we make things happen

ANNUAL REPORT 2017

Productive Business Solutions

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Message from the Chairman

Dear Shareholder,

IPO (Initial Public Offering)

2017 was a transformational year for us, as we completed the first public offering in the Company's history by raising a combined US$41.6 million of Common Equity and Preferred shares which are listed on the Jamaica and Barbados Stock exchanges. The IPO accomplished several important objectives including; providing capital for further growth of the business and expansion into new markets, aligning its key employees with the Company's strategic plans by including their participation in the IPO and adding a strategic regional investor that would lead to and generate important commercial benefits which I believe we accomplished by inviting the Portland Equity Group to participate in the IPO.

Expansion into New Markets

In 2017, PBS was granted the non-exclusive distribution rights to distribute Xerox products in Colombia. Colombia has a GDP of US$292 billion with a population of 49 million, of which 8 million citizens reside in its capital of Bogota. The Company has established its Colombia operations, based in Bogota, in the third quarter of 2017. In addition to its Xerox distribution operations, PBS Colombia intends to distribute and service non-Xerox international technology brands, as it does in its other 14 markets. PBS Colombia presents an important growth opportunity for us. In addition to the Colombia territory, PBS was also granted the exclusive rights to distribute Xerox products in Suriname which also commenced operations in late 2017.

Continued Diversification

During the year we continued our focus on growing our non-Xerox international brands with major successful projects utilizing, L-3 Security and Detection Systems, Cisco and Oracle products through Central America and the Caribbean.

Well Positioned for Growth

PBS Group has been on an exciting journey since 2006, expanding from 4 to 15 countries operating across the Caribbean, Central America, South America and the United States. Throughout this period the Company unified its branding in the region, significantly diversified its product offerings, and transformed from a mere printing business to a trusted provider of IT services and solutions.

Going forward, our strategy is to strengthen the Company's financial position while encouraging its growth. I believe that the Company's key strengths include its extensive distribution network and presence in the Caribbean and Central America, expansion opportunities into Latin America , its strategic and longstanding partnerships with leading multinational brands, its deep and diverse customer relationships, its geographical diversification and the wide experience of its management team.

I would like to take this opportunity to thank our management and employees, as well as my fellow directors, for their commitment and hard work in 2017.

Paul Barnaby Scott
Chairman

Letter from the CEO

Fellow Shareholders:

As CEO, I write my first letter to you with the great satisfaction that derives from watching PBS transition from a privately owned to a publicly held company.

As an organization, we are aware of both the promising opportunities and the challenges ahead. Being one of the most important distributors of Xerox, we are positioned to adapt and make the most of the transformation the corporation might undergo soon. Whatever the outcome, we remain confident they will find ways to continue to lead the printing world with disruptive solutions; thus, redefining printing and document sharing. PBS will actively seek ways to capitalize from the new scenarios that might arise and the changes and innovation they will most certainly bring to the market in the years to come.

Also, I am very pleased with the contents of the Annual Report for 2017. It provides a sampling of our potential, our relevant achievements and our relationships with different agencies and users in a variety of industries. If you look at our financial performance, you will see the progress we have made versus 2016.

Furthermore, this annual report includes some highlights on our considerable effort and investment to incorporate our direct subsidiary PBS Colombia. As you might be aware of, Colombia is, to this day, one of the top markets in Latin America when analyzed from a GDP stand point. We are convinced that PBS Colombia will soon become an important member of our family of companies.

At our company, we are determined to keep on raising the bar on our operational excellence. To do that, we have modified the Organization Chart by adding two key positions: the roles of Chief Operating Officer for the Caribbean and for Central America and the Dominican Republic. Mr. Jason Corrigan has been appointed for the former and Mr. Mauricio Naranjo for the latter. They both bring exceptional talent to our business. We are honored to have them on board, given their backgrounds and experience.

2018 will be of paramount importance for the top management and the 1,600 members of the PBS team. We must devote our efforts to address our customers' most pressing needs. By keeping in mind, the way information is nowadays used, secured and shared, we will adapt proactively to their ever-changing requirements.

Finally, as we look ahead, we remain energized by our capabilities. Whether it is printing, digitalizing, scanning, on-site management/maintenance, cloud based, or servicing needs, or a combination of all, PBS is committed to be our customer´s trusted advisor.

Our sentiments of gratitude go out to our customers, and to our committed staff and their unparalleled resilience. Together, we will pursue the opportunities, as we continue to evolve with the support of the companies that have commissioned us to represent them in the markets we serve.
Thank you for your continued support.

Pedro M. París C.
Chief Executive Officer

*In the first edition of this document, Xerox Corp. had agreed to be acquired by Fuji Xerox. The transaction is halted.

Business Highlights

Colombia Opening

Following its growing strategy, PBS started up in Colombia. As the world known artist Fernando Botero, PBS wants to play an important role in the country, as a Xerox non - exclusive distributor.

Xerox Equipment

8,300+ units
installed in 2017
3% growth vs. 2016

Page Volume

2 Billion pages were
printed in Xerox equipment
5% growth vs. 2016

Service Calls

PBS Engineers assisted
127K + customer calls
Average response time
to service calls is 4.1 hrs
6,700 maintenace
contracts within 4,100 clients
95% Customer satisfaction

Managed Print Services

9,700 MFP monitored
remotely by Xerox using
cloud services Xerox is
the industry leader in MPS.
IDC, Gartner and Quocirca.

ATMs

1700+ ATMs under
maintenance contract
Guatemala, Costa Rica,
Belize and Cayman Islands

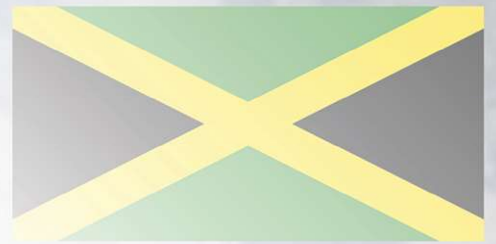
IT Infrastructure

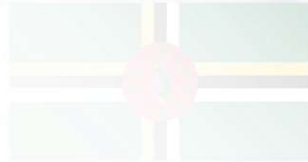
The total sales of this
segment reached
USD40 M. Double digit
growth vs. 2016

www.grouppbs.com

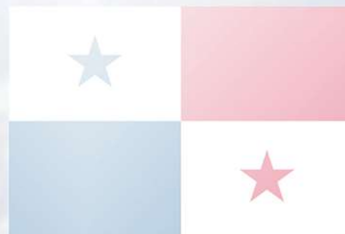
Preferred partner for color cut sheet laser, color production inkjet, laser highlight color, color presses and monochrome printers.

Why PBS?

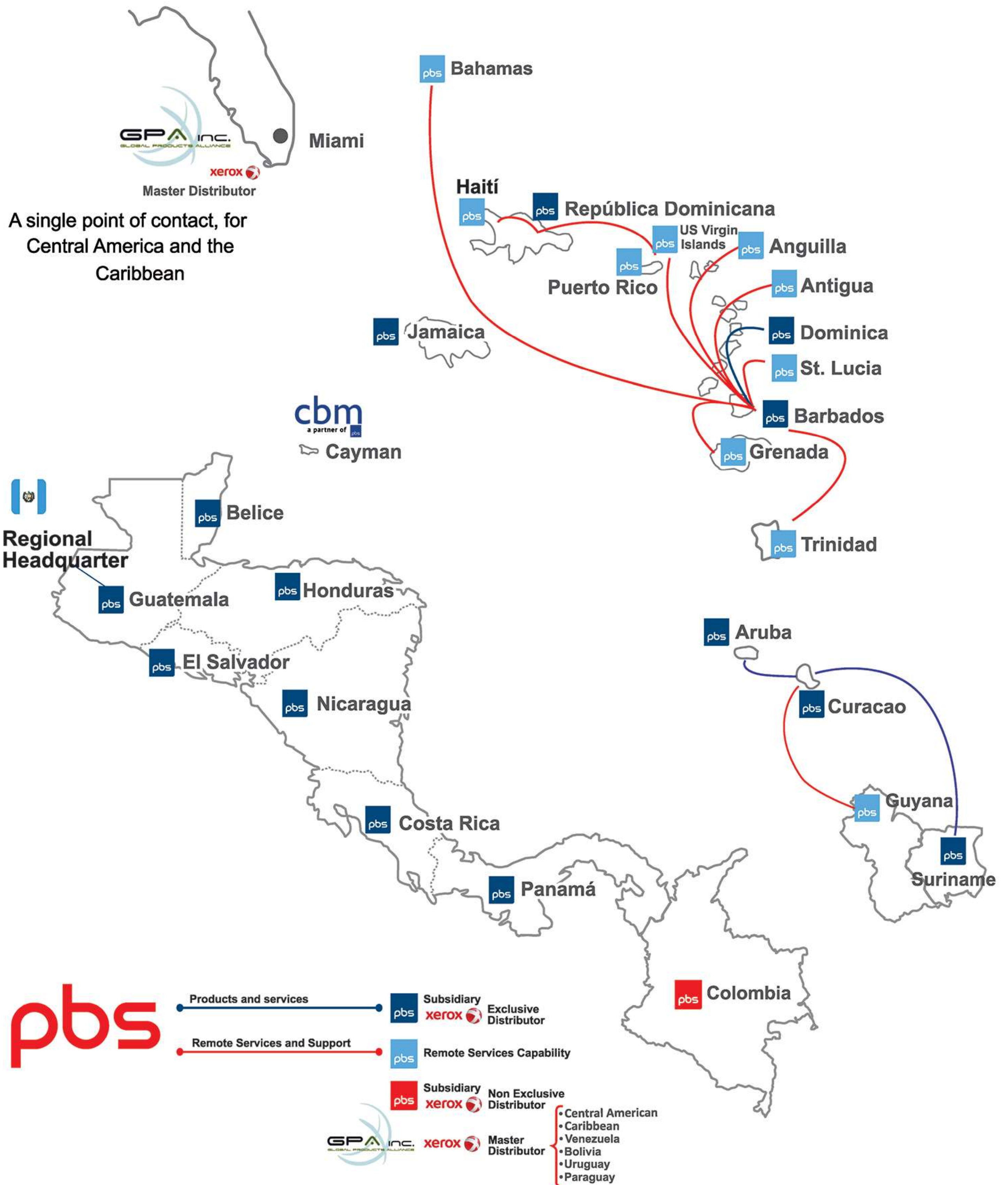


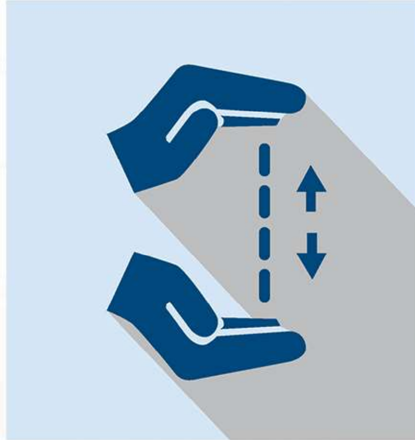


Regional Coverage



Coverage





Broad Portfolio

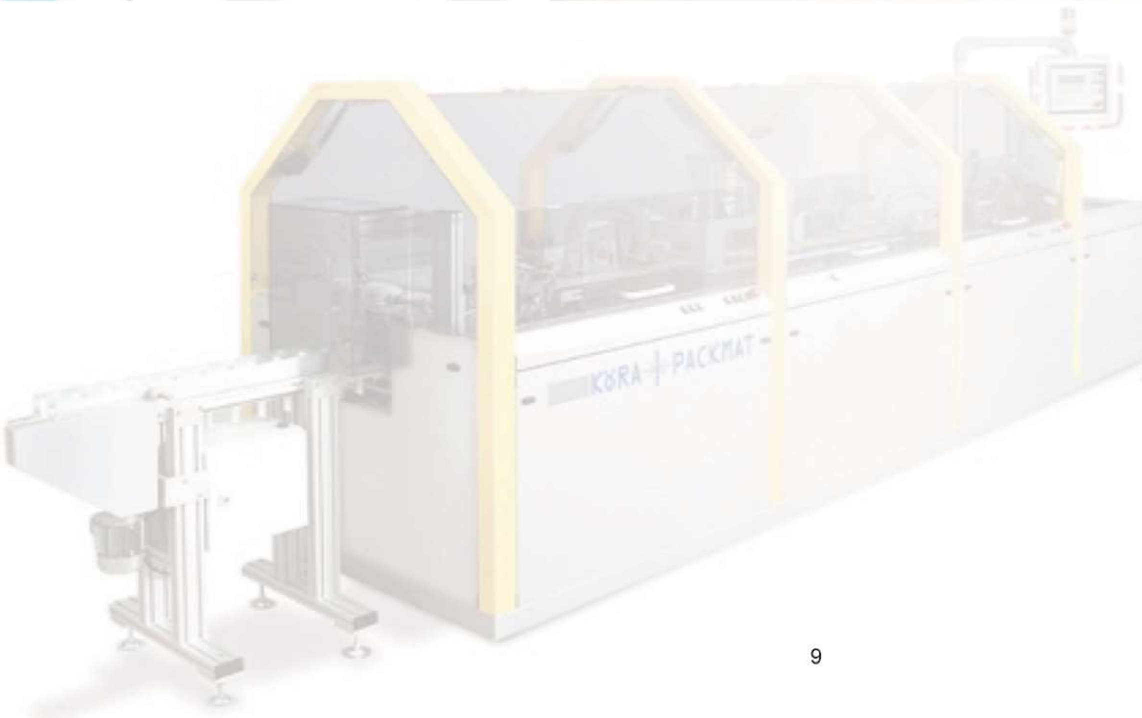
Regional Brands*

* Regional Brands are available in all subsidiaries,
PBS COLOMBIA SELLS ONLY XEROX ON NON - EXCLUSIVE SALES AGREEMENT

Local Brands**

** Local Brands are those available only at certain Countries for information hask your local PBS office.

Professional Services



IT Services	Managed Print Services
System Integration	Maintenance
Outsourcing	Transactional Printing
Training & Education	Prepaid Phone & Social Cards
Printing Control	Direct Marketing
Docucenter	Digitalization
Customer Communication Management	

Alliances

PBS has 6 printshop locations, (Guatemala, El Salvador, Honduras, Nicaragua, Costa Rica, Panama) offering a variety of digital printing services, with 3 XEROX Impika (world class continuous feed color inkjet) engines and a wide variety of Xerox cut sheet laser devices, position PBS as the largest transactional company in the region, with an installed capacity of more than 60 million prints per month.
PBS provides digital services and powers it is services with top class Quadient Software.

People

Meet our Board

Paul B. Scott
(Barbadian/Jamaican)
Chairman of Facey Group, and also Chairman and CEO of Musson Group of Companies and Chairman of the PBS

Paul Scott has led the expansion of the Facey group into distribution of telecommunications and IT products and services. He has also been key in the growth from its Jamaican origins to becoming a diversified global conglomerate. Paul is currently in charge of the strategic directioning, performance and operations of The Mussons Group and all its subsidiaries, which include The Facey Group. In addition to those responsibilities, He acts as chairman of Seprod Ltd, T Geddes, Grant Distributors and General Accident Insurance among other companies. Furthermore, Mr. Scott serves as an honorary consul of Guatemala in Jamaica and former president of the Private Sector Organization of Jamaica (PSOJ).

Nigel A. Clarke
(Jamaican)
Deputy Chairman and CFO of the Musson Group.
* Resigned effective March 26th, 2018

Nigel has acted as Deputy Chairman and CFO of The Musson Group. Having joined the group in 2003, he was instrumental for the expansion of the group from being mainly a Jamaican based operation to having presence in over 30 countries. In 2009, Nigel took on the additional responsibility of acting as CEO of The Facey Group where he led a transformation that led to the improvement of the group's performance. Mr. Clarke acted both as director of all the Group's subsidiaries and associated companies and as chairman of Eppley limited and Deputy Chairman of the PBS group. Dr. Clarke is Jamaica's ambassador plenipotentiary of economic affairs.

Patrick A.W. Scott
(Jamaican/American)
Director and Executive Deputy Chairman of Facey Group.

Patrick is the director of several companies within the Musson Group, including PBS Group. Mr. Scott has been with the group total 40 years having held different roles. Among others, he served as Managing Director, a position he held for 16 years. Mr. Scott is a graduate of Seneca College and Ryerson University in Toronto, Canada.

Melanle Subratie
(Barbadian/Jamaican).

Melanie Subratie acts as executive director of Musson as well as director of all its subsidiaries and affiliates including Eppley. She is also the Chairman of Transaction Epins Ltd, PBS Jamaica Ltd, the Musson Foundation, the Seprod Foundation, the audit committee of Seprod and the investment committee of General Accident. Moreover, she is the Deputy Chairman of Eppley.
Mrs. Subratie began her career in the United Kingdom in the financial services division of Deloitte & Touche. She then returned to returning to Jamaica in 2002 and joined Musson. Melanie holds a B.Sc. (Hons) from the London School of Economics.

Pedro París
(Costa Rican)
Chief Executive Officer
PBS Group

Pedro Paris studied business administration at Universidad Autonoma Centro America, Costa Rica. Prior to joining the Group, he worked for 18 years with IBM and GBM (IBM alliance). There, he held several management positions, which granted him experience in different areas such as accounting, finance, sales, marketing operations, services. Pedro joined the Group in 2003 and was appointed CEO of PBS in 2009, position he currently holds. Mr. Paris is responsible for the vision, strategy and execution of day to day operations. He also sits as a member of PBS Board of Directors.

Jose Misrahi
(American)
Chief Financial Officer of Facey Group

Jose Misrahi acts as director of several companies within the Facey Group, including PBS Group. Prior to becoming a member of Facey in 2006, he was Managing Director of a boutique Investment Bank for 3 years. He also served as VP Finance for the Cisneros group of companies from 1992 to 2002, a multinational company focused in Media holdings. He has held other board positions outside of Facey. Mr. Misrahi is a CPA and holds a Bachelor of Science Degree in Accounting from University of Miami.

Thomas Agnew
(British)
Non-Executive Director

Thomas Agnew is an entrepreneur specializing in building businesses focusing on content marketing, marketing technology and information services. Originally from the United Kingdom, Tom moved to the United States in 2008. Over the last seven years, Tom has founded Brafton Inc. and a group of subsidiary companies that today are North America's and Australia's leading content marketing and content marketing technology companies, it gives employment to over 370 professionals worldwide. Brafton Inc. has been listed as one the 5,000 fastest growing private companies for four years in row. Prior to the latter, he co-founded DeHavilland Information Services and Axonn Ltd in the United Kingdom. Mr. Agnew holds a degree in Politics from the University of Newcastle Upon Tyne, UK and lives in Cambridge MA with his wife and three children.

Lois Denny
(Barbadian)
Chief Finance Manager Facey Commodity Company (Barbados) Limited

Lois Denny joined Facey Barbados in 2007 as financial controller. Prior to joining Facey Barbados, she worked as financial controller for RX International. Ms. Denny started her career with PWC Barbados as an auditor and is a Fellow of the Association of Chartered Certified Accountants and a member of the Institute of Chartered Accountants of Barbados.

Management Team

Pedro M. París C.	Chief Executive Officer
Andrés Ibañez	Chief Finance Officer
Jason Corrigan	Chief Operating Officer Caribbean
Mauricio Naranjo H.	Chief Operating Officer Central America
Lucia Vielman	Treasurer
Walter Solano	Chief Information Officer
Leonardo Velásquez	IT Regional Director
Mario Pons	Regional Professional Services Director
Rossana Arriola	Executive Officer Assistant
Nayade Fragoso	Small and Medium Business Manager
María Ramírez	GPA General Manager
Carlos Molina	Regional Post Sales - Paper Manager
Sergio Molina	Regional Post Sales - Supplies Manager
Esteban Corrales	Used Equipment Initiative Leader
Marco Almendarez	Senior General Manager Nicaragua
Michael Lewis	General Manager Jamaica
Guillermo Rodríguez	Senior General Manager El Salvador
Diana Walker	General Manager Panama
Mauricio Duarte	Chief Operating Officer Guatemala
Christian Sánchez	General Manager Costa Rica
Elvin Nash	General Manager Barbados and Dominica
Laura Johnston	Country Manager Cayman Islands
Juan Lora	General Manager Dominican Republic
Francisco Lupiac	Country Manager Honduras
Anthony Hollander	General Manager Curacao and Aruba
Inti Grimaldi	Country Manager Belize
Juan Pablo Córdoba	Chief Operating Officer Colombia

Governance

Governance

Board of Directors

Paul B. Scott
Melanie Subratie
Patrick Scott
Pedro M. París C.
José Misrahi
Lois Denny
Thomas Agnew
Nigel A. Clarke (Resigned effective March 26th. 2018)

Audit Commitee

Melanie Subratie
Lois Denny
Ricardo Hutchinson*
Thomas Agnew
José Misrahi

Compensation Commitee

Paul B Scott
Ricardo Hutchinson
Patrick Scott
Douglas Hewson*

Key Management Team

Pedro M. París C.	Chief Executive Officer
Andrés Ibañez	Chief Financial Officer
Jason Corrigan	Chief Operating Officer Caribbean
Mauricio Naranjo H.	Chief Operating Officer Central America

www.grouppbs.com/governance/

*Appointed December 2017

Office Solutions

Barrick, DR

The Dominican Republic is home to Barrick one of the world's largest companies. As such, this facility requires both a reliable provider for its infrastructure and office equipment. PBS was chosen and now we are supplying them with personnel for day-to day activities.

Panama Canal Authority

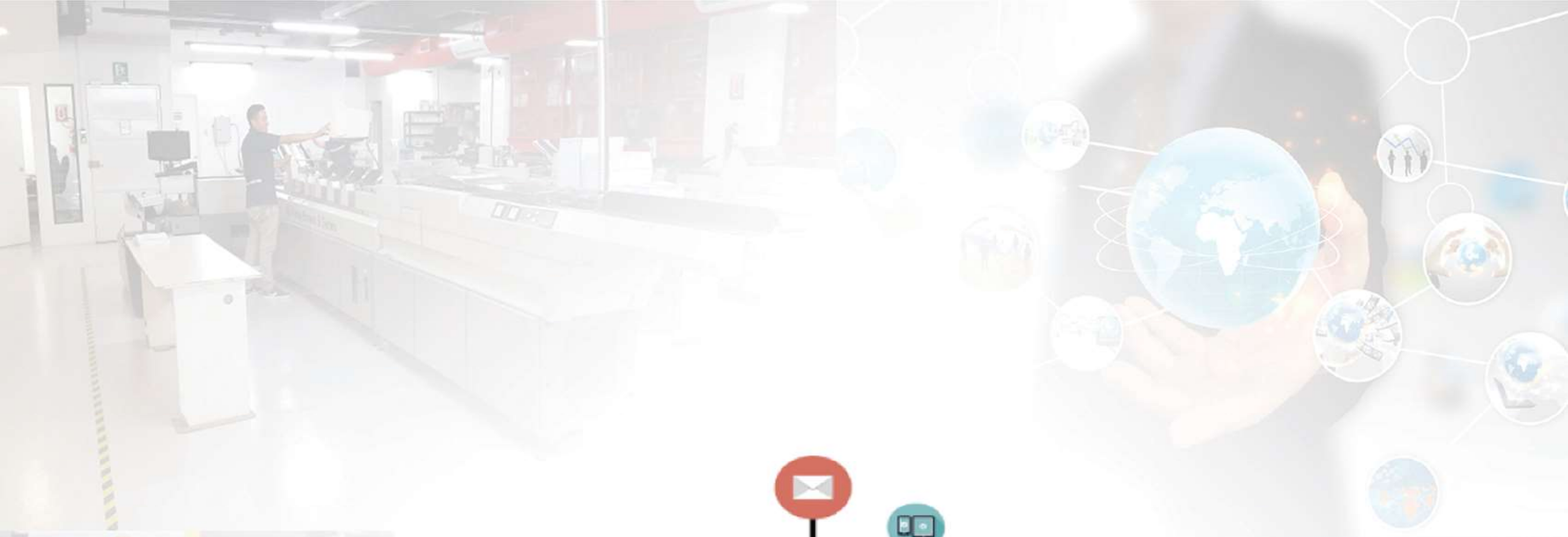
Large scale companies like the Panama Canal Authority require a robust and reliable solution for their document management and printing solutions.

Central Goverment, Cayman Islands

Governments across the region continue to rely on PBS' office document solutions. In 2018, The Cayman Islands Government will update their office equipment fleet with the newest members of the Xerox Family of MFPs.

Xerox Global Contact Center,Dublin Ireland

PBS uses Xerox CMPS (Managed Print Solutions) to help businesses optimize document processes, gain efficiency, lower cost and improve customer satisfaction.
(Xerox GCC is ISO 27000 certified)



Systems Integrations

Wal-Mart Central America (Guatemala, El Salvador, Honduras, Nicaragua, Costa Rica) awarded PBS a service contract to support their premises.

Banco Popular, Costa Rica

Banco Popular Banco Popular

Banco Popular y de Desarrollo Comunal

Public bank with more than 800,000 customers and 104 branches improved their mission critical systems, database migrations, testing and developing environments by choosing Oracle Exadata systems.

ORACLE
EXADATA

Taking you from your 'as-is' state to your 'to-be' state

dimension
data

Dimension Data is one of the largest systems integration, infrastructure and managed services provider in the world. Dimension Data has signed an non-exclusive agreement to support their global accounts in PBS territories; e.g.

IHG
INTERCONTINENTAL HOTELS & RESORTS
KIMPTON HOTELS & RESTAURANTS
HUALUXE HOTELS AND RESORTS
Holiday Inn
Holiday Inn Express
avid
hotel INDIGO
EVEN HOTELS
CROWNE PLAZA HOTELS & RESORTS
Holiday Inn Club Vacations
Holiday Inn Resort
STAYBRIDGE SUITES
CANDLEWOOD SUITES

IHG
InterContinental Hotels Group
IHG Hotel Group is determined to improve the customer experience, by using top of the line wireless solutions in their facilities.
PBS can support that goal in the region

cisco
Meraki

Transactional Printing

First in Central America
And the Caribbean

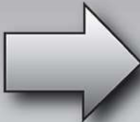
Xerox® Brenva™

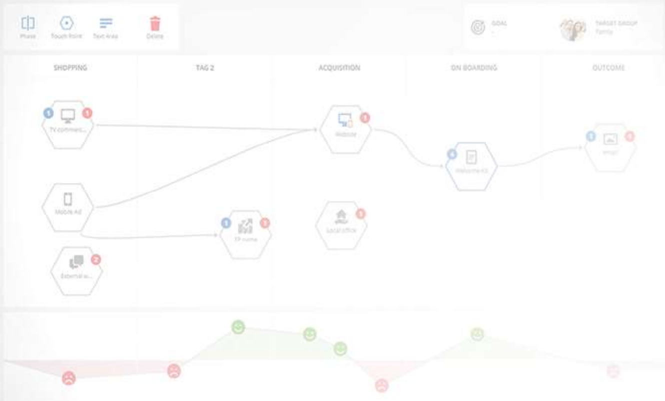
Credomatic, El Salvador

First in Central America
And the Caribbean

Xerox® Brenva™

Credomatic El Salvador installed the first brenva production press, thus becoming a pioneer in the use of color inkjet technology in Central America and the Caribbean. The bank has been able to enrich their marketing communications with customers without impacting their cost structure.





WEBINAR

REGISTER NOW

CX TRANSFORMATION DAY

May 24th, 2018,
9am ET - 12pm ET

Digital Transformation

BAC San José, Costa Rica

Faster Digital transformation establishes new frontiers for institutions. A poor digital experience is a business risk. That is why for the paperless baking project, BAC relies on Quadient, the industry´s leading company in platforms for Customer Communication management. BAC now uses Quadient modules for business processes in Costa Rica and El Salvador.

Digital Transformation

Tablets/Smartphones **Web portal content** **Print**

Tablet Landscape

Tablet Portrait

Smartphone Landscape

Smartphone Portrait

Notification

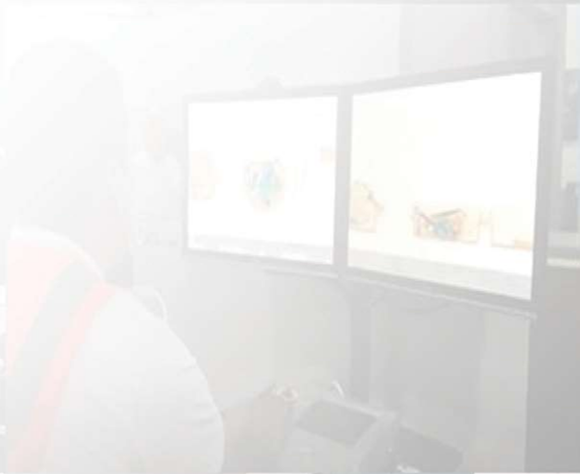
Desktop

HTML Simple layout

Simple HTML

Print

PBS Nicaragua offers the banking industry an information processing service and email delivery of statements for their banking accounts and credit card holders. We also provide email tracking to ensure and monitor reception and opening of the statement.



Security Systems

La Aurora Airport , Guatemala

Air travel industry relies heavily on security solutions. PBS is an entrusted partner for airports in the territory.

Security & Detection Systems

Aviation Products

NCB, Jamaica

The finance Industry needs top notch partners to be able to issue customers banking cards with the appropriate levels of security. For that goal, NCB has chosen PBS/Entrust Datacard equipment and services.

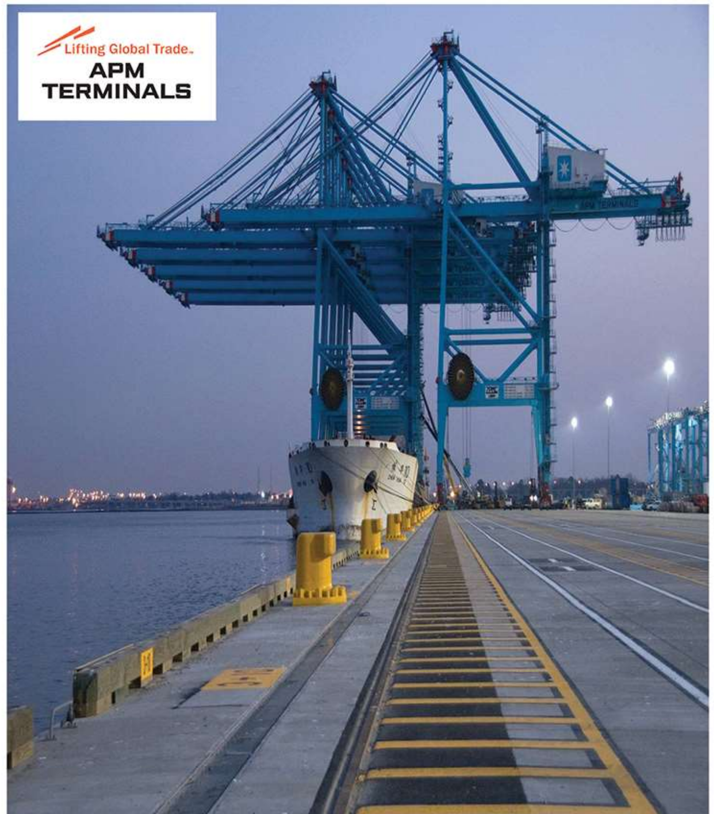
Security & Detection Systems

Cargo Products

APM Terminals

With the opening of the operations in Port Moin, Costa Rica. APM terminals will provide secure services by using non-intrusive L3 detection systems software and services for their day to day operations.

* Sample images



2017 Awards

2017 Awards

PBS management team after receiving several awards at Xerox Kick Off last January

Most significant 2017 Xerox awards.

- Honduras - Distributor of the year
- Honduras - Social Responsibility Award
- Costa Rica - Solutions Provider Partner of the Year

Marketing Velocity Innovator Award 2017

Awarded to Maria José Samayoa

Cisco - CANSAC Region

Received on behalf of PBS by Leonardo Velasquez

- Partner Commercial Segment of the year for CANSAC and LATAM region.
- Double digit growth Cisco Products sales.

Marketing Activities

Marketing Activities

PBS El Salvador celebrated its 50 years of operation The Gold Anniversary was filled with a variety of activities with customers and employees.

Xerox and PBS Jamaica launched the family of Office printers. Customers throughout our territory will now have access to the best product portfolio for their work environment.

Marketing Activities

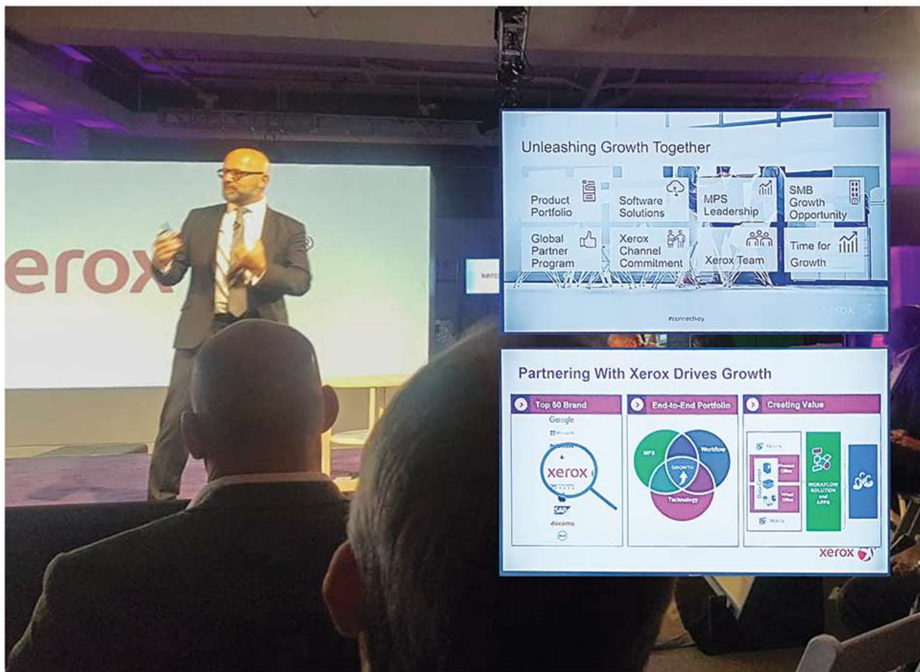
Every year each PBS affiliate gather all their staff together to reveiw their goals and to recognize excellence.

Each year each subsidiary holds a kick off to go over goals and celebrate excellence.
For five years in a row, PBS Nicaragua has organized its “Technology day”, which has become the country’s most important technology event.
15 partners and 350 customers participated in conferences and live demos.

Marketing Activities

Our CEO, Pedro Paris, and PBS El Salvador's general manager, Guillermo Rodríguez, with the actors at Xerox's "It's a miracle" event. In 2017, the corporation lunched 28 new office products, by far the largest product launch in their recent history.

THE FUTURE
OF WORK
GLOBAL TOUR



Xerox Strategy, New York Top Partner Meeting: Connectkey and Partner Value Proposition.

Social Responsibility

Social Responsibility Guatemala

Recognized by XEROX in the first half of the year 2017

More than 5,000 people die every year in Guatemala because of open fire cooking.

2.1 million Guatemalan families cook their food every day with open fire stoves. This causes family members to develop a wide variety of diseases ranging from respiratory affections, eye problems and chronic headaches. There is also a great hazard of accidental burns. From an environmental point of view, thousands of trees are cut down every day to get the lumber to feed the stoves. Children and mothers have to go out and get the lumber on daily basis. Each year, 16 million tons of wood are burned into the atmosphere. This doesn't alleviate the environmental challenges we are facing.

Group PBS working together with the Rotary Club of East Guatemala and Xerox have addressed this problem with the "Chapina Bonita" stove. This solution has evolved and expanded its reach to help many Guatemalan families, offering severalbenefits: a reduction of the amount of smoke inside the home which reduces the risk of chronic diseases.
The "Chapina Bonita" represents an improvement in the household's life quality. Not only this, but it also reduces the use of lumber by 75 %, thus helping the environment and the economy of poor Guatemalan families.

Group PBS is financing 300 "Chapina Bonita" stoves, which are in the process of being installed.
Additionally, the company, through its employees does house calls to the villages benefiting from the program to help with the installation process.
Group PBS donates 2 % of all Xerox paper sales, to constantly increase the number of installed stoves.

Social Responsibility Honduras

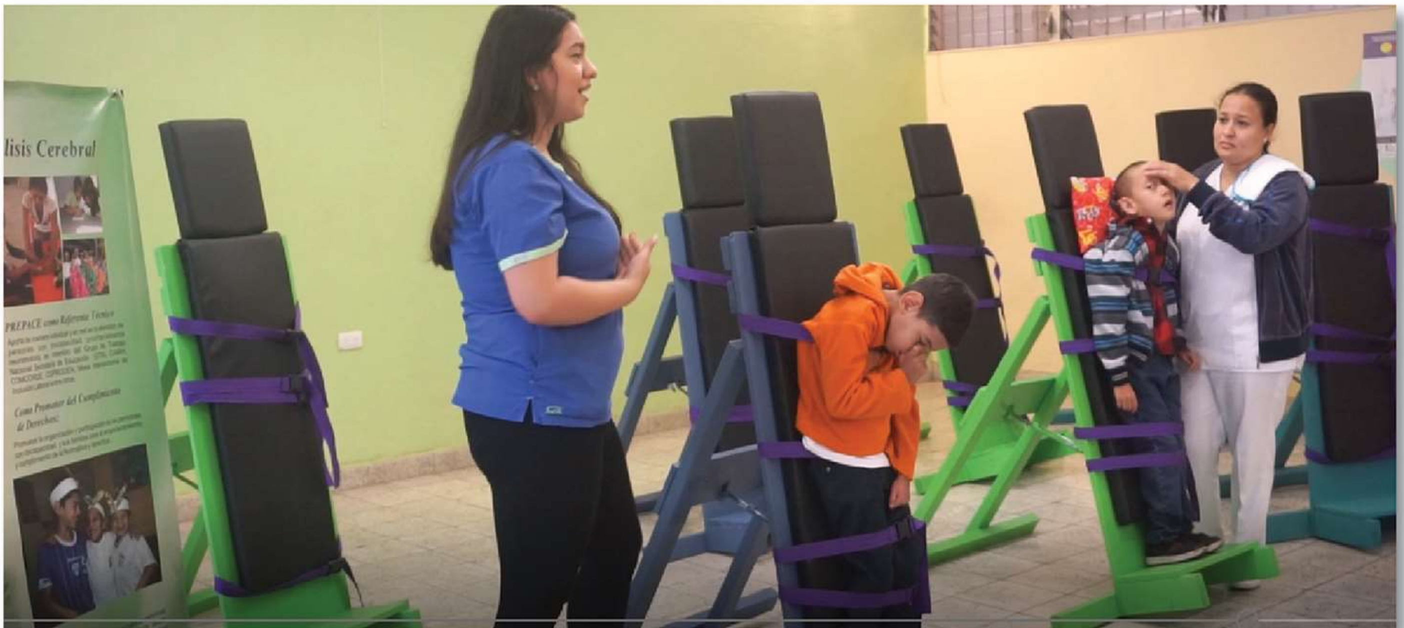
Recognized by XEROX in the second half of the year 2017

Honduras: Rehabilitation Program for Cerebral Palsy (CP)

This project aims at providing a better life quality to children with neuromotor and cognitive disability thus helping them with an easier interaction in their school, social and family environments. The program consists of helping them maintain an adequate posture which in turn will make it easier to feed them

A stabilizer is an instrument normally used in the physical therapy area. It is more widely used in children to prevent skin malformations and help with greater muscle strength. It also adds stability and aids in avoiding dislocations.

PBS Honduras developed a program to recycle wood pallets to build stabilizers at an affordable cost for the population in need. All the PBS staff participated in the building of the stabilizers. Given its huge positive impact, the program will continue in 2018. This initiative was recognized by XEROX as an outstanding social responsibility activity in the second half of 2017



Financial Overview

Year 2017 Review

Financial Review: Revenues

Revenue by Product Line
Expressed in '000 USD

	Year Ended December 31st		
	2017	**2016**	**% Change**
Product Line			
Equipment Revenue			
Xerox	19,586	22,304	-12.2%
Technology	18,995	13,327	42.5%
Other Equipment	20,100	20,974	-4.2%
Total Equipment	58,681	56,605	3.7%
Paper/Supplies/Parts	44,969	45,449	-1.1%
Rent/Maintenance/Other	67,236	63,528	5.8%
Total Recurring	112,205	108,977	3.0%
Telecom Equipment	1,020	5,547	-81.6%
Total Revenue	171,906	171,129	0.5%
without Telecom	170,886	165,582	3.2%

Revenues:

For the year ended December 31, 2017, PBS recorded revenues of US$171.9 million which reflects a 0.5 % increase compared to the previous fiscal year. Without Telecom Equipment (which is being divested) total growth was 3.2 % versus prior year.

Equipment Line of Business:

Total Equipment sales revenue increased 3.7 % as compared to 2016 driven by increased sales in Technology and offset partially by a decrease in Xerox Equipment sales and the Other Equipment segment. The increase in Technology was due to an increase of $3.9 million in Cisco Sales and $2.6 million in L3 Sales. The increase of Cisco Sales was due primarily to a $0.9 million regional Walmart deal, a $0.4 million Roche transaction Costa Rica and a general increase of activity across PBS. The L3 sales increase was due to scanners sold to Guatemala prisons and to the Guatemala International Airport Aurora. The decrease in Xerox Equipment Sales is due to large Graphic Art sale in 2016 ($.06 million) as well as a general market trend to lease equipment instead of purchasing outright. The offset to this trend is reflected in Rent/Maintenance which was up $3.7 million versus the decline in Xerox Equipment revenue of $2.8 million

Year 2017 Review

Paper and Supplies Line of Business:

This segment reflected a 1.1 % decline in revenues compared to the prior year reflecting a reduction in paper sales.

Service and Maintenance Line of Business:

The Service and maintenance segment recorded a 5.8 % year over year decrease in revenues. PBS anticipates growth in this business segment as it continues to grow its customer base through its marketing efforts.

Telecom Distribution Line of Business:

Revenues for this segment decreased from $5.5 million in 2016 to $1.0 Million which was mainly attributed to the partial spin off of the telecom distribution business in the PBS group to the Facey's Telecom Group within Facey Group as part of the Facey Group's realignment strategy.

Revenue Geographical Diversification:

PBS geographical diversification provides a natural hedge reducing currency risk, political risk and market risk. Below is the amount of our revenue from external customers broken down by location of our customer.

Revenue by Territory
Expressed in '000 USD

	Year Ended December 31st	
	2017	**2016**
Territory		
Antilles	11,796	13,086
Barbados	8,599	9,232
Costa Rica	20,692	15,413
Dominican Republic	11,091	10,618
El Salvador	22,036	22,891
Guatemala	26,784	22,161
Honduras	7,967	8,469
Jamaica	12,249	10,791
Nicaragua	25,949	26,215
Panama	14,097	18,410
USA	213	9,490
Other	10,433	4,353
Total	171,906	171,129

Year 2017 Review

Cost & Expenses

Summary of Key Financial Ratios

The following is a summary of key financial ratios used to assess our performance:

	Year Ended December 31st		
	2017	2016	Better/(Worse)
Total Gross Margin	42.6%	41.4%	1.2 pts
SAG as a % of Revenue (1)	34.5%	33.9%	-0.6 pts
EBITDA (in USD 000's) (2)	$ 15,246	$ 13,892	$ 1,354
EBITDA Margin	8.9%	8.1%	0.8 pts

(1) excludes depreciation and amortization of intangibles of $8,470K and $8,753 for 2016 and 2017 respectively.
(2) Excludes loss on disposal of property in Antilles of $589K in 2017.

The gross margin for 2017 of 42.6 % represents an increase of 1.3 percentage points compared to 2016. This increase is primarily the effect of the change in mix of products and services with more rent and maintenance and less paper which has a low margin.

Selling Administrative and General (SAG) expenses as a percentage of revenue increase by 0.6 percentage points reflecting:

- Staff costs increased $1.3million from 2016 due to higher payroll taxes and other staff costs.

Finance Cost:

Finance cost in 2017 increased by $2.1 million. The increase is attributed to higher interest expense ($1.4 million) primarily to $0.9 million of dividends associated with the preference shares (which IFRS presents as interest expense) , and incremental Foreign exchange loss (versus 2016) of $564,000 (the foreign exchange loss on preference shares was $706,000 due to the increase in the value of the Jamaican Dollar versus the U.S. Dollar).

Income Taxes and Net Profits:

The 2017 taxes were $2.0 million versus $1.6 million in 2016. Difference is attributed to mix of profitability and tax losses per country as the local tax rates varies from 20 % to 30 % group wise.

Other Comprehensive Income/(Loss):

The 2017 Other comprehensive loss of $431,000 as compared to loss of $664,000 in 2016. The change of $233,000 is primarily due to a decrease in loss from the translation of PBS' foreign currency denominated net assets $282,000 offset by an increase in actuarial losses of $49,000 in 2017 associated with terminations benefits.

Shareholders Profile

Amounts of shares

Top Shareholders

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

Shareholdings of Directors

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

Shareholdings of Executives

Pedro Paris Coronado	3,636,300
Jose Guiliermo Rodriguez Perdomo	363,600
Jason Martin Corrigan	363,600
Marco Antonio Almendarez Cisneros	363,600
Christian Asdrubal Sanchez Mena	254,500
Leonardo Jesus Velasquez Foucault	163,600
Michael Raphael Lewis	163,600
Elvin Howard Nash	142,700
Molina Barrios Sergio Roberto	127,200
Martinez Hernandez Vencent Roberto Jose	90,900
Carlos Bernardo Salazar Merlo	90,900
Vielman Ruiz De Bernard Lucia	90,900
Mario Estuardo Pons Espana	90,900
Lupiac Rodriguez Francisco Jose	90,900
Alvin A. Greene	9,000
Christopher John Derrell	1,800

Corporate Information

1.	Full corporate name	-	Productive Business Solutions Limited
2.	Address of registered office	-	#42 warrens industrial park, warrens, St. Michael, barbados
3.	Address of administrative office	-	#42 warrens industrial park, warrens, St. Michael, barbados
4.	Telephone number	-	246-417-5600
5.	Facsimile number	-	246-421-8001
6.	Law under which incorporated	-	Barbados
7.	Date incorporated	-	December 16, 2010
8.	Date of fiscal year end	-	December 31, 2017
9.	Auditors and reporting accountants	-	PricewaterhouseCoopers SRL
10.	Company secretary	-	PricewaterhouseCoopers SRL

Consolidated Financial Statements

Productive Business Solutions Limited

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31 December 2017

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Independent auditor's report

To the shareholders of Productive Business Solutions Limited

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects the consolidated financial position of Productive Business Solutions Limited (the Company) and its subsidiaries (together "the Group") as at 31 December 2017, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2017;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

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

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

PricewaterhouseCoopers SRL, The Financial Services Centre, Bishop's Court Hill, P.O. Box 111, St. Michael, BB14004, Barbados, West Indies
T: +246-626-6700, F:+246-436-1275, www.pwc.com/bb

"PwC" refers to PricewaterhouseCoopers SRL, a Barbados society with restricted liability which is a member of PricewaterhouseCoopers International Limited, each member firm of which is a separate legal entity.

Our audit approach

Audit Scope

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Impairment of intangible assets including goodwill *Refer to notes 2(f), 4 and 16 of the consolidated financial statements for disclosures of related accounting policies, judgements and estimates.* As at 31 December 2017, total intangible assets including goodwill account for US$19.6 million, which represents 12.2% of total assets. The intangible assets consist of brands, contracts, software, franchise agreements and licences. On an annual basis, management tests whether intangible assets including goodwill are subject to impairment. The recoverable amounts of cash-generating units have been determined based on the higher of value in use or fair value less costs to sell calculations. The key assumptions and inputs for the value in use calculations are revenue growth rate, weighted average cost of capital, tax rates, capital expenditures, earnings before interest, tax, depreciation and amortisation (EBITDA) to revenue ratios and discount rates.	We tested management's assumptions used in their impairment testing model for goodwill and other intangible assets, including the future cash flow projections, discount rates and growth rates applied. With the assistance of our valuations expert, we performed the following procedures to review the impairment assessment performed by management: • obtained management's discounted cash flow model (DCF) including qualitative and quantitative analyses and obtained an understanding of the process used by management to determine fair value of each cash generating unit • agreed the 31 December 2017 base year financial information to audited results and compared the current year forecast to most recent audited results

Key audit matter	How our audit addressed the key audit matter
Management has budgeted certain revenue growth rates for the various Cash Generating Units (CGUs). Whilst a number of strategic initiatives have been established to achieve the targeted growth rates, the assessment of the carrying value of goodwill and intangible assets involves significant judgement increasing the risk of estimation uncertainty in relation to forecasting future cash flows and is sensitive to growth rates and discount rates applied to the future cash flows, and as such is an area of focus. Management performed an assessment of the impairment for each CGU.	• tested management's assumptions as follows: ➢ ***Revenue growth rates*** - we compared the revenue growth rates to historical revenue growth and also considered the impact on the growth rate attributed to any major revenue contracts negotiated at year end and finalised in the first quarter of the subsequent year; ➢ ***Gross & EBITDA margins*** - We compared gross margins to historical results, reconciling variances to underlying supporting data and current period results; ➢ ***Tax rates*** - we compared the tax rate to the entity's effective tax rate; ➢ ***Capital expenditures*** – we compared capital expenditures to historical amounts and discussed with management their capital expenditure plans; ➢ ***Working capital requirements*** – we compared the forecasted amounts to historical working capital requirements; and ➢ ***WACC & terminal value*** we developed a range of parameters using available market inputs and performed sensitivity analyses using these parameters to determine the reasonableness of management's fair value measurements. • considered subsequent events and impact on the entity's cash flows and forecasts.

Key audit matter	How our audit addressed the key audit matter
	• tested the calculations for mathematical accuracy and considered the sensitivity of the calculation by varying the key assumptions and adjustments within management's forecast. Based on the testing performed, no material adjustment to the carrying value of intangible assets was considered necessary.
Breach of Debt Covenants *Refer to notes 2(q), 3(b) and 25 of the consolidated financial statements for disclosures of related accounting policies and judgements.* The Group is exposed to externally imposed capital requirements through debt covenants as outlined in the loan agreements with JCSD Trustee Services Limited on behalf of Bondholders. The financial covenants include: the Current ratio, Interest coverage ratio and the net total debt to EBITDA ratio. The Group was in compliance with the financial covenants as at the year-end with the exception of Net Total Debt/ EBITDA and Interest Coverage. A waiver was received prior to the year end from the JCSD Trustee Services Limited on behalf of Bondholders and as such the loan has not been reclassified to current liabilities. Subsequent to the year end, the loan agreement was amended to exclude preference shares from the definition of debt for the purposes of computing the financial covenants, hence resolving the breach. We focused on the assessment of the debt covenants as the impact of a breach of covenant without an appropriate waiver letter would significantly impact the net current assets, other cash flow metrics and key ratios.	We performed the following procedures: • We obtained the JCSD Trustee Services Limited loan agreement and re-performed the calculations of the debt covenants confirming breach of Net Total Debt/ EBITDA and Interest Coverage. • We inspected and independently authenticated the waiver letter received from JCSD Trustee Services Limited on behalf of Bondholders confirming the waiver. Per the waiver letter, the definition of debt has been amended to exclude preference shares, hence resolving the breach. • We inspected the amended loan agreement dated 28 March 2018 to confirm that the definition of debt has been redefined to exclude preference shares for the purposes of debt covenant calculations. No exceptions were identified from our testing.

Key audit matter	How our audit addressed the key audit matter
Revenue Recognition – Non- standard contracts related to reprographic products *Refer to notes 2(d) and 6 of the consolidated financial statements for disclosures of related accounting policies, judgements and balances.* Revenues earned from reprographic products are through either an outright sale or an operating lease of equipment and from related service contracts. These revenues are generated from invoices and standard lease agreements. These include reprographic products sold with full service maintenance agreements. Sales and lease agreements that are individually negotiated and tailored to meet the specific circumstances of the customers typically include clauses that have revenue recognition implications. We focused on this area, as the timing and extent of revenue recognised includes inherent complexity.	We performed the following procedures on the non-standard contracts related to reprographic products: • We examined the revenue accounting policy to confirm that it is being applied consistently year-on-year in accordance with IFRS 4 and IAS 18. • We obtained an understanding of the key internal controls over the revenue process. • We performed cut-off testing over a sample of revenue contracts to check that revenue is recognized in the correct period based on the terms of the contracts and in accordance with the Group's accounting policy. • We also tested, on a sample basis, a selection of revenue contracts throughout the year to assess appropriate revenue recognition. • We examined the reversal of sales in the subsequent period for appropriateness. No exceptions were identified from our testing that required management to make any adjustments to the financial statements.

How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industries in which the Group operates.

The Group comprised 12 reporting components of which, we selected 8 components for testing which represent the principal business units within the Group and covered entities within Jamaica, Barbados, Central America, the Netherlands Antilles, Nicaragua and Dominican Republic.

A full scope audit was performed for two components as they were determined to be individually financially significant. These two components were: Productive Business Solutions Central America and its subsidiaries and Productive Business Solutions Nicaragua. Additionally, based on our professional judgement, three components: Productive Business Solutions Limited (Barbados), Mobay Holdings N.V. and its subsidiary and Productive Business Solutions Limited (Jamaica) were selected to perform audit procedures on specific account balances due to the materiality of certain individual balances to the Group consolidated financial statement as a whole. We performed analytical procedures with respect to the remaining components with exception of inconsequential entities. All of the in scope components were audited by a PricewaterhouseCoopers (also referred to as "PwC) network firm.

In establishing the overall Group audit strategy and plan, we determined the type of work that is needed to be performed at the component by the Group engagement team and by the component auditors. Where the work was performed by component auditors, we determined the level of involvement we needed to have in the audit work of those components to be able to conclude whether sufficient appropriate audit evidence has been obtained as a basis for our opinion on the consolidated financial statements as a whole. The Group team performed on site visits and reviewed the working papers of each component team for which a full scope audit was performed. The Group team reviewed all reports with regards to the audit approach and findings submitted in detail by all full scope components.

In total by performing these procedures on the two full scope components, we achieved 87% and 80% coverage on the Revenue and Total Assets financial statements line items respectively.

Other information

Management is responsible for the other information. The other information comprises the Annual Report (but does not include the financial statements and our auditor's report thereon), which is expected to be made available to us after the date of this auditor's report.

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

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

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of management and those charged with governance for the consolidated financial statements

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

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

The engagement partner on the audit resulting in this independent auditor's report is Ann Wallace-Elcock.

PricewaterhouseCoopers SRL

Bridgetown, Barbados
29 March 2018

Productive Business Solutions Limited

Consolidated Statement of Comprehensive Income

Year ended 31 December 2017

(Expressed in United States dollars unless otherwise indicated)

	Note	2017 $'000	2016 $'000
Continuing Operations			
Revenue	6	171,906	171,129
Direct expenses	8	(98,660)	(100,360)
Gross Profit		73,246	70,769
Other income	7	685	1,066
Selling, general and administrative expenses		(67,744)	(66,696)
Operating Profit		6,187	5,139
Finance costs	10	(8,902)	(6,798)
Loss before Taxation		(2,715)	(1,659)
Taxation	11	(2,031)	(1,601)
Net Loss for the year		(4,746)	(3,260)
Other Comprehensive Income			
Items that may be subsequently reclassified to profit or loss:			
Currency translation differences on the net assets of foreign subsidiaries		(265)	(547)
Items that will not be reclassified to profit or loss:			
Actuarial losses – termination benefits		(166)	(117)
		(431)	(664)
TOTAL COMPREHENSIVE LOSS		(5,177)	(3,924)
Loss for the Year is Attributable to:			
Shareholders of the Company		(4,878)	(3,264)
Non-controlling interests		132	4
		(4,746)	(3,260)
Total Comprehensive Loss for the Year is Attributable to:			
Shareholders of the Company		(5,309)	(3,928)
Non-controlling interests		132	4
		(5,177)	(3,924)
		Cents	**Cents**
Basic and diluted earnings per share for loss from continuing operation attributable to ordinary share holders	13	(3.96)	(7.25)

The accompanying notes form an integral part of these consolidated financial statements.

Productive Business Solutions Limited

Consolidated Statement of Financial Position

31 December 2017

(Expressed in United States dollars unless otherwise indicated)

	Note	2017 $'000	2016 $'000
Non-Current Assets			
Property, plant and equipment	15	20,291	22,475
Intangible assets	16	19,618	21,070
Lease receivables	17	2,082	2,032
Long term receivables	18	1,386	893
Deferred tax assets	19	1,015	961
		44,392	47,431
Current Assets			
Due from related parties	20	6,231	4,226
Inventories	21	42,700	35,486
Trade and other receivables	22	43,593	36,724
Current portion of lease receivables	17	1,885	1,526
Taxation recoverable		9,565	7,960
Cash and cash equivalents	23	12,097	4,962
		116,071	90,884
Current Liabilities			
Trade and other payables	24	39,059	28,992
Due to related parties	20	7,249	10,385
Taxation payable		2,407	916
Short term loans	25	1,991	18,190
Current portion of long term loans	25	627	-
		51,333	58,483
Net Current Assets		64,738	32,401
		109,130	79,832

Productive Business Solutions Limited

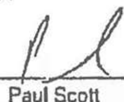
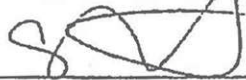
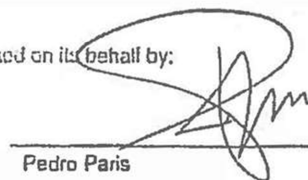
Consolidated Statement of Financial Position (Continued)

31 December 2017

(Expressed in United States dollars unless otherwise indicated)

	Note	2017 $'000	2016 $'000
Equity			
Attributable to Shareholders of the Company			
Share capital	26	57,317	45,001
Other reserves	27	(13,751)	(11,026)
Accumulated deficit	14 &,28	(5,533)	(2,984)
		38,033	30,991
Non-controlling Interests		484	352
		38,517	31,343
Non-Current Liabilities			
Retirement benefit obligation	30	579	-
Deferred income tax liabilities	19	152	551
Borrowings	25	69,882	47,938
		70,613	48,489
		109,130	79,832

Approved for issue by the Board of Directors on March 29, 2018 and signed on its behalf by:

Paul Scott — Director

Pedro Paris — Director

The accompanying notes form an integral part of these consolidated financial statements.

Productive Business Solutions Limited

Consolidated Statement of Changes in Equity

Year ended 31 December 2017

(Expressed in United States dollars unless otherwise indicated)

		Attributable to Shareholders of the Company				
	Number of Shares '000	**Share Capital $'000**	**Other Reserves $'000**	**Accumulated Profit/ (Deficit) $'000**	**Non-controlling interest $'000**	**Total $'000**
Balance at 1 January 2016	45,001	45,001	(10,358)	276	348	35,267
Currency translation differences	-	-	(551)		4	(547)
Revaluation gain on property, plant and equipment, net of taxes	-	-	(117)	-	-	(117)
Net loss	-	-	-	(3,260)	-	(3,260)
Total comprehensive loss	-	-	(668)	(3,260)	4	(3,924)
Balance at 31 December 2016	45,001	45,001	(11,026)	(2,984)	352	31,343
Currency translation differences	-	-	(265)	-	-	(265)
Actuarial losses on the termination benefit	-	-	117	(283)	-	(166)
Net loss	-	-	-	(4,878)	132	(4,746)
Total comprehensive loss	-	-	(148)	(5,161)	132	(5,177)
Transfer from reserves	-	-	(2,577)	2,612	-	35
Transactions with owners						
Increase in share capital (Note 26)	78,271	12,316	-	-	-	12,316
Balance at 31 December 2017	123,272	57,317	(13,751)	(5,533)	484	38,517

The accompanying notes form an integral part of these consolidated financial statements.

Productive Business Solutions Limited

Consolidated Statement of Cash Flows

Year ended 31 December 2017

(Expressed in United States dollars unless otherwise indicated)

	$'000	$'000
Cash Flows from Operating Activities (Note 32)	(5,886)	(27,453)
Cash Flows from Financing Activities		
Interest paid	(4,154)	(5,690)
Proceeds from borrowing	22,082	36,739
Repayments of borrowings	(17,450)	(36,251)
Issuance of shares	12,316	-
Net cash provided by/ (used in) financing activities	12,794	(5,202)
Cash Flows from Investing Activities		
Interest received	13	53
Purchase of property, plant and equipment	(5,422)	(3,050)
Proceeds on disposal of property, plant and equipment	5,631	2,066
Net cash provided by/(used) in investing activities	222	(931)
Net Increase/ (Decrease) in Cash and Cash Equivalents	7,130	(33,586)
Cash and cash equivalents at beginning of the year	4,962	38,536
Exchange losses on cash and cash equivalents	5	12
CASH AND CASH EQUIVALENTS AT END OF THE YEAR (NOTE 23)	12,097	4,962

The principal non-cash transactions include:

- Transfer to property, plant and equipment from inventory during operating lease period of $10,385,000 (2016 - $10,528,000).
- Transfer from property, plant and equipment to inventory upon expiry of operating lease of $9,593,000 (2016 - $10,418,000).

The accompanying notes form an integral part of these consolidated financial statements.

1. Identification and Principal Activities

Productive Business Solutions Limited ("the Company") is a company incorporated and domiciled in Barbados under the International Business Corporation (IBC) Act Cap. 77 on 16 December 2010. The registered office of the Company is at Facey House # 42 Warrens Industrial Park, Warrens, St. Michaels, Barbados.

The Company is capitalised by ordinary shares and preference shares. The Company is a subsidiary of Facey Group Limited, a company incorporated in Barbados under the Companies Act, Cap. 308 of the laws of Barbados as an international business company which owns 68.28% of the ordinary shares. The preference shares are 25,800,000 9.75% Jamaican dollars redeemable cumulative preference shares.

The Company is listed on the Jamaica Stock Exchange and the International Securities Market in Barbados.

The Company's ultimate parent company and controlling party are Musson (Jamaica) Limited ("Musson"), which is incorporated and domiciled in Jamaica, and Paul B Scott, respectively.

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

The financial statements were authorised for issue by the directors on 29 March 2018. The directors have the power to amend and reissue the financial statements.

2. Summary of Significant Accounting Policies

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

(a) Basis of preparation

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

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

2. Summary of Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

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

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

- ***Amendment to IAS 7***, (effective for annual periods beginning on or after 1 January 2017). In January 2016 the International Accounting Standards Board (IASB) published the final Standard Disclosure Initiative (Amendments to IAS 7—2016). These amendments to IAS 7 Statement of Cash Flows require a disclosure of changes in liabilities arising from financing activities, including changes arising from cash flows and non-cash changes. The relevant disclosure has been included in note 32 of the consolidated financial statements.

- ***Amendments to IAS 12***, 'Income Taxes', (effective for annual periods beginning on or after 1 January 2017). In January 2016, the International Accounting Standards Board (IASB) issued amendments to clarify the requirements for recognising deferred tax assets on unrealised losses. The amendments clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. They also clarify certain other aspects of accounting for deferred tax assets. There was no material impact from adoption of this standard on its financial statements.

2. Summary of Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

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

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

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

- ***IFRS 15, 'Revenue from Contracts with Customers'***, (effective for the periods beginning on or after 1 January 2018). The new standard introduces the core principle that revenue must be recognised when the goods or services are transferred to the customer, at the transaction price. Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements. When the consideration varies for any reason, minimum amounts must be recognised if they are not at significant risk of reversal. Costs incurred to secure contracts with customers have to be capitalised and amortised over the period when the benefits of the contract are consumed. Management has commenced assessing the impact of the standard for the Group and is currently establishing an implementation team. For a majority of the contracts, which are limited to delivering and/or installing equipment or supplies, management does not expect a material impact upon adopting the standard. As it relates to contracts that include multiple performance obligations, management is assessing the impact on the timing of recognition for these performance obligations. Further an assessment as to whether there are contract related assets that will need to be recognized and amortized over the life of the contract will be performed.

2. Summary of Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

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

- ***IFRS 16, 'Leases'*** (effective for annual periods beginning on or after 1 January 2019, with earlier application permitted if IFRS 15, 'Revenue from Contracts with Customers', is also applied). The International Accounting Standards Board (IASB) published IFRS 16, 'Leases', which replaces the current guidance in IAS 17. This will require changes in accounting by lessees in particular. IFRS 16 requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration The Group is currently assessing the impact of future adoption of the new standard on its financial statements.

- ***Amendment to IFRS 15***, 'Revenue from contracts with customers' (effective for accounting periods beginning on or after 1 January 2018). These amendments comprise clarifications of the guidance on identifying performance obligations, accounting for licences of intellectual property and the principal versus agent assessment (gross versus net revenue presentation). The IASB has also included additional practical expedients related to transition to the new revenue standard.

- ***IFRIC 22,'*** Foreign currency transactions and advance consideration', (effective for annual periods beginning on or after 1 January 2018). The amendment clarifies how to account for deferred tax assets related to debt instruments measured at fair value upon the recognition of deferred tax assets for unrealised losses. The Group is currently assessing the impact of future adoption of the new standard on its financial statements.

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

2. Summary of Significant Accounting Policies (Continued)

(b) Consolidation

(i) Subsidiaries

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

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

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

2. Summary of Significant Accounting Policies (Continued)

(b) Consolidation (continued)

(i) Subsidiaries (continued)

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The Group's subsidiaries, countries of incorporation, and the Group's percentage interest are as follows:

	Country of incorporation	**Group's Percentage Interest**	
		2017	**2016**
Productive Business Solutions Limited	Barbados	100	100
Productive Business Solutions Caribbean Limited and its subsidiaries	Saint Lucia	100	100
Productive Business Solutions Limited	Jamaica	100	100
Cayman Business Machines Limited*	Cayman	40	40
Mobay Holdings N.V. and its subsidiary	Curacao	100	100
Productive Business Solutions (Curacao) B.V. and its subsidiary	Curacao	100	100
Productive Business Solutions (Aruba) N.V.	Aruba	100	100
Productive Business Solutions Limited and its subsidiaries	Saint Lucia	100	100
Productive Business Solutions Dominicana, S.A.S.	Dominican Republic	100	100
Nicaragua Holdings and its subsidiary	Saint Lucia	100	100
Productive Business Solutions (Nicaragua), S.A.	Nicaragua	100	100
Springer Clarke Business Machines Limited and its subsidiaries	Barbados	100	100
Productive Business Solutions (Barbados) Limited	Barbados	100	100
ADB Investments Limited	Barbados	100	100
Productive Business Solutions (Central America), S.A and its subsidiaries	Panama	100	100
Dorada Management Inc.	British Virgin Islands	100	100
Productive Business Solutions (Guatemala), S.A.	Guatemala	100	100
Global Products Alliance, Incorporated	USA	100	100
Productive Business Solutions Costa Rica, S.A.	Costa Rica	100	100
Documentos y Digitales S.A.	Guatemala	100	100
Negocios Fotográficos, S.A.	Guatemala	100	100
Productive Business Solutions El Salvador, S.A. de C.V.	El Salvador	100	100
Productive Business Solutions (Panama), S.A. and Tradeco Zona Libre S.A.	Panama	100	100
Productive Business Solutions (Belize) Limited	Belize	100	100
Productive Business Solutions Honduras, S.A. de C.V.	Honduras	75	75
Productive Business Solutions (Colombia), S.A.S.	Colombia	100	-
Productive Business Solutions (South America) Limited	Saint Lucia	100	-
Productive Business Solutions (Suriname) Limited	Saint Lucia	100	-

* In accordance with Cayman laws, entities that are domiciled in the Cayman Island and are not issued as Local Companies Control Law Licenses, are required to be at least 60% owned by a Caymanian. The operation of Cayman Business Machines Limited is however controlled by Productive Business Solutions Limited and is therefore, in substance, categorized as a subsidiary.

2. Summary of Significant Accounting Policies (Continued)

(b) Consolidation (continued)

(ii) Transactions with non-controlling interests

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases of ownership interest in subsidiaries from non-controlling interests in which the Group retains control of the subsidiary, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests where control is retained by the Group are also recorded in equity.

(iii) Disposal of subsidiaries

When the Group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

(c) Foreign currency translation

(i) *Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which each entity operates ('the functional currency'). The consolidated financial statements are presented in United States Dollars, which is the company's functional and presentation currency.

(ii) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. At the statement of financial position date, monetary assets and liabilities denominated in foreign currencies are translated using the weighted average closing exchange rate. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates, of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

(iii) *Group companies*

The results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated as follows:

a) Assets and liabilities for each balance sheet presented are translated at year end rates,
b) Items affecting the statement of comprehensive income are translated at average rates, and
c) The resultant gains or losses are recognised in other comprehensive income as translation gains or losses.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

(d) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of applicable value added taxes, returns, rebates and discounts and after eliminating sales within the Group.

Revenue is recognised as follows:

Reprographic products

Revenue earned from reprographic products is either through an outright sale or an operating lease of equipment and from related service contracts.

2. Summary of Significant Accounting Policies (Continued)

(d) Revenue recognition (continued)

Reprographic products (continued)
Revenues from the sale of equipment, including those from sales-type leases, are recognised at the time of sale or at the inception of the lease, as appropriate. For equipment sales that require installation, revenue is recognised when the equipment has been delivered and installed at the customer location. Sales of customer-installable products are recognised upon shipment or receipt by the customer according to the customer's shipping terms. Revenues from equipment under other leases and similar arrangements are accounted for by the operating lease method and are recognised as earned over the lease term, which is generally on a straight-line basis.

A substantial portion of the Group's reprographic products is sold with full service maintenance agreements. Service revenues are derived primarily from these maintenance contracts on equipment sold to customers and are recognised over the term of the contracts in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

Telecommunications products
Revenue from telecommunications products comprises revenue from the sales of cellular phones. These products are sold under contractual agreements with the telecommunications providers.

Revenue from the sale of telecommunications products is recognised on a gross basis as management has determined that the Group acts as a principal in relation to these transactions, due to the fact that the Group bears the majority of risk, principally credit and inventory risk, in relation to such transactions, and the Group also acts as primary obligor.

Revenue from the sale of telecommunications products is recognised when a Group entity has delivered products to the customer; the customer has accepted the products and collectability of the related receivables is reasonably assured.

Interest income is recognised on the accrual basis on the effective interest basis, except when collectability is considered doubtful. In such cases, income is recorded when economic benefits are received.

(e) Property, plant and equipment

Land and buildings are shown at fair value, based on valuations by external independent valuers, less subsequent depreciation for buildings. Valuations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset.

Increases in the carrying amount arising on revaluation of land and buildings are credited to other comprehensive income and shown as other reserves in shareholder's equity. Decreases that offset previous increases of the same asset are recorded in other comprehensive income and debited against other reserves directly in equity; all other decreases are charged to the profit or loss.

All other property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses.

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2. Summary of Significant Accounting Policies (Continued)

(e) Property, plant and equipment (continued)

Land is not depreciated as it is deemed to have an indefinite life. For all other property, plant and equipment, depreciation is calculated at annual rates on the straight-line basis to write-off the cost of the assets to their residual values over their estimated useful lives at annual rates as follows:

Freehold buildings	2 - 2 ½%
Leasehold buildings and improvements	10 - 20%
Furniture, fixtures, plant and equipment	10 - 33⅓%
Motor vehicles	20 - 25%

Gains and losses on disposal of property, plant and equipment are determined by comparing proceeds with the carrying amount and are included in operating profit.

Repairs and maintenance expenditure is charged to profit or loss during the financial period in which it is incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group.

When revalued assets are sold, the amounts included in other reserves are transferred to retained earnings.

(f) Intangible assets

(i) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary, associate or joint venture at the date of acquisition. Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates and joint ventures is included in investment in associates and investment in joint venture, respectively. Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or Groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

(ii) Brands, contracts, software, franchise agreements and licences.

Brands, contracts, software, franchise agreements and licences are shown at historical cost less amortisation and impairment and are deemed to have finite useful lives. Amortisation is calculated using the straight-line method to allocate the cost of the intangible assets over their estimated useful lives between 6 and 20 years.

(iii) Computer software

This represents acquired computer software licences, which are capitalised on the basis of costs incurred to acquire and bring to use the specific software. The costs of these assets are amortised over their estimated useful lives of three years.

(g) Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

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2. Summary of Significant Accounting Policies (Continued)

(h) Financial instruments

A financial instrument is any contract that gives rise to both a financial asset in one entity and a financial liability or equity of another entity.

Financial assets

The Group classifies its trade receivables as loans and receivables. The accounting policy for trade receivables is dealt with in Note 2(j). The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

The Group assesses at each statement of financial position date whether there is objective evidence that a financial asset or a Group of financial assets is impaired. Impairment provisioning of trade receivables is described in Note 2(j).

Financial liabilities

The Group's financial liabilities are initially measured at fair value, and are subsequently measured at amortised cost using the effective interest method.

(i) Inventories

Inventories are carried at weighted average purchase cost. These items are stated less provision for write down to net realisable value, where necessary and are stated at the lower of average cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

(j) Trade receivables

Trade receivables are carried at original invoice amount less provision made for impairment of these receivables based on a review of all outstanding amounts at the year-end. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all the amounts due according to the original terms of the receivables. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of expected cash flows, discounted at the market rate of interest for similar borrowings. Bad debts are written-off during the year in which they are identified.

(k) Cash and cash equivalents

Cash and cash equivalents include cash on hand, restricted cash and short term deposits with original maturities of three months or less, net of bank overdrafts. In the consolidated statement of cash flow, cash and cash equivalents include cash in hand and at bank, short term bank deposits and bank overdrafts. Bank overdrafts are shown in current liabilities on the statement of financial position.

(l) Trade payables

These amounts represent liabilities for goods and services provided to the group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

2. Summary of Significant Accounting Policies (Continued)

(m) Income taxes

Taxation expense in the statement of comprehensive income comprises current and deferred tax charges.

Current tax charges are based on taxable profits for the year, which differ from the profit before tax reported because it excludes items that are taxable or deductible in other years, and items that are never taxable or deductible. The Group's liability for current tax is calculated at tax rates that have been enacted at the date of the statement of financial position.

Deferred tax is the tax expected to be paid or recovered on differences between the carrying amounts of assets and liabilities and the corresponding tax bases. Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Currently enacted tax rates are used in the determination of deferred income tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Current and deferred tax assets and liabilities are offset when they arise from the same taxable entity, relate to the same tax authority and when the legal right of offset exists.

Deferred tax is charged or credited to profit or loss, except where it relates to items charged or credited to other comprehensive income, in which case, deferred tax is also dealt with in other comprehensive income.

(n) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

(o) Share capital

Ordinary Shares are classified as equity instruments. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

(p) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

2. Summary of Significant Accounting Policies (Continued)

(q) Borrowings

Borrowings are recognised initially at cost, being their issue proceeds, net of transaction costs incurred. Subsequently, borrowings are stated at amortised cost and any difference between net proceeds and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(r) Leases

As Lessee

Leases of plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance costs so as to achieve a constant rate of return on the finance balance outstanding. The interest element of the finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset or the lease term.

Leases of assets under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

As Lessor

Leases of assets under which all the risks and rewards of ownership are effectively retained by the lessee are classified as finance leases. When assets are leased out under a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease in a manner which reflects a constant periodic rate of return on the net investment in the lease.

Leases of assets under which all the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Assets leased out under operating leases are included in property, plant and equipment in the statement of financial position. They are depreciated over their expected useful lives on a basis consistent with similar owned property, plant and equipment. Rental income is recognised in profit or loss on a straight-line basis over the period of the lease. In some instances, transfers are made from Inventory to Property, Plant and Equipment to facilitate the leasing of assets. In instances where leased equipment is returned this is transferred from Property, Plant and Equipment to Inventory.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised in profit or loss in the period in which termination takes place.

(s) Post-employment benefits

The Group participates in a defined contribution plan operated by a related party, Musson (Jamaica) Limited, whereby it pays contributions to a separate, trustee-administered fund for its Jamaican operation. Once the contributions have been paid, the Group has no further payment obligations. Contributions to the plan are charged to profit or loss in the period to which they relate.

There is an unfunded retirement benefit plan in the Nicaragua and El Salvador operations which is reflected in the balance sheet as a liability. Changes to benefits are calculated by third party actuaries and are reflected in the Statement of Comprehensive Income.

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognizes costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

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2. Summary of Significant Accounting Policies (Continued)

(t) Finance costs

Finance costs includes interest payable on borrowings calculated using the effective interest method, interest on finance leases, material bank charges and foreign exchange gains and losses recognised in profit or loss.

(u) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

(v) Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision maker is the Chief Executive Officer.

3. Financial Risk Management

(a) Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

The Group's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems.

Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies and evaluates financial risks in close co-operation with the Group's operating units. The Board provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity.

(i) Credit risk

The Group takes on exposure to credit risk, which is the risk that its customers, clients or counterparties will cause a financial loss for the Group by failing to discharge their contractual obligations. Credit exposures arise principally from the Group's receivables from customers, and are influenced mainly by the individual characteristics of each customer. The Group has established credit policies under which each customer is analysed individually for creditworthiness prior to the Group offering them a credit facility. Credit limits are assigned to each customer and are reviewed on an ongoing basis. The Group has procedures in place to restrict customer orders if the order will result in customers exceeding their credit limits. Customers who fail to meet the Group's benchmark creditworthiness may transact with the Group on a prepayment basis.

Customer credit risk is monitored according to their credit characteristics such as whether it is an individual or company, geographic location, industry, aging profile, and previous financial difficulties. The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The Group addresses impairment assessment in two areas: individually assessed allowances.

The Group's average credit period on the sale of goods is 90 days. The Group generally provides fully for all receivables over 180 days based on historical experience. Trade receivables between 90 and 180 days are provided for based on an estimate of amounts that would be irrecoverable, determined by taking into consideration past default experience, current economic conditions and expected receipts and recoveries once impaired.

Cash transactions are limited to high credit quality financial institutions. The Group has policies in place to limit the amount of exposure to any one financial institution. The maximum exposure to credit risk is the amount reflected on the balance sheet.

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3. Financial Risk Management (Continued)

(a) Financial risk factors

(i) Credit risk

At year end, the banks were the Group maintains most of its cash, were rated by Fitch Ratings as follows:

	Short Term	Long Term
BAC Bank, Int.	F1+	AAA
CIBC First Caribbean International Bank	F1+	AA-
Citibank	F1+	AAA

Trade receivables that are past due but not impaired

The ageing analysis of trade receivables that are past due but not impaired was as follows:

	2017 $'000	2016 $'000
90 to 180 days	2,143	2,453
Greater than 180 days	3,921	3,181
	6,064	5,634

The past due balances for the Group relate to customers, for which there have been no recent indicators of financial difficulties which might potentially lead to default.

Trade receivables that are considered impaired

Certain trade receivables are considered impaired and have been fully provided for. The movement in the provision for these trade receivables was as follows:

	2017 $'000	2016 $'000
At start of year	1,288	1,190
Provision for impairment	700	383
Write-offs during the year	(273)	(257)
Unused amounts reversed	10	(131)
Exchange difference	(5)	103
At end of year	1,720	1,288

Credit exposure for trade receivables

The credit exposure for trade receivables at their carrying amounts, as categorised by the customer sector, was as follows:

	2017 $'000	2016 $'000
Government	14,338	9,953
Private entities	27,450	24,198
Other	-	401
	41,788	34,552
Less: Provision for impairment	(1,827)	(1,288)
	39,961	33,264

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3. Financial Risk Management (Continued)

(a) Financial risk factors (continued)

(ii) Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its payment obligations associated with its financial liabilities when they fall due. Prudent liquidity risk management implies maintaining sufficient cash and other liquid assets, and maintaining the availability of funding through an adequate amount of committed credit facilities.

Liquidity risk management process

The Group's liquidity management process, as carried out within the Group and monitored by the Board of Directors, primarily includes:

(i) Monitoring future cash flows and liquidity on an ongoing basis. This incorporates an assessment of expected cash flows and the availability of collateral which could be used to secure funding if required;
(ii) Maintaining committed lines of credit; and
(iii) Managing the concentration and profile of debt maturities.

Undiscounted cash flows of financial liabilities

The maturity profile of financial liabilities based on contractual undiscounted payments is as follows:

	Within 12 Months $'000	1 to 5 Years $'000	Over 5 years $'000	Total $'000
			2017	
Trade payables	18,421	-	-	18,421
Other payables	21,217	-	-	21,217
Due to related parties	7,249	-	-	7,249
Borrowings – non-related parties	8,821	67,527	22,592	98,940
Borrowings – related parties	518	38	-	556
	56,226	67,565	22,592	146,383
			2016	
Trade payables	19,677	-	-	19,677
Other payables	9,315	-	-	9,315
Due to related parties	10,385	-	-	10,385
Borrowings – non-related parties	23,052	63,969	-	87,021
Borrowings – related parties	490	-	-	490
	62,919	63,969	-	126,888

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3. Financial Risk Management (Continued)

(a) Financial risk factors (continued)

(iii) Market risk

The Group takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks mainly arise from changes in foreign currency exchange rates and interest rates. Market risk is monitored by the Facey Group Limited's treasury department which carries out extensive research and monitors the price movement of financial assets on the local and international markets. Market risk exposures are measured using sensitivity analysis.

There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk.

Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Jamaican (JA) dollar and the Guatemala Quetzal (GTQ). Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

The Group manages its foreign exchange risk by ensuring that the net exposure in foreign assets and liabilities is kept to an acceptable level by monitoring currency positions. The Group further manages this risk by maximising foreign currency earnings and holding foreign currency balances.

The Group has certain investments in foreign operations, the net assets of which are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group's foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies.

The table below summarises the Group's exposure to foreign currency exchange rate risk at 31 December:

	USD $'000	JMD $'000	GTQ $'000	Other* $'000	Total $'000
			2017		
Financial Assets					
Long term receivables	868	96	190	232	1,386
Lease receivables	2,440	-	-	1,527	3,967
Due from related parties	3,718	1,352	-	1,161	6,231
Trade receivables	22,873	1,667	5,919	9,502	39,961
Other receivables	312	115	110	1,187	1,724
Cash and cash equivalents	7,683	174	2,189	2,051	12,097
Total financial assets	38,028	3,404	8,408	15,767	65,607
Financial liabilities					
Trade payables	15,688	282	622	1,829	18,421
Other payables	15,517	599	2,262	2,839	21,217
Due to related parties	7,051	184	-	14	7,249
Borrowings – non-related parties	50,181	19,667	1,089	1,013	71,950
Borrowings – related parties	550	-	-	-	550
Total financial liabilities	88,987	20,732	3,973	5,695	119,387
Net position	(51,093)	(17,328)	4,435	9,965	

*This includes a number of other currencies that are individually immaterial.

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3. Financial Risk Management (Continued)

(a) Financial risk factors (continued)

(iii) Market risk (continued)

Currency risk (continued)

	USD $'000	JMD $'000	GTQ $'000	Other* $'000	Total $'000
			2016		
Financial Assets					
Long term receivables	215	79	-	599	893
Lease receivables	1,383	-	-	2,175	3,558
Due from related parties	4,223	3	-	-	4,226
Trade receivables	20,355	1,000	3,316	8,593	33,264
Other receivables	606	196	29	1,184	2,015
Cash and cash equivalents	2,313	212	339	2,098	4,962
Total financial assets	29,095	1,490	3,684	14,649	48,918
Financial liabilities					
Trade payables	18,094	1	383	1,200	19,678
Other payables	4,673	937	992	2,712	9,314
Due to related parties	10,385	-	-	-	10,385
Borrowings – non-related parties	65,638	-	-	-	65,638
Borrowings – related parties	490	-	-	-	490
Total financial liabilities	99,280	938	1,375	3,912	105,505
Net position	(70,185)	552	2,309	10,737	

Other includes a number of other currencies that are individually immaterial

3. Financial Risk Management (Continued)

(a) Financial risk factors (continued)

(iii) Market risk (continued)

Currency risk (continued)
The following tables indicate the currencies to which the Group had significant exposure on their monetary assets and liabilities and forecast cash flows. The change in currency rate below represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis represents outstanding foreign currency denominated monetary items and adjusts their translation at the yearend for a reasonably expected change in foreign currency rates. The sensitivity of the profit or loss was primarily as a result of foreign exchange gains and losses on translation of trade receivables and payables, long term receivables and borrowings. There would be an immaterial impact on other components of equity.

	% Change in Currency Rate 2017	Effect on Loss before Tax 2017 $'000	% Change in Currency Rate 2016	Effect on Profit before Tax 2016 $'000
Currency:				
JMD	-4	693	-6	(33)
JMD	+1	(173)	+1	6
GTQ	-4	177	-6	(139)
GTQ	+1	(44)	+1	23

Cash flow and fair value interest rate risk
As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group's interest rate exposure arises from borrowings. Borrowings issued at variable rates and revolving short-term borrowings expose the Group to cash flow interest rate risk.

The Group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated for borrowings that represent the major interest-bearing positions, taking into consideration refinancing, renewal of existing positions and alternative financing.

The following table indicates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, on the profit or loss. As the Group's interest rate risk arises primarily from borrowings, the sensitivity of the profit or loss is the effect of the assumed changes in interest rates based on floating rate long-term and revolving short-term borrowings. There is no direct impact on other components of equity.

	Effect on Loss before Tax 2017 $'000	Effect on Profit before Tax 2016 $'000
Change in basis points:		
- 200	1,409	1,323
+100	(704)	(661)

3. Financial Risk Management (Continued)

(b) Capital management

The capital management process is carried out by the parent company Facey Group Limited. The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for the shareholder and benefits for other stakeholders. The Board of Directors monitors the retum on capital, which the Group defines as net operating income (excluding non-recurring items) divided by total equity (excluding non-redeemable preference shares and non-controlling interests). There was no change to the capital management process during the year. The Group has no specific capital management strategy and is exposed to externally imposed capital requirements through debt covenants as outlined in the loan agreement with JCSD Trustee Services Limited on behalf of Bondholders. The financial covenants include: the Current ratio, Interest coverage ratio and the net total debt to EBITDA ratio. The Group was in compliance with the financial covenants as at the year end with the exception of Net Total Debt/ EBITDA and Interest Coverage. A waiver was received prior to the year end from the JCSD Trustee Services Limited on behalf of Bondholders and as such the loan has not been reclassified to current liabilities

(c) Fair values of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, in an orderly transaction between market participants at the measurement date..

The fair value of the Group's financial instruments that, subsequent to initial recognition, are not measured at fair value is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each statement of financial position date. The fair values of these financial instruments are determined as follows:

(i) The face value, less any estimated credit adjustments, for financial assets and liabilities with a maturity of less than one year are estimated to approximate their fair values. These financial assets and liabilities include cash and bank balances, trade receivables and payables and short-term borrowings.

(ii) The carrying values of non-current borrowings to non-related parties approximate their fair values, as these loans are carried at amortised cost reflecting their contractual obligations and the interest rates are reflective of current market rates for similar transactions. The fair value of borrowings is disclosed in note 25.

(iii) The fair values of the long-term receivables and loans to and from related parties could not be reliably determined as these instruments were granted under special terms and are not likely to be traded in a fair market exchange.

(d) Offsetting of financial assets and liabilities

There are no offsetting arrangements within the group. As such financial assets and liabilities are not offset and the net amount reported in the statement of financial position

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

Judgements and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Estimated impairment of goodwill
The Group test annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2(f). The recoverable amounts of cash-generating units have been determined based on value-in-use calculations, which require the use of estimates. In determining the value in use, management has made certain assumptions regarding revenue growth rate, EBITDA to revenue ratios and discount rates. See Note 16 for sensitivity of amounts to estimates.

Intangible assets
Intangible assets arising from the acquisition of subsidiaries have been deemed to be indefinite life intangibles. Other intangible assets have been deemed to be finite life intangibles. Their estimated useful lives have been determined by management, based on their best estimate of the time period over which the Group will benefit from the assets acquired. Management has estimated that the useful lives of the intangibles will be between 6 and 20 years. See note 16 for sensitivity of amounts to estimates.

Income taxes
The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. The Group recognises liabilities for actual and anticipated tax audit issues based on estimates of whether additional taxes will be due. In determining these estimates, management considers the merit of any audit issues raised, based on their interpretation of the taxation laws, and their knowledge of any precedents established by the taxation authorities. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences could materiality impact the current tax and deferred tax provisions in the period in which such determination is made (see Note 19).

Revaluation of Land and Buildings
The Group uses professional valuers to determine the fair value of its properties. Valuations are determined through the application of a variety of different valuation methods which are all sensitive to the underlying assumptions chosen.

5. Segment Financial information

The group's Chief Executive Officer examines the group's performance from a geographic perspective and has identified two reportable segments of business:

- **Central America-** The principal activities of this part of the business is the sale and leasing of reprographic products including printing equipment, business machines and related accessories to customers in the Central America Region such as Guatemala, El Salvador, Honduras, Costa Rica, Nicaragua and Panama.

- **Caribbean-** The principal activities of this part of the business is the sale and leasing of reprographic products including printing equipment, business machines and related accessories to customers in the Caribbean region such as Dominican Republic, Jamaica, Barbados, Curacao and Aruba.

Management primarily uses a measure of adjusted earnings before interest, tax, depreciation and amortisation (EBITDA) to assess the performance of the operating segments. However, information about the segments' revenue, assets and liabilities are also submitted for review on a monthly basis.

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5. Segment Financial information (Continued)

	2017			
	Central America	**Caribbean**	**Intersegment elimination**	**Total**
Revenue from external customers	123,689	46,259		169,948
Revenue from other operating segment	25,334	938	(24,314)	1,958
	149,023	47,197	(24,314)	171,906
Adjusted EBITDA	11,590	4,792		16,382
Finance costs				(8,902)
Depreciation				(7,013)
Amortisation				(1,455)
Unallocated				(1,727)
Loss before income tax from continuing operations				(2,715)
Other profit and loss disclosures				
Depreciation	(4,777)	(2,238)	-	(7,015)
Amortisation	(710)	(553)	(192)	(1,455)
Income tax	(1,733)	(298)	-	(2,031)
Segment assets-				
Total segment assets	127,989	38,630	(137,863)	28,756
Unallocated items				131,707
Total assets per the statement of financial position				160,463
Capital expenditure	13,549	2,260	-	15,809
Segment liabilities-				
Total segment liabilities	74,264	68,931	(104,109)	39,086
Unallocated items				82,860
Total liabilities per statement of financial position				121,946

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5. Segment Financial information (Continued)

	2016			
	Central America	**Caribbean**	**Intersegment elimination**	**Total**
Revenue from external customers	124,487	46,642	-	171,129
Revenue from other operating segment	25,440	-	(25,440)	-
	149,927	46,642	(25,440)	171,129
Adjusted EBITDA	11,328	4,125	-	15,453
Finance costs				(6,799)
Depreciation				(7,298)
Amortisation				(1,455)
Unallocated				(1,560)
Loss before income tax from continuing operations				(1,659)
Other profit and loss disclosures				
Depreciation	(5,016)	(2,282)	-	(7,298)
Amortisation	(902)	(553)	-	(1,455)
Income tax	(1,481)	(120)	-	(1,601)
Segment assets-				
Total segment assets	105,865	41,770	(132,340)	15,295
Unallocated items				123,020
Total assets per t				138,315
Capital expenditure	10,461	3,117	-	13,578
Segment liabilities-				
Total segment liabilities	54,776	70,239	(98,660)	26,355
Unallocated items				80,617
Total liabilities per statement of financial position				106,972

5. Segment Financial information (Continued)

Segment assets are measured in the same way as in the financial statements. These assets are allocated based on the operations of the segment and the physical location of the asset.

Segment liabilities are measured in the same way as in the financial statements. These liabilities are allocated based on the operations of the segment.

Sales between segments are carried out at arm's length and are eliminated on consolidation. The revenue from external parties is measured in the same way as in the statement of profit or loss.

The entity is domiciled in Barbados. The amount of its revenue from external customers broken down by location of the customers is shown in table below.

	2017 $'000	2016 $'000
Barbados	8,599	9,232
Costa Rica	20,692	15,413
Dominican Republic	11,091	10,618
El Salvador	22,036	22,891
Guatemala	26,784	22,161
Honduras	7,967	8,469
Nicaragua	25,949	26,215
Panama	14,097	18,410
USA	213	9,490
Antilles	11,796	13,086
Jamaica	12,249	10,791
Other	10,433	4,353
Total	171,906	171,129

The total of capital expenditure, broken down by location of the assets is shown in the table below.

	2017 $'000	2016 $'000
Antilles	860	1,118
Barbados	163	463
Costa Rica	2,645	1,022
El Salvador	2,304	1,244
Guatemala	4,234	2,321
Nicaragua	797	1,848
Panama	2,831	3,578
Other	1,973	1,984
Total	15,807	13,578

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6. Revenue

	2017 $'000	2016 $'000
Telecommunications		
Sale of goods	1,020	5,547
Business Solutions		
Sale of goods	103,650	102,054
Services	67,236	63,528
	171,906	171,129

7. Other Income

	2017 $'000	2016 $'000
Interest income	13	53
Loss on disposal of property, plant and equipment	(589)	-
Rental income	-	17
Miscellaneous	1,261	996
	685	1,066

8. Expenses by Nature

Total direct, selling, administration and other operating expenses:

	2017 $'000	2016 $'000
Auditors' remuneration	874	874
Cost of inventories recognised as expense	98,660	100,360
Impairment charge for trade and other receivables	682	545
Amortisation of intangible assets (Note 16)	1,455	1,455
Depreciation (Note 15)	7,015	7,298
Advertising	701	604
Bank charges	758	418
Commission	3,854	4,120
Legal and professional fees	1,389	1,626
Occupancy costs	6,072	5,932
Office supplies, printing and stationery	528	569
Management fees	1,452	1,391
Repairs and maintenance	276	169
Staff costs (Note 9)	33,131	31,785
Telephone and communication	1,173	1,190
Transportation	1,066	1,131
Travel	2,450	2,262
Other expenses	4,868	5,327
	166,404	167,056

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9. Staff Costs

Staff costs comprise:

	2017 $'000	2016 $'000
Salaries and wages	26,951	26,605
Payroll taxes – employer's portion	2,604	2,132
Pension costs – defined contribution	244	423
Redundancy costs	1,112	1,722
Other	2,220	903
	33,131	31,785

10. Finance Costs

	2017 $'000	2016 $'000
Net foreign exchange losses	1,673	1,109
Interest expense - Loans and finance leases	7,229	5,484
Other	-	205
	8,902	6,798

11. Taxation

Taxation is based on (loss)/ profit for the year or, in some jurisdictions, the greater of a percentage of profit before tax or revenue adjusted for taxation purposes, and comprises:

	2017 $'000	2016 $'000
Current tax	2,190	1,882
Deferred tax (Note 19)	(159)	(281)
	2,031	1,601

The tax on the loss before tax differs from the theoretical amount that would arise using the statutory tax rate as follows:

	2017 $'000	2016 $'000
Loss before tax	(2,715)	(1,659)
Tax calculated at domestic tax rate of 2.5%	(68)	(41)
Adjusted for the effects of:		
Different tax rates in other countries	952	740
Tax on net assets at 1%	192	216
Expenses not deductible for tax purposes	310	304
Tax in respect of prior years	16	30
Other charges and credits	629	352
Tax charge	2,031	1,601

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11. Taxation (Continued)

	2017		
	Before tax $'000	Tax charge $'000	After tax $'000
Items that may be subsequently reclassified to profit or loss			
Currency translation differences on the nest assets of foreign subsidiaries	(265)	-	(265)
Items that will not be reclassified to profit or loss			
Actuarial losses – termination benefits	(166)	-	(166)
Other comprehensive income	(431)	-	(431)
Deferred tax (Note 19)		-	

	2016		
	Before tax $'000	Tax (charge) $'000	After tax $'000
Items that may be subsequently reclassified to profit or loss			
Currency translation differences on the nest assets of foreign subsidiaries	(551)	-	(551)
Items that will not be reclassified to profit or loss			
Revaluation gains on property, plant and equipment, net of tax	(117)	-	(117)
Other comprehensive income	(664)	-	(664)
Deferred tax (Note 19)		-	

12. Investment in other Entities

All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly by the parent company do not differ from the proportion of ordinary shares held.

The total non-controlling interest for the period was as follows:

	2017 $'000	2016 $'000
Productive Business Solutions Honduras S.A. de C.V.	132	4

Non-controlling interest in Cayman business machines is immaterial to the shareholder and as such is not disclosed.

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12. Investment in other Entities (Continued)

Summarised financial information on subsidiary with material non-controlling interest

Set out below is summarised financial information for Productive Business Solutions Honduras S.A. de C.V. that has non-controlling interests that is material to the group. The amounts disclosed are before inter-company eliminations.

Summarised statement of financial position

	2017 $'000	2016 $'000
Current		
Assets	5,348	3,396
Liabilities	(4,598)	(2,761)
Total current net assets	750	635
Non-current		
Assets	1,077	698
Net assets	1,827	1,333

Summarised statement of comprehensive income

	2017 $'000	2016 $'000
Revenue	7,791	8,469
Profit before income tax	732	171
Income tax expense	(232)	(127)
Net profit for the year/Total comprehensive income	500	44

Summarised cash flows

	2017 $'000	2016 $'000
Cash flows from operating activities		
Net cash provided by operating activities	834	410
Net cash used in investing activities	(370)	(389)
Net increase in cash and cash equivalents	464	21
Cash, cash equivalents and bank overdrafts at beginning of year	70	51
Exchange losses on cash and cash equivalents	(2)	(2)
Cash and cash equivalents at end of year	532	70

13. Earnings per Share

	2017 $'000	2016 $'000
Loss for the year attributable to ordinary shareholders	(4,878)	(3,264)
Number of shares	123,272	45,001
Total basic and diluted earnings per share attributable to ordinary share holders	(3.96)	(7.25)

14. Net Loss and Accumulated Deficit

The net loss and accumulated deficit attributable to the shareholder of the Group are reflected in the accounts of the Company and its subsidiaries as follows:

	2017 $'000	2016 $'000
Net loss		
The Company	(5,873)	(3,295)
Subsidiaries	1,127	35
	(4,746)	(3,260)

	2017 $'000	2016 $'000
Accumulated deficit		
The Company	(8,471)	(2,598)
Subsidiaries	2,938	(286)
	(5,533)	(2,984)

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15. Property, Plant and Equipment

	Freehold Land and Buildings $'000	Leasehold Buildings and Improvements $'000	Furniture, Fixtures, Plant and Equipment $'000	Motor Vehicles $'000	Capital Work in Progress $'000	Total $'000
			2017			
At Cost -						
At 1 January	4,313	2,407	58,824	874	12	66,430
Exchange differences	(72)	(16)	115	(2)	-	25
Additions	-	666	4,459	87	210	5,422
Transfers from inventory	-	-	10,385	-	-	10,385
Disposals	(4,189)	(22)	(3,103)	(3)	(10)	(7,327)
Transfers to inventory	-	-	(9,593)	-	-	(9,593)
At 31 December	52	3,035	61,087	956	212	65,342
Depreciation -						
At 1 January	62	1,426	41,745	722	-	43,955
Exchange differences	-	(22)	181	(3)	-	156
Charge for the year	29	254	6,662	70	-	7,015
On disposals and transfer to inventory	(91)	(43)	(5,941)	-	-	(6,075)
At 31 December	-	1,615	42,647	789	-	45,051
Net Book Value -						
31 December	52	1,420	18,440	167	212	20,291

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15.Property, Plant and Equipment (Continued)

	Freehold Land and Buildings $'000	Leasehold Buildings and Improvements $'000	Furniture, Fixtures, Plant and Equipment $'000	Motor Vehicles $'000	Capital Work in Progress $'000	Total $'000
			2016			
At Cost -						
At 1 January	4,313	1,824	59,972	917	148	67,174
Exchange differences	-	(55)	(60)	(28)	(6)	(149)
Additions	-	563	2,420	3	64	3,050
Transfers from inventory	-	31	10,497	-	-	10,528
Disposals	-	(58)	(3,117)	(4)	(78)	(3,257)
Transfers to inventory	-	-	(10,418)	-	-	(10,418)
Transfer from CWIP	-	139	-	-	(139)	-
Reclassification	-	(6)	(501)	(14)	23	(498)
At 31 December	4,313	2,438	58,793	874	12	66,430
Depreciation -						
At 1 January	26	1,313	42,088	679	-	44,106
Exchange differences	(1)	(34)	(134)	(17)	-	(186)
Charge for the year	60	167	7,009	62	-	7,298
On disposals and transfer to inventory	-	(15)	(6,751)	-	-	(6,766)
Reclassification	(23)	(5)	(467)	(2)	-	(497)
At 31 December	62	1,426	41,745	722	-	43,955
Net Book Value -						
31 December	4,251	1,012	17,048	152	12	22,475

The furniture, fixtures, plant and equipment category for the Group includes equipment held for operating leases by various subsidiaries. Operating lease contracts for these items are entered into with third parties, with periodic lease payments being 36 to 60 months. Items which are leased are transferred from inventory on commencement of the lease arrangements and are transferred back to inventory on termination of the lease arrangements.

15. Property, Plant and Equipment (Continued)

The amounts included in property, plant and equipment are as follows:

	2017 $'000	2016 $'000
Equipment held for lease at cost	37,668	36,876
Accumulated depreciation	(24,504)	(23,063)
Net book value	13,164	13,813

The movement in equipment held for lease was as follows:

	2017 $'000	2016 $'000
Opening net book value	12,076	11,821
Additions – transfers from inventory during operating lease period	10,385	10,528
Depreciation charges	(4,669)	(5,392)
Disposals – transfers to inventory upon expiry of operating lease	(9,593)	(10,418)
Depreciation released	4,965	5,537
Closing net book value	13,164	12,076

15. Property, Plant and Equipment (Continued)

The freehold land and buildings of the Group were independently revalued as at various dates during 2015 on the basis of open market value or other market comparable approaches by independent qualified valuators. TThe directors are of the view that there were no material changes in the value over the prior year for Freehold land and buildings.

If land and buildings were stated on the historical cost basis, the amounts would be as follows:

	2017 $'000	2016 $'000
Cost	52	2,529
Accumulated depreciation	-	(1,312)
Net book value	52	1,217

The following table analyses the non-financial assets carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1),
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, or directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2), and
- Inputs for the asset or liability that are not based on observable market data (that is unobservable inputs) (Level 3).

	Fair value measurements at 31 December 2017 using		
	Quoted prices in active markets for identical assets (Level 1) $'000	Significa nt other observa ble inputs (Level 2) $'000	Significant unobserva ble inputs (Level 3) $'000
Recurring fair value measurements			
Land and buildings			
Land – Surges St Thomas , Barbados	-	-	32
San Salvador, El Salvador: Km.49.5 Litoral, Atami	-	20	-
	-	20	32

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15. Property, Plant and Equipment (Continued)

	Fair value measurements at 31 December 2016 using		
	Quoted prices in active markets for identical assets (Level 1) $'000	Significant other observable inputs (Level 2) $'000	Significant unobservable inputs (Level 3) $'000
Recurring fair value measurements			
Land and buildings			
Land – Surges St Thomas , Barbados	-	-	33
Building at 6a Av. 6-47 zone 9, Guatemala city	-	63	-
Building at Aruba's facilities	-	899	-
Land at Aruba's facilities	-	1,123	-
Building at Curacao's facilities, Schottegatweg Oost #2	-	1,313	-
Land at Curacao's facilities	-	820	-
	-	4,218	33

There were no transfers between levels during the year.

Level 2 fair values of land and buildings have been derived using the sales comparison approach. Sales prices of comparable land and buildings in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot. The valuation techniques for Level 3 fair values of land and buildings are disclosed in the tables below.

Bank borrowings are secured on land and buildings for the value of nil (2016: $4,251,000) (Note 25).

Fair value measurements using significant unobservable inputs (Level 3)

Fair value measurements at 31 December 2017 using significant unobservable inputs		
	Land – Surges St Thomas, Barbados $'000	Total $'000
Opening and Closing balance	32	32

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15. Property, Plant and Equipment (Continued)

Fair value measurements at 31 December 2016 using significant unobservable inputs

	Land – Surges St Thomas, Barbados $'000	Total $'000
Opening and Closing balance	33	33

Description	Fair value at December 2017 $'000	Valuation Technique(s)	Unobservable inputs	Range of unobservable inputs (probability – weighted average)	Relationship of unobservable inputs to fair value
Land – Surges St Thomas , Barbados	32	Market Comparable approach	None	None	Not applicable

Description	Fair value at December 2016 $'000	Valuation Technique(s)	Unobservable inputs	Range of unobservable inputs (probability – weighted average)	Relationship of unobservable inputs to fair value
Land – Surges St Thomas , Barbados	33	Market Comparable approach	None	None	Not applicable

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16. Intangible Assets

	Goodwill $'000	Brands $'000	Contracts $'000	Franchise Agreement & Licenses $'000	Total $'000
			2017		
Year ended 31 December 2017					
Opening net book value	12,880	1,943	4,839	1,408	21,070
Exchange differences	-	-	-	3	3
Amortisation (Note 8)	-	(192)	(710)	(553)	(1,455)
Closing net book amount	12,880	1,751	4,129	858	19,618
At 31 December 2017					
Cost	13,796	4,169	14,208	6,385	38,558
Accumulated amortisation and impairment	(916)	(2,418)	(10,079)	(5,527)	(18,940)
Closing net book value	12,880	1,751	4,129	858	19,618

	Goodwill $'000	Brands $'000	Contracts $'000	Franchise Agreement & Licenses $'000	Total $'000
			2016		
Year ended 31 December 2016					
Opening net book value	12,880	2,135	5,549	1,970	22,534
Exchange differences	-	-	-	(9)	(9)
Amortisation (Note 8)	-	(192)	(710)	(553)	(1,455)
Closing net book amount	12,880	1,943	4,839	1,408	21,070
At 31 December 2016					
Cost	13,796	4,169	14,208	6,385	38,558
Accumulated amortisation and impairment	(916)	(2,226)	(9,369)	(4,977)	(17,488)
Closing net book value	12,880	1,943	4,839	1,408	21,070

Amortisation charges have been included in the other operating expenses in the statement of comprehensive income.

16. Intangible Assets (Continued)

Impairment tests for goodwill

The Group determines whether goodwill is impaired at least on an annual basis or when events or changes in the circumstances indicate that the carrying value may be impaired. This requires an estimation of the recoverable amount of the cash generating unit (CGU) to which the goodwill is allocated. The recoverable amount is usually determined by reference to the value in use. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the CGU and also to choose an appropriate discount rate in order to calculate the present value of those future cash flows.

The allocation of goodwill to the Group's cash generating units (CGUs) as categorised by subsidiary is as follows:

	2017 $'000	2016 $'000
Barbados Business Machines Limited	403	403
PBS Central America, S.A	7,539	7,539
Mobay Holdings N. V.	4,256	4,256
Productive Business Solutions Limited (Dominican Republic)	523	523
Other	159	159
	12,880	12,880

The recoverable amount of each CGU is determined based on value in use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a 5 year period. Cash flows beyond the 5th year are extrapolated using the estimated growth rates stated below.

Key assumptions used for value in use calculations for 2017 were as follows:

	Revenue growth rate year 1	Revenue growth rate year 2 onwards	Average EBITDA to revenue	Discount rate 2017
Barbados Business Machines Limited	17.0%	3.0%	20.5%	19.6%
PBS Central America S.A	23.7%	3.5%	12.5%	15.5%
Mobay Holdings N. V.	7.0%	3.0%	14.7%	14.2%
Productive Business Solutions Limited (Dominican Republic)	19%	3.0%	9.7%	17.8%

Key assumptions used for value in use calculations for 2016 were as follows:

	Revenue growth rate year 1	Revenue growth rate year 2 onwards	Average EBITDA to revenue	Discount rate 2016
Barbados Business Machines Limited	14.0%	3.0%	23.5%	19.6%
PBS Central America S.A	9.9%	3.5%	11.8%	15.5%
Mobay Holdings N. V.	14.0%	3.0%	16.9%	14.2%
Productive Business Solutions Limited (Dominican Republic)	23.3%	3.0%	9.2%	17.8%

16. Intangible Assets (Continued)

Impact of possible changes in key assumptions

Barbados Business Machines Limited

2017

If the budgeted revenue growth for year 1 had been 1.4% lower than management's estimates for the Barbados Business Machines Limited CGU, the Group would have an excess of $5,553,000 over the carrying value of goodwill and therefore no impairment would have been recognised. If the pre-tax discount rate had been 1% higher than management's estimates, the Group would have an excess over the carrying value of goodwill of $5,180,000 and therefore no impairment would have been recognised.

2016

If the budgeted revenue growth for year 1 had been 5% lower than management's estimates for the Barbados Business Machines Limited CGU, the Group would have an excess of $3,955,000 over the carrying value of goodwill and therefore no impairment would have been recognised. If the pre-tax discount rate for had been 9.8% higher than management's estimates, the Group would have an excess over the carrying value of goodwill of $3,340,000 and therefore no impairment would have been recognised.

PBS Central America S.A

2017

If the budgeted revenue growth for year 1 had been 1.1% lower than management's estimates for PBS Central America S.A. CGU, the Group would have an excess over the carrying value of goodwill of $8,210,000. If the pre-tax discount rate for the PBS Central America S.A. CGU had been 1% higher than management's estimates, the Group would have an excess over the carrying value of goodwill of $4,726,000 and therefore no impairment would have been recognised.

2016

If the budgeted revenue growth for year 1 had been 9.6% lower than management's estimates for the PBS Central America S.A. CGU, the Group would have an excess over the carrying value of goodwill of $21,015,000. If the pre-tax discount rate for the PBS Central America S.A. CGU had been 7.5% higher than management's estimates, the Group would have an excess over the carrying value of goodwill of. $1,398,000.

Mobay Holdings N. V.

2017

If the budgeted revenue growth for year 1 had been 1.2% lower than management's estimates for the Mobay Holdings N. V. CGU, the Group would have an excess over the carrying value of goodwill of $2,480,000 and therefore no impairment would have been recognised. If the pre-tax discount rate for had been 3% higher than management's estimates, the Group would have an excess over the carrying value of goodwill of $683,000 and therefore no impairment would have been recognised.

2016

If the budgeted revenue growth for year 1 had been 12.6% lower than management's estimates for the Mobay Holdings N. V. CGU, the Group would have an excess over the carrying value of goodwill of $5,510,000 and therefore no impairment would have been recognised. If the pre-tax discount rate for had been 7.09% higher than management's estimates, the Group would have an excess over the carrying value of goodwill of $12,093,000 and therefore no impairment would have been recognised.

Productive Business Solutions Limited (Dominican Republic)

2017

If the budgeted revenue growth for year 1 had been 1.8% lower than management's estimates for the Productive Business Solutions Limited (Dominican Republic) CGU, the Group would have an excess over the carrying value of goodwill of $1,721,000 and therefore no impairment would have been recognised. If the pre-tax discount rate for had been 3% higher than management's estimates, the Group would have an excess over the carrying value of goodwill of $916,000 and therefore no impairment would have been recognised.

2016

If the budgeted revenue growth for year 1 had been 5% lower than management's estimates for the Productive Business Solutions Limited (Dominican Republic) CGU, the Group would have recognised impairment against goodwill of $1,002,000 excess over the carrying value of goodwill of $456,000. If the pre-tax discount rate for had been 3% higher than management's estimates, the Group would have an excess over the carrying value of goodwill of $2095,797,000 and therefore no impairment would have been recognised.

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17. Lease Receivables

	2017 $'000	2016 $'000
Gross investment in finance leases		
Not later than one year	2,448	1,940
Later than one year and not later than five years	2,727	2,790
	5,175	4,730
Less: Unearned income	(1,208)	(1,172)
	3,967	3,558
Net investment in finance leases may be classified as follows:		
Not later than one year	1,885	1,526
Later than one year and not later than five years	2,082	2,032
	3,967	3,558

18. Long Term Receivables

	2017 $'000	2016 $'000
Profuturo (Note a)	484	-
Servicios Fotomecánicos (Note b)	-	159
Gráfica Fenix, S.A. de C.V. (Note c)	60	78
Colegio Americano Nicaragüense (Note d)	-	65
Innovaciones en Papel Sociedad Anónima (Note e)	59	-
Presidencia de la República de Nicaragua (Note f)	-	58
Barreto Uriarte y Compañía Limitada (Note g)	-	48
Platino, Sociedad Anónima (Note h)	50	-
Serviprensa (Note i)	28	-
Grupo Aele, S.A., de C.V. (Note j)	27	-
Boanerges Huezo (Note k)	26	-
Inhouse Print, S.A. de C.V. (Note l)	-	22
Computadoras y Servicios de Informática, S.A. (Note m)	-	15
Other (Note n)	652	448
	1,386	893

18. Long Term Receivables (Continued)

a) *Profuturo*
The balance earns interest of 5.17% per annum and is maintained as an investment fund.

b) *Servicios Fotomecánicos, S.A.*
The balance earns interest of 15% per annum and was received in 2016.

c) *Gráfica Fénix, S.A.*
The balance earns interest of 18% per annum and matures on 20 February 2019.

d) *Colegio Americano Nicaragüense*
The balance earns interest of 15% per annum and was received in 2016.

e) *Innovaciones en Papel, Sociedad Anónima*
The balance earns interest of 11% per annum and matures on 30 April 2021

f) *Presidencia de la República de Nicaragua*
The balance earns interest of 15% per annum and was received in 2016.

g) *Barreto Uriarte y Compañía Limitada*
The balance earns interest of 15% per annum and was received in 2016.

h) *Platino, Sociedad Anónima*
The balance earns interest of 12% per annum and matures on 29 October 2019.

i) *Serviprensa*
The balance earns interest of 14% per annum and matures on 30 November 2019.

j) *Grupo Aele, S.A. de C.V.*
The balance earns interest of 18% per annum and matures on April 2020.

k) *Boanerges Huezo.*
The balance earns interest of 18% per annum and matures on October 2019.

l) *In House Print, S.A*
The balance earns interest of 18% per annum and was received during 2016.

m) *Computadoras Servicios Informática*
The balance earns interest of 18% per annum and was received during 2016.

n) *Other*
The balance relates to amounts that are individually insignificant. These balances relates to equipment sales with terms between 12 and 37 months. These are secured with promissory notes and earns interest between 12% and 21% and is guaranteed with a pledge on the equipment financed

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19. Deferred Income Taxes

(a) Deferred income taxes are calculated in full on all temporary differences under the liability method and comprise:

	2017 $'000	2016 $'000
Deferred income tax assets	1,015	961
Deferred income tax liabilities	(152)	(551)
Net deferred income tax asset	863	410

(b) The movement on the deferred income tax assets balance for the year is as follows:

	2017 $'000	2016 $'000
Net asset at beginning of the year	410	305
Credit to profit and loss (Note 11)	159	281
Credit to other comprehensive income on sale of land and building	299	-
Exchange difference	(5)	(176)
Net assets at end of the year	863	410

(c) Deferred income tax assets and liabilities are attributable to:

Property, plant and equipment	413	(626)
Provisions	186	236
Foreign exchange losses	210	-
Tax losses carried forward	195	468
Other	(141)	332
	863	410

(d) The movement on the deferred tax asset is attributable to:

	2017 $'000	2016 $'000
Property, plant and equipment	1,039	(274)
Provisions	(50)	34
Foreign exchange losses	210	-
Tax losses carried forward	(273)	67
Other	(473)	278
	453	105

(e) With the exception of property, plant and equipment, all deferred income tax items are expected to be recovered/ settled within more than one year.

(f) Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through taxable profits is probable. Losses amount to $780,000 (2016: $1,872,000).

(g) Deferred income tax liabilities have not been established for withholding tax that would be payable on unappropriated profits of subsidiaries as the amounts are permanently reinvested. Such unappropriated profits totaled $28,671,000 (2016: $24,311,000).

20. Related Party Transactions and Balances

The following transactions were carried out with related parties:

(a) Sale of goods and services

	2017 $'000	2016 $'000
Sale of goods		
Other related parties	1,958	3,746

Goods are sold based on the price lists in force and terms that would be available to third parties. Transactions with other related parties include those with ultimate parent.

(b) Purchase of goods and services

	2017 $'000	2016 $'000
Purchases of goods		
Other related parties	1,449	1,999

Transactions with other related parties include those with Facey Commodity Company Limited and Seprod Limited.

(c) Key management compensation

Key management includes directors (executive and non-executive). The compensation paid or payable to key management for employee services is shown below:

	2017 $'000	2016 $'000
Salaries and other short-term employee benefits	4,459	4,318
Payroll taxes – employer's portion	719	332
Pension benefits	55	42
Other	51	61
	5,284	4,753
Directors' fees	Nil	Nil

(d) Other transactions

	2017 $'000	2016 $'000
Parent		
Management fee expense	1,452	1,391
Other related parties –		
Interest paid	1	442
Rental expense	48	24

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20. Related Party Transactions and Balances (Continued)

(e) Year end balances arising from sales/purchases of goods

	2017 $'000	2016 $'000
Receivable from related parties:		
Parent	3	2
Fellow subsidiaries and shareholder	6,228	3,244
Other related parties	-	980
	6,231	4,226
Payable to related parties:		
Parent	3,249	5,876
Fellow subsidiaries	4,000	3,943
Other related parties	-	566
	7,249	10,385

Transactions with other related parties include those with the ultimate parent.

21. Inventories

	2017 $'000	2016 $'000
Finished goods	40,294	33,115
Goods in transit	7,756	7,680
	48,050	40,795
Less: Provision for obsolete stock	(5,350)	(5,309)
	42,700	35,486

Cost of inventory recognised as an expense aggregating to $98,660,000 (2016: $100,360,000), were recognised in profit or loss.

22. Trade and Other Receivables

	2017 $'000	2016 $'000
Trade receivables	41,788	34,552
Less: Provision for impaired balances	(1,827)	(1,288)
	39,961	33,264
Prepaid expenses	1,908	1,445
Other	1,724	2,015
	43,593	36,724

23. Cash and Cash Equivalents

	2017 $'000	2016 $'000
Cash at bank and in hand	12,097	4,962

The weighted average interest rate at the reporting date for short term bank deposits was 0.75% (2016: 0.75%) per annum.

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24. Trade and Other Payables

	2017 $'000	2016 $'000
Trade payables	18,421	19,677
Interest Payables	1,926	-
Accrued liabilities	5,480	710
Other	13,232	8,605
	39,059	28,992

The carrying amounts of trade and other payables are assumed to be the same as their fair values, due to their short-term nature.

Other accounts payable include interest payable for various borrowings of $1,926,000, (2016: nil).

25. Borrowings

	2017 $'000	2016 $'000
Current borrowings –		
(a) Facey Telecom Caribbean Limited	490	490
(b) Davivienda	250	250
(c) Operaciones de Consumo, S.A.	162	-
(d) Operaciones de Consumo, S.A.	1,089	-
(e) First Caribbean International Bank (Jamaica) Limited	-	15,000
(f) GK Investments Limited	-	250
(g) First Global Bank Limited	-	2,200
	1,991	18,190
Current portion of non-current borrowings	627	-
Total Current Borrowings	2,618	18,190
Non-Current Borrowings –		
(h) Finance lease	2,066	-
(i) JCSD Trustee Services Limited on behalf of Bondholders	48,716	47,938
(j) Reedemable preference shares	19,667	-
(k) Eppley Limited	60	-
	70,509	47,938
Current portion of non-current borrowings	(627)	-
Total non-current borrowings	69,882	47,938
Total borrowings	72,500	66,128

25. Borrowings (Continued)

Total borrowings comprise:

	2017 $'000	2016 $'000
Non-related parties	71,950	65,638
Related parties	550	490
	72,500	66,128

The exposure of the group's borrowings to interest rate changes and the contractual re-pricing dates at the end of the reporting period are as follows:

	2017 $'000	2016 $'000
6-12 months	2,618	18,190
1-5 years	69,882	47,938
	72,500	66,128

The carrying amounts and fair value of the non-current borrowings are as follows:

	Carrying amount		Fair value	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Bonds	48,716	47,938	48,849	48,203
Reedemable preference shares	19,667	-	19,198	-
Finance lease liabilities	1,461	-	1,461	-
Other	38	-	-	-
	69,882	47,938	69,508	48,203

The Group has no undrawn borrowing facilities.

25. Borrowings (Continued)

(a) **Facey Telecom Caribbean Limited**
These represent unsecured loans which attract interest of 9.75% per annum and are due at call.

(b) **Davivienda**
This represents an unsecured loan to finance working capital at a rate of 10.91% per annum and becomes due on 18 June 2018.

(c) **Operaciones de Consumo, S.A.**
This represents an unsecured US dollar earning an interest of 9.38%. and becomes due on 28 February 2018.

(d) **Operaciones de Consumo, S.A.**
This represents an unsecured US dollar loan earning an interest of 9.38% and becomes due on 31 January 2018.

(e) **First Caribbean International Bank (Jamaica) Limited**
This represents an unsecured US dollar bridge loan which attracts interest of 3 Month Libor + 6.50% per annum paid on quarterly basis. This loan was repaid on 31 May 2017.

(f) **GK Investments**
This represents a US dollar unsecured revolver loan which attracts interest of 8.50% per annum paid monthly. This loan was repaid on 30 June 2017.

(g) **First Global Bank Limited**
This represents a US dollar unsecured revolver loan which attracts interest of 8.50% per annum paid monthly. This loan was repaid on 30 June 2017.

(h) **Finance lease**
This represents the present value of finance lease commitments.

(i) **JCSD Trustee Services Limited on behalf of Bondholders**
This long term loan represent monies raised via a private Bond Offering ("Bond"). The Bond is secured by the company and its assets. The entire Bond's principal matures April 2021 (5 year term), bearing interest fixed at 7.7% - 7.75% per annum and to be paid quarterly. Charges and guarantees over all present and future assets and property of Productive Business Solutions Limited to secure payment of this obligation are as follows:

- Guarantees with Productive Business Solutions Limited and its subsidiaries with the exception of Cayman Business Machines (CBM) Limited and Productive Business Solutions Honduras.
- Charge over assets of Productive Business Solutions Limited and its subsidiaries with the exception of Productive Business Solutions Honduras, Productive Business Solutions Belize, Eastern Commerce S.A. (Costa Rica) , Cayman Business Machines (CBM) Limited, Productive Business Solutions Limited (St. Lucia), Productive Business Solutions Caribbean Limited and Productive Business Solutions St. Lucia.
- Charge over shares of all entities in the Productive Business Solutions Limited sub group with restrictions for Productive Business Solutions Honduras, Productive Business Solutions Caribbean Limited and Productive Business Solutions Nicaragua.

The deferred finance charges offset against the loan amounts to $3,576,000 (2016 - $4,355,000).

(j) **Reedemable preference shares**
This represents 25,800,000 Redeemable Cumulative Preference Shares in Jamaica dollars entitled to a fixed preferential cumulative cash dividend of 9.75% per annum, to be paid semi-annually. The maturity date is 30th day of June of 2024. The deferred finance charges offset against the loan amounts to $1,047,000 (2016 - nil).

(k) **Eppley Limited**
This represents a loan for the acquisition of vehicles, payable in 36 monthly instalments which attracts interest of 11.5%.

26. Share Capital

	2017 $'000	2016 $'000
Authorised -		
123,271,000 Ordinary shares		
Issued and fully paid -		
123,271,000 (2016 – 45,001,000) Ordinary shares	57,317	45,001

In June 2017, the Company issued 54,999,000 ordinary shares to an affiliated company. The value of the shares issued at that time was $1,000. In September 2017, the Company issued 23,272,727 shares to Portland Caribbean Fund, executive and directors and the general public. The value of the shares issued amounted to $12,800,000 ($0.55 per share). The related transaction costs amounting to $485,000 have been netted off with the proceeds.

27. Other Reserves

Other reserves primarily represent the currency translation differences resulting from the unrealised gains and losses on the translation of the net assets of subsidiaries that have a different functional currency from that of the Company.
Other reserves also include actuarial loss and revaluation reserve for the revaluation of land and buildings. The actuarial loss resulted from the application of a discount rate equivalent to that of a deep financial market for a highest quality corporate bond in the calculation of present value of employee benefits.

	Actuarial Losses $'000	Revaluation Reserves, net of taxes $'000	Currency translation differences $'000	Total $'000
Balance as at 1 January 2016	-	2,794	(13,152)	(10,358)
Movement during 2016	(117)	-	(551)	(668)
Balance as at 31 December 2016	(117)	2,794	(13,703)	(11,026)
Movement during 2017	117	(2,577)	(265)	(2,725)
Balance as at 31 December 2017	-	217	(13,968)	(13,751)

28. Accumulated Profit/(Deficit)

	Total $'000
Balance as at 1 January 2016	276
Loss for the year	(3,260)
Balance as at 31 December 2016	(2,984)
Actuarial losses on the termination benefit	(283)
Transfer from reserves	2,612
Loss for the year	(4,878)
Balance as at 31 December 2017	(5,533)

29. Litigation and Contingent Liabilities

The Group is subject to various claims, disputes and legal proceedings in the normal course of business. Provision is made for such matters when, in the opinion of management and its professional advisors, it is probable that a payment will be made by the Group and the amount can be reasonably estimated.

Claims asserted against the Group, according to the principles outlined above, have not been provided for. Management is of the opinion that the claims are either without merit, can be successfully defended or will result in exposure to the Group which is immaterial to both financial position and results of operations.

30. Retirement Benefit Obligation

The movement in the present value of the defined benefit obligation during the year was as follows:

	2017 $'000	2016 $'000
Initial balance	-	-
Current service cost	92	-
Interest cost	22	-
Loss from change in financial assumptions	166	-
Adjustment	399	
Benefits paid	(100)	-
At end of year	579	-

The amounts recognised in arriving at profit or loss were as follows:

	2017 $'000	2016 $'000
Current service cost	92	-
Interest cost	22	-
At end of year	114	-

The amounts recognised in arriving other comprehensive income is as follows:

	2017 $'000	2016 $'000
Re measurement loss on obligation	166	-

The distribution of the obligation by country was as follows:

	2017 $'000	2016 $'000
Nicaragua	102	-
El Salvador	477	-
	579	-

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	2017 Impact on Retirement benefit obligation		
	Change in Assumption	Increase in Assumption	Decrease in Assumption
Discount rate	1%	(38)	50
Inflation rate	1%	9	(12)

	Increase assumption by one year $'000
Life expectancy	99

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

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30. Retirement Benefit Obligation (Continued)

Termination benefits in El Salvador and Nicaragua are established by law and entitle the employee to receive a payment upon termination of employment, regardless of cause. In El Salvador the benefit is founded in the law 592, that is the regulatory law for the economic benefit for voluntary resignation. Employees with more than two years of uninterrupted service for the company shall receive a payment of, at least, the equivalent of 15 days of minimum wage for each year of service. In Nicaragua, the law 185, Labour Code, entitles the employee to the right to receive a payment equivalent to one monthly salary for each year of service, up to the third year, and 20 days of salary for each additional year. Neither of these plans require the employer to establish a fund.

Principal actuarial assumptions used in valuing post-employment benefits
The principal actuarial assumptions used in valuing post-employment benefits are as follows:

PBS Nicaragua	2017 $'000
Discount rate	10.5%
Future salary increases	5%
Retirement age	60 years

PBS El Salvador	2017 $'000
Discount rate	4.08%
Future salary increases	3.4%
Retirement age	58 years

31. Commitments

Capital commitments
There are no capital expenditure contracted for at the end of the reporting period but not yet incurred.

Operating lease commitments – as lessee
The future minimum lease payments under non-cancellable operating leases are as follows:

	2017 $'000	2016 $'000
Not later than 1 year	4,055	2,667
Later than 1 year and not later than 5 years	12,588	8,690
Later than five years	2,278	3,247
	18,921	14,604

The group leases various properties and equipment. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes. The lease arrangements include the option to renew the leases.

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32. Cash Flows from Operating Activities

Reconciliation of the Group's net profit to cash generated from operating activities:

	2017 $'000	2016 $'000
Net loss	(4,746)	(3,260)
Items not affecting cash:		
Depreciation	7,015	7,298
Amortisation and impairment of intangible assets	1,455	1,455
Actuarial losses/ (gains)	114	(117)
Loss on disposal of property, plant and equipment	589	-
Taxation expense	2,031	1,601
Foreign exchange losses/(gains)	1,213	(410)
Interest income	(13)	(53)
Interest expense	7,229	5,690
	14,887	12,204
Change in non-cash working capital balances:		
Inventories	(12,974)	(6,232)
Accounts receivable	(6,661)	4,410
Due from related parties	(2,278)	4,817
Long term receivable	(493)	(527)
Lease receivable	(409)	(111)
Accounts payable	7,824	(3,047)
Retirement benefit obligation	(100)	
Due to related parties	(3,378)	(34,800)
	(3,582)	(23,286)
Taxation paid	(2,304)	(4,167)
Net cash used in operating activities	(5,886)	(27,453)

Net Debt Reconciliation

This section sets out an analysis of net debt and the movements in net debt for the year ended 31 December 2017.

	2017 $'000
Cash and cash equivalents	12,097
Borrowings - repayable within one year (including overdraft)	(2,618)
Borrowings - repayable after one year	(69,882)
Net debt	(60,403)
Cash and liquid investments	12,097
Gross debt - fixed interest rates	(72,500)
Net debt	(60,403)

32. Cash Flows from Operating Activities (Continued)

	Cash/bank overdraft $'000	Finance leases due within 1 year $'000	Finance leases due after 1 year $'000	Borrowing due within 1 year $'000	Borrowing due after 1 year $'000	Total $'000
Net debt as at 31 December 2016	4,962	-	-	(18,190)	(47,938)	(61,166)
Cash flows	7,126	(605)	(1,461)	18,588	(17,001)	6,647
Foreign exchange adjustments	9	-	-	-	(711)	(702)
Other non-cash movements	-	-	-	(2,411)	(2,771)	(5,182)
Net debt as at 31 December 2017	12,097	(605)	(1,461)	(2,013)	(68,421)	(60,403)

33. Assets Pledged as Security

With the exception of Productive Business Solutions Honduras S.A. de CV, Easton Commerce S.A. (Costa Rica), Productive Business Solutions (Belize) Ltd., Cayman Business Machines (Cayman Islands) and Productive Business Solutions Limited (St. Lucia), the assets of the subsidiaries are pledged as security for the borrowings. The pledged assets at year end totaled $137,999,000 (2016: $121,780,000).

34. Subsequent Events

The loan agreement with JCSD Trustee Services Limited was amended on 28 March 2018 to exclude preference shares from the definition of debt for the purposes of computing the financial covenants, hence resolving the breaches of covenants referred to in note 3(b).