BERGER PAINTS JAMAICA LTD

Independent Auditors' Report

To the members of Berger Paints Jamaica Limited

Report on the financial statements

We have audited the accompanying financial statements of Berger Paints Jamaica Limited (the company), which comprise the statement of financial position as at March 31, 2015, the income statement, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the company as at March 31, 2015, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

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

Ernst & Young
Chartered Accountants
Kingston, Jamaica
24 April 2015

Statement of Financial Position

As at 31March 2015

	Notes	2015 $'000	2014 $'000
ASSETS			
Non-current assets			
Property, plant and equipment	5	179,556	140,331
Post employment benefits	6	129,756	42,466
Deferred tax assets	7	7,649	27,186
Total non-current assets		316,961	209,983
Current assets			
Inventories	8	335,707	363,510
Due from fellow subsidiaries	9	4,047	190
Trade and other receivables	10	309,348	269,232
Investment security	11	562	541
Cash and bank balances	12	91,604	40,781
Total current assets		741,268	674,254
Total assets		1,058,229	884,237
EQUITY AND LIABILITIES			
Shareholders' Equity			
Share capital	13	141,793	141,793
Revaluation reserves	14	44,845	44,695
Revenue reserve		385,857	242,243
Total shareholders' equity		572,495	428,731
Non-current liabilities			
Post employment benefits	6	146,835	165,904
Total non-current liabilities		146,835	165,904
Current liabilities			
Due to immediate parent company	9	10,500	17,370
Due to fellow subsidiaries	9	5,570	4,230
Dividends payable		15,168	14,575
Provisions	15	16,606	13,306
Trade and other payables	16	283,616	230,621
Income tax payable	21(c)	7,439	9,500
Total current liabilities		338,899	289,602
Total equity and liabilities		1,058,229	884,237

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

The financial statements were approved and authorised for issue by the Board of Directors on April 24, 2015 and are signed on its behalf by:

Mustafa Turra
General Manager/Director

Warren McDonald
Director

Income Statement

For the year ended 31 March 2015

	Notes	2015 $'000	2014 $'000
Sales (net of discounts and rebates)	18	1,853,595	1,737,995
PROFIT BEFORE FINANCE COSTS AND TAXATION	19	79,185	80,844
Finance costs	19(b)	(22)	(136)
PROFIT BEFORE TAXATION	19	79,163	80,708
Taxation	21	(12,126)	(25,802)
NET PROFIT FOR THE YEAR		67,037	54,906
Earnings per stock unit	22	31¢	26¢

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

Statement of Comprehensive Income

For the year ended 31March 2015

	Note	2015 $'000	2014 $'000
NET PROFIT FOR THE YEAR		67,037	54,906
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to profit or loss in subsequent periods:			
Deferred tax adjustment in respect of revaluation of property, plant and equipment	14	150	150
Remeasurement of defined benefit plans	6	124,963	(113,945)
Deferred tax effect	7	(31,240)	28,486
		93,723	(85,459)
Other comprehensive income (loss) for the year net of tax		93,873	(85,309)
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR, NET OF TAX		160,910	(30,403)

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

Statement of Changes In Equity

For the year ended 31 March 2015

	Notes	Share Capital $'000	Revaluation Reserves $'000	Revenue Reserve $'000	Total $'000
Balance at April 1, 2013		141,793	44,545	300,658	486,996
Net profit for the year		-	-	54,906	54,906
Other comprehensive loss for the year		-	150	(85,459)	(85,309)
Total comprehensive loss for the year		-	150	(30,553)	(30,403)
Dividends	17	-	-	(27,862)	(27,862)
Balance at March 31, 2014		141,793	44,695	242,243	428,731
Net profit for the year				67,037	67,037
Other comprehensive income for the year			150	93,723	93,873
Total comprehensive income for the year			150	160,760	160,910
Dividends	17			(17,146)	(17,146)
Balance at March 31, 2015		141,793	44,845	385,857	572,495

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

Statement of Cash Flows

For the year ended 31 March 2015

	Notes	2015 $'000	2014 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit for the year		67,037	54,906
Adjustments for:			
Depreciation	5	21,557	20,034
Unrealised foreign exchange gains (net)		(2,317)	(1,647)
Post retirement benefit charge	6 (e)	33,102	18,602
Income tax expense	21	12,126	25,802
Interest income	19	(27)	(272)
Interest expense	19	22	136
Gain on sale of property, plant and equipment		(2,246)	(3,850)
Provision charge	15	19,174	17,928
Impairment loss recognised on trade receivables	10	24,399	4,341
Impairment loss recognised on other receivables	10	156	1,863
Reversal of impairment loss on trade receivables	10	(14,038)	(1,504)
Operating cash flows before movements in working capital:		158,945	136,339
Increase in trade and other receivables		(50,634)	(57,425)
Decrease /(Increase) in inventories		27,803	(98,191)
(Decrease)/Increase in due to fellow subsidiary companies		(2,517)	2,611
Provisions utilised	15	(15,874)	(19,481)
Increase/(Decrease) in trade and other payables		52,995	(4,810)
(Decrease)/Increase in due to immediate parent company		(6,870)	7,857
Post employment benefits contributions	6(e)	(14,498)	(15,810)
Cash generated from (used in) operations		149,350	(48,910)
Income tax paid		(25,781)	(15,814)
Interest paid		(22)	(136)
Net cash provided by (used in) operating activities		123,547	(64,860)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		27	272
Proceeds from sale of property, plant and equipment		2,246	3,850
Acquisition of property, plant and equipment	5	(60,782)	(33,372)
Investment security (net)		21	29,729
Net cash (used in) provided by investing activities		(58,488)	479
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(16,553)	(27,006)
Net cash used in financing activities		(16,553)	(27,006)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		48,506	(91,387)
OPENING CASH AND CASH EQUIVALENTS		40,781	130,521
Effect of foreign exchange rate changes		2,317	1,647
CLOSING CASH AND CASH EQUIVALENTS		91,604	40,781

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

Notes to the Financial Statements

For the year ended 31st March, 2015

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.

		Effective for annual periods beginning on or after
Amendments to Standards		
IAS 39	Novation of Derivatives and Continuation of Hedge Accounting – Amendments to IAS 39	January 1, 2014
IAS 32	Offsetting Financial Assets and Financial Liabilities - Amendments to IAS 32	January 1, 2014
IAS 36	IAS 36 Recoverable Amount Disclosures for Non-Financial Assets — Amendments to IAS 36	January 1, 2014
IFRS 10, 12 and IAS 27	IFRS 10, IFRS 12 and IAS 27 Investment Entities - Amendments to IFRS 10, IFRS 12 and IAS 27	January 1, 2014
New and Revised Interpretations		
IFRIC 21	Levies	January 1, 2014

2.3 Standards and interpretations in issue not yet effective

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

		Effective for annual periods beginning on or after
New and Revised Standards		
IAS 27	IAS 27 Equity Method in Separate Financial Statements – Amendments to IAS 27	January 1, 2016
IAS 16 and 38	IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation Amendments to IAS 16 and IAS 38	January 1, 2016
IAS 16 and 41	IAS 16 and IAS 41 Agriculture: Bearer Plants – Amendments to IAS 16 and IAS 41	January 1, 2016
IFRS 14	IFRS 14 Regulatory Deferral Accounts	January 1, 2016

		Effective for annual periods beginning on or after
IFRS 10 and IAS 28	IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28	January 1, 2016
IFRS 11	IFRS 11 Accounting for Acquisitions of Interests in Joint Operations – Amendments to IFRS 11	January 1, 2016
IFRS 10, 12 and IAS 28	IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception - Amendments to IFRS 10, IFRS 12 and IAS 28	January 1, 2016
IAS 16, 24, 38 and IFRS 2, 3, 8 and 13	Amendments arising from 2010 – 2012 Annual Improvements to IFRS	July 1, 2014
IAS 40 and IFRS 1, 3 and 13	Amendments arising from 2011 – 2013 Annual Improvements to IFRS	July 1, 2014
IFRS 5, 7 and IAS 19, 32	Amendments arising from 2012 – 2014 Annual Improvements to IFRS	January 1, 2016

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 which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement of financial instruments, impairment of financial assets, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of IFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before February 1, 2015.

  The company will adopt IFRS 9 for the financial year commencing April 1, 2018 and the directors and management anticipate that the application of IFRS 9 may impact the amounts reported in respect of the company's financial assets and liabilities. However, the directors and management have not yet completed their detailed analysis of the impact of the application of the amendments and hence have not yet quantified the extent of the likely impact.

- **IFRS 15 Revenue from Contracts with Customers**

  IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to 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 principles in IFRS 15 provide a more structured approach to measuring and recognising revenue.

  The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017 with early adoption permitted. The company is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date.

- **IAS 1 Disclosure Initiative – Amendments to IAS 1**

  The amendments to IAS 1 Presentation of Financial Statements clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify; the materiality requirements in IAS 1, that specific line items in the statement of profit or loss and OCI and the statement of financial position may be disaggregated, that entities have flexibility as to the order in which they present the notes to financial statements and that the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss. Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement of profit or loss and other comprehensive income.

Early application is permitted and entities do not need to disclose that fact because the Board considers these amendments to be clarifications that do not affect an entity's accounting policies or accounting estimates. This amendment is effective for annual periods beginning on or after 1 January 2016. Management has not yet assessed the impact of this amendment on the financial statements on adoption at its effective date.

- **IAS 19 Defined Benefit Plans: Employee Contributions – Amendments to IAS 19**

  IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after 1 July 2014. Management has not yet assessed the impact of this amendment on the financial statements on adoption at its effective date.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Statement of compliance

The company's financial statements have been prepared in accordance and comply with International Financial Reporting Standards (IFRS) and the relevant requirements of the Jamaican Companies Act.

3.2 Basis of preparation

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

The principal accounting policies are set out below.

3.3 Current versus non-current classification

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

An asset is current when it is:

- Expected to be realised or intended to sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash 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 normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The company classifies all other liabilities as non-current.

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

3.4 Fair value measurement

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

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

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

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

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

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

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

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

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

3.5 Property, plant and equipment

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

Freehold land is not depreciated.

Depreciation is recognised so as to write off the cost of assets (other than land and properties under construction) less their residual values, over the estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Properties in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and for qualifying assets, borrowing costs capitalised in accordance with the company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Repairs and maintenance costs are recognised in profit or loss as incurred.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the assets. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3.6 Impairment of tangible assets

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

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 contributions are recognised as an expense when employees have rendered service entitling them to the contributions.

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

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding net interest and the return on plan assets (excluding net interest), are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the company recognises restructuring-related costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The company recognises the following changes in the net defined benefit obligation under employee benefit costs in the statement of profit or loss:

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

3.7.2 Termination obligations

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

3.7.3 Other post-retirement obligations

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

3.8 Inventories

These are stated at the lower of cost and net realisable value. The cost of finished goods comprises direct materials and labour plus an appropriate proportion of fixed and variable overhead expenses that have been incurred in bringing inventory to its present location and condition. The cost of work-in-progress comprises direct materials and an appropriate proportion of labour and overhead expenses (fixed and variable) in bringing the inventory to its present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs necessary to make the sale.

3.9 Financial instruments

Financial instruments include transactions that give rise to both financial assets and financial liabilities.

Financial assets of the company include any asset that is:

(a) cash;

(b) an equity instrument of another entity;

(c) a contractual right:

  (i) to receive cash or another financial asset from another entity; or

  (ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the company.

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

(i) to deliver cash or another financial asset to another entity; or

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

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

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

3.9.1 Financial assets

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

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

(a) Financial assets at FVTPL

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

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

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

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

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

(b) Loans and receivables

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

Effective interest method

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

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

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

(c) Impairment of financial assets

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

Objective evidence of impairment could include:

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

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

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

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

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

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

Derecognition of financial assets

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

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

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

3.9.2 Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

Financial liabilities

These are classified as "other financial liabilities".

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

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

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

(a) Related party

A party is related to the company if:

(i) directly, or indirectly through one or more intermediaries, the party:

- controls, is controlled by, or is under common control with, the company (this includes parent, subsidiaries and fellow subsidiaries);
- has an interest in the entity that gives it significant influence over the company; or
- has joint control over the company;

(ii) the party is an associate of the company;

(iii) the party is a joint venture in which the company is a venturer;

(iv) the party is a member of the key management personnel of the company or its parent;

(v) the party is a close member of the family of any individual referred to in (i) or (iv);

(vi) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or

(vii) the party is a post-employment benefit plan for the benefit of employees of the company, or of any entity that is a related party of the company.

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

Notes to the Financial Statements

For the year ended 31st March, 2015

(b) Dividends payable

These are recognised as a liability in the period in which they are approved by the shareholders at the annual general meeting.

Derecognition of financial liabilities

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

3.10 Taxation

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

Current tax

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

Deferred tax

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

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

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

Current and deferred tax for the period

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

3.11 Provisions

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

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

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

3.12 Revenue recognition

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

Sale of goods

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

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

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

Interest revenue

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

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

3.13 Foreign currencies

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

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

All other exchange differences are recognised in profit or loss for the period in which they arise.

3.14 Leasing

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

The company as a lessee

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

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

3.15 Research and development expenditure

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

3.16 Borrowing costs

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

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

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

3.17 Segment reporting

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

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

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

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

Key sources of estimation uncertainty

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

a) Post employment benefits

As disclosed in Note 6, the company operates a defined benefit pension plan and provides post retirement medical benefits. The amounts shown in the statement of financial position is an asset of approximately $129.76 million (2014: $42.47 million) in respect of the defined benefit pension plan and a liability of approximately $146.84 million (2014: $165.90 million) in respect of post retirement medical liabilities are subject to estimates in respect of periodic costs which costs would be dependent on future returns on assets, future discount rates, rates of salary increases and the inflation rate in respect of the pension plan, and rates of increases in medical costs for the post retirement medical plan. External actuaries are contracted by the company in this regard.

The estimated return on pension assets assumption is determined by considering long-term historical returns, asset allocation and future estimates of long-term investment returns. The company estimates the appropriate discount rate annually which rate is used to determine the present value of estimated cash outflows expected to be required to settle the pension and post-retirement medical benefit obligation.

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

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

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

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 $1.21 million (2014: $2.58 million) increase/decrease in the current and deferred tax provisions.

5. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Freehold Buildings	Plant and Machinery	Furniture, Fixtures & Equipment	Motor Vehicles	Totals
	$'000	$'000	$'000	$'000	$'000	$'000
At cost						
April 1, 2013	27,000	69,564	169,399	66,043	36,979	368,985
Additions	-	8,103	6,743	3,174	15,352	33,372
Disposals	-	-	-	-	(13,185)	(13,185)
March 31, 2014	27,000	77,667	176,142	69,217	39,146	389,172
Additions	-	7,168	31,022	17,080	5,512	60,782
Disposals	-	-	-	-	(5,591)	(5,591)
March 31, 2015	27,000	84,835	207,164	86,297	39,067	444,363
Accumulated Depreciation						
April 1, 2013	-	25,844	126,508	55,810	33,830	241,992
Depreciation charge	-	3,552	8,317	3,205	4,960	20,034
Disposals	-	-	-	-	(13,185)	(13,185)
March 31, 2014	-	29,396	134,825	59,015	25,605	248,841
Depreciation charge	-	4,179	8,392	3,372	5,614	21,557
Disposals	-	-	-	-	(5,591)	(5,591)
March 31, 2015	-	33,575	143,217	62,387	25,628	264,807
Carrying amounts						
March 31, 2015	27,000	51,260	63,947	23,910	13,439	179,556
March 31, 2014	27,000	48,271	41,317	10,202	13,541	140,331

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

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

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

6. POST EMPLOYMENT BENEFITS

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

Plan information

Regulatory framework	The law requires each plan sponsor to be an ordinary annual contributor but does not stipulate a minimum funding rate or solvency level. In absence of guidance from the Regulator, the working party of actuaries and auditors agreed on a minimum employer contributions rate of 0.25% of payroll per annum where plan rules do not specify a minimum.
Responsibilities	The trustees ensure benefits are funded, benefits are paid, assets are invested to maximize return subject to acceptable investment risks while considering the liability profile. The board of trustees (including sponsor, employee and pensioner representatives) have contracted a pension services provider to administer the plan's activities. The plan is registered with the Financial Services Commission.
Asset-Liability Matching	Pensions are secured through the purchase of annuities. The remaining assets are invested in segregated pooled funds.

Defined benefit pension plan

This plan is funded by contributions from the employees and the company. The company contributes to the plan at rates determined by the Board of Directors upon recommendation of external actuaries (currently 5.5% (2014: 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 $1^2/_3$% 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, 2015 by Ravi Rambarran of Rambarran & Associates Limited (Consulting Actuaries), Fellow of the Institute of Actuaries. The obligations were measured using the projected unit credit method.

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

Financial Assumptions

	2015 %	2014 %
Gross discount rate ($JA)	9.5	9.5
Gross discount rate ($US)	5.5	5.5
Expected rate of salary increases	6.0	5.0
Future pension increases	3.0	2.5
Medical inflation	7.5	8.0
Inflation	6.0	5.0
Minimum funding rate	0.25	0.25
Administration fees (percentage of pay)	1.0	0.5
Investment fees (percentage of assets)	0.0	1.0

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:

	Males	Females
Age		
20 – 40	0.35 – 0.66	0.22 – 0.29
30 – 40	0.66 – 0.85	0.29 – 0.48
40 – 50	0.85 – 1.58	0.48 – 0.97
50 – 60	1.58 – 4.43	0.97 – 2.29
60 - 70	4.43 – 14.53	2.29 – 8.63

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

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

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

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

	Defined Benefit Pension Plan		Retiree Medical Plan	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Present value of obligation	(806,972)	(805,006)	(146,835)	(165,904)
Fair value of plan assets	951,120	847,472	-	-
Unrecognised asset due to ceiling	(14,392)	-	-	-
Net asset (liability) in the statement of financial position	129,756	42,466	(146,835)	(165,904)

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

	Defined Benefit Pension Plan		Retiree Medical Plan	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Current service cost	15,909	12,796	6,212	5,303
Net interest cost:				
Interest cost on defined benefit obligation	66,877	55,840	15,543	12,426
Interest income on plan assets	(71,439)	(67,763)	-	-
Total included in employee benefits expense	11,347	873	21,755	17,729

Notes to the Financial Statements
For the year ended 31st March, 2015

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

	Defined Benefit Pension Plan		Retiree Medical Plan	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Remeasurements				
Change in demographic assumptions	-	35,549	-	24,834
Change in financial assumption	-	42,467	-	23,160
Experience adjustments	(88,836)	9,576	(36,127)	(21,642)
	(88,836)	87,592	(36,127)	26,352

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

	Defined Benefit Pension Plan		Retiree Medical Plan	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Opening balance	42,466	119,874	(165,904)	(126,576)
Amount charged to income	(11,347)	(873)	(21,755)	(17,729)
Remeasurement recognised in OCI	88,836	(87,592)	36,127	(26,352)
Contributions by employer	9,801	11,057	4,697	4,753
Closing balance	129,756	42,466	(146,835)	(165,904)

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

	Defined Benefit Pension Plan		Retiree Medical Plan	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Opening defined benefit obligation	805,006	638,391	165,904	126,576
Service cost	15,909	12,796	6,212	5,303
Interest cost	66,877	55,840	15,543	12,426
Members' contributions	13,083	14,701	-	-
Benefits paid	(43,990)	(163,367)	(4,697)	(4,753)
Value of purchased annuities	6,800	126,686	-	-
Remeasurement:				
Changes in demographic assumptions	-	52,004	-	24,834
Changes in financial assumptions	-	47,987	-	23,160
Changes in experience adjustments	(56,713)	19,968	(36,127)	(21,642)
Closing defined benefit obligation	806,972	805,006	146,835	165,904

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

	Defined Benefit Pension Plan		Retiree Medical Plan	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Opening fair value of plan assets	847,472	758,265	-	-
Members' contributions	13,083	14,701	-	-
Employer's contributions	9,801	11,057	-	-
Interest income on plan assets	71,439	67,763	-	-
Benefits paid	(43,990)	(163,367)	-	-
Value of purchased annuities	6,801	126,686	-	-
Remeasurement:				
Changes in demographic assumptions	-	16,455	-	-
Changes in financial assumptions	-	5,520	-	-
Experience adjustments	46,514	10,392	-	-
Closing fair value of plan assets	951,120	847,472	-	-
Movement in asset ceiling Liability (Asset)				
Effect of asset ceiling at beginning	-	-		
Interest in asset	-	-		
Remeasurement effects	(14,392)	-		
Effect of ceiling at the end	(14,392)	-		

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

	Defined Benefit Pension Plan	
	2015	2014
	Fair Value of Plan Asset	Fair Value of Plan Asset
	$'000	$'000
Equity fund	177,705	152,864
CPI Indexed Fund	65,467	50,954
International Equity	44,790	33,970
Fixed income fund	1,387	5,662
Mortgage and real estate fund	209,745	181,172
Foreign currency fund	158,613	130,218
Money market fund	2,907	11,323
Value of purchased annuities	298,778	279,390
Other adjustments	(8,272)	1,919
Closing fair value of plan assets	951,120	847,472

Apart from purchased annuities, each asset is in a segregated fund.

There are no plan assets in respect of the Retiree Medical Plan.

(i) Sensitivity analyses

1. Medical Inflation

	1% decrease in Medical inflation Assumption	1% increase in Medical inflation Assumption
	$'000	$'000
(Decrease) Increase in defined benefit obligation	(21,486)	27,105

2. Discount rate

	1% decrease in Discount rate Assumption	1% increase in Discount rate Assumption
	$'000	$'000
Increase (Decrease) in defined benefit obligation – Medical	26,824	(20,964)
Increase (Decrease) in defined benefit obligation – Pension	111,675	(90,252)

3. Future Pension Increase

	1% decrease in Future Pension Assumption	1% increase in Future Pension Assumption
	$'000	$'000
Increase (Decrease) in defined benefit obligation – Pension	(52,831)	61,065

4. Salary Assumption

	1% decrease in Salary Assumption	1% increase in Salary Assumption
	$'000	$'000
(Decrease) Increase in defined benefit obligation – Pension	(30,841)	34,779

5. Life expectancy

	1 year Decrease	1 year Increase
	$'000	$'000
(Decrease) Increase in defined benefit obligation – Medical	(4,613)	4,620
(Decrease) Increase in defined benefit obligation – Pension	(13,607)	13,372

(j) Other

(i) Expected contributions for the next year

	$'000
Employer	8,897
Employee	12,259
	21,156

(ii) Expected expense for the next year

	Medical $'000	Pension $'000	Total $'000
Service cost	4,242	14,097	18,339
Financing cost (net)	13,715	(13,309)	406
	17,957	788	18,745

(iii) Maturity profile of defined benefit obligation

	Weighted Average Duration of liability (years) – 2015	Weighted average Duration of liability (years) – 2014
Pension	28	33
Medical	27	29

(iv) Included in the holdings of plan assets is an investment in the Sagicor Pooled Pension Investment Funds which holds 10.4% (2014: 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:

	2015 $'000	2014 $'000
Deferred tax assets	48,839	46,179
Deferred tax liabilities	(41,190)	(18,993)
	7,649	27,186

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

	2015 $'000	2014 $'000
Opening balance	27,186	2,612
Credit (Charge) to income for the period (Note 21(a))	11,553	(4,062)
(Charge) Credit to other comprehensive income for the period (Note 21(b))	(31,090)	28,636
Closing balance	7,649	27,186

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

Deferred tax assets

	Unrealised foreign exchange losses	Accrued vacation	Post employment benefits obligation	Depreciation Charges in excess of capital allowances	Accrued incentive and other	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Balance, April 1, 2013	605	3,715	31,644	2,435	-	38,399
Credit (Charge) to income for the year	(605)	(390)	3,243	(1,056)	-	1,192
Credit to other comprehensive income for the year	-	-	6,588	-	-	6,588
Balance, March 31, 2014	-	3,325	41,475	1,379	-	46,179
Credit (Charge) to income for the year	-	826	4,265	(1,379)	7,979	11,691
Charge to other comprehensive income for the year	-	-	(9,031)	-	-	(9,031)
Balance, March 31, 2015	-	4,151	36,709	-	7,979	48,839

Deferred tax liabilities

	Unrealised foreign exchange gains	Revaluation of properties	Post-employment benefits asset	Excess value over tax allowances on motor vehicles	Capital allowances in excess of depreciation charges	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Balance, April 1, 2013	-	5,034	29,969	784	-	35,787
Charge to income for the year	112	-	2,545	2,597	-	5,254
Credit to other comprehensive income for the year	-	(150)	(21,898)	-	-	(22,048)
Balance, March 31, 2014	112	4,884	10,616	3,381	-	18,993
Charge (Credit) to income for the year	467	-	(386)	(883)	940	138
(Credit) Charge to other comprehensive income for the year	-	(150)	22,209	-	-	22,059
Balance, March 31, 2015	579	4,734	32,439	2,498	940	41,190

8. INVENTORIES

	2015	2014
	$'000	$'000
Finished goods	148,774	149,536
Work-in-progress	7,763	6,162
Raw materials and supplies	156,863	140,330
Goods-in-transit	22,307	67,482
	335,707	363,510

Inventories stated above are net of provision for obsolescence amounting to approximately $31.73 million (2014: $20.18 million).

The cost of inventories recognised as an expense during the period, was $881.32 million (2014: $846.45 million).

Movement in provision for obsolescence

	2015 $'000	2014 $'000
Opening balance	20,177	21,096
Charged to income	15,660	13,213
Reversal of write down (Note 8(a))	(4,105)	(14,132)
Closing balance	31,732	20,177

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

9. BALANCES/TRANSACTIONS WITH RELATED PARTIES

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

Trading transactions and balances

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

	Sales of Goods and Raw Materials		Purchases of finished goods and raw materials		Technical Service Fees		Amounts Owed by (to) Related Parties	
	2015	2014	2015	2014	2015	2014	2015	2014
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Immediate parent								
Lewis Berger (Overseas Holdings) Ltd.	-	-	-	-	53,934	50,274	(10,500)	(17,370)
Fellow subsidiaries								
Berger Trinidad	1,390	-	2,143	3,755	-	-	2,062	(1,079)
Berger Barbados	207	769	359	-	-	-	1,950	190
Asian Paints International Limited	-	-	-	-	-	-	(5,570)	(3,151)
Berger Singapore	-	-	305	417	-	-		-
Berger International Limited	-	-	-	-	-	-	35	-
	1,597	769	2,807	4,172	-	-	(1,523)	(4,040)
Reflected in statement of financial position:								
Due from fellow subsidiaries							4,047	190
Due to fellow subsidiaries							(5,570)	(4,230)
							(1,523)	(4,040)
Directors							58	126

Sale of goods to related parties were made at the predetermined group rates. Purchases are made at market prices discounted to reflect the quantity of goods purchased and the relationships between the parties.

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No expense has been recognized during the year for irrecoverable debts in respect of the amounts owed by related parties.

Loans to related parties

	2015 $'000	2014 $'000
Key management personnel	-	25

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:

	2015 $'000	2014 $'000
Short-term benefits	62,460	52,884
Post-employment benefits	1,674	2,179
	64,134	55,063

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

	2015 $'000	2014 $'000
Trade receivables (net of provisions for outstanding rebates to customers of $13.37 million (2014: $6.05 million))	326,968	287,144
Less allowance for doubtful debts	45,516	45,212
	281,452	241,932
Other receivables and prepayments (net of an allowance for doubtful debts of $3.62 million (2014: $3.47 million))	27,896	27,300
	309,348	269,232

The average credit period on sale of goods is 30 - 60 days. The company has provided fully for all receivables over one year because historical experience has shown that receivables that are past due beyond this period are generally not recoverable. Trade receivables outstanding between 30 days and 1 year are provided for based on estimated irrecoverable amounts from the sale of goods, determined by reference to past default experience of the counterparty and an analysis of the counterparty's current financial position.

Before accepting any new customer, the company uses a credit bureau to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed annually. Approximately 98% (2014: 98%) of the trade receivables that are neither past due nor impaired have the best credit scoring attributable under the external credit bureau assessment as well as the internal assessment system used by the company. Of the trade receivables balance at the end of the reporting period, $100.06 million (2014: $89.08 million) (amount within the approved credit limit) is due from two (2014: three) of the company's customers (See also Note 24(d)). There are no other customers who represent more than 5% of the total balance of trade receivables.

Included in the company's trade receivable balance are debtors with a carrying amount of $174.01 million (2014: $156.10 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 66 days (2014: 74 days).

Ageing of past due but not impaired

	2015 $'000	2014 $'000
30 – 90 days	146,101	117,768
91 – 180 days	18,107	27,884
181 – 270 days	7,093	9,676
271 – 360 days	2,709	773
	174,010	156,101

Movement in allowance for doubtful debts

	Trade Receivables		Other Receivables	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Opening balance	45,212	44,834	3,468	1,605
Impairment losses recognised on receivables	24,399	4,341	156	1,863
Amounts written-off as uncollectible	(10,057)	(2,459)	-	-
Amounts recovered during the year	(14,038)	(1,504)	-	-
Closing balance	45,516	45,212	3,624	3,468

In determining the recoverability of a receivable, the company considers any change in the credit quality of the receivable from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited due to the fact that the customer base is large and unrelated. The directors believe that, at the end of the reporting period, there is no further credit provision required in excess of the allowance for doubtful debts.

Ageing of impaired trade receivables

	2015	2014
	$'000	$'000
≥ 365 days	45,516	45,212

11. INVESTMENT SECURITY

This represents holdings in Scotia Premium Money Market Fund. At March 31, 2015, the eligible units held totaled 5,625.1 at a value of $100 per unit (2014: 5,418.1 units at a value of $100 per unit). The investment objective of the Fund is to provide unit holders with quarterly income, liquidity and preservation of capital.

12. CASH AND BANK BALANCES

	2015	2014
	$'000	$'000
Cash on hand	366	244
Foreign currency bank deposits (Note 12(a))	51,632	29,666
Jamaican dollar bank deposits (Note 12(b))	39,606	10,871
	91,604	40,781

(a) **These include:**

(i) At March 31, 2014 interest bearing accounts totalling $28.23 million, representing the Jamaican dollar equivalent of US$258,807. Interest on foreign currency deposits were at rates of 0.25% per annum. There was no foreign currency interest bearing accounts as at March 31, 2015.

(ii) Non-interest bearing accounts totalling $1.50 million (2014: $1.44 million), representing the Jamaican dollar equivalent of Belize $26,700 (2014: $26,700) and $50.13 million representing the Jamaican dollar equivalent of US$437,474.

(b) (i) This includes an interest bearing account totalling $0.009 million (2014: $0.009 million) at an interest rate of 0.50% (2014: 0.65%) per annum.

(ii) The company has a credit facility (overdraft) with a commercial bank to a limit of $100 million (2013: $99 million) at a rate of 17.25% (2014: 17.25%) per annum. The company has utilised the facility during the year, however there were no overdraft balances as at March 31, 2015 and March 31, 2014.

(c) Cash and cash equivalents

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

Notes to the Financial Statements

For the year ended 31st March, 2015

13. SHARE CAPITAL

	2015 No. of shares	2014 No. of shares	2015 $'000	2014 $'000
Authorised: No par value ordinary shares at the beginning and end of the period	214,322,393	214,322,393		
Issued and fully paid at the beginning and end of the period:	214,322,393	214,322,393		
Stated capital			141,793	141,793

There were no movements in share capital during the period.

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

14. REVALUATION RESERVES

	Properties Revaluation Reserve	
	2015	2014
	$'000	$'000
Balance at beginning of year	44,695	44,545
Adjustments to deferred tax liability in respect of revalued buildings (Note 21(b))	150	150
Balance at end of year	44,845	44,695

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

15. PROVISIONS

	Employee Benefits	
	2015	2014
	$'000	$'000
Opening balance	13,306	14,859
Charged to income for year	19,174	17,928
Utilised during the year	(15,874)	(19,481)
Closing balance	16,606	13,306

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

16. TRADE AND OTHER PAYABLES

	2015	2014
	$'000	$'000
Trade payables	123,214	140,422
Other payables and accruals	160,402	90,199
	283,616	230,621

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.

Notes to the Financial Statements

For the year ended 31st March, 2015

17. DIVIDENDS

During the current year:

(i) A final dividend 8¢ per share totalling $17.15 million for year ended March 31, 2014 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, 2014.

(ii) The directors propose a dividend of 12¢ per share totalling $25.72 million for the year ended March 31, 2015 to be paid on July 13, 2015 to shareholders on the company's register of members at the close of business June 24, 2015.

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

During the 2013/2014:

A final dividend of 13¢ per share totalling $27.862 million for year ended March 31, 2013 was approved at the company's Annual General Meeting and paid to shareholders on the company's register of members at the close of business on June 21, 2013.

18. SALES (NET OF DISCOUNTS AND REBATES)

The following are entity-wide disclosures:

(a) Products

	2015 $'000	2014 $'000
Decorative/architectural products	1,798,595	1,688,322
Industrial products	55,000	49,673
	1,853,595	1,737,995

(b) Geographical areas

	2015 $'000	2014 $'000
Domestic sales	1,750,269	1,672,025
Export sales	103,326	65,970
	1,853,595	1,737,995

(c) Major customers

Of the sales for the period, 14% (2014: 14%) was attributable to the company's largest customer. There were no other customers who represented 10% or more of the company's revenue.

19. PROFIT BEFORE TAXATION

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

	2015 $'000	2014 $'000
Expenses		
Raw materials and consumables used	882,161	870,231
Changes in inventories of finished goods and work-in-progress (net)	(839)	(23,785)
Manufacturing expenses	97,600	94,879
Depreciation	21,557	20,034
Employee benefits expense (Note 20)	449,526	408,170
Other operating expenses	331,561	292,868
Total	**1,781,566**	**1,662,397**

Other income		
Investment revenues	27	272
Miscellaneous	7,105	4,974
Total	**7,132**	**5,246**

Other operating expenses include charges in respect of inventory obsolescence of $15.66 million (2014: $13.21 million).

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

		2015 $'000	2014 $'000
(i)	Revenue and expenses on financial assets at amortised cost		
	Revenue:		
	Interest – bank deposits	27	272
	Expenses:		
	Interest – overdraft	22	136
	Allowance for doubtful debt on sale of goods net of recoveries of $14.04 million (2014: $1.50 million)	10,361	2,837
	Allowance for doubtful debt on other receivables	156	1,863
(ii)	Net loss on financial assets and financial liabilities at amortised cost		
	Net foreign exchange loss	6,430	12,082
(iii)	Other expenses		
	Directors' emoluments		
	Fees	1,950	1,688
	Management	19,800	19,504
	Audit fees	4,500	4,250

20. STAFF COSTS

Staff costs incurred during the period were:

	2015 $'000	2014 $'000
Salaries, wages and statutory contributions	351,441	334,757
Other staff benefits	98,085	73,413
	449,526	408,170

21. TAXATION

Current and deferred taxes have been calculated using the tax rate of 25% (2014: 25%).

(a) Recognised in profit and loss

(i) The total charge for the period comprises:

	2015 $'000	2014 $'000
Current tax	28,858	20,956
Employment tax credit	(8,673)	(1,572)
Minimum business tax	(60)	-
Prior year under provision	3,554	2,356
Deferred tax adjustment (Note 7)	(11,553)	4,062
	12,126	25,802

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

	2015 $'000	2014 $'000
Profit before tax	79,163	80,708
Tax at the domestic income tax rate of 25% (2013: 25%)	19,791	20,177
Tax effect of expenses that are not deductible in determining taxable profit	927	336
Employment tax credit	(8,673)	(1,572)
Prior year under provision	3,554	2,356
Other	(3,473)	4,505
Tax expense for the period	12,126	25,802

The tax rate used for the reconciliations above is the company tax rate of 25% (2014: 25%) payable by corporate entities in Jamaica on taxable profits under tax laws.

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

	2015 $'000	2014 $'000
Revaluation of properties (Note 14)	150	150
Remeasurement of defined benefit plans	(31,240)	28,486
	(31,090)	28,636

(c) Current tax liabilities

	2015 $'000	2014 $'000
Income tax payable	7,439	9,500

22. EARNINGS PER STOCK UNIT

The calculation of earnings per stock unit is based on the profit after taxation of $67.04 million (2014: $54.91 million) and the number of stock units in issue during the period of 214,322,393 units (2014: 214,322,393 units).

23. COMMITMENTS

(a) Capital commitment

Capital expenditure authorised but not contracted for at March 31, 2015 amounted to approximately $3.36 million (2014: $7.79 million). These expenditures are mainly in respect of the acquisition of several tinting machines and PBX solutions (2014: acquisition of a filling machine).

(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.

	2015 $'000	2014 $'000
Minimum lease payments under operating leases recognised as an expense in the period	7,112	6,495

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

	2015 $'000	2014 $'000
Within one year	7,876	8,999
In the second to fifth years inclusive	27,814	7,372
	35,690	16,371

24. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 3 to the financial statements.

Categories of financial instruments

The following table sets out the financial instruments as at the end of the reporting period:

	2015 $'000	2014 $'000
Financial Assets		
Loans and receivables – at amortised cost		
- Due from fellow subsidiaries	4,047	190
- Trade and other receivables (excluding prepayments)	306,151	260,100
- Cash and bank balances	91,604	40,781
	401,802	301,071
Financial assets at fair value through profit or loss	562	541
	402,364	301,612
Financial Liabilities (at amortised cost)		
- Due to immediate parent company	10,500	17,370
- Due to fellow subsidiaries	5,570	4,230
- Dividends payable	15,168	14,575
- Trade and other payables (excluding accruals)	201,265	203,928
	232,503	240,103

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

Money Market Pooled Fund price sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to pooled fund price risk at the reporting date. If quoted prices has been 10% higher/lower, net profit for the year would increase/decrease by $56,000 (2014: $54,000) as a result of the changes in fair values of this instrument. The increase in sensitivity is due mainly to the increase in pooled fund investments.

(b) Foreign exchange risk

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

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

Management of foreign exchange risk

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

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

	Liabilities		Assets		Net Liabilities (Assets)	
	2015 J$'000	2014 J$'000	2015 J$'000	2014 J$'000	2015 J$'000	2014 J$'000
US dollars	127,357	141,443	79,882	56,617	47,475	84,826
Belize dollars	-	-	1,506	1,435	(1,506)	(1,435)

Foreign currency sensitivity

The following table details the sensitivity to a 1% revaluation and 10% devaluation (2014: 1% revaluation and 15% 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.

If the Jamaican dollar strengthens by 1% or weakens by 10% (2014: strengthens by 1% or weakens by 15%) against the relevant foreign currency, profit will increase (decrease) by:

Profit or loss increase (decrease)

	March 31, 2015				March 31, 2014			
	Revaluation		Devaluation		Revaluation		Devaluation	
	%	J$'000	%	J$'000	%	J$'000	%	J$'000
US dollars	+1	475	-10	(4,747)	+1	848	-15	(12,724)
Belize dollars	+1	(15)	-10	152	+1	(14)	-15	215
		460		(4,595)		834		(12,509)

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 exposure does not reflect the exposure during the period. US dollar denominated sales and liabilities are seasonal, fluctuating throughout the period.

(c) Interest rate risk management

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

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

Management of interest rate risk

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

Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. In respect of Jamaican dollar investments, a 250 basis points increase and a 100 basis point decrease (2014: a 250 basis points increase and a 100 basis points decrease) and for foreign currency denominated balances, a 200 basis points increase and a 50 basis points decrease (2014: 200 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.

If interest rates had been 250 basis points higher and 100 basis points lower for Jamaican dollar balances (2014: 250 basis points higher and 100 basis points lower) and 200 basis points higher and 50 basis points lower for foreign currency denominated balances (2014: 200 basis points higher and 50 basis points lower) and all other variables were held constant, the company's profit for the period would increase by nil and decrease by nil, respectively (2014: increase by $0.57 million and decrease by $0.14 million, respectively). This is mainly attributable to the company's exposure to interest rate risk on its bank deposits.

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

(d) Credit risk management

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

Financial assets that potentially subject the company to concentration of credit risk consist principally of cash, cash equivalents, trade and other receivables and amounts due from related parties. The maximum exposure to credit risk is the amount of approximately $402.36 million (2014: $301.61 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 $91.24 million (2014: $40.54 million) at the reporting date represents the company's maximum exposure to this class of financial assets.

Investment security

The credit risk associated with this investment is limited because the counterparty is a major financial institution with high credit rating. The carrying amount of $562,000 (2014: $541,000) at the reporting date represents the company's maximum exposure to this class of financial asset.

Trade and other receivables

The company has adopted a policy of dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by management on an annual basis. Further, trade receivables consist of a large number of customers, spread across the retail and construction sectors and as such, the company does not have significant credit risk exposure to any single counterparty, except in respect of two (2014: three) retail entities whose outstanding balances (within the approved credit limits) amount to approximately 31% (2014: 31%) 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 $281.45 million (2014: $241.93 million) and other receivables totalling $24.70 million (2014: $18.17 million) at year end which is net of impairment of approximately $45.52 million and $3.62 million respectively (2014: $45.21 million and $3.47 million respectively), represents the company's maximum exposure to this class of financial asset.

Amounts due from fellow subsidiaries

The directors believe that the credit risks associated with this financial instrument are minimal. The carrying amount of the above balance totalling $4.05 million (2014: $190,000) 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 $100 million (2014: $99 million).

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

Non-derivative financial liabilities

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

	Weighted Average Effective Interest Rate	On Demand or Within 1 Year	Total
	%	$'000	$'000

2015			
Non-interest bearing	-	232,503	232,503
2014			
Non-interest bearing	-	240,103	240,103

Non-derivative financial assets

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

	Weighted Average Effective Interest Rate	On Demand or Within 1 Year	Total
	%	$'000	$'000
2015			
Non-interest bearing	-	402,355	402,355
Interest bearing	0.5	9	9
2014			
Non-interest bearing	-	273,253	273,253
Interest bearing	0.3	28,288	28,288

(f) Fair value of financial assets and financial liabilities

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

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

- The carrying amounts included in the financial statements for cash and bank balances, trade and other receivables and trade and other payables, due to immediate parent company and due from or to fellow subsidiaries reflect the approximate fair values because of the short-term maturity of these instruments.
- The fair value of the investment security is measured by reference to quoted market prices derived by valuation techniques based on prices quoted by the issuer.

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

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 (See Note 3.4) based on the degree to which the fair value is observable:

	2015			
	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets at fair value in the Statement of Financial Position				
Pooled funds	-	562	-	562

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

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

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 2014.