GROWTH, INNOVATION & TRANSFORMATION

2018 ANNUAL REPORT

PBS' most important asset...

MISSION

We are committed to our customers, we work with exceptional human capital and we represent world leaders in the technology industry, to provide the best solutions and services in our markets.

REGIONAL BRANDS

* Available in all countries, excluding Colombia.

LOCAL BRANDS **

** Available in select countries.

ALLIANCES

PROFESSIONAL SERVICES

IT SERVICES	MANAGED PRINT SERVICES (CMPS)
SYSTEM INTEGRATION	MAINTENANCE
OUTSOURCING	PREPAID PHONE & SOCIAL CARDS
TRAINING & EDUCATION	DIGITALIZATION

CUSTOMER COMMUNICATION MANAGEMENT

made

to

think.™


xerox
IRIDESSE
CREATE A RAINBOW OF IRIDESCENT EFFECTS
Keypoint Intelligence-InfoTrends projects that digital print enhancement volume will grow 27 % from 2015 to 2020
25 Billion
pages by 2020
pbs


Between moving to the cloud
and unleashing its full potential
CISCO
The bridge to possible

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PROFESSIONAL SERVICES

Managed Services

WE TAKE CARE OF YOUR BUSINESS!

IT SUPPORT SERVICES

A single point of responsibility for multivendor support

HELP DESK SERVICES

End to end incidents management, includes scalable process

REMOTE MANAGEMENT SERVICES

Provides 24/7 monitoring and networks management

Areas of expertise

DATA CENTER

NETWORKING

SECURITY

COLLABORATION

PBS is bringing a new and more complete level of IT service to your business.

DIRECTOR'S
REPORT

DIRECTORS' REPORT

The Directors of Productive Business Solutions Limited submit herewith their Annual Report and Audited Accounts for the year ended December 31, 2018.

FINANCIAL RESULTS

The Group ended the year with a profit before tax of US$ 134,000 and a net profit attributable to shareholders of US$ 69,000. Details of these results, along with a comparison with the previous year's performance and the state of affairs of the Company, are set out in the Management Discussion and Analysis and the Financial Statements which are included as part of the Report.

DIRECTORS

Nigel A. Clarke resigned from office on March 26, 2018. Edward J.L. Ince was appointed to the Board of Directors, effective July 19, 2018. Blondell Walker was appointed to the Board of Directors, effective September 18, 2018.

CORPORATE SECRETARY

PwC Corporate Services Limited with address at Erin Court, Bishop's Court Hill, St. Michael, Barbados ceased to hold office as Secretary of Productive Business Solutions Limited and Ms. Lois A.K. Denny has been appointed as Corporate Secretary.

AUDITORS

The Auditors, PricewaterhouseCoopers SRL, have indicated their willingness to continue in office. The Directors recommend their re-appointment.

AUDIT COMMITTEE

The Board of Directors of Productive Business Solutions Limited exercises its responsibilities for the Financial Statements included in this Report through its Audit Committee. The Audit Committee consists of non-executive Board members: Mrs. Melanie Subratie, Chairperson, Ricardo Hutchinson, and Thomas Agnew; and executive Board members: Jose Misrahi and Lois Denny. The independent auditors have full and free access to the Audit Committee.

EMPLOYEES

The Directors wish to express their appreciation to the employees for their loyal services throughout the year.

Submitted on behalf of the Board of Directors,

Paul B. Scott
CHAIRMAN

CORPORATE **INFORMATION**

Full Corporate Name: Productive Business Solutions Limited
Registered Office: #42 Warrens Industrial Park, St. Michael, Barbados
Administrative Office: #42 Warrens Industrial Park, St. Michael, Barbados
Tel: 246-417-5600 | **Fax**: 246-421-8001
Law under which incorporated: Barbados
Incorporated: December 16, 2010
Fiscal Year End: December 31, 2018
Company Secretary: Lois Denny

GROWTH, INNOVATION & TRANS

ATTORNEYS

DunnCox
48 Duke Street
Kingston, Jamaica

Clarke, Gittens, Farmer
Parker House, Wildey Business Park
Wildey Road, St. Michael, Barbados

Monica Ortega, Legal Counsel
23 Avenue, 31-01 Zona 5
Guatemala

BANKERS

National Commercial Bank Jamaica Ltd.
1-7 Knutsford Boulevard
Kingston 5, Jamaica

Citibank N.A. Jamaica
19 Hillcrest Avenue
Kingston 5, Jamaica

First Caribbean International Bank
Broad Street, Bridgetown Barbados

Banco Industrial S.A. Centro Financiero, 7ª Avenida
5-10 Zona 4
Ciudad de Guatemala, Guatemala

Banco BAC Credomatic
Calle 0, Avenidas 3 y 5
Provincia de San Jose
San Jose, Costa Rica

AUDITORS

PricewaterhouseCoopers SRL
The Financial Services Centre
Bishop's Court Hill
P.O. Box 111, St. Michael
BB14004, Barbados

PBS El Salvador, building

CONTACT **INFORMATION**

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Fax: 809 472 0915

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info.sv@grouppbs.com

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Fax: 502 2420 9536
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Tel: 876 926 5630–2
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Fax: 505 2255 9030
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Fax: 507 204 9902
contactenos.pa@grouppbs.com

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Email: info.sur@grouppbs.com

Global Product Alliance Inc. GPA
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Miami FL 33178 USA.
Phone: 1(305) 477-2426.
Email: info@gpa-usa.com

CORPORATE **GOVERNANCE**

CORPORATE **GOVERNANCE POLICY**

Corporate Governance remains a key area of focus for PBS Group and is central to the Company's strategic objectives. The principles and the structure of our policy ensure the highest standards of transparency, oversight and independence, to serve the best interest of all our stakeholders. The practices are consistent with best practices and adhere to the relevant legal and regulatory framework.

Our Corporate Governance Charter was established in December 2010. The charter can be seen in more detail on the Company's website-www.grouppbs.com

SHAREHOLDERS' **PROFILE**

TEN LARGEST **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 M. París Coronado	3,636,300
NCB Capital Markets (Cayman) Ltd.	2,911,894
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

SHAREHOLDING OF **DIRECTORS**

	PERSONAL	CONNECTED
Paul B. Scott	-	84,181,818
Blondell Walker	-	-
Douglas Hewson	-	27,272,727
Edward Ince	-	-
Jose Misrahi	727,200	-
Lois Denny	-	-
Melanie M. Subratie	-	84,181,818
Patrick A.W. Scott	-	-
Pedro M. París Coronado	3,636,300	-
Ricardo Hutchinson	-	27,272,727
Thomas Agnew	-	-

SHAREHOLDING OF **EXECUTIVES**

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

Security & Detection Systems

The Future of

Checkpoint Screening

L-3 ClearScan

Designed to detect explosives, firearms, drugs and other contraband. Our checkpoint screening products incorporate a variety of proven technologies such as: automated, conventional, and X-ray, image-free safe active millimeter wave, metal detection; and energetic materials detection for trace explosives.

CHAIRMAN'S **MESSAGE**

Dear Shareholders,

2018 was a good year for Productive Business Solutions Limited and its subsidiaries (PBS). While the results on first glance may not reflect such a generous description. On detailed analysis, it is clear that PBS is transforming and operationally, in 2018 it performed well. Our EBITDA increased materially.

We reduced our operation costs by in excess of US$3.2 million annually through many measures from which the benefits will reflect in 2019.

In order to do this we spent in excess of US$1.9 million on redundancy charges during the 2018 year under review in addition to the start-up losses we suffered in Colombia. We also faced significant challenges in one of our main markets, Nicaragua, where our sales were affected by the ongoing civil unrest in that country. Operationally, PBS is where it needs to be and we are confident that 2019 will show further EBITDA growth.

Next year (2019) there will be a focus on the charges below the EBITDA line, while we expect continued growth, from strong sales growth and expense control. PBS has significant annual charges in excess of $8.7 million that are not deductible due to the capital structure of the company hence our significant tax charges relative to our PBT.

This comes from over US$1.2 million of non-cash amortization as well as our debt being structured at our holding company level and not at the operating subsidiaries. This structural issue combined with the unexpected appreciation of the Jamaican dollar has adversely affected our PAT in 2018. In 2019 we will work to correct these issues which will lead to a direct improvement in Profit After Taxes.

PBS has a talented team of 1,600 employees who work on many existing projects, as well as the development of new ones. As I look at our sales funnel, we have never had such a large pipeline of opportunities.

Our region is investing in IT, whether it is for security or operational improvement we believe that the market will continue to grow. Your company, PBS, is uniquely positioned to benefit from this growth.

I want to take this opportunity to thank all of our team at PBS for their hard work over the last year. I always feel privileged to work with such great people. In the first quarter our deputy chairman Dr. Nigel Clarke resigned to serve the people of Jamaica as a member of parliament. He subsequently during the year was appointed to be the Minister of Finance in Jamaica. I would like to thank Dr. Clarke for his tremendous contribution to the group. We can console ourselves in that our loss will be Jamaica's gain.

During the year we welcomed two new directors to the board. Edward Ince, a Barbadian entrepreneur, who I consider one of the Caribbean's leading businessmen. We are very grateful that he agreed to work alongside us and serve on our Board of Directors. We also welcomed Blondell Walker to the Board of Directors. Blondell has been for the past decade Musson Group's IT director. An individual whose hard work and perseverance has been core to Musson's success over the years.

I would also like to thank all the members of the Board of Directors for their invaluable input and support. 2019 promises to be a very exciting year for your company, PBS.

P.B. Scott
Chairman

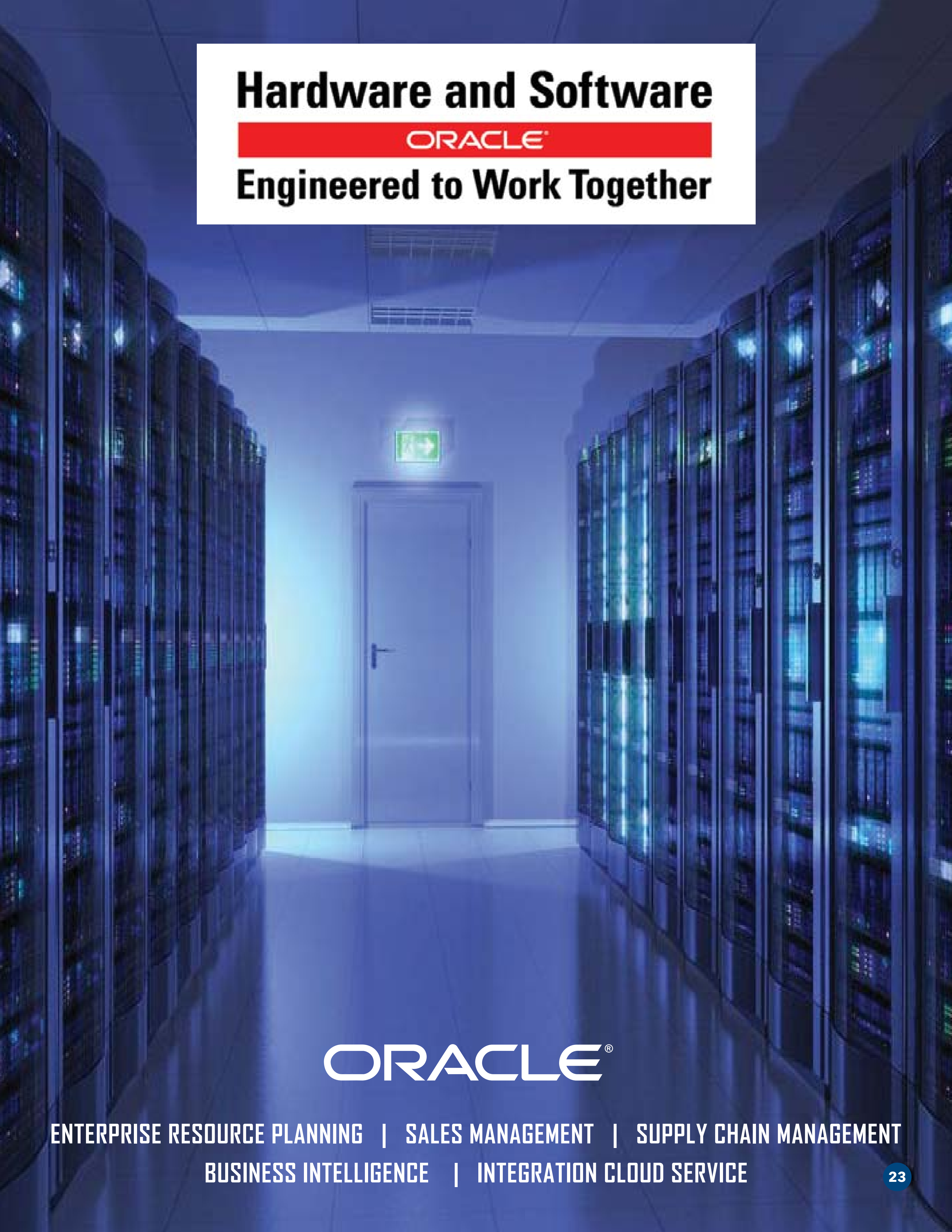
COMPANY **DESCRIPTION**

PBS Group was established in 2010 to be the holding company of the Facey Group's business solution and technology distribution businesses throughout the Caribbean and Central America. The company has exclusive distribution rights for Xerox in Central America, certain islands in the Caribbean, and Colombia (non-exclusive Xerox Agent) making it one of the largest Xerox distributors in the Western Hemisphere.

The company maintains regional distribution agreements with other world leading technology brands such as Cisco, Oracle, HP and L3 in addition to specific country distribution with brands such as NCR, Sony, HP, Dell, Lenovo, Datacard, Verifone, and Kodak.

PBS distributes printing, computing, networking, storage, imaging, security, point of sale equipment products, ATMs, kiosks, cloud, supplies, paper. In addition it also provides, software products, professional and systems integration services to its clients across the region.

PBS has a large and diverse customer base of more than 12,000 accounts and more than 10,000 devices monitored through Xerox CMPS (Channel Managed Print Services).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ORACLE
Engineered to Work Together
ORACLE
ENTERPRISE RESOURCE PLANNING | SALES MANAGEMENT | SUPPLY CHAIN MANAGEMENT
BUSINESS INTELLIGENCE | INTEGRATION CLOUD SERVICE

CEO'S **MESSAGE**

Dear Shareholders,

I am honored to write my second letter to you as CEO of a publicly listed company. A journey that started two years ago and that has been both interesting and demanding. I have had the privilege to continue leading PBS.

As a company, we need to follow the path of the printing and technology industries, as they undergo transformations and evolve. We have no choice but to change and adapt accordingly. To do so, we have hired highly trained individuals and have retrained our technical staff at the pace required by the market.

We play in an always innovating industry that today follows trends such as "digital transformation, customer experience, customer journey mapping, cloud, cyber security, big data, production inkjet printing, etc.". That presents new and demanding opportunities for operational excellence for us and for our customers. I am convinced that we are working with the right solutions, partners and technology providers to capture and capitalize them.

Allow me to share some key results for 2018. For the third consecutive year, PBS has recorded an increase in revenues, which reflect both an accomplishment and proof of our focus to deliver quality to our customers. Our reputation as systems integrator has been enhanced and our professional and services staff have helped customers big and small, across a wide variety of industries. This coupled with the leadership and commitment of our team, have allowed us to achieve record sales in some countries. Just as impressive, is our discipline to better control our expenses without having to reduce our committed staff.

Across our different markets, our performance is undoubtedly skewed towards the second half of the fiscal year, our EBITDA grew 36% due to cost reduction actions and the net profit significantly improved from the prior year to a positive position or $0.06 cents per share. More details are provided in the Management & Discussion Analysis section.

Our strategic partnership with Xerox continues to grow with several promising opportunities lying ahead. In spite of the fact that we have to protect the core market business, we must remain watchful and, when the time comes, be prepared to play with them in their adjacent market business: Digital Services and Software and their interest in new markets such as: 3D printing and Labels and Packaging.

Together, we have a well-earned leadership in the high-end office products, A3 Multifunctional Printers (MFPs), Managed Print Services (CMPS), digital solutions for the Graphic Commercial Industry and high-volume inkjet presses, which we pioneer as early adopters in the Central American region. Xerox understand that we are always ready and prepared for new challenges.

On a higher note, Xerox Distributor Group (XDG) has awarded our Honduras affiliate for the second consecutive year with two top recognitions: "Net promoter score", given to the distributor with the highest Customer Service rating and the "Social Responsibility Award" for giving back to the Community we serve, with the implementation of the Phase II of the rehab program for cerebral palsy.

Now, I would like to talk about our team. Whenever possible, we have enhanced our leadership by promoting from within our organization. We refreshed some key positions in various countries (i.e. Panama, Colombia, Guatemala, Nicaragua). We have also strengthened our staff by hiring the best available talent in the field.

Like any large organization, operating in several different countries, there remain opportunities for reducing our sub-optimization in processes, as well as in business areas. We acknowledge they exist, know where they are, and are fully aware that we will have to address them in the coming months to maximize shareholder value.

Challenges are everywhere in our territories. Our Nicaraguan affiliate is experiencing the effects of political distress, affecting its economic performance. The country's GDP decreased from 4.9% in 2017 to -3.8 % in 2018. PBS suffered a revenue decline of US$5.7M YoY or 22%.

Colombia business environment present its own characteristics; and starting our operation from ground up, being non-exclusive to Xerox, has been a defiance test, but a motivation to continue our investment to gain brand recognition and customer awareness.

Nevertheless, I am pleased to report that we have been winning customers faster than anyone selling Xerox in that market. We are getting to a different place and moving with a steady fast pace.

2019 will be an inflection point of our readiness to look for strategic acquisitions and recruitment of new partners that will become revenue generators, creators of economies of scale, and enhance our competitiveness, either with a particular brand or in a specific country.

I want to take advantage of this opportunity to welcome new manufacturers like Red Hat, Fortinet and Dell, in our Caribbean operations, to broaden and complete our portfolio.

I could not finish this letter without expressing my ever-present gratitude to our customers, our committed staff and to all of you, our stakeholders, my deepest gratitude and appreciation for trusting our company and its team.

PBS is managed with a long-term vision and we see a rising horizon of opportunities. We remain watchful to seize them. You can rest assured that this team will be working around the clock to make things happen and to continue evolving and growing.

We strive to continue creating value for all of you.

Kind Regards,

Pedro M. París C.
Chief Executive Officer

"This is a region where challenges do not stop to test the faith of businessmen"

Ricardo Poma, President Grupo Poma

MANAGEMENT
DISCUSSION & ANALYSIS

MANAGEMENT
DISCUSSION & ANALYSIS

Financial Review
Revenues:

For the year ended December 31st, 2018, PBS recorded revenues of US$179.3 million which reflects a 4.3% increase compared to the previous fiscal year. The revenue increase was in spite of a decrease in sales in Nicaragua of $5.7 million due to the political unrest which started in Q2 2018

Revenue by Product Line

(Expressed in United States Dollars unless otherwise indicated)

	Year ended December 31st		
	2018 $'000's	2017 $'000's	% Change
Equipment			
Xerox	17,275	19,586	-11.8%
Regionally Distributed Technology Brands *	22,517	18,318	22.9%
Other Equipment	26,079	20,777	25.5%
Total Equipment	**65,871**	**58,681**	**12.3%**
Paper/Supplies/Parts	45,510	44,969	1.2%
Maintenance and Services	46,668	50,328	-7.3%
Lease Income	20,354	16,908	20.4%
Total Recurring	**112,532**	**112,205**	**0.3%**
Telecom Equipment	891	1,020	-12.6%
Total Revenue	**179,294**	**171,906**	**4.3%**

*Regionally distributed Technology brands include Cisco, Oracle, and L3.

Revenue by Product Line:

Total Equipment Revenue increased 12.3% as compared to 2017 due to regionally distributed technology brands and other equipment which combined were up 24.3%, partially offset by a decrease in Xerox equipment.

MANAGEMENT **DISCUSSION & ANALYSIS**

The increase in regionally distributed brands was primarily attributed to Cisco equipment sales, which were up 51.5%. This increase is due to a deal with a regional multinational (Fortune 500) company. Another material transaction was closed with DGII (Dominican Republic tax authority) for a state-of-the-art upgrade and security solution. These two transactions positioned PBS as a regional player in the networking segment in Central America and the Caribbean; exemplifying our ability to service important recognized market leaders.

Xerox sales were down 11.8% reflecting primarily a decrease in revenue in Nicaragua and a general trade practice in the market to lease equipment as opposed to purchasing outright. Nicaragua revenues were severely impacted by the political unrest which led to a decrease of Xerox Equipment sales by $2.2 million. The decrease in revenues associated with the market shift to rentals was offset by the increase in lease income, which in 2018 was up 20.4% versus 2017. This shift also "ensures" revenue streams for years to come as customers have multi-year contracts which guarantees that they will use Xerox branded supplies and parts in future years. For 2018, Paper, Supplies and Parts revenues were up 1.2% versus prior year. This is in spite of a decrease of $434K in Nicaragua.

Maintenance and Services revenues in 2018 were down 7.3% versus 2017; this was driven primarily by lower variable printing in Nicaragua $1.4 million and a professional fees income in Costa Rica $1 million in 2017 associated with a Banco Popular installation.

Lease income was up 20.4% from 2017 reflecting market shift. This shift also "ensures" revenue streams in forward years to come

MANAGEMENT **DISCUSSION & ANALYSIS**

Revenue by Territory

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

Revenue by Territory
(Expressed in United States Dollars)

	Year Ended December 31st	
	2018	**2017**
Territory	$'000's	$'000's
Antilles	10,612	11,796
Barbados	7,275	8,599
Costa Rica	26,768	20,692
Dominican Republic	11,380	11,091
El Salvador	20,910	22,036
Guatemala	31,166	26,784
Honduras	9,078	7,967
Jamaica	14,115	12,249
Nicaragua	20,223	25,949
Panama	15,376	14,097
USA	15	213
Other	12,376	10,433
Total	179,294	171,906

MANAGEMENT
DISCUSSION & ANALYSIS

Cost and Expenses

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

Summary of Key Financial Ratios
(Expressed in United States Dollars unless otherwise indicated)

	Year Ended December 31st		
	2018 $'000's	2017 $'000's	Better/ (Worse)
Total Gross Margin	41.9%	42.7%	-0.8 pts
SAG as a % of Revenue (1) (2)	31.0%	34.4%	3.4 pts
EBITDA (2)	$ 20,746	$ 15,246	$ 5,500
EBITDA Margin	11.6%	8.9%	2.7 pts

(1) Excludes depreciation and amortization of intangibles of $8,982K and $8,470K for 2018 and 2017, respectively.
(2) Excludes loss on disposal of property in Antilles of $589K in 2017.

The gross margin for 2018 of 41.9% represents a decrease of 0.8 points compared to 2017. This decrease is primarily the effect of the change in mix of products and services with more equipment and less services and supplies/parts which tends to generate higher margins.

Selling Administrative and General (SAG) expenses as a percentage of revenue decreased by 3.4% versus 2017 due to higher revenues, an improved operational efficiency and a tighter control of expenses resulting in decreased occupancy costs ($810K), decreased legal and professional fees ($589K), decreased travel ($476K), and decreased bank charges ($353K).

Finance Costs

Finance costs in 2018 increased $252K primarily due to higher interest expenses $864K offset by lower foreign exchange losses $612k. Higher interest expense primarily reflects the full year impact of preference share dividends in 2018 versus the partial year impact of preference share dividends and unsecured revolver interest in 2017, $325K. Interest expense was also affected by the higher amortization of deferred finance costs in 2018, $213K.

Income Taxes

Income Taxes were $2.5 million in 2018 versus $2.0 million in 2017. Difference is attributable to mix of profitability and tax per country as the local rate varies from 2.5% to 30% group wide.

Net Profit and Other Comprehensive Loss

Net profit was $134K in 2018 up from 2017 which had a loss of $4.7 million.
Total comprehensive loss in 2018 was $2.3 million loss versus a loss of $5.2 million in 2017. 2018 had a currency translation loss of $2.5 million due to differences on the net assets of foreign subsidiaries. These losses were primarily in Costa Rica $1 million, Guatemala $0.9 million and Nicaragua $0.4 million.

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BOARD OF **DIRECTORS**

PAUL B. SCOTT
Chairman

Mr. P. B. Scott is the Chairman, Chief Executive Officer (CEO) and principal shareholder of the Musson Group. He joined the group in 1994 and became CEO in 2004. In 2009 he was appointed Chairman of the Board. He is responsible for the strategic direction, performance and overal operations of the Musson Group and all its subsidiaries, including Facey Group Limited, PBS Group, Seprod, T. Geddes Grant Distributors Ltd., and General Accident Insurance Company Ltd. among others. In addition to his responsibilities at Musson, he serves on several public boards and commisions. He is a Trustee of the American International School of Jamaica. Currently he is Chairman of the Development Bank of Jamaica (DBJ). He is past President of the Private Sector Organization of Jamaica.

PATRICK A.W. SCOTT
Director

Mr. Scott is a director of several companies within the Musson Group. He has worked within the Facey Group for a combined total of 40 years in various roles, including Managing Director, a position he held for 16 years. Mr. Scott attended Seneca College and Ryerson University in Toronto, Canada.

GROWTH, INNOVATION & TRANSFORMATION

PEDRO M. PARÍS
CEO PBS Group

Mr. París has been with PBS since 2003, He has held several management positions, in 2006 he was named COO for Central America in 2006. Mr. París apointed CEO at the end of 2009. He is responsible for the vision, strategy and execution of the day-to-day operations. Mr. París worked 18 years for IBM-GBM (an IBM alliance), where he held several senior management positions across the business. Mr. París studied Business Administration at the Universidad Autónoma Centro America, Costa Rica.

MELANIE SUBRATIE
Director

Mrs. Subratie is Chairman and CEO of Stanley Motta Ltd., Vice-Chairman of Musson (Ja) Ltd. and Director of all its subsidiaries, Vice-Chairman of General Accident Insurance Company Ltd., Eppley Ltd, and T Geddes Grant Ltd. Chairman of E-Pins Ltd. and sits on the executive of Seprod of Companies and all its subsidiary boards. Chairman of Seprod Fundation, Musson Fundation, Chairperson of Jamaica Girls Coding and Chairman of Jamaica RISE Life Management and other CSR organizations. She is also Fourth Vice-President of the Jamaica Chamber of Commerce, and is the current Chair of the Legislation, Regulation and Improvement Commitee. She is a honored gradute of London School of Economics.

BOARD OF **DIRECTORS**

GROWTH, INNOVATION & TRANSFORMATION

JOSÉ MISRAHI
Director
Group CFO

Mr. Misrahi is a director of several companies within the Facey Group. Prior to joining Facey in 2006, he was Managing Director of a boutique Investment Bank from 2003 to 2006. He served as Vice President, Finance for the Cisneros group of companies from 1992 to 2002, a multinational with concentration in Media holdings. He has also held other board positions outside of Facey. Mr. Misrahi is a CPA and holds a Bachelor of Science Degree in Accounting from the University of Miami.

THOMAS AGNEW
Non-Executive Director

Mr. Agnew is an entrepreneur specializing in building content marketing, marketing technology and information services businesses. He founded Brafton Inc. and a group of subsidiary companies that are North America and Australia's leading content marketing entities. Brafton Inc. has been listed among the 5,000 fastest growing private companies four years in row. He co-founded DeHavilland Information Services and Axonn Ltd in the UK. Originally from the UK, he moved to the U.S.A. in 2008. Mr. Agnew holds a degree in Politics from the University of Newcastle, UK.

DOUGLAS HEWSON
Non-Executive Director

Mr. Hewson is a Managing Partner of Portland Private Equity where he is a member of the Investment Committee, active in transactions, and has primary responsibility for investor relations. He has been the lead partner for investments in InterEnergy Holdings Inc., IEH Panama, and Grupo IGA, serving on the board of directors of each company and on the related board committees. He is also on the board of Merqueo S.A.S., and is Chairman of Portland JSX Limited, a publicly listed company on the Jamaican stock exchange.

RICARDO HUTCHINSON
Non-Executive Director

Mr. Hutchinson currently works with Portland Private Equity ("PPE") as Vice President – Investments, with responsibility for leading investment transactions throughout the region. He has more than 13 years experience in the regional finance industry working with several top financial institutions. Prior to joining PPE, Ricardo held the role of Associate Director- Investment Banking with a leading regional commercial bank. He holds a Master of Science degree in Economics from the University of the West Indies and is a CFA Charter holder.

BOARD OF **DIRECTORS**

EDWARD INCE
Non-Executive Director

Mr Ince is a Senior Partner/Co-Founder of Frontlight Ventures, a regional investment and consulting firm. He was Co-Founder and Managing Director of Prism Services, a regional payments and operations outsourcing company. He is a Non-Executive Director of Prism Services Holdings, Republic Bank Ltd, Cave Shepherd, Foster & Ince Cruise Services and the Barbados Sugar Industry Ltd. He is a graduate of York University, Canada and is a National Barbados Aubrey Collymore Scholarship recipient for sciences

BLONDELL WALKER
Director
Group CIO

Blondell Walker has been part of the Musson Group of Companies for over 20 years and is currently the ICT Director, a position she has held since 2000. She is also on the Board for T. Geddes Grant (Distributors) Limited and Musson Jamaica Limited. She was instrumental in the implementation of the Enterprise Resource Program (ERP) application across the Musson Group of Companies. Mrs. Walker studied Accounting and Systems Analysis at the University of the West Indies, Institute of Management and the Heriot Watt University of Edinburgh, Scotland. She is the Chairman for the Western United Basic School.

GROWTH, INNOVATION & TRANSFORMATION

LOIS DENNY

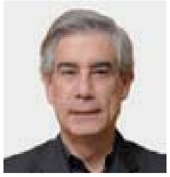
Company Secretary

Ms. Denny joined Facey Barbados in 2007 as financial controller. Prior to joining Facey Barbados, she was 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.

BOARD **COMMITTEES**

Executive Committee

P.B. Scott
(Chairperson)



Pedro M. París

Jose Misrahi

Audit Committee

Melanie Subratie
(Chairperson)

Lois Denny

Ricardo Hutchinson

Thomas Agnew

Jose Misrahi

Compensation Committee

P.B. Scott
(Chairperson)

Ricardo Hutchinson

Patrick Scott

Douglas Hewson

DIRECTORS **ATTENDANCE**

NUMBER OF BOARD MEETINGS	4
P.B. Scott	4
Patrick Scott	4
Pedro M. París	4
Jose Misrahi	4
Ricardo Hutchinson	4
Douglas Hewson	2
Melanie Subratie	4
Lois Denny	4
Thomas Agnew	3
Edward Ince	1

REGIONAL
MANAGEMENT TEAM

ANDRES IBANEZ
Chief Financial Officer

Andres Ibanez joined the company in October 2010. His work experience includes working with Fortune 500 companies such as Mobil Chemical and Federal Mogul. He worked as Vice President of International Finance at Cinemark Holding, Inc. as well as Chief Financial Officer for Puma Energy Latin America. He has a Master of Business Administration from the University of Illinois at Urbana Champaign and a Bachelor of Science in Mechanical Engineering from Vanderbilt University.

MAURICIO NARANJO HOEPKER
Chief Operating Officer, Central America & Dominican Republic

Mauricio Naranjo Hoepker has over 35 years experience in telecommunications and converged networks in addition to Info-Communications industry consultations and auditing. He also has over 12 years experience in planning and execution of telecommunications projects and broadband initiatives in Latin America. Prior to PBS, his leadership roles included Director of Strategy, Impetus Costa Rica; CEO, ITS Infocom S.A., and General Manager, Cisco Systems Inc (North/South America & the Caribbean. He has an MBA in International Business from National University of Costa Rica and a BSc in Electronics & Communications Engineering.

JOSE FERNANDO VERA
Chief Operating Officer, Colombia

Mr. José Fernando Vera PMP®, joined PBS Colombia as General Manager – COO in November 2018. Mr. Vera has a degree in Business Administration with Enterprise Marketing emphasis and more than 20 years of experience in the document & information management business in companies like Xerox and Carvajal both in Colombia, covering several positions over those years including pre-sales specialist, sales executive, product manager, operations manager & director in charge of more than 100 employees in his last position at Carvajal.

JASON CORRIGAN
Chief Operating Officer, Caribbean

Jason Corrigan has over 20 years experience in strategic and operational management in areas like ICT, sales, marketing, logistics, product development, and business development. He has worked for brands like O2 Ireland and Digicel gaining such accolades as the PSOJ's Private Service Excellence Award (2015) and Corporate Partner of the Year (2016) from the Montego Bay Chamber of Commerce. He has served on the boards of The Mona School of Business Management, Business Process Industry Association of Jamaica and the Digicel Foundation. He studied business management at Dublin Institute of Technology and has an EMBA from Wharton School of Business.

MARIO PONS
Regional Professional Services Director

Mario Pons has been a key player for the Inkjet strategy the group has developed in Central America and has helped various PBS organizations in the development of high impact projects such as the printing of Electoral Ballots. He has also been integral in the relationship with global partners, Entrust Datacard and Gemalto, for National ID projects in Guatemala, Jamaica and Costa Rica. He started working in Xerox Guatemala in 1994 and has developed his career within Xerox and PBS holding several positions in Sales, Service and Professional Services. He has a BsC in Computer Science from Louisiana State University, and a Diploma in Business Administration from Tayasal Business School.

LESDER RAMIREZ
Xerox Operation Regional & Shared Services Manager

Lesder Ramirez joined the company in July 2009. Mr. Ramirez is passionate, highly motivated and proven to deliver results, under his care is the Xerox relationship and the internal Xerox business development. Mr. Ramirez has served in PBS during the last years in Finance as a Financial Manager in different countries in Central America and Caribbean, more recently created the Shared Services Center that provides strong support to a diversity areas and of operations. His professional career includes working with top world class companies like Philip Morris and America Movil. He has a Bachelor of Business Administration.

LUCIA VIELMAN
Group Corporate Treasurer

Lucia Vielman has been Corporate Treasurer of PBS since the year 2009. After obtaining a Cum Laude Business Administration degree from Universidad Francisco Marroquin in Guatemala, she began her professional career as a banker. In 1998, she was hired by Banco del Agro, which then became Banco Agromercantil after merging with Banco Agricola Mercantil in the year 2000. After the merger, she was appointed deputy manager of Mercom Bank, which is the financial group's offshore bank. Finally, in 1994 was promoted to General Manager, a position she held until late 2007.

LEONARDO VELASQUEZ
Information Technology/Networking Director

Leonardo Velasquez has been working with PBS since 2015. He oversees the sales relationship with vendors and distributors, such as: Cisco, Fortinet, HP, Dell, Tripplite, TechData, Intcomex, IngramMicro. Before PBS, he worked as a Regional Partner Account Manager at Cisco Systems for 6 years and has amassed a total of 25 years in the IT sector. He has an MBA in Enterprise Administration and is an Electronic Engineer.

GROWTH, INNOVATION & TRANSFORMATION

REGIONAL **SUPPORT TEAM**

OCTAVIO ANDRADE
Regional Service Manager

SERGIO MOLINA
Regional Post Sales Manager

ESTEBAN CORRALES
Regional Used Equipment Manager

WALTER SOLANO
Chief Information Officer

ROSSANA ARRIOLA
Executive Assistant

MARIA RAMIREZ
GPA General Manager
Global Products Alliance Inc

NADIA NIVENS JARRETT
Regional Marketing Manager

VYNNIE MILA
Regional SMB Manager

MANAGEMENT **TEAM**

CHRISTIAN SANCHEZ
General Manager,
Costa Rica

FRANCISCO LUPIAC
General Manager,
Honduras

JUAN LORA
General Manager,
Dominican Republic

ANTHONY HOLLANDER
General Manager, Aruba,
Curacao

GUILLERMO RODRIGUEZ
Senior General Manager,
El Salvador

MICHAEL LEWIS
General Manager,
Jamaica

MARCO ALMENDAREZ
Senior General Manager,
Nicaragua

DIANA WALKER
General Manager,
Panama

ELVIN NASH
General Manager,
Barbados, OECC, Suriname

LAURA JOHNSTON
Country Manager,
Cayman Islands

DANNY GONGORA
General Manager,
Belize

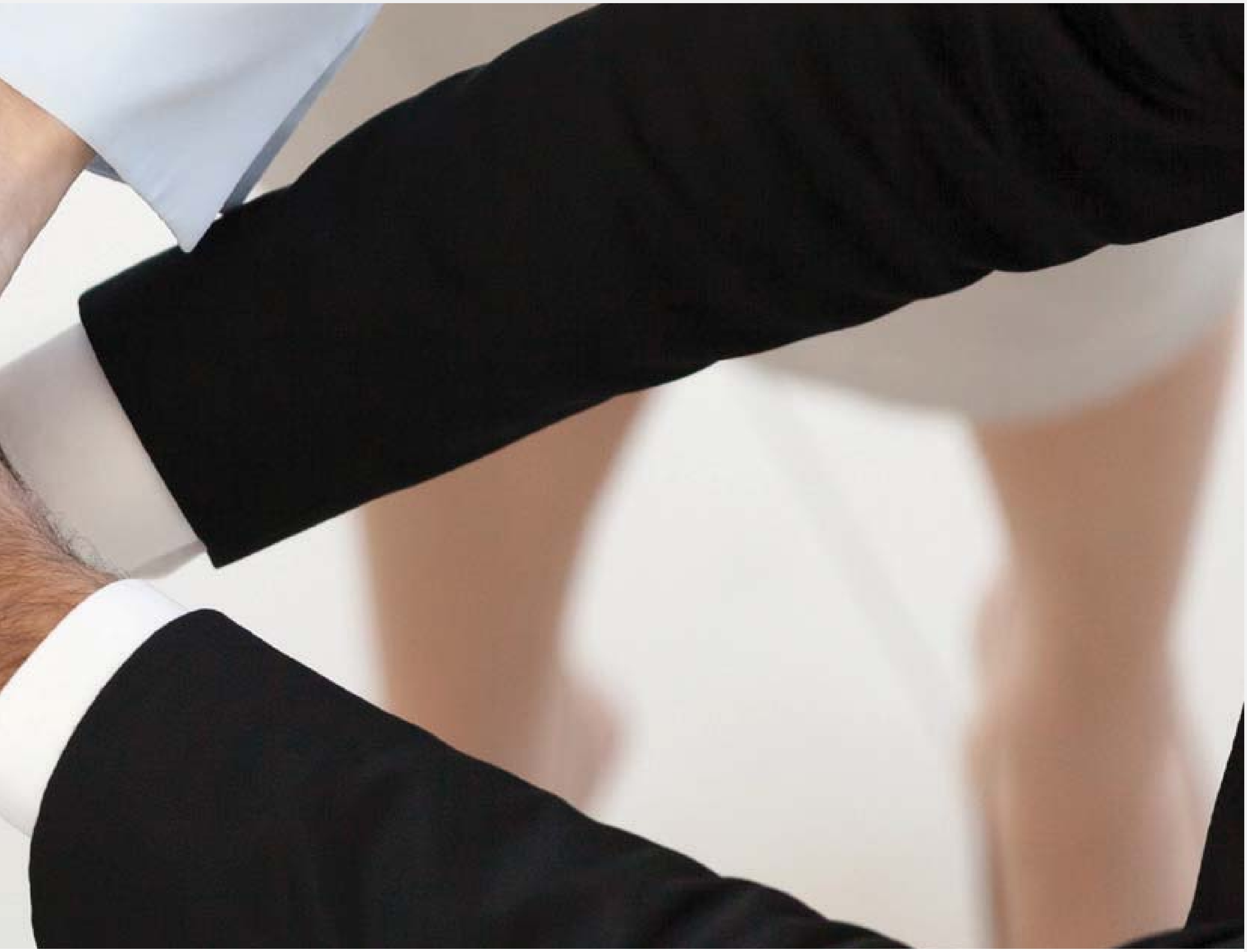
MAURICIO DUARTE
COO,
Guatemala

HUMAN RESOURCES
POLICIES & PROCEDURES

PBS' main objetive is to provide the highest quality of service to our partners and clients at all times while upholding our values of "trust, integrity and respect for all". This objective can be best achieved if there is harmony, understanding and confidence among all who are involved in the operations of the company and as such, good relations between staff and management will establish mutual trust, respect and cooperation. This objective can be further achieved when individuals are given all possible encouragement, opportunity and, where appropriate, the incentive to make their maximum contribution to the success of the company, while developing their personal skills and abilities.

The human resource policies at PBS are designed to provide employees and contractors of PBS with clear advice and guidelines and to create a culture where issues are dealt with in a consistently fair and equitable manner.

All members of staff and contractors are bound and expected to comply with the policies and guidelines governing their respective department.



These policies exist:

- To foster, develop and nurture the highest level of professionalism among all levels of staff.
- To ensure that all matters affecting staff relationship are fully and frankly explained and understood.
- To ensure that each staff member knows the requirements of his/her job and is familiar with the proper channels of communication.
- To foster a spirit of cooperation and high morale.
- To establish a functional grievance procedural system.
- To ensure that persons are employed for the work which best suits them and the organization, with the objective of enabling them to make the most effective contribution to the organization and allowing them to derive a sense of personal achievement.

The sustained development and success of PBS is highly dependent on the concerted efforts of highly talented and team-oriented individuals. As a result, Human Resource Management is of utmost importance. PBS aims to be a fair and caring employer that embraces and applies human resource management best practices. The documentation and distribution of Human Resources Policies and Procedures are important steps in the creation of a transparent and nurturing environment.

Xerox® App Gallery

Xerox® App Gallery Adapts to Evolving Needs
The industry's most flexible productivity functions and apps

Your business needs change over time. That's why ConnectKey features an ever-evolving gallery of apps that lets you add, delete, or swap tools in your own custom app gallery.
Easily connect mobile workers to Xerox® ConnectKey® Technology-enabled devices. Use the Xerox® App Gallery to download new apps — scan and convert paper into the format you need with CapturePoint; translate documents via MFP, PC, or smart device with Easy Translator; share patient information securely with the healthcare app.

DocuShare®

xerox®

Work is going mobile – now your content goes with you

DocuShare is one of the most flexible, easy-to-use content management platforms on the market today. It manages a wide range digital content and automates your business processes. Mobile access to your business documents, and to Internet-published documents and records, is increasingly critical. DocuShare mobile capabilities let you capture, manage, retrieve and distribute content from a mobile device, using secure protocols, no matter where work takes you.

ENVIRONMENTAL **POLICY**

PBS Group believes businesses should maintain good environmental practices and operate in a sustainable manner. We are, therefore, committed to reducing our environmental impact by making our environmental performance an integral part of our business strategy and operating methods.

It is our priority to encourage our customers, suppliers and all business associates to do the same. It makes good business sense and also delivers on our duty to leave a better world for future generations.

xerox
Committed to Sustainability
www.xerox.com/sustainablepaper

This product is from sustainably managed forests and controlled sources. pefc-france.org

PEFC™
29/31-9

PBS only trades paper from PEFC manufatures.

Six Steps of Commitment

1. PBS is committed to pollution prevention and will develop a program to prevent negative impacts on the environment. PBS will comply with all legal regulations, even going beyond the regulations, whenever possible, to reduce waste and prevent pollution.

2. PBS will communicate its environmental policy, and voluntary pollution prevention methods to employees, the public and all contractors.

3. We will provide all employees and those working on behalf of PBS with training and information on the environmental policy, highlighting the role of the individual in preventing pollution.

4. We minimise energy and water usage in our buildings, vehicles and processes in order to conserve supplies, and minimise our consumption of natural resources.

5. We will continuously improve our environmentatal performance in respect of air, water, noise pollution, and solid waste management from our premises. We will also reduce any harmful impacts from our operations, products and services on the environment and local communities.

6. The Environmental Management System and environmental objectives and targets will be monitored through periodic, housekeeping tours, internal audits and management reviews

Growth, transformation and innovation have been the key drivers helping to shape the marketing and sales activities across the region. PBS prides itself in being able to create and sustain winning long term relationships with our global partners and as such, we have received several awards and recognition from partners. We secured

ACROSS

major local and regional contracts and bids, increasing our footprint and market share across the Caribbean , Central America and Colombia. We engaged customers with targeted stakeholder seminars, expos, and advertisements.

Improving the conditions of the people and communities in which we operate is critical in our strategic plans, therefore, social responsibility activities also remained a major focus for 2018. Our highlights for the year includes milestone achievements in social responsability and spearheading a campaign to promote the use of paper instead of plastic.

THE REGION

MARKETING **ACTIVITIES**

Industry Events, Cali

PBS Colombia was welcomed as the distributor for Xerox at the annual meeting of the Graphic Industry Association (ANDIGRAF). PBS in partnership with Xerox and software manufacturer Aleyant executed a printing industry seminar focused on increasing business growth and profitability through automation.

Industry Events, Bogota

Bogotá was the first city in Colombia to host "Educate to Grow", an event oriented for the Graphic Arts community that was later extended to other cities. The event covers the use of G7 methodology in hybrid environments (Offset, wide format, digital presses), the market tendencies, and Color management. The envent closed with a demonstration of various Xerox products (Versalink® C9000, Color C70® and Versant 180®).

COSTA RICA

Graphic Expo (ASOINGRAF)

PBS Costa Rica had a huge presence at the 2018 Expo Gráfica (Graphic Expo) to showcase the new Xerox Iridesse printer.

COSTA RICA

Social Security (CCSS)

ORACLE

PBS Costa Rica team delivered the opening remarks at the Costa Rican Social Security's (CCSS) Oracle Day where our focus was the benefits that can be obtained from big data and the potential impact this can have on the national health system.

JAMAICA

Cisco Cyber Security Seminar

PBS Jamaica and Cisco partnered to execute a breakfast seminar on Cyber Security discussing how to use technology to solve business issues. This event was intended for IT managers in government and private organizations. The seminar featured presentations from Cisco's Senior Systems Engineer as well as Security Specialist Pablo Herrera Vargas.

BELIZE

PBS Belize launched an alliance with Fortinet at a seminar where IT industry stakeholders learned about the new role of security in their offices, with the presence of specialists from Fortinet and PBS.

GROWTH, INNOVATION & TRANSFORMATION

AWARDS & RECOGNITIONS

Xerox's awards for 2018 will be delivered at the Xerox Global Partner event to be held in Atlanta,Ga. in early May 2019.

CISCO

CISCO PUBLIC SECTOR **PARTNER OF THE YEAR**

Cisco Systems Inc. is the global leader in networking for the Internet. Partner Summit is Cisco's annual event to bring technology and customers together to create value and new opportunities. Cisco also uses it as an opportunity to recognize their top-performing partners for their outstanding achievements. PBS was awarded the 'Public Sector Partner of the Year' for the Latin America Region in November 2018. This award was a result of a Country Transformation project in the area that Cisco calls CANSAC (Central America, North of South America and the Caribbean). Pictured is Leonardo Velasquez, Regional Director of IT and Mauricio Naranjo, COO of PBS received this award.

HONDURAS

Xerox's awards for 2018 will be delivered at the Xerox Global Partner event to be held in Atlanta,Ga. in early May 2019.

GUATEMALA

hp Partner First Platinum

HP awarded PBS Guatemala with the Platinum Partner plaque for its 2018 achievements.

NICARAGUA

BARBADOS

MAJOR SALES **ACHIEVEMENTS**

DOMINICAN REPUBLIC

PBS was selected Cisco Advance Service Provider in Dominican Republic to deliver equipment and services for the upgrade of the DGII datacenter. This institution will implement a network of SDN (Software Defined Nertworking), ACI (Application Centric Infrastructure) of Cisco in conjunction with Security and Networking.

NICARAGUA

Ministerio de Hacienda (MHCP), awarded PBS, the contract to design, install and deploy DELL EMC Datacontainer as a security backup. These Datacontainers include, DELL EMC Storage, Servers and Switches , UPS and Cabinets Tripplite, security cameras and fire detector and Biometric protection Systems.

GUATEMALA

The Ministry of Education of Guatemala awarded the acquisition of 16,000 Lenovo computers for primary schools to PBS. This project will help develop 1,000 learning technology laboratories across a country, with a significant social impact

COSTA RICA

CCSS awarded a contract to implement Oracle Big Data solutions and servides at the Caja Costarricense del Seguro Social (CCSS) to deploy knowledge transfer, and innovation through the application of advance techniques for analysis and discovery. As a first use case, this solution will allow the institution to save costs (estimated US$2 M per year) related to its human resources. (Control of overtime, staff disabilities and absences). And second case is Detection of Evasion in Social Security, this is estimated to improve the collection by at least US$10 M per year and maybe more.

HONDURAS

XEROX returned to banking sector in 2018 in Honduras. For more than 15 years PBS had no presence in the banking system, and this year we return to one of the main bank in Honduras, Banco Davivienda. Installation of 178 A3 and A4 machines monitored by Xerox Managed Print Services and distributed across the country in Davivienda allow PBS to reposition itself in the market, the expansion of human resource in the main cities of the country and prove that we are the fastest growing printing company in the two years in Honduras

BARBADOS

PBS Barbados achieved a competitive win by replacing 31 HP, Brother and Cannon Multi-Function Printers in December. The opportunity included an assessment of the Bank fleet and the final report allowed them to improve from 42 to 30 devices that include Color and Black and White machines. The offer from PBS included Xerox hardware, Papercut Software, and Managed Print Services to monitor the status and functioning of each device.

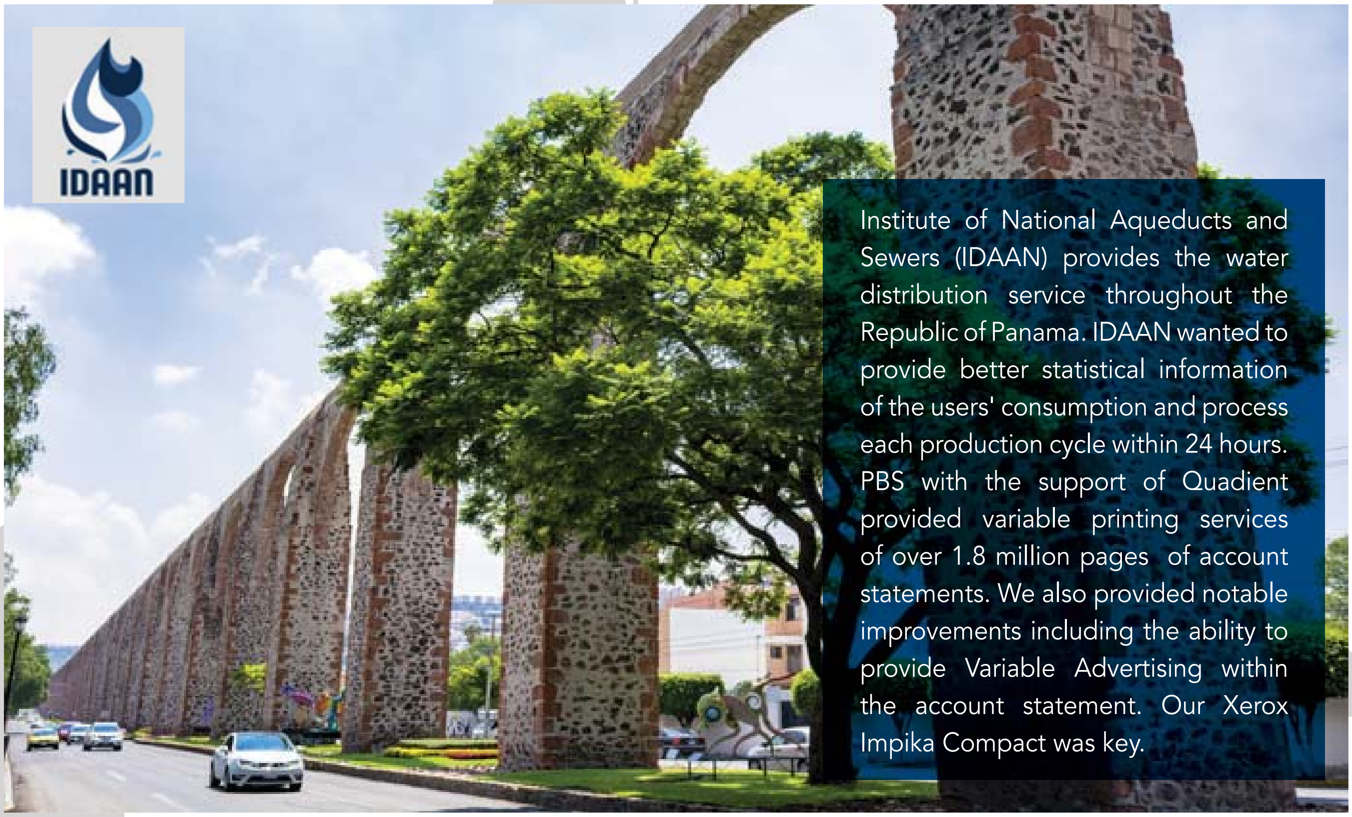
COLOMBIA

PBS Colombia sold into its first official customer, Dalama Printers who were looking to expand their portfolio into digital printing. Dalama ultimately invested in 3 of our latest Xerox and Epson models available to meet the different needs of the local market. Dalama is located at the hart of El Ricarte in Bogota, a one of a kind area where many small printers are located and competition, service and prices are nextdoor.

JAMAICA

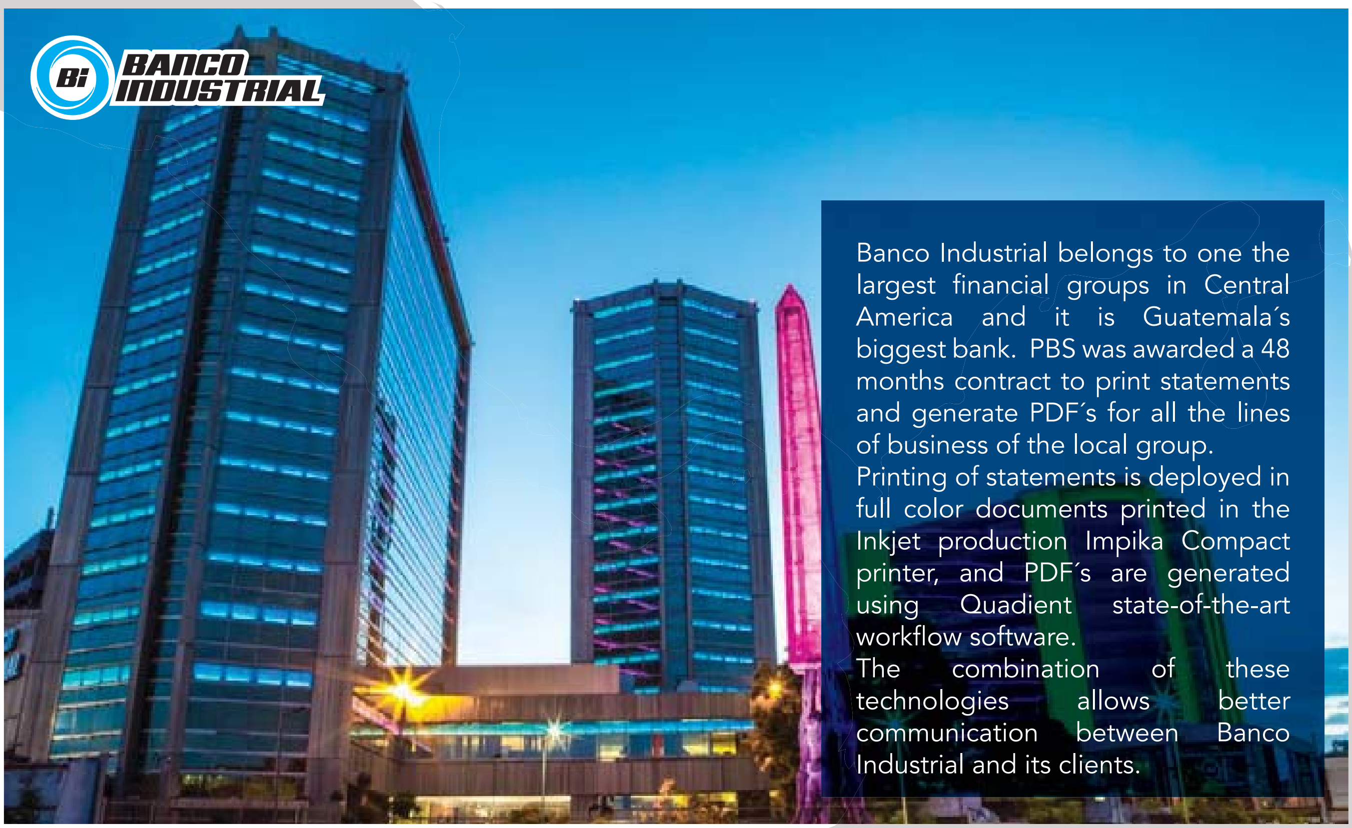
NCB financial group in Jamaica installed Xerox printers in all branches island wide. A total of 184 Xerox Altalink and Versalink printers were distributed across 46 locations, including their headquarters and branches. The solution includes Xerox hardware, PaperCut Print Management Software, and all machines are monitored with the Managed Print Services tool-set offered by Xerox (CMPS), to provide proactive service and supplies support to the Bank.

PANAMA



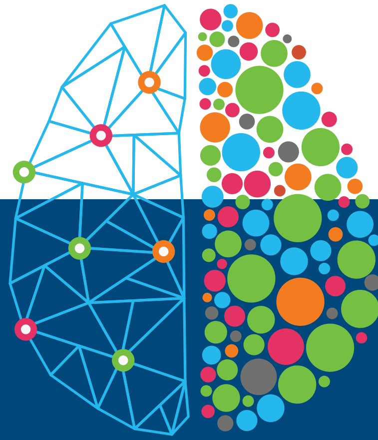
Institute of National Aqueducts and Sewers (IDAAN) provides the water distribution service throughout the Republic of Panama. IDAAN wanted to provide better statistical information of the users' consumption and process each production cycle within 24 hours. PBS with the support of Quadient provided variable printing services of over 1.8 million pages of account statements. We also provided notable improvements including the ability to provide Variable Advertising within the account statement. Our Xerox Impika Compact was key.

GUATEMALA



Banco Industrial belongs to one the largest financial groups in Central America and it is Guatemala´s biggest bank. PBS was awarded a 48 months contract to print statements and generate PDF´s for all the lines of business of the local group.
Printing of statements is deployed in full color documents printed in the Inkjet production Impika Compact printer, and PDF´s are generated using Quadient state-of-the-art workflow software.
The combination of these technologies allows better communication between Banco Industrial and its clients.

quadient®
Inspire



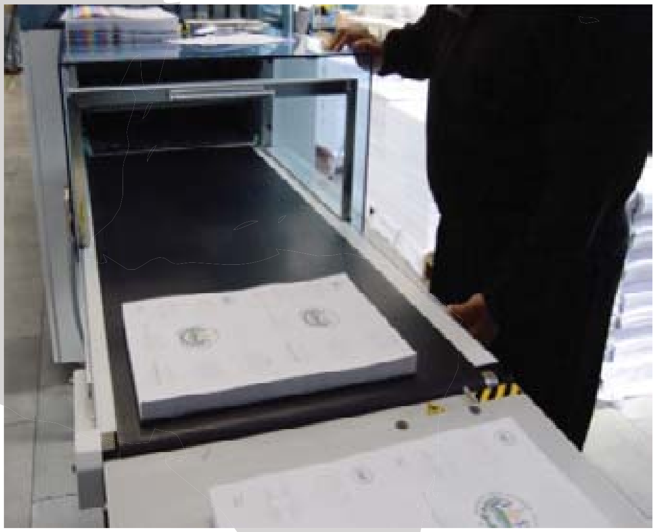
Make the move to Omni-channel

Transform your business, delight your customers

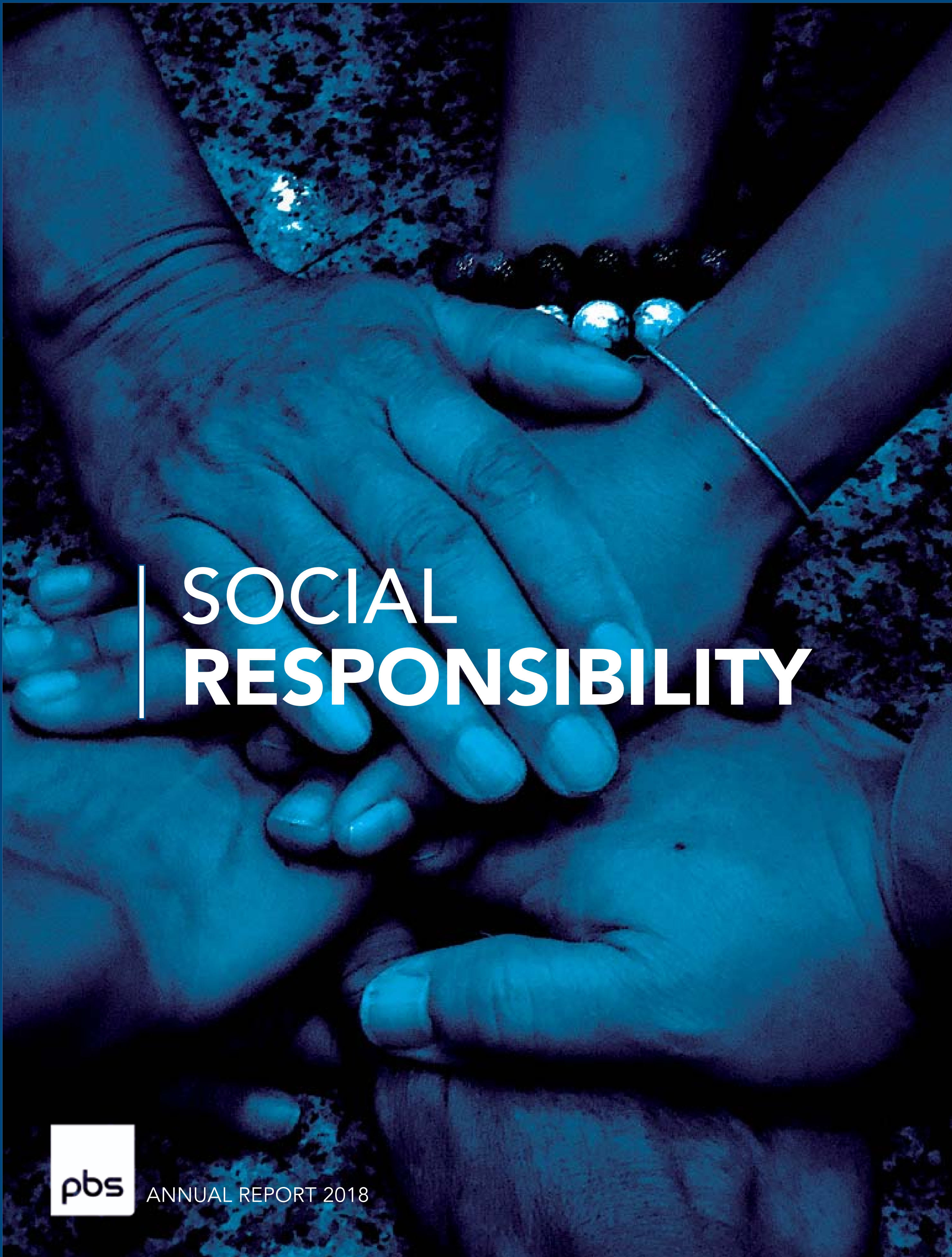
"With Quadient Inspire, we have leading edge capabilities in terms of how we present customer data and deliver content to our customers. Moving some of the large volume to e-delivery and with a focus on generating print ready output to reduce print vendor programming, will also significantly reduce our costs,"

—Randi Gordon, director, customer communications management, Pacific Life.

2019 Presidential Election ballots



PBS El Salvador won the bid for the production of the electoral ballots for the 2019 Presidential Election. This represents a printing volume of 5,734,800 full color letter-size duplex using the IMPIKA, Xerox's high-volume inkjet equipment, and Quadient software. This was a historic occasion as it was the first time the country printed ballots using a modern digital system as opposed to the traditional offset printing. The project also included the printing of the voters list and other material relating to the elections.



SOCIAL RESPONSIBILITY

Park adapted for children with disabilities

Physical activities that involve people with disabilities require different modifications and adaptations. Many times they cannot enjoy activities because there is not adequate space or materials. PBS Honduras recognized this issue and found a small recreational area on the PREPACE (Cerebral Palsy Rehabilitation Programme) property which we decided to restore to create "The first Park adapted for children with disabilities in Honduras".

Over four months, members of PBS converted the area from an open space to an optimal space for the physical and cognitive development of children with disabilities which launched December 12

Xerox's awards for 2018 will be delivered at the Xerox Global Partner event to be held in Atlanta,Ga. in early May 2019.

EL SALVADOR

Plogging

PBS El Salvador, led by team member and regional event coordinator, Elmer Campos executed El Salvador's first "Plogging" event. Plogging is an activity that involves running, collecting garbage and depositing it in nearby bins or provided receptacles. This promoted both physical and environmental health and was supported by hundreds of individuals and companies.

CAYMAN

Alzheimers Support

PBS staff members donated to the Alzheimer Association of the Cayman Islands and showed their support by wearing purple in honour of persons living with this diagnosis.

ANTILLES

AJMG Foundation

The AJMG Foundation is a non-profit organization that cares for children from low income families. The PBS team came together to help with the remodeling and maintenance of their main building.

BARBADOS

Barbados Cancer Society – Walk for a Cure

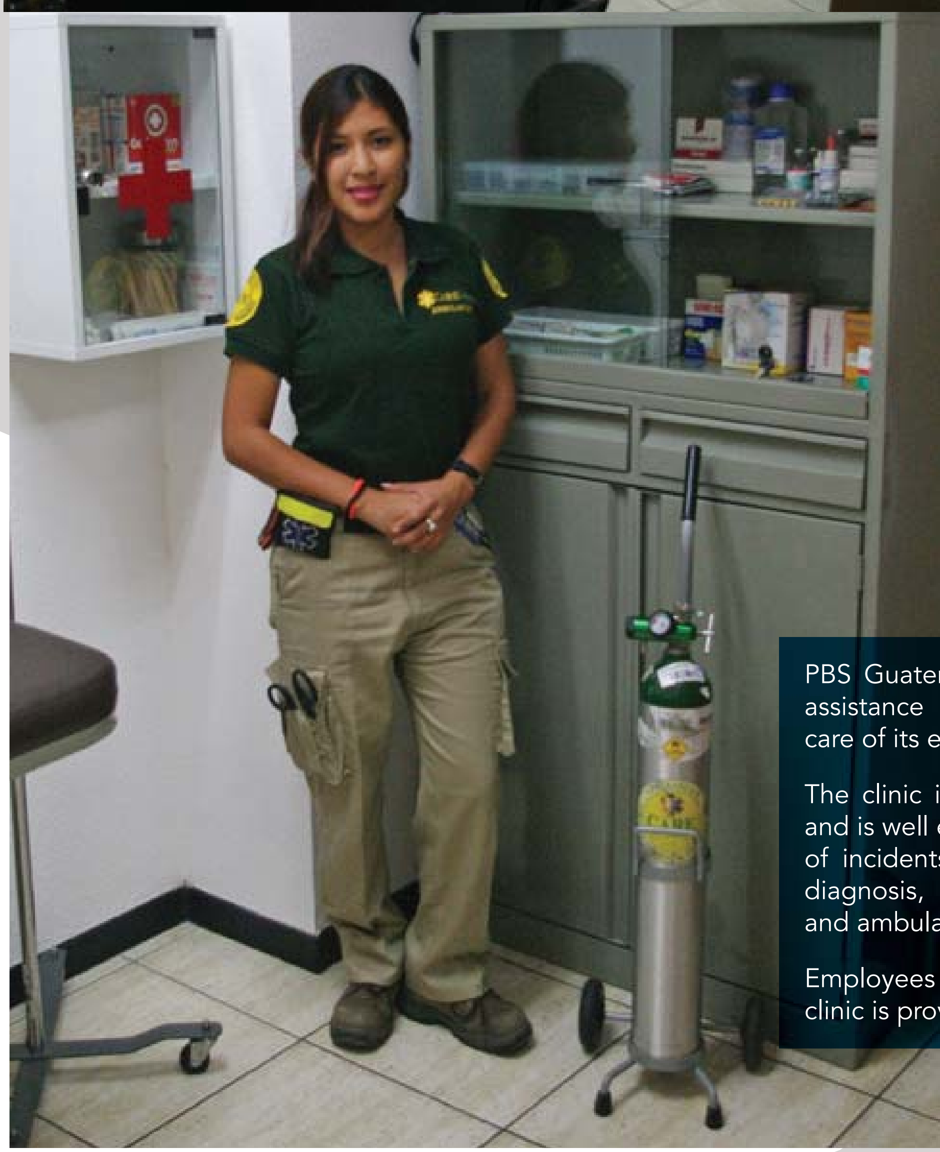
Members of the PBS Team proudly participated in the annual "Walk for a Cure" 5k event hosted by the Barbados Cancer Society. This event was staged to help promote cancer awareness and raise funds to support cancer survivors.

Convert Campaign: Promoting the use of paper

PBS adopted an active and responsible position regarding the care of the environment, offering our customers products and solutions with ecological certifications that contribute to their sustainability goals. We launched a new initiative to promote the use of less plastic and more paper to raise awareness about a more responsible use of materials. This will help reduce the consumption of single-use plastics and contribute to conservation efforts.

Throughout the year we participate in different events to raise awareness of this initiative which received a very positive response among clients from different segments.

Medical Assistance Clinic



PBS Guatemala deployed primary medical assistance clinic to contribute with health care of its employees.

The clinic is attended by a certified nurse and is well equipped to cover a wide variety of incidents. Its services include incident diagnosis, prescription issuance, medicine and ambulance service.

Employees morale has increased, while the clinic is providing a first class service.

EXTERNAL AUDITED **CONSOLIDATED FINANCIAL STATEMENTS**

ANNUAL REPORT 2018

pwc

Productive Business Solutions Limited

Consolidated Financial Statements
31 December 2018

Productive Business Solutions Limited
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Consolidated Financial Statements

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 2018, and their consolidated financial performance and their 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 2018;
- 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.

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Key audit matter	How our audit addressed the key audit matter
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 impairment assessment for each CGU.	➢ ***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. • 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.
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.* The Group adopted IFRS 15 'Revenue from Contracts with Customers" effective January 1, 2018, using the modified retrospective application, with the cumulative effect of initially applying the standard to be adjusted to the opening retained earnings. Therefore the comparative information has not been restated and continues to be reported under IAS 18.	We performed the following procedures on the non-standard contracts related to reprographic products: • We obtained the Group's accounting policies as they relate to the adoption of IFRS 15 and assessed the reasonableness of those accounting policies with the requirements of the standard. • We tested the opening equity adjustments in relation to the adoption of the new standard's classification and measurement requirements. • We obtained an understanding of the relevant internal controls over the revenue process. • We performed cut-off testing over a sample of revenue contracts to check that revenue is

Key audit matter	How our audit addressed the key audit matter
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 there is increased management judgement surrounding the identification of contract assets and liabilities and timing of revenue recognition for contracts with multiple performance obligations.	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 evaluate appropriate revenue recognition specifically with focus on areas of impact such as the identification of contract assets and liabilities and timing of revenue recognition for contracts with multiple performance obligations. • We examined the reversal of any sales in the subsequent period to evaluate appropriate revenue recognition. No exceptions were identified from our testing that required management to make any adjustments to the consolidated 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 Productive Business Solutions Central America and its subsidiaries as it was determined to be individually financially significant. Additionally, based on our professional judgement, Productive Business Solutions (Nicaragua) Limited was selected to perform audit procedures on specific account balances due to the materiality of certain individual balances to the 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 level 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 reviewed the working papers of PBS Central America and its subsidiaries. The Group team reviewed all reports with regards to the audit approach and findings submitted in detail by the full scope component.

Other information

Management is responsible for the other information. The other information comprises the Annual Report (but does not include the consolidated 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 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 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
31 March 2019

Productive Business Solutions Limited

Consolidated Statement of Comprehensive Income

Year ended 31 December 2018

(Expressed in United States dollars unless otherwise indicated)

	Note	2018 $'000	2017 $'000
Continuing Operations			
Revenue	6	179,294	171,906
Direct expenses		(104,226)	(98,660)
Gross Profit		75,068	73,246
Other income	7	1,397	685
Selling, general and administrative expenses		(64,507)	(67,744)
Impairment losses		(194)	-
Operating Profit		11,764	6,187
Finance costs	10	(9,154)	(8,902)
Profit/(Loss) before Taxation		2,610	(2,715)
Taxation	11	(2,476)	(2,031)
Net Profit/(Loss) for the year		134	(4,746)
Other Comprehensive Income			
Items that may be subsequently reclassified to profit or loss:			
Currency translation differences on the net assets of foreign subsidiaries		(2,456)	(265)
Items that will not be reclassified to profit or loss:			
Actuarial losses – termination benefits		-	(166)
		(2,456)	(431)
TOTAL COMPREHENSIVE LOSS		(2,322)	(5,177)
Profit/(Loss) for the Year is Attributable to:			
Shareholders of the Company		69	(4,878)
Non-controlling interests		65	132
		134	(4,746)
Total Comprehensive Loss for the Year is Attributable to:			
Shareholders of the Company		(2,387)	(5,309)
Non-controlling interests		65	132
		(2,322)	(5,177)
		Cents	Cents
Basic and diluted earnings per share for loss from continuing operation attributable to ordinary share holders	13	0.06	(3.96)

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

Productive Business Solutions Limited

Consolidated Statement of Financial Position

31 December 2018

(Expressed in United States dollars unless otherwise indicated)

	Note	2018 $'000	2017 $'000
Non-Current Assets			
Property, plant and equipment	15	22,657	20,291
Intangible assets	16	18,393	19,618
Lease receivables	17	2,393	2,082
Long term receivables	18	1,566	1,386
Deferred tax assets	19	1,439	1,015
		46,448	44,392
Current Assets			
Due from related parties	20	7,611	6,231
Inventories	21	42,956	42,700
Contract assets	34	826	-
Trade and other receivables	22	50,589	43,593
Current portion of lease receivables	17	2,048	1,885
Taxation recoverable		9,992	9,565
Cash and cash equivalents	23	6,570	12,097
		120,592	116,071
Current Liabilities			
Trade and other payables	24	40,487	39,059
Contract liabilities	34	3,670	-
Due to related parties	20	8,043	7,249
Taxation payable		2,602	2,407
Short term loans	25	1,526	1,991
Current portion of long-term loans	25	99	627
Bank overdraft	25	3,505	-
		59,932	51,333
Net Current Assets		60,660	64,738
		107,108	109,130

Productive Business Solutions Limited

Consolidated Statement of Financial Position (Continued)
31 December 2018
(Expressed in United States dollars unless otherwise indicated)

	Note	2018 $'000	2017 $'000
Equity			
Attributable to Shareholders of the Company			
Share capital	26	57,317	57,317
Other reserves	27	(16,207)	(13,751)
Accumulated deficit	14 & 28	(6,030)	(5,533)
		35,080	38,033
Non-controlling interests		549	484
		35,629	38,517
Non-Current Liabilities			
Retirement benefit obligation	30	565	579
Deferred income tax liabilities	19	423	152
Borrowings	25	70,491	69,882
		71,479	70,613
		107,108	109,130

Approved for issue by the Board of Directors on 31 March 2019 and signed on its behalf by:

Paul Scott Director

Pedro Pablo 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 2018

(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 Deficit \$'000**	**Non-controlling interest \$'000**	**Total \$'000**
Balance at 1 January 2017	45,001	45,001	(11,026)	(2,984)	352	31,343
Currency translation differences	-	-	(265)	-	-	(265)
Actuarial loses on the termination benefits	-	-	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
Increase in share capital (note 26)	78,271	12,316	-	-	-	12,316
Balance at 1 January 2018	123,272	57,317	(13,751)	(5,533)	484	38,517
Change in accounting policy (note 34)	-	-	-	(566)	-	(566)
Balance as at 1 January 2018, restated	123,272	57,317	(13,751)	(6,099)	484	37,951
Currency translation differences	-	-	(2,456)	-	-	(2,456)
Net profit	-	-	-	69	65	134
Total comprehensive loss	-	-	(2,456)	69	65	(2,322)
Balance at 31 December 2018	123,272	57,317	(16,207)	(6,030)	549	35,629

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 2018
(Expressed in United States dollars unless otherwise indicated)

	2018 $'000	2017 $'000
Cash Flows from Operating Activities (Note 32)	722	(5,886)
Cash Flows from Financing Activities		
Interest paid	(6,771)	(4,154)
Proceeds from borrowing	4,291	22,082
Repayments of borrowings	(2,063)	(17,450)
Issuance of shares	-	12,316
Net cash (used in)/ provided by financing activities	(4,543)	12,794
Cash Flows from Investing Activities		
Interest received	549	13
Purchase of property, plant and equipment	(2,945)	(5,422)
Proceeds on disposal of property, plant and equipment	694	5,631
Net cash (used in)/ provided by investing activities	(1,702)	222
Net (Decrease)/ Increase in Cash and Cash Equivalents	(5,523)	7,130
Cash and cash equivalents at beginning of the year	12,097	4,962
Exchange losses on cash and cash equivalents	(4)	5
CASH AND CASH EQUIVALENTS AT END OF THE YEAR (NOTE 23)	6,570	12,097

The principal non-cash transactions include:

- Transfer to property, plant and equipment from inventory during operating lease period of $12,643,000 (2017 - $10,385,000).
- Transfer from property, plant and equipment to inventory upon expiry of operating lease of $9,434,000 (2017 - $9,593,000).

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

Productive Business Solutions Limited

Notes to the Consolidated Financial Statements
31 December 2018
(Expressed in United States dollars unless otherwise indicated)

1. Identification and Principal Activities

Productive Business Solutions Limited ("the Company") is a company incorporated and domiciled in Barbados under the International Business Corporation (IBC) Act Cap. 77 on 16 December 2010. The registered office of the Company is at 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 Elkon Limited ("Elkon"), 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 31 March 2019. 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 affected the following, which are immediately relevant to its operations:

- ***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. IFRS 9 introduces a new model for the recognition of impairment losses – the expected credit losses (ECL) model. There is a 'three stage' approach which is based on the change in credit quality of financial assets since initial recognition. In practice, the new rules mean that entities will have to record an immediate loss equal to the 12-month ECL on initial recognition of financial assets that are not credit impaired (or lifetime ECL for trade receivables). Where there has been a significant increase in credit risk, impairment is measured using lifetime ECL rather than 12-month ECL. Management has assessed the application of the credit loss model on trade receivables, lease receivables and inter-company balances under IFRS 9. The impact on these financial statements were not material. Management has utilised the modified retrospective transition approach. The Group applied IFRS 9 on 1 January 2018 and has elected not to restate comparative information in accordance with the transitional provisions. As a result, the comparative information provided continues to be accounted for in accordance with the Group's previous accounting policy. Additional disclosures in accordance with the standard have been included in the financial statements in Note 34.

  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 utilised the modified retrospective transition approach. The Group applied IFRS 15 on 1 January 2018 and has elected not to restate comparative information in accordance with the transitional provisions. As a result, the comparative information provided continues to be accounted for in accordance with the Group's previous accounting policy. Furthermore management has identified contract assets and liabilities as reported in the statement of financial position. Additional disclosures in accordance with the standard have been included in the financial statements in Note 34.

- ***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 determine the exchange rate for initial recognition of a non-monetary asset or non-monetary liability in connection with an advance consideration. The entity has not been materially impacted by this interpretation as there has always been consensus on the definition of date of the transaction (consequently the date for determining the exchange rate) as the date of initial recognition, as required by the interpretation.

Productive Business Solutions Limited

Notes to the Consolidated Financial Statements
31 December 2018
(Expressed in United States dollars unless otherwise indicated)

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 2018, but the Group has not early adopted them:

- ***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 has commenced assessment and has identified that a right of use asset and lease obligation would have to be recorded on the consolidated financial statements and the associated depreciation and interest expense within the consolidated statement of comprehensive income.

- **IFRIC 23, 'Uncertainty over income tax treatments'** (effective for annual period beginning on or after 1 January 2019). This IFRIC clarifies how the recognition and measurement requirements of IAS 12 'Income taxes', are applied where there is uncertainty over income tax treatments. The IFRS IC had clarified previously that IAS 12, not IAS 37 'Provisions, contingent liabilities and contingent assets', applies to accounting for uncertain income tax treatments. IFRIC 23 explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. The adoption of this standard is not expected to have a significant impact on the Group.

- **Amendment to IFRS 9, Financial Instruments', on prepayment features with negative compensation** (effective for annual period beginning on or after 1 January 2019). This amendment confirm that when a financial liability measured at amortised cost is modified without this resulting in de-recognition, a gain or loss should be recognised immediately in profit or loss. The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate. This means that the difference cannot be spread over the remaining life of the instrument which may be a change in practice from IAS 39. The adoption of this standard is not expected to have a significant impact on the Group.

Productive Business Solutions Limited

Notes to the Consolidated Financial Statements
31 December 2018
(Expressed in United States dollars unless otherwise indicated)

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)

- **Annual Improvements 2015–2017** (effective for annual period beginning on or after 1 January 2019). These amendments include minor changes to:
  - IFRS 3, 'Business combinations', – a company remeasures its previously held interest in a joint operation when it obtains control of the business.
  - IFRS 11, 'Joint arrangements', – a company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.
  - IAS 12, 'Income taxes' – a company accounts for all income tax consequences of dividend payments in the same way.
  - IAS 23, 'Borrowing costs' – a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

  The adoption of these standards is not expected to have a significant impact on the Group.

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.

(b) Consolidation

(i) Subsidiaries

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

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

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

Productive Business Solutions Limited

Notes to the Consolidated Financial Statements
31 December 2018
(Expressed in United States dollars unless otherwise indicated)

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 2018	Group's Percentage Interest 2017
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	100
Productive Business Solutions (South America) Limited	Saint Lucia	100	100
Productive Business Solutions (Suriname) Limited	Saint Lucia	100	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.

Productive Business Solutions Limited

Notes to the Consolidated Financial Statements

31 December 2018

(Expressed in United States dollars unless otherwise indicated)

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.

Productive Business Solutions Limited

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.

Upon implementation of IFRS 15, Revenue from contracts with customers, the recognition policies have focused on the application of the 5-step model. Revenue is recognized only after there are specific indicator of transfer of control to the customer. To evidence transfer of control on contracts where revenue is recognized at a point in time, management has defined that revenue can only be recognized after the equipment or part is installed or the supplies are delivered. Bill and hold agreements are scrutinized to ensure the transfer of control to the customer is effective.

For contracts where revenue is recognized over time, management verifies the contract checklist has been properly filled out and evidence is captured to demonstrate the service is being provided to the customer.

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. With the implementation of IFRS 15, *control* became the key consideration when assessing the nature of the promise to the customer. When the entity does not control the good or service (or inventory) before it is transferred to the customer it is likely that the promise in the contract is to *arrange* for goods or services to be delivered (rather than these to be provided by the entity). In such cases, the net of revenue minus its cost is presented as a commission, within the Other Income account of the statement of comprehensive income.

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.

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

__Classification__

From 1 January 2018, the Group classifies its financial assets at amortised cost. The classification depends on the business model used for managing the financial assets and the contractual terms of the cash flows.

__Impairment__

From 1 January 2018, the Group assesses on a forward looking basis the expected credit losses (ECL) associated with its financial assets classified at amortised cost, lease receivables, long term receivables and related party balances.

Application of the General Model

The Group has applied the 'general model' as required under IFRS 9 for financial assets other than trade receivables. Under this model, the Group is required to assess on a forward-looking basis the ECL associated with its financial assets carried at amortised cost. The ECL will be recognised in profit or loss before a loss event has occurred. The measurement of ECL reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes. The probability-weighted outcome considers multiple scenarios based on reasonable and supportable forecasts. Under current guidance, impairment amount represents the single best outcome; the time value of money; and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.
ECL is calculated by multiplying the Probability of default (PD), Loss Given Default (LGD) and Exposure at Default (EAD).

The impairment model uses a three-stage approach based on the extent of credit deterioration since origination:

Stage 1 – 12-month ECL applies to all financial assets that have not experienced a significant increase in credit risk since origination and are not credit impaired. The ECL will be computed using a 12-month PD that represents the probability of default occurring over the next 12 months.

Stage 2 – When a financial asset experiences a significant increase in credit risk subsequent to origination but is not credit impaired, it is considered to be in Stage 2. This requires the computation of ECL based on lifetime PD that represents the probability of default occurring over the remaining estimated life of the financial asset. Provisions are higher in this stage because of an increase in risk and the impact of a longer time horizon being considered compared to 12 months in Stage 1.

Stage 3 – Financial assets that have an objective evidence of impairment will be included in this stage. Similar to Stage 2, the allowance for credit losses will continue to capture the lifetime ECL.

The Group uses judgement when considering the following factors that affect the determination of impairment:

Assessment of Significant Increase in Credit Risk

The assessment of a significant increase in credit risk is done on a relative basis. To assess whether the credit risk on a financial asset has increased significantly since origination, the Group compares the risk of default occurring over the expected life of the financial asset at the reporting date to the corresponding risk of default at origination, using key risk indicators that are used in the Group's existing risk management processes. At each reporting date, the assessment of a change in credit risk will be individually assessed for those considered individually significant and at the segment level.

2. Summary of Significant Accounting Policies (Continued)

(h) Financial instruments (continued)

This assessment is symmetrical in nature, allowing credit risk of financial assets to move back to Stage 1 if the increase in credit risk since origination has reduced and is no longer deemed to be significant.

Macroeconomic Factors, Forward Looking Information and Multiple Scenarios
The Group applies an unbiased and probability weighted estimate of credit losses by evaluating a range of possible outcomes that incorporates forecasts of future economic conditions.

Macroeconomic factors and forward looking information are incorporated into the measurement of ECL as well as the determination of whether there has been a significant increase in credit risk since origination. Measurement of ECLs at each reporting period reflect reasonable and supportable information at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Group uses three scenarios that are probability weighted to determine ECL.

Expected Life
When measuring ECL, the Group considers the maximum contractual period over which the Group is exposed to credit risk. All contractual terms are considered when determining the expected life, including prepayment options and extension and rollover options.

Application of the Simplified Approach
For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires that the impairment provision is measured at initial recognition and throughout the life of the receivables using a lifetime ECL. As a practical expedient, a provision matrix is utilised in determining the lifetime ECLs for trade receivables.

The lifetime ECLs are determined by taking into consideration historical rates of default for each segment of aged receivables as well as the estimated impact of forward looking information.

Application of this policy until 31 December 2017

The Group applied IFRS 9 on 1 January 2018 and has elected not to restate comparative information in accordance with the transitional provisions in IFRS 9 [7.2.15]. As a result, the comparative information provided continues to be accounted for in accordance with the Group's previous accounting policy.

Until 31 December 2017, the Group classified its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available for sale. 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. 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.

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. Financial assets are derecognized when the rights to cash flows from the financial assets have expired or transferred and substantially all the risks and rewards of ownership are also transferred.

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, this is the initial recognition minus the cumulative amortization of any difference between that initial amount and the maturity amount. Financial liabilities at amortized costs are classified as current or non-current depending whether these are due within 12 months after the balance sheet date or beyond. Financial liabilities are derecognized when either of the following take place: The Group is discharged from its obligation, upon expiration or when they are cancelled or replaced by a new liability.

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2. Summary of Significant Accounting Policies (Continued)

(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

Up until 31 December 2017, 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.

Effective 1 January 2018, the Group has implemented IFRS 9 Financial Instruments, as a result, impairment over trade receivables is monthly determined with the aid of a matrix based on the ageing of the account. Twice a year, management assess whether there has been any indicator of a change in the credit risk. Additionally (also twice a year) a comprehensive evaluation is performed with the objective of identifying individual accounts that may be subject of impairment. Those accounts identified are either written off from the records or provided for by the total of its carrying value.

(k) Cash and cash equivalents

Cash and cash equivalents include cash on hand, restricted cash (where applicable) 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.

(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.

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2. Summary of Significant Accounting Policies (Continued)

(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.

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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.

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. As at 1 January 2018, the Group establishes an allowance for impairment that represents its estimate of expected credit losses in respect of trade and other receivables. As at 1 January 2017, the Group establishes an allowance for impairment that represents its estimate of incurred credit 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 and future 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 where the Group maintains most of its cash, were rated by Fitch Ratings as follows:

	Short Term	Long Term
BAC Bank, Inl.	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:

	2018 $'000	2017 $'000
90 to 180 days	2,762	2,143
Greater than 180 days	9,496	3,921
	12,258	6,064

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:

	2018 $'000	2017 $'000
At start of year	1,827	1,288
Provision for impairment	438	700
Write-offs during the year	(311)	(273)
Unused amounts reversed	(103)	113
Exchange difference	(8)	(1)
At end of year	1,843	1,827

Credit exposure for trade receivables

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

	2018 $'000	2017 $'000
Government	16,645	14,338
Private entities	27,897	27,450
	44,542	41,788
Less: Provision for allowances	(1,843)	(1,827)
	42,699	39,961

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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
			2018	
Trade payables	29,966	-	-	29,966
Other payables	10,519	-	-	10,519
Due to related parties	8,043	-	-	8,043
Borrowings – non-related parties	7,123	65,379	21,321	93,823
Borrowings – related parties	517	24	-	541
Bank Overdraft	3,505	-	-	3,505
	59,673	65,403	21,321	146,397
			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

Productive Business Solutions Limited

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, Honduran Lempira (HNL), Nicaraguan Córdoba (NIO), Dominican Peso (DOP), Costa Rican Colón (CRC) 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	HNL	JMD	NIO	DOP	CRC	GTQ	Other*	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
					2018				
Financial Assets									
Long term receivables	738	762	40	5	-	-	21	-	1,566
Lease receivables	2,514	-	-	-	-	-	-	1,927	4,441
Due from related parties	5,300	-	1,153	-	-	-	-	1,158	7,611
Trade receivables	23,124	6,612	1,885	2,486	2,544	2,076	1,344	2,628	42,699
Other receivables	3,985	37	19	141	61	578	5	649	5,475
Cash and cash equivalents	1,797	3,169	131	260	138	70	263	742	6,570
Total financial assets	37,458	10,580	3,228	2,892	2,743	2,724	1,633	7,104	68,362
Financial liabilities									
Trade payables	23,369	3,964	111	304	110	1,528	355	225	29,966
Other payables	6,480	1,088	120	827	222	636	1,372	342	11,087
Due to related parties	7,790	-	181	-	-	-	-	72	8,043
Borrowings – non-related parties	50,899	-	19,417	-	-	-	-	-	70,316
Borrowings – related parties	530	-	-	-	-	-	-	-	530
Finance Leases	660	-	-	-	-	610	-	-	1,270
Bank Overdraft	-	-	3,505	-	-	-	-	-	3,505
Total financial liabilities	89,728	5,052	23,334	1,131	332	2,774	1,727	639	124,717
Net position	(52,270)	5,528	(20,106)	1,761	2,411	(50)	(94)	6,465	

* Includes currencies traded at fixed exchange rate or with minimum fluctuation.

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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
			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	37,894	3,404	8,408	15,660	65,366
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	

*Includes currencies traded at fixed exchange rate or with minimum fluctuation.

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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 2018	Effect on Profit before Tax 2018 $'000
Currency:		
HNL	-4	31
HNL	+1	(7)
JMD	-4	103
JMD	+1	(25)
NIO	-4	(38)
NIO	+1	9
DRP	-4	147
DRP	+1	(35)
CRC	-4	(233)
CRC	+1	55
GTQ	-4	111
GTQ	+1	(26)

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

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3. Financial Risk Management (Continued)

(iii) ***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 2018 $'000	Effect on Profit before Tax 2017 $'000
Change in basis points:		
- 200	1,487	1,409
+100	(744)	(704)

(b) Capital management

The capital management process is carried out by the parent company. 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 return 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.

(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.

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3. Financial Risk Management (Continued)

(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).

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)

	2018			
	Central America	Caribbean	Intersegment elimination	Total
Revenue from external customers	129,248	48,495	-	177,743
Revenue from another operating segment	27,281	659	(26,389)	1,551
Total Income	156,529	49,154	(26,389)	179,294
Adjusted EBITDA	17,356	4,525	-	21,881
Finance costs				(9,154)
Depreciation				(7,759)
Amortisation				(1,223)
Unallocated				(1,135)
Profit before income tax from continuing operations				2,610
Other profit and loss disclosures				
Depreciation	(5,637)	(2,122)	-	(7,759)
Amortisation	(710)	(321)	(192)	(1,223)
Income tax	(2,082)	(394)	-	(2,476)
Segment assets-				
Total segment assets	142,572	44,057	(152,659)	33,970
Unallocated items				133,070
Total assets per statement of financial position				167,040
Capital expenditure	12,595	3,001	-	15,596
Segment liabilities-				
Total segment liabilities	84,140	75,889	(118,712)	41,317
Unallocated items				90,094
Total liabilities per statement of financial position				131,411

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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 another 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 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)

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.

The parent 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.

	2018 $'000	2017 $'000
Barbados	7,275	8,599
Costa Rica	26,768	20,692
Dominican Republic	11,380	11,091
El Salvador	20,910	22,036
Guatemala	31,166	26,784
Honduras	9,078	7,967
Nicaragua	20,223	25,949
Panama	15,376	14,097
USA	15	213
Antilles	10,612	11,796
Jamaica	14,115	12,249
Other	12,376	10,433
Total	179,294	171,906

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

	2018 $'000	2017 $'000
Antilles	885	880
Barbados	103	163
Costa Rica	2,574	2,645
El Salvador	1,898	2,304
Guatemala	3,032	4,234
Nicaragua	649	797
Panama	3,203	2,831
Other	3,252	1,973
Total	15,596	15,807

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6. Revenue

	2018 $'000	2017 $'000
Telecommunications		
Sale of goods	891	1,020
Business Solutions		
Sale of goods	111,381	103,650
Services	46,668	50,328
	158,940	154,998
Lease Income	20,354	16,908
	179,294	171,906

	Central America $'000	Caribbean $'000	Intersegment elimination $'000	2018 $'000
Timing of Revenue Recognition				
Over time	103,016	34,987	(26,389)	111,614
At a point in time	39,802	7,524	-	47,326
	142,818	42,511	(26,389)	158,940

7. Other Income

	2018 $'000	2017 $'000
Interest income	549	13
Loss on disposal of property, plant and equipment	-	(589)
Commission	138	-
Miscellaneous	710	1,261
	1,397	685

8. Expenses by Nature

Total direct, selling, administration and other operating expenses:

	2018 $'000	2017 $'000
Cost of inventories and cost related to services	104,226	98,660
Staff costs (Note 9)	34,597	33,131
Depreciation (Note 15)	7,759	7,015
Occupancy costs	5,262	6,072
Commission	3,632	3,854
Travel	1,974	2,450
Amortisation of intangible assets (Note 16)	1,223	1,455
Telephone and communication	1,106	1,173
Transportation	903	1,066
Legal and professional fees	800	1,389
Auditor's remuneration	671	874
Office supplies, printing and stationery	480	528
Impairment charge for trade and other receivables	438	682
Bank charges	405	758
Advertising	342	701
Repairs and maintenance	174	276
Management fees	-	1,452
Other expenses	4,741	4,868
	168,733	166,404

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9. Staff Costs

Staff costs comprise:

	2018 $'000	2017 $'000
Salaries and wages	27,712	26,951
Payroll taxes – employer's portion	2,703	2,604
Pension costs – defined contribution	204	244
Redundancy costs	1,937	1,112
Other	2,041	2,220
	34,597	33,131

10. Finance Costs

	2018 $'000	2017 $'000
Net foreign exchange losses	1,061	1,673
Interest expense - Loans and finance leases	8,093	7,229
	9,154	8,902

11. Taxation

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

	2018 $'000	2017 $'000
Current tax	2,587	2,190
Deferred tax (Note 19)	(111)	(159)
	2,476	2,031

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

	2018 $'000	2017 $'000
Profit/(Loss) before tax	2,610	(2,715)
Tax calculated at domestic tax rate of 2.5%	65	(68)
Adjusted for the effects of:		
Different tax rates in other countries	1,774	952
Tax on net assets at 1%	498	192
Income not subject to tax	(14)	-
Expenses not deductible for tax purposes	233	310
Tax in respect of prior years	86	16
Other charges and credits	(166)	629
Tax charge	2,476	2,031

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11. Taxation (Continued)

	2018		
	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	(2,456)	-	(2,456)
Other comprehensive income	(2,456)	-	(2,456)
Deferred tax (Note 19)		-	

	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)		-	

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:

	2018 $'000	2017 $'000
Productive Business Solutions Honduras S.A. de C.V.	85	132

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

	2018 $'000	2017 $'000
Current		
Assets	12,199	5,348
Liabilities	(12,383)	(4,598)
Total net current (liabilities)/assets	(184)	750
Non-current		
Assets	2,364	1,077
Net assets	2,180	1,827

Summarised statement of comprehensive income

	2018 $'000	2017 $'000
Revenue	8,978	7,791
Profit before income tax	563	732
Income tax expense	(211)	(232)
Net profit for the year/Total comprehensive income	352	500

Summarised cash flows

	2018 $'000	2017 $'000
Cash flows from operating activities		
Net cash provided by operating activities	1,204	834
Net cash provided by/(used in) investing activities	1,583	(370)
Net increase in cash and cash equivalents	2,787	464
Cash, cash equivalents and bank overdrafts at beginning of year	532	70
Exchange losses on cash and cash equivalents	(5)	(2)
Cash and cash equivalents at end of year	3,314	532

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13. Earnings per Share

	2018 $'000	2017 $'000
Profit/(Loss) for the year attributable to ordinary shareholders	69	(4,878)
Number of shares	123,272	123,272
Total basic and diluted earnings per share attributable to ordinary share holders	0.06	(3.96)

14. Net Profit/(Loss) and Accumulated Deficit

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

	2018 $'000	2017 $'000
Net Profit/(Loss)		
The Company	(5,684)	(5,873)
Subsidiaries	5,753	995
	69	(4,878)

	2018 $'000	2017 $'000
Accumulated deficit		
The Company	(14,342)	(8,471)
Subsidiaries	8,312	2,938
	(6,030)	(5,533)

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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
			2018			
At Cost/ Valuation -						
At 1 January	52	3,035	61,087	956	212	65,342
Exchange differences	-	(122)	(1,053)	(14)	-	(1,189)
Additions	-	330	2,475	129	11	2,945
Transfers from inventory	-	-	12,643	-	-	12,643
Disposals	-	(642)	(864)	(5)	(1)	(1,512)
Transfers to inventory	-	-	(9,434)	-	-	(9,434)
Transfer from CWIP	-	65	-	-	(65)	-
At 31 December	52	2,666	64,854	1,066	157	68,795
Depreciation -						
At 1 January	-	1,615	42,847	789	-	45,051
Exchange differences	-	(67)	(702)	(11)	-	(780)
Charge for the year	-	225	7,468	66	-	7,759
On disposals and transfer to inventory	-	(5)	(5,069)	-	-	(5,074)
Relieved on disposals	-	(110)	(703)	(5)	-	(818)
At 31 December	-	1,658	43,841	839	-	46,138
Net Book Value -						
At 31 December	52	1,008	21,213	227	157	22,657

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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
			2017			
At Cost -						
At 1 January	4,313	2,407	58,824	874	12	66,430
Exchange differences	(72)	(18)	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 -						
At 31 December	52	1,420	18,440	167	212	20,291

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.

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15. Property, Plant and Equipment (Continued)

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

	2018 $'000	2017 $'000
Equipment held for lease at cost	40,905	37,668
Accumulated depreciation	(24,887)	(24,504)
Net book value	16,018	13,164

The movement in equipment held for lease was as follows:

	2018 $'000	2017 $'000
Opening net book value	13,164	12,076
Additions – transfers from inventory during operating lease period	12,643	10,385
Depreciation charges	(5,424)	(4,669)
Disposals – transfers to inventory upon expiry of operating lease	(9,434)	(9,593)
Depreciation released	5,069	4,965
Closing net book value	16,018	13,164

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15. Property, Plant and Equipment (Continued)

The pieces of freehold land 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. The directors are of the view that there were no material changes in the value over the prior year for Freehold land.

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

- 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 2018 using	
	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	-	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 2017 using	
	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	-	32
San Salvador, El Salvador: Km.49.5 Litoral, Atami	20	-
	20	32

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.

Fair value measurements using significant unobservable inputs (Level 3)

Fair value measurements at 31 December 2017 and 2018 using significant unobservable inputs

	Land – Surges St Thomas, Barbados $'000	Total $'000
Opening and Closing balance	32	32

Description	Fair value at December 2017 and 2018 $'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

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16. Intangible Assets

	Goodwill $'000	Brands $'000	Contracts $'000	Franchise Agreement & Licenses $'000	Total $'000
			2018		
Year ended 31 December 2018					
Opening net book value	12,880	1,751	4,129	858	19,618
Exchange differences	-	-	-	(2)	(2)
Amortisation (Note 8)	-	(192)	(710)	(321)	(1,223)
Closing net book amount	12,880	1,559	3,419	535	18,393
At 31 December 2018					
Cost	13,796	4,169	14,208	6,383	38,556
Accumulated amortisation and impairment	(916)	(2,610)	(10,789)	(5,848)	(20,163)
Closing net book value	12,880	1,559	3,419	535	18,393

	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

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:

	2018 $'000	2017 $'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 for value in use calculations for 2018 were as follows:

	Revenue growth rate year 1	Revenue growth rate year 2 onwards	Average EBITDA to revenue	Discount rate 2018
Barbados Business Machines Limited	22.1%	2.0%	19.9%	16.8%
PBS Central America S.A.	3.5%	3.0%	11.7%	21.6%
Mobay Holdings N.V.	7.8%	3.0%	14.7%	14.9%
Productive Business Solutions Limited (Dominican Republic)	32%	3.0%	12.1%	16.8%

Key assumptions 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%

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16. Intangible Assets (Continued)

Impact of possible changes in key assumptions

Barbados Business Machines Limited

2018

If the budgeted revenue growth for year 1 had been 11% lower than management's estimates for the Barbados Business Machines Limited CGU, the Group would have an excess of $1,563,000 over the carrying value of goodwill and therefore no impairment would have been recognised. If the pre-tax discount rate had been 2% higher than management's estimates, the Group would have an excess over the carrying value of goodwill of $1,933,000 and therefore no impairment would have been recognised.

2017

If the budgeted revenue growth for year 1 had been 10.0% lower than management's estimates for the Barbados Business Machines Limited CGU, the Group would have an excess of $2,294,000 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 $4,514,000 and therefore no impairment would have been recognised.

PBS Central America S.A

2018

If the budgeted revenue growth for year 1 had been 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 $1,592,000 and therefore an impairment would have been recognised. If the pre-tax discount rate for the PBS Central America S.A. CGU had been 2% higher than management's estimates, the Group would have an excess over the carrying value of goodwill of $1,932,000 and therefore no impairment would have been recognised.

2017

If the budgeted revenue growth for year 1 had been 2% 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 $3,062,000. If the pre-tax discount rate for the PBS Central America S.A. CGU had been 2% higher than management's estimates, the Group would have an excess over the carrying value of goodwill of $1,932,000 and therefore no impairment would have been recognised.

Mobay Holdings N. V.

2018

If the budgeted revenue growth for year 1 had been 3.0% 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 $1,228,000 and therefore no impairment would have been recognised. If the pre-tax discount rate for had been 1% higher than management's estimates, the Group would have excess of $728,000 and therefore no impairment would have been recognised.

2017

If the budgeted revenue growth for year 1 had been 2.0% 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 $399,000 and therefore no impairment would have been recognised. If the pre-tax discount rate for had been 2% higher than management's estimates, the Group would have an excess over the carrying value of goodwill of 224,000 and therefore no impairment would have been recognised.

Productive Business Solutions Limited (Dominican Republic)

2018

If the budgeted revenue growth for year 1 had been 25.0% 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 $1,848,000 and therefore no impairment would have been recognised. If the pre-tax discount rate for had been 2% higher than management's estimates, the Group would have an excess over the carrying value of goodwill of $1,380,000 and therefore no impairment would have been recognised.

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16. Intangible Assets (Continued)

2017
If the budgeted revenue growth for year 1 had been 15.0% 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 $1,784,000 and therefore no impairment would have been recognised. If the pre-tax discount rate for had been 6% higher than management's estimates, the Group would have an excess over the carrying value of goodwill of $2,916,000 and therefore no impairment would have been recognised.

17. Lease Receivables

	2018 $'000	2017 $'000
Gross investment in finance leases		
Not later than one year	1,425	2,448
Later than one year and not later than five years	4,313	2,727
	5,738	5,175
Less: Unearned income	(1,297)	(1,208)
	4,441	3,967
Net investment in finance leases may be classified as follows:		
Not later than one year	2,048	1,885
Later than one year and not later than five years	2,393	2,082
	4,441	3,967

18. Long Term Receivables

	2018 $'000	2017 $'000
Profuturo (Note a)	494	484
Máxima Industria Litográfica, S.R.L. de C.V. (Note b)	83	-
Designs Factory S.R.L. de C.V. (Note c)	66	-
Gráfica Fénix, S.A. de C.V. (Note d)	24	60
Innovaciones en Papel S. A. (Note e)	-	59
Ediciones AGM (Note f)	55	-
Platino, S. A. (Note g)	-	50
Impresos Gráficos Sánchez (Note h)	48	-
Xmedia Impresos (Note i)	47	-
Argelia Melissa Ferrera (Note j)	46	-
Digital Solución Arte, S.R.L. de C.V. (Note k)	42	-
Eiseman Dileyda Lobo Ávila / Creaciones Publicidad (Note l)	30	-
Serviprensa (Note m)	-	28
Grupo Aele, S.A., de C.V. (Note n)	16	27
Boanerges Huezo (Note o)	-	26
Other (Note p)	615	652
	1,566	1,386

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18. Long Term Receivables

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

b) *Máxima Industria Litográfica, S.R.L. de C.V.*
The balance earns interest of 15% per annum and matures on March 2020.

c) *Designs Factory S.R.L de C.V.*
The balance earns interest of 18% per annum and matures on 20 February 2020.

d) *Gráfica Fénix, S.A.*
The balance earns interest of 12% per annum and matures on 20 February 2020.

e) *Innovaciones en Papel, Sociedad Anónima*
The balance earns interest of 11% per annum and matures on 30 April 2021. This balance has been collected in 2018.

f) *Ediciones AGM*
The balance earns interest of 15% per annum and matures on March 2020.

g) *Platino, Sociedad Anónima*
The balance earns interest of 12% per annum and matures on 29 October 2019. This balance has been collected in 2018.

h) *Impresos Gráficos Sánchez Imgrasa*
The balance earns interest of 14% per annum and matures on 30 November 2020.

i) *Xmedia*
The balance earns interest of 18% per annum and matures on April 2020.

j) *Argelia Melissa Ferrera*
The balance earns interest of 18% per annum and matures on February 2020.

k) *Digital Solución Arte, S.R.L. de C.V.*
The balance earns interest of 18% per annum and matures on February 2020.

l) *Eiseman Dileyda Lobo Avila/Creaciones Publicidad*
The balance earns interest of 18% per annum and and matures on 27 May 2020.

m) *Serviprensa*
The balance earned interest of 14% per annum. This balance was collected in 2018.

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

o) *Boanerges Huezo.*
The balance earned interest of 18% per annum. This balance has been collected in 2018.

p) *Other*
The balance relates to amounts that are individually insignificant. These balances relate 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:

	2018 $'000	2017 $'000
Deferred income tax assets	1,439	1,015
Deferred income tax liabilities	(423)	(152)
Net deferred income tax asset	1,016	863

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

	2018 $'000	2017 $'000
Net asset at beginning of the year	863	410
Credit to profit and loss (Note 11)	111	159
Credit to other comprehensive income on sale of land and building	(2)	299
Exchange difference	44	(5)
Net assets at end of the year	1,016	863

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

	2018 $'000	2017 $'000
Property, plant and equipment	460	413
Provisions	363	186
Foreign exchange losses	87	210
Tax losses carried forward	46	195
Other	60	(141)
	1,016	863

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

	2018 $'000	2017 $'000
Property, plant and equipment	47	1,039
Provisions	177	(50)
Foreign exchange losses	(123)	210
Tax losses carried forward	(149)	(273)
Other	201	(473)
	153	453

(e) Except for property, plant and equipment, all deferred income tax items are expected to be recovered/ settled within 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 $184,000, (2017: $780,000).

(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 $27,256,000 (2017: $28,671,000).

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20. Related Party Transactions and Balances

The following transactions were carried out with related parties:

(a) Sale of goods and services

	2018 $'000	2017 $'000
Sale of goods		
Other related parties	6,599	1,958

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 the ultimate parent.

(b) Purchase of goods and services

	2018 $'000	2017 $'000
Purchases of goods		
Other related parties	1,354	1,449

Transactions with other related parties include those with Facey Telecom International.

(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:

	2018 $'000	2017 $'000
Salaries and other short-term employee benefits	3,983	4,459
Payroll taxes – employer's portion	616	719
Pension benefits	39	55
Other	238	51
	4,876	5,284
Directors' fees	Nil	Nil

(d) Other transactions

	2018 $'000	2017 $'000
Parent		
Management fee expense	-	1,452
Other related parties –		
Interest paid	(711)	1
Interest income	788	-
Rental expense	-	48
	77	1,501

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20. Related Party Transactions and Balances (Continued)

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

	2018 $'000	2017 $'000
Receivable from related parties:		
Parent	1,406	3
Fellow subsidiaries and shareholder	6,205	6,228
	7,611	6,231
Payable to related parties:		
Parent	4,207	3,249
Fellow subsidiaries	3,836	4,000
	8,043	7,249

21. Inventories

	2018 $'000	2017 $'000
Finished goods	39,474	40,294
Goods in transit	9,145	7,756
	48,619	48,050
Less: Provision for obsolete stock	(5,663)	(5,350)
	42,956	42,700

Cost of inventory recognised as an expense aggregating to $104,226,000 (2017: $98,660,000), were recognised in profit and loss.

22. Trade and Other Receivables

	2018 $'000	2017 $'000
Trade receivables	44,542	41,788
Less: Provision for impairment	(1,843)	(1,827)
	42,699	39,961
Prepaid expenses	2,415	1,908
Other	5,475	1,724
	50,589	43,593

23. Cash and Cash Equivalents

	2018 $'000	2017 $'000
Cash at bank and in hand	6,570	12,097
Bank overdraft (Note 25)	(3,505)	-
	3,065	12,097

The weighted average interest rate at the reporting date for short term bank deposits was 0.75% (2017: 0.75%) per annum.

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24. Trade and Other Payables

	2018 $'000	2017 $'000
Trade payables	29,968	27,015
Interest Payables	2,081	1,926
Accrued liabilities	4,944	5,480
Other	3,494	4,638
	40,487	39,059

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

25. Borrowings

	2018 $'000	2017 $'000
(a) Bank overdraft	3,605	-
Short term loans –		
(b) Facey Telecom Caribbean Limited	490	490
(c) Davivienda	250	250
(d) Eppley Limited	786	-
(e) Operaciones de Consumo, S.A.	-	162
(f) Operaciones de Consumo, S.A.	-	1,089
	1,526	1,991
Current portion of non-current borrowings	99	627
Total Current Borrowings	5,130	2,618
Non-Current Borrowings –		
(g) Finance lease	1,270	2,066
(h) JCSD Trustee Services Limited on behalf of Bondholders	49,863	48,716
(i) Redeemable preference shares	19,417	19,667
(j) Eppley Limited	40	60
	70,590	70,509
Current portion of non-current borrowings	(99)	(627)
Total non-current borrowings	70,491	69,882
Total borrowings	75,621	72,500

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25. Borrowings (Continued)

Total borrowings comprise:

	2018 $'000	2017 $'000
Non-related parties	74,305	71,950
Related parties	1,316	550
	75,621	72,500

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:

	2018 $'000	2017 $'000
6-12 months	5,130	2,618
1-5 years	70,491	69,882
	75,621	72,500

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

	Carrying amount		Fair value	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Bonds	49,863	48,716	51,858	48,849
Redeemable preference shares	19,417	19,667	18,737	19,198
Finance lease liabilities	1,192	1,461	1,192	1,461
Other	19	38	19	-
	70,491	69,882	71,806	69,508

The Group has undrawn borrowing facilities by the amount of $3,505,000 (2017: nil).

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25. Borrowings (Continued)

(a) **Bank overdraft**
The Group has various bank overdraft facilities which attract interest at commercial rates.

Short term loans

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

(c) **Davivienda**
This represents an unsecured loan to finance working capital at a rate of 6.90% per annum and becomes due on 15 February 2019.

(d) **Eppley Limited**
This represents an unsecured US dollar loan earning an interest of 11.58% per annum and becomes due on 14 February 2019.

(e) **Operaciones de Consumo, S.A.**
This represents an unsecured US dollar earning an interest of 9.38% per annumand matured on 28 February 2018.

(f) **Operaciones de Consumo, S.A.**
This represents an unsecured US dollar loan earning an interest of 9.38% per annum and matured on 31 January 2018.

Non-Current Borrowings

(g) **Finance lease**
This represents the present value of finance lease commitments. Finance leases maturing within 12 months amounts to $78,000 (2017 - $605,000).

(h) **JCSD Trustee Services Limited on behalf of Bondholders**
This long-term loan represents 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 $2,390,000 (2017 - $3,576,000).

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.

(i) **Redeemable 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 $929,000 (2017 - $1,047,000).

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

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26. Share Capital

	2018 $'000	2017 $'000
Authorised -		
123,271,000 Ordinary shares		
Issued and fully paid -		
123,271,000 (2017 – 123,271,000) Ordinary shares	57,317	57,317

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 2017	(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)
Movement during 2018	-	-	(2,456)	(2,456)
Balance as at 31 December 2018	-	217	(16,424)	(16,207)

28. Accumulated Deficit

	Total $'000
Balance as at 1 January 2017	(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)
Change in accounting policy	(566)
Profit for the year	69
Balance as at 31 December 2018	(6,030)

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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:

	2018 $'000	2017 $'000
Initial balance	579	-
Current service cost	585	92
Interest cost	17	22
Loss from change in financial assumptions	-	166
Adjustment	-	399
Benefits paid	(616)	(100)
At end of year	565	579

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

	2018 $'000	2017 $'000
Current service cost	585	92
Interest cost	17	22
At end of year	602	114

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

	2018 $'000	2017 $'000
Re measurement loss on obligation	-	166

The distribution of the obligation by country was as follows:

	2018 $'000	2017 $'000
Nicaragua	98	102
El Salvador	467	477
	565	579

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

	2018		
	Impact on Retirement benefit obligation		
	Change in Assumption	Increase in Assumption	Decrease in Assumption
Discount rate	1%	(34)	38
Inflation rate	1%	-	-

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30. Retirement Benefit Obligation (Continued)

	Increase assumption by one year $'000
Life expectancy	92

	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.

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

PBS Nicaragua	2018 $'000	2017 $'000
Discount rate	10.5%	10.5%
Future salary increases	5%	5%
Retirement age	60 years	60 years

PBS El Salvador	2018 $'000	2017 $'000
Discount rate	4.08%	4.08%
Future salary increases	3.4%	3.4%
Retirement age	58 years	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:

	2018 $'000	2017 $'000
Not later than 1 year	3,726	4,055
Later than 1 year and not later than 5 years	12,905	12,588
Later than five years	2,951	2,278
	19,582	18,921

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:

	Note	2018 $'000	2017 $'000
Net profit/(loss)		134	(4,746)
Items not affecting cash:			
Depreciation	15	7,759	7,015
Amortisation and impairment of intangible assets	16	1,223	1,455
Actuarial losses		-	114
Loss on disposal of property, plant and equipment		-	589
Taxation expense	11	2,476	2,031
Foreign exchange (gains)/ losses		(2,357)	1,213
Interest income	7	(549)	(13)
Interest expense	10	8,093	7,229
		16,779	14,887
Change in non-cash working capital balances:			
Inventories		(8,539)	(12,974)
Contract assets		(826)	-
Accounts receivable		(6,941)	(6,681)
Due from related parties		(2,001)	(2,278)
Long term receivable		(180)	(493)
Lease receivable		(474)	(409)
Accounts payable		1,273	7,824
Contract liabilities		3,670	-
Retirement benefit obligation		(14)	(100)
Due to related parties		794	(3,378)
		3,541	(3,582)
Taxation paid		(2,819)	(2,304)
Net cash used in operating activities		722	(5,886)

Net Debt Reconciliation

This section sets out an analysis of net debt and the movements in net debt for the year ended 31 December 2018.

	2018 $'000	2017 $'000
Cash and cash equivalents	6,570	12,097
Borrowings - repayable within one year (including overdraft)	(5,130)	(2,618)
Borrowings - repayable after one year	(70,491)	(69,882)
Net debt	(69,051)	(60,403)
Cash and liquid investments	6,570	12,097
Gross debt - fixed interest rates	(75,621)	(72,500)
Net debt	(69,051)	(60,403)

32. Cash Flows from Operating Activities (Continued)

	Cash $'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)
Cash flows	(5,523)	527	269	(3,039)	16	(7,750)
Foreign exchange adjustments	(4)	-	-	-	369	365
Other non-cash movements	-	-	-	-	(1,263)	(1,263)
Net debt as at 31 December 2018	6,570	(78)	(1,192)	(5,052)	(69,299)	(69,051)

33. Assets pledged as security

With the exception of Productive Business Solutions Honduras S.A. de C.V., 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 $135,130,000 (2017: $137,999,000).

34. Changes to Accounting Policies

The Group adopted IFRS 9 "Financial Instruments" and IFRS 15 "Revenue from Contracts with Customers" on 1 January 2018.

The group elected to apply the limited exemption in IFRS 9 relating to transition for classification and measurement and impairment, and accordingly has not restated comparative periods in the year of initial application. On adoption of IFRS 15, the group has opted to recognize the cumulative effect of initially applying this standard at the date of initial application as permitted by paragraph C3.

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34. Changes to Accounting Policies (Continued)

To ensure compliance on adoption of IFRS 9 and IFRS 15 the Group had to update certain policies.

IFRS 9 – impact of adoption
The effect on the initial balances as a result of the implementation of IFRS 9 is shown below.

	Measurement category		Carrying amount	
	Original	New	Original $'000	New $'000
Current financial assets				
Due from related parties	Amortized cost	Amortized cost	6,231	5,610
Accounts receivable	Amortized cost	Amortized cost	43,593	43,648
Current portion of lease receivables	Amortized cost	Amortized cost	1,885	1,885
Cash and deposits			12,097	12,097
Non-current financial assets				
Long term receivables	Amortized cost	Amortized cost	1,386	1,386
Non-Current portion of lease receivables	Amortized cost	Amortized cost	2,082	2,082
Current financial liabilities				
Accounts payable	Amortized cost	Amortized cost	39,638	39,638
Due to related parties	Amortized cost	Amortized cost	7,249	7,249
Current portion of finance leases	Amortized cost	Amortized cost	605	605
Current portion of long term loans - related parties	Amortized cost	Amortized cost	22	22
Short term loans - non-related parties	Amortized cost	Amortized cost	1,501	1,501
Short term loans - related parties	Amortized cost	Amortized cost	490	490
Non-current financial liabilities				
Non-Current portion of finance leases	Amortized cost	Amortized cost	1,461	1,461
Non-Current portion of long term loans - non-related parties	Amortized cost	Amortized cost	68,383	68,383
Non-Current portion of long term loans - related parties	Amortized cost	Amortized cost	38	38

The adjustment to equity on implementation of IFRS 9 was as follows:

	$'000
Retained earnings at 31 December 2017	(5,533)
Increase in loss allowance	(566)
Retained earnings at 1 January 2018, restated	(6,099)

Impairment of financial assets

The Group has four types of financial assets that are subject to the new expected credit loss model under IFRS 9:

- Loans receivable
- Lease receivables
- Due from related party balances
- Trade receivables

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34. Changes to Accounting Policies (Continued)

The Group revised its impairment methodology under IFRS 9 for each of these classes of assets. The impact of the change in impairment methodology on the Group's retained earnings is disclosed above.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

IFRS 15 – impact of adoption
The effect on financial assets and financial liabilities as a result of implementing IFRS 15 is shown below.

	Carrying amount 31 December 2017 $'000	Reclassification $'000	Re-measurement $'000	Carrying amount 1January 2018 $'000
Trade receivables	40,399	(1,833)	-	38,566
Current contract assets	-	1,883	-	1,883
Other current financial assets	51,809	-	-	51,809
Other current assets	37,115	-	-	37,115
Other non-current assets	24,320	-	-	24,320
Contract liabilities	-.	(1,787)	-	(1,787)
Trade and other payables	(34,477)	1,737	-	(32,740)
Provisions	(4,930)	-	-	(4,930)
Deferred tax assets	401	-	-	401

As part of the requirements introduced by IFRS 15 Revenue from Contracts with Customers, the Group classifies rights and obligations arising from contracts with customers whenever either party to the contract has performed.

Total contract assets are shown in the table below.

	$'000
Contract Assets	
on equipment contracts	5
on service contracts	821
	826

The contract liabilities refer to advances received from customers under the promise to deliver equipment. Total contract liabilities at the end of the year is reflected in the table below.

	Current $'000
Contract Liabilities	
on equipment contracts	3,407
on service contracts	263
	3,670

34. Changes to Accounting Policies (Continued)

In the current period revenue was recognized in connection with contract liabilities recognized at the beginning of the year. This revenue was broken down as follows:

	$'000
Revenue recognized in contract liabilities	
on equipment contracts	1,200
on service contracts	587
	1,787

The table below reflects the dollar amount of the Group's unsatisfied performance obligations for long term contracts with customers. The Group has not yet recognized revenue on these unsatisfied performance obligations, however as these are contracts in operation or, at least, already signed with our customers, it is expected that most of it will flow be completed during 2019.

	$'000
Unsatisfied long-term contracts	
short term portion	13,881
long term portion	16,504
	30,365

35. Subsequent Events

On 20 November 2018, the Government of Barbados announced upcoming changes to its regulations, which include abolishing the International Business Companies Act. The revised tax rates for fiscal years commencing 1 January 2019 are as follows: first $500,000 of taxable income is subject to tax at 5.5%, the next $9,500,000 at 3.0%, the next $10,000,000 at 2.5% and all amounts in excess of $15,000,000 at 1.0%. The Company qualifies for grandfathering up to June 30, 2021 and awaits further guidance from the Government of Barbados on transitioning to the new regulations.

FORM OF PROXY

(Pursuant to Amended and Restated By-Law No. 2 of the Company)

PRODUCTIVE BUSINESS SOLUTIONS LIMITED

Company No. 34076 ("the Company")

PROXY

The undersigned shareholder of the Company hereby appoints

____

of ____

or failing him __________________________________

of ____

as the nominee of the undersigned to attend and act for the undersigned and on behalf of the undersigned at the Annual General Meeting of the Company to be held on the 27th day of September 2019 and at any adjournment or adjournments thereof in the same manner, to the same extent and with the same powers as if the undersigned was present at the said meeting or such adjournment or adjournments thereof.

Dated this ____________________ day of ____________________, 2019

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____

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