



# **Productive Business Solutions Limited**

## **Consolidated Financial Statements**

**For the Nine Months Ended**

**September 30th, 2017**

**UNAUDITED**



**Productive Business Solutions Limited  
Directors' Statement**

**INTERIM REPORT TO OUR STOCKHOLDERS**

The Board of Directors presents the unaudited results of the Group for the nine months ended, September 30, 2017.

- The Group achieved revenue for the period of US\$ 125.6 million, a decrease of US\$ 3.0 million, or 2% from the corresponding period of 2016. This was driven by the divestiture of the telecom business segment from PBS, which generated revenue of US\$ 4.7 million in the same period in 2016.
- Gross profit increased US\$ 0.6 million to US\$ 53.7 million reflecting improved gross margins associated with the product mix vs the comparable 2016 period.
- Operating profit decreased by US\$ 0.3 million relative to September 2016 year to date mainly due to an increase in the expense of Salaries Wages and Benefits as the Company continues to increase its investment in human capital to improve its existing infrastructure to sustain the current growth, development and expansion of the business including our new operations in Colombia and Suriname.
- EBITDA, a non IFRS performance measure which excludes depreciation, amortization, tax and finance costs, as of September 2017 year to date was US\$ 10.9 million, slightly decreased by US\$ 0.2 million from same period of prior year.
- Finances cost were higher by US\$1.9 million versus comparable prior year primarily due to the expenses in connection with the refinancing and capital transactions.

Approved on behalf of the Board:

P.B. Scott  
Chairman

Pedro Paris  
Director, CEO



**Productive Business Solutions Limited**  
 Non-IFRS Performance Measures - Unaudited  
**For the nine months ending September 2017**  
 (Expressed in United States dollars unless otherwise indicated)

	3rd Quarter		September YTD	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
<b>Continuing Operations</b>				
Revenue	42,236	41,628	125,638	128,697
Direct Expenses	<u>24,937</u>	<u>24,333</u>	<u>71,973</u>	<u>75,640</u>
<b>Gross Profit</b>	17,299	17,294	53,665	53,057
Other Income	155	400	46	775
Selling, General and Administrative Expenses	<u>16,442</u>	<u>16,556</u>	<u>49,585</u>	<u>49,386</u>
<b>Operating Profit</b>	1,012	1,138	4,125	4,446
Finance Cost	<u>2,021</u>	<u>1,276</u>	<u>6,479</u>	<u>4,602</u>
<b>(Loss) before Taxation</b>	<u>(1,009)</u>	<u>(138)</u>	<u>(2,353)</u>	<u>(155)</u>
Taxation	<u>137</u>	<u>247</u>	<u>784</u>	<u>916</u>
<b>Net (Loss) for the period</b>	(1,146)	(386)	(3,138)	(1,071)
<b>Other Comprehensive Income</b>				
<i>Items that may be subsequently reclassified to profit or loss:</i>				
Currency translation differences on the net assets of foreign subsidiaries	(162)	30	(273)	(440)
<i>Items that will not be reclassified to profit or loss:</i>				
Revaluation (loss) on property, plant and equipment net, net of taxes	(310)		(310)	
Deferred taxes	<u>347</u>		<u>347</u>	
	<u>(125)</u>	<u>30</u>	<u>(236)</u>	<u>(440)</u>
<b>TOTAL COMPREHENSIVE (LOSS)</b>	<u>(1,271)</u>	<u>(356)</u>	<u>(3,373)</u>	<u>(1,512)</u>
<b>Tottal Comprehensive (Loss)/Income for the Year Attributable to:</b>				
Shareholder of the Company	(1,393)	(359)	(3,557)	(1,516)
Non-controlling interest	<u>122</u>	<u>3</u>	<u>184</u>	<u>4</u>
	<u>(1,271)</u>	<u>(356)</u>	<u>(3,373)</u>	<u>(1,512)</u>
	<b>Cents</b>	<b>Cents</b>	<b>Cents</b>	<b>Cents</b>
<b>Basic and diluted earnings per share for (loss) from continuing operation attributable to the ordinary shareholder</b>	<u>(0.93)</u>	<u>(0.86)</u>	<u>(2.55)</u>	<u>(2.38)</u>

Note shares outstanding in 2016 45,001,000; in 2017 123,272,727



**Productive Business Solutions Limited**  
**Non-IFRS Performance Measures - Unaudited**  
**For the nine months ending September 2017**  
(Expressed in United States dollars unless otherwise indicated)

	Three Months Ending Sept 30th		Nine Months Ending Sept 30th	
	2017 USD'000	2016 USD'000	2017 USD'000	2016 USD'000
Operating profit	1,012	1,138	4,125	4,446
(+) Depreciation/amortization and gain/loss on disposition of property (included in Operating profit)				
Depreciation	1,660	1,875	5,220	5,584
Amortization	364	364	1,092	1,091
Gain or loss in disposition of fixed assets		-	492	-
<b>EBITDA</b>	<u>2,462</u>	<u>3,377</u>	<u>10,929</u>	<u>11,122</u>



**Productive Business Solutions Limited**  
Consolidated Statement of Financial Position  
September 30<sup>th</sup>, 2017

(Expressed in United States dollars unless otherwise indicated)

	Unaudited September 2017	Audited December 2016
<b>Non-Current Assets</b>		
Property, plant and equipment	17,746	22,475
Intangible assets	19,977	21,070
Lease receivables	2,330	2,032
Long term receivables	1,821	893
Deferred tax assets	1,138	961
	<u>43,011</u>	<u>47,431</u>
<b>Current Assets</b>		
Due from related parties	5,033	4,226
Inventories	33,345	35,486
Trade and other receivables	42,417	36,724
Current portion of lease receivables	1,368	1,526
Taxation recoverable	8,951	7,960
Cash and cash equivalents	10,637	4,962
	<u>101,751</u>	<u>90,884</u>
<b>Current Liabilities</b>		
Trade and other payables	27,297	28,992
Due to related parties	6,752	10,385
Taxation payable	1,770	916
Short term loans	373	18,190
	<u>36,192</u>	<u>58,483</u>
<b>Net Current Assets</b>	<u>65,559</u>	<u>32,401</u>
	<u>108,570</u>	<u>79,832</u>
<b>Equity</b>		
<b>Attributable to Shareholder of the Company</b>		
Share capital	57,331	45,001
Other reserves	(13,875)	(11,026)
Accumulated deficit	(3,602)	(2,984)
	<u>39,854</u>	<u>30,991</u>
<b>Non-controlling Interests</b>	<u>446</u>	<u>352</u>
	<u>40,300</u>	<u>31,343</u>
<b>Non-Current Liabilities</b>		
Deferred income tax liabilities	504	551
Borrowings	67,766	47,938
	<u>68,270</u>	<u>48,489</u>
	<u>108,570</u>	<u>79,832</u>



**Productive Business Solutions Limited**

Consolidated Statement of Cash Flow

**September 30<sup>th</sup>, 2017**

(Expressed in United States dollars unless otherwise indicated)

	<b>Nine Months Ending September 30th</b>	
	<b>2017</b>	<b>2016</b>
	<b>USD'000</b>	<b>USD'000</b>
<b>Cash Flows from Operating Activities</b>	<b>(3,239)</b>	<b>(28,779)</b>
<b>Cash Flows form Financing Activities</b>		
Interest paid	(4,337)	(3,454)
Issuance of Shares	12,330	0
Proceeds from borrowing	19,198	36,739
Repayments of borrowings	(17,483)	(36,251)
Net cash (used in)/proved by financing activities	<u>6,469</u>	<u>(31,745)</u>
<b>Cash Flows from Investing Activities</b>		
Interest received	214	183
Purchase of property, plant and equipment	(4,738)	(2,349)
Proceeds on disposal of property, plant and equipment	3,699	-
Net cash (used in)/provided by investing activities	<u>(825)</u>	<u>(2,166)</u>
<b>Net (Decrease)/Increase in Cash and Cash Equivalents</b>	<b>5,644</b>	<b>(33,911)</b>
Cash and cash equivalents at beginning of the year	4,962	38,536
Exchange losses on cash and cash equivalents	31	31
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b><u>10,637</u></b>	<b><u>4,656</u></b>



**Productive Business Solutions Limited**  
**Consolidated Statement of Changes in Equity**  
**September 30<sup>th</sup>, 2017**  
(Expressed in United States dollars unless otherwise indicated)

	Number of Shares USD'000	Share Capital USD'000	Other Reserves USD'000	Accumulated (Deficit)/Profit USD'000	Non-controlling Interest USD'000	Total USD'000
<b>Balance at 31 December 2015</b>	45,001	45,001	(10,358)	276	348	35,267
Currency translation differences			(440)		4	(436)
Net loss				(1,071)		(1,071)
Total comprehensive income	-	-	(440)	(1,071)	4	(1,507)
<b>Balance at 30 September 2016</b>	<b>45,001</b>	<b>45,001</b>	<b>(10,798)</b>	<b>(795)</b>	<b>352</b>	<b>33,760</b>
<b>Balance at 1 January 2015</b>	45,001	45,001	(10,358)	276	348	35,267
Currency translation differences			(551)		4	(547)
Actuarial losses - termination benefits			(117)			(117)
Net loss				(3,260)		(3,260)
Total comprehensive income	-	-	(668)	(3,260)	4	(3,924)
<b>Balance at 31 December 2016</b>	<b>45,001</b>	<b>45,001</b>	<b>(11,026)</b>	<b>(2,984)</b>	<b>352</b>	<b>31,343</b>
Currency translation differences	-	-	(273)	-	-	(273)
Additional common shares	78,271	12,330	-	-	-	12,330
Revaluation loss on PP&E, net of taxes	-	-	-	(310)	-	(310)
Deferred tax	-	-	-	347	-	347
Transfer from reserve	-	-	(2,576)	2,576	-	-
Net loss	-	-	-	(3,232)	94	(3,138)
Total comprehensive income	78,271	12,330	(2,849)	(618)	94	8,957
<b>Balance at 30 September 2017</b>	<b>123,272</b>	<b>57,331</b>	<b>(13,875)</b>	<b>(3,602)</b>	<b>446</b>	<b>40,300</b>





# Productive Business Solutions Limited

Notes to the Financial Statements

September 30<sup>th</sup>, 2017

(Expressed in United States dollars unless otherwise indicated)

## 1. Identification and Principal Activities

Productive Business Solutions Limited ("the Company") is a company incorporated and domiciled in Barbados under the International Business Corporation (IBC) Act Cap. 77 on 16 December 2010. The registered office of the Company is at Corporate Services Limited, Erin Court, Bishop Court's Hill, and St. Michael, Barbados.

The principal activities of the Company and its subsidiaries, (referred to as "Group") are the distribution of printing equipment, business machines, handsets and related accessories.

## 2. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these consolidated financial statements, herein after referred to as the financial statements, are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### (a) Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretation Committee (IFRS IC) applicable to companies reporting under IFRS. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain items of property, plant and equipment.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. Although these estimates are based on managements' best knowledge of current events and action, actual results could differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

### ***Standards, interpretations and amendments to published standards effective in current year***

Certain new standards, amendments and interpretations to existing standards have been published that became effective during the current financial year. The Group has assessed the relevance of all such new standards, interpretations and amendments and has effected the following, which are immediately relevant to its operations:

- ***Amendments to IAS 16, 'Property, Plant and Equipment' and IAS 38, 'Intangible Assets'*** - Clarification of Acceptable Methods of Depreciation and Amortisation, (effective for the periods beginning on or after 1 January 2016). In these amendments, the IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. There was no impact from the adoption of the amendments on its financial statements as currently the Group does not use revenue-based depreciation or amortisation methods.
- ***Annual Improvements 2014***, (effective for annual periods beginning on or after 1 January 2016). The amendments impact the following standards. IFRS 5 was amended to clarify that change in the manner of disposal (reclassification from "held for sale" to "held for distribution" or vice versa) does not constitute a change to a plan of sale or distribution, and does not have to be accounted for as such. The amendment to IFRS 7 adds guidance to help management determine whether the terms of an arrangement to service a financial asset which has been transferred constitute continuing involvement, for the purposes of disclosures required by IFRS 7. The amendment also clarifies that the offsetting disclosures of IFRS 7 are not specifically required for all interim periods, unless required by IAS 34. There was no material impact from adoption of this standard on its financial statements.
- ***Annual Improvements to IFRS Standards 2014–2016*** (effective for annual periods beginning on or after 1 January 2016). The amendments impact the following standards. IFRS 12, 'Disclosure of Interests in Other Entities' clarified the scope of the standard by specifying that the disclosure requirements in the standard, except for those in paragraphs B10–B16, apply to an entity's interests listed in paragraph 5 that are classified as held for sale, as held for distribution or as discontinued operations in accordance with IFRS 5, 'Non-current Assets Held for Sale and Discontinued Operations'. The amendment to





**Productive Business Solutions Limited**  
Notes to the Financial Statements  
**September 30<sup>th</sup>, 2017**  
(Expressed in United States dollars unless otherwise indicated)

**Summary of Significant Accounting Policies (Continued)**

**(a) Basis of preparation (continued)**

IAS 28, 'Investments in Associates and Joint Ventures' clarified that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is a venture capital organisation, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition. There was no material impact from adoption of this standard on its financial statements.

- **IAS 16, 'Property, Plant and Equipment,' and IAS 38, 'Intangible Assets'** have been amended to clarify how the gross carrying amount and the accumulated depreciation are treated where an entity uses the revaluation model. The carrying amount of the asset is restated to the revalued amount. The split between gross carrying amount and accumulated depreciation is treated in one of the following ways: either the gross carrying amount is restated in a manner consistent with the revaluation of the carrying amount, and the accumulated depreciation is adjusted to equal the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses; or the accumulated depreciation is eliminated against the gross carrying amount of the asset. There was no material impact from adoption of this standard on its financial statements.
- **Amendment to IAS 1, 'Presentation of Financial Statements'**, (effective for annual periods beginning on or after 1 January 2016). This amendment forms part of the IASB's Disclosure Initiative, which explores how financial statement disclosures can be improved. It clarifies guidance in IAS 1 on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies. The amendment also clarifies that the share of other comprehensive income (OCI) of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, classified between those items that will or will not be subsequently reclassified to profit or loss. There was no material impact from adoption of this standard on its financial statements.
- **Annual Improvements 2014**, (effective for annual periods beginning on or after 1 January 2016). The improvements consist of changes to a number of standards, of which the following may be relevant to the group's operations. The amendment of IFRS 13 clarifies that the portfolio exception in IFRS 13, which allows an entity to measure the fair value of a group of financial assets and financial liabilities on a net basis, applies to all contracts (including contracts to buy or sell non-financial items) that are within the scope of IAS 39 or IFRS 9. There was no material impact from adoption of this standard on its financial statements.

**Standards, interpretations and amendments to published standards that are not yet effective and have not been early adopted by the Group**

The Group has concluded that the following standards which are published but not yet effective, are relevant to its operations and will impact the Group's accounting policies and financial disclosures as discussed below. These standards and amendments to existing standards are mandatory for the Group's accounting periods beginning after 1 January 2016, but the Group has not early adopted them:

- **IFRS 9, 'Financial Instruments'** (effective for annual periods beginning on or after 1 January 2018) specifies how an entity should classify and measure financial instruments, including some hybrid contracts. It requires all financial assets to be classified on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset; initially measured at fair value plus, in the case of a financial asset not at fair value through profit or loss, particular transaction costs; and subsequently measured at amortised cost or fair value. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of IAS 39. They apply a consistent approach to classifying financial assets and replace the four categories of financial assets in IAS 39, each of which had its own classification criteria. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. There has been no significant change in the recognition and measurement of financial liabilities carried at amortised cost from that obtained under IAS 39. While adoption of IFRS 9 is mandatory from 1 January 2018, earlier adoption is permitted. The Group is considering the implications of the standard,



## Productive Business Solutions Limited

Notes to the Financial Statements

September 30<sup>th</sup>, 2017

(Expressed in United States dollars unless otherwise indicated)

### Summary of Significant Accounting Policies (Continued)

- **Basis of preparation (continued)**

the impact on the Group and the timing of its adoption.

- **IFRS 15, 'Revenue from Contracts with Customers'**, (effective for the periods beginning on or after 1 January 2018). The new standard introduces the core principle that revenue must be recognised when the goods or services are transferred to the customer, at the transaction price. Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements. When the consideration varies for any reason, minimum amounts must be recognised if they are not at significant risk of reversal. Costs incurred to secure contracts with customers have to be capitalised and amortised over the period when the benefits of the contract are consumed. The Group is currently assessing the impact of future adoption of the new standard on its financial statements.
- **IFRS 16, 'Leases'** (effective for annual periods beginning on or after 1 January 2019, with earlier application permitted if IFRS 15, 'Revenue from Contracts with Customers', is also applied). The International Accounting Standards Board (IASB) published IFRS 16, 'Leases', which replaces the current guidance in IAS 17. This will require changes in accounting by lessees in particular. IFRS 16 requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group is currently assessing the impact of future adoption of the new standard on its financial statements.
- **Amendment to IAS 7**, (effective for annual periods beginning on or after 1 January 2017). In January 2016 the International Accounting Standards Board (IASB) published the final Standard Disclosure Initiative (Amendments to IAS 7—2016). These amendments to IAS 7 Statement of Cash Flows require a disclosure of changes in liabilities arising from financing activities, including changes arising from cash flows and non-cash changes. The Group is currently assessing the impact of future adoption of the new standard on its financial statements.
- **Amendments to IAS 12, 'Income Taxes'**, (effective for annual periods beginning on or after 1 January 2017). In January 2016, the International Accounting Standards Board (IASB) issued amendments to clarify the requirements for recognising deferred tax assets on unrealised losses. The amendments clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. They also clarify certain other aspects of accounting for deferred tax assets.
- **Amendment to IFRS 15, 'Revenue from contracts with customers'** (effective for accounting periods beginning on or after 1 January 2018). These amendments comprise clarifications of the guidance on identifying performance obligations, accounting for licences of intellectual property and the principal versus agent assessment (gross versus net revenue presentation). The IASB has also included additional practical expedients related to transition to the new revenue standard.
- **IFRIC 22, 'Foreign currency transactions and advance consideration'**, (effective for annual periods beginning on or after 1 January 2018). The amendment clarifies how to account for deferred tax assets related to debt instruments measured at fair value upon the recognition of deferred tax assets for unrealised losses. The Group is currently assessing the impact of future adoption of the new standard on its financial statements.

There are no other new or amended standards and interpretations that are published but not yet effective that would be expected to have an impact on the accounting policies or financial disclosures of the Group.



**Productive Business Solutions Limited**  
Notes to the Financial Statements  
**September 30<sup>th</sup>, 2017**  
(Expressed in United States dollars unless otherwise indicated)

**Summary of Significant Accounting Policies (Continued)**

**(b) Consolidation**

**(i) Subsidiaries**

Subsidiaries are all entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations involving third parties by the Group. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired and liabilities assumed is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss, in the statement of comprehensive income.



## Productive Business Solutions Limited Shareholders

Facey Group Limited	84,181,818
Portland Caribbean Fund II L.P.	21,948,716
Portland Caribbean Fund II Barbados L.P.	4,372,151
Pedro Paris Coronado	3,636,300
NCB Capital Markets (Cayman) Ltd	2,642,987
Portland Fund II Co-Invest Partnership	951,860
Jose Misrahi	727,200
Courtney Sylvester	663,473
Marco Antonio Almendarez Cisneros	363,600
Jose Guillermo Rodriguez Perdomo	363,600
Jason Martin Corrigan	363,600

### Shareholding of Directors

	Personal	Connected
Paul B Scott	-	84,181,818
Douglas Hewson*	-	27,272,727
Jose Misrahi*	727,200	-
Lois Denny*	-	-
Melanie M. Subratie	-	84,181,818
Nigel A. Clarke	-	-
Patrick A. W. Scott	-	-
Pedro Paris Coronado	3,636,300	-
Ricardo Hutchinson*	-	27,272,727
Thomas Agnew*	-	-

### Shareholding of Executives

Pedro Paris Coronado	3,636,300
Marco Antonio Almendarez Cisneros	363,600
Jose Guillermo Rodriguez Perdomo	363,600
Jason Martin Corrigan	363,600
Christian Asdrubal Sanchez Mena	254,500
Michael Raphael Lewis	163,600
Leonardo Jesus Velasquez Foucault	163,600
Elvin Howard Nash	142,700
Sergio Roberto Molina Barrios	127,200
Francisco Jose Lupiac Rodriguez	90,900
Vencent Roberto Jose Martinez Hernandez	90,900
Carlos Bernardo Salazar Merlo	90,900
Lucia Vielman Ruiz De Bernard	90,900
Mario Estuardo Pons Espana	90,900
Christopher Derrell	1,800

\*Directors as per IPO Prospectus to be appointed at extraordinary general meeting