposures are measured using sensitivity analyses indicated below.

(a) Market risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market. The company’s activities exposes it primarily to the financial risks of changes in foreign currencies, as disclosed in Note 23(b) below, interest rates as disclosed in Note 23(c) below as well as equity price risks.
23. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONTINUED)

Financial risk management policies and objectives (Continued)

(b) Foreign exchange risk

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

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

Management of foreign exchange risk

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

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

<table>
<thead>
<tr>
<th>Liabilities</th>
<th>Assets</th>
<th>Net Liabilities (Assets)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2017 J$'000</td>
<td>2016 J$'000</td>
</tr>
<tr>
<td>US dollars</td>
<td>120,772</td>
<td>72,589</td>
</tr>
<tr>
<td>Euros</td>
<td></td>
<td>1,877</td>
</tr>
<tr>
<td>GBP</td>
<td>-</td>
<td>1,392</td>
</tr>
<tr>
<td>Belize dollars</td>
<td>-</td>
<td>1,525</td>
</tr>
</tbody>
</table>

Foreign currency sensitivity

The following table details the sensitivity to a 1% revaluation and 6% devaluation (2015: 1% revaluation and 6% devaluation) in the Jamaican dollar against the relevant foreign currencies. The above sensitivity rates are used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for the above change in foreign currency rates.
BERGER PAINTS JAMAICA LIMITED– DIRECTORS’ CIRCULAR

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2017

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

Financial risk management policies and objectives (Continued)

(b) Foreign exchange risk (Continued)

Foreign currency sensitivity (Continued)

If the Jamaican dollar strengthens by 1% or weakens by 6% (2016: strengthens by 1% or
weakens by 6%) against the relevant foreign currency, profit will increase (decrease) by:

Profit or loss increase (decrease)

<table>
<thead>
<tr>
<th>March 31, 2017</th>
<th>Revaluation</th>
<th>Devolution</th>
</tr>
</thead>
<tbody>
<tr>
<td>US dollars</td>
<td>+1</td>
<td>-3</td>
</tr>
<tr>
<td>Euros</td>
<td>+1</td>
<td>-6</td>
</tr>
<tr>
<td>GBP</td>
<td>+1</td>
<td>-6</td>
</tr>
<tr>
<td>Belize dollars</td>
<td>+1</td>
<td>(15)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(13)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>March 31, 2016</th>
<th>Revaluation</th>
<th>Devolution</th>
</tr>
</thead>
<tbody>
<tr>
<td>US dollars</td>
<td>+1</td>
<td>(34)</td>
</tr>
<tr>
<td>Euros</td>
<td>+1</td>
<td>-5</td>
</tr>
<tr>
<td>GBP</td>
<td>+1</td>
<td>-5</td>
</tr>
<tr>
<td>Belize dollars</td>
<td>+1</td>
<td>(16)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(17)</td>
</tr>
</tbody>
</table>

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

The company's sensitivity to foreign currency has decreased during the current year mainly due
to the increased holdings of bank deposits and trade receivables offset by increased payables
denominated in foreign currencies.

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

(c) Interest rate risk management

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

The company's exposure to interest rates on financial assets and financial liabilities are detailed
in the liquidity risk management section at Note 23(c) below.

Management of interest rate risk
The company manages its interest rate risk by monitoring the movements in the market interest
rates closely.
BERGER PAINTS JAMAICA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2017

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

Financial risk management policies and objectives (Continued)

(c) Interest rate risk management (Continued)

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 100 basis points increase and a 100 basis point decrease (2016: a 100 basis points increase and a 100 basis points decrease) and for foreign currency denominated balances, a 100 basis points increase and a 50 basis points decrease (2016: 100 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.

As at March 31, 2017 and 2016, the company had no significant exposure to interest rate risk.

(d) Credit risk management

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

Financial assets that potentially subject the company to concentration of credit risk consist principally of cash, cash equivalents, trade and other receivables and amounts due from related parties. The maximum exposure to credit risk is the amount of approximately $790.46 million (2016: $467.26 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 $385.68 million (2016: $137.02 million) at the reporting date represents the company’s maximum exposure to this class of financial assets.
BERGER PAINTS JAMAICA LIMITED– DIRECTORS’ CIRCULAR

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2017

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

Financial risk management policies and objectives (Continued)

(d) Credit risk management (Continued)

Trade and other receivables
The company has adopted a policy of dealing with creditworthy counterparties as a means of mitigating the risk of financial losses from defaults. The company’s exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by management on an annual basis. Further, trade receivables consist of a large number of customers, spread across the retail and construction sectors and as such, the company does not have significant credit risk exposure to any single counterparty, except in respect of one retail entity whose outstanding balance (2016: two retail entities whose balances) (within the approved credit limits) amount to approximately 18% (2016: 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 $371.66 million (2016: $296.96 million) and other receivables totalling $21.57 million (2016: $24.86 million) at year end which is net of impairment of approximately $40.01 million and $12.24 million respectively (2016: $50.24 million and $11.63 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 $11.64 million (2016: $7.51 million) at the reporting date represents the company’s maximum exposure to this class of financial assets.

(e) Liquidity risk management

Liquidity risk, also referred to as funding risk, is the risk that the company will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at, or close to, its fair value. Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents, and the availability of funding through an adequate amount of committed facilities. Due to the nature of the underlying business, the management of the company maintains an adequate amount of its financial assets in liquid form to meet contractual obligations and other recurring payments. The company also maintains a credit overdraft facility with a commercial bank to a limit of $90.0 million (2016: $31.5 million).
23. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT
(CONTINUED)

Financial risk management policies and objectives (Continued)

(e) Liquidity risk management (Continued)

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

Non-derivative financial liabilities

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

<table>
<thead>
<tr>
<th></th>
<th>Weighted Average Effective Interest Rate</th>
<th>On Demand or Within 1 Year</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>%</td>
<td>$'000</td>
<td>$'000</td>
</tr>
<tr>
<td>2017</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-interest bearing</td>
<td></td>
<td>290,106</td>
<td>290,106</td>
</tr>
<tr>
<td>2016</td>
<td></td>
<td>255,409</td>
<td>255,409</td>
</tr>
</tbody>
</table>

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.

<table>
<thead>
<tr>
<th></th>
<th>Weighted Average Effective Interest Rate</th>
<th>On Demand or Within 1 Year</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>%</td>
<td>$'000</td>
<td>$'000</td>
</tr>
<tr>
<td>2017</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-interest bearing</td>
<td></td>
<td>791,431</td>
<td>791,431</td>
</tr>
<tr>
<td>Interest bearing</td>
<td>0.05</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td>2016</td>
<td></td>
<td>468,047</td>
<td>468,047</td>
</tr>
<tr>
<td>Non-interest bearing</td>
<td></td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td>Interest bearing</td>
<td>0.2</td>
<td>8</td>
<td>8</td>
</tr>
</tbody>
</table>
23. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONTINUED)

Financial risk management policies and objectives (Continued)

(f) Fair value of financial assets and financial liabilities

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

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

- The carrying amounts included in the financial statements for cash and bank balances, trade and other receivables and trade and other payables due to immediate parent company and due from or to fellow subsidiaries reflect the approximate fair values because of the short-term maturity of these instruments.

Capital risk management policies and objectives

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

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

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

The company’s overall strategy as directed by its parent remains unchanged from year ended 2016.
14 September 2017

The Directors
Berger Paints Jamaica Limited
256 Spanish Town Road
Kingston 11
Jamaica

Dear Sirs:

We refer to your request on 13 September 2017 with respect to the inclusion of the audited financial statements for Berger Paints Jamaica Limited ("the Company") for the year ended 31 March 2017 in the Director's Circular in response to the offer by Ansa Coatings International Limited to acquire 104,990,171 ordinary stock units in the Company. We write to indicate our non-objection to the inclusion of the audited financial statements as at 31 March 2017 in the aforementioned document.

Yours truly,

Ernst & Young
Chartered Accountants
APPENDIX 2

BERGER PAINTS JAMAICA LIMITED UN-AUDITED FINANCIAL STATEMENTS FOR THE QUARTER ENDED JUNE 30, 2017
BERGER PAINTS JAMAICA LIMITED
UNAUDITED Q1 FINANCIAL STATEMENTS
DIRECTORS' STATEMENT

Berger Paints Jamaica Limited achieved net profits of $23.4 million for the first quarter ended June 30, 2017 compared to $21.1 million, a 10.6% increase over the corresponding period due to continued focus on efficiencies both in operations and administration.

Net Sales were $454.6 Million compared to $506.1 million last year, a 10% decrease due to the impact of local cement shortages and the adverse weather conditions during the quarter.

We thank our customers, employees, suppliers and other stakeholders for their support and valuable contribution to the company's performance to date, and look forward to their continued support of the Berger brand of quality.

On behalf of the Board

Michael Fennell
Director
BERGER PAINTS JAMAICA LIMITED
UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017

<table>
<thead>
<tr>
<th></th>
<th>June 30, 2017</th>
<th>June 30, 2016</th>
<th>March 31, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
</tr>
</tbody>
</table>

**ASSETS**

Non-current assets

| Property, plant & equipment | 209,794      | 204,848       | 197,583       |
| Deferred tax assets         | 6,412        | 16,502        | 6,412         |
| Post employment benefits    | 149,807      | 128,633       | 148,938       |
| **Total**                  | **365,913**  | **350,073**   | **352,931**   |

Current Assets

|                     | 1,112,338    | 811,532       | 1,136,042     |
| **Total Assets**    | **1,478,251**| **1,181,605** | **1,488,973** |

**EQUITY AND LIABILITIES**

Shareholders' Equity

| Share capital        | 141,793      | 141,793       | 141,793       |
| Revaluation reserve  | 45,145       | 44,995        | 45,145        |
| Revenue reserve      |              |               |               |
| Profit & loss account| 913,491      | 460,514       | 789,985       |
| **Total**            | **1,000,339**| **847,302**   | **976,923**   |

Non-current liabilities

| Post employment benefits | 135,892 | 158,068 | 132,209 |
| Deferred tax liabilities |        |         |         |
| **Total**                | **135,892**| **158,068**| **132,209**|

Current Liabilities

| Current Liabilities     | 340,820     | 358,235     | 378,851     |
| **Total equity and liabilities** | **1,478,051**| **1,161,605**| **1,488,973**|

Approved by: [Signature]

Approved by: [Signature]
### BERGER PAINTS JAMAICA LIMITED
#### UNAUDITED INCOME STATEMENT
#### THREE MONTHS ENDED 30 JUNE 2017

<table>
<thead>
<tr>
<th></th>
<th>Quarter Ended June 30</th>
<th>Quarter Ended June 30</th>
<th>Year Ended March 31</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2017 $'000</td>
<td>2016 $'000</td>
<td>2017 $'000</td>
</tr>
<tr>
<td>Sales (net of discount and rebates)</td>
<td>454,553</td>
<td>506,181</td>
<td>2,383,088</td>
</tr>
<tr>
<td>Profit from operations</td>
<td>31,221</td>
<td>28,218</td>
<td>365,688</td>
</tr>
<tr>
<td>Income from investments</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Finance Costs</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>PROFIT BEFORE TAXATION</td>
<td>31,221</td>
<td>28,218</td>
<td>365,688</td>
</tr>
<tr>
<td>Taxation</td>
<td>(7,805)</td>
<td>(7,054)</td>
<td>(50,133)</td>
</tr>
<tr>
<td>NET PROFIT</td>
<td>23,416</td>
<td>21,164</td>
<td>315,555</td>
</tr>
<tr>
<td>Earnings per stock unit</td>
<td>0.311</td>
<td>0.100</td>
<td>1.47</td>
</tr>
</tbody>
</table>
BERGER PAINTS JAMAICA LIMITED
UNAUDITED STATEMENT OF CHANGES STOCKHOLDERS’ EQUITY
THREE MONTHS ENDED 30 JUNE 2017

<table>
<thead>
<tr>
<th></th>
<th>Share Capital</th>
<th>Revaluation reserve</th>
<th>Revenue Reserve - Profit &amp; Loss Account</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Balance at April 1, 2016</strong></td>
<td>141,793</td>
<td>44,995</td>
<td>482,214</td>
<td>669,002</td>
</tr>
<tr>
<td><strong>Net Profit for three months</strong></td>
<td></td>
<td></td>
<td>21,164</td>
<td>21,164</td>
</tr>
<tr>
<td><strong>Total comprehensive income for the period</strong></td>
<td></td>
<td></td>
<td>21,164</td>
<td>21,164</td>
</tr>
<tr>
<td><strong>Final Dividend declared</strong></td>
<td></td>
<td></td>
<td>(42,864)</td>
<td>(42,864)</td>
</tr>
<tr>
<td><strong>Balance at June 30, 2016</strong></td>
<td>141,793</td>
<td>44,995</td>
<td>460,514</td>
<td>647,302</td>
</tr>
<tr>
<td><strong>Balance at April 1, 2017</strong></td>
<td>141,793</td>
<td>45,145</td>
<td>789,985</td>
<td>976,923</td>
</tr>
<tr>
<td><strong>Net Profit for three months</strong></td>
<td></td>
<td></td>
<td>23,416</td>
<td>23,416</td>
</tr>
<tr>
<td><strong>Total comprehensive income for the period</strong></td>
<td></td>
<td></td>
<td>23,416</td>
<td>23,416</td>
</tr>
<tr>
<td><strong>Final Dividend declared</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Balance at June 30, 2017</strong></td>
<td>141,793</td>
<td>45,145</td>
<td>813,491</td>
<td>1,000,339</td>
</tr>
</tbody>
</table>
BERGER PAINTS JAMAICA LIMITED– DIRECTORS’ CIRCULAR

BERGER PAINTS JAMAICA LIMITED
UNAUDITED STATEMENT OF CASH FLOWS
THREE MONTHS ENDED 30 JUNE 2017

<table>
<thead>
<tr>
<th></th>
<th>June 30, 2017</th>
<th>June 30, 2016</th>
<th>March 31, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
</tr>
<tr>
<td><strong>Cash flows from operating activities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Profit</td>
<td>23,418</td>
<td>21,164</td>
<td>318,555</td>
</tr>
<tr>
<td>Adjustments for:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>6,091</td>
<td>9,727</td>
<td>31,997</td>
</tr>
<tr>
<td>Net provision charge</td>
<td>-</td>
<td>450</td>
<td>(2,357)</td>
</tr>
<tr>
<td>Gain on sale of property, plant &amp; equipment</td>
<td>-</td>
<td>-</td>
<td>(1,334)</td>
</tr>
<tr>
<td>Post retirement benefit charge</td>
<td>4,683</td>
<td>5,028</td>
<td>19,966</td>
</tr>
<tr>
<td>Impairment loss on trade &amp; other receivables</td>
<td>(1,996)</td>
<td>2,689</td>
<td>2,206</td>
</tr>
<tr>
<td>Income tax expense</td>
<td>7,605</td>
<td>7,054</td>
<td>50,133</td>
</tr>
<tr>
<td>Decrease / (Increase) in trade and other receivables</td>
<td>40,897</td>
<td>45,657</td>
<td>415,196</td>
</tr>
<tr>
<td>Decrease / (Increase) in inventories</td>
<td>41,247</td>
<td>31,888</td>
<td>(72,061)</td>
</tr>
<tr>
<td>(Decrease) / Increase in trade and other payables</td>
<td>(101,498)</td>
<td>11,367</td>
<td>(4,623)</td>
</tr>
<tr>
<td>Increase / (Decrease) in due to fellow subsidiaries</td>
<td>(33,955)</td>
<td>(43,133)</td>
<td>15,796</td>
</tr>
<tr>
<td>Increase / (Decrease) in due to immediate parent company</td>
<td>(2,385)</td>
<td>(1,669)</td>
<td>(6,746)</td>
</tr>
<tr>
<td>Post employment benefits contribution</td>
<td>(1,979)</td>
<td>3,312</td>
<td>1,924</td>
</tr>
<tr>
<td><strong>Cash generated from operations</strong></td>
<td>(57,944)</td>
<td>46,943</td>
<td>335,646</td>
</tr>
<tr>
<td>Income tax paid</td>
<td>(10,218)</td>
<td>(7,123)</td>
<td>(31,736)</td>
</tr>
<tr>
<td><strong>Net cash flows from operating activities</strong></td>
<td>(68,160)</td>
<td>39,820</td>
<td>303,907</td>
</tr>
</tbody>
</table>

**Investing Activities**

| Proceeds from sale of property, plant & equipment |             | 1,338         |
| Acquisition of property, plant and equipment | (19,999)     | (15,462)      |
| **Net cash from (used) in investment activities** | (19,999)     | (44,892)      |

**Financing Activities**

| Dividends paid | -            | -            | (41,940)      |
| **Net cash used in financing activities** | -            | -            | (41,940)      |

**Net Increase in Cash and Cash Equivalents**

| (38,159)       | 39,820       | 247,843       |

**Opening Cash and Cash Equivalents**

| 386,565       | 138,722      | 138,722       |

**Closing Cash and Cash Equivalents**

| 298,406       | 178,542      | 386,565       |
BERGER PAINTS JAMAICA LIMITED
NOTES TO THE UNAUDITED FINANCIAL RESULTS
THREE MONTHS ENDED 30 JUNE 2017

1. Basis of preparation

The unaudited financial results for the three-month period ended 30 June 2017 have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting.

2. Significant accounting policies

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

The same accounting policies, presentation and methods of computation have been followed in these unaudited financial results as were applied in the preparation of the company’s audited financial statements for the year ended March 31, 2017.

3. Related Party Transactions

The company carried out transactions in the ordinary course of business during the period with its affiliates. Balances at the period end were:

<table>
<thead>
<tr>
<th>Related Parties</th>
<th>Amount owed by (to)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2017</td>
</tr>
<tr>
<td>Immediate parent</td>
<td></td>
</tr>
<tr>
<td>Lewis Berger Overseas Holding</td>
<td>(12,300)</td>
</tr>
<tr>
<td>Fellow subsidiaries</td>
<td></td>
</tr>
<tr>
<td>Berger Trinidad</td>
<td>12,539</td>
</tr>
<tr>
<td>Berger Barbados</td>
<td>1,029</td>
</tr>
<tr>
<td>Berger Singapore</td>
<td>(743)</td>
</tr>
</tbody>
</table>

4. Dividends

The Directors proposed a special dividend of 20 cents per share totaling $42.86 million and a final dividend of 30 cents per share totaling $64.30 million for the year ended March 31, 2017 to be paid on August 11, 2017 to shareholders on the company’s register of members at the close of business July 31, 2017.

5. Issued Share Capital

There were no movements in the issued capital of the company in either the current or the prior interim reporting periods.
6. Earnings per stock unit

The calculation of the earnings per stock unit is based on the profit after tax and the number of stock units in issue during the period of 214,322,393.
August 31, 2017

The Board of Directors
Berger Paints Jamaica Limited
256 Spanish Town Road
Kingston 11

Dear Sirs,


I, Huron Gordon, Financial Controller/Company secretary of Berger Paints Jamaica Limited hereby confirm that the unaudited financial statements of Berger Paints Jamaica Limited for the three months ended June 30, 2017 attached hereto, fairly reflect the financial position of Berger Paints Jamaica Limited over the period in question.

Yours faithfully,

Huron Gordon
Financial Controller/Company Secretary
## Five Year Audited Statements of Income
### For Year Ended March 31,

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales (net of discounts and rebates)</td>
<td>2,363,088</td>
<td>2,050,615</td>
<td>1,853,595</td>
<td>1,737,995</td>
<td>1,608,216</td>
</tr>
<tr>
<td>Raw materials and consumable used</td>
<td>(1,080,705)</td>
<td>(988,493)</td>
<td>(882,161)</td>
<td>(870,231)</td>
<td>(782,202)</td>
</tr>
<tr>
<td>Changes in inventories of finished goods and work in progress (net)</td>
<td>28,641</td>
<td>35,042</td>
<td>839</td>
<td>23,785</td>
<td>(1,926)</td>
</tr>
<tr>
<td>Manufacturing expenses</td>
<td>(116,461)</td>
<td>(109,726)</td>
<td>(97,600)</td>
<td>(94,879)</td>
<td>(89,085)</td>
</tr>
<tr>
<td>Depreciation</td>
<td>(31,997)</td>
<td>(29,323)</td>
<td>(21,557)</td>
<td>(20,034)</td>
<td>(18,215)</td>
</tr>
<tr>
<td>Employee benefits expense</td>
<td>(481,224)</td>
<td>(475,357)</td>
<td>(449,526)</td>
<td>(408,170)</td>
<td>(4399,285)</td>
</tr>
<tr>
<td>Other operating expenses</td>
<td>(322,172)</td>
<td>(341,212)</td>
<td>(331,537)</td>
<td>(292,868)</td>
<td>(262,774)</td>
</tr>
<tr>
<td>Other income</td>
<td>6,518</td>
<td>1,303</td>
<td>7,132</td>
<td>5,246</td>
<td>1,776</td>
</tr>
<tr>
<td><strong>PROFIT BEFORE FINANCE COSTS AND TAXATION</strong></td>
<td>365,688</td>
<td>142,849</td>
<td>79,185</td>
<td>80,844</td>
<td>56,505</td>
</tr>
<tr>
<td>Finance costs</td>
<td>-</td>
<td>(961)</td>
<td>(22)</td>
<td>(136)</td>
<td>(27)</td>
</tr>
<tr>
<td><strong>PROFIT BEFORE TAXATION</strong></td>
<td>365,688</td>
<td>141,888</td>
<td>79,163</td>
<td>80,708</td>
<td>56,478</td>
</tr>
<tr>
<td>Taxation</td>
<td>(50,133)</td>
<td>(19,751)</td>
<td>(12,126)</td>
<td>(25,802)</td>
<td>(14,238)</td>
</tr>
<tr>
<td><strong>NET PROFIT FOR THE YEAR</strong></td>
<td>315,555</td>
<td>122,137</td>
<td>67,037</td>
<td>54,906</td>
<td>42,240</td>
</tr>
<tr>
<td>Earnings per stock unit</td>
<td>$1.47</td>
<td>$0.57</td>
<td>$0.31</td>
<td>$0.26</td>
<td>$0.16</td>
</tr>
</tbody>
</table>
APPENDIX 5

VALUATION OF REAL ESTATE & BUILDINGS AND PLANT AND EQUIPMENT OF BERGER JAMAICA TOGETHER WITH VALUATOR’S WRITTEN CONSENT TO USE THE SAID VALUATION

VALUATION

Berger Paints
256 Spanish Town Road
Kingston

August 2017
### EXECUTIVE SUMMARY

<table>
<thead>
<tr>
<th>ADDRESS:</th>
<th>Berger Paints, 256 Spanish Town Road, Kingston 11.</th>
</tr>
</thead>
<tbody>
<tr>
<td>REGISTERED OWNER:</td>
<td>Berger Paints Jamaica Limited</td>
</tr>
<tr>
<td>INTEREST VALUED:</td>
<td>Fee Simple Absolute</td>
</tr>
<tr>
<td>DATE OF THE REPORT:</td>
<td>28th August 2017</td>
</tr>
<tr>
<td>BASIS of VALUE:</td>
<td>Market Value</td>
</tr>
<tr>
<td>CLIENT:</td>
<td>Berger Paints Jamaica Limited</td>
</tr>
<tr>
<td>IMPROVEMENTS:</td>
<td>Valuation is as per the current condition</td>
</tr>
<tr>
<td>CONDITION:</td>
<td>Generally good</td>
</tr>
<tr>
<td>GROSS FLOOR AREA:</td>
<td>72,446 SqFt (6,730 SqMt)</td>
</tr>
<tr>
<td>HIGHEST &amp; BEST USE:</td>
<td>Manufacturing Plant with Offices</td>
</tr>
<tr>
<td>CURRENCY:</td>
<td>Jamaican Dollars</td>
</tr>
<tr>
<td>VALUATION:</td>
<td>J$ 588,000,000</td>
</tr>
</tbody>
</table>
Mr. Huron Gordon  
Financial Controller and Company Secretary  
Berger Paints Jamaica Limited  
256 Spanish Town Road, Kingston '11

Valuation: Berger Paints, 256 Spanish Town Road

At your request, we have prepared a valuation of the Fee Simple/Absolute Interest in the above referenced property. We have provided an opinion of value of the property. The purpose of the valuation is for administrative purposes, and the basis of value is Market Value.

This valuation is in accordance with the Royal Institution of Chartered Surveyors (RICS) – Professional Standards. July 2017, we confirm that this valuation has been carried out by Gordon Langford MRICS who is a Chartered Valuation Surveyor and whose qualifications and experience satisfy the requirements of the RICS for valuations prepared in respect of this type of property and the Code of Conduct and Standards of Professional Practice of the Appraisal Institute.

Please reference the following pages of this report for important information regarding the extent of the investigations and general scope of work for this valuation, including assumptions, inspection, investigations and valuation methodology.

Your attention is directed to the Limiting Conditions and Assumptions section of this report. Acceptance of this report constitutes an agreement with these conditions and assumptions.

If you have any questions regarding the valuation or attached report, please do not hesitate to contact the undersigned.

Yours sincerely,

Gordon Langford MRICS  
RICS Registered Valuer
28th August 2017

VALUATION

ADDRESS: Berger Paints, 256 Spanish Town Road, Kingston 11.

OWNER: Berger Paints Jamaica Limited.

REGISTRATION: The property is registered under 5 Titles. However, the two main titles that occupy the factory compound are registered at Volume 667 Folio 18 and Volume 792 Folio 69, with a total area of approximately 5.00 acres (2.02 hectares). There is additional land to the south under three titles that is outside the Berger fenced compound and not used.

INSTRUCTIONS: We have been requested by Mr. Huron Gordon, Financial Controller and Company Secretary Berger Paints Jamaica Limited, for an assessment of the Market Value of the Land & Buildings at the Berger premises above.


CONFLICT OF INTEREST: We confirm that we consider that we have no conflict of interest in accepting these instructions nor do we have any financial interest in the property.

SOURCES OF INFORMATION: The information in preparation of this report was obtained from Berger Paints, The National Land Agency, and our own records. We are reliant on the information received from these sources in completing this valuation.

PROFESSIONAL INDEMNITY INSURANCE: We confirm that we hold Professional Indemnity Insurance. The Insurers are JN General Insurance Company Limited (JNGi), Kingston, Jamaica. Indemnity provided is for cover in Jamaica only.

VALUER: In accordance with the Royal Institution of Chartered Surveyors (RICS) – Professional Standards, July 2017, we confirm that this valuation has been carried out by Gordon Langford MRICS who is a Chartered Valuation Surveyor and whose qualifications and experience satisfy the requirements of the RICS for valuations prepared in respect of this type of property.

LOCATION: The property is located on Spanish Town Road approximately 1.5 miles (2.42 km) west of the intersection of Hagley Park Road and Spanish Town Road.

TOPOGRAPHY: The land is flat, with fair drainage to the south.

SERVICES: The usual urban services of electricity, telephone, water supply, police and garbage collection are available. The company has installed solar panels on the northern part of the roof of Building 8 on a Grid tie system. This installation has significantly reduced the electricity consumption, with a net sale to JPSCo. on the weekends.

ZONING: The area is industrial.

CONTAMINATED LAND AND ENVIRONMENTAL FACTORS: We confirm that during our inspection we noted no obvious contaminating activity, nor any adverse environmental factors, on the adjoining properties. The property is used to manufacture paints and uses a number of toxic materials. The land to the south of the southern boundary wall that is owned by Berger is overgrown with bush and small trees. This area is badly drained.

DESCRIPTION: The property comprises 11 main buildings, with the administrative block adjacent the entrance.

- **Building 1: Entry Guard and Generator house**
  Construction – Concrete roof, floor, walls- reinforced concrete block. Windows - Glazed in metal frame

- **Building 2: Main laboratory**
  Construction – Concrete roof, floor, walls- reinforced concrete block. Windows- Glazed in metal frame

- **Building 3: Fire pump building**
  Construction – Concrete roof, floor, walls- reinforced concrete block. Windows - Glazed in metal frame
Building 4: Cantarea

Construction – Concrete roof, floor, walls - reinforced concrete block. Windows - Glazed in metal frame

Building 5: Paint mixing 2 /Maintenance Office

Construction – Roof- metal on steel frame, concrete floor, walls - reinforced concrete block. Windows - Glazed in metal frame, metal

Building 6: Storage Building


Building 7: Administration Building

Construction – Roof and floors reinforced concrete slab, windows- Glazed in metal frame, doors – Glazed in metal frame.

Building 8: Main factory, Storage, Sales Distribution Building

Construction – Roof- Metal on metal frame, concrete floor, infill walls with concrete block with steel frame, windows glazied in metal frame.

Building 9: Flammable Storage Building

Construction – Roof - Metal sheeting on steel frame, concrete floor, walls – open steel frame.

Building 10: Bad Goods Dispay Storage

Construction – Roof - metal on steel frame, concrete floor and walls, windows glazed metal frame.

Building 11: Gate House 2

Construction – Concrete roof, floor, walls reinforced concrete block. Windows - Glazed in metal frame

The buildings vary in age, with the oldest being some 40 years old. The buildings will have a useful life in excess of 50 years if maintained correctly.
Approximate site layout & building areas

<table>
<thead>
<tr>
<th>No.</th>
<th>Building</th>
<th>Size SqFt</th>
<th>SqMt</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Gatehouse &amp; Generator House</td>
<td>370</td>
<td>34</td>
</tr>
<tr>
<td>2</td>
<td>Main Laboratory</td>
<td>2,280</td>
<td>212</td>
</tr>
<tr>
<td>3</td>
<td>Fire Pump Building</td>
<td>400</td>
<td>37</td>
</tr>
<tr>
<td>4</td>
<td>Canteen</td>
<td>1,800</td>
<td>167</td>
</tr>
<tr>
<td>5</td>
<td>Paint mixing &amp; Maintenance Office</td>
<td>4,236</td>
<td>394</td>
</tr>
<tr>
<td>6</td>
<td>Storage Building</td>
<td>3,960</td>
<td>368</td>
</tr>
<tr>
<td>7</td>
<td>Administration Building</td>
<td>9,040</td>
<td>840</td>
</tr>
<tr>
<td>8</td>
<td>Main Factory, Storage, Sales</td>
<td>47,888</td>
<td>4,449</td>
</tr>
<tr>
<td>9</td>
<td>Flammable Storage Building</td>
<td>1,952</td>
<td>181</td>
</tr>
<tr>
<td>10</td>
<td>Bad Goods Display Building</td>
<td>370</td>
<td>34</td>
</tr>
<tr>
<td>11</td>
<td>Gatehouse 2</td>
<td>150</td>
<td>14</td>
</tr>
</tbody>
</table>

Total: 72,446 SqFt, 6,730 SqMt

Valuations: Berger Paints, 256 Spanish Town Road. August 2017
THE MARKET

2017:

The market continues to be strong in the Newport West/East area where prices of over $100 million per acre are being offered to landowners by Kingston Wharves. These values are for small 5,000 sq ft. lots without buildings, and on Third and Second Streets. The market therefore has been very active, with some owners holding out for higher prices. These levels are driven by the need for Kingston Wharves to in effect move the dock area in to Second Street, thus closing Third Street.

Overall however, the market outside this area is less active. Many rentals now are quoted (and paid) in US$. Rentals vary depending on the actual location in the area, but range between US$8.00 - $14.00 per SqFt for office accommodation. Warehouse accommodation can range between $6.00 - $12.00 per SqFt. The Jamaica Livestock Association, which is located in Newport East sold (under almost forced sale conditions) in November 2015 for US$3 million (JS$60,000,000). The land area is 2.27 acres with (very old) buildings of 42,000 SqFt. Further to the west at Six miles, Nestle have moved into a warehouse/Office building. Rentals are US$18.00 per SqFt for the offices and $9.00 per SqFt for the warehouse area. The lease is 10 years with a 2% annual escalation.

MARKET VALUE:

The property has been valued at the Market Value in accordance with the Royal Institution of Chartered Surveyors (RICS) — Professional Standards, July 2017. Market Value is defined as the ‘estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion’.

VALUATION APPROACH:

The three traditional approaches to valuing improved properties are:

- **Sales Comparison Approach** - a comparison of the property appraised with reasonable similar, recently conveyed properties for which the price, size of the property, terms and conditions of sale are known.
- **Income Capitalization Approach** - the processing of a projected net income into a valuation estimate via one or more capitalization techniques.
- **Cost Approach** - an estimate of the replacement cost of all structural improvements as if new, less loss in value attributable to depreciation from all causes plus the value of the land as if vacant.

Valuation: Berger Paints, 256 Spanish Town Road. August 2017
Sales Comparison Approach: We have examined all similar sales in the area, on the basis of the actual sale price divided by the building area. This produces a Capital Value per SqFt. measurement and assumes that the land area is commensurate with the building size – in other words, the property does not have extra land. Adjusting the comparable sales and using a capital value of $8,000 per SqFt this shows a value of $580,000,000.

The Income Capitalization Approach is the most reliable method in this case and is based on the principle of anticipation that recognizes the present value of the future income benefits to be derived from ownership in a particular property. The Income Approach is most applicable to properties that are bought and sold for investment purposes, and is considered very reliable when adequate income and expense data are available.

Since income producing real estate is most often purchased by investors this approach is valid and is generally considered the most applicable when the property being appraised was designed for, or is easily capable of producing a rental income. The building is owner occupied and therefore there is no rent passing.

Taking into account other known rental levels of similar type properties, we are of the opinion that the market rental value for the subject property is $54,600,000 per annum (an average of $750/SqFt per annum). Using a market yield of 9.00%, this equates to a value of $588,000,000.

Cost Approach: The Replacement Cost of the buildings is $770,700,000. Assuming that the building values are depreciated by, on average, 50%, this shows a depreciated figure of $385,000. With the land value of $200,000,000 this shows a value of $585,000,000.

On the basis of the above, and assuming that an investor will expect a 7.5% return we are of the opinion that the value is:

J$588,000,000
(Five Hundred and Eighty Eight Million Dollars)

LAND VALUE: The value of the undeveloped land is $200,000,000. This is however a notional figure and cannot be realised separately from the building.

Valuation: Berger Paints, 256 Spanish Town Road. August 2017
MARKETABILITY AND SUITABILITY FOR LOAN SECURITY

PURPOSES: We are of the opinion that the property is suitable for loan security purposes assuming that the lender takes the usual precautions with the borrower regarding the percentage of advance and their ability to service the loan. If it were necessary to foreclose, the optimum method of sale would be private treaty, and a period of 6 - 9 months should be allowed for marketing.

REPLACEMENT COST: The Replacement Cost of the buildings for insurance purposes in the event of damage is:

<table>
<thead>
<tr>
<th>No.</th>
<th>Building</th>
<th>Replacement Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Gatehouse &amp; Generator House</td>
<td>$1,480,000</td>
</tr>
<tr>
<td>2</td>
<td>Main Laboratory</td>
<td>$30,010,000</td>
</tr>
<tr>
<td>3</td>
<td>Fire Pump Building</td>
<td>$3,830,000</td>
</tr>
<tr>
<td>4</td>
<td>Canteen</td>
<td>$17,230,000</td>
</tr>
<tr>
<td>5</td>
<td>Paint mixing 2 Maintenance Office</td>
<td>$38,020,000</td>
</tr>
<tr>
<td>6</td>
<td>Storage Building</td>
<td>$30,850,000</td>
</tr>
<tr>
<td>7</td>
<td>Administration Building</td>
<td>$124,400,000</td>
</tr>
<tr>
<td>8</td>
<td>Main Factory, Storage, Sales</td>
<td>$510,670,000</td>
</tr>
<tr>
<td>9</td>
<td>Flammable Storage Building</td>
<td>$10,510,000</td>
</tr>
<tr>
<td>10</td>
<td>Bad Goods Display Building</td>
<td>$3,100,000</td>
</tr>
<tr>
<td>11</td>
<td>Gatehouse 2</td>
<td>$600,000</td>
</tr>
</tbody>
</table>

**Total:** $770,700,000

VALUE PROFILE: It could be expected that the value of this property would be expected to move in line with other properties in this area, assuming that the owner or occupier does not make changes to the property that will compromise the value. We do not observe any factors or developments in the area that would negatively affect the value of this property.

DISCLOSURE: This valuation is provided for the stated purpose and is for use only of the party for whom it is addressed, or their appointees, and no responsibility is accepted to any other party.

_Gordon Langford MRICS_
RICS Registered Valuer

_NAI Jamaica Langford and Brown_
Commercial Real Estate Services, Worldwide.
Berger Paints Location – Southern part of Kingston
View south of the entire Berger premises
Main Office building

Storage Building

Valuation: Berger Paints, 256 Spanish Town Road. August 2017
Page: 15
Solar Panels – Office building in the background

View east down Spanish Town Road
Title Report for Volume: 792 Folio: 69

[Image of a title report document]

Valuation: Berger Paints, 256 Spanish Town Road. August 2017 Page: 20

NAI Jamaica Langford and Brown
Commercial Real Estate Services, Worldwide.
Title Report for Volume: 792 Folio: 69

The above figure shaded red represents a line of land proposed in the notice of legal description on the plan referred to in the encumbrance certificate registered in the name of Andrew Egbert Waring in Jamaica

Valuation: Berger Paints, 256 Spanish Town Road. August 2017
PLANT & EQUIPMENT APPRAISAL

BERGER PAINTS JAMAICA LIMITED
256, Spanishtown Road
Kingston 11
St. Andrew

Prepared by:
Gordon Langford MRICS
NAI Jamaica Langford and Brown

August 25th 2017
PLANT & MACHINERY

VALUATION REPORT

ADDRESS: 256 Spanish Town Road, Kingston 11, St. Andrew.

INSTRUCTIONS: Instructions were given by the Berger Paints Jamaica Limited to prepare an appraisal update on equipment forming part of the fixed assets of the Company. These fixed assets comprise those located at the company plant at 256, Spanish Town Road, Kingston 11, Jamaica.

INSPECTION DATE: Physical inspections and related market research took place during the month of AUGUST 2017. A thorough physical check was made against the existing fixed asset register.

NOTES TO THE REPORT: Recent major upgrades and improvements include:-

Production 1
The Pase Two Head Filling Machine was installed and commissioned in 2015.

Solar Energy System
New System was installed and commissioned in 2016

Solvent Recovery Unit
Was installed and commissioned in 2017

The general condition of the production plant and support systems is good.

BASIS OF VALUATION:
The basis of appraisal is the same as that followed in the previous exercises of this type done for the Berger Paints Jamaica Limited at various times since 2013.

Current replacement costs were arrived at, both for fixed assets purposes and insurance purposes, based on identical or similar equipment to that originally installed, and are inclusive of costs of freight, transport of unassembled equipment, local duties and charges payable, and installation costs wherever applicable.

Depreciated values have been calculated for fixed assets purposes, using the current replacement costs as a base for straight line depreciation based on the ages, expected useful remaining lives and the actual physical condition of the items in question.

Valuation: Berger Paints Jamaica Ltd Plant and Machinery, August 2017
Each unit has been assigned a reference number. The valuation pages show the date of installation, replacement and depreciated values. The main exchange rate used as a base for calculating replacement costs was US$1.00 = J$128.50.

**MARKET VALUE:**

Our estimate of a fair market value for the equipment listed herein being the property of Berger Paints Jamaica Limited is:

**J$153,190,000**

(One Hundred and Fifty Three Million
One Hundred and Ninety Thousand Jamaican Dollars)

This value is based on the assumptions that:

(a) the business continuing in the same location.

(b) the sales agreement being between willing parties.

Should the assets be sold piecemeal the realizable amount would in all probability be substantially less. **Detailed list is noted on page 3**

Replacement cost of the Equipment is **$270,794,000**

**APPRAISAL CERTIFICATE:**

We hereby certify that we have examined the equipment and other items described in this report, except where otherwise stated, and that to the best of our knowledge and belief the statements and opinions contained in the body of the appraisal are true and correct. We further state that we have no financial or other interest whatsoever in the subject property.

This appraisal is to be treated as a confidential document for the sole use of Berger Paints Jamaica Limited and associated parties, and any publication or distribution of the document outside of the company should be done only with the written permission of NAI Jamaica Langford & Brown.

This appraisal is based upon information gathered by the investigations of NAI Jamaica Langford & Brown, as well as information provided by Berger Paints Jamaica Limited. We do not accept responsibility for any inaccurate information provided knowingly or unknowingly by any personnel of Berger Paints Jamaica Limited responsible to assist the process of appraisal.

Gordon Langford MRICS
RICS Registered Valuer
## Plant & Equipment Inventory

<table>
<thead>
<tr>
<th>Item #</th>
<th>Description</th>
<th>Dept/Area</th>
<th>Date</th>
<th>Supplier</th>
<th>Model No.</th>
<th>Serial No.</th>
<th>Condition</th>
<th>Current Value</th>
<th>Qty</th>
<th>Total Current Value</th>
<th>Replacement Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>WATER COOLER – Canteen</td>
<td>Canteen</td>
<td>2015</td>
<td>Cummings</td>
<td>02FD47300</td>
<td>LM-03180-10-20-2</td>
<td>Very Good</td>
<td>$120,000</td>
<td>1</td>
<td>$120,000</td>
<td>$130,000</td>
</tr>
<tr>
<td>2</td>
<td>Stand-by Generator 275 KVA 344 KVA</td>
<td>Generator</td>
<td>1993</td>
<td>Cummings</td>
<td>02FD47300</td>
<td>LM-03180-10-20-2</td>
<td>Very Good</td>
<td>$910,000</td>
<td>1</td>
<td>$910,000</td>
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Valuation: Berger Paints Jamaica Ltd Plant and Machinery. August 2017
## BERGER PAINTS JAMAICA LIMITED—DIRECTORS’ CIRCULAR

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Valuation: Berger Paints Jamaica Ltd Plant and Machinery. August 2017
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<td>CHAMELEON SHAKER</td>
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<td>METLER TOLEDO SCALE INO21</td>
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<td>Speed Beat MIB 30 HP</td>
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<td>Date</td>
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<td>Model No.</td>
<td>Serial No.</td>
<td>Condition</td>
<td>Current Value</td>
<td>Qty</td>
<td>TOTAL CURRENT VALUE</td>
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<td>-----</td>
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<td>Latex Tank horizontal</td>
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Valuation: Berger Paints Jamaica Ltd Plant and Machinery, August 2017

NAI Jamaica Langford and Brown
Commercial Real Estate Services, Jamaica
Tel: 876-925-7861 Fax: 876-969-3198
www.NAJamaica.com
Huron Gordon  
Financial Controller/Company Secretary  
Berger Paints Jamaica Limited  
256 Spanish Town Road  
Kingston 11  

Dear Sir,  

Valuation Report per Directors’ Circular  

We refer to the circular to the Company’s shareholders to be dated on such date as the directors of the Company may determine in relation to the Selective Capital Reduction (the “Circular”).  

We, NAI Jamaica Langford and Brown named as a valuer of Berger Paints Offices and Factory premises, Kingston, 256 Spanish Town Road, Kingston 11, Jamaica in the Circular, do hereby consent to act in that capacity and confirm that we have given and have not withdrawn our written consent to the issue of the Circular with the inclusion of our valuation reports (and extracts thereof) as set out in or appended to the Circular and the inclusion of our name and all references to ourselves and the said valuation reports (and extracts thereof) in the form and context in which they respectively appear in the Circular.  

Yours faithfully,  

Gordon Langford MRICS  
Chartered Valuation Surveyor
The Board of Directors  
Berger Paints Jamaica Limited  
256 Spanish Town Road  
Kingston 11  
Jamaica  

7 September 2017  

Dear Sirs  

We hereby consent to the references in the Directors’ Circular dated 7 September 2017 (“the Directors’ Circular) to our firm name and our fairness opinion dated 7 September 2017 (the “Fairness Opinion”) which we prepared for the Board of Directors of Berger Paints Jamaica Limited (“Berger”).  

We hereby also consent to a copy of the Fairness Opinion being made available for inspection by shareholders.  

In providing this consent, as indicated in the Fairness Opinion, we do not intend that any party other than the Board of Directors of Berger shall rely upon the Fairness Opinion.  

Yours very truly  

WBB:AKJ:FSH:ccbk  

Enclosure  

PricewaterhouseCoopers Tax and Advisory Services Limited, Scotiabank Centre, Duke Street, Box 372, Kingston, Jamaica  T: (876) 922 6230, F: (876) 922 7581, www.pwc.com/jm  

Secretary: PwC Corporate Services (Jamaica) Limited