ANNUAL
REPORT
2018

A JOURNEY OF EXCELLENCE

GROWING

FROM STRENGTH TO STRENGTH

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BOARD OF DIRECTORS

DAVID DULAL-WHITEWAY
Director

NICHOLAS V. MOUTTET
Director

FRANCES BAIN-CUMBERBATCH
Group Head of Legal/ Corporate Secretary

ANTHONY N. SABGA III
Director

ANDREW N. SABGA
Group Chief Executive Officer

A. NORMAN SABGA, LLD (Hon.) UWI
Executive Chairman

DAVID B. SABGA
Deputy Chairman

TERESA WHITE
Group Human Resource Director

ANEAL MAHARAJ
Group Finance Director

RAY A. SUMAIRSINGH
Executive Director

ANTHONY E. PHILLIP
Director

MARK J. MORGAN
Director

LARRY HOWAI
Director

TILAWIND WINDPARK, COSTA RICA

ANSA McAL Limited invested in the operational 21 MW windpark Tilawind, located in Tilarán in the Guanacaste province, Costa Rica.

"Our goal is to cultivate projects that are profitable for our shareholders, generate value for our customers and serve as an engine of sustainable development for the Caribbean region. Tilawind is a perfect example of that type of project. We are proud to support Costa Rica's efforts in providing sustainable energy."

- Mr. Andrew N. Sabga, Chief Executive Officer, ANSA McAL Group of Companies

REPORT OF THE EXECUTIVE CHAIRMAN

I am pleased to report that in 2018 the Group's Profit Before Tax (PBT) increased by 5% to $1,017 million ($968 million – 2017) whilst revenues were up 2% to $6.39 billion ($6.24 billion - 2017). Earnings Per Share (EPS) improved by 12% to $3.54 ($3.15 - 2017) with net assets growing by 3% to $8.1 billion ($7.9 billion - 2017).

The Group's results were impacted by gross claims of $20 million in our General Insurance company arising from a magnitude 6.9 earthquake and severe flooding in low lying areas in Trinidad in October. There was also $42 million in one-time impairments arising out of the decline in the Barbados economy and the debt restructuring by the Government of Barbados. However, access to US$290 million in IMF funding for Barbados over the next four years together with the new debt repayment schedule are good indicators for the economic future of the country.

The shortage of foreign exchange in the Trinidad and Tobago market affected business activity. While the Group did not default on any of its commitments, the opportunities to increase both local and export revenues were not fully realised.

Generally, revenue outside of Trinidad and Tobago continued to grow with our subsidiaries in Grenada up by 12%, Guyana 6%, St. Kitts 8% and the United States 3%.

ACQUISITIONS & NEW BUSINESS

Inorganic expansion is a key element of the Group's growth strategy. We see substantial growth potential regionally for our Automotive, Beverage and Financial Services sectors and have already begun executing on our strategies to achieve this objective.

The Group diversified into renewable energy with its investment in Tilawind S. A., a 21MW wind farm in Costa Rica. ANSA McAL now holds a 50% ownership interest in the wind farm via a joint venture arrangement with MPC Capital, an affiliate of MPC Ferrostaal, and an international and highly accredited renewable energy investor and asset manager.

We also commenced the process to acquire Trinidad Aggregate Products Limited, which was completed at the end of Q1 2019. This acquisition will result in greater efficiencies at our existing state-of-the-art clay plant at Abel Building Solutions and solidify the company's position as the most competitive clay block manufacturer in the Region.

The Group's acquisition pipeline is strong, and we continue to aggressively pursue very strategic targets in 2019 to ensure long-term sustained growth.

In July 2018, Carib Glassworks began production of the 1 Litre Carta Blanca bottles to its newest client, Corporación CubaRon S.A., the top producer of Cuba's major rum brands.

REPORT OF THE EXECUTIVE CHAIRMAN

It is also the biggest consumer of glass bottles in the Cuban market. In addition, Carib Brewery Limited became Trinidad and Tobago's first lager exporter to Cuba in late 2018. All indicators point to continued growth in exports to Cuba, which is an exciting market attracting 5 million tourists annually.

David Hadeed, Managing Director of Carib Glassworks Limited and His Excellency Guillermo Vázquez Moreno former Ambassador of the Republic of Cuba

IT INVESTMENTS

You may recall that in 2016 the Group's Parent Board approved an aggregate of $300 million in IT business solutions across the Group. Many of these solutions were fully implemented in 2018 including, Enterprise Resource Planning software, Group-wide IT infrastructure, Corporate Governance, Compliance and Performance systems. These platforms will not only transform performance management capability, but also significantly deliver efficiencies across all businesses.

PEOPLE

In June 2018, the Group proudly celebrated long service milestones with 409 employees in the Automotive, Manufacturing, Beverage, Distribution, Financial, Media, Retail and Services Sectors at the Long Service Awards, held at Queens Hall.

'Stronger Together' 2018 Long Service Awards

As the Group executes its growth strategy, it recognises the need to continuously invest in its talent pool. In 2018, there were ongoing leadership programmes aimed at recruiting and grooming young professionals for future leadership positions as well as developing existing executives. A talent calibration process was introduced as a formal framework to identify and develop high potential employees and successors for critical leadership positions. Employee engagement was also measured through online surveys during the year. One of our major subsidiaries, Carib Brewery Limited received the prestigious Employer of the Year award from the National Union of Government & Federated Workers (NUGFW).

The Group's future can only be as good as the collective effort, commitment and ambition from our employees. We believe in an open, diverse and inclusive workplace and we actively encourage an understanding of varied backgrounds while celebrating what we have in common.

REPORT OF THE EXECUTIVE CHAIRMAN

STRONGER TOGETHER

The ANSA McAL Group is committed to enriching lives and developing the communities in which we operate.

The Group advances gender equity and announced the establishment of the We ANSA Women Fund for the women of the Group. This fund will officially be launched in 2019.

We ANSA Women

Significant value is created and supported by the ANSA McAL Foundation, the Guardian Neediest Cases Fund and the Anthony N. Sabga Caribbean Awards for Excellence, which celebrated its thirteenth year in 2018 with 39 laureates from across the Caribbean diaspora. 2018 was indeed significant, as for the first time ever, the event was held in Jamaica. The total money in prizes disbursed as of 2018, amounted to TT$18 million dollars.

Apart from this, the Group disbursed over TT$1 million dollars to assist a range of community-based NGOs, schools and special interest groups.

I am also pleased to advise that the Most Honourable Sir Kenneth Hall ON, GCMG, OJ, former Governor General of Jamaica, accepted our invitation to join the Regional Eminent Persons Panel early in 2018. The Directors of the ANSA McAL Foundation took the decision to appoint Mrs. Diana Mahabir-Wyatt as its representative on the Panel, replacing Mrs. Judy Y. Chang who passed away on March 8, 2018. Both appointments I believe will augur well for the future of the Awards programme.

The Group wishes to place on record its sincere appreciation to the late Judy Y. Chang for her invaluable contribution and dedication whilst serving as a member of the Awards' Regional Eminent Persons Panel from inception in 2005. She also served as a director on the boards of both ANSA McAL Limited and ANSA Merchant Bank Limited. She leaves a legacy of persistence in the pursuit of progress and will be missed.

Following the catastrophic flooding across many communities in East and Central Trinidad in October, our Group pledged a $1 million donation in goods to assist persons in their recovery efforts.

Additionally, we came together to deal with the aftermath of destruction and despair by rallying around our employees. Our Corporate Communications, HR and HSE Teams, supported by our CEO, Mr. Andrew Sabga, HR Director, Ms. Teresa White, Sector Heads, Management and Staff, hit the ground running, establishing contact with approximately 1000 employees, assembling and delivering care packages and mattresses for employees impacted by the flood. More than sixty employees from across the Group received assistance in rebuilding their lives and their homes.

REPORT OF THE EXECUTIVE CHAIRMAN

Thousands of dollars' worth of cleaning products, furniture and equipment were donated by our Group companies to affected communities.

Furthermore, Guardian Media Limited's 'Flood of Relief Telethon' raised $.3 million in pledges in its support of flood victims.

For a second year, the ANSA McAL Group sponsored 'ILLUMINATION' Fireworks for Trinidad and Tobago's 56th Independence celebrations as well as the first 'ILLUMINATION – The Independence Concert'. A spectacular display of fireworks lit up the Queen's Park Savannah and San Fernando Hill.

ILLUMINATION Fireworks display at the Queen's Park Savannah

Climate change is a profound challenge and we continue to partner with other civil society organisations and governments to support cooperative action on this issue.

In 2018, 394 volunteers from Carib Glassworks Ltd. (CGL) were joined by employees from across the ANSA McAL Group to demonstrate their ongoing commitment to creating a clean and sustainable Trinidad and Tobago. On Chagville Beach, Chaguaramas, 204 garbage bags (donated by ANSA Polymer), of waste weighing 743 kgs were collected and disposed of responsibly.

Though the initiative was hailed as a success, the findings highlighted the need for a fundamental shift in our nation's understanding and respect for the environment.

CGL's Corporate Social Responsibility strategy is highly focused on working with communities on their glass recycling efforts. 100 percent of the glass generated from recycling is consumed in our manufacturing process, resulting in no additional pollution to the atmosphere.

CGL has dedicated recycling receptacles located across Trinidad and Tobago for collection of glass. Additionally, glass can be brought to our Champs Fleurs facility to be deposited. Historically, CGL has supported recyclers across the region by purchasing and consuming all their used glass and we continue to pursue new opportunities to increase our collection.

Congratulations are in order to CGL which received the award for Manufacturer of the Year, in the large category, from the Trinidad and Tobago Manufacturers' Association.

Together, we were able to make significant impact on some of the most important issues facing society and we are extremely proud of the effort and commitment shown by the teams across the Group.

REPORT OF THE EXECUTIVE CHAIRMAN

DIVIDENDS

Your directors' confidence in the future of the Company is evident with the approval of a 20% increase in the final dividend to $1.50 per share ($1.20 - 2017) which will be paid on June 6, 2019. This together with the interim dividend of $0.30 per share ($0.30 - 2017) brings the total dividend to $1.80 per share ($1.50 per share - 2017). This represents a cash pay-out of over $300 million or 43% of the Group's after tax profits.

OUTLOOK

We will continue to align the way we govern our businesses to evolving best practice standards. Consistent application of our ethics and governance structures will remain a key component of the Group's value system.

While we do not expect 2019 to be any less challenging than 2018, I am confident about the Group's resilience and the capacity of our people to work together to rise to the toughening requirements and market complexities.

As always, I wish to thank my fellow directors, committed employees, loyal customers, trading partners and shareholders for their contribution to the Group's success and look forward to their continued support in the future.

A. Norman Sabga

A. Norman Sabga, LLD (Hon.) UWI
Executive Chairman

REPORT OF THE GROUP CHIEF EXECUTIVE OFFICER

2018 was yet another good year for ANSA McAL as we continued to focus on driving market expansion and growth in our core sectors, whilst delivering world-class service to our customers.

We saw revenue growth of 2% from $6,244 million to $6,385 million in spite of continued economic suppression in Trinidad and Tobago caused by lower energy revenues, increased unemployment, FOREX shortages and the fiscal impact of the Barbados debt restructuring. Further, our Profit Before Tax (PBT) grew by 5% to $1,017 million ($968 million - 2017) and our Earnings Per Share (EPS) was $3.54, up versus last year by 12%. These results included $62 million in one-time impairments relating to the Barbados economy and the natural disasters in Trinidad. Without these impairments, PBT would have grown by 11%.

Your Group has performed admirably. 2019 offers many opportunities for the Group and we are optimistic that the strategies adopted in 2018 will enhance our results for the years ahead. We are particularly excited about our several acquisitions which are expected to be finalised in 2019, which will offer new and increased opportunities in various industries and new markets.

The following is an overview of the Group.

REPORT OF THE GROUP CHIEF EXECUTIVE OFFICER

MANUFACTURING, PACKAGING, BREWING & CONSTRUCTION

SEGMENTAL INFORMATION	MANUFACTURING, PACKAGING, BREWING & CONSTRUCTION	
	DECEMBER 2018 ($000's)	DECEMBER 2017 ($000's)
Revenue Total gross revenue	2,880,512	2,676,666
Results Reportable segment profit before tax PBT / Revenue (%)	498,188 17%	443,891 17%
Net Assets Total Net Assets	2,546,795	2,396,128

2018 was a challenging year for this Sector with mixed results depending on the market and industry. While the Trinidad economy posed some challenges, especially for the packaging companies, a focused effort to increase our exports resulted in increased revenues and earnings of valuable foreign exchange.

MANUFACTURING

Sector Head – Andy Mahadeo

Carib Glassworks

With capacity down to 50% for half of 2018 due to the furnace rebuild, this company concentrated on timely customer delivery and cost optimisation. The new furnace will be commissioned in April 2019, bringing the company back to full capacity and bottom line growth.

We successfully installed light weighting technology to reduce bottle weights, while improving bottle strength and quality. Carib Glassworks has won several major supply contracts in Cuba as well as large multinationals like Heineken and AB InBev, effectively ensuring that 100% of our plant capacity in 2019 has been filled.

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Trinidad Match

We continue to grow our export market share for matches and have signed on new distributors in Antigua, Dominica, Grenada, Jamaica and St. Lucia. Our candle business also continues to grow as local distributors switch from imported product to a local supplier, and we are increasing production capacity to meet the growing demand.

ANSA Polymer

Our plastics business had a challenging year, but we have started to displace extra-regional imports in our film business. New manufacturing capacity was installed in our moulding department in late 2018 with pre-booked sales in 2019.

ANSA Chemicals

Our chemicals business continues to perform well, with the improvement in gas supply to the Pt. Lisas Estate and the resulting higher operating plant capacities. The ground work to expand our Chlorine and Water Treatment business into Jamaica is far advanced and we expect to commission our facility in Q3 2019, cementing our position as the regional market leader in the Chlor-Alkali market.

BEVERAGE

Sector Head – Peter Hall

Overall, the Beverage Sector grew 8% over prior year. The Sector upgraded its ERP system in all three breweries, thereby streamlining processes and efficiencies. We expect further innovation-based growth in 2019, arising chiefly from plant upgrades (new canning lines, brewhouse upgrade) and other strategic initiatives. The momentum of our flagship brands has been sustained.

Caribbean Development Co. Ltd./Carib Brewery Ltd.

In 2018, ANSA McAL Limited and Molson Coors International entered into negotiations and signed a strategic partnership agreement to commence distribution of the internationally renowned Coors Light Beer brand in February 2019. It was a blockbuster year for innovation launching six new products into the portfolio – Caribé Tropical Hard Apple Cider Original and Pineapple, Shandy Portugal, Heineken Blade, Smirnoff Ice Green Apple and Ginseng UP 250ml.

In June, Carib signed a three-year partnership with the Trinbago Knight Riders as the Official Beer of the Team and in September, fresh off his amazing performance

REPORT OF THE GROUP CHIEF EXECUTIVE OFFICER

at X-factor, Olatunji Yearwood became the latest addition to the Carib family, being the newest Carib Beer Advocate.

After many years of courting and negotiations, CBL successfully commercialised its relationship with Cuba and commenced shipments in Q4 2018.

Carib maintained its regional foothold in Guyana and Barbados.

We are particularly proud that Caribbean Development Co. Ltd/Carib Brewery was awarded the 2018 Employer of the Year from the National Union of Government and Federated Workers (NUGFW).

Carib Brewery (St. Kitts & Nevis)

Carib Brewery (St. Kitts & Nevis) Ltd. had another outstanding year, achieving the highest sales and profit before taxation in its history. This was supported by production of over 1 million cases, which represents the highest annual production in the history of the brewery.

We expanded the export market portfolio with significant increases in sales of Radler, Pink Ting and 501 Lager. These products were produced for the first time in 2017, but only exported in small quantities.

We continued plant improvements by completing two major projects to reduce costs and improve efficiencies; the CO_2 Recovery System and the refurbishment of the Cold Room.

Florida Beer Company

Florida Beer has been on a continuous journey of improvement and transformation. 2018 was a turnaround year for the company and has set an excellent foundation for growth in the coming year. Florida Beer saw a +4% distributor depletion growth in a market where total beer was down vs. 2017. Florida Beer also saw a Revenue growth of +4% vs. 2017. In Q4 of 2018 a new canning line was commissioned.

Grenada Breweries Limited

2018 was a strong year for Grenada Breweries, with the company achieving record levels of performance for production and sales volumes. This was driven by improved performance of the brewed product in the local market. There was also substantial investment in plant and equipment, with the largest investments being the replacement of the company's brewhouse and electronic bottle inspector. The company also had some key product launches with the introduction of Carib Radler, Carib Shandy Mandarin, and the highly successful launch of Caribé Cider.

CONSTRUCTION

Sector Head – Adam Sabga

This Sector felt the impact of reduced construction activities in the Trinidad and Tobago market.

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ABEL Building Solutions

In spite of reduced local demand for concrete and clay blocks, ABS was able to bolster their revenues and production through increased exports to Guyana and the OECS. A focus on cost containment has also assisted us in offsetting the effects of lower local demand.

The Air Conditioning, Curtain Wall and Cladding divisions have won several major projects which will roll over into 2019. With the expected increase in construction activity in 2019, this company is well poised to take advantage of these opportunities.

ANSA Coatings Limited

2018 was a solid year for ANSA Coatings Limited. A major export thrust resulted in significant growth within the Region and Cuba. 2019 is expected to be even better, as the Company further increases its local and regional market share.

Berger Paints Barbados/Jamaica/Trinidad

2018 was the first full year with the Berger brand under the ANSA McAL flag. Significant work has been done to harmonise our production, purchasing, sales and marketing within these three plants. The resulting synergies are coming to fruition as we continue to build our top-quality brands throughout the Region.

Sissons Paints Grenada Limited

Sissons Paints Grenada recorded 1,976 consecutive working days without a lost time incident/accident. The subsidiary was also successful in its new block depot, amassing in excess of EC$1 million in sales for 2018, and secured approximately 95% local market share with the supply of the three brands: Berger, Sissons and Penta.

Each production facility was successful in upgrading its ISO certifications in Quality and Environmental Management in 2018.

Many new innovative products have been developed in 2018 and have already resulted in significant increases in revenue. These products include a new line of wood protective coatings, environmentally friendly (low odour/high gloss) consumer paints, automotive finishes, and industrial coating and road paints.

2019 is expected to be a tremendous year for our coating businesses, as we continue to build our export and local sales and reap the benefits of the excellent work done in 2018.

ANSA Technologies Limited

Despite market challenges, ANSA Technologies (ATL) grew its revenue by 11.4% over prior year and reported a 164% growth in profitability. It yet again, achieved an impeccable safety record and celebrated over 1.3 million man-hours with no lost time injury. ATL attained two-year recertifications for STOW and ISO 9001:2015 and it continues to champion safety and quality.

REPORT OF THE GROUP CHIEF EXECUTIVE OFFICER

SEGMENTAL INFORMATION	AUTOMOTIVE, TRADING & DISTRIBUTION	
	DECEMBER 2018 ($000's)	DECEMBER 2017 ($000's)
Revenue Total gross revenue	2,590,650	2,549,561
Results Reportable segment profit before tax PBT / Revenue (%)	177,943 7%	125,066 7%
Net Assets Total Net Assets	1,104,337	1,073,688

AUTOMOTIVE

Sector Head – Jerome Borde

Our Automotive Sector grew its profitability in 2018 through strong management of gross profit margins and cost in all areas of the business, without compromising customer service.

On the back of a weak 2017 in the Truck segment, we had significant growth with excellent results in 2018 in our Honda brand, supported by our luxury segment.

Our CNG business remains a market leader, accounting for over 90% of all conversions in Trinidad.

The Rental division has doubled its size and performance. It is now a major operation in our Automotive Sector and a key strategic area for future growth given our different product offerings.

We have installed new leadership in our Barbados operations, and there is new energy and sharper focus. The company has seen improvements each month and we are excited about the new direction and the corresponding results the future holds.

The outlook for the Automotive Sector in 2019 is even better and we are very excited about the Sector's prospects.

DISTRIBUTION

Sector Head – Fazal Arman

The Distribution Sector maintained 2017 revenue levels. Regional variations in market buoyancy, specifically a challenged Barbados economy, were offset by a strong Guyana delivery.

REPORT OF THE GROUP CHIEF EXECUTIVE OFFICER

ANSA McAL Trading

In Guyana, ANSA McAL Trading continued to grow in all business lines. In the Health & Wellness division, we are now a major supplier to the public institutions based on our strong portfolio of both branded and generic pharmaceuticals. We have completed an upgrade and certification of our warehouse for pharmaceuticals and we are well positioned to continue to expand even further in this area. In the Food & Consumer division, we are focused on building out our portfolios with the launch of new lines. In the Beverage and Liquor area, the newly launched 592 beer brand has been well accepted and is positioned to strengthen our share in the beer market. Our new TWEE retail store in the airport has performed well and is expected to improve significantly in 2019 once the renovations at the airport are completed.

Bryden Stokes Limited

Bryden Stokes Limited in Barbados responded to its challenging year through various reorganisation initiatives across the Company. The disruption in mid-year with elections and the implementation of multiple new economic measures significantly curtailed demand and reduced the positive momentum that had been experienced in the first half of the year to a flat position vs 2017. The Government's decision to convert its trade debt to a long-term repayment plan also had a marked impact on the Health & Wellness division, where we are a major supplier of product to the nation's health institutions.

Alstons Marketing Company Limited

Alstons Marketing revenue performance was stable compared to 2017. Trade demand was very inconsistent due to overall reduction in the basket size of shoppers. This was exacerbated by the leading chain stores systematically lowering their carrying inventory levels to improve their cash flows. FOREX access remained a challenge, but did not impact the Company's ability to maintain inventory or service supplier debt.

In all three companies, management of our leading portfolios has met or surpassed our supplier expectations. Most notably, the Sector's major supplier, Procter & Gamble Company, awarded performance prizes to all three of our distribution companies in 2018.

Further improvements are planned for 2019. We will continue to focus on building superior customer management capability across all the companies. We will also initiate a greater emphasis on the supply chain to ensure that the customer teams have the product and logistical support they require. All three companies will be upgrading and expanding their warehouses to facilitate increased trade activity.

REPORT OF THE GROUP CHIEF EXECUTIVE OFFICER

INSURANCE & FINANCE

Sector Head – Larry Howai

SEGMENTAL INFORMATION	INSURANCE & FINANCIAL SERVICES	
	DECEMBER 2018 ($000's)	DECEMBER 2017 ($000's)
Revenue Total gross revenue	882,664	873,548
Results Reportable segment profit before tax PBT / Revenue (%)	264,521 30%	309,539 35%
Net Assets Total Net Assets	1,711,018	1,712,890

PBT for the Sector in 2018 amounted to $264 million. This occurred against a backdrop of the downturn in the Barbados economy, restructuring of the Government of Barbados debt, the continuing weakness in the local economy, volatility in international markets, the earthquake and flooding which occurred in Trinidad in the latter half of the year and the introduction of IFRS9, which required adjustments to our provisioning policy.

Notwithstanding these challenges, the Sector performed well in its core areas of operation during the year and the outlook is for an improved performance in 2019.

Ansa Merchant Bank Limited

Normal operating performance of the Merchant Bank showed improvement in spite of increased competition. The Asset Finance Division of the Bank reported a 14% increase in its market position to 9.6% from 8.8% of the total new car market. The Corporate & Investment Banking Division of the Bank closed the year with over TTD 2.5Bn in transactions arranged, with the Government of the Republic of Trinidad and Tobago (GORTT) and GORTT Guaranteed transactions accounting for TTD 1.77Bn. The ANSA TT$ Income Fund and ANSA US$ Income Funds continued to outperform the market. In the first half of the year, the Bank opened its fully revamped Private Wealth Management offices on the 5th Floor of the TATIL Building, 11 Maraval Road, Port of Spain.

TATIL

TATIL celebrated its 55th anniversary on 15th March 2018. The Company's premium income exceeded $400 million for the first time in its history. In 2018 the company also saw growth in its market share and policies issued in Motor, Property and Health insurance. As a result of operational improvements, TATIL's Barbados Branch delivered one of the highest levels of profitability since its inception. The Company also launched its electronic payment portal in December, which allows customers to renew their motor insurance online. In the latter half of the year, Trinidad and Tobago experienced a strong earthquake and widespread flooding. While these acts of nature impacted the book of business negatively, it allowed

REPORT OF THE GROUP CHIEF EXECUTIVE OFFICER

TATIL the opportunity to respond promptly and proactively to its staff and clients and the Company received several commendations in this regard.

TATIL LIFE

TATIL Life's Gross Premium income was $166.43 million for the year. Annualised Premium Income increased by 22% while applications increased by 29%. Investment income surpassed target and ended the year at $119.1 million. TATIL Life's asset base grew by 5% over 2017 while its Agent sales force grew by 49% over 2017. The Company continued to expand its mortgage portfolio and increase market share as a mortgage provider to the public.

MEDIA, RETAIL & SERVICES

SEGMENTAL INFORMATION	MEDIA, SERVICES & PARENT COMPANY	
	DECEMBER 2018 ($000's)	DECEMBER 2017 ($000's)
Revenue Total gross revenue	1,104,387	1,037,285
Results Reportable segment profit before tax PBT / Revenue (%)	76,747 7%	89,218 9%
Net Assets Total Net Assets	3,361,102	3,291,438

MEDIA

Sector Head – A. Norman Sabga, LLD (Hon.) UWI

The Media Sector had a challenging year. Our core business of advertising revenue was impacted by the depressed economic environment, resulting in a significant contraction in advertising spend by businesses and state organisations. This was further compounded by global changes in advertising spend, as the digital market grows worldwide, advertising revenues from traditional media continue to shrink.

During the year, we continued our focus on enhancing the competitive appeal of our portfolio of brands in Print, TV, Radio and Digital to align with these changing consumer patterns. We continue to closely manage controllable expenses. Internally, we are still in a transitionary stage of implementing fundamental structural changes and developing new revenue lines through our multi-media strategy. We are midstream in this process of transforming our business from a traditional media house to a multi-media house.

We completed our 'Print Optimisation' plan with the implementation of AProfit and CProfit in 2018.

REPORT OF THE GROUP CHIEF EXECUTIVE OFFICER

This has increased business efficiencies, lowered operational costs, streamlined and integrated workflows and enhanced functionality to the Print Publishing Division.

Key strategic priorities in 2019 include improving content and customer service as well as investing in our people and information systems. These investments will position Guardian Media to provide new and creative product offerings to continuously differentiate itself as the market grows more competitive. We expect to be fully equipped for the digital media landscape by the latter part of 2019. Our investments in information technology, billboards and our people are expected to be fully deployed in revenue generation by June 2019.

Our bundled services offer our clients the right mix of platforms, incorporating all aspects of both traditional and digital media. Digital successes to date include wider reach to our audiences through 1.2 million connections daily. Overall, we can boast of creating more connections than any other Media house through our diverse brand portfolio of six radio frequencies, the Trinidad Daily and Sunday Guardian, fifteen digital billboards, a leading TV station and a growing digital portfolio.

BARBADOS & RETAIL

Sector Head – Nicholas V. Mouttet

The overall performance of our Barbados investments in 2018 was consistent with Barbadian macro-economic realities, with total top line coming in behind prior year by 9.52%. Consumer confidence was at an all time low as the population was faced with a general election, historic debt restructuring by the new Government, negotiations with the IMF, and resultant imposition of austerity measures, including hikes in both Corporate and Personal Income Tax Rates, Public Sector layoffs, imposition of foreign exchange taxes and restriction of hard currency liquidity. However, the Group views these adjustments as critical for Barbados' recovery. We are confident that these difficult and courageous decisions will auger well for the country and the Group's future return on its investments.

We already anticipate that 2019 will be much improved and business confidence restored. We look forward to the opening of Ross University, reversal of the Tax increases with Corporate Tax falling to a maximum of 5.5%, and the commencement of numerous large construction projects such as the first Hyatt Beach Resort and a 400 homes retirement community.

REPORT OF THE GROUP CHIEF EXECUTIVE OFFICER

The Group is poised and ready to capitalise on these opportunities.

Retail

The Retail Sector had a difficult year in 2018, driven by a soft economy in Trinidad and the austerity measures put in place by the Barbados Government.

The Group has taken advantage of low market activity to significantly invest in this Sector. We have undertaken a full program of refurbishing our retail stores, culminating in the opening of a Standard Megastore in Mount Hope in November 2018. We have invested in a new IT System, which will significantly revolutionise our customer experience across the Sector.

2019 looks very promising for this Sector.

PROCUREMENT

Sector Head – José Nivet

AMUS had good performance in 2018 and provided cost-effective logistics and procurement solutions to all Group sectors.

2019 puts an even sharper focus on service delivery and cost optimisation with the plan to expand our services to other third-party customers throughout the Region.

Alstons Shipping Performance 2018 – 2019 Plan

2018 was undoubtedly a difficult year as freight activity in Trinidad and Tobago continued to be negatively affected by reduced economic activity and limitations in foreign exchange availability.

ASL is in the process of restructuring its business model to offer all-inclusive door-to-door air and sea-freight logistical services. A new management team has been installed to deliver the new vision.

As we look to the future, our strategies and investments augur well for growth. The outlook is bright.

I wish to take this opportunity to thank our ANSA McAL family for their unstinting delivery, tenacity and resilience.

Andrew N. Sabga

Andrew N. Sabga
Group Chief Executive Officer

REPORT OF THE GROUP FINANCE DIRECTOR

WE CONTINUE TO FIND NEW GROWTH OPPORTUNITIES WHILST MAINTAINING HEALTHY MARGINS.

Revenue	Operating Profit	Net Profit Margin	Profit Before Tax	Net Assets	Dividend	EPS
$ Millions	$ Millions	Percentage%	$ Millions	$ Millions	$/share	$/share
6,385	1,056	11.3%	1,017	8,129	1.80	3.54
UP 2%	UP 6.7%	UP 1%	UP 5%	UP 3.4%	UP 20%	UP 12%

- Highest revenues in history. At $6,385 million up 2% from $6,244 (2017)
- Operating profit up 6.6% to $1,056 million from $990 million (2017)
- Profit Before Tax (PBT) up 5% to $1,017 million from $968 million (2017)
- Gross profit margin unchanged at 39%
- Exceptional Impairments and claims $62 million charge against profit
- Net profit margin% up to 11.3% from 10.4% (2017)
- EPS up 12% to $3.54 vs $3.15 (2017)
- Finance costs at $66 million v $49 million (2017)
- Total assets cross $15 billion up 6.5% from $14.3 billion, $349 million up 3.5% from 2017 ($13.9 billion)

To incur an impairment of a $62 million charge and still record a 5% earnings before tax growth is a noteworthy achievement; but perhaps what excites us the most is that we are capturing new growth opportunities faster than before and improving in our execution capability. Revenues for the period ended 31st December 2018, grew to $6,385 million ($6,244 million – 2017) representing a 2% increase over the previous year. This is a major growth milestone for us as it surpasses the previous peak established in 2013. The growth mandate and strategic direction set by the Group CEO back in 2017 is working.

REPORT OF THE GROUP FINANCE DIRECTOR

HIGHLIGHTS	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenue	4,985	5,329	5,052	5,048	5,267	5,892	6,218	6,105	6,215	6,001	6,244	6,385
Operating Profit	949	987	967	1,052	1,027	1,024	1,164	1,080	1,184	1,116	990	1,056
Finance Costs	138	137	122	112	111	97	47	41	47	42	50	66
Profit Before Taxation (PBT)	908	861	861	954	905	946	1,144	1,065	1,163	1,107	968	1,017
Earnings per Share	$3.53	$3.35	$3.36	$3.61	$3.46	$3.67	$4.31	$3.97	$4.45	$4.01	$3.15	$3.54

Manufacturing, Packaging & Beverage segment was up 12.2%; Automotive, Trading & Distribution and the Financial Services segments were on par with prior year whilst Media, Retail and Head Office was 13% down over prior year. All geographic territories, with the exception of Barbados, improved over the prior year:

- Trinidad & Tobago revenues up 2%
- Grenada revenues up 12%
- Guyana revenues up 6%
- Barbados revenues down 1%
- St. Kitts revenues up 8%
- United States revenues up 3%

The Group's blended gross profit margin was maintained at 39% despite upward pressure on the Trinidad & Tobago dollar and higher commodity raw material prices. This was due to improved operating efficiencies. Operating Profit (before share of associated company profit and finance charges), increased by 6.7% to $1,056 million. The operating profit margin to revenue also increased by 0.6% to 16.5%. This is a good result as it demonstrates that we are growing earnings faster than revenues due to better operating efficiency and cost management.

Expenses are managed whilst we grow the top line. Total expenses declined by 1% and that is after accounting for the impairments and exceptional insurance claims. The expenses to sales ratio was 22%, down 1.2% over the prior year and is trending in the right direction as we grow the business. The Group's philosophy is that growth related expenses are good and needs to be encouraged. Such expenses which are directly related to earnings growth include research & development; advertising & promotion and staff training. Other expenses fall in the indirect or 'overhead' category and are being managed down. Shareholders should note that as we acquire new businesses there may be a temporary dilution in this metric until the new business is integrated into the Group. Overall, there is room for significant improvement and this will contribute to additional earnings improvement in the future.

REPORT OF THE GROUP FINANCE DIRECTOR

Finance costs increased by 33% to $66 million with the interest cover at a healthy 16 times based on operating profit. As reported previously, our Group had enough Trinidad & Tobago dollar liquidity to acquire the three Berger companies in 2017 however the scarcity of foreign exchange resulted in us having to borrow. This contributed to an increase in finance costs relative to two years ago. The gearing ratio, as measured by the total debt to shareholders' equity, was 11.5%, improving 2% over the prior year. This is an excellent place to be and shows that we have a rich balance sheet which can be leveraged for a large acquisition.

Profit Before Tax improved by 5% to $1,017 million after the impairments of $62 million. The one off impacts that have temporarily diluted group results were:

- Barbados Impairments relating to the economy and debt - $42 million
- Trinidad flooding & earthquake gross claims of TT$20 million ($12 million net)
- The shortage of foreign exchange has impacted our trading results
- The Group is strong enough to withstand such shocks. Normalised for this, the core base profitability grew by 11.5% on a year on year basis

One important metric we look at is "core profit" which is a measure of how well the underlying base business is performing without the distortion of the mark to market unrealised gains or losses and special one off such as the earthquake and flood claims. The table below shows that core profitability grew by 16%.

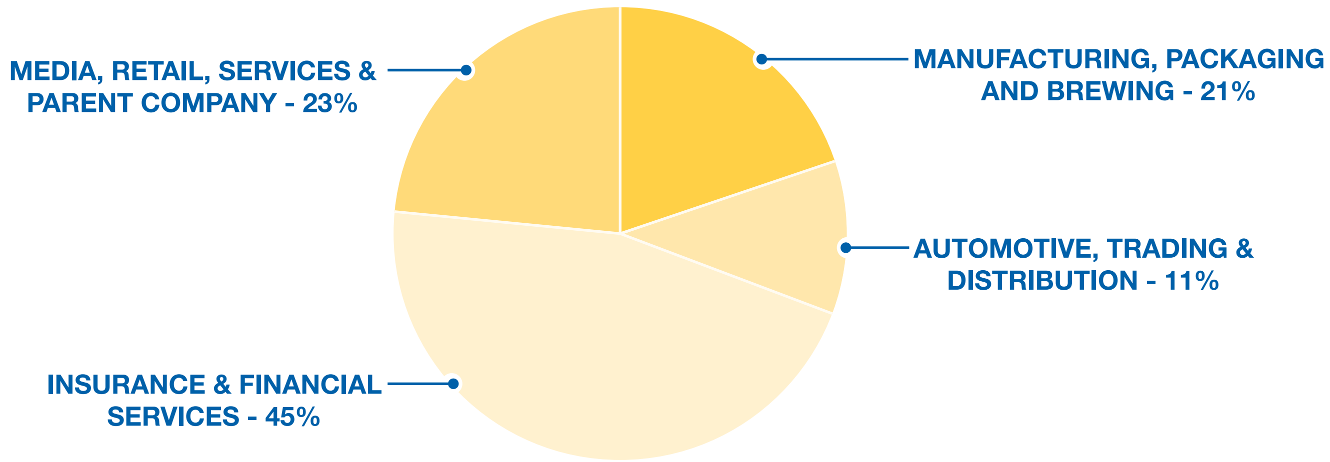
NORMALISATION TO CORE PROFIT PERFORMANCE	2018	2017	COMMENTS
Reported PBT	1,017	968	Reported growth 5%
Flood & Earthquake; exceptional claims	12	-	Net claims costs
Barbados Country impairments	42	-	Government restructuring and local economy
Unrealized non-cash (gains)/losses	17	(30)	Mark to market effects
CORE PBT – REFLECTS UNDERLYING BUSINESS GROWTH	1,088	938	CORE PROFIT GROWTH OF 16%

REPORT OF THE GROUP FINANCE DIRECTOR

Each business segment is in itself well diversified and balanced. We view performance through difference lenses and one of these is through four specific market segments. Capital is invested in each of these segments based on criteria set by the Executive Committee.

	MANUFACTURING, PACKAGING & TRADING	AUTOMOTIVE, TRADING & DISTRIBUTION	INSURANCE & FINANCIAL SERVICES	MEDIA, RETAIL, SERVICES & PARENT COMPANY
1. Grow Revenues (Millions)	**$2,609** (Up 7.8%)	**$2,515** (Flat)	**$845** (Flat)	**$414** (Down 13%)
2. Protect & Grow Margins	**19%** (Up 0.7%)	**7%** (Up 2%)	**31%** (Down 7%)	**18.6%** (Maintained)
3. Deliver Strong Profit Growth	**$498** (Up 12%)	**$177** (Up 42%)	**$264** (Down 15%)	**$498** (Down 14%)

The revenue distribution across these segments is shown below.



Manufacturing, Packaging and Brewing: This segment is in-itself well diversified and balanced comprising the manufacture of plastics; glass containers; safety marches; bleach; paint; construction supplies and brewed and non-brewed products. Total assets invested was $3,252 million ($3,158 million – 2017) across a range of economies such as Trinidad & Tobago; Florida; Jamaica; Grenada; Barbados and St Kitts. The segment generated revenue growth of 7.8% to $2,609 million ($2,421 million - 2017) and PBT increase of 12% to $498 million ($443 million – 2017). The blended profit margin was 19% up 0.7% from the prior year. Finance costs incurred was $10 million ($9 million – 2017) primarily due to the US dollar loan to fund the Berger Paints acquisition. All plants have surplus productive capacity and the ability to ramp up

REPORT OF THE GROUP FINANCE DIRECTOR

production at marginal cost. The largest cost is labour which has been growing faster than profitability and has eroded margin with declining productivity. The recently implemented single ERP platform across this segment will allow for greater insights into the operating margins of the business as well as offer synergies for common transactional processing across the segment.

Automotive, Trading & Distribution: This segment includes the automotive and distribution business in Guyana, Barbados and Trinidad & Tobago. Total assets invested were $1,664 million ($1,473 million – 2017) with revenues generated of $2,515 million ($2,506 million – 2017) and PBT of $178 million ($125 million - 2017). PBT grew by 42% with blended profit margins at 7%; up 2% percentage points from the prior year. This is the first full year of establishing our vehicle rental business in Barbados and so far results have exceeded expectations. We have approved a warehouse expansion project in Guyana to support our growth. The Automotive business was particularly adversely impacted due to the difficulty in sourcing foreign exchange. Additional credit terms were negotiated with our Principals and we are managing the relationship.

Insurance & Financial Services: This segment includes life insurance, property & casualty and merchant banking. Revenues were maintained whilst PBT declined by 15% due to the impacts of the exceptional insurance claims due to the earthquake and flood as well as the impairments driven by the Government imposed debt restructuring in Barbados and the economic situation in that country. The financial and operating metrics are excellent. In 2018, A.M. Best has affirmed the Financial Strength Rating of A- (Excellent) and the Long-Term Issuer Credit Rating of "A-" for TATIL. The ratings reflect TATIL's balance sheet strength, which A.M. Best categorises as strongest, as well as its strong operating performance.

Media, Retail, Services & Parent Company: This segment reported revenues of $414 million ($476 million – 2017) and PBT of $77 million ($89 million – 2017). Guardian Media continues on its multi-year turnaround plan. Two years ago, we recognised that the structure of the organisation was not appropriate to achieving sustainable long term growth and we commenced a series of changes which have started to improve our results. These include the print optimisation project which improved operational efficiency and costs; the ongoing implementation of a new business system; circulation of the Guardian newspapers is up 35% and overheads have been reduced. Cash generation continues to be strong. This is a major transformational event for the business which will take time; in the interim, losses have been incurred and we have decided to reduce the dividend until profitability is returned.

Also in this segment, there were one off costs of $22 million relating to higher demurrage; port rent and inventory losses which will not re-occur. We have identified the root cause and have implemented solutions. The share of profit from associated companies was unchanged at $27 million ($27 million - 2017). In addition, the Group's Treasury function generated $16 million in third party income, more than in the previous year despite depressed interest rates. Overall, we recognise that this segment has underperformed and have confidence that the action plans are working. We see significant growth over the next three years.

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We have a strong regionally diversified portfolio; our overseas territories have been growing at a faster rate than Trinidad & Tobago:-

Guyana

Revenues increased by 6% whilst net assets also increased by 10% to $75 million ($67 million - 2017) as the local business continues to expand and as profits continue to be re-invested. 2018 was the first full year of operations for our automotive business and we have plans to expand into other market segments over the next two years. Our Distribution business continues to perform well and growth has necessitated expansion of the existing warehouse facility which will be completed in 2019.

Barbados

Revenues declined by 1% as this country continues to face economic hardship with severe austerity measures being imposed by the Government. As reported previously, this country has not delivered adequate returns to the Group for several years and this has been further impacted by the foreign exchange control and an increasing shortage of hard currency availability which make doing business more difficult. Total impairments due to the Government restructuring of debt and the economic situation were $42 million. On the positive, the Government reduced the rate of corporation tax from 25% to a progressive scale with a cap at 5%. We view this as positive and will improve this country's competitive advantage over the other CARICOM territories. We believe that Government's action, whilst it adversely impacted our Group's profitability, is required in the best interest of that country. Greater focus now needs to be placed on improving the ease of doing business in Barbados by lifting foreign exchange control. This will increase the attractiveness of Barbados as an investment destination. Despite the losses incurred in this country, we believe that this is a good place to invest long term.

St. Kitts

Revenues grew by 6% with net assets invested of $40 million with consistently improving returns each year. Our brewery has high efficiency levels and surplus productive capacity which positions it well to handle any external competitive threats.

Jamaica

Revenues reported were $145 million driven by Berger Paints Jamaica Limited. This is our second full year with this brand in the Group's portfolio. ANSA McAL owns approximately 54% equity share of this business. In 2018, the Penta brand was introduced into the market and the business is well poised to compete at all levels of the market from premium to economy.

Grenada

Revenues improved by 12% and is the largest increase recorded by any of the territories. The operating businesses are paint manufacturing and brewery/ distribution. Our brewery has high efficiency levels and surplus productive capacity which positions it well to handle any external competitive threats. We are also evaluating ways to further reduce the cost of supply. We have a high level of commitment to build local content and capability.

USA

Operating businesses include our procurement/ logistics hub as well as brewery. Revenue grew by 3% whilst net assets increased by 3% to $322 million. Indian River Brewing Company (trading as the Florida Beer Company - FBC), which was acquired in 2016 is

REPORT OF THE GROUP FINANCE DIRECTOR

performing well however returns continue to be low given the long cycle time to acquire scale but we are confident that this business will generate the minimum benchmark returns. We are excited about the new distribution agreement which has the potential to accelerate volumes in second half of 2019.

Trinidad & Tobago

Our net asset investment is $6.7 billion with revenue improvement of 3% year on year. This country has been the Group's largest market however over the years we have increasingly invested more capital overseas and are becoming increasingly more diversified. There has been a greater thrust to diversify the portfolio over the years and I am pleased to note that all of our overseas businesses, with the exception of Barbados, have been growing revenues and profitability. The continued shortage of hard currency has adversely impacted our ability to trade and our costs of sourcing currency have also increased.

Taxation and Effective tax rate: In 2018, the Group paid $329 million ($297 million – 2017) in taxes including corporate taxes, business levy and green fund levy across all jurisdictions in which we are resident. Over the past 5 years, total taxes paid was in excess of $1 billion. The Group's effective tax has increased over the years together with increases in green fund levy and business levy. Offsetting this is the recently announced reduction in corporate taxes in Barbados where the statutory tax rate was reduced from 25% to a maximum of 5.5% on a sliding scale basis. Whilst we take great pride in the Group's level of compliance, the Trinidad & Tobago high tax rate is creating a competitive disadvantage when compared to other jurisdictions. We will continue to maintain compliance whilst working with Industry and Government to achieve a reasonable balance of economic returns.

The balance sheet is being optimised and used as leverage to acquire new opportunities. Total assets grew to over $15 billion; an increase of 6.5% over the prior year with approximately 58% all after tax earnings reinvested into the business to fund future expansion. We are on the journey to optimise the existing assets which we expect will yield another quarter of pure operational performance each year. We refer to this as the "5th quarter". We are also using our balance sheet to accelerate our acquisitions. Over the past several years we acquired: Standard Distributors; EASI; Florida Beer; Trinidad Aggregate Products (March 2019); Berger Paints (Trinidad, Jamaica, Barbados) and TWEE. The incremental revenues from these acquisitions will surpass $500 million at good margins, as well as provide access to hard currency in the future. The benefits from Florida Beer are expected to be fully derived in the 2-3 year timeframe whilst the Berger synergies will kick in from 2020 as we continue to integrate and drive performance.

I am pleased to report that all balance sheet metrics are rock solid. I confirm that all regulatory and solvency ratios are adequate - post the payment of any dividend for the Group including the other publically listed entities of ANSA Merchant Bank and Guardian Media Limited.

Risk is managed through the Subsidiary Boards with monitoring at the Corporate Head Office level. As reported previously, we define "Risk" as anything that causes a deviation to our Plans and which can potentially impact the Group's reputation, HSE and financial performance. The Group's risk profile has changed. There are now four important risks which we face and which could impact on the Group's earnings.

REPORT OF THE GROUP FINANCE DIRECTOR

The first major risk is that of hard currency availability and pricing – this is the biggest risk impacting the Group's ability to grow and has increased the costs of imports. The Group has positive long standing relationships with its Principals and have negotiated favourable credit terms and this has assisted in managing the current situation. In Barbados, there has also been some constraints in securing US currency. We have the currency (in Trinidad & Tobago dollars) to consummate almost any transaction or acquisition, however this situation has forced us to borrow and has increased the cost of doing business.

The second is Country risk. With the recent Government of Barbados restructuring, which impacted earnings significantly, we need to be more vigilant in transactions with regional governments. From a cash flow standpoint, this impact will be offset in part by the reduction in corporate tax rates. We continue to work collaboratively and support all governments and the countries which we operate in and will increase our monitoring of the economic climate. We, as a Group, take seriously our compliance with the respective laws of every territory we conduct trade with and now need to factor in the growing country risk into our future investment planning.

The third risk is around illegal imports and parallel trade which impacts local content and employment. We have had to actively engage stakeholders to help contain illegal imports; dumping and contravention with local labelling standards. Such imports do not just impact the growth of the Group but also the activity evades the tax net and is a source of revenue leakage for the host government. We are working with regional Governments to introduce greater enforcement and/or regulatory change as necessary.

The fourth is that of cyber-crime. This risk is now prolific across the region. We have strengthened our controls around cash and tightened our monitoring of processes.

There are other risks which can impact the Group and in all cases there are mitigation actions. Such risks include Interest Rate, Liquidity and Investment & Credit risks.

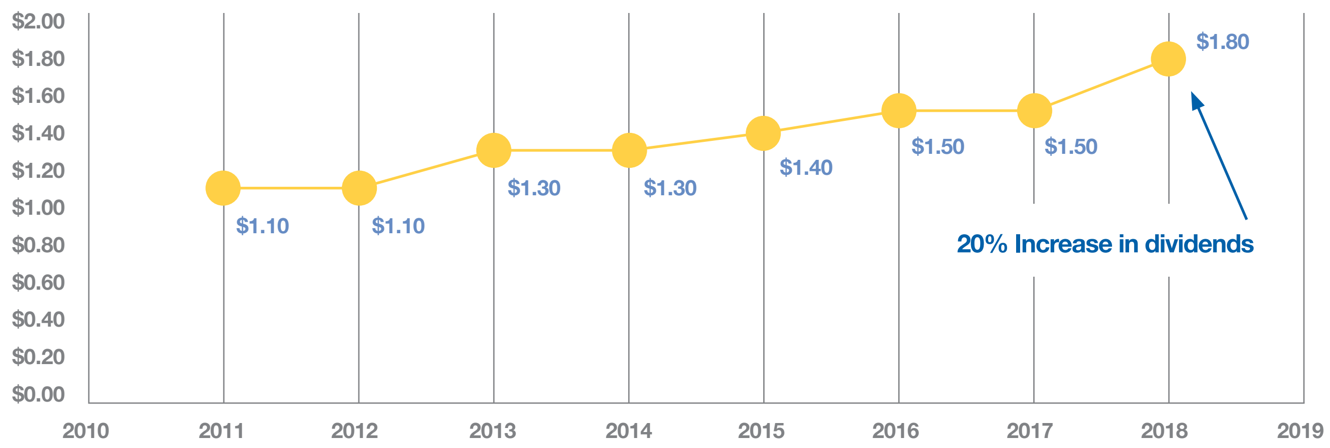
At ANSA McAL, Governance is just as important as earning money. We never compromise and must do both. For the past 138 years, our reputational brand and values as an organisation govern how we behave and conduct business regarding all 6,000 employees across the region and this is why we have a restless pursuit to do even better each year.

In 2018, we had over 116 internal audit reviews across the Group in addition to the external statutory audit. Each review is designed to identify system deficiencies and to help improve business processes and efficiency. Our operating businesses have strong boards of directors who provide constructive challenge to subsidiary management and active audit committees. The Board of Directors for the Group has eminent non-executive directors as is the case in many of our subsidiaries.

We increased dividends by 20% reflecting the current performance as well as our confidence in the future. Delivering shareholder value is a role we take seriously and 20% is a serious number. In fact, since 2014, dividends increased by 38% over the 4 year period. Your Directors have decided to increase the final dividend by $0.30 to $1.50 per share ($1.20 - 2017). Together with the interim dividend of $0.30 per share ($0.30 – 2017), this brings the total dividend to $1.80 per share ($1.50 per share - 2017). This represents 42% of total after tax profits. **Over the past 5 years the Group paid out over $1 billion in dividends to its shareholders.**

REPORT OF THE GROUP FINANCE DIRECTOR

- **Dividend increase of $0.30 cents to $1.80 for 2018**



We are refining the way we think and manage the business. We realised that our core businesses are performing at 75%. This means room for more growth at high profit margins in areas we are well familiar with. This is exciting for us as it represents a huge growth opportunity for us requiring minimal level of capital. We are finding new and innovative ways to access the market. For example, the integrated plastics and glass containers approach to marketing; changing the way we market media content; increasing throughput on our online ABS shop; we are inventing new products from existing plant & machinery; we closed two businesses, which did not meet the Group's minimum financial performance criteria; created a new sector – Construction – to add greater focus to this market segment; and substantially completed the new business system implementation in beverage and manufacturing. There is much happening to simplify the way we work and to support our people in delivering strong revenue growth.

Finally, overall, the Group's portfolio is well diversified with business concentration in high growth, good margin markets. In every business line and in every geographic territory we are a major industry supplier with deep insights into our customer, channel and market requirements. We are performing at 75% and still delivering growth. Imagine the possibility when we arrive at optimal efficiency. We are actively chasing selected acquisitions which add shareholder value. We will continue on the pathway to reduce overheads and we must find a way to manage the foreign exchange situation which is constraining us.

ANSA McAL was born in this Region and we have been serving the region for over 138 years. It is unfortunate that we continue to fight against illegal foreign imports and parallel trade and this is not just a Group issue. It is a regional issue. We will be working harder with government agencies and corporations to unite the Region against unfair trading practices and to build sustainable local content.

It is therefore not surprising that our corporate slogan is "Together we are Family". Our commitment is to remain here and to do what we can to unite the Region. As a family we need to rise together and that's our commitment to the peoples of the Region.

I most respectfully submit my report.

Aneal Maharaj

Aneal Maharaj
Group Finance Director

REPORT OF THE GROUP HUMAN RESOURCE DIRECTOR

Building exceptional talent through exceptional leadership is a key strategic pillar and the year 2018 saw great progress for the Group's strategic HR delivery.

We also continued with the restructuring initiated in 2017 and secured the anticipated benefits arising out of these difficult decisions. The restructuring has provided a tighter base for growth and, even though the regional economy remained challenging, recovery is evident.

LEADERSHIP CAPABILITY & CAPACITY

Executive Compensation Redesign

In 2018 the Group engaged the international compensation experts, Korn Ferry, to review its executive compensation structures. It also implemented an interim Executive Incentive Plan (EIP) for 2018, whilst the review was being completed. Korn Ferry conducted a detailed enquiry into the Group's Strategy, subsidiary corporate plans, compensation approach and policies, along with three-year compensation histories of all Executives. A representative sample of our high-performing executives was also interviewed to ascertain their views on the reward program and its alignment to organisation values. At the end of the enquiry, Korn Ferry was able to assess the Plan's overall effectiveness against its design parameters, notably its performance metrics, payout levels, design elements, and return on investment.

In summary, Korn Ferry found that the Group's short-term leadership incentivisation was highly competitive globally, but that there was scope to augment its long-term incentivisation. This has led to a redesign of the EIP, which was rolled out in January 2019 for a 2019 financial year implementation.

Talent Delivery

In building its leadership competence, the Group is moving away from perception-based talent decisions to data-driven analysis. Though it is clearly impossible to avoid human judgment when dealing with people-related matters, it is critical that decision-making is demonstrably reliable, transparent and rational. The Group embarked on tracking talent analytics a couple of years ago and continues to fine-tune its approach.

REPORT OF THE GROUP HUMAN RESOURCE DIRECTOR

The data captured below demonstrates that our talent management processes are sound and improving, but it also shows that further work is required:

TALENT MANAGEMENT PROCESS	HR PERFORMANCE MEASURE	HR TARGET	HR PROCESS PERFORMANCE ATTAINMENT 2017	HR PROCESS PERFORMANCE ATTAINMENT 2018	HR PROCESS PERFORMANCE 2018 VS 2017
Talent Acquisition	Average Time to Hire	Stretch target of 70 days	81 days	60 days	26% improvement
	New Employee Turnover Rates (i.e. staff hired within the past 2 years)	International benchmark of 15%	12%	18.25%	52% decline
Talent Deployment	Employee Turnover	International benchmark of 15%	10%	4.75%	53% improvement
	High Performer Turnover	International benchmark of 15%	5%	2%	60% improvement
	Employee Engagement Rating (Pulse Surveys)	Stretch Group target of 75%	62%	69%	11% improvement

The critical priority area is the turnover of newly appointed staff (i.e. staff with less than 2 years in the Group). This was most marked in our Financial Services Sector, Distribution Sector and US operations. Though high performer and general retention are excellent, new employee turnover does suggest that we need to review our recruitment and deployment practices in these sectors.

We were pleased with the improvement in **employee engagement ratings.** We attribute this marked improvement to our implementation of the employees' recommendations arising out of our series of Group-wide post-survey focus groups and communications. Globally, employee engagement ratings are below 30%; while ANSA McAL far exceeds these levels, we remain committed to realising further improvements and hitting our internal 75% overall engagement rating benchmark. It is worth noting that both the Group's Head Office and Distribution Sector have attained overall engagement scores of 77%.

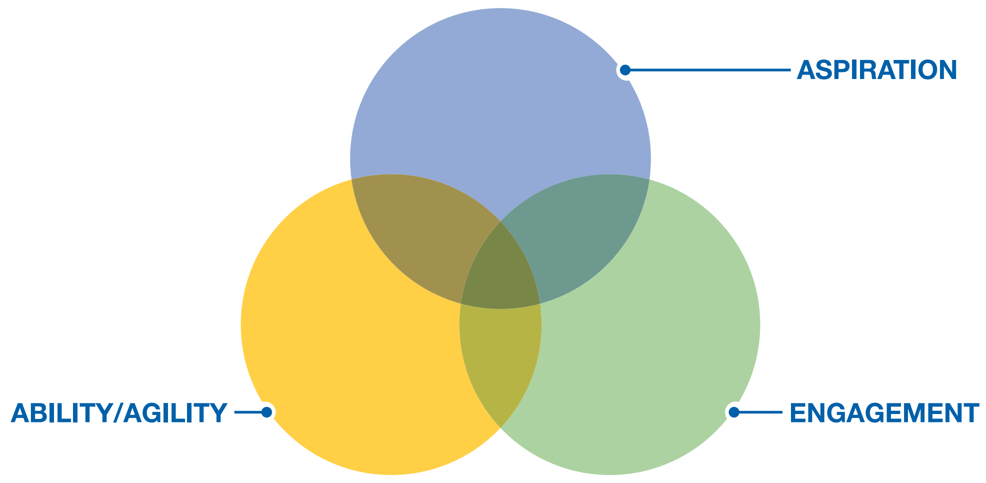
The **Talent Calibration** process was introduced to the Group in mid-2018 as a formalised approach to defining and identifying our High Potentials, Leadership Critical Successors and High Performers. All subsidiaries have now been calibrated and talent pool members have been assessed.

In 2018 all Group Talent Managers and Sector HR Managers were professionally certified in Thomas International psychometric assessments as a basis for talent acquisition, deployment and development. Psychometric assessments are well established as part of the recruitment process. Now the Group is also better equipped to match a current employee's personal and inter-personal competencies to specific job requirements and to focus developmental interventions as a key part of our leadership-critical succession planning.

REPORT OF THE GROUP HUMAN RESOURCE DIRECTOR

Continued membership of the talent pools will be validated through an annual exercise, the first of which is scheduled for mid-2019.

TALENT POOL VALIDATION PROCESS



TALENT POOL MEMBERSHIP CRITERION	ASSESSMENT INSTRUMENT	ASSESSMENT OBJECTIVE
Aspiration	Predictive Assessment	Does the individual WANT to rise to senior roles? Is the individual motivated to do so? This removes the common error of promoting a person who is a high performer in their current role, but doesn't desire increased accountability.
Ability	Technical & Cognitive Assessments	CAN the individual be effective in more responsible and senior roles? Does the individual have the aptitude for greater role complexity, heterogeneity and decision-making?
Engagement	Commitment Assessment	Is the individual committed to the Group? Are they engaged in the Group's long-term success?

REPORT OF THE GROUP HUMAN RESOURCE DIRECTOR

Talent Pipelines

In view of our ambitious growth targets, feeding our talent feedstock remains a priority.

Cohort 3 of the **ANSA McAL EMBA Programme** was selected. Thirteen candidates across the Group were chosen coming out of the Talent Calibration sessions and the programme was formally launched with the Arthur Lok Jack Global School of Business in January 2019.

The **Champions Programme** for Cohort 2 ended in August, 2018. Each of the Champions was placed in permanent roles within the Group. Recruitment for Cohort 3 was completed in December 2018, with a start date of January 2019.

In 2018 we launched the **ANSA McAL Leadership Programme**. Unlike the Champions Programme, the target was not recent graduates, but high potential professionals with 3-5 years post-graduation experience. It was highly competitive and though the response was overwhelming with over 400 applicants, the Group selected only four candidates (less than 1% of all applicants). They have been placed at Head Office, Media and Beverage.

INDUSTRIAL RELATIONS REFORM

It was with great pleasure and honour that one of our main subsidiaries, Carib Brewery Limited, received the prestigious 2018 Employer of the Year by the National Union of Government & Federated Workers (NUGFW) for a second time in its history.

In spite of the prevailing Industrial Court's treatment of retrenchment cases, the Group secured a tremendous victory in relation to the retrenchment of 41 out of 42 workers at Carib Glassworks Limited. In the absence of published statistics from the Industrial Court, our records tell us that this is the first retrenchment-related success outside of the Industrial Court's Essential Services Division that has been determined in the past three years. Tighter dispute and case management generally meant that we only had one Industrial Court award of note against a Group company in 2018, with a value totalling less than 5% of the total 2017 judgments.

However, the reality remains that in 2018, Trinidad & Tobago was ranked as the lowest country (out of 140 countries) for cooperative labour relations in the Global Competitiveness Index. This is concerning because in 2017 it was the second lowest, ranking 136th out of 137 countries, which means that we are seeing an even further decline in this parlous situation. In spite of productive working relationship gains at an individual company level, Trinidad and Tobago's employers are inevitably uncompetitive within the global economy.

REPORT OF THE GROUP HUMAN RESOURCE DIRECTOR

Absenteeism remains comparatively high in our unionised workforce, trending at 5-10% for unionised Trinidad & Tobago workers, versus 3% for non-unionised Trinidad & Tobago employees, less than 3% for employees in the Eastern Caribbean (irrespective of union membership) and around 1% for our US-based workers. Productivity is also sub-optimal.

As discussed in previous annual reports, the Group remains committed to leading the Joint Chambers Committee for Industrial Relations Reform. The Joint Chambers takes a wide view of productive employee relations and during 2018 it extended its detailed legislative review and recommendations to include the Trade Union Act (which provides for union governance), the Occupational Safety & Health Act, and the Basic Terms & Conditions of Employment. The Group was also instrumental in leading the Trinidad & Tobago Chamber of Industry & Commerce's Industrial Relations Symposium, which brought together a number of HR and IR practitioners across the country to map a vision for productive and enriching working relations. In 2019, the focus will be increasingly on employer support for its employees who are the victims of gender-based domestic violence.

HSE EVOLUTION

The Group continues its HSE journey and, though there is a distinct trend of overall improvement, it is not without its setbacks.

HSE KEY PERFORMANCE INDICATOR	2018 ATTAINMENT	2017 ATTAINMENT	2018 VS 2017 IMPROVEMENT RATE	2016 ATTAINMENT	2016 VS 2017 IMPROVEMENT RATE	2016 VS 2018 IMPROVEMENT RATE
Number of Lost Time Incidents (LTIs)	4	5	Reduction of 20%	9	Reduction of 44%	Reduction of 56%
Cost of LTIs	$100,000	$82,000	Increase of 22%	$166,000	Reduction of 51%	Reduction of 40%
Number of Lost Work Days	334	79	Increase of 322%	168	Reduction of 53%	Increase of 99%

Though we continue to bring down our LTIs across the Group year-on-year, the value of the LTI cost reductions declined in 2018 and the overall number of work days lost nearly doubled between 2016 and 2018. This was all due to a single incident involving a serious hand injury, which accounted for 221 (66%) of those Lost Work Days. This incident highlighted the need for a targeted HSE intervention and more efficient HSE data management.

REPORT OF THE GROUP HUMAN RESOURCE DIRECTOR

Hand Safety Campaign

The launch of the hand safety campaign was triggered by the serious hand injury and the fact that over the period 2013-2017, hand injuries accounted for 44% of all reported types of injuries. The campaign was designed to raise awareness around hand safety in the workplace and promote a better culture and entailed an artwork and slogan competition throughout the Group. The competition was launched in July and, based on overwhelming feedback, was extended to October. There were over two hundred entries received and it was with difficulty that twelve finalists were selected in both categories. The campaign culminated in an awards ceremony being held at the ANSA McAL Oval booth in November where the three winners for each category were chosen. The winners received a 60" Smart TV each for their artwork and $1,000 cash for their slogans. The twelve final posters and slogans were incorporated in a 2019 calendar and the artwork is on tour around all Group facilities. This initiative continues to receive very positive feedback Group wide.

Since the launch, hand-related injuries have declined by 80% from 5 in 2016 to 1 in 2018. We continue to drive a culture of awareness.

Development of HSE Software

The design and execution of the HSE tracking software is a particular triumph.

Realising that the Group needed real-time accident reporting data as an essential part of successful case management, one of the HSE team members, Lester Thomas, proactively sought to design a solution. He used his professional expertise to identify the necessary functional requirements and his proactivity to engage a young IT intern to develop the solution. Together, without any additional IT or capital investment, they made it a reality. The young intern has now joined our Champions programme.

The benefits of the software are:

- Maintenance of HSE standards
- The creation of a single central storage for all HSE information
- Reduced manhours spent doing paperwork (running queries, reports and dashboards)
- Standardisation of processes through electronic forms
- The creation of a collaborative platform with real time capabilities

The software was launched in the first quarter of 2019.

REPORT OF THE GROUP HUMAN RESOURCE DIRECTOR

As always, I remain grateful to my HR and HSE teams across the Group and to the collaborative relationships amongst our executives, and especially the support from our Group Corporate Communications team, in taking our ANSA McAL family from strength to strength.

Teresa White

Teresa White
Group Human Resource Director

INDIAN RIVER BEVERAGE CORPORATION, FLORIDA

ANSA McAL U.S. announced its stock purchase acquisition of Indian River Beverage Corporation (IRBC), which operates the Indian River Brewery under Florida Beer Company in central Florida. The acquisition of IRBC marked ANSA McAL's first purchase of a private brewing production facility in the United States.

"The milestones attained by Carib Brewery through the abundance of heritage and quality, have earned us the distinction of bringing quality life to the Caribbean diaspora and beyond. We are proud of our local roots and enthusiastic at the prospect of this new addition to our three other breweries located in Trinidad and Tobago, Grenada and St. Kitts and Nevis."

- Mr. Anthony N. Sabga III, Chairman,
Caribbean Development Company Ltd.

CORPORATE SOCIAL RESPONSIBILITY

> *Family isn't defined by last name or blood. It is defined by commitment and by doing what we say we are going to do.*
>
> \- **Mr. A. Norman Sabga, LLD (Hon.) UWI**
> **Executive Chairman,**
> *ANSA McAL Group of Companies*

JANUARY

Imani Hannah Whiskey-Chuma, from Bishop's High School, Tobago was the winner in the age 15 category of the Berger Paints "Protecting Our Environment For Future Generations" poster competition

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2. Alstons Marketing Co. Ltd. (AMCO) hosted the launch of the Campari Activation
3. ANSA McAL Trading Ltd. (AMTL), Guyana won the 'Fabric Care Challenge' award for the Latin American and Caribbean Developing markets
4. Standard Distributors Ltd. (Barbados) introduced its shoppers to Ultra Violet, an intriguing purple hue through room design concepts and home decor

FEBRUARY

The winner of Standard's Rollback Christmas promotion was presented with keys to a new Honda City CNG

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2. Over one hundred employees were honoured at Carib Brewery Ltd. and Carib Glassworks Ltd. Long Service Awards ceremony

3. The ANSA McAL Group participated in the Energy Conference and Trade Show hosted by the Energy Chamber of Trinidad and Tobago

4. Caribbean Development Company Ltd. donated computers to the Heroes Foundation

MARCH

The 'We ANSA Women' initiative was launched on International Women's Day

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2. McEnearney Quality Inc. (MQI) Barbados was awarded the regions best After Sales Service Improvement for Mazda

3. ANSA McAL supported the Rotary Club of Port of Spain – West Poor Man's Dinner and Dance aimed at improving literacy

4. The ANSA McAL Foundation sponsored specialised wheelchair adjustable desks for the differently-abled students of Tranquility Government Primary School

MARCH

A Careers page was generated on the website for talented persons to discover career opportunities within the Group's business sectors

Jamaica's Berger Team participated in one of the largest charity events in Jamaica to provide vital support for children

ANSA McAL's Financial Services Sector participated in the 2018 CARIFIN Games

APRIL

ANSA McAL reported an after-tax profit of $647.9 million for the period ended December 2017

ANSA Merchant Bank Ltd. (AMBL) reported profits before tax of TT$314 million for the period ended December 2017

Group companies received recognition for an outstanding 2017 year-round performance

ANSA McAL Trading (Guyana) Ltd. celebrated employees attaining 5, 10, 15 and 20 years of service to the company

APRIL

The Group sponsored history books for inmates of the Port of Spain prison

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2. ANSA McAL was one of over forty businesses that participated at UWI's World of Work (WOW) annual recruitment fair

3. In recognition of Administrative Professionals Day, ANSA McAL Executive Assistants received Covergirl cosmetics, distributed by AMCO, which included a make-up tutorial

4. Cases of Smalta were donated to the United Pentecostal Church's Sports and Family Day

MAY

The Anthony N. Sabga Caribbean Awards for Excellence was held in Jamaica for the first time in its history

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2. Agents of TATIL and TATIL Life were honoured at the annual agents' awards ceremony entitled "Pinnacle of Success"

3. Berger Paints Jamaica Ltd. (BPJL) hosted its Annual General Meeting at the Courtleigh Hotel in Kingston

MAY

TOMCO golfers promoted fair play and sportsmanship at the Prime Minister's 22nd Annual Charity Golf Classic Tournament

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2. DuPont Brazil certified ANSA McAL's HSE team at the Technical Seminar for Thermal Protection, in Paulina Brazil from the 17TH-18TH May 2018
3. Guardian Media Limited generated TT$19 million in operating cash, while total assets amounted to TT$354 million

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JUNE

New recruits from various Sectors were offically welcomed to the ANSA McAL family

For the fifth consecutive year the Group's revenues exceeded TT$6 billion

ANSA Merchant Bank was the largest revenue earner for the Group, accounting for about sixty two percent of all revenue

ANSA McAL Foundation disbursed grants in the sum of TT$114,760

JULY

Nelson Street Boys' RC School – Camp Dream – received art supplies from the Group

ANSA McAL's Beverage Sector hosted its annual Smalta Children's Camp at CDC for children of employees

ANSA McAL Trading (Guyana) Ltd. sponsored a literacy summer camp for children in Region Four, Demerara-Mahaica

"STRONGER TOGETHER" GROUP LONG SERVICE AWARDS

The ANSA McAL Group celebrated over ten thousand, six hundred and sixty years of collective service in the Automotive, Beverage, Construction, Distribution, Financial, Manufacturing, Media, Retail and Services Sectors

Awardees in the 25-year Category

Awardees in the 30-year Category

Awardees in the 35-year Category

Awardees in the 40-year Category

AUGUST

The ANSA McAL Group released results for the six months ending June 30 and declared a profit before tax of $454 million

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2. The Group, through its flagship company, Carib Brewery Ltd., gifted the nation with a free concert at the Queen's Park Savannah, on Independence Day

3. BURMAC, a division of ANSA Motors, made strides in new markets with HYSTER's Material Handling Equipment

4. Employees throughout the Group displayed pride and passion on Emancipation Day dressed in beautiful and festive African attire

5. The Group Human Resources Department represented ANSA McAL at the SBCS Employment and Career Fair

ILLUMINATION FIREWORKS

For the second successive year, ANSA McAL presented Trinidad and Tobago with ILLUMINATION fireworks at the Queen's Park Savannah and San Fernando Hill

SEPTEMBER

Standard Distributors Ltd. launched a new IT platform to enhance the experience of their customers

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2. Carib Glassworks unveiled its new Narrow Neck Press and Blow (NNPB) production line
3. Europcar Trinidad and Tobago, operated by ANSA Rentals, sponsored all ground transportation for the International Women's Forum (IWF) Barbados delegation
4. SEA students of employees of ANSA Coatings Ltd., through the Secondary Entrance Assessment Scholarship Program, were given grants to assist them in acquiring school supplies

Carib Glassworks Ltd. partnered with SWMCOL to participate in the International Coastal Cleanup

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6. ANSA McAL supported the talent of Marvin Hamilton in the Trinidad and Tobago Photographic Society 2018 Photo Contest and Exhibition
7. TATIL Insurance sponsored the International Finance and Accounting Conference, the largest annual forum of accounting and finance professionals
8. Young triathlete, Troy Llanos received sponsorship for the CARIFTA Triathlon and Aquathon

OCTOBER

ANSA McAL's Executive Chairman, Mr. A. Norman Sabga, LLD (Hon.) UWI, accepted a Lifetime Achievement Award from the TTMA on behalf of the late Dr. Anthony N. Sabga O.R.T.T.

Carib Glassworks Ltd. was awarded Large Manufacturer of the Year 2017 from the TTMA

Carib Brewery Ltd. introduced Caribé Hard Cider to their arsenal of products

ANSA Automotive conducted Fire Safety and Disaster Preparedness Training with the Pranava Educational Institute

PUTTING OUR FAMILY FIRST

The Group responded to the needs of our employees after the catastrophic flooding in East and Central Trinidad. Care packages and mattresses were distributed at Alstons Shipping Ltd. warehouse facility in Chaguanas

OCTOBER

TATIL stood in support of raising awareness about cancer with their 'pinkification' initiative

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2. The Group participated in the Scotia Bank Women Against Breast Cancer 5K
3. ANSA McAL and Debbie Jacob partnered to influence positive change within the prison system
4. Standard Distributors Ltd. sponsored prizes in support of the Just Because Foundation Annual Kiddi K-Children's Walk Against Childhood Cancer
5. ANSA McAL (Barbados) Ltd. was part of an initiative to create 28 additional day care spaces for the Parent Education for Development in Barbados (PAREDOS)

NOVEMBER

ANSA Motors copped AMCHAM T&T award for 'Most Improved HSE Performance'

Shubh Deepavali from the ANSA McAL Family

AMCO donated TT$1.00 for every can of Brunswick products sold during the month of October to the Trinidad & Tobago Cancer Society

ANSA McAL Ltd. participated in GML's Naya Jyoti (New Light) Festival at C3 Centre

NOVEMBER

The Group supported Arrive Alive's World Day of Remembrance for Road Traffic Victims

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2. Local soca star and X-Factor contestant Olatunji "Ola" Yearwood, signed on as the official brand ambassador for Carib Brewery Ltd.

3 Caribbean Development Company (CDC) ruled at the ANSA McAL Group 'All Fours' Tournament

FLOOD RELIEF TELETHON

Guardian Media Ltd.'s Flood of Relief Telethon raised approximately $300,000 in pledges for persons affected by the devastating floods

DECEMBER

Mr. & Mrs. Santa Claus left the North Pole to spread some warm Christmas cheer during Grand Bazaar's Christmas promotion

Carib Brewery was awarded NUGFW 2018 Employer of the Year

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2. ANSA McAL (US) celebrated Thanksgiving with their annual potluck dinner
3. ANSA McAL's HSE Hand Safety Art and Slogan Competition winners were announced at an event in the Group's Hospitality Box
4. Sixty-five (65) employees from across the Group received over four hundred and thirty thousand dollars ($430,000) worth of Group Vouchers to assist them in rebuilding their homes after the devastating floods in Trinidad
5. Abel Building Solutions (ABS) spread Christmas cheer to the Jayalakshmi Children's Home in Longenville, Chaguanas

The ANSA McAL Foundation disbursed $245,000 in donations to nine recipients for a range of activities from academic research to film archiving

A very Merry Christmas and a Happy New Year from the ANSA McAL Family!

BERGER PAINTS, JAMAICA

The ANSA McAL Group completed its acquisition of Lewis Berger Overseas Holdings (LBOH).

"We are enthusiastic about our common vision and the added value we can create for customers. We recognise the importance of partnerships in accelerating growth and we are now poised to leverage our combined teams and resources to produce even greater value for our customers in the Caribbean architectural coatings market. Together, we will define the future of the paints and coatings industry in the Caribbean"

- Mr. A. Norman Sabga, LLD (Hon.) UWI, Executive Chairman ANSA McAL Group of Companies

CORPORATE INFORMATION

BOARD OF DIRECTORS

A. Norman Sabga, LLD (Hon.) UWI
(Executive Chairman)
David B. Sabga (Deputy Chairman)
Andrew N. Sabga (Group Chief Executive Officer)
Aneal Maharaj
Ray A. Sumairsingh
Teresa White
Nicholas V. Mouttet
Larry Howai
Anthony N. Sabga III
Anthony E. Phillip
Mark J. Morgan
David Dulal-Whiteway

CORPORATE SECRETARY

Frances Bain-Cumberbatch

REGISTERED OFFICE

11th Floor, TATIL Building,
11 Maraval Road, Port of Spain.

REGISTRAR AND TRANSFER OFFICE

The Trinidad and Tobago Central Depository Limited
10th Floor, Nicholas Tower,
63-65 Independence Square,
Port of Spain.

ATTORNEYS-AT-LAW

J. D. Sellier & Co.
129-132 Abercromby Street,
Port of Spain.

M. Hamel-Smith & Co.
Eleven Albion
Corner Dere and Albion Streets,
Port of Spain.

AUDITORS

Ernst & Young
5-7 Sweet Briar Road,
Port of Spain.

PRINCIPAL BANKERS

Republic Bank Limited
59 Independence Square,
Port of Spain.

First Citizens Bank Limited
50 St. Vincent Street,
Port of Spain.

Scotiabank Trinidad and Tobago Limited
Scotia Centre
55-58 Richmond Street,
Port of Spain.

RBC Royal Bank of (Trinidad and Tobago) Limited
55 Independence Square,
Port of Spain.

EXECUTIVE COMMITTEE

Andrew N. Sabga (Chairman - Executive Committee)
A. Norman Sabga, LLD (Hon.) UWI
David B. Sabga
Aneal Maharaj
Ray A. Sumairsingh
Teresa White
Nicholas V. Mouttet
Larry Howai
Anthony N. Sabga III
Jerome Borde
Adam Sabga
Fazal Arman
Andy M. Mahadeo
José Nivet
Peter Hall

AUDIT COMMITTEE

David Dulal-Whiteway (Chairman - Audit Committee)
Anthony E. Phillip
Mark J. Morgan
Larry Howai

REPORT OF THE DIRECTORS

The Directors have pleasure in presenting their Report to the Members together with the Financial Statements for the year ended December 31, 2018.

RESULTS FOR THE YEAR 2018

Income Attributable to Shareholders of the Parent Company		609,391
Deduct:		
Dividends Paid		
Preference – 6%	10	
Ordinary (2018 Interim) – 30 cents per share	51,734	
Ordinary (2017 Final) – 1 dollar and 20 cents per share	206,909	
		(258,653)
Retained Income for the Year		350,738
Retained Earnings (b/f as previously reported)		6,545,779
Other Movements in Revenue Reserves		(114,453)
Balance as at December 31, 2018		6,782,064

DIVIDENDS

An interim dividend of 30 cents per share was paid and the Directors have declared a final dividend of $1.50 per share for the year ended December 31, 2018 making a total distribution on each share of one dollar and eighty cents (2017: $1.50). The final dividend will be paid on June 6, 2019 to shareholders on the Register of Ordinary Members at May 21, 2019.

DIRECTORS

In accordance with the By-Law No.1, Paragraph 4.04, Messrs. A. Norman Sabga, LLD (Hon.) UWI (Executive Chairman), David B. Sabga (Deputy Chairman), Aneal Maharaj, Ray A. Sumairsingh, Larry Howai and David Dulal-Whiteway retire from the board and being eligible, offer themselves for re-election.

AUDITORS

Ernst & Young have expressed their willingness to continue in office.

BY ORDER OF THE BOARD

Frances Bain-Cumberbatch

Frances Bain-Cumberbatch
Corporate Secretary
March 22, 2019

DIRECTORS' AND SENIOR OFFICERS' INTERESTS

DIRECTORS AND SENIOR OFFICERS	NOTES	31ST DECEMBER, 2018		31ST MARCH, 2019	
		BENEFICIAL	NON-BENEFICIAL	BENEFICIAL	NON-BENEFICIAL
A. Norman Sabga	(a)	1,619,453	-	1,619,453	-
David B. Sabga	(b)	172,404	-	172,404	-
Andrew N. Sabga	(c)	122,858	-	122,858	-
Aneal Maharaj	(d)	370	-	370	-
Ray A. Sumairsingh		51,000	-	51,000	-
Teresa White	(e)	-	-	-	-
Nicholas V. Mouttet		-	-	-	-
Anthony N. Sabga III	(f)	72,973	-	72,973	-
Anthony E. Phillip		-	-	-	-
Mark J. Morgan		-	-	-	-
Larry Howai		-	-	-	-
David Dulal-Whiteway		-	-	-	-
Frances Bain-Cumberbatch	(g)	-	-	-	-
Walter Keith Welch	(h)	2,128	-	2,128	-

NOTES:

(a) Mr. A. Norman Sabga has a beneficial interest in ANSA Investments Limited, the major shareholder of ANSA McAL Limited.

(b) Mr. David B. Sabga has a beneficial interest in ANSA Investments Limited and has a beneficial interest in 371,809 shares in the ANSA McAL Limited Employee Share Ownership Plan ("ESOP"). ANSA Merchant Bank Limited is the trustee of the ESOP.

(c) Mr. Andrew N. Sabga also has a beneficial interest in ANSA Investments Limited and has a beneficial interest in 327,962 shares in the ESOP.

(d) Mr. Aneal Maharaj also has a beneficial interest in 31,239 shares in the ESOP.

(e) Ms. Teresa White has a beneficial interest in 31,358 shares in the ESOP.

(f) Mr. Anthony N. Sabga III also has a beneficial interest in 32,682 shares in the ESOP.

(g) Mrs. Frances Bain-Cumberbatch has a beneficial interest in 6,864 shares in the ESOP.

(h) Mr. Walter Keith Welch, Head of Group Treasury of ANSA McAL Limited, also has a beneficial interest in 9,894 shares in the ESOP.

(i) ANSA Investments Limited, MASA Investments Limited, Norman Finance Developments Limited, Anthony N. Sabga Limited and Alstons Limited are all connected persons.

DIRECTORS', SENIOR OFFICERS' AND CONNECTED PERSONS' INTERESTS

NAME	SHAREHOLDING AS AT DECEMBER 31, 2018	SHAREHOLDING OF CONNECTED PERSONS AS AT DECEMBER 31, 2018
A. Norman Sabga	1,619,453	107,204,178
David B. Sabga	172,404	107,381,681
Andrew N. Sabga	122,858	103,673,223
Aneal Maharaj	370	-
Ray A. Sumairsingh	51,000	-
Teresa White	-	-
Nicholas V. Mouttet	-	-
Anthony N. Sabga III	72,973	-
Anthony E. Phillip	-	-
Mark J. Morgan	-	-
Larry Howai	-	-
David Dulal-Whiteway	-	-
Frances Bain-Cumberbatch	-	-
Walter Keith Welch	2,128	-

SUBSTANTIAL INTERESTS – TOP 10 SHAREHOLDERS OF ANSA McAL LIMITED

NAME	SHARES HELD AS AT DECEMBER 31, 2018
ANSA Investments Limited	85,385,394
MASA Investments Limited	10,427,298
Republic Bank Limited - 1162	9,190,703
Norman Finance Developments Limited	7,232,280
Empire Investments Limited	4,127,315
Alstons Limited	3,760,000
T&T Unit Trust Corporation - FUS	3,527,079
Trintrust Limited A/C 1088	3,144,623
Guardian Life of the Caribbean Ltd. – Supervisory of Insurance	2,838,426
Republic Bank Limited - 0778	2,275,781

ANSA RELATIONSHIP

The ANSA Group collectively is the majority shareholder of ANSA McAL Limited. In 1986, the ANSA Group injected $30 million into McEnearney Alstons Limited (now called ANSA McAL Limited) and in 1990 it invested another $10 million to acquire a further 10 million shares. The ANSA Group's investment represented fresh capital rather than the purchase of existing shares.

THE ANSA GROUP INCLUDES THE FOLLOWING COMPANIES:

- ANSA Investments Limited
- Anthony N. Sabga Limited
- Bayside Towers Limited
- Norman Finance Developments Limited
- MASA Investments Limited
- Farmhouse Industries Limited
- Standard Graphics Supplies Limited

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the Ninetieth Annual Meeting of ANSA McAL Limited (the "Company") will be held at the Radisson Hotel Trinidad, Wrightson Road, Port of Spain on Thursday May 23, 2019 at 4:00 p.m. for the following purposes:

ORDINARY BUSINESS

1. To receive and consider the audited Financial Statements for the year ended December 31, 2018 and the report of the Directors and Auditors thereon.

2. To re-elect Directors.

3. To re-appoint Auditors and to authorise the Directors to fix their remuneration in respect of the period ending at the conclusion of the next Annual Meeting.

The text of the proposed resolution in relation to Item 2 above is contained in the Schedule annexed hereto.

BY ORDER OF THE BOARD

Frances Bain-Cumberbatch

Frances Bain-Cumberbatch
Corporate Secretary

11th Floor, TATIL Building,
11 Maraval Road,
Port of Spain,
Trinidad, W.I.
April 18, 2019

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

NOTES:

1. A member entitled to attend and vote may appoint one or more proxies to attend and vote instead of him. A proxy need not also be a member.

2. No service contracts were entered into between the Company and any of its Directors.

3. A shareholder which is a body corporate may, in lieu of appointing a proxy, authorise an individual by resolution of its directors or its governing body to represent it at the Annual Meeting.

4. The Directors of the Company have not fixed a record date for the determination of shareholders who are entitled to receive notice of the Annual Meeting. In accordance with Section 111(a)(i) of the Companies Act, Chap. 81:01, the statutory record date applies. Only shareholders of record at the close of business on Tuesday April 17, 2019, the date immediately preceding the date on which the Notice is given, are therefore entitled to receive Notice of the Annual Meeting.

SCHEDULE

Text of Proposed Resolution regarding the re-election of Directors to be considered at the Annual Meeting of Shareholders of the Company to be held on Thursday May 23, 2019.

Ordinary Resolution
Be it Resolved:-

1. "That in accordance with By-Law No. 1, Paragraph 4.04, Messrs. A. Norman Sabga, LLD (Hon.) UWI (Executive Chairman), David B. Sabga (Deputy Chairman), Aneal Maharaj, Ray A. Sumairsingh, Larry Howai and David Dulal-Whiteway each be and each of them is hereby re-elected a Director of the Company to hold office for a term of two years expiring on the close of the second Annual Meeting of the Shareholders of the Company following this election."

MANAGEMENT PROXY CIRCULAR

REPUBLIC OF TRINIDAD AND TOBAGO

THE COMPANIES ACT, CHAP. 81:01
[SECTION 144]

1. Name of Company: ANSA McAL Limited — Company No.: A-1444(C)

2. Particulars of Meeting:

   Ninetieth Annual Meeting of ANSA McAL Limited (the "Company") to be held at the Radisson Hotel Trinidad, Wrightson Road, Port of Spain on Thursday May 23, 2019 at 4:00 p.m.

3. Solicitation:

   It is intended to vote the Proxy solicited hereby (unless the Shareholder directs otherwise) in favour of all resolutions specified in the Form of Proxy sent to the Shareholders with this Management Proxy Circular and, in the absence of a specific direction, in the discretion of the Proxy holder in respect of any other resolution.

4. Any Director's statement submitted pursuant to Section 76(2) of the Companies Act, Chap. 81:01:

   No statement has been received from any Director of the Company pursuant to Section 76(2) of the Companies Act.

5. Any Auditor's statement submitted pursuant to Section 171(1) of the Companies Act, Chap. 81:01:

   No statement has been received from the Auditors of the Company pursuant to Section 171(1) of the Companies Act.

6. Any shareholder's proposal and/or statement submitted pursuant to Sections 116(a) and 117(2) of the Companies Act, Chap. 81:01:

   No proposal has been received from any Shareholder pursuant to Sections 116(a) and 117(2) of the Companies Act.

April 18, 2019	Frances Bain-Cumberbatch Corporate Secretary	Frances Bain-Cumberbatch
DATE	**NAME AND TITLE**	**SIGNATURE**

FORM OF PROXY

REPUBLIC OF TRINIDAD AND TOBAGO

THE COMPANIES ACT, CHAP. 81:01
[SECTION 143(1)]

1. Name of Company: ANSA McAL Limited — Company No.: A-1444(C)

2. Particulars of Meeting:

   Ninetieth Annual Meeting of ANSA McAL Limited (the "Company") to be held at the Radisson Hotel Trinidad, Wrightson Road, Port of Spain on Thursday May 23, 2019 at 4:00 p.m.

3. I/We………………………………………………………………………….………. being a member/members of the Company hereby appoint Mr. A. Norman Sabga of Port of Spain, or failing him Mr. David B. Sabga of Port of Spain, or failing him ……………………………………………………… of ………………………………………. as my/our proxy to vote for me/us on my/our behalf at the Annual Meeting of the Company to be held on Thursday May 23, 2019 and at any adjournment thereof.

Dated this ……….. day of …………………… 2019.

Signed: ………………………………………………….

Please indicate with an "**X**" in the spaces below how you wish your votes to be cast.

RESOLUTION **Ordinary Resolution**	**FOR**	**AGAINST**
1. That the audited Financial Statements for the Company for the financial year ended December 31, 2018 and the reports of the Directors and of the Auditors thereon having been considered be adopted.		
2. That in accordance with By-Law No. 1, Paragraph 4.04, each of the following persons who retire and being eligible be and each of them hereby is re-elected a Director of the Company to hold office for a term of two years from the date of the election expiring on the close of the second Annual Meeting of the Shareholders of the Company following this election: Mr. A. Norman Sabga, LLD (Hon.) UWI (Executive Chairman), Mr. David B. Sabga (Deputy Chairman), Mr. Aneal Maharaj, Mr. Ray A. Sumairsingh, Mr. Larry Howai, Mr. David Dulal-Whiteway.		
3. That Messrs. Ernst & Young be appointed as Auditors of the Company and that the Directors be and hereby are authorised to fix their remuneration in respect of the period ending at the conclusion of the next Annual Meeting of the Company.		

FORM OF PROXY

NOTES:

1. A shareholder may appoint a proxy of his/her own choice. If such an appointment is made, delete the words "Mr. A. Norman Sabga of Port of Spain, or failing him Mr. David B. Sabga of Port of Spain, or failing him" from the Form of Proxy above and insert the name and address of the person appointed as proxy in the space provided and initial the alteration.

2. To be effective, this Form of Proxy or other authority (if any) must be deposited at the Registered Office of the Company, 11th Floor TATIL Building, 11 Maraval Road, Port of Spain not later than forty-eight hours before the time appointed for holding the Annual Meeting.

3. Any alteration made to this Form of Proxy should be initialled.

4. If the appointor is a Corporation, this Form of Proxy must be under its Common Seal, or under the hand of an officer or attorney duly authorised in writing.

5. In the case of joint holders, the signature of any holder is sufficient but the names of all joint holders should be stated.

ANSA McAL GROUP COMPANIES, BUSINESSES AND PRODUCTS

AUTOMOTIVE

ANSA AUTOMOTIVE LIMITED
100%
Motor Vehicles

ANSA MOTORS GUYANA INC.
100%
Suzuki Motor Vehicles

ANSA RENTALS
100%
Long Term Leasing of Motor Vehicles, Industrial & Agricultural Equipment, Short Term Rentals (Europcar) & Chauffeur Services

BURMAC
100%
Industrial & Agricultural Equipment

CARMAX
100%
Pre-owned Vehicles

CLASSIC MOTORS
100%
Honda Motor Vehicles

DIAMOND MOTORS
100%
Mitsubishi Motor Vehicles

McENEARNEY MOTORS
100%
Ford Motor Vehicles

OXFORD MOTORS
100%
Mini Motor Vehicles

RICHMOND MOTORS
100%
BMW Motor Vehicles

TRAFALGAR MOTORS
100%
Jaguar & Landrover Motor Vehicles

McENEARNEY QUALITY INC.
(Barbados)
100%
Mazda, Kia, Ford, BMW & Mini Cooper Motor Vehicles

BEVERAGE

CARIBBEAN DEVELOPMENT COMPANY LIMITED
80%
Carib & Stag Lager Beers, Stouts & Shandy

CARIB BREWERY LIMITED
80%
Carib & Stag Lager Beers, Stouts & Shandy

CARIB BREWERY (ST. KITTS & NEVIS) LIMITED
52.43%
Carib Lager Beer, Stouts & Shandy

CARIB BREWERY CANADA LIMITED (CANADA)
80%
Carib & Stag Lager Beers, Stouts & Shandy

DCI MIAMI, INC.
100%
Distributor of Brewery Products

GRENADA BREWERIES LIMITED
55.54%
Carib Lager Beer, Stouts, Shandy & Soft Drinks

INDIAN RIVER BEVERAGE CORPORATION
Trading as: FLORIDA BEER COMPANY
100%
Ales, Lagers and Ciders

ANSA McAL GROUP COMPANIES, BUSINESSES AND PRODUCTS

CONSTRUCTION

ABEL BUILDING SOLUTIONS (ABS)
100%
Clay Products, Steel, Aluminium, PVC, Building Products, Air Conditioning Solutions

ANSA COATINGS LIMITED
100%
Automotive, Industrial, Marine & Decorative Paints (Penta & Sissons, Glidden, Nexa, Devoe, International & Aquabase Brands)

ANSA COATINGS BARBADOS LIMITED
100%
Automotive, Industrial, Marine & Decorative Paints (Penta, Sissons, Glidden, Nexa, International & Aquabase Brands)

ANSA COATINGS JAMAICA LIMITED
100%
Automotive, Industrial, Marine & Decorative Paints (Penta, Sissons, Glidden, Nexa, International & Aquabase Brands)

ANSA McAL ENTERPRISES LIMITED
100%
Construction Products and Services

ANSA TECHNOLOGIES LIMITED
100%
Drilling Fluids, Tools, Equipment & Related Engineering Services to the Oil Industry

BERGER PAINTS BARBADOS LIMITED
100%
Decorative Paints, Industrial Paints & Furniture Finishes

BERGER PAINTS JAMAICA LIMITED
54.12%
Decorative Paints, Industrial Paints & Furniture Finishes

BERGER PAINTS TRINIDAD LIMITED
100%
Decorative Paints, Industrial Paints & Furniture Finishes

BESTCRETE AGGREGATES LIMITED
100%
Concrete Products

BRICKFOURCE LIMITED
100%
Construction Services

CARIBBEAN ROOF TILE COMPANY LIMITED
50%
Roof Tiles

SISSONS PAINTS (GRENADA) LIMITED
100%
Decorative Paints

TRINIDAD AGGREGATE PRODUCTS LIMITED
97.14%
Clay Products

DISTRIBUTION

ALSTONS MARKETING COMPANY LIMITED
100%
Pharmaceuticals, Foodstuffs, Wines & Spirits, Household Products

ANSA McAL TRADING (GUYANA) LIMITED
100%
Pharmaceuticals, Foodstuffs, Brewery, Wines & Spirits and Household Products

BRYDEN STOKES LIMITED
(Barbados)
100%
General Wholesale, Distribution, Pharmaceuticals, Wines & Spirits and Brewery

ANSA McAL GROUP COMPANIES, BUSINESSES AND PRODUCTS

TOBAGO MARKETING COMPANY LIMITED
100%
Pharmaceuticals, Foodstuffs, Brewery, Wines & Spirits and Household Products

T.WEE
100%
Foodstuffs, Wines & Spirits

FINANCIAL SERVICES

ANSA MERCHANT BANK LIMITED
82.48%
Investment & Merchant Bank

BRYDENS INSURANCE INC. TATIL Branch (Barbados)
82.48%
General Insurance Underwriters

CONSOLIDATED FINANCE CO. LIMITED (Barbados)
82.48%
Hire Purchase, Finance, Fixed Deposits, Lease Rental

TATIL LIFE ASSURANCE LIMITED
82.48%
Life Insurance, Pensions, Mortgages, Critical Illness

TRINIDAD AND TOBAGO INSURANCE LIMITED
82.48%
Motor, Property, Accident & Health, Marine and Group Health Insurance

MANUFACTURING

ANSA McAL CHEMICALS LIMITED
100%
Liquid Chlorine, Caustic Soda, Hydrochloric Acid & Bleach

ANSA POLYMER
100%
Flexible Plastic Packaging & Plastic Crates

CARIB GLASSWORKS LIMITED
100%
Glass Bottles

EASI INDUSTRIAL SUPPLIES LIMITED
100%
Caustic Soda Supplier

TRINIDAD MATCH LIMITED
100%
Safety Matches

MEDIA

GUARDIAN MEDIA LIMITED
56.17%
Newspaper Publishers, Cable Television Programming: **CNC3™**, Radio Broadcasting: **TBC RADIO NETWORK™** (Aakash Vani 106.5FM, 95.1FM Remix, Sangeet 106.1FM, Sky 99.5FM, Slam 100.5FM and Vibe CT 105FM), Digital Billboards: **THE BIG BOARD COMPANY™**

IRADIO INC. (Guyana)
100%
Radio Broadcasting: Mix 90.1FM

ANSA McAL GROUP COMPANIES, BUSINESSES AND PRODUCTS

PURCHASING, LOGISTICS & TRAVEL

ALSTONS SHIPPING LIMITED
100%
Shipping, Air Cargo, Freight, Stevedoring & Inspection Services

ALSTONS TRAVEL
100%
Travel, Tour Services & Tour Operations

ANSA McAL TRADING INC.
(United States of America)
100%
Procurement & Logistics Services, Marketing & Distribution (Kenmore, Sears, Diehard, Ford Motors Company Brands)

ANSA McAL (US) INC.
100%
Purchasing, Warehousing Services & Freight Forwarders

RETAIL

ANSA McAL TRADING LIMITED (MBM)
100%
Office Equipment, Office Supplies & Business Machines

BRYDENS RETAIL INC.
(Barbados)
52%
Stationery & Office Supplies

BRYDENS XPRESS OFFICE SUPPLIES INC.
(Barbados)
52%
Office Supplies

STANDARD DISTRIBUTORS LIMITED
100%
Furniture & Equipment

STANDARD DISTRIBUTION & SALES (BARBADOS) LIMITED
100%
Furniture & Equipment

STANDARD EQUIPMENT
100%
Printing Services

INTERMEDIATE HOLDING COMPANIES

ALSTONS LIMITED
100%
Intermediate Holding Company

AMCL HOLDINGS LIMITED
100%
Intermediate Holding Company

ANSA COATINGS INTERNATIONAL LIMITED
100%
Intermediate Holding Company

ANSA FINANCIAL HOLDINGS (BARBADOS) LIMITED
82.48%
Intermediate Holding Company

ANSA McAL (BARBADOS) LIMITED
100%
Intermediate Holding Company

ANSA McAL BEVERAGES (BARBADOS) LIMITED
(St. Lucia)
100%
Intermediate Holding Company

ANSA McAL (TILE) U.S. INC.
100%
Intermediate Holding Company

ANSA McAL GROUP COMPANIES, BUSINESSES AND PRODUCTS

CCEF ANSA RENEWABLE ENERGIES HOLDINGS LIMITED
(Barbados-IBC)
50%
Intermediate Holding Company

McAL TRADING LIMITED
(Barbados)
100%
Intermediate Holding Company

THE CARIBBEAN DEVELOPMENT COMPANY (ST. KITTS) LIMITED
100%
Intermediate Holding Company

4 SWEET BRIAR ROAD LIMITED
100%
Intermediate Holding Company

6 SWEET BRIAR ROAD LIMITED
100%
Intermediate Holding Company

REAL ESTATE

BAYSIDE WEST LIMITED
100%
Residential Development

B.E.H. HOLDINGS LIMITED
100%
Commercial Property Rentals

GRAND BAZAAR LIMITED
40%
Owner & Operator of Shopping Malls

O'MEARA HOLDINGS LIMITED
100%
Property Development

PROMENADE DEVELOPMENT LIMITED
100%
Commercial District Trade Centre

TRINIDAD LANDS LIMITED
40%
Property Lands

ANSA McAL GROUP COMPANIES' CONTACT INFORMATION

AUTOMOTIVE

ANSA AUTOMOTIVE LIMITED
25 Richmond Street, Port of Spain, Trinidad.
Phone: (868) 625-2277 Fax: (868) 623-6882
E-mail: info@ansamotorstt.com
Website: www.ansamotorstt.com
Sector Head & Managing Director: Jerome Borde

ANSA MOTORS CHAGUANAS FACILITY
Corner Chan Ramlal Street and Uriah Butler Highway, Chaguanas, Trinidad.
Phone: (868) 225-4225
Sector Head - Automotive: Jerome Borde

ANSA MOTORS (SAN FERNANDO)
25 Royal Road, San Fernando, Trinidad.
Phone: (868) 657-2277 Fax: (868) 652-6222
General Manager: Narendra Supersad Maharaj

ANSA MOTORS GUYANA INC.
60-64 Industrial Site, Beterverwagting, East Coast Demerara, Guyana.
Phone: (+592) 220-0455
Website: www.suzukicaribbean.com
Director: Beverley Harper

ANSA RENTALS
Corner Richmond and Charles Streets, Port of Spain, Trinidad.
Phone: (868) 625-2277 Ext. 1217
E-mail: dorian.neckles@ansamcal.com
General Manager: Dorian Neckles

BURMAC
1 Gaston Street, Chaguanas, Trinidad.
Phone: (868) 672-0991/0995, 671-3913
Fax: (868) 672-0991/0995 Ext. 3122
E-mail: burmac.info@ansamcal.com
Website: www.burmactt.com
Managing Director: José Oseguera

CARMAX
City of Grand Bazaar, Uriah Butler & Churchill Roosevelt Highways, Valsayn, Trinidad.
Phone/Fax: (868) 663-3635
Website: www.carmaxtt.com
Sector Head - Automotive: Jerome Borde

CLASSIC MOTORS
Cor. Charles & Richmond Streets, Port of Spain, Trinidad.
Phone: (868) 624-6632/625-2277
Fax: (868) 624-3376
Website: www.hondatrinidad.net
General Manager: Daryl Young

DIAMOND MOTORS
25 Richmond Street, Port of Spain, Trinidad.
Phone: (868) 625-2277 Fax: (868) 623-6882
E-mail: ansamotorssales@ansamcal.com
Website: www.mitsubishitrinidad.com
General Manager: Rishi Basdeo

McENEARNEY MOTORS
17-23 Charles Street, Port of Spain, Trinidad.
Phone: (868) 625-3414/3415/627-3673
Fax: (868) 625-2797
E-mail: ansamotorssales@ansamcal.com
Website: fordtrinidad.com
General Manager: Tilson Anthony Tang

OXFORD MOTORS
25 Richmond Street, Port of Spain, Trinidad.
Phone: (868) 627-7531 Ext. 1423/1420
Fax: (868) 627-7534
E-mail: ansamotorssales@ansamcal.com
Website: www.minicaribbean.com
General Manager: Alexander Sabga

ANSA McAL GROUP COMPANIES' CONTACT INFORMATION

RICHMOND MOTORS
30 Richmond Street, Port of Spain, Trinidad.
Phone: (868) 625-2277 Fax: (868) 623-6882
E-mail: ansamotorssales@ansamcal.com
Website: www.bmw.tt
General Manager: Alexander Sabga

TRAFALGAR MOTORS
10 Charles Street, Port of Spain, Trinidad.
Phone: (868) 625-2277 Fax: (868) 623-6882
E-mail: jlrsales@ansamcal.com
Website: www.jaguartrinidadandtobago.com
General Manager: Sudesh Mahase

McENEARNEY QUALITY INC.
Wildey Main Road, St. Michael, BB14007, Barbados.
Phone: (246) 467-2400 Fax: (246) 427-0764
E-mail: ivan.perez@mqi.bb
Website: www.mqi.bb
General Manager: Ivan Perez Vega

BEVERAGE

CARIBBEAN DEVELOPMENT COMPANY LIMITED
Eastern Main Road, Champs Fleurs, Trinidad.
Phone: (868) 645-2337 Fax: (868) 662-2231 to 2237
E-mail: askus@caribbrewery.com
Website: www.caribbrewery.com
Sector Head - Beverage: Peter Hall

CARIB BREWERY LIMITED
Eastern Main Road, Champs Fleurs, Trinidad.
Phone: (868) 645-2337 Fax: (868) 662-2231 to 2237
E-mail: askus@caribbrewery.com
Website: www.caribbrewery.com
Sector Head - Beverage: Peter Hall

CARIB BREWERY (ST. KITTS & NEVIS) LIMITED
Buckley's Site, P.O. Box 1113, Basseterre, St. Kitts.
Phone: (869) 465-2309/2903 Fax: (869) 465-0902
E-mail: markwilkin@caribbrewery.com
Managing Director: Mark Wilkin

CARIB BREWERY CANADA LIMITED
681A Rue Marion, Joliette, Quebec J6E 8S3, Canada.
Phone: (905) 331-5336 Fax: (905) 331-1663
Director: Andrew N. Sabga

DCI MIAMI INC.
11403 NW 39th Street, Doral, Florida 33178, USA.
Phone: (305) 591-0885 Fax: (305) 591-3104
E-mail: james.webb@dcimiami.com
President: James Webb

GRENADA BREWERIES LIMITED
Grand Anse, St. Georges, Grenada.
Phone: (473) 444-4248 Fax: (473) 444-4842
E-mail: gbl2spiceisle.com
Managing Director: Ron Antoine

INDIAN RIVER BEVERAGE CORPORATION
Trading as: **FLORIDA BEER COMPANY**
200 Imperial Blvd, Cape Canaveral, Florida 32920.
Phone: (321) 728-4114
E-mail: info@floridabeer.com
Website: www.floridabeer.com
President/Chief Executive Officer: James Webb

CONSTRUCTION

ABEL BUILDING SOLUTIONS (ABS)
Building #2, Maingot Street, Mt. Hope, Trinidad.
Phone: (868) 665-2235 Ext. 3102/3103
Fax: (868) 223-1116
E-mail: abel.sales@ansamcal.com
Website: www.abel.co.tt
Managing Director: Craig La Croix

ANSA COATINGS LIMITED
ANSA McAL Industrial Park, 51-59 Tumpuna Road, Guanapo, Arima, Trinidad.
Phone: (868) 643-2425 to 2428 Fax: (868) 643-2509
E-mail: christian.llanos@ansamcal.com
Website: www.ansacoatings.com
Managing Director: Christian Llanos

ANSA McAL GROUP COMPANIES' CONTACT INFORMATION

ANSA COATINGS BARBADOS LIMITED
#1 Observatory & Wildey Main Road,
St. Michael, Barbados.
Phone: (246) 629-0211 Fax: (246) 629-0216

ANSA COATINGS JAMAICA LIMITED
Sagicor Industrial Complex,
7-9 Norman Road, Kingston CSO, Jamaica.
Phone: (876) 630-1313/(876) 930-7044

ANSA McAL ENTERPRISES LIMITED
Lightpole 4, Depot Road, Longdenville,
Chaguanas, Trinidad.
Phone: (868) 665-2235 Fax: (868) 672-4309
E-mail: abel.sales@ansamcal.com
Website: www.abelbuildingsolutions.com
Managing Director: Craig La Croix

ANSA TECHNOLOGIES LIMITED
40 Cipero Road, San Fernando, Trinidad.
Phone: (868) 652–3571/3573
Fax: (868) 652–5575/6407
E-mail: ansatech@ansamcal.com
Website: www.ansatech.com
Managing Director: Theron Ousman

BERGER PAINTS BARBADOS LIMITED
Exmouth Gap, Brandons, St. Michael,
Barbados, BB12069.
Phone: (246) 425-9073 Fax: (246) 228-0866
Email: info@bergercaribbean.com
Website: www.bergerpaintscaribbean.com
General Manager: Shashi Mahase

BERGER PAINTS JAMAICA LIMITED
256 Spanish Town Road, Kingston 11, Jamaica.
Phone: (876) 923-6229 Fax: (876) 923-5129
Consumer Enquiry or Technical Assistance:
1-(888)-4BERGER
Email: bergerja_marketing@bergercaribbean.com
Website: www.bergerpaintscaribbean.com
IG: BergerPaintsJamaica
Twitter: @BergerPaintsJA
General Manager: Barrington Graham

BERGER PAINTS TRINIDAD LIMITED
PO Box 546, #11 Concessions Road,
Sea Lots, Port of Spain, Trinidad.
Phone: (868) 623-2231 Fax: (868) 623-1682
Email: info@bergercaribbean.com
Website: www.bergerpaintscaribbean.com
General Manager (Ag.) - Yudhister Samaroo

BESTCRETE AGGREGATES LIMITED
LP# 4, Depot Road, Longdenville,
Chaguanas, Trinidad.
Phone: (868) 665-2235 Fax: (868) 672-4309
E-mail: abel.sales@ansamcal.com
Website: www.abelbuildingsolutions.com
Managing Director: Craig La Croix

BRICKFOURCE LIMITED
LP# 4, Depot Road, Longdenville,
Chaguanas, Trinidad.
Phone: (868) 665-2235 Fax: (868) 672-4309
Managing Director: Craig La Croix

CARIBBEAN ROOF TILE COMPANY LIMITED
C/o ABS, Building #2, Maingot Street,
Mt. Hope, Trinidad.
Phone: (868) 665-2235 Fax: (868) 223-1116
E-mail: abel.sales@ansamcal.com
Website: www.abel.co.tt

SISSONS PAINTS (GRENADA) LIMITED
Frequente Industrial Park, Grand Anse,
St. George's, Grenada.
Phone: (473) 444-1457 Fax: (473) 444-1676
E-mail: chris.deallie@ansamcal.com
Website: www.sissonspaints.com
Managing Director: Christopher De Allie

TRINIDAD AGGREGATE PRODUCTS LIMITED
Phillip Augustus Road, Longdenville,
Chaguanas, Trinidad.
Phone: (868) 665-4544 Fax: (868) 671-2721
Sector Head - Construction: Adam Sabga

ANSA McAL GROUP COMPANIES' CONTACT INFORMATION

DISTRIBUTION

ALSTONS MARKETING COMPANY LIMITED
Uriah Butler Highway & Endeavour Road,
Chaguanas, Trinidad.
Phone: (868) 671-2713 to 2720/4264 to 4267
Fax: (868) 671-2857
E-mail: abdel.ali@ansamcal.com
Website: www.amcott.info
Managing Director: Abdel Ali

ANSA McAL TRADING (GUYANA) LIMITED
Lot 60-64 Industrial Area, Beterverwagting,
East Coast, Demerara, Guyana.
Phone: (592) 220-0455
Fax: (592) 220-0796
E-mail: troy.cadogan@ansamcal.com
Website: www.facebook.com/AnsaMcAlGuyana
Managing Director: Troy Cadogan

BRYDEN STOKES LIMITED
Barbarees Hill, St. Michael, BB12060,
Barbados.
Phone: (246) 431-2600 Fax: (246) 426-0755
E-mail: info@brydenstokes.com
Website: www.brydenstokes.com
Chief Executive Officer: Adrian Padmore

TOBAGO MARKETING COMPANY LIMITED
"Highmoor", Plymouth Road, Scarborough,
Tobago.
Phone: (868) 639-2455/2758 Fax: (868) 639-3624
E-mail: david.lumkong@ansamcal.com
General Manager: David Lum Kong

T.WEE
Piarco International Airport,
Golden Grove Road, Piarco, Trinidad.
Phone: (868) 369-5038/5228/5421
E-mail: support@tweedutyfree.com
Website: www.tweedutyfree.com
Managing Director: Abdel Ali

FINANCIAL SERVICES

ANSA MERCHANT BANK LIMITED
ANSA Centre, 11 Maraval Road,
Port of Spain, Trinidad.
Phone: (868) 623-8672 Fax: (868) 624-8763
E-mail: ansabank@ansamcal.com
Website: www.ansabank.com
Managing Director: Gregory Hill

BRYDENS INSURANCE INC.
3rd Floor, Norman Centre, Bridgetown,
Barbados.
Phone: (246) 431-3611 Fax: (246) 429-5675
E-mail: customerservice@brydensinsurance.com
Website: www.facebook.com/BrydensInsurance
General Manager: David Alleyne

CONSOLIDATED FINANCE CO. LIMITED
Hasting Main Road, Christ Church, Barbados.
Phone: (246) 467-2350 Fax: (246) 426-8626
E-mail: info@consolidated-finance.com
Website: www.consolidated-finance.com
President/CEO: Rolf Phillips

TRINIDAD AND TOBAGO INSURANCE LIMITED
11 Maraval Road, Port of Spain, Trinidad.
Phone: (868) 628-2845 Fax: (868) 628-0035/6545
E-mail: info@tatil.co.tt
Website: www.tatil.co.tt
Managing Director: M. Musa Ibrahim

TATIL LIFE ASSURANCE LIMITED
11 Maraval Road, Port of Spain, Trinidad.
Phone: (868) 628-2845 Fax: (868) 628-0035/6545
E-mail: life@tatil.co.tt
Website: www.tatil.co.tt
Managing Director: Ronald Milford

ANSA McAL GROUP COMPANIES' CONTACT INFORMATION

MANUFACTURING

ANSA McAL CHEMICALS LIMITED
North Sea Drive, Point Lisas Industrial Estate, Savonetta, Trinidad.
Phone: (868) 636-9918/5380 Fax: (868) 636-9931
E-mail: derek.decaires@ansamcal.com
Website: www.ansamcalchemicals.com
Managing Director: Derek De Caires

ANSA POLYMER
ANSA McAL Industrial Park, Tumpuna Road South, Guanapo, Arima, Trinidad.
Phone: (868) 643-3137 Fax: (868) 643-1254
E-mail: ian.mitchell@ansamcal.com
Website: www.ansapolymer.com
Managing Director: Ian Mitchell

CARIB GLASSWORKS LIMITED
Eastern Main Road, Champs Fleurs, Trinidad.
Phone: (868) 662-2231 to 2237 Fax: (868) 663-1779
E-mail: marketing@caribglass.com
Website: www.caribglass.com
Managing Director: David Hadeed

EASI INDUSTRIAL SUPPLIES LIMITED
North Sea Drive, Point Lisas Industrial Estate, Savonetta, Trinidad.
Phone: (868) 636-3111 Fax: (868) 636-7977
E-mail: operations.easi@ansamcal
General Manager: Shivanand Maharaj

TRINIDAD MATCH LIMITED
Cor. Gordon & Maingot Streets, Mt. Hope, Trinidad.
Phone: (868) 638-1974 Fax: (868) 675-0084
Email: marc.hadeed@ansamcal.com
General Manager (Ag.): Marc Hadeed

MEDIA

GUARDIAN MEDIA LIMITED
Port of Spain Office:
22-24 St. Vincent Street, Port of Spain, Trinidad.
Chaguanas Office:
Guardian Building, 4-10 Rodney Road, Endeavour, Chaguanas, Trinidad.
Phone: (868) 225-4465 Fax: (868) 225-3147
E-mail: newsroom@guardian.co.tt
Website: www.guardian.co.tt
Managing Director: Nicholas Sabga

IRADIO INC.
28 Garnett & Delph Avenue, Campbellville, Georgetown, Guyana.
Phone: (592) 227-2826/2847
Website: www.mix901fm.com
Director: Beverley Harper

PURCHASING, LOGISTICS & TRAVEL

ALSTONS SHIPPING LIMITED
Head Office: Building #10, ANSA McAL Center, Uriah Butler Highway & Endeavour Road, Chaguanas, Trinidad.
POS Office: 3rd Floor GML Building, 22-24 St. Vincent Street, Port of Spain, Trinidad.
Phone: (868) 225-4275
E-mail: asladmin@ansamcal.com
Website: www.alstonsshippingtt.com
General Manager: Marlainer Deslandes

ALSTONS TRAVEL LIMITED
3rd Floor, Guardian Media Building, 22-24 St. Vincent Street, Port of Spain, Trinidad.
Phone: (868) 225-4610
E-mail: loripeggy.singh@ansamcal.com
Supervisor: Lori Peggy Singh

ANSA McAL GROUP COMPANIES' CONTACT INFORMATION

ANSA McAL TRADING INC.
11403 NW 39th Street, Miami, FL 33178, USA.
Phone: (305) 599-8766 Fax: (305) 599-8917
E-mail: customerservice@ansamcalus.com
Website: http://www.ansamcaltrading.com/
President: Wendell Beckles

ANSA McAL (US) INC.
11403 NW 39th Street, Miami, FL 33178, USA.
Phone: (305) 599-8766 Fax: (305) 599-8917
E-mail: customerservice@ansamcalus.com
Website: www.ansamcalus.com
President: Wendell Beckles

RETAIL

ANSA McAL TRADING LIMITED (MBM)
34–36 Richmond Street, Port of Spain, Trinidad.
Phone: (868) 625-1041 to 1044
Fax: (868) 625-0086
E-mail: mbm.sales@ansamcal.com
Website: www.mbm-tt.net
Managing Director: Graeme Ottley

BRYDENS RETAIL INC.
Victoria Street, Bridgetown, Barbados.
Phone: (246) 431–2600/2648
Fax: (246) 426–3556
E-mail: happyhelp@brydensxpress.com
General Manager: Nicholas Thomas

BRYDENS XPRESS (OFFICE SUPPLIES) INC.
Lower Estate, St. Michael, BB19188, Barbados.
Phone: (246) 431-2600/2646 Fax: (246) 426-3556
E-mail: happyhelp@brydensxpress.com
Website: www.brydensxpress.com
General Manager: Nicholas Thomas

STANDARD DISTRIBUTORS LIMITED
ANSA McAL Centre, Endeavour Road, Chaguanas, Trinidad.
Phone: (868) 299-0219 Fax: (868) 665-6774
E-mail: Kathleen.galy@ansamcal.com
Website: www.standardtt.com
Managing Director: Kathleen Galy

STANDARD DISTRIBUTION AND SALES (BARBADOS) LIMITED
Tudor Street, Bridgetown, Barbados.
Phone: (246) 430-7000 Fax: (246) 427-6844
E-mail: katrina.newton@standard.bb
Chief Executive Officer: Katrina Newton

STANDARD EQUIPMENT
A Division of ANSA McAL Trading Limited (MBM)
ANSA Centre, Uriah Butler Highway & Endeavour Road, Chaguanas, Trinidad.
Phone: (868) 671-2650 Fax: (868) 671-2685
E-mail: graeme.ottley@ansamcal.com
Managing Director: Graeme Ottley

INTERMEDIATE HOLDING COMPANIES

ALSTONS LIMITED
11th Floor, TATIL Building, 11 Maraval Road, Port of Spain, Trinidad.
Phone: (868) 625-3670 Fax: (868) 624-8753
E-mail: ansamcal@tstt.net.tt
Director: A. Norman Sabga, LLD (Hon.) UWI

AMCL HOLDINGS LIMITED
McEnearney Quality Complex, Wildey, St. Michael, BB 14007, Barbados.
Phone: (246) 434-2900 Fax: (246) 228-1619
E-mail: headoffice@mcalbds.com
Director: Nicholas V. Mouttet

ANSA McAL GROUP COMPANIES' CONTACT INFORMATION

ANSA COATINGS INTERNATIONAL LIMITED
Meridian Place, Choc Estate, Castries,
St. Lucia.
Phone: (758) 450-7777 Fax: (758) 451-3079
E-mail: pkf@candw.lc
Chairman: Ray A. Sumairsingh

ANSA FINANCIAL HOLDINGS (BARBADOS) LIMITED
McEnearney Quality Complex, Wildey,
St. Michael, BB 14007, Barbados.
Phone: (246) 434–2900 Fax: (246) 228–1619
E-mail: headoffice@mcalbds.com
Director: Nicholas V. Mouttet

ANSA McAL (BARBADOS) LIMITED
McEnearney Quality Complex, Wildey,
St. Michael, BB 14007, Barbados.
Phone: (246) 434-2900 Fax: (246) 228-1619
E-mail: headoffice@mcalbds.com
President/CEO: Nicholas V. Mouttet

ANSA McAL BEVERAGES (BARBADOS) LIMITED
Meridian Place, Choc Estate, Castries, St. Lucia.
Phone: (758) 450-7777 Fax: (758) 451-3079
E-mail: pkf@candw.lc
Directors: Ray A. Sumairsingh & Anthony Sabga III

ANSA McAL (TILE) U.S. INC.
2711 Centreville Road, Suite 400,
City of Wilmington 19808, County of New Castle,
State of Delaware, U.S.A.

CCEF ANSA RENEWABLE ENERGIES HOLDINGS LIMITED
Suite 1, Ground Floor, The Financial Services Centre, Bishop's Court Hill, St. Michael, Barbados, BB 14004.
Phone: (246) 621-0760
Director: Andrew N. Sabga

McAL TRADING LIMITED
McEnearney Quality Complex, Wildey,
St. Michael, BB 14007, Barbados.
Phone: (246) 434-2900 Fax: (246) 228-1619
E-mail: headoffice@mcalbds.com
Director: Nicholas V. Mouttet

THE CARIBBEAN DEVELOPMENT COMPANY (ST. KITTS) LIMITED
Buckley's Site, P.O. Box 1113, Basseterre, St. Kitts.
Phone: (869) 465-2309 Fax: (869) 465-0902
E-mail: markwilkin@caribbrewery.com
Managing Director: Mark Wilkin

4 SWEET BRIAR ROAD LIMITED
Floors 9-11, TATIL Building, 11 Maraval Road,
Port of Spain, Trinidad.
Phone: (868) 223-2672/225-6225
Fax: (868) 624–8753
Director: A. Norman Sabga, LLD (Hon.) UWI

6 SWEET BRIAR ROAD LIMITED
Floors 9-11, TATIL Building, 11 Maraval Road,
Port of Spain, Trinidad.
Phone: (868) 223-2672/225-6225
Fax: (868) 624–8753
Director: A. Norman Sabga, LLD (Hon.) UWI

REAL ESTATE

BAYSIDE WEST LIMITED
9th Floor, TATIL Building, 11 Maraval Road,
Port of Spain, Trinidad.
Phone: (868) 223-2672/225-6225
Fax: (868) 624–8753
Website: ansamcal.com/sectors/real-estate
Director: A. Norman Sabga, LLD (Hon.) UWI

BEH HOLDINGS LIMITED
11 Maraval Road, Port of Spain, Trinidad.
Phone: (868) 223-2672/225-6225
Fax: (868) 624–8753
Director: A. Norman Sabga, LLD (Hon.) UWI

ANSA McAL GROUP COMPANIES' CONTACT INFORMATION

GRAND BAZAAR LIMITED
The City of Grand Bazaar, Churchill Roosevelt & Uriah Butler Highways, Valsayn, Trinidad.
Phone: (868) 662-2045/645-0942/663-2363
E-mail: ronald.annandsingh@ansamcal.com
Website: www.facebook.com/GrandBazaarTrinidad
General Manager: Ronald Annandsingh

O'MEARA HOLDINGS LIMITED
11th Floor, TATIL Building, 11 Maraval Road,
Port of Spain, Trinidad.
Phone: (868) 223-2672/225-6225
Fax: (868) 624–8753
Director: A. Norman Sabga, LLD (Hon.) UWI

PROMENADE DEVELOPMENT LIMITED
9th Floor, TATIL Building, 11 Maraval Road,
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Director: A. Norman Sabga, LLD (Hon.) UWI

TRINIDAD LANDS LIMITED
9th Floor, TATIL Building, 11 Maraval Road,
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Phone: (868) 223-2672/225-6225
Fax: (868) 624–8753
Director: A. Norman Sabga, LLD (Hon.) UWI

FINANCIAL HIGHLIGHTS 2014 - 2018

	2018	2017	2016	2015	2014
Sales to third parties	6,385,229	6,244,482	6,000,610	6,214,994	6,105,443
Profit before taxation	1,017,398	967,715	1,107,285	1,162,585	1,065,462
Income attributable to shareholders	609,391	543,588	691,320	766,585	684,865
Share units in issue weighted average-net of treasury shares	172,432	172,362	172,381	172,268	172,428
Earnings per stock unit	$3.54	$3.15	$4.01	$4.45	$3.97
Dividends:					
Amount	258,653	258,649	258,572	241,175	224,156
Per Unit:					
Interim	$0.30	$0.30	$0.30	$0.30	$0.30
Final	$1.50	$1.20	$1.20	$1.10	$1.00
Total	**$1.80**	**$1.50**	**$1.50**	**$1.40**	**$1.30**
Times Covered	1.97	2.10	2.67	3.18	3.05
Shareholders' equity per stock unit	$42.37	$40.91	$39.32	$36.24	$33.46
Shareholders' equity	7,306,417	7,051,395	6,777,222	6,242,172	5,769,729

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF ANSA McAL LIMITED

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of ANSA McAL Limited and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2018, and the consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2018 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

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 are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF ANSA McAL LIMITED

Report on the Audit of the Consolidated Financial Statements
(Continued)

Key Audit Matters (continued)	**How our audit addressed the key audit matter**
Estimates used in the calculation of Insurance Contracts' Liability Refer to Notes 2 (xxvii), 18 and 19. The Group has significant insurance liabilities of $1.49 billion representing 21% of the Group's total liabilities. The valuation of insurance contract liabilities involves extensive judgement and is dependent on a number of subjective assumptions, including primarily the timing and ultimate settlement value of long-term policyholder liabilities as well as the estimation of claims incurred, whether reported or not, for short-term insurance contracts. Various economic and non-economic key assumptions are being used to estimate the long-term liabilities. Specifically, the Group estimates the expected number and timing of deaths, persistency, future expenses and future investment income arising from the assets backing long-term insurance contracts. For short-term insurance contracts, in calculating the estimated cost of unpaid claims (both reported and incurred but not reported (IBNR)), the Group uses a combination of loss-ratio-based estimates and estimates based upon actual claims experience. The Group uses valuation models to support the calculations of these insurance contract liabilities. The complexity of the models may give rise to errors as a result of inadequate/ incomplete data or the design or application of the models.	We involved our EY actuarial specialists to assist us in performing our audit procedures in this area, which included among others: • Assessment of the key assumptions applied including consideration of emerging trends and studies on mortality and morbidity, voluntary terminations, persistency, interest rate, policy maintenance and administrative expenses, inflation, tax and lapse rates. • Recalculation of technical provisions produced by the models on a sample basis. • An assessment of the internal controls regarding the maintenance of the policyholder database. • An analysis of the movements in insurance liabilities during the year. We assessed whether the movements are in line with changes in assumptions adopted by the Group, our understanding of developments in the business and our expectations derived from market experience.

Report on the Audit of the Consolidated Financial Statements
(Continued)

Key Audit Matters (continued)	**How our audit addressed the key audit matter**
Estimates used in the calculation of Insurance Contracts' Liability (continued) Considering the significance of the insurance contract liabilities and the complexity and estimates involved in the actuarial valuations, we determined this to be a key audit matter in our audit of the consolidated financial statements.	We involved our EY actuarial specialists to assist us in performing our audit procedures in this area, which included among others: (continued) • We considered whether the Group's disclosures in the consolidated fiA39:H50tements in relation to insurance contact liabilities were compliant with IFRS.

Report on the Audit of the Consolidated Financial Statements
(Continued)

Key Audit Matters (continued)	**How our audit addressed the key audit matter**
Allowance for Expected Credit Losses (ECLs) Refer to Notes 2 (xvi), 3, 8, 9 and 31. Net investments in leased assets, loans and advances and other financial assets not held at fair value through statement of income (FVSI) represent 41% of the total assets of the Group amounting to $6.19 billion. The adoption of Phase 2 - Impairment of IFRS 9 'Financial Instruments' has fundamentally changed the Group's accounting for financial asset impairments by replacing IAS 39's incurred loss approach with a forward-looking ECL approach. IFRS 9 requires the Group to record an allowance for ECLs for all loans and other debt financial assets not held at FVSI, together with investment in leased assets. The appropriateness of ECLs is a highly subjective area due to the level of judgement applied by management, involving various assumptions and factors, such as the estimate of the likelihood of default and the potential loss given default. Management also applied adjustments, or overlays, where they believe the data driven parameters and calculations were not appropriate, either due to emerging trends or models not capturing the risks in the portfolios. These overlays required significant judgement.	We understood and critically assessed the methodology and assumptions used by the Group in its ECL models while evaluating its compliance with IFRS 9 requirements. We separately reviewed the ECL impact as at 1 January 2018 and at 31 December 2018 in the Group's statement of financial position. We tested the completeness and accuracy of the inputs used within the models, including the Probabilities of Default (PDs), recoveries and the associated Loss Given Defaults (LGDs) and Exposures At Default (EADs). We also considered whether all relevant risks were reflected in the ECL calculation, and where not, whether overlays appropriately reflected those risks. The aging of the portfolios and other qualitative factors were assessed to determine the staging and thus indication of a significant deterioration in credit risk in accordance with IFRS 9. Independent testing on PD and LGD inputs was performed through validation to international external credit rating agencies, where these were used, as well as typical collateral, historical loss trends and other borrower characteristics.

Report on the Audit of the Consolidated Financial Statements
(Continued)

Key Audit Matters (continued)	**How our audit addressed the key audit matter**
Allowance for Expected Credit Losses (ECLs) (continued) Other significant areas of judgement included: - the interpretation of the requirements to determine impairment under the application of IFRS 9, which is reflected in the Group's ECL models; - the application of assumptions where there was limited or incomplete data; - the identification of exposures with a significant deterioration in credit quality; - assumptions used in the ECL model such as the financial condition of the counterparty or valuation of security; and - the need to apply overlays, the quantification of which can be highly subjective, to reflect current or future external factors that are not appropriately captured by the ECL model. Given the combination of inherent subjectivity in the valuation, and the material nature of the balance, we considered the measurement of ECLs to be a key audit matter in our audit of the consolidated financial statements.	For ECLs calculated on an individual basis, we tested the factors underlying the impairment identification and quantification including forecasts of the amount and timing of future cash flows, valuation of assigned collateral and estimates of recovery on default. We utilised our EY valuation specialists to assess the appropriateness of the key assumptions used in the models. In relation to the Group’s exposure to the Government of Barbados, we ensured that these assets were appropriately accounted for under the restructuring agreements, and that the new assets were recognized at fair value based on the cash flows of the new instruments issued, present valued at estimated market yields post restructure. Finally we focused on the adequacy of the Group’s financial statement disclosures as to whether it appropriately reflected the requirements of the IFRSs.

Report on the Audit of the Consolidated Financial Statements
(Continued)

Key Audit Matters (continued)	**How our audit addressed the key audit matter**
Fair value measurement of investment securities and related disclosures Refer to Notes 2 (xvii), 3, 8 and 30. The Group invests in various investment securities, of which $800 million is carried at fair value in the consolidated statement of financial position. Additionally, the fair values are disclosed for $3.8 billion of investment securities carried at amortised cost in the statement of financial position. Of these assets, $2.3 billion are related to investments for which no published prices in active markets are available and have been classified as Level 2 and Level 3 assets within the IFRS fair value hierarchy. Valuation techniques for these investments can be subjective in nature and involve various assumptions regarding pricing factors. Associated risk management disclosure is complex and dependent on high quality data. A specific area of audit focus includes the determination of fair value of Level 2 and Level 3 assets where valuation techniques are applied in which unobservable inputs are used. For Level 2 assets, these techniques include the use of recent arm’s length transactions, reference to other instruments that are substantially the same and discounted cash flow analyses making maximum use of market inputs, such as the market risk free yield curve.	We independently tested the pricing on quoted securities, and we used our valuation specialists to assess the appropriateness of pricing models used by the Group. This included: • An assessment of the pricing model methodologies and assumptions against industry practice and valuation guidelines. • Testing of the inputs used, including cash flows and other market based data. • An evaluation of the reasonableness of other assumptions applied such as credit spreads. • The re-performance of valuation calculations on a sample basis of internally priced securities that were classified as higher risk and estimation. • An assessment of management's impairment analysis. Finally, we assessed whether the financial statement disclosures, including sensitivity to key inputs and the IFRS fair value hierarchy, appropriately reflect the Group’s exposure to financial instrument valuation risk.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF ANSA McAL LIMITED

Report on the Audit of the Consolidated Financial Statements
(Continued)

Key Audit Matters (continued)	**How our audit addressed the key audit matter**
Fair value measurement of investment securities and related disclosures (continued) Included in the Level 3 category are financial assets that are not quoted as there are no active markets to determine a price. The fair value of these assets cannot be measured reliably and are therefore held at cost, being the fair value of the consideration paid on acquisition. These assets are regularly assessed for impairment. As the determination of the fair value for certain investments securities is a key source of estimation uncertainty, is subject to differing underlying assumptions and represents a material balance and disclosure, we deemed this to be a key audit matter in our audit of the consolidated financial statements.	

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF ANSA McAL LIMITED

Report on the Audit of the Consolidated Financial Statements
(Continued)

Key Audit Matters (continued)	**How our audit addressed the key audit matter**
Estimation uncertainty involved in impairment testing of goodwill and other intangibles with indefinite lives	
Refer to related disclosures in Notes 3 and 6, and accounting policy Notes 2 (vii) and 2 (ix) to the consolidated financial statements. As described in these notes, impairment tests are performed annually on goodwill and certain indefinite life brands, licenses and contracts which amount to $338 million as at 31 December 2018. As required by IAS 36: "Impairment of Assets", the Group performed an impairment test on these assets. Based on the impairment test during the year, no impairment provision was recorded in 2018. Impairment tests on goodwill and other intangibles involve significant estimation and the application of a high level of judgment relative to key assumptions such as the applicable discount rate and future cash-flows. In determining future cash-flow projections, the Group uses assumptions and estimates in respect of future market conditions, future economic growth, expected market share and gross margins. The outcome of the impairment testing is sensitive to these assumptions and estimates, such that changes in these assumptions/estimates may result in different impairment test conclusions.	Our audit procedures focused on the assessment of the key assumptions utilized by the Group including the cash-flow projections and the discount rate. We also evaluated whether the value in use impairment test model utilized met the requirement of IAS 36. To this end, our procedures included, amongst others, evaluating and testing the assumptions, methodologies, Cash Generating Unit (CGU) determination, discount rate and other key data used by the Group. We also assessed the Group's assumptions by comparing to historical performance of the entity, local economic conditions and other alternative independent sources of information. In so doing we evaluated the Group's assessment of the sensitivity of the key assumptions to reasonable possible changes which could cause the carrying amount of the CGU to exceed its recoverable amount. We involved our EY valuation specialist to assist with our audit of the impairment test model, including the cash flows, discount rate and long term growth rates. We also assessed the appropriateness of the disclosures in the notes to the consolidated financial statements, with reference to that prescribed by IFRSs.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF ANSA McAL LIMITED

Report on the Audit of the Consolidated Financial Statements
(Continued)

Other information included in the Group's 2018 Annual Report

Other information consists of the information included in the Group's 2018 Annual Report, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information. The Group's 2018 Annual Report is expected to be made available to us after the date of this auditor's report.

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

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

Responsibilities of Management and the Audit Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, 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.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF ANSA McAL LIMITED

Report on the Audit of the Consolidated Financial Statements
(Continued)

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 judgment and maintain professional skepticism 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.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF ANSA McAL LIMITED

Report on the Audit of the Consolidated Financial Statements
(Continued)

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

- 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 the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee 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 the Audit Committee, 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 in charge of the audit resulting in this independent auditor's report is Pria Narinesingh.

EY

Port of Spain,
TRINIDAD:
21 March 2019

ANSA McAL LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018
(Expressed in Thousands of Trinidad and Tobago dollars)

		31 December	
	Notes	**2018**	**2017**
Assets			
Non-current assets			
Property, plant and equipment	4	2,180,839	2,100,365
Investment properties	5	204,915	177,255
Intangible assets	6	457,319	472,284
Investment in associates and joint venture interests	7	155,209	159,372
Investment securities	8	2,954,921	2,885,851
Loans, advances and other assets	9	1,780,431	1,717,435
Deferred tax assets	10	211,217	193,587
Employee benefits asset	11	866,219	875,243
		8,811,070	8,581,392
Current assets			
Investment securities	8	1,648,314	1,374,547
Loans, advances and other assets	9	424,609	349,262
Inventories	12	1,342,166	1,139,772
Trade, other receivables and contract assets	13	1,272,017	1,013,827
Cash and short term deposits	14	1,787,457	1,890,911
		6,474,563	5,768,319
TOTAL ASSETS		15,285,633	14,349,711

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018
(Expressed in Thousands of Trinidad and Tobago dollars)
(Continued)

	Notes	31 December 2018	31 December 2017
EQUITY AND LIABILITIES			
Equity			
Stated capital	15	175,335	175,316
Other reserves	15	372,874	345,437
Treasury shares	15	(23,856)	(15,137)
Retained earnings		6,782,064	6,545,779
Equity attributable to equity holders of the Parent		7,306,417	7,051,395
Non-controlling interests		822,629	809,266
Total equity		8,129,046	7,860,661
Non-current liabilities			
Deferred tax liabilities	10	629,751	652,769
Employee benefits liability	11	95,147	92,820
Customers' deposits and other funding instruments	16	262,442	329,480
Medium and long term notes and other borrowings	17	915,125	948,127
Insurance contract liabilities	18	1,108,121	1,074,882
		3,010,586	3,098,078
Current liabilities			
Customers' deposits and other funding instruments	16	2,466,778	1,840,030
Current portion of medium and long term notes and other borrowings	17	16,970	131,207
Insurance contract liabilities	18	377,953	365,765
Trade and other payables	20	1,233,004	996,843
Taxation payable		51,296	57,127
		4,146,001	3,390,972
Total liabilities		7,156,587	6,489,050
TOTAL EQUITY AND LIABILITIES		15,285,633	14,349,711

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

These financial statements were authorised for issue by the Board of Directors on 21 March 2019 and signed on their behalf by:

A. Norman Sabga Director   David B. Sabga Director

CONSOLIDATED STATEMENT OF INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018
(Expressed in Thousands of Trinidad and Tobago dollars)

	Notes	Year ended 31 December 2018	Year ended 31 December 2017
Revenue from contracts with customers	21	5,838,658	5,681,152
Other revenue		546,571	563,330
Total Revenue	22, 23	6,385,229	6,244,482
Operating profit	23	1,056,268	990,498
Finance costs	24	(65,638)	(49,534)
Share of results of associates and joint venture interests	7	26,768	26,751
Profit before taxation		1,017,398	967,715
Taxation expense	25	(295,274)	(319,761)
Profit for the year		722,124	647,954
Attributable to:			
Equity holders of the Parent		609,391	543,588
Non-controlling interests		112,733	104,366
		722,124	647,954
Earnings per share:			
Basic (expressed in $ per share)	26	$3.54	$3.15
Diluted (expressed in $ per share)	26	$3.54	$3.15

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018
(Expressed in Thousands of Trinidad and Tobago dollars)

	Notes	Year ended 31 December 2018	Year ended 31 December 2017
Profit for the year		722,124	647,954
Other comprehensive (loss)/income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		(5,554)	5,345
Mark to market loss on investments at fair value through other comprehensive income		(4,224)	–
Income tax credit on mark to market losses		1,921	–
Net other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods		(7,857)	5,345
Items that will not be reclassified subsequently to profit or loss:			
Re-measurement losses on defined benefit plans	11	(36,024)	(11,404)
Income tax credit/(charge)	10	12,255	(1,616)
Net other comprehensive loss not be reclassified to profit or loss subsequent periods		(23,769)	(13,020)
Other comprehensive loss for the year, net of tax		(31,626)	(7,675)
Total comprehensive income for the year, net of tax		690,498	640,279
Attributable to:			
Equity holders of the Parent		580,520	536,680
Non-controlling interests		109,978	103,599
		690,498	640,279

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018
(Expressed in Thousands of Trinidad and Tobago dollars)

	Attributable to equity holders of the parent						
Year ended 31 December 2018	**Share capital** *(Note 15)*	**Other reserves** *(Note 15)*	**Treasury shares** *(Note 15)*	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
Balance at 1 January 2018	175,316	345,437	(15,137)	6,545,779	7,051,395	809,266	7,860,661
Effect of adoption of new accounting standards (Note 2 iii)	–	–	–	(60,445)	(60,445)	(7,867)	(68,312)
Balance at 1 January 2018 (restated)	175,316	345,437	(15,137)	6,485,334	6,990,950	801,399	7,792,349
Profit for the year	–	–	–	609,391	609,391	112,733	722,124
Other comprehensive income/(loss) for the year	–	646	–	(29,517)	(28,871)	(2,755)	(31,626)
Acquisition of non-controlling interests	–	–	–	–	–	(4,505)	(4,505)
Value of equity-settled shared based compensation (Note 15)	19	–	–	–	19	–	19
Transfers and other movements	–	26,791	–	(24,491)	2,300	–	2,300
Net movement in unallocated ESOP shares	–	–	(8,719)	–	(8,719)	–	(8,719)
Dividends (Note 27)	–	–	–	(258,653)	(258,653)	–	(258,653)
Dividends of subsidiaries	–	–	–	–	–	(84,243)	(84,243)
Balance at 31 December 2018	175,335	372,874	(23,856)	6,782,064	7,306,417	822,629	8,129,046

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018
(Expressed in Thousands of Trinidad and Tobago dollars)
(Continued)

	Attributable to equity holders of the parent						
Year ended 31 December 2017	**Share capital** *(Note 15)*	**Other reserves** *(Note 15)*	**Treasury shares** *(Note 15)*	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
Balance at 1 January 2017	175,316	322,942	(14,042)	6,293,006	6,777,222	807,567	7,584,789
Profit for the year	–	–	–	543,588	543,588	104,366	647,954
Other comprehensive income/(loss) for the year	–	2,129	–	(9,037)	(6,908)	(767)	(7,675)
Non-controlling interest acquired in business combinations (Note 36)	–	–	–	–	–	34,756	34,756
Acquisition of non-controlling interests (Note 36)	–	–	–	–	–	(7,011)	(7,011)
Transfers and other movements	–	20,366	–	(23,129)	(2,763)	(23)	(2,786)
Net movement in unallocated ESOP shares	–	–	(1,095)	–	(1,095)	–	(1,095)
Dividends (Note 27)	–	–	–	(258,649)	(258,649)	–	(258,649)
Dividends of subsidiaries	–	–	–	–	–	(129,622)	(129,622)
Balance at 31 December 2017	175,316	345,437	(15,137)	6,545,779	7,051,395	809,266	7,860,661

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018
(Expressed in Thousands of Trinidad and Tobago dollars)

	Notes	**2018**	**2017**
Cash flows from operating activities			
Profit before taxation		1,017,398	967,715
Adjustments to reconcile net profit to net cash from operating activities:			
Depreciation	4, 5	318,960	328,234
Amortisation of intangible assets	6	10,969	9,299
Net gain on disposal of property, plant and equipment, investment securities		(28,836)	(3,281)
Impairment on property, plant and equipment, investment securities and associates		54,261	205
Foreign currency (gains)/losses		(19,399)	6,045
Value of equity settled share based compensation	15	19	–
Unrealised loss/(gain) on revaluation of financial assets through statement of income		9,153	(32,631)
Share of results of associates and joint venture interests	7	(26,768)	(26,751)
Employee benefit net loss		2,276	5,191
Interest on investment income	23	(188,848)	(158,394)
Finance costs	24	65,638	49,534
Operating profit before working capital changes		1,214,823	1,145,166
(Increase)/decrease in inventories		(203,350)	119,488
Increase in trade and other receivables		(280,766)	(49,367)
Increase/(decrease) in trade and other payables		226,259	(87,367)
Increase/(decrease) in customers' deposits and other funding instruments		559,710	(89,079)
(Increase)/decrease in loans, advances and other assets		(153,073)	465,495
Increase in insurance contract liabilities		45,427	79,315
(Increase)/decrease in Central Bank reserve		(8,839)	32,551
Cash generated from operations		1,400,191	1,616,202
Finance costs paid		(65,082)	(52,223)
Contributions paid		(26,949)	(24,961)
Interest received		187,349	141,975
Taxation paid		(329,121)	(277,170)
Net cash inflow from operating activities		1,166,388	1,403,823

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018
(Expressed in Thousands of Trinidad and Tobago dollars)
(Continued)

	Notes	2018	2017
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash acquired	36	–	(117,409)
Acquisition of brands and computer software	6	(43,146)	(91,591)
Proceeds from sale of property, plant and equipment and investment properties		41,375	26,690
Purchase of property, plant, equipment and investment properties	4, 5	(395,857)	(362,899)
Dividends received from associates	7	31,194	12,841
Proceeds from sale, maturity, or placement of investment securities/fixed deposits		2,501,914	1,775,617
Purchase of investment securities		(2,871,766)	(2,450,490)
Net cash outflow from investing activities		(736,286)	(1,207,241)
Cash flows from financing activities			
(Decrease)/increase in medium and long term notes and other borrowings		(133,640)	206,645
Purchases of treasury shares - net		(8,719)	(1,095)
Purchase of non-controlling interests		(4,505)	(7,011)
Dividends paid to non-controlling interests and preference shareholders		(84,243)	(129,622)
Dividends paid to ordinary shareholders	27	(258,643)	(258,649)
Net cash outflow from financing activities		(489,750)	(189,732)
Net (decrease)/increase in cash and cash equivalents		(59,648)	6,850
Net foreign exchange differences		538	316
Cash and cash equivalents at beginning of year		1,690,844	1,683,678
Cash and cash equivalents at end of year	14	1,631,734	1,690,844

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018
(Expressed in Thousands of Trinidad and Tobago dollars)

1. Incorporation and business activities

ANSA McAL Limited (the “Company” or the “parent company”), incorporated and domiciled in the Republic of Trinidad and Tobago, is the ultimate parent company of a diversified group of companies engaged in trading and distribution, manufacturing, packaging and brewing, insurance and financial services and the media and service industries. ANSA McAL Limited and its consolidated subsidiaries (“the Group”) operate in Trinidad and Tobago, the wider Caribbean region and the United States of America. A listing of the Group’s subsidiaries and associates/joint venture interests is detailed in Note 33.

The Company is a limited liability company with its registered office located at 11 Maraval Road, Port of Spain, Trinidad, West Indies and has a primary listing on the Trinidad and Tobago Stock Exchange.

2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below:

i. Basis of preparation

These consolidated financial statements are expressed in thousands of Trinidad and Tobago dollars (except when otherwise indicated) and have been prepared on a historical cost basis except for the measurement at fair value of certain financial assets measured at fair value through statement of income, and other comprehensive income.

Statement of compliance
The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Presentation of consolidated financial statements
Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously. Income and expenses are not offset in the consolidated statement of income unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in the accounting policies of the Group.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

ii. Basis of consolidation

The consolidated financial statements comprise the financial statements of ANSA McAL Limited and its subsidiaries. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

ANSA McAL LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018
(Expressed in Thousands of Trinidad and Tobago dollars)
(Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

ii. Basis of consolidation (continued)

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary;
- Derecognises the carrying amount of any non-controlling interests;
- Derecognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss; and
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

Non-controlling interests represent the interests not held by the Group in the ANSA Merchant Bank Group, Guardian Media Group, Caribbean Development Company Group, Carib Brewery (St Kitts & Nevis) Limited, Grenada Breweries Limited and the Lewis Berger (Overseas) Holdings Group.

iii. Changes in accounting policies and disclosures

New and amended standards and interpretations

The Group applied IFRS 15 and phase II of IFRS 9 for the first time. The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

Several other amendments and interpretations apply for the first time in 2018, but do not have an impact on the consolidated financial statements of the Group. These are described in more detail below. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

iii. Changes in accounting policies and disclosures (continued)

New and amended standards and interpretations (continued)

IFRS 15, 'Revenue from Contracts with Customers'

IFRS 15 supersedes IAS 11, 'Construction Contracts', IAS 18, 'Revenue' and related Interpretations and it applies, with limited exceptions, to all revenue arising from contracts with its customers. IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

IFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

The Group adopted IFRS 15 using the modified retrospective method of adoption with the date of initial application of 1 January 2018. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Group elected to apply the standard only to contracts not completed at this date. The Group also aggregated the effect of all of the modifications that occurred in contracts that were modified before 1 January 2018 when identifying the satisfied and unsatisfied performance obligations, determining the transaction price, and allocating the transaction price to the satisfied and unsatisfied performance obligations.

The cumulative effect of initially applying IFRS 15 is recognised at the date of initial application as an adjustment to the opening balance of retained earnings. Therefore, the comparative information was not restated and continues to be reported under IAS 11, IAS 18 and related Interpretations.

The adoption of IFRS 15 did not have a material impact on OCI or the Group’s operating, investing and financing cash flows. The net impact on equity as at 1 January 2018 was $1,036.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

iii. Changes in accounting policies and disclosures (continued)

New and amended standards and interpretations (continued)

IFRS 15, 'Revenue from Contracts with Customers' (continued)

The nature of the adjustments as at 1 January 2018 and the reasons for the significant changes in the consolidated statement of financial position as at 31 December 2018 and the consolidated statement of income for the year ended 31 December 2018 are described below:

a) Sale of goods with variable consideration

Some contracts for the sale of goods provide customers with a right of return and volume rebates. Before adopting IFRS 15, the Group recognised revenue from the sale of goods measured at the fair value of the consideration received or receivable, net of returns and volume rebates. If revenue could not be reliably measured, the Group deferred recognition of revenue until the uncertainty was resolved. Under IFRS 15, rights of return and volume rebates give rise to variable consideration.

Rights of return
Before the adoption of IFRS 15, returns were not anticipated and therefore were recognised as a reduction to revenue in the period that the return occurred, with a corresponding adjustment to Cost of sales. Under IFRS 15, the consideration received from the customer is variable because the contract allows the customer to return the products. The Group estimates expected returns using the expected value method under IFRS 15. For goods expected to be returned, the Group presented a refund liability and an asset for the right to recover products from a customer separately in the consolidated statement of financial position. The remeasurement resulted in refund liabilities of $2.5 million and right of return assets of $1.5 million in the consolidated statement of financial position as at 1 January 2018. As a result of these adjustments, retained earnings as at 1 January 2018 decreased by $1.0 million.

As at 31 December 2018, IFRS 15 decreased Right of return assets and Refund liabilities by $29 thousand and $98 thousand respectively. It also increased Revenue from contracts with customers and Cost of sales by $98 thousand and $29 thousand, respectively, for the year ended 31 December 2018.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

iii. Changes in accounting policies and disclosures (continued)

New and amended standards and interpretations (continued)

IFRS 15, 'Revenue from Contracts with Customers' (continued)

a) Sale of goods with variable consideration (continued)

Volume rebates
Before the adoption of IFRS 15, some subsidiaries within the Group recognised an expense in Cost of Sales for volume rebates when those rebates occurred and not when the sales to which the rebates relate occurred. Other subsidiaries accrued for rebates immediately if they believed that the rebates were likely to be paid because the customers were likely to achieve their targets.

Under IFRS 15, retrospective volume rebates give rise to variable consideration. To estimate the variable consideration to which it will be entitled, the Group applied the ‘most likely amount method’ for contracts with a single volume threshold and the ‘expected value method’ for contracts with more than one volume threshold. Upon adoption of IFRS 15, Refund liabilities for the expected future rebates as at 1 January 2018 were immaterial, therefore no adjustment was made.

b) Service-type warranties

In certain non-standard contracts, the Group provides warranties beyond fixing defects that existed at the time of sale which were previously accounted for under IAS 37. Under IFRS 15, such warranties are accounted for as service-type warranties and as separate performance obligations to which the Group allocates a portion of the transaction price. The related adjustments are immaterial.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

iii. Changes in accounting policies and disclosures (continued)

New and amended standards and interpretations (continued)

IFRS 15, 'Revenue from Contracts with Customers' (continued)

c) Bundled sales

Before the adoption of IFRS 15, the Group accounted for bundled sales items such as, for example, equipment and installation service, as separate deliverables and allocated consideration to each deliverable using their relative stand-alone selling prices. Under IFRS 15, the Group assessed that there were also separate performance obligations in contracts for bundled sales and re-assessed the allocation of the transaction price based on their relative stand-alone selling prices. The resulting adjustment was immaterial.

The Group reclassified $7.1 million from Deferred revenue (current) to Contract liabilities (current) as at 1 January 2018.

IFRS 9, 'Financial Instruments'

The Group early adopted Phase I - Classification and measurement of financial instruments, of IFRS 9 in its financial statements for the year ended 31 December 2011. Effective 1 January 2018, Phase II and III became effective for the Group.

As the Group early adopted Phase I of IFRS 9, comparative information for 2017 has not been restated for financial instruments in the scope of IFRS 9. Differences arising from the adoption of IFRS 9 have been recognised directly in the retained earnings as of 1 January 2018 and are further described below.

The adoption of Phase II - Impairment of IFRS 9 has fundamentally changed the Group's accounting for financial asset impairments by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. IFRS 9 requires the Group to record an allowance for ECLs for all loans and other debt financial assets not held at fair value through the statement of income. The allowance is based on the ECLs associated with the probability of default in the next twelve months unless there has been a significant increase in credit risk since origination.

Details of the Group's impairment method are disclosed in Note 2 (viii). The quantitative impact of applying IFRS 9 as at 1 January 2018 is disclosed below.

(Expressed in Thousands of Trinidad and Tobago dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

iii. Changes in accounting policies and disclosures (continued)

New and amended standards and interpretations (continued)

IFRS 9, 'Financial Instruments' (continued)

IFRS 7R 'Financial Instruments – Disclosures Revised' – Effective 1 January 2018
To reflect the differences between IFRS 9 and IAS 39, IFRS 7R Financial Instruments - Disclosures Revised was updated and the Group has adopted it, together with IFRS 9, for the year beginning 1 January 2018. Changes include transition disclosures as shown in this table.

Transition disclosures
The following sets out the impact of adopting IFRS 9 on the consolidated statement of financial position and retained earnings, including the effect of replacing the incurred credit loss calculations under IAS 39 with the ECL calculation under IFRS 9.

A reconciliation between the carrying amounts as originally stated as at 31 December 2017 and the adoption of IFRS 9 as of 1 January 2018 is, as follows:

	At 31 December 2017	ECL measurement	Other adjustments	1 January 2018
Assets				
Investment securities	4,260,398	(33,530)	–	4,226,868
Loans, advances and other assets	2,066,697	(26,577)	–	2,040,120
Deferred tax assets	193,587	–	16,614	210,201
Trade and other receivables	1,013,827	(23,783)	–	990,044
	7,534,509	(83,890)	16,614	7,467,233
Equity				
Retained earnings	6,545,779	(73,403)	13,994	6,486,370
Non-controlling interests	809,266	(10,487)	2,620	801,399
	7,355,045	(83,890)	16,614	7,287,769

The ECL remeasurement and its related deferred tax impact is recognised in retained earnings in the consolidated statement of changes in equity.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

iii. Changes in accounting policies and disclosures (continued)

New and amended standards and interpretations (continued)

IFRS 9, 'Financial Instruments' (continued)

As at 1 January 2018, the Group reclassified a portion of its previous fair value through statement of income (FVSI) debt instruments to fair value through other comprehensive income (FVOCI) amounting to $778 million. These instruments met the conditions of the Group's business model whose objective is to both collect contractual cash flows and sell the financial assets. The fair value adjustments relating to these instruments that the Group still held at 31 December 2018 have been recorded in OCI.

The following table reconciles the aggregate opening financial asset provisions under IAS 39 to the ECL allowances under IFRS 9. Further details are disclosed in Notes 8 and 9.

	Impairment per IAS 39 at 31 December 2017	Re-measurement	ECL per IFRS 9 at 1 January 2018
Investment securities	2,642	33,530	36,172
Loans, advances and other assets	111,923	26,577	138,500
Trade and other receivables	110,259	23,783	134,042
Total	224,824	83,890	308,714

Summary of impact of IFRS 9 and IFRS 15 as at 1 January 2018

	Retained earnings	Non-controlling interests	Total equity
Initial recognition of IFRS 9 ECLs	(73,403)	(10,487)	(83,890)
Impact of adoption of IFRS 15	(1,036)	–	(1,036)
Deferred tax in relation to adjustments	13,994	2,620	16,614
	(60,445)	(7,867)	(68,312)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

iii. Changes in accounting policies and disclosures (continued)

New and amended standards and interpretations (continued)

IFRIC 22 - Foreign Currency Transactions and Advance Considerations

The Interpretation clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the date of the transactions for each payment or receipt of advance consideration. This Interpretation does not have any impact on the Group's consolidated financial statements.

Amendments to IAS 40, 'Investment Property' - Transfers of Investment Property

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. These amendments do not have any impact on the Group's consolidated financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

iii. Changes in accounting policies and disclosures (continued)

New and amended standards and interpretations (continued)

Amendments to IFRS 2, 'Share-based Payments' - Classification and Measurement of Share-based Payment Transactions

The IASB issued amendments to IFRS 2, 'Share-based Payment' that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled. On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met. The Group's accounting policy for cash-settled share based payments is consistent with the approach clarified in the amendments. In addition, the Group has no share-based payment transaction with net settlement features for withholding tax obligations and had not made any modifications to the terms and conditions of its share-based payment transaction. Therefore, these amendments do not have any impact on the Group's consolidated financial statements.

Amendments to IFRS 4, 'Insurance Contracts' - Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts

The amendments address concerns arising from implementing the new financial instruments standard, IFRS 9, before implementing IFRS 17 Insurance Contracts, which replaces IFRS 4. The amendments introduce two options for entities issuing insurance contracts: a temporary exemption from applying IFRS 9 and an overlay approach. The Group did not apply these exemptions.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

iii. Changes in accounting policies and disclosures (continued)

New and amended standards and interpretations (continued)

Amendments to IAS 28, 'Investments in Associates and Joint Ventures' - Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice

The amendments clarify that an entity that is a venture capital organisation, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss. If an entity that is not itself an investment entity, has an interest in an associate or joint venture that is an investment entity, then it may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which: (a) the investment entity associate or joint venture is initially recognised; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent. These amendments do not have any impact on the Group's consolidated financial statements.

Amendments to IFRS 1, 'First-time Adoption of International Financial Reporting Standards' - Deletion of short-term exemptions for first-time adopters

Short-term exemptions in paragraphs E3–E7 of IFRS 1 were deleted because they have now served their intended purpose. These amendments do not have any impact on the Group's consolidated financial statements.

Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards , if applicable, when they become effective.

- Amendments to IAS 28 – Long-term Interests in Associates and Joint Ventures – Effective 1 January 2019
- Amendments to IFRS 9 – Prepayment Features with Negative Compensation – Effective 1 January 2019

ANSA McAL LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018
(Expressed in Thousands of Trinidad and Tobago dollars)
(Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

iii. Changes in accounting policies and disclosures (continued)

Standards issued but not yet effective (continued)

- IFRS 16, 'Leases' – Effective 1 January 2019
- IFRS 17, 'Insurance Contracts' – Effective 1 January 2022
- IFRIC 23, 'Uncertainty over Income Tax Treatments' – Effective 1 January 2019
- Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Annual improvements to IFRS standards 2015 – 2017 cycle, resulting in amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23 – Effective 1 January 2019
- Amendments to IAS 19 – Plan Amendment, Curtailment or Settlement – Effective 1 January 2019
- Amendments to References in the Conceptual Framework in IFRS Standards – Effective 1 January 2020
- Amendments to IFRS 3 – Definition of Business – Effective 1 January 2020
- Amendments to IAS 1 and IAS 8 – Definition of Material – Effective 1 January 2020
- Amendments to IFRS 9 – Prepayment features with negative compensation – Effective 1 January 2019

iv. Current versus non-current distinction

The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification. An asset is current when it is:

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

All other assets are classified as non-current.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

iv. Current versus non-current distinction (continued)

A liability is current when:

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

The Group classifies all other liabilities as non-current.

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

v. Investment in associates and joint arrangements

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The Group's investments in its associate and joint venture interests are accounted for using the equity method.

Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment separately.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

v. Investment in associates and joint arrangements (continued)

The consolidated statement of income reflects the Group's share of the results of operations of the associate or joint venture. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the consolidated statement of income outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

The financial statements of the joint venture and some associates are prepared for the same reporting period as that of the Group. For other associates with different reporting dates, these dates were established when those companies were incorporated and have not been changed. Where the reporting dates are within three months of the Group's year end, the associates' audited financial statements are utilised. Where the reporting dates differ from the Group's year end by more than three months or the audited financial statements are not yet available, management accounts are utilised. Further, the financial statements of these associates are adjusted for the effects of significant transactions or events that occurred between that date and the Group's year end. When necessary, adjustments are also made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss within 'Share of profit of an associate and a joint venture' in the consolidated statement of income.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

vi. Business combinations and goodwill

Business combinations are accounted for using the acquisition method. Where business combinations under common control occur, the acquisition method is also used as permitted under the guidelines of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition-date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs incurred are expensed and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the fair value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it should not be re-measured until it is finally settled within equity.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in the profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

vi. Business combinations and goodwill (continued)

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed in this circumstance is measured based on the relative values of the operation disposed and the portion of the cash-generating unit retained.

vii. Impairment of non-financial assets

Intangible assets that have an indefinite useful life or intangible assets not ready for use 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 of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

viii. Impairment of financial assets

Further disclosures relating to impairment of financial assets are also provided in the following notes:

- Disclosures for significant assumptions (Note 3)
- Debt instruments at fair value through statement of income and OCI (Note 31)
- Trade receivables, including contract assets (Note 31)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

viii. Impairment of financial assets (continued)

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted where applicable for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90-180 days past due depending on the nature of the financial asset. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

ix. Intangible assets

Goodwill
Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

ix. Intangible assets (continued)

Goodwill (continued)
For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units (CGUs), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the CGU level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

Brands and licenses
Separately acquired brands and licenses are measured on initial recognition at historical cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation or impairment. Brands and licenses acquired in a business combination are recognised at fair value at the acquisition date. The Group's brands and licenses have been assessed to have an indefinite useful life and impairment tests are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment.

Computer software
Costs associated with maintaining computer software programs are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the software product so that it will be available for use;
- Management intends to complete the software product and use or sell it;
- There is an ability to use or sell the software product;
- It can be demonstrated how the software product will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

ix. Intangible assets (continued)

Computer software (continued)

- The expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised over their estimated useful lives, which do not exceed ten (10) years.

x. Cash and short term deposits

Cash and short term deposits in the consolidated statement of financial position comprise cash at banks and on hand and short term deposits with an original maturity of three months or less. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short term deposits as defined above, net of short term borrowings, fixed deposits and the Central Bank reserve (Note 14).

xi. Foreign currency translation

Foreign currency transactions
The Group's consolidated financial statements are presented in Trinidad and Tobago dollars (expressed in thousands), which is also the parent company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded in the functional currency at the rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Trinidad and Tobago dollars at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities are translated using exchange rates that existed at the dates of the initial transactions. Exchange differences on foreign currency transactions are recognised in the consolidated statement of income.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

xi. Foreign currency translation (continued)

Foreign entities
On consolidation, assets and liabilities of foreign entities are translated into Trinidad and Tobago dollars at the rate of exchange ruling at the reporting date and their statements of income are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on re-translation are recognised in other comprehensive income and accumulated in equity. On disposal of a foreign operation, the deferred cumulative amount recognised in other comprehensive income relating to that particular foreign operation is recognised in the consolidated statement of income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are translated at the rate of exchange prevailing at the end of the reporting period. Exchange differences arising are recognised in other comprehensive income.

xii. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs incurred in connection with the borrowing of funds.

xiii. Property, plant and equipment

Capital work in progress is stated at cost, net of accumulated impairment losses, if any. Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. All other repairs and maintenance costs are charged to the consolidated statement of income when incurred.

The freehold buildings of non-manufacturing companies are depreciated on the straight line basis at 2% per annum. Depreciation on the freehold buildings of the major manufacturing subsidiaries is charged on the straight line basis at rates varying between 2% and 5%. Leasehold properties are amortised over the shorter of the useful life of the lease and the lease period. Land and capital work in progress are not depreciated.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

xiii. Property, plant and equipment (continued)

Depreciation is provided on plant and other assets, either on the straight line or reducing balance basis, at rates varying between 5% and 33 1/3% which are considered sufficient to write off the assets over their estimated useful lives.

The residual values, estimated useful lives and methods of depreciation of property, plant and equipment are reviewed annually and adjusted prospectively if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in the consolidated statement of income.

xiv. Investment properties

Investment properties principally comprise office buildings and land not occupied by the Group, which are held for long term rental yields and capital appreciation. Investment properties are classified as non-current assets and carried at cost less accumulated depreciation and accumulated impairment losses.

Buildings are depreciated on a straight line basis at a rate of 2% per annum. Land is not depreciated.

Investment properties are derecognised either when they have been disposed of (i.e., at the date the recipient obtains control) or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition. The amount of consideration to be included in the gain or loss arising from the derecognition of investment property is determined in accordance with the requirements for determining the transaction price in IFRS 15.

Transfers are made to or from investment property only when there is a change in use. If owner occupied property becomes investment property, the Group accounts for such property in accordance with the policy under property, plant and equipment up to the date of change in use.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

xv. Financial instruments – initial recognition

Measurement categories of financial assets and liabilities

The Group classifies all of its financial assets based on the business model for managing the assets and the asset’s contractual terms, measured at either:

- Amortised cost, as explained in Note 2 (xvi) below.
- FVOCI, as explained in Note 2 (xvi) below.
- FVPL

xvi. Financial assets and liabilities

Impairment of financial assets (Policy applicable from 1 January 2018)

Overview of the ECL principles

As described in Note 2 (iii), the adoption of IFRS 9 has fundamentally changed the Group’s loan loss impairment method by replacing IAS 39’s incurred loss approach with a forward-looking ECL approach. From 1 January 2018, the Group has been recording the allowance for expected credit losses for all loans and other debt financial assets not held at FVPL, together with loan commitments and financial guarantee contracts, in this section all referred to as ‘financial instruments’. Equity instruments are not subject to impairment under IFRS 9.

The Group uses the general probability of default approach when calculating ECLs. The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months’ expected credit loss (12mECL) as outlined in the sub-section below "The Calculation of ECLs". The Group’s policies for determining if there has been a significant increase in credit risk are set out in Note 31.

The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

xvi. Financial assets and liabilities (continued)

Impairment of financial assets (Policy applicable from 1 January 2018) (continued)

Overview of the ECL principles (continued)

Both LTECLs and 12mECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments. The Group's policy for grouping financial assets measured on a collective basis is explained in Note 31.

The Group has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. This is further explained in Note 31.

The calculation of ECLs

The mechanics of the ECL method are summarised below:

- Stage 1 — The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Group calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR. This calculation is made for each of the four scenarios, as explained above.

- Stage 2 — When a financial instrument has shown a significant increase in credit risk since origination, the Group records an allowance for the LTECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.

- Stage 3 — For financial instruments considered credit-impaired (as defined in Note 31), the Group recognises the lifetime expected credit losses. The method is similar to that for Stage 2 assets, with the PD set at 100%.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

xvi. Financial assets and liabilities (continued)

Impairment of financial assets (Policy applicable from 1 January 2018) (continued)

Forward looking information

In its ECL models, the Group relies on a broad range of forward looking information as economic inputs, such as GDP growth, unemployment rates and Central Bank rates.

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the reporting date. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material. Detailed information about these inputs and sensitivity analysis are provided in Note 31.

Under IAS 39 (Policy applicable before 1 January 2018)

The Group assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

xvi. Financial assets and liabilities (continued)

Under IAS 39 (Policy applicable before 1 January 2018) (continued)

The amount of the impairment loss recognised is the difference between the asset’s carrying amount and the present value of estimated future cash flows (excluding credit losses that have not yet been incurred) reflecting the amount of collateral and guarantee, discounted at the financial asset’s original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the statement of income. Interest income (recorded as finance income in the statement of income) continues to be accrued on the reduced carrying amount using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans, together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to finance costs in the consolidated statement of income.

Collateral valuation

To mitigate its credit risks on financial assets, the Group seeks to use collateral, where possible. The collateral comes in various forms, such as cash, securities, letters of credit/guarantees, real estate, receivables, inventories and other non-financial assets such as vehicles and equipment, in the case of the Group's asset financing portfolios. The Group’s accounting policy for collateral assigned to it through its lending arrangements under IFRS 9 is the same as it was under IAS 39. Collateral, unless repossessed, is not recorded on the Group’s consolidated statement of financial position. However, the fair value of collateral affects the calculation of ECLs. It is generally assessed, at a minimum, at inception and re-assessed on an annual basis. Details of the impact of the Group’s various credit enhancements are disclosed in Note 31.

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

xvi. Financial assets and liabilities (continued)

Collateral valuation (continued)

To the extent possible, the Group uses active market data for valuing financial assets held as collateral. Other financial assets which do not have readily determinable market values are valued using models. Non-financial collateral, such as real estate, is valued based on independent valuation data provided by third parties such as mortgage brokers or independent valuators.

Collateral repossessed

The Group's policy under IFRS 9 remains the same as it was under IAS 39. The Group’s policy is to determine whether a repossessed asset can be best used for its internal operations or should be sold. Assets determined to be useful for the internal operations are transferred to their relevant asset category at the valuation cost of the asset.

In its normal course of business, the Group does not physically repossess properties or other assets in its retail portfolio, but it sometimes engages external agents to recover the asset, to settle outstanding. Any surplus funds are returned to the customers/obligors.

Write-offs

The Group's accounting policy under IFRS 9 remains the same as it was under IAS 39. Financial assets are written off either partially or in their entirety only when the Group has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to credit loss expense.

xvii. Fair value measurement

The Group measures certain financial instruments at fair value at each reporting date. Also, fair values of financial instruments measured at amortised cost are disclosed in Note 30. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

xvii. Fair value measurement (continued)

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

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

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

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

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

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

See Note 30 for further details on the valuation techniques and inputs used to account for financial instruments measured at fair value.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

xvii. Fair value measurement (continued)

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. For the purpose of fair value disclosures, the Group has determined classes of assets on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

xviii. Leases

Finance leases
Leases where the Group is the lessor and transfers substantially all the risks and rewards of ownership of the leased asset to the lessee is treated as a finance lease. The amount due from customers under such finance lease arrangements is presented in the consolidated statement of financial position as loans, advances and other assets.

Operating leases
Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the consolidated statement of income over the period of the lease. Renewal of operating leases is based on mutual agreement between parties prior to the expiration date.

xix. Inventories

Inventories and work in progress are valued at the lower of cost and net realisable value. Cost is arrived at on the first-in first-out or at the average method, including, in the case of manufacturing subsidiaries, a proportion of overheads. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

xx. Reinsurance assets

The Group cedes reinsurance in the normal course of business. Reinsurance assets primarily include balances due from reinsurance companies for ceded insurance liabilities. Premiums on reinsurance assumed are recognised as revenue in the same manner as they would be if the reinsurance were considered direct business, taking into account the product classification of the reinsured business. Amounts due from reinsurers are estimated in a manner consistent with the associated reinsured policies and in accordance with the reinsurance contract. Premiums ceded and claims reimbursed are presented on a gross basis.

The benefit to which the Group is entitled under its reinsurance contract held is recognised as reinsurance assets. These assets consist of short-term balances due from reinsurers, as well as longer term receivables that are dependent on the expected claims and benefits arising under the related reinsured insurance contract.

An impairment review is performed on all reinsurance assets when an indication of impairment occurs. Reinsurance assets are impaired only if there is objective evidence that the Group may not receive all amounts due to it under the terms of the contract and it can be measured reliably.

xxi. Income taxes

Current income tax
Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Deferred income tax
Deferred income tax is provided using the liability method on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax assets and liabilities are measured at the tax rate that is expected to apply to the period when the asset is realised or the liability is settled based on the enacted tax rate at the reporting date.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

xxi. Income taxes (continued)

Deferred income tax (continued)
The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax to be recovered.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

xxii. Employee benefits

The Group operates multiple pension plans with defined contribution, defined benefit or hybrid schemes for all eligible full time employees of the Group. The pension plans are governed by the relevant trustee rules and are generally funded by payments from employees and by the relevant Group companies, taking account of the rules of the pension plans and recommendations of independent qualified actuaries.

Defined contribution plans
A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

xxii. Employee benefits (continued)

Defined benefit plans
A defined benefit plan is a pension plan that is not a defined contribution plan. The pension accounting costs for the plans are assessed using the projected unit credit method. Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding net interest (not applicable to the Group) and the return on plan assets (excluding net interest), are recognised immediately in the consolidated statement of financial position with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods. The maximum economic benefits available, as limited by the asset ceiling will crystallise in the form of reductions in future contributions.

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

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

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation within "administrative and distribution costs" (Note 23):

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

Other post-employment benefit plans
The Group also provides other post-employment benefits to their retirees. These benefits are unfunded. The entitlement to these benefits is based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment, using an accounting methodology similar to that for the defined benefit plans.

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

xxiii. Share based payment transactions

The Group operates an equity settled share based compensation plan whereby senior executives of the Group render services as consideration for stock options of the parent company. The cost of equity settled transactions is measured by reference to the fair value of the options at the date on which they were granted. The fair value is determined by an independent external valuer using the binomial model.

The cost of equity settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant executive becomes fully entitled to the award (the vesting date). The cumulative expense recognised at each reporting date reflects the extent of which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit recognised in the consolidated statement of income for the period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance and/or service conditions are satisfied.

The dilutive effect of outstanding options is reflected as an additional share dilution in the computation of earnings per share (See Note 26).

xxiv. Employee share ownership plan ("ESOP")

As stated in Note 15, the Group operates an ESOP, whereby employees of the Group have the option to receive a percentage of their profit share bonuses in the form of ordinary shares of the parent company. The Group recognises an expense within staff costs when bonuses are awarded. Shares acquired by the ESOP are funded by parent company contributions and the cost of the unallocated ESOP shares is presented as a separate component within equity (treasury shares).

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

xxv. Equity movements

Stated capital
Ordinary stated capital is classified within equity and is recognised at the fair value of the consideration received by the Group. Incremental costs directly attributable to the issue of new shares or options are shown as a reduction in equity, net of tax. As equity is repurchased, the amount of consideration paid is recognised as a charge to equity and reported in the consolidated statement of financial position as treasury shares.

Dividends
Dividends on ordinary shares are recognised as a liability and deducted from equity when they are approved by the Board of Directors of the parent company. Interim dividends are deducted from equity when they are paid. Dividends for the year that are approved after the reporting date are dealt with as an event after the end of reporting date.

Treasury shares
Own equity instruments which are re-acquired (“treasury shares”) are deducted from equity. No gain or loss is recognised in the consolidated statement of income on the purchase, sale, issue or cancellation of the Group’s own equity instruments.

xxvi. Product classification

Insurance contracts
IFRS 4, ‘Insurance Contracts’ defines insurance contracts as those containing significant insurance risk at the inception of the contract. The significance of insurance risk is dependent on both the probability of an insured event and the magnitude of its potential effect. Long-term insurance contracts include those contracts with and without discretionary participation features (‘DPF’). For insurance contracts with DPFs, the guaranteed element has not been recognised separately. Changes to the insurance contract liability are recognised in the consolidated statement of income as an item of expense.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period.

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

xxvii. Insurance contract liabilities

Investment contracts
Any insurance contracts not considered to be transferring significant risks are, under IFRS, classified as investment contracts. Deposits collected and benefit payments under investment contracts are not accounted for through the consolidated statement of income, but are accounted for directly through the consolidated statement of financial position as a movement in the investment contract liability. Changes in the fair value of financial assets backing investment contracts are recognised in the consolidated statement of income as investment income.

Life insurance contract liabilities
The provision for life insurance contracts is calculated on the basis of a cash flow matching method where the expected cash flows are based on prudent assumptions depending on the circumstances prevailing.

The liability is determined as the sum of the discounted value of the expected benefit payments and the future administration expenses that are directly related to the contract, less the expected discounted value of the actual gross premiums that would be paid over the expected future lifetime of the contract. The liability is based on best estimate assumptions as to mortality, persistency, investment income and maintenance expenses that are expected to prevail over the life time of the contract.

A margin for adverse developments is added to each best estimate assumption to provide a prudent estimate of possible future claims. Adjustments to the liabilities at each reporting date are recorded in the consolidated statement of income as an expense.

General insurance contract liabilities
General insurance contract liabilities are based on the estimated ultimate cost of all claims incurred but not settled at the reporting date, whether reported or not. Significant delays can be experienced in the notification and settlement of certain types of general insurance claims, particularly in respect of liability business, therefore the ultimate cost cannot be known with certainty at the reporting date.

Provision for unearned premiums
The proportion of written premiums attributable to subsequent periods is deferred as unearned premium. The change in the provision for unearned premium is taken to the consolidated statement of income in the order that revenue is recognised over the period of risk.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

xxvii. Insurance contract liabilities (continued)

Provision for unexpired risk
Provision for unexpired risk is computed as a percentage of the provision for unearned premiums at the end of the year. At each reporting date, liability adequacy tests are performed to ensure the adequacy of the insurance liabilities. Any deficiency is charged to the consolidated statement of income by subsequently establishing a provision for losses arising from the liability adequacy tests (the unexpired risk provision).

Liability adequacy test
In accordance with IFRS 4, reserving for liabilities existing as at the reporting date from property and casualty lines of business has been tested for adequacy by independent actuarial consultants using the Bornhuetter-Fergusson model.

The Bornhuetter-Fergusson model can be summarised as follows:

- The valuation method makes an independent estimate of the gross ultimate claims to a corresponding premium for each underwriting year based on expectations of claims arising from the gross premiums written in that year.
- It estimates a claim run-off pattern of how claims emerge year by year until all is known about the total ultimate claim.
- From the independent estimate of gross ultimate claims, the portion that relates to past periods is removed and the resultant balance is the gross claims yet to emerge.

The independent actuaries concluded in their report dated 6 February 2019 that the carrying amounts of the insurance liabilities of the general insurance subsidiary as at 31 December 2018, in respect of incurred but not reported claims (IBNR) from unexpired contracts were adequate.

xxviii. Trade and other payables

Liabilities for trade and other amounts payable, which are normally settled on 30-90 day terms, are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Group.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

xxix. Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of 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. The expense relating to a provision is presented in the consolidated statement of income, net of reimbursements.

When the Group can reliably measure the outflow of economic benefits in relation to a specific matter and considers such outflows to be probable, the Group records a provision against the matter. Given the subjectivity and uncertainty of determining the probability of losses, the Group takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

xxx. Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements, except for the agency services below, because it typically controls the goods or services before transferring them to the customer.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 3.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

xxx. Revenue from contracts with customers (continued)

Sales of products to third parties

Revenue from the sale of products to third parties is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the items. The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g. providing servicing). In determining the transaction price for sales, the Group considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

- Variable consideration

  If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts provide customers with a right of return and volume rebates. The rights of return and volume rebates give rise to variable consideration.

  Rights of return
  Certain contracts provide a customer with a right to return the goods within a specified period. The Group uses the expected value method to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in IFRS 15 on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, the Group recognises a refund liability. A right of return asset (and corresponding adjustment to cost of sales) is also recognised for the right to recover products from a customer.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

xxx. Revenue from contracts with customers (continued)

Sale of products to third parties (continued)

- Variable consideration (continued)

  Volume rebates
  The Group provides retrospective volume rebates to certain customers once the quantity of products purchased during the period exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer. To estimate the variable consideration for the expected future rebates, the Group applies the most likely amount method for contracts with a single-volume threshold and the expected value method for contracts with more than one volume threshold. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The Group then applies the requirements on constraining estimates of variable consideration and recognises a refund liability for the expected future rebates.

Warranty obligations

Some companies in the Group provide warranties for general repairs of defects that existed at the time of sale. These assurance-type warranties are accounted for under IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

A company in the Group provide a warranty beyond fixing defects that existed at the time of sale. This service-type warranty is sold bundled together with the sale of the related items. Contracts for bundled sales of goods or services and a service-type warranty comprise two or more performance obligations because the promises to transfer the other goods or services and to provide the service-type warranty are capable of being distinct. Using the relative stand-alone selling price method, a portion of the transaction price is allocated to the service-type warranty and recognised as a contract liability. Revenue is recognised over the period in which the service-type warranty is provided based on the time elapsed.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

xxx. Revenue from contracts with customers (continued)

Loyalty points programme

A company in the Group began to operate a loyalty points programme during the year. Under IFRS 15, the loyalty points give rise to a separate performance obligation because they provide a material right to the customer and a portion of the transaction price was allocated to the loyalty points awarded to customers.

Rendering of services

The Group provides services that are either sold separately or bundled with the sale of goods and/or other services. Bundled sales may comprise two or more performance obligations where the items being sold are capable of being distinct and separately identifiable. Accordingly, the Group allocates the transaction price based on the relative stand-alone selling prices.

The Group recognises revenue from certain services over time, using an input method to measure progress towards complete satisfaction of the service where the customer simultaneously receives and consumes the benefits provided by the Group.

Group as principal and agent

When another party is involved in providing goods or services to its customer, the Group determines whether it is a principal or an agent in these transactions by evaluating the nature of its promise to the customer. The Group is a principal and records revenue on a gross basis if it controls the promised goods or services before transferring them to the customer. However, if the Group's role is only to arrange for another entity to provide the goods or services, then the Group is an agent and will need to record revenue at the net amount that it retains for its agency services.

The Group has contracts with customers to acquire, on their behalf, shipping, procurement and travel services provided by shipping companies, airlines and other suppliers. The Group is acting as an agent in these arrangements.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

xxx. Revenue from contracts with customers (continued)

Contract balances

Contract assets
A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Trade receivables
A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in Note 2 (xv) Financial instruments – initial recognition and subsequent measurement.

Contract liabilities
A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

Assets and liabilities arising from rights to return

Right of return assets
Right of return asset represents the Group's right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of the returned goods. The Group updates the measurement of the asset recorded for any revisions to its expected level of returns, as well as any additional decreases in the value of the returned products.

Refund liabilities
A refund liability is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount the Group ultimately expects it will have to return to the customer. The Group updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period. Refer to above accounting policy on variable consideration.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

xxxi. Recognition of interest income

The effective interest rate method

Under both IFRS 9 and IAS 39, interest income is recorded using the effective interest rate (EIR) method for all financial instruments measured at amortised cost and financial assets measured at FVOCI. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

The EIR (and therefore, the amortised cost of the asset) is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the EIR. The Group recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loan. Hence, it recognises the effect of potentially different interest rates charged at various stages, and other characteristics of the product life cycle (including prepayments, penalty interest and charges).

Interest income is accrued until the investment contractually becomes three months in arrears, at which time, the interest is suspended and then accounted for on a cash basis until the investment is brought up to date.

Interest and similar income

The Group calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets.

When a financial asset becomes credit-impaired (as set out in Note 2 viii) and is, therefore, regarded as 'Stage 3', the Group calculates interest income by applying the effective interest rate to the net amortised cost of the financial asset. If the financial assets cures (as outlined in Note 31) and is no longer credit-impaired, the Group reverts to calculating interest income on a gross basis.

For purchased or originated credit-impaired (POCI) financial assets (as set out in Note 2 xvi), the Group calculates interest income by calculating the credit-adjusted EIR and applying that rate to the amortised cost of the asset. The credit-adjusted EIR is the interest rate that, at original recognition, discounts the estimated future cash flows (including credit losses) to the amortised cost of the POCI assets.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

xxxi. Recognition of interest income (continued)

Interest and similar income (continued)

Income from loans, including origination fees, is recognised on an ongoing basis. Interest is accounted for on the accruals basis except where a loan contractually becomes three months in arrears, at which point, the accrued interest is suspended and subsequently accounted for on a cash basis until the arrears are cleared.

Interest income on all trading assets and financial assets mandatorily required to be measured at FVPL is recognised using the contractual interest rate in net trading income and Net gains/(losses) on financial assets at fair value through profit or loss, respectively.

xxxii. Other revenue

Premium income
Premiums from life insurance contracts are recognised as revenue when payable by the policyholders. For single premium business this is the date from which the policy is effective. For non-life business, premiums written are recognised on policy inception and earned on a pro-rated basis over the term of the related policy coverage.

Premiums written on general insurance policies are recognised on policy inception and earned on a pro-rata basis over the term of the related policy coverage. For single premium business this is the date from which the policy is effective.

Reinsurance premiums
Reinsurance premiums are recognised when the right to receive the gross premium is recognised in accordance with the relevant reinsurance contract.

Fees and commissions
Unless included in the EIR calculation, fees are recognised on an accrual basis as the service is provided. Fees and commissions not integral to the effective interest arising from negotiating or participating in the negotiation of a transaction from a third party are recognised on completion of the underlying transaction. Portfolio and other management advisory and service fees are recognised based on the applicable service contract.

Rental income
Rental income arising on investment properties under operating lease is recognised in the consolidated statement of income on a straight-line basis over the lease term.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

xxxii. Other revenue (continued)

Dividend income
Dividend income is recognised when the Group's right to receive the payment is established.

xxxiii. Benefits and claims

Life insurance
Life insurance business claims reflect the cost of all claims incurred during the year. Death claims and surrenders are recorded on the basis of notifications received. Maturities and annuity payments are recorded when due.

General insurance
Reported outstanding general insurance claims comprise the estimated costs of all claims incurred but not settled at the end of the reporting period, less any reinsurance recoveries. In estimating the liability for the cost of reported claims not yet paid, the Group considers any information available from adjusters and information on the cost of settling claims with similar characteristics in previous periods. Provision is made for claims incurred but not reported (IBNR) until after the end of the reporting period. Differences between the provisions for outstanding claims and subsequent revisions and settlement are included in the consolidated statement of income in the year the claims are settled.

Reinsurance claims
Reinsurance claims are recognised when the related gross insurance claim is recognised according to the terms of the relevant reinsurance contract.

xxxiv. Lapses – life insurance

Life Insurance Policies will lapse and the Group's liability will cease:

i. At the end of the grace period (30 days) for any unpaid premium unless the premium or part of it is advanced under the automatic premium loan provision or the policy is changed to paid up; or

ii. At the end of the pro-rated period for which insurance is provided if part of an unpaid premium was advanced under the automatic loan provision; or

iii. At the end of the 30 day period following the mailing of a lapse notice indicating that the indebtedness equals or exceeds the gross cash value.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

xxxv. Deposit insurance contribution

The Central Bank and the Financial Institutions (Non-Banking) (Amendment) Act, of the relevant jurisdictions of the subsidiaries which are financial institutions, have established a Deposit Insurance Fund for the protection of depositors. An annual premium of 0.05% to 0.2% is levied on the average deposit liability outstanding at the end of each quarter of the preceding year.

xxxvi. Repurchase and reverse repurchase agreements

Securities sold subject to a linked repurchase agreement ('repo') are retained in the consolidated financial statements as trading securities and the counterparty liability is included in customers' deposits and other funding instruments, loans and advances. Securities purchased under an agreement to resell ('reverse repo') are recorded as loans and advances. The difference between the sale and repurchase price is treated as interest and accrued over the life of the repo agreement using the effective yield.

xxxvii. Statutory deposits with Central Bank

Pursuant to the provisions of the Central Bank Act 1964 and the Financial Institutions Act 2008, a financial services subsidiary within the Group is required to maintain with the Central Bank of Trinidad and Tobago statutory balances in relation to deposit liabilities and certain funding instruments of the institutions. Additionally, a financial services subsidiary in Barbados is also required to maintain with the Central Bank of Barbados, statutory deposit balances in relation to deposit liabilities. These funds are not available to finance the subsidiary's day-to-day operations.

xxxviii. Earnings per share

Earnings per share (EPS) have been calculated by dividing the profit for the year attributable to shareholders over the weighted average number of ordinary shares in issue during the year net of treasury shares. Diluted EPS is computed by adjusting the weighted average number of ordinary shares in issue (net of treasury shares) for the assumed conversion of potential dilutive ordinary shares.

(Expressed in Thousands of Trinidad and Tobago dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

xxxix. Segment information

For management purposes, the Group is organised into business units based on its products and services and has four (4) reportable segments as follows:

- The manufacturing, packaging and brewing segment;
- The automotive, trading and distribution segment;
- The insurance and financial services segment; and
- The media, retail, services and parent company segment.

xl. Comparative information

The following changes in presentation were made to the comparative information of the previous year (2017) in these consolidated financial statements to allow consistent presentation with the current year:

- Investment securities at amortised cost of $265.3 million which were previously classified within cash and short term deposits are now classified within investment securities - current.

- Computer software of $19.7 million which was previously classified within property, plant and equipment are now classified within intangible assets.

Consolidated statement of financial position	**2017 - As previously reported**	**Re-classification**	**2017 - Adjusted**
Property, plant and equipment	2,120,020	(19,655)	2,100,365
Intangible assets	452,629	19,655	472,284
Investment securities - current	1,109,264	265,283	1,374,547
Cash and cash equivalents	2,156,194	(265,283)	1,890,911

These changes had no effect on the operating result, profit after tax, earnings per share, net cash flows or net assets of the Group for the previous year (2017).

3. SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

The preparation of the Group’s consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities, the accompanying disclosures and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgments

In the process of applying the Group’s accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Impairment of financial instruments (policy applicable under IFRS 9)
The measurement of impairment losses under IFRS 9 across all categories of financial instruments requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Group's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- The Group’s internal credit grading model, which assigns PDs to the individual grades;
- The Group’s criteria for assessing if there has been a significant increase in credit risk and if so, allowances for financial instruments should be measured on a LTECL basis and the qualitative assessment;
- The segmentation of financial instruments when their ECL is assessed on a collective basis;
- Development of ECL models, including the various formulas and the choice of inputs;
- Determination of associations between macroeconomic scenarios and economic inputs, such as unemployment levels and collateral values, and the effect on PDs, EADs and LGDs; and
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

3. SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (continued)

Judgments (continued)

Impairment of financial instruments (policy applicable under IAS 39)
Management makes judgements at each reporting date to determine whether financial assets are impaired. Financial assets are impaired when the carrying value is greater than the recoverable amount and there is objective evidence of impairment. The recoverable amount is the present value of the future cash flows.

Provision for impairment of trade receivables
Management exercises judgement in determining the adequacy of provisions for trade accounts receivable balances for which collections are considered doubtful. Judgement is used in the assessment of the extent of the recoverability of long outstanding balances. Actual outcomes may be materially different from the provision established by management. The accounting policies related to impairment of trade receivables is disclosed in Note 2 (viii).

Operating lease commitments – Group as lessor
The Group has entered into vehicle and equipment leases. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a substantial portion of the economic life of the commercial property, that it retains all the significant risks and rewards of ownership of these assets and accounts for the contracts as operating leases.

Finance lease commitments – Group as lessor
Leases are classified as finance leases when the terms of the lease transfer substantially all of the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Property, plant and equipment
Management exercises judgement in determining whether costs incurred can accrue sufficient future economic benefits to the Group to enable the value to be treated as a capital expense. Further judgement is used upon annual review of the residual values and useful lives of all capital items to determine any necessary adjustments to carrying value. The accounting policy related to property, plant and equipment is disclosed in Note 2 (xiii).

ANSA McAL LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018
(Expressed in Thousands of Trinidad and Tobago dollars)
(Continued)

3. SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (continued)

Judgments (continued)

Revenue from contracts with customers
The Group applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

- *Identifying performance obligations in a bundled sale of equipment and installation services*
  The Group provides installation services that are either sold separately or bundled together with the sale of items to a customer. The installation services are a promise to transfer services in the future and are part of the negotiated exchange between the Group and the customer.

  The Group determined that both the items and installation are capable of being distinct. The fact that the Group regularly sells both equipment and installation on a stand-alone basis indicates that the customer can benefit from both products on their own. The Group also determined that the promises to transfer the items and to provide installation are distinct within the context of the contract. The equipment and installation are not inputs to a combined item in the contract. The Group is not providing a significant integration service because the presence of the equipment and installation together in this contract do not result in any additional or combined functionality and neither the equipment nor the installation significantly modify or customise the other. In addition, the equipment and installation are not highly interdependent or highly interrelated, because the Group would be able to transfer the equipment even if the customer declined installation and would be able to provide installation in relation to products sold by other distributors. Consequently, the Group allocated a portion of the transaction price to the equipment and the installation services based on relative stand-alone selling prices.

- *Determining the timing of satisfaction of installation services*
  The Group concluded that revenue for some installation services is to be recognised over time because the customer simultaneously receives and consumes the benefits provided by the Group. The fact that another entity would not need to re-perform the installation that the Group has provided to date demonstrates that the customer simultaneously receives and consumes the benefits of the Group’s performance as it performs.

3. SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (continued)

Judgments (continued)

Revenue from contracts with customers (continued)

- *Determining the timing of satisfaction of installation services* (continued)
  The Group applies either the input or output method of measuring progress of the installation services depending on how management measures progress towards completion for project management purposes. Where input methods are applied, the Group recognises revenue on the basis of the cost incurred relative to the total expected cost to complete the service. Where output methods are applied, the Group recognises revenue based on the progress towards completing pre-established milestones, given the revenue allocated to those milestones, relative to total revenue.

- *Principal versus agent considerations*
  The Group enters into contracts with its customers to perform ship handling and processing duties on behalf of principals. The following factors indicate that the Group is acting in the capacity as an agent in these contracts:

  - The Group is not primarily responsible for fulfilling the promise to provide the shipping services.
  - The Group has no discretion in establishing the price for the shipping services. The Group's consideration in these contracts is only based on commissions that are a fixed fee or a percentage of the cost of shipping services.

  In addition, the Group concluded that it transfers control over its services (i.e., arranging for the shipping services), at a point in time, upon completion of the shipping services, because this is when the customer benefits from the Group's agency service.

- *Determining method to estimate variable consideration and assessing the constraint*
  Certain contracts for the sale of goods include a right of return and volume rebates that give rise to variable consideration. In estimating the variable consideration, the Group is required to use either the expected value method or the most likely amount method based on which method better predicts the amount of consideration to which it will be entitled.

ANSA McAL LIMITED AND ITS SUBSIDIARIES

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3. SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (continued)

Judgments (continued)

Revenue from contracts with customers (continued)

- *Determining method to estimate variable consideration and assessing the constraint* (continued)
  The Group determined that the expected value method is the appropriate method to use in estimating the variable consideration for the sale of products with rights of return, given the large number of customer contracts that have similar characteristics. In estimating the variable consideration for the sale of products with volume rebates, the Group determined that using a combination of the most likely amount method and expected value method is appropriate. The selected method that better predicts the amount of variable consideration was primarily driven by the number of volume thresholds contained in the contract. The most likely amount method is used for those contracts with a single volume threshold, while the expected value method is used for contracts with more than one volume threshold.

  Before including any amount of variable consideration in the transaction price, the Group considers whether the amount of variable consideration is constrained. The Group determined that the estimates of variable consideration are not constrained based on its historical experience, business forecast and the current economic conditions. In addition, the uncertainty on the variable consideration will be resolved within a short time frame.

Determining whether the loyalty points provide material rights to customers
The Group operates a loyalty points programme which allows customers to accumulate points when they purchase certain Group products. The points can be redeemed for a discount, subject to a minimum number of points obtained. The Group assessed whether the loyalty points provide a material right to the customer that needs to be accounted for as a separate performance obligation.

The Group determined that the loyalty points provide a material right that the customer would not receive without entering into the contract. The discount the customer would receive by exercising the loyalty points do not reflect the stand-alone selling price that a customer without an existing relationship with the Group would pay for those products. The customers' right also accumulates as they purchase additional products.

3. SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (continued)

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Impairment of goodwill and other intangibles
The Group determines whether goodwill or other indefinite life intangibles are impaired at least on an annual basis. This requires an estimation of the 'value in use' or 'fair value less costs of disposal' of the cash-generating units to which the goodwill or other intangibles are allocated. Estimating a value in use amount requires management to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Further details are provided in Note 6 and accounting policy Note 2 (ix).

Valuation of investments
Fair values are based on quoted market prices for the specific instrument, comparisons with other similar financial instruments, or the use of valuation models. Establishing valuations where there are no quoted market prices inherently involves the use of estimates and applying judgment in establishing reserves against indicated valuations for aged positions, deteriorating economic conditions (including country specific risks), concentrations in specific industries, types of instruments or currencies, market liquidity, model risk itself and other factors. Further details are provided in Note 30 and accounting policy Note 2 (xvii).

Taxes
Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the existence of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Group company's domicile.

3. SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (continued)

Estimates and assumptions (continued)

Taxes (continued)
Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the timing and the level of future taxable profits together with future tax planning strategies. Further details are provided in accounting policy Note 2 (xxi).

Pension and other post-employment benefits
The cost of defined benefit pension plans and other post-employment medical benefits is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long term nature of these plans, such estimates are subject to significant uncertainty. All assumptions are reviewed at each reporting date. Further details are provided in Note 11 and accounting policy Note 2 (xxii).

Insurance contract liabilities
The estimation of the ultimate liability arising from claims made under life and general insurance contracts is an accounting estimate. There are several sources of uncertainty that need to be considered in the estimation of the liability that the Group ultimately pays for those claims.

For the life insurance contracts, estimates are made as to the expected number of deaths for each of the years in which the Group is exposed to risk. The Group based these estimates on standard industry mortality tables that reflect historical mortality experience, adjusted where appropriate to reflect the Group's unique risk exposure. The number of deaths determines the value of possible future benefits to be paid out which will be factored into ensuring sufficient cover reserves, which in return is monitored against current and future premiums. For those contracts that insure risk to longevity, prudent allowance is made for expected future mortality improvements, both epidemic, as well as wide ranging changes to lifestyle, could result in significant changes to the expected future mortality exposure. All of this results in even more uncertainty in estimating the ultimate liability.

Estimates are also made as to future investment income arising from the assets backing life insurance contracts. These estimates are based on current market returns as well as expectations about future economic and financial developments.

3. SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (continued)

Estimates and assumptions (continued)

Insurance contract liabilities (continued)
Estimates for future deaths, voluntary terminations, investment returns and administration expenses are determined at the inception of the contract and are used to calculate the liability over the term of the contract. At the end of each reporting period, these estimates are reassessed for adequacy and changes will be reflected in adjustments to the liability.

For general insurance contracts, estimates have to be made both for the expected ultimate cost of claims reported at the reporting date and for the expected ultimate cost of claims incurred but not yet reported (IBNR) at the reporting date. It can take a significant period of time before the ultimate claims costs can be established with certainty. The primary technique adopted by management in estimating the cost of notified and IBNR claims is that of using past claim settlement trends to predict future claims settlement estimates. At each reporting date, prior year claims estimates are reassessed for adequacy and changes are made to the provision. General insurance claims provisions are not discounted for the time value of money. Further details are provided in Note 18 and accounting policy Note 2 (xxvii).

Estimating variable consideration for returns and volume rebates
The Group estimates variable considerations to be included in the transaction price for the sale of electronics equipment with rights of return and volume rebates.

The Group developed a statistical model for forecasting sales returns. The model used the historical return data of each product to come up with expected return percentages. These percentages are applied to determine the expected value of the variable consideration. Any significant changes in experience as compared to historical return pattern will impact the expected return percentages estimated by the Group.

The Group's expected volume rebates are analysed on a per customer basis for contracts that are subject to a single volume threshold. Determining whether a customer will be likely entitled to rebate will depend on the customer's historical rebates entitlement and accumulated purchases to date.

The Group applied a statistical model for estimating expected volume rebates for contracts with more than one volume threshold. The model uses the historical purchasing patterns and rebates entitlement of customers to determine the expected rebate percentages and the expected value of the variable consideration. Any significant changes in experience as compared to historical purchasing patterns and rebate entitlements of customers will impact the expected rebate percentages estimated by the Group.

3. SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (continued)

Estimates and assumptions (continued)

Estimating variable consideration for returns and volume rebates (continued)
The Group updates its assessment of expected returns and volume rebates quarterly and the refund liabilities are adjusted accordingly. Estimates of expected returns and volume rebates are sensitive to changes in circumstances and the Group's past experience regarding returns and rebate entitlements may not be representative of customers' actual returns and rebate entitlements in the future. As at 31 December 2018, the amount recognised as refund liabilities for the expected returns and volume rebates was $2.4 million (1 January 2018: $2.5 million).

(Expressed in Thousands of Trinidad and Tobago dollars)

4. PROPERTY, PLANT AND EQUIPMENT

Year ended 31 December 2018	Land & building freehold	Land & building leasehold	Plant	Other assets	Capital W.I.P	Total
Gross carrying amounts, 1 January 2018	838,615	109,217	2,436,272	831,328	65,650	4,281,082
Additions	6,827	2,811	122,304	114,626	108,324	354,892
Transfers from work in progress and to other assets	54,018	(400)	82,968	(8,506)	(113,070)	15,010
Disposals, write downs and other movements	28,947	24,909	(161,723)	(118,596)	–	(226,463)
Gross carrying amounts, 31 December 2018	928,407	136,537	2,479,821	818,852	60,904	4,424,521
Accumulated depreciation, 1 January 2018	193,563	42,083	1,420,466	524,605	–	2,180,717
Depreciation	18,261	4,202	202,560	91,863	–	316,886
Disposals, write downs and other movements	2,990	(329)	(136,785)	(119,797)	–	(253,921)
Accumulated depreciation, 31 December 2018	214,814	45,956	1,486,241	496,671	–	2,243,682
Net carrying amounts, 31 December 2018	713,593	90,581	993,580	322,181	60,904	2,180,839

Other assets include furniture and fittings, motor vehicles, computer equipment and other tangible fixed assets.

4. PROPERTY, PLANT AND EQUIPMENT (continued)

Year ended 31 December 2017	Land & building freehold	Land & building leasehold	Plant	Other assets	Capital W.I.P	Total
Gross carrying amounts, 1 January 2017	830,362	93,299	2,257,370	764,126	39,104	3,984,261
Acquired in business combination	18,280	4,639	40,425	15,867	–	79,211
Additions	5,696	3,428	127,501	121,348	91,398	349,371
Transfers from work in progress and to intangible assets	12,444	–	44,897	4,532	(64,852)	(2,979)
Disposals, write downs and other movements	(28,167)	7,851	(33,921)	(74,545)	–	(128,782)
Gross carrying amounts, 31 December 2017	838,615	109,217	2,436,272	831,328	65,650	4,281,082
Accumulated depreciation, 1 January 2017	174,655	30,922	1,220,689	459,211	–	1,885,477
Depreciation	16,614	4,562	202,414	103,493	–	327,083
Acquired in business combination	5,487	2,216	30,062	13,730	–	51,495
Disposals, write downs and other movements	(3,193)	4,383	(32,699)	(51,829)	–	(83,338)
Accumulated depreciation, 31 December 2017	193,563	42,083	1,420,466	524,605	–	2,180,717
Net carrying amounts, 31 December 2017	645,052	67,134	1,015,806	306,723	65,650	2,100,365

Other assets include furniture and fittings, motor vehicles, computer equipment and other tangible fixed assets.

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5. INVESTMENT PROPERTIES

	2018	2017
Balance 1 January	177,255	165,092
Transfers from property, plant and equipment (net)	(10,785)	–
Additions	40,965	13,528
Foreign exchange differences and other movements	(446)	(214)
Depreciation for the year	(2,074)	(1,151)
Balance 31 December	204,915	177,255
Investment properties at cost	253,888	212,923
Accumulated depreciation	(48,973)	(35,668)
Net carrying amount	204,915	177,255

The Group has no restrictions on the realisability of its investment properties and no contractual obligations at year end to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

The property rental income earned by the Group from third parties during the year from its investment properties, amounted to $20,228 (2017: $22,585). Direct operating expenses arising on the investment properties amounted to $6,818 (2017: $8,534).

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6. INTANGIBLE ASSETS

	Goodwill	Brands, licenses and contracts	Computer software	Total
Gross carrying amounts, 1 January 2018	232,671	179,887	139,989	552,547
Foreign exchange translation differences	58	–	1	59
Additions	–	684	42,462	43,146
Transfers	–	–	(5,915)	(5,915)
Gross carrying amounts, 31 December 2018	232,729	180,571	176,537	589,837
Accumulated impairment and amortisation, 1 January 2018	(26,296)	(3,472)	(50,495)	(80,263)
Amortisation	–	–	(10,969)	(10,969)
Transfers	–	–	(867)	(867)
Disposals and other adjustments	(39,905)	(684)	170	(40,419)
Accumulated impairment and amortisation, 31 December 2018	(66,201)	(4,156)	(62,161)	(132,518)
Net carrying amounts, 31 December 2018	166,528	176,415	114,376	457,319
Gross carrying amounts, 1 January 2017	229,668	73,989	91,496	395,153
Foreign exchange translation differences	54	–	5	59
Acquisitions	64,506	–	–	64,506
Additions	–	46,071	45,520	91,591
Transfers from property, plant and equipment	–	–	2,979	2,979
Disposals and other adjustments	(61,557)	59,827	(11)	(1,741)
Gross carrying amounts, 31 December 2017	232,671	179,887	139,989	552,547
Accumulated impairment and amortisation, 1 January 2017	(26,296)	–	(39,114)	(65,410)
Amortisation	–	–	(9,299)	(9,299)
Transfers from property, plant and equipment	–	–	(1,683)	(1,683)
Disposals and other adjustments	–	(3,472)	(399)	(3,871)
Accumulated impairment and amortisation, 31 December 2017	(26,296)	(3,472)	(50,495)	(80,263)
Net carrying amounts, 31 December 2017	206,375	176,415	89,494	472,284

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6. INTANGIBLE ASSETS (continued)

Goodwill

In accordance with IFRS 3, 'Business Combinations', goodwill acquired through business combinations has been allocated to the Group's cash-generating units that are expected to benefit from the synergies of the combination. Impairment is determined by assessing the recoverable amount of the cash-generating units to which goodwill relates. The following table highlights the goodwill and impairment testing information for each cash-generating unit, as well as the assumptions to which the impairment testing were most sensitive:

Subsidiary	Cash generating unit	Carrying amount of goodwill	Discount rate	Growth rate (extrapolation period)	Year of acquisition
Grenada Breweries Limited	Manufacturing, packaging & brewing	1,134	15.00%	1.50%	2002
A.S. Bryden & Sons (Barbados) Limited	Automotive, trading & distribution	19,994	13.50%	0.03%	2004
Sissons Paints Limited	Manufacturing, packaging & brewing	6,167	15.00%	1.50%	2008
Standard Distributors Limited and Bell Furniture Industries Limited	Media, retail, services & parent company	39,756	15.00%	3.50%	2012
Standard Distributors and Sales Barbados Limited	Media, retail, services & parent company	5,409	15.00%	2.00%	2012
T/Wee Limited	Automotive, trading & distribution	11,795	15.00%	2.00%	2013
Indian River Beverage Corporation	Manufacturing, packaging & brewing	26,174	10.00%	2.00%	2016
Easi Industrial Supplies Limited	Manufacturing, packaging & brewing	31,498	15.00%	1.00%	2016
Lewis Berger Overseas Holdings Limited	Manufacturing, packaging & brewing	24,601	14% - 20%	2.00%	2017
		166,528			

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6. INTANGIBLE ASSETS (continued)

Goodwill (continued)

For all of the above impairment tests, the recoverable amount of the relevant business units was determined based on value in use calculations using pre-tax cash flow projections over a five-year term. These projections are based on financial budgets approved by the Board of Directors of the respective companies. In assessing value in use, some budgets were adjusted to deliver an adequate balance between historic performance and likely future outcomes. Growth rates are based on published industry research where available or on the historic average of real gross domestic product (GDP) for the local economy.

Brands, licenses and contracts

Intangible assets also include the brands, licenses and contracts arising from the acquisition of Sissons Paints Limited, Lewis Berger Overseas Holdings Limited, Indian River Beverage Corporation, Easi Industrial Supplies Limited, the Mackeson brand and various broadcast licenses and rights which were recognised at fair value at the acquisition dates.

Subsequent to initial recognition, brands, licenses and contracts were carried at cost and are expected to have an indefinite life due to the overall strength and longevity of the brands. Impairment tests were performed on the indefinite life brands and radio licenses at year end and there were no impairment charges arising.

The Mackeson brand has been granted for a term of twenty-five (25) years with the option to renew at little or no cost to the Group. Previous radio licenses acquired have been renewed and have allowed the Group to determine that this asset has an indefinite useful life.

6. INTANGIBLE ASSETS (continued)

Brands, licenses and contracts (continued)

The following table highlights the impairment testing information for each brand, license and contract as well as the assumptions to which the impairment testing were most sensitive:

Brands, licenses and contracts	Cash generating unit	Carrying amount of brand and license	Discount rate	Growth rate (extrapolation period)
Berger brand	Manufacturing, packaging & brewing	46,071	16% - 18%	1.5%
Contract agreement	Manufacturing, packaging & brewing	28,735	15%	0.0%
Indian River Beverage Corporation brands	Manufacturing, packaging & brewing	25,625	12%	2.0%
Mackeson brand	Manufacturing, packaging & brewing	44,696	15%	1.5%
Broadcast licenses	Media, retail, services & parent company	11,899	15%	1.0%
Sissons brand	Manufacturing, packaging & brewing	14,108	15%	1.5%
Intangible assets not subject to impairment				
Contract manufacturing agreements	Manufacturing, packaging & brewing	5,281		
		176,415		

The useful life of the contract manufacturing agreements is 20 years.

Computer software

Intangible assets also include the internal development cost arising from the Enterprise Resource Planning (ERP) Project which was recognised at fair value at the capitalisation date. Subsequent to initial recognition, computer software was carried at cost, less amortisation and impairment losses where necessary, and is expected to have a finite life not exceeding ten (10) years.

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7. INVESTMENT IN ASSOCIATES AND JOINT VENTURE INTERESTS

	2018	2017
Carrying value:		
Associates	155,209	159,372
Joint venture interests	–	–
	155,209	159,372
Share of results:		
Associates	26,768	26,751
Joint venture interests	–	–
	26,768	26,751

Associates

The Group’s investment in associates consists of a 40% ownership interest in Trinidad Lands Limited and various interests (23.5% - 49.5%) held by the ANSA McAL (Barbados) Group. The Group’s interest in associates is accounted for using the equity method in the consolidated financial statements. The following table illustrates the summarised financial information of the Group’s investment in associates:

	2018	2017
Assets:		
Non-current assets	317,880	271,150
Current assets	372,833	397,142
	690,713	668,292
Liabilities:		
Non-current liabilities	43,637	39,281
Current liabilities	168,143	155,565
	211,780	194,846
Net assets	478,933	473,446
Average proportion of the Group's ownership	32%	34%
Carrying amount of the investment	155,209	159,372

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7. INVESTMENT IN ASSOCIATES AND JOINT VENTURE INTERESTS (continued)

Associates (continued)	**2018**	**2017**
Revenue	962,696	891,518
Cost of sales	(638,794)	(579,790)
Administrative expenses	(238,950)	(230,828)
Profit before taxation	84,952	80,900
Taxation	(21,514)	(18,259)
Other comprehensive income	(1,676)	(3,295)
Total comprehensive income	61,762	59,346
Group's share of total comprehensive income	26,768	26,751
Dividends received for the year	31,194	12,841

The associates had no contingent liabilities or capital commitments as at 31 December 2018 or 2017. Depreciation included in administrative expenses and cost of sales is $17,642 (2017: $16,719).

Joint venture interests

The Group has a 50% interest in joint venture companies, Caribbean Roof Tile Company Limited, a company incorporated in the Republic of Trinidad and Tobago and US Tiles Incorporated, a company incorporated in the United States of America. Collectively, the companies are involved in the manufacture and sale of clay roof tile products and commenced commercial production and distribution in 2006. The operations of these companies were mothballed since 2011 and remain as such in 2018, pending improvement in market conditions.

The Group has impaired the carrying value of investments in joint venture interests.

7. INVESTMENT IN ASSOCIATES AND JOINT VENTURE INTERESTS (continued)

Joint venture interests (continued)

No dividends were received from joint venture interests during 2018 or 2017. Depreciation included in administrative costs and cost of sales is $14,592 (2017: $5,581). The joint venture entities had no contingent liabilities or capital commitments as at 31 December 2018 and 2017 and cannot distribute its profits until it obtains the consent from the two venture partners.

The Group has discontinued the recognition of its share of losses of the joint venture as allowed under IAS 28, 'Investments in Associates and Joint Ventures'. The joint ventures recognised a profit for the financial year ended 31 December 2018, however this profit was not recognised given that the cumulative unrecognised losses brought forward exceeds these profits. The unrecognised profits, including foreign exchange adjustments, amount to $3,651. In the prior year, this amount was an unrecognised loss of $3,343. Cumulatively, the unrecognised losses is $6,725 (2017: $10,376).

8. INVESTMENT SECURITIES

	2018	**2017**
Investment securities designated as at fair value through statement of income	656,220	829,225
Investment securities measured at amortised cost	3,803,181	3,431,173
Investment securities measured at fair value through other comprehensive income	143,834	–
Total investment securities	4,603,235	4,260,398
Non-current portion		
Investments at amortised cost maturing in more than one year	2,954,921	2,885,851
Current portion		
Investments at amortised cost maturing in less than one year	848,260	545,322
Investments at fair value through statement of income	656,220	829,225
Investments at fair value through other comprehensive income	143,834	–
	1,648,314	1,374,547

8. INVESTMENT SECURITIES (continued)

	2018	2017
Investment securities designated as at fair value through statement of income		
Equities	481,399	563,949
Government bonds	15,909	16,781
State-owned company securities	73,949	80,467
Corporate bonds	84,963	168,028
	656,220	829,225
Investment securities measured at amortised cost		
Government bonds	1,372,732	800,209
State-owned company securities	581,789	844,591
Corporate bonds	1,848,660	1,786,373
	3,803,181	3,431,173
Investment securities measured at fair value through other comprehensive income		
Government bonds	18,057	–
State-owned company securities	18,567	–
Corporate bonds	107,210	–
	143,834	–
Total investment securities	4,603,235	4,260,398

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8. INVESTMENT SECURITIES (continued)

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's credit rating system, aging and year-end stage classification.

Investments at amortised cost	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Gross carrying amount at 31 December 2018	3,359,387	412,219	82,352	3,853,958
ECL allowance	(5,554)	(12,549)	(32,674)	(50,777)
Net exposure at 31 December 2018	3,353,833	399,670	49,678	3,803,181

Investments at amortised cost	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Gross carrying amount at 1 January 2018	2,895,800	517,310	20,705	3,433,815
ECL allowance	(9,368)	(24,162)	(2,642)	(36,172)
Net exposure at 1 January 2018	2,886,432	493,148	18,063	3,397,643

Impairment on investments at amortised cost	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
ECL allowance as at 1 January 2018	(9,368)	(24,162)	(2,642)	(36,172)
Translation adjustments	(6)	(8)	-	(14)
ECL on new instruments and other adjustments	(2,666)	(1,781)	(24,007)	(28,454)
Other credit loss movements, repayments etc.	6,410	(169)	(6,025)	216
Charge-offs and write-offs	76	13,571	-	13,647
ECL allowance at 31 December 2018	(5,554)	(12,549)	(32,674)	(50,777)

Investments at fair value through other comprehensive income	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Gross carrying amount at 31 December 2018	145,033	-	-	145,033
ECL allowance	(1,199)	-	-	(1,199)
Net exposure at 31 December 2018	143,834	-	-	143,834

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8. INVESTMENT SECURITIES (continued)

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's credit rating system, aging and year-end stage classification. (continued)

Investments at fair value through other comprehensive income	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
ECL allowance as at 1 January 2018	–	–	–	–
ECL on new instruments and other adjustments	(1,199)	–	–	(1,199)
ECL allowance at 31 December 2018	(1,199)	–	–	(1,199)

9. LOANS, ADVANCES AND OTHER ASSETS

Included herein are amounts receivable under hire purchase and finance lease agreements in the financial statements of various subsidiary companies in the financial services and retail sectors. Also included, are other interest bearing loans and advances of the Group which are stated at amortised cost.

	2018	**2017**
Hire purchase and finance leases	1,499,866	1,493,394
Mortgages, policy loans and other loans and advances	537,863	398,178
Total loans and advances	2,037,729	1,891,572
Other assets – reinsurance assets (Note 18)	167,311	175,125
Total loans, advances and other assets	2,205,040	2,066,697
Current portion	(424,609)	(349,262)
Non-current portion	1,780,431	1,717,435

9. LOANS, ADVANCES AND OTHER ASSETS (continued)

	2018	**2017**
Hire purchase and finance leases is analysed as follows:		
Hire purchase	1,709,430	1,690,752
Finance leases	155,204	170,872
	1,864,634	1,861,624
Less: Unearned finance charges	(296,030)	(326,141)
	1,568,604	1,535,483
Less: Provisions	(68,738)	(42,089)
Net hire purchase and finance leases	1,499,866	1,493,394
Mortgages, policy loans and other loans and advances is analysed as follows:		
Mortgages and policy loans	196,476	187,045
Other loans and advances	357,858	280,967
	554,334	468,012
Less: Provisions	(16,471)	(69,834)
Net mortgages, policy loans and other loans and advances	537,863	398,178
Minimum lease payments of hire purchase and finance leases:		
Amounts due:		
Within one year	148,943	136,663
After one year but less than five years	1,122,105	1,191,727
More than five years	593,586	533,234
	1,864,634	1,861,624

9. LOANS, ADVANCES AND OTHER ASSETS (continued)

	2018	2017
Present value of minimum lease payments of hire purchase and finance leases:		
Amounts due:		
Within one year	132,811	99,488
After one year but less than five years	965,690	1,022,049
More than five years	470,103	413,946
	1,568,604	1,535,483
Sectorial analysis of total loans, advances and other assets:		
Personal	926,107	872,525
Commercial	414,104	406,247
Professional and other services	864,829	787,925
	2,205,040	2,066,697

As at 31 December 2018, the Group has repossessed vehicles with a fair value of $5.9 million (2017: $2.8 million). Repossessed vehicles are sold as soon as practical, with the proceeds used to reduce the outstanding indebtedness.

An analysis of changes in the gross carrying amount and the corresponding ECL allowances is, as follows:

	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount at 31 December 2018	1,832,658	172,763	117,517	2,122,938
ECL allowance	(15,541)	(6,017)	(63,651)	(85,209)
Net exposure at 31 December 2018	1,817,117	166,746	53,866	2,037,729
Other assets - reinsurance assets				167,311
Loans, advances and other assets				2,205,040

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9. LOANS, ADVANCES AND OTHER ASSETS (continued)

An analysis of changes in the gross carrying amount and the corresponding ECL allowances is, as follows: (continued)

	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount at 1 January 2018	1,645,158	179,969	178,368	2,003,495
ECL allowance	(15,834)	(10,743)	(111,923)	(138,500)
Net exposure at 1 January 2018	1,629,324	169,226	66,445	1,864,995
Other assets – reinsurance assets				175,125
Loans, advances and other assets				2,040,120

	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at 1 January 2018	(15,834)	(10,743)	(111,923)	(138,500)
Translation adjustments	5	–	–	5
ECL on new instruments issued during the year	(4,731)	(361)	(4,652)	(9,744)
Other credit loss movements, repayments etc.	3,964	3,924	(10,525)	(2,637)
Charge-offs and write-offs	1,055	1,163	63,910	66,128
Recoveries	–	–	(461)	(461)
ECL allowance at 31 December 2018	(15,541)	(6,017)	(63,651)	(85,209)

10. DEFERRED TAXATION

On 19 December 2017, the GORTT enacted the Finance Bill 2017 which increased the corporation tax rate on chargeable income up to $1 million to 30%, thereby taxing all income at this rate from 1 January 2018. This impacted the deferred tax assets and liabilities of the Group's net assets by $10.1 million. Of this amount $5.9 million is recognised in the consolidated statement of income as a deferred tax expense and $4.2 million is recognised within the deferred tax impact of re-measurement gains on defined benefit plans in the consolidated statement of comprehensive income.

10. DEFERRED TAXATION (continued)

On 22 December 2017, the Government of the United States of America (US) enacted the Tax Cuts and Jobs Act. This reduced the rate of corporation tax on US companies to 21% from 1 January 2018 and impacted the deferred tax assets and liabilities of the Group's US Operations. This resulted in a charge of $7 million in the consolidated statement of income for the year ended 31 December 2017.

On 20 November 2018, the Government of Barbados announced a change in the corporate tax rate effective 1 January 2019. This changed the tax rate from 30% to a sliding scale where:

- Taxable profit less than or equal to BB$1.0 million will be taxed at 5.5%;
- Taxable profit more than $1.0 million but less than or equal to $20.0 million will be taxed at 3.0%;
- Taxable profit over BB$20.0 million but less than or equal to BB$30.0 million will be taxed at 2.5%; and
- Taxable profit over BB$30.0 million will be taxed at 1%.

This impacted the deferred tax assets and liabilities of the Group's subsidiaries based in Barbados, increasing net assets by TT$13.7 million. Of this amount, TT$12.4 million is recognised in the consolidated statement of income as a credit to the deferred tax expense and TT$1.3 million is recognised within the deferred tax impact of re-measurement gains on defined benefit plans in the consolidated statement of comprehensive income.

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10. DEFERRED TAXATION (continued)

		(Credit) / charge to			
	2017	Consolidated statement of income (Note 25)	Life reserve and other movement	OCI (Note 25)	2018
Deferred tax assets					
Unutilised tax losses	(131,579)	(5,648)	–	–	(137,227)
Employee benefit liability, finance leases and other	(62,008)	9,027	(16,707)	(4,302)	(73,990)
	(193,587)	3,379	(16,707)	(4,302)	(211,217)
Deferred tax liabilities					
Property, plant and equipment	298,320	(42,239)	–	–	256,081
Employee benefit asset	257,554	2,880	–	(7,953)	252,481
Life insurance reserves	33,350	18,268	3,968	–	55,586
Unrealised investment gains	61,181	(22,887)	–	–	38,294
Other	2,364	24,945	–	–	27,309
	652,769	(19,033)	3,968	(7,953)	629,751
Net deferred tax charge		(15,654)	(12,739)	(12,255)	

Life reserve and other movement includes the effect of IFRS 9 on the deferred tax asset as at 1 January 2018. Refer to Note 2 (iii).

(Expressed in Thousands of Trinidad and Tobago dollars)

10. DEFERRED TAXATION (continued)

	2016	Acquired in business combination	(Credit) / charge to Consolidated statement of income (Note 24)	Life reserve and other movement	OCI (Note 24)	2017
Deferred tax assets						
Unutilised tax losses	(140,399)	(1,572)	28,636	(18,244)	–	(131,579)
Employee benefit liability, finance leases and other	(57,076)	(2,690)	(3,895)	653	1,000	(62,008)
	(197,475)	(4,262)	24,741	(17,591)	1,000	(193,587)
Deferred tax liabilities						
Property, plant and equipment	307,576	1,658	(12,388)	1,474	–	298,320
Employee benefit asset	239,255	3,142	14,541	–	616	257,554
Life insurance reserves	30,346	–	(1,762)	4,766	–	33,350
Unrealised investment gains	57,016	–	3,651	514	–	61,181
Other	7,554	–	(4,264)	(926)	–	2,364
	641,747	4,800	(222)	5,828	616	652,769
Net deferred tax charge			24,519	(11,763)	1,616	

The Group has unutilised tax losses of $489,951 (2017: $476,710) available to be carried forward and applied against future taxable income of the Group. These losses have not yet been verified by the relevant Revenue authorities.

Some subsidiaries have incurred tax losses either in the current or prior year, yet recognised deferred tax assets of $27,189 (2017: $89,383) on some or all of their total taxation losses. The recoverability of these deferred tax assets depends on these subsidiaries' ability to generate future taxable profits. The Group believes that these deferred tax assets are recoverable because these losses are expected to shelter taxable profits in the foreseeable future.

10. DEFERRED TAXATION (continued)

The Group has $26,133 (2017: $15,287) of tax losses, representing the sum of tax losses for several years carried forward and related to subsidiaries that have a history of losses. The losses for each tax year expire after nine years and may not be used to offset taxable income elsewhere in the Group. The subsidiaries have no opportunities that could partly support the recognition of these losses as deferred tax assets. On this basis, the Group has determined that it cannot recognise deferred tax assets on these tax losses carried forward. If the Group was able to recognise all unrecognised deferred tax assets, net income and equity would have increased by $4,059 (2017: $3,991).

11. EMPLOYEE BENEFITS

The Group has defined benefit, defined contribution and hybrid pension plan schemes in Trinidad & Tobago, Barbados, Jamaica and Guyana. The Group also provides certain post-retirement healthcare benefits to employees. These plans are governed by the deeds and rules of the specific plan and the employment laws relevant to the jurisdictions in which they operate.

Contributions recognised in the consolidated statement of income with respect to defined contribution plans are as follows:

	2018	2017
Contribution expense – Trinidad & Tobago plans	9,895	9,147
Contribution expense – Overseas plans	730	618
	10,625	9,765

The level of pension benefits provided under the defined benefit plans depends on the member's length of service and salary at retirement age. The defined benefit pension plan requires contributions to be made to a separately administered fund. The fund has a separate legal form and is governed by the Board of Trustees. The Board of Trustees is responsible for the administration of the plan assets and for the definition of the investment strategy.

11. EMPLOYEE BENEFITS (continued)

The Board of Trustees periodically reviews the level of funding in the pension plan. Such a review includes the asset-liability matching strategy and investment risk management policy which considers the term of the pension obligation while simultaneously remaining compliant with the requirements of the Pension Act. The pension plans are exposed to inflation, interest rate risks and changes in the life expectancy for pensioners in the relevant jurisdictions. As the plan assets include significant investments in quoted equity shares, the Group is also exposed to equity market risk.

	2018	2017
Employee benefits asset		
Trinidad & Tobago plans (See Note 11 (a))	822,224	820,481
Overseas plans (See Note 11 (b))	43,995	54,762
	866,219	875,243
Employee benefits liability		
Trinidad & Tobago plans (See Note 11 (a))	68,346	67,469
Overseas plans (See Note 11 (b))	26,801	25,351
	95,147	92,820

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11. EMPLOYEE BENEFITS (continued)

(a) Trinidad and Tobago plans

The amounts recognised in the consolidated statement of financial position are as follows:

Defined benefit pension plans 2017	Defined benefit pension plans 2018		Other post - employment benefits 2018	Other post - employment benefits 2017
1,018,528	1,085,133	Present value of obligations	68,346	67,469
(1,856,607)	(1,925,623)	Fair value of plan assets	–	–
(838,079)	(840,490)	Benefit (surplus)/deficit	68,346	67,469
17,598	18,266	Unrecognised portion	–	–
(820,481)	(822,224)		68,346	67,469

Based on the report of the Pension Plans' actuary, the present value of any economic benefits available in the form of reductions in future contributions to the defined benefit plans has been limited in accordance with IAS 19, 'Employee Benefits'.

Return on plan assets

2017	2018		2018	2017
76,364	81,345		–	–

11. EMPLOYEE BENEFITS (continued)

(a) Trinidad and Tobago plans (continued)

Movements in the net (asset)/liability recognised in the consolidated statement of financial position are as follows:

Defined benefit pension plans 2017	Defined benefit pension plans 2018		Other post - employment benefits 2018	Other post - employment benefits 2017
(811,354)	(820,481)	Net (asset)/liability at 1 January	67,469	69,330
(121)	–	Acquired in business combination	–	–
(2,538)	(5,965)	Net (income)/expense recognised in the consolidated statement of income	3,694	5,995
9,424	19,221	Net (income)/expense recognised in the consolidated statement of comprehensive income	5,672	(1,903)
(15,892)	(14,999)	Contributions/benefits paid	(8,489)	(5,953)
(820,481)	(822,224)		68,346	67,469

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11. EMPLOYEE BENEFITS (continued)

(a) Trinidad and Tobago plans (continued)

Changes in the defined benefit obligation, fair value of plan assets and movements in other post-employment benefit plans:

	Defined benefit obligation	Fair value of plan assets	Unrecognised portion	Defined benefit pension plans	Other post-employment benefits
Balance at 1 January 2018	1,018,528	(1,856,607)	17,598	(820,481)	67,469
Pension cost charged to profit or loss					
Current service cost	32,689	–	–	32,689	1,175
Administrative expenses	–	1,699	–	1,699	–
Net interest loss/(gain)	51,114	(91,713)	246	(40,353)	2,519
Sub-total included in profit or loss	83,803	(90,014)	246	(5,965)	3,694
Re-measurement (gains)/losses in OCI					
Experience losses - demographic	8,431	–	–	8,431	5,672
Experience losses - financial	–	10,368	–	10,368	–
Changes in asset ceiling	–	–	422	422	–
Sub-total included in OCI	8,431	10,368	422	19,221	5,672
Other movements					
Contributions by employee	15,776	(15,776)	–	–	–
Contributions by employer	–	(16,277)	–	(16,277)	–
Benefits paid	(42,111)	42,111	–	–	(8,489)
Transfers	706	572	–	1,278	–
Sub-total - other movements	(25,629)	10,630	–	(14,999)	(8,489)
Balance at 31 December 2018	1,085,133	(1,925,623)	18,266	(822,224)	68,346

(Expressed in Thousands of Trinidad and Tobago dollars)

11. EMPLOYEE BENEFITS (continued)

(a) Trinidad and Tobago plans (continued)

Changes in the defined benefit obligation, fair value of plan assets and movements in other post-employment benefit plans:

	Defined benefit obligation	Fair value of plan assets	Unrecognised portion	Defined benefit pension plans	Other post-employment benefits
Balance at 1 January 2017	933,571	(1,759,013)	14,088	(811,354)	69,330
Acquired in business combination	37,178	(37,299)	–	(121)	–
Pension cost charged to profit or loss					
Current service cost	31,737	–	–	31,737	3,385
Past service cost	3,842	–	–	3,842	–
Administrative expenses	–	1,736	–	1,736	–
Net interest loss/(gain)	48,253	(88,352)	246	(39,853)	2,610
Sub-total included in profit or loss	83,832	(86,616)	246	(2,538)	5,995
Re-measurement (gains)/losses in OCI					
Experience gains - demographic	(5,828)	–	–	(5,828)	(1,903)
Experience losses - financial	–	11,988	–	11,988	–
Changes in asset ceiling	–	–	3,264	3,264	–
Sub-total included in OCI	(5,828)	11,988	3,264	9,424	(1,903)
Other movements					
Contributions by employee	15,266	(15,266)	–	–	–
Contributions by employer	–	(15,892)	–	(15,892)	–
Benefits paid	(43,740)	43,740	–	–	(5,953)
Transfers	(1,751)	1,751	–	–	–
Sub-total - other movements	(30,225)	14,333	–	(15,892)	(5,953)
Balance at 31 December 2017	1,018,528	(1,856,607)	17,598	(820,481)	67,469

11. EMPLOYEE BENEFITS (continued)

(a) Trinidad and Tobago plans (continued)

The major categories of plan assets as a percentage of total plan assets are as follows:

	2018	2017
Local equities – quoted	31%	32%
Local bonds	39%	40%
Foreign investments	23%	21%
Real estate/mortgages	2%	2%
Short-term securities	5%	5%

Principal actuarial assumptions at the reporting date:

	2018	2017
Discount rate at 31 December	5.0%	5.0%
Future salary increases	3.0%	3.0%
Future medical claims inflation	3.0%	3.0%

Shown below is a quantitative sensitivity analysis for the impact of significant assumptions on the defined benefit obligation:

Assumptions	**Discount rate**		**Future salary increases**		**Future medical claims inflation**	
Sensitivity level	**+1%**	**-1%**	**+1%**	**-1%**	**+1%**	**-1%**
At 31 December 2018	(132,360)	167,182	43,639	(38,643)	5,555	(4,432)
At 31 December 2017	(126,105)	159,583	43,878	(38,482)	4,132	(3,315)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on net defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

11. EMPLOYEE BENEFITS (continued)

(a) Trinidad and Tobago plans (continued)

The pension plan is maintained at a significant surplus. The Group has chosen not to take any contribution holidays to ensure the continued health of the plan in changing economic circumstances. The Group's contribution rate of 4% to 6% of pensionable salaries will continue into the foreseeable future.

The Group is expected to contribute $16,776 to its defined benefit plans and $5,332 to its post-employment Trinidad and Tobago benefit plans in 2019.

The weighted average duration of the defined benefit obligation at the end of the reporting period is 16 years (2017: 16 years) for the defined benefit pension plan and 10 years (2017: 11 years) for other post-employment benefit plans.

(b) Overseas plans

The amounts recognised in the consolidated statement of financial position are as follows:

Defined benefit pension plans			**Other post - employment benefits**	
2017	**2018**		**2018**	**2017**
208,962	210,350	Present value of obligations	26,801	25,351
(271,536)	(269,379)	Fair value of plan assets	–	–
(62,574)	(59,029)	Benefit (surplus)/deficit	26,801	25,351
7,812	15,034	Unrecognised portion	–	–
(54,762)	(43,995)		26,801	25,351

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11. EMPLOYEE BENEFITS (continued)

(b) Overseas plans (continued)

Based on the report of the Pension Plans' actuary, the present value of any economic benefits available in the form of reductions in future contributions to the defined benefit plans has been limited in accordance with IAS 19, 'Employee Benefits'.

Return on plan assets:

2017	**2018**		**2018**	**2017**
21,616	16,537	Actual return on plan assets	–	–

Movements in the net (asset)/liability recognised in the consolidated statement of financial position are as follows:

Defined benefit pension plans			**Other post - employment benefits**	
2017	**2018**		**2018**	**2017**
(43,397)	(54,762)	Net (asset)/liability at 1 January	25,351	17,471
(13,179)	–	Acquired in business combination	–	7,193
(1,718)	1,449	Net (income)/expense recognised in the consolidated statement of income	3,098	3,452
5,760	11,817	Net (income)/expense recognised in the consolidated statement of comprehensive income	(686)	(1,877)
(2,228)	(2,499)	Contributions/benefits paid	(962)	(888)
(54,762)	(43,995)		26,801	25,351

(Expressed in Thousands of Trinidad and Tobago dollars)

11. EMPLOYEE BENEFITS (continued)

(b) Overseas plans (continued)

Changes in the defined benefit obligation, fair value of plan assets and movements in other post-employment benefit plans:

	Defined benefit obligation	Fair value of plan assets	Unrecognised portion	Defined benefit pension plans	Other post-employment benefits
Balance at 1 January 2018	208,962	(271,536)	7,812	(54,762)	25,351
Pension cost charged to profit or loss					
Current service cost	3,340	–	–	3,340	1,449
Past service cost	–	–	–	–	68
Net interest loss/(gain)	17,825	(20,166)	614	(1,727)	1,924
Net exchange loss/(gain)	547	(711)	–	(164)	(343)
Sub-total included in profit or loss	21,712	(20,877)	614	1,449	3,098
Re-measurement (gain)/loss in OCI					
Experience (gains)/losses - demographic	(16,285)	11,800	–	(4,485)	(1,965)
Experience losses - financial	–	3,629	6,744	10,373	–
Re-measurement loss - financial	6,028	–	–	6,028	1,279
Changes in asset ceiling	–	(99)	–	(99)	–
Sub-total included in OCI	(10,257)	15,330	6,744	11,817	(686)
Other movements					
Contributions by employee	2,120	(2,120)	–	–	–
Contributions by employer	–	(2,363)	–	(2,363)	–
Other movements	1,259	(1,259)	(136)	(136)	–
Benefits paid	(13,446)	13,446	–	–	(962)
Sub-total - other movements	(10,067)	7,704	(136)	(2,499)	(962)
Balance at 31 December 2018	210,350	(269,379)	15,034	(43,995)	26,801

11. EMPLOYEE BENEFITS (continued)

(b) Overseas plans (continued)

Changes in the defined benefit obligation, fair value of plan assets and movements in other post-employment benefit plans:

	Defined benefit obligation	Fair value of plan assets	Unrecognised portion	Defined benefit pension plans	Other post-employment benefits
Balance at 1 January 2017	114,776	(158,173)	–	(43,397)	17,471
Acquired in business combination	81,950	(98,576)	3,447	(13,179)	7,193
Pension cost charged to profit or loss					
Current service cost	2,694	–	–	2,694	1,312
Past service cost	–	–	–	–	264
Net interest loss/(gain)	13,740	(18,065)	–	(4,325)	1,832
Net exchange (gain)/loss	288	(375)	–	(87)	44
Sub-total included in profit or loss	16,722	(18,440)	–	(1,718)	3,452
Re-measurement (gain)/loss in OCI					
Experience gain - demographic	4,946	–	–	4,946	(1,877)
Experience loss - financial	–	(3,551)	–	(3,551)	–
Changes in asset ceiling	–	–	4,365	4,365	–
Sub-total included in OCI	4,946	(3,551)	4,365	5,760	(1,877)
Other movements					
Contributions by employee	1,865	(1,865)	–	–	–
Contributions by employer	–	(2,271)	–	(2,271)	–
Other movements	43	–	–	43	–
Benefits paid	(11,340)	11,340	–	–	(888)
Sub-total - other movements	(9,432)	7,204	–	(2,228)	(888)
Balance at 31 December 2017	208,962	(271,536)	7,812	(54,762)	25,351

(Expressed in Thousands of Trinidad and Tobago dollars)

11. EMPLOYEE BENEFITS (continued)

(b) Overseas plans (continued)

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	2018	**2017**
Fixed deposits	7%	6%
Local equities - quoted	53%	53%
Bonds	40%	41%

Principal actuarial assumptions at the reporting date:

Discount rate at 31 December	7.50%	7.50%
Future salary increases	5.50%	5.50%
Future medical claims inflation	4.75%	4.75%

Shown below is a quantitative sensitivity analysis for the impact of significant assumptions on the defined benefit obligation:

Assumptions	**Discount rate**		**Future salary increases**		**Future medical claims inflation**	
Sensitivity level	**+1%**	**-1%**	**+1%**	**-1%**	**+1%**	**-1%**
At 31 December 2018	(21,691)	25,517	8,200	(7,893)	4,617	(3,697)
At 31 December 2017	(22,215)	27,385	9,091	(8,348)	4,405	(3,516)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on net defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

11. EMPLOYEE BENEFITS (continued)

(b) Overseas plans (continued)

The pension plan is maintained at a significant surplus. The Group has chosen not to take any contribution holidays to ensure the continued health of the plan in changing economic circumstances. The Group's contribution rate of up to 5% of pensionable salaries will continue into the foreseeable future.

The Group is expected to contribute $2,438 to its defined benefit plans and $726 to its post-employment Trinidad and Tobago benefit plans in 2019.

The average duration of the defined benefit obligation at the end of the reporting period is 17 years (2017: 17 years) for the defined benefit plan and 24 years (2017: 25 years) for the other post-employment benefits.

12. INVENTORIES	**2018**	**2017**
Finished goods	893,356	788,776
Raw materials and work in progress	180,145	170,414
Goods in transit	227,850	126,652
Consumables and spares	40,815	53,930
	1,342,166	1,139,772

The amount of inventories written back to cost of sales for the year amounted to $62,359 (2017: $15,260 - write off).

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13. TRADE, OTHER RECEIVABLES AND CONTRACT ASSETS

	2018	2017
Trade (net of provision)	754,612	720,551
Due from associates and joint venture interests (Note 33)	4,068	5,902
Due from other related parties (Note 33)	2,673	2,404
Right of return assets (Note 21)	1,441	–
Contract assets (Note 21)	14,761	–
Prepayments	86,630	46,730
Interest receivable	33,415	32,242
Insurance receivable	40,093	30,227
VAT recoverable	76,755	32,604
Taxation recoverable	18,119	18,912
Other receivables	239,450	124,255
	1,272,017	1,013,827

Contract assets

Set out below is the movement in the allowance for expected credit losses of trade and other receivables:

As at 31 December 2018, the Group has contract assets of $14,761 (1 January 2018: $13,589).

	2018		2017	
	Trade	**Other**	**Trade**	**Other**
Balance at 1 January	93,639	16,620	85,013	14,339
Effect of adoption of IFRS 9	5,867	17,916	–	–
Acquired in business combination	–	–	7,180	–
Charge for the year (Note 23)	29,600	–	24,543	2,281
Recoveries and reversals	(39,024)	(10,881)	(23,097)	–
Balance at 31 December	90,082	23,655	93,639	16,620

13. TRADE, OTHER RECEIVABLES AND CONTRACT ASSETS (continued)

As at 31 December, the ageing analysis of trade receivables is as follows:

		Neither past due nor	Past due but not impaired	
	Total	**impaired**	**1 to 60 days**	**Over 60 days**
2018	754,612	395,343	277,563	81,706
2017	720,551	378,429	241,773	100,349

The significant changes in the balances of trade receivables and contract assets are disclosed in Note 21 (b) while the information about the credit exposures are disclosed in Note 31.

14. CASH AND SHORT TERM DEPOSITS

	2018	2017
Cash and bank balances	1,404,082	1,476,367
Short term deposits	312,061	303,647
Fixed deposits	71,314	110,897
	1,787,457	1,890,911

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short term deposits are made for varying periods of between one day and three months and earns interest at the respective short-term deposit rates. Fixed deposits carry maturity periods in excess of three months but within twelve months.

14. CASH AND SHORT TERM DEPOSITS (continued)

For the purpose of the consolidated statement of cash flows, cash and cash equivalents are derived as follows:

	2018	2017
Cash and short term deposits	1,787,457	1,890,911
Less: Central Bank reserve	(84,409)	(75,570)
Short term borrowings (Note 17)	–	(13,600)
Fixed deposits	(71,314)	(110,897)
	1,631,734	1,690,844

Central Bank reserve:

The Central Bank Reserve balance represents the amounts held at the Central Bank of Trinidad and Tobago and the Central Bank of Barbados as required under the respective regulatory pronouncements. The Central Bank of Trinidad and Tobago reserve account represents 9% of average liabilities and is non-interest bearing. The Central Bank of Barbados reserve account represents 5% of average deposit liabilities and earned interest of 0.10% (2017: 0.10%).

These funds are not available to finance day to day operations and as such are excluded from the cash reserves to arrive at cash and cash equivalents.

15. STATED CAPITAL AND OTHER RESERVES

	2018	2017
Authorised		
Unlimited cumulative preference shares of no par value		
Unlimited ordinary shares of no par value		
Issued and fully paid		
1,630 6% cumulative preference shares of no par value	163	163
176,192,841 (2016: 176,192,841) ordinary shares of no par value converted into ordinary stock transferable in units of no par value	175,172	175,153
	175,335	175,316

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15. STATED CAPITAL AND OTHER RESERVES (continued)

	# of units Thousands	$
At 1 January 2017	176,192	175,153
Value of equity settled share based compensation	–	–
Stock options exercised during the year	–	–
At 31 December 2017	176,192	175,153
Value of equity settled share based compensation	–	19
Stock options exercised during the year	–	–
At 31 December 2018	176,192	175,172

Treasury shares
The number and value of own equity shares (treasury shares) held by the Group is:

	2018	2017
Treasury shares		
- Number of shares (000's)	3,853	3,831
Value of shares (cost - $000's)	23,856	15,137

As detailed in Note 2 (xxiv), the Group operates an Employee Share Ownership Plan (ESOP) in which shares purchased by the Plan are vested in the name of the Trustee. The cost of these unallocated ESOP shares are accounted for and disclosed within equity as treasury shares.

Participation in the Plan is entirely voluntary and details are as follows:

	2018	2017
Number of members	460	463
Number of allocated shares (000's)	1,981	1,959
Market value of allocated shares held at 31 December ($000's)	108,955	123,408

(Expressed in Thousands of Trinidad and Tobago dollars)

15. STATED CAPITAL AND OTHER RESERVES (continued)

Other reserves

	Attributable to equity holders of the Parent				
	Statutory reserve fund	**Statutory surplus reserve**	**General loan loss reserve**	**Foreign currency & other**	**Total**
Balance, 1 January 2017	211,673	57,327	6,148	47,794	322,942
Total other comprehensive income for the year	–	–	–	2,129	2,129
Transfers and other movements	14,330	5,894	142	–	20,366
Balance, 31 December 2017	226,003	63,221	6,290	49,923	345,437
Total other comprehensive income for the year	–	–	–	646	646
Transfers and other movements	14,131	3,318	8,566	776	26,791
Balance, 31 December 2018	240,134	66,539	14,856	51,345	372,874

Nature and purpose of other reserves

Statutory reserve fund

The Financial Institutions Act in the respective jurisdiction of the Group's Merchant Banking subsidiaries, requires that not less than 10% of the net profit of the Bank after deduction of taxes in each year be transferred to a statutory reserve fund until the balance standing to the credit of this reserve is equal to the paid up capital of the Merchant Bank.

Statutory surplus reserve

As required by Section 171 of the Insurance Act 1980 of Trinidad and Tobago at least 25% of the Insurance subsidiary's profit from general insurance business, for the preceding year is to be appropriated towards a statutory surplus reserve until such surplus equals or exceeds the reserves in respect of its outstanding unexpired policies. This reserve is not distributable.

15. STATED CAPITAL AND OTHER RESERVES (continued)

General loan loss reserve

The Group's Merchant Banking subsidiary has established a general reserve for loan losses in accordance with the guidelines issued by the Central Bank of Trinidad and Tobago. The reserve has been calculated at 0.5% of the loan balance at the year end and encompasses hire purchase loans, finance leases and premium financing loans after deducting unearned finance charges. This reserve has been accounted for as an appropriation of retained earnings and is included in other reserves in the consolidated statement of changes in equity.

Foreign currency reserve

The foreign currency reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries into Trinidad and Tobago dollars (the Group's presentation currency).

16 CUSTOMERS' DEPOSITS AND OTHER FUNDING INSTRUMENTS

Sectoral analysis is as follows:

	2018	**2017**
Amounts due:		
Within 1 year	2,466,778	1,840,030
Over 1 year	262,442	329,480
	2,729,220	2,169,510

This balance represents deposit liabilities and other funding instruments included in the financial statements of the various subsidiary companies that are financial institutions.

Individuals	1,012,138	1,160,257
Pension funds/Credit unions/Trustees	721,605	415,008
Private companies/estates/financial institutions	995,477	594,245
	2,729,220	2,169,510

Customers' deposits and other funding instruments include investment contract liabilities of $269,117 (2017: $234,502). These investment contract liabilities have neither reinsurance arrangements nor discretionary participation features.

17. MEDIUM AND LONG TERM NOTES AND OTHER BORROWINGS

	2018	2017
Amounts due:		
Within 1 year	16,970	131,207
Over 1 year	915,125	948,127
	932,095	1,079,334
Comprise of:		
- Medium and long term notes - non-current portion	915,125	948,127
- Medium and long term notes - current portion	16,970	117,352
- Short term borrowings (Note 14)	–	13,600
- Other interest bearing debt	–	255
	932,095	1,079,334

Medium and long term notes

Notes issued by the Group's Merchant Banking Subsidiary
On 2 August 2011, the Group's Merchant Banking Subsidiary ("the Bank") issued US$50 million medium-term notes in three tranches, two of which matured in 2014 and in 2016. US$15 million, representing the third and last tranche which carried interest at 5.20%, matured in 2018. In September 2015, the Bank issued an additional US$30 million medium-term note maturing on 17 September 2021. Interest was set at a fixed rate of 4% per annum.

In November 2014, the Bank issued a TT$250 million medium-term note maturing on 28 November 2022. Interest was set at a fixed rate of 3.35% per annum. An additional TT$350 million medium-term note was issued on 5 June 2015, with the interest set at a fixed rate of 3.75% per annum, matured 28 November 2018. On 3 October 2016, the Bank issued TT$100.8 million promissory notes in three tranches of TT$33.6 million each which were repaid on 23 June 2017.

Loan to finance acquisition
The purpose of this loan was to finance the acquisition of Lewis Berger Overseas Holdings Limited and the Berger brands. This loan was issued for a face value of US$40 million on 26 April 2017 and matures on 26 April 2024. Interest is fixed at 4.62%. This loan is repayable via 14 semi-annual instalments of principal and interest. The current portion of this amounting to TT$17.0 million is included in the current portion of medium and long term notes.

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17. MEDIUM AND LONG TERM NOTES AND OTHER BORROWINGS (continued)

Short term borrowings

This relates to bank overdrafts and short term debt.

Other interest bearing debt

This relates to lease financing acquired from third parties in Jamaica.

18. INSURANCE CONTRACT LIABILITIES

	2018	2017
Due within one year:		
General insurance contracts	346,946	340,621
Life insurance contracts – outstanding claims	31,007	25,144
	377,953	365,765
Due over one year:		
Life insurance contracts	1,108,121	1,074,882
	1,486,074	1,440,647

18. INSURANCE CONTRACT LIABILITIES (continued)

		2018			2017		
	Notes	Insurance contract liabilities	Reinsurers' share of liabilities *(Note 9)*	Net	Insurance contract liabilities	Reinsurers' share of liabilities *(Note 9)*	Net
Life insurance contracts	19 (a)	1,139,128	(11,213)	1,127,915	1,100,026	(19,842)	1,080,184
General insurance contracts	19 (b)	346,946	(156,098)	190,848	340,621	(155,283)	185,338
Total insurance contract liabilities		1,486,074	(167,311)	1,318,763	1,440,647	(175,125)	1,265,522

a) Life insurance contract liabilities may be analysed as follows:

	2018			2017		
	Insurance contract liabilities	Reinsurers' share of liabilities	Net	Insurance contract liabilities	Reinsurers' share of liabilities	Net
With DPF	219,814	–	219,814	227,152	–	227,152
Without DPF	888,307	(11,213)	877,094	847,730	(19,842)	827,888
	1,108,121	(11,213)	1,096,908	1,074,882	(19,842)	1,055,040
Outstanding claims	31,007	–	31,007	25,144	–	25,144
Total life insurance contract liabilities	1,139,128	(11,213)	1,127,915	1,100,026	(19,842)	1,080,184

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18. INSURANCE CONTRACT LIABILITIES (continued)

a) Life insurance contract liabilities may be analysed as follows: (continued)

	2018			2017		
	Insurance contract liabilities	Reinsurers' share of liabilities	Net	Insurance contract liabilities	Reinsurers' share of liabilities	Net
At 1 January	1,100,026	(19,842)	1,080,184	1,011,806	(17,356)	994,450
Premiums received	166,041	(13,333)	152,708	221,584	(13,677)	207,907
Liabilities realised for payment on death, surrender and other terminations in the year	(126,939)	21,962	(104,977)	(133,364)	11,191	(122,173)
At 31 December	1,139,128	(11,213)	1,127,915	1,100,026	(19,842)	1,080,184

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18. INSURANCE CONTRACT LIABILITIES (continued)

b) General insurance contract liabilities may be analysed as follows:

i) Claims reported and IBNR

	2018			2017		
	Insurance contract liabilities	**Reinsurers' share of liabilities**	**Net**	**Insurance contract liabilities**	**Reinsurers' share of liabilities**	**Net**
Claims reported and IBNR	189,631	(101,397)	88,234	198,311	(112,269)	86,042
Provisions for unearned premiums and unexpired notes	157,315	(54,701)	102,614	142,310	(43,014)	99,296
Total at end of year	346,946	(156,098)	190,848	340,621	(155,283)	185,338
Provisions for claims reported by policy holders	159,374	(89,947)	69,427	169,449	(95,284)	74,165
Provisions for claims incurred but not reported (IBNR)	38,937	(22,322)	16,615	42,265	(23,821)	18,444
	198,311	(112,269)	86,042	211,714	(119,105)	92,609
Cash paid for claims settled in the year	(155,324)	30,889	(124,435)	(129,246)	28,150	(101,096)
Increase in liabilities	146,644	(20,017)	126,627	115,843	(21,314)	94,529
Total at end of year	189,631	(101,397)	88,234	198,311	(112,269)	86,042

18. INSURANCE CONTRACT LIABILITIES (continued)

(b) General insurance contract liabilities may be analysed as follows (continued):

i) Claims reported and IBNR (continued)

	2018			2017		
	Insurance contract liabilities	**Reinsurers' share of liabilities**	**Net**	**Insurance contract liabilities**	**Reinsurers' share of liabilities**	**Net**
Provision for claims reported by policy holders	152,652	(81,151)	71,501	159,374	(89,947)	69,427
Provision for claims incurred but not reported (IBNR)	36,979	(20,246)	16,733	38,937	(22,322)	16,615
	189,631	(101,397)	88,234	198,311	(112,269)	86,042

(Expressed in Thousands of Trinidad and Tobago dollars)

18. INSURANCE CONTRACT LIABILITIES (continued)

(b) General insurance contract liabilities may be analysed as follows (continued):

ii) Provisions for unearned premiums and unexpired risk

	2018			2017		
	Insurance contract liabilities	**Reinsurers' share of liabilities**	**Net**	**Insurance contract liabilities**	**Reinsurers' share of liabilities**	**Net**
Provisions for unearned premiums	126,524	(38,234)	88,290	122,526	(40,929)	81,597
Provision for unexpired risk	15,786	(4,780)	11,006	15,286	(5,116)	10,170
	142,310	(43,014)	99,296	137,812	(46,045)	91,767
Increase/(decrease) in the period	387,413	(173,876)	213,537	351,551	(153,360)	198,191
Release in the period	(372,408)	162,189	(210,219)	(347,053)	156,391	(190,662)
Total at end of year	157,315	(54,701)	102,614	142,310	(43,014)	99,296
Provision for unearned premiums	139,836	(48,623)	91,213	126,524	(38,234)	88,290
Provision for unexpired risk	17,479	(6,078)	11,401	15,786	(4,780)	11,006
	157,315	(54,701)	102,614	142,310	(43,014)	99,296

18. INSURANCE CONTRACT LIABILITIES (continued)

Claims development table

The risks associated with these insurance contracts and in particular, casualty insurance contracts, are complex and subject to a number of variables that complicate quantitative sensitivity analysis. The Group has no known or reported latent claims such as disease or asbestosis and therefore no actuarial analysis is made. The development of insurance liabilities provides a measure of the Group's ability to estimate the ultimate value of claims. The table below illustrates how the Group's estimate of total claims outstanding for each underwriting year has changed at successive year ends.

Underwriting year	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**Total**
Estimate of outstanding claims costs (gross):							
- at end of accident year	91,281	92,421	157,401	120,579	118,617	157,855	–
- one year later	94,982	96,461	169,457	126,999	122,555	–	–
- two years later	97,232	92,333	164,935	123,191	–	–	–
- three years later	94,749	91,152	161,788	–	–	–	–
- four years later	96,502	88,957	–	–	–	–	–
- five years later	110,414		–	–	–	–	–
Current estimate of cumulative claims	110,414	88,957	161,788	123,191	122,555	157,855	764,760
Cumulative payments to date	(91,256)	(85,307)	(98,104)	(111,390)	(108,414)	(117,637)	(612,108)
Liability recognised in the consolidated statement of financial position	19,158	3,650	63,684	11,801	14,141	40,218	152,652
Total liability in respect of prior years							36,979
Total liability included in the consolidated statement of financial position							189,631

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18. INSURANCE CONTRACT LIABILITIES (continued)

Claims development table

The risks associated with these insurance contracts and in particular, casualty insurance contracts, are complex and subject to a number of variables that complicate quantitative sensitivity analysis. The Group has no known or reported latent claims such as disease or asbestosis and therefore no actuarial analysis is made. The development of insurance liabilities provides a measure of the Group's ability to estimate the ultimate value of claims. The table below illustrates how the Group's estimate of total claims outstanding for each underwriting year has changed at successive year ends.

Underwriting year	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**Total**
Estimate of outstanding claims costs (gross):							
- at end of accident year	73,573	75,408	77,882	89,913	89,765	132,882	–
- one year later	78,636	79,779	83,604	97,417	97,956	–	–
- two years later	80,685	79,761	83,168	94,918	–	–	–
- three years later	77,958	76,087	81,509	–	–	–	–
- four years later	79,336	74,383	–	–	–	–	–
- five years later	89,356	–	–	–	–	–	–
Current estimate of cumulative claims	89,356	74,383	81,509	94,918	97,956	132,882	571,004
Cumulative payments to date	(77,375)	(71,255)	(73,638)	(85,936)	(86,804)	(104,495)	(499,503)
Liability recognised in the consolidated statement of financial position	11,981	3,128	7,871	8,982	11,152	28,387	71,501
Total liability in respect of prior years							15,621
Total liability included in the consolidated statement of financial position							87,122

19. INSURANCE CONTRACTS, INVESTMENT CONTRACTS AND REINSURANCE ASSETS - TERMS, ASSUMPTIONS AND SENSITIVITIES

(a) Life insurance contracts and investment contracts

Terms and conditions

Insurance subsidiaries in the Group offer a combination of individual life, pension, annuity and group life contracts with and without discretionary participation features. These contracts are determined by actuaries and all subsequent valuation assumptions are determined by independent consulting actuaries.

Key assumptions

Material judgment is required in determining the liabilities and in the choice of assumptions relating to both life insurance contracts and investment contracts. Assumptions in use are based on past experience, current internal data and conditions and external market indices and benchmarks, which reflect current observable market prices and other published information. Assumptions are determined as appropriate and prudent estimates are made at the date of valuation. Assumptions are further evaluated on a continuous basis in order to ensure realistic and reasonable valuations.

For insurance contracts, estimates are made in two stages. Firstly, at inception of the contract, the Group determines the assumptions in relation to future deaths, voluntary terminations, investment returns and administration expenses. Secondly, at the end of each reporting period, new estimates are developed to determine whether the liabilities are appropriate in light of the latest current estimates.

For investment contracts, assumptions used to determine the liabilities are also updated at the end of each reporting period to reflect latest estimates.

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19. INSURANCE CONTRACTS, INVESTMENT CONTRACTS AND REINSURANCE ASSETS - TERMS, ASSUMPTIONS AND SENSITIVITIES (continued)

(a) Life insurance contracts and investment contracts (continued)

Key assumptions (continued)

The key assumptions to which the estimation of liabilities is particularly sensitive are as follows:

Mortality and morbidity rates
Assumptions are based on underlying experience as well as standard industry mortality tables, according to the type of contract written. For contracts that insure the risk of longevity, appropriate but not excessively prudent allowance is made for expected future mortality improvements. Assumptions are differentiated by sex, underwriting class and contract type.

Mortality rates higher than expected will lead to a larger number of insurance claims and claims will occur sooner than anticipated, which will increase the expenditure and reduce profits for the shareholders.

Investment return
The weighted average rate of return is derived from a model portfolio that is assumed to back liabilities, consistent with the long-term asset allocation strategy. These estimates are based on current market returns as well as expectations about future economic and financial developments. An increase in investment return would lead to an increase in profits for the shareholders.

Expenses
Operating expense assumptions reflect the projected costs of maintaining and servicing in-force policies and associated overhead expenses. An increase in the level of expenses would result in an increase in expenditure thereby reducing profits for the shareholders.

Lapse and surrender rates
Lapses relate to the termination of policies due to non-payment of premiums. Surrenders relate to the voluntary termination of policies by policyholders. Policy termination assumptions are determined using statistical measures based on the Group's experience and vary by product type, policy duration and changes in policyholders' circumstances.

19. INSURANCE CONTRACTS, INVESTMENT CONTRACTS AND REINSURANCE ASSETS - TERMS, ASSUMPTIONS AND SENSITIVITIES (continued)

(a) Life insurance contracts and investment contracts (continued)

Key assumptions (continued)

Lapse and surrender rates (continued)
The impact of a decrease in lapse rates at early duration of the policy would tend to reduce profits for the shareholders but lapse rates at later policy durations is broadly neutral in effect.

Sensitivities

The table below illustrates the impact of various changes in assumptions which are within a reasonable range of possible outcomes given the uncertainties involved in the estimation process. It demonstrates the effect of changes in key assumptions whilst other assumptions remain unchanged, if these assumptions were changed in a single calendar year. The correlation of assumptions will have a significant effect in determining the ultimate claims liabilities, but to demonstrate the impact on the claims liabilities due to changes in assumptions, these assumption changes had to be done on an individual basis. It should also be stressed that these assumptions are nonlinear and larger or smaller impacts cannot easily be gleaned from these results.

Assumption change	**Required increase in insurance contract liabilities**	
	2018	**2017**
2% Increase in mortality	7,700	7,200
5% Increase in expenses	9,400	9,000
10% Change in lapse rates	7,800	7,700
1% Decrease in investment earnings	127,600	125,100

19. INSURANCE CONTRACTS, INVESTMENT CONTRACTS AND REINSURANCE ASSETS - TERMS, ASSUMPTIONS AND SENSITIVITIES (continued)

(b) General insurance contracts

Terms and conditions

The major classes of general insurance written by insurance subsidiaries in the Group include motor, property, casualty, marine, general accident and other miscellaneous types of general insurance. Risks under these policies usually cover a 12 month duration.

For general insurance contracts, claims provisions (comprising provisions for claims reported by policyholders and claims incurred but not yet reported) are established to cover the ultimate cost of settling the liabilities in respect of claims that have occurred and are estimated based on known facts at the end of reporting period.

The provisions are refined as part of a regular ongoing process as claims experience develops, certain claims are settled and further claims are reported. Outstanding claims provisions are not discounted for the time value of money.

Assumptions

The principal assumption underlying the estimates is the Group's past claims development experience. This includes assumptions in respect of average costs and claim numbers for each accident year. Claims provisions are separately analysed by geographical area and class of business. In addition, larger claims are usually separately assessed by loss adjusters. Judgment is used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates, as well as testing reported claims subsequent to the end of reporting period.

The general insurance claims provision is sensitive to the above key assumptions. The sensitivity of certain assumptions like legislative change, uncertainty in the estimation process and other factors is not possible to quantify. Furthermore, because of delays that arise between the occurrence of a claim and its subsequent notification and eventual settlement, the outstanding claims provisions are not known with certainty at the end of the reporting period.

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19. INSURANCE CONTRACTS, INVESTMENT CONTRACTS AND REINSURANCE ASSETS - TERMS, ASSUMPTIONS AND SENSITIVITIES (continued)

(b) General insurance contracts (continued)

Assumptions (continued)

Sensitivities

The general insurance provision is sensitive to the above key assumptions. The process and other factors is not possible to quantify. Furthermore, because of delays that arise between occurrence of a claim and its subsequent notification and eventual settlement the outstanding claims provisions are not known with certainty at the end of the reporting date.

Consequently, the ultimate liabilities will vary as a result of subsequent developments. Differences resulting from reassessment of the ultimate liabilities are recognised in subsequent consolidated financial statements.

20. TRADE AND OTHER PAYABLES	**2018**	**2017**
Trade	655,978	451,196
Due to associates and joint venture interests (Note 33)	3,062	3,709
Due to other related parties (Note 33)	560	559
Due to statutory authorities	98,911	70,960
Client funds	14,527	31,635
Accruals	227,789	215,196
Refund liabilities (Note 21)	2,408	–
Contract liabilities (Note 21)	10,631	–
Other payables	219,138	223,588
	1,233,004	996,843

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21. REVENUE FROM CONTRACTS WITH CUSTOMERS

a) Disaggregated revenue information

	For the year ended 31 December 2018				
Segments	**Manufacturing, packaging and brewing**	**Automotive, trading & distribution**	**Insurance & financial services**	**Media, retail, services & parent company**	**Total**
Type of good or service					
Agency services	–	9,638	–	10,297	19,935
Construction products	564,226	34,422	–	–	598,648
Construction services	–	21,401	–	–	21,401
Consumer, retail and IT products	70,968	2,390,854	–	278,394	2,740,216
Consumer, retail and IT services	1,131	58,999	–	–	60,130
Sale of beverages and bottles	1,768,644	–	–	–	1,768,644
Media sales	–	–	–	11,493	11,493
Media services	–	–	–	113,945	113,945
Manufactured products	204,845	–	–	–	204,845
Financial services	–	–	299,402	–	299,402
Total revenue from contracts with customers	2,609,814	2,515,314	299,402	414,129	5,838,659

21. REVENUE FROM CONTRACTS WITH CUSTOMERS (continued)

b) Contract balances

	31 December 2018	**1 January 2018 Restated**
Trade receivables (Note 13)	754,612	726,418
Contract assets (Note 13)	14,761	13,589
Contract liabilities (Note 20)	10,631	7,151

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days. In 2018, $90,082 (1 January 2018: $99,506) was recognised as provision for expected credit losses on trade receivables. There were no major changes to the trade receivables balance from the beginning to the end of the year.

Contract assets are initially recognised for revenue earned from installation services as receipt of consideration is conditional on successful completion of specific milestones or of the entire installation process. Upon acceptance by the customer, the amounts recognised as contract assets are reclassified to trade receivables. In 2018 and 2017, no provision was recognised for expected credit losses on contract assets.

Contract liabilities relate to billings made to customers for which no revenue was recognised. These billings may have been based on milestones being met that are not reflective of meaningful progress towards the satisfaction of performance obligations. Billings may also be based on advances required prior to or on commencement of work.

(Expressed in Thousands of Trinidad and Tobago dollars)

21. REVENUE FROM CONTRACTS WITH CUSTOMERS (continued)

c) Right of return assets and liabilities

	31 December 2018	January 2018 Restated
Right of return assets	1,441	1,470
Refund liabilities (Note 20)		
- Arising from rights of return	2,408	2,506

d) Performance obligations

Automotive sector

For the sale of motor vehicles and vehicle parts, the performance obligation is satisfied upon delivery of the vehicle or the vehicle parts to the customer. Payment is due upon delivery and is sometimes completed through a financial institution via a vehicular loan in the case of motor vehicle sales. In the case of credit customers, payment is due within 30 days of delivery. Customers are granted assurance-type warranties that cover manufacturer defects only. Partial refunds are provided to customers who return vehicle parts within the stipulated return period.

For vehicle repairs or as-required servicing, the performance obligation is satisfied upon the completion of repairs or servicing, which is usually completed within one day. Payment is due upon delivery of the repaired or serviced vehicle, or within 30 days, in the case of credit customers.

Vehicle servicing packages are also sold to customers. These performance obligations are satisfied over time, with payment being required at the inception of the contract.

21. REVENUE FROM CONTRACTS WITH CUSTOMERS (continued)

d) Performance obligations (continued)

Beverage sector

The performance obligation is satisfied upon delivery of the beverages and/or bottles. The terms of payment are determined by prior approval and can be cash, cash on delivery, or credit for a period of 7, 21 or 30 days. Returns due to damaged or expired products or sales errors are entitled to full refunds. Such returns usually occur within one month of delivery. Empty bottles and crates in good condition can be returned at any time in exchange for a partial refund. A deposit liability has been created based on the historic trends of such returns. Companies in this sector have no warranties.

Distribution sector

The performance obligation is satisfied upon delivery of various consumer products. The terms of payment are determined by prior approval and can be cash, cash on delivery, or credit for a period of 7, 21 or 30 days. Returns due to damaged or expired products or sales errors are entitled to full or partial refunds. Such returns usually occur within one month of delivery, but may occasionally occur outside of this period. Companies in this sector have no warranties.

Financial services sector

Revenue from contracts with customers in this sector relates to investment management and arrangement fees and spread income. The performance obligation for:

- Investment management fees is satisfied over time and payment is due quarterly in arrears.
- Arrangement fees is satisfied upon disbursement of the relevant loan and payment is due at that time.
- Spread income is satisfied upon the disbursement of the interest payment to investors and payment is due at that time.

Manufacturing sector

The performance obligation is satisfied upon delivery of manufactured products or of equipment purchased for resale. The terms of payment are determined by prior approval and can be cash, cash on delivery, or credit for a period of 7, 21 or 30 days. Returns due to damaged or faulty products or sales errors are entitled to full or partial refunds. Such returns usually occur within one month of delivery but may occasionally occur outside of this period. Warranties for equipment purchased for resale are provided for manufacturers' defects only.

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21. REVENUE FROM CONTRACTS WITH CUSTOMERS (continued)

d) Performance obligations (continued)

Manufacturing sector (continued)

The performance obligation for the servicing of equipment as-and-when required is performed when the servicing is completed. The terms of payment are determined by prior approval and can be cash, cash on delivery, or credit for a period of 7, 21 or 30 days.

Equipment servicing packages are also sold to customers. These performance obligations are satisfied over time, with payment being required at the inception of the contract.

In some cases, installation services are provided to customers who purchase manufactured products or equipment purchased for resale. This performance obligation is separate from that for the supply of the relevant item and is satisfied over-time. Payment terms vary depending on the contract terms. In the case of short-term contracts, payment is generally due within 30 days of the completion of the installation. In the case of long-term contracts, payment is due according to a schedule of specific milestones.

Services sector

Performance obligations in this sector are generally satisfied over time, however in many cases, these performance obligations are typically completed within a day or a few days and therefore are recognised as if they are satisfied at a point in time for simplicity. These performance obligations include the supervision of loading or unloading of containers on a vessel, the facilitation of payments to principals by the ultimate customer, the co-ordination of all activities relating to the processing of voyages through various ports and the monitoring of the movement of containers. Payment is due within 30 days of completion of the relevant service.

The supply and installation of office equipment, including information technology solutions are considered separate performance obligations, satisfied upon delivery of the equipment or solution and over the period of installation, respectively. For supply only contracts, payment is required within 30 days of delivery. For supply and installation contracts, payment is often based on a schedule of milestones. No returns or refunds are allowed as customers must sign a completion certificate confirming successful installation. An assurance-type warranty of one to two years is provided, which covers manufacturers' defects only.

21. REVENUE FROM CONTRACTS WITH CUSTOMERS (continued)

d) Performance obligations (continued)

Media sector

Performance obligations in this sector are satisfied upon the appearance of the advertisement, the delivery of newspapers and the printing of third-party publications. Payment is due within 30 days of the completion of the relevant performance obligations. Refunds are granted only if the relevant performance obligation was not completed to the satisfaction of the customer. There are no warranties.

Where customers are granted access to the online newspaper or advertisements are placed for a period of time on a billboard, the performance obligation is satisfied over the subscription period. Payment is due at inception of the contract. Refunds are granted only if the relevant performance obligation was not completed to the satisfaction of the customer. There are no warranties.

Retail sector

The performance obligation is completed upon delivery of the relevant retail products. Payment is generally due within 30 days of delivery. Partial or full refunds are provided for returns within the stipulated return period, which varies from company to company. For some retail products, an assurance-type warranty of one to two years is provided, which covers manufacturers' defects only.

An extended or service-type warranty is provided for some retail products. This performance obligation is completed over the period of the extended warranty. Payment is due at inception of the contract. No refunds are allowed.

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December are, as follows:

	31 December 2018	**1 January 2018**
Within one year	59,251	38,290
More than one year	14,299	11,405
	73,550	49,695

21. REVENUE FROM CONTRACTS WITH CUSTOMERS (continued)

d) Performance obligations (continued)

The remaining performance obligations expected to be recognised in more than one year relate to installation services on various long-term contracts. All the other remaining performance obligations are expected to be recognised within one year.

22. SEGMENT INFORMATION

For management purposes, the Group's operating segments are organised and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products.

The manufacturing, packaging and brewing segment is a diversified supplier of beverage, glass, chemicals and paint products. The automotive, trading and distribution segment provides services in passenger vehicles, spare parts and household/consumer products. The insurance and financial services segment provides services relating to life and general insurance, asset financing and merchant banking. The media, retail, services and parent company segment includes print, radio, television, retail, shipping and corporate services. Transfer prices amongst operating segments are set on an arm's length basis under normal commercial terms and conditions, similar to transactions with unrelated third parties. Segment revenue, expenses and results include transfers amongst operating segments. Those transfers are eliminated upon

The Group's Executive Committee monitors the operating result of its business units and operating segments for the purpose of making decisions about resource allocations and performance assessments.

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22. SEGMENT INFORMATION (continued)

	Manufacturing, packaging and brewing		Automotive, trading & distribution		Insurance & financial services		Media, retail, services & parent company		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Revenue										
Total gross revenue	2,880,512	2,676,666	2,590,650	2,549,560	882,664	873,548	1,104,387	1,037,285	7,458,213	7,137,059
Inter-segment	(270,698)	(255,693)	(75,336)	(43,103)	(36,691)	(32,821)	(690,259)	(560,960)	(1,072,984)	(892,577)
Third party revenue	2,609,814	2,420,973	2,515,314	2,506,457	845,973	840,727	414,128	476,325	6,385,229	6,244,482
Results										
Finance costs	10,473	9,416	6,951	3,838	47,359	35,069	855	1,211	65,638	49,534
Depreciation and amortisation	226,104	242,791	31,149	25,492	40,069	37,622	32,607	31,628	329,929	337,533
Impairment	–	–	–	(205)	32,208	–	10,186	–	42,394	(205)
Reportable segment profit before taxation	498,188	443,891	177,943	125,067	264,521	309,539	76,746	89,218	1,017,398	967,715
Taxation expense	167,842	170,471	62,300	47,974	54,698	81,284	10,434	20,032	295,274	319,761
Share of results of associates and joint venture interests	–	–	–	–	–	–	26,768	26,751	26,768	26,751
Total assets include:										–
Reportable segment assets	3,252,129	3,157,697	1,664,568	1,473,825	6,890,526	6,400,010	3,478,410	3,318,179	15,285,633	14,349,711
Investment in associates and joint venture interests	–	–	–	–	–	–	155,209	159,372	155,209	159,372
Capital expenditure	213,055	239,158	58,578	68,815	76,136	77,013	91,234	69,504	439,003	454,490
Liabilities										
Reportable segment liabilities	918,389	1,000,727	618,809	468,964	5,255,644	4,764,133	363,745	255,226	7,156,587	6,489,050

22. SEGMENT INFORMATION (continued)

No revenue from transactions with a single external customer or counterparty amounted to 10% or more of the Group's total revenue in 2018 or 2017.

Geographical information

	Trinidad & Tobago		Barbados		Other countries		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
Third party revenue	4,826,915	4,716,810	852,931	862,646	705,383	665,026	6,385,229	6,244,482
Non-current assets	2,205,277	2,202,133	323,363	324,404	469,642	382,739	2,998,282	2,909,276

Other countries include Grenada, Guyana, St. Lucia, St. Kitts and Nevis, Jamaica and the USA. The revenue information is based on the relevant subsidiaries' principal place of business.

Non-current assets include property, plant and equipment, investment properties, intangible assets and investment in associates and joint venture interests.

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23. OPERATING PROFIT

	2018	2017
Revenue		
Revenue from contracts with customers		
- Sale of goods	5,380,823	5,274,167
- Rendering of services	457,835	406,985
Total revenue from contracts with	5,838,658	5,681,152
Net insurance revenue	363,315	365,337
Finance charges, loan fees and other interest income	183,256	197,993
Total revenue	6,385,229	6,244,482
Cost of sales	(3,895,596)	(3,804,624)
Gross profit	2,489,633	2,439,858
Other income (see below)	362,962	361,473
Net gain/(loss) on disposal of property, plant and equipment and investment securities	28,836	3,281
Staff costs	(688,503)	(653,957)
Credit loss expense on financial assets (see below)	(71,889)	–
(Impairment)/ reversal of impairment on property, plant and equipment and associates	–	(205)
Impairment on trade and other receivables (Note 13)	–	(24,543)
Impairment of loans, advances and other assets	–	(15,760)
Depreciation and amortisation	(107,820)	(106,623)
Administrative and distribution costs	(734,979)	(744,815)
Other general costs	(221,972)	(268,211)
Operating profit	1,056,268	990,498

Depreciation and amortisation included in cost of sales above amounts to $222,109 (2017: $230,910).

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23. OPERATING PROFIT (continued)

The components of other income are as follows:

	2018	2017
Interest and investment income	188,848	158,394
Net exchange gains	45,887	43,515
Miscellaneous income	72,460	98,952
Rental income	22,490	25,653
Dividend income	16,519	16,380
Management and service fees	13,897	13,301
Commission income	1,343	4,038
Promotional income	1,518	1,240
	362,962	361,473

Credit loss on financial assets are as follows:

	2018	2017
Credit loss on investments	29,451	–
Credit loss on loans, advances and other assets	12,837	–
Credit loss on trade receivables (Note 13)	29,600	–
	71,889	–

24. FINANCE COSTS

	2018	2017
Interest on medium and long term notes and other borrowings	42,486	43,505
Interest on overdrafts and other finance costs	23,152	6,029
	65,638	49,534

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25. TAXATION EXPENSE

	2018	2017
Consolidated statement of income		
Current year provision	290,564	266,422
Green fund levy	20,987	22,117
Adjustments to prior year tax provisions	(623)	6,703
Deferred tax expense (Note 10)	(15,654)	24,519
Income tax expense reported in the consolidated statement of income	295,274	319,761
Consolidated statement of comprehensive income		
Deferred tax relating to items recognised in OCI during the year:		
Income tax effect of re-measurement losses on defined benefit plans (Note 10)	(12,255)	1,616
Income tax credit on mark to market losses on investments at fair value through other comprehensive income	(1,921)	–

The provision for income tax is as follows:

	2018	2017
Current year provision and green fund levy:		
Trinidad and Tobago	272,051	244,348
Other countries	39,500	44,191
	311,551	288,539
Adjustments to prior year tax provisions:		
Trinidad and Tobago	(1,050)	6,703
Other countries	427	–
	(623)	6,703
Deferred taxes:		
Trinidad and Tobagc	4,198	17,430
Other countries	(19,852)	7,089
	(15,654)	24,519

25. TAXATION EXPENSE (continued)

The following items represent the principal differences between income taxes computed at the aggregate statutory tax rates of all jurisdictions and the tax reported in the consolidated statement of income:

	2018	2017
Taxes at aggregate statutory tax rates of all jurisdictions:		
Trinidad and Tobago	283,129	261,016
Other countries	36,047	40,544
	319,176	301,560
Differences resulting from:		
Exempt income	(35,970)	(26,698)
Allowances	699	1,694
Adjustments to prior year tax provisions	(623)	6,703
Adjustment to statutory tax rate (Note 10)	(12,496)	12,896
Tax losses utilised	(4,747)	–
Non-allowable expenses	5,763	(1,368)
Green fund and business levy	27,827	27,955
Other permanent differences	(4,355)	(2,981)
	295,274	319,761

26. EARNINGS PER SHARE

Basic earnings per share is computed by relating profit attributable to ordinary shareholders of the Parent (net of preference dividends) to the weighted average number of ordinary share units outstanding during the year. The weighted average number of shares has been adjusted for the removal of treasury shares.

Diluted earnings per share is computed by relating profit attributable to ordinary shareholders of the Parent to the weighted average number of shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all potential dilutive ordinary shares into issued ordinary shares.

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26. EARNINGS PER SHARE

	2018	2017
Profit attributable to ordinary shareholders of the Parent (net of preference dividend) ($000's)	609,381	543,578
	Thousands of units	Thousands of units
Weighted average number of ordinary shares in issue (000's) –	172,340	172,362
Effect of dilution of share options	–	–
Weighted average number of ordinary shares in issue (000's) –	172,340	172,362
Basic earnings per share ($ per share)	$3.54	$3.15
Diluted earnings per share ($ per share)	$3.54	$3.15

27. DIVIDENDS

	2018	2017
6% Cumulative preference	10	10
2018: 30c Interim ordinary – paid (2017: 30c)	51,734	51,730
2017: 120c Final ordinary – paid (2016: 120c)	206,909	206,919
	258,653	258,659

During the year ended 31 December 2018, an interim dividend of 30 cents per ordinary share (amounting to $51,734) was declared and paid. The 2017 final ordinary dividend of 120 cents per ordinary share (amounting to $208,409) has been included as a charge against retained earnings in the current year.

In addition, a final dividend of 150 cents (2017: 120 cents) per ordinary share in respect of 2017 has been declared by the Directors subsequent to year end. This 2018 final dividend amounting to $258,636 is not recorded as a liability as at 31 December 2018.

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28. SHARE BASED TRANSACTIONS

In accordance with the Ordinary Resolution approved by members in the General Meeting dated 19 May 1988, 6,000,000 share units were allocated for share options under the control of the Board of Directors. Of that number, 4,688,305 were granted and exercised and 24,322 (2017: 43,559) have been granted but not yet exercised. In 2018, no options were exercised (2017: nil). The following table summarises the number and weighted average price of and movements in share options during the period:

	2018		2017	
	No. of options	**Weighted average exercise price per share $**	**No. of options**	**Weighted average exercise price per share $**
At 1 January	43,559	66.58	73,299	64.67
Granted	8,384	65.33	–	–
Expired	(27,621)	66.65	(29,740)	61.60
Exercised	–		–	
At 31 December	24,322	66.06	43,559	66.58

Share options are granted to senior executives of the Group, and are settled by cash consideration. The exercise price of the granted options is equal to the market price of the shares at the grant date. Options are conditional on the Executives remaining in the Company's employ for periods ranging from a minimum of ten months to seven years after the date of issue. Thereafter, eligible executives have one year within which to exercise the option.

The table below summarises the share options that have been granted to Executives but have not been exercised at year end:

Tranche	Grant date	No. of options granted	Exercise price ($)	Fair value	Maturity date
21	30-Apr-15	13,529	66.35	56	30-Apr-18
22	08-May-16	2,409	67.02	11	08-May-19
23	09-May-18	8,384	65.33	26	08-May-21
		24,322			

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28. SHARE BASED TRANSACTIONS (continued)

The expense for share options charged within administrative expenses for the year was $19 (2017: nil).

The fair value of the equity settled share options granted was estimated using the binomial model. The following summarises the key inputs to the model:

	2018	2017
Risk free rate	3.2% p.a.	3.5% p.a.
Dividend growth rate	0% p.a.	0% p.a.
Volatility	12% p.a., 10%	12% p.a., 3%

Expected volatility was based on the amount by which the share price was expected to fluctuate during the period and has not changed from year.

29. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

	2018	2017
(i) Guarantees, bills discounted, performance and customs bonds, acceptances and other contingencies	166,393	151,191

(ii) Litigation
In the ordinary course of business, certain subsidiaries became defendants in various legal claims and proceedings. Provisions have been established where necessary based on the professional advice received.

(iii) Capital commitments	2018	2017
Contracts for capital expenditure and other commitments not accounted for in these consolidated financial statements	129,897	51,668

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29. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS (continued)

(iv) Operating lease commitments - Group as lessor

The Group is involved in leases on motor vehicles, computer equipment and investment properties. These non-cancellable leases have remaining terms of up to 6 years. All leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions.

Future minimum rentals receivable under non-cancellable operating leases as at 31 December are, as follows:

	2018	**2017**
Within one year	64,343	68,056
After one year but less than five years	147,918	134,426
After five years	57,000	48,655
	269,261	251,137

30. FAIR VALUES

With the exception of insurance contracts which are specifically excluded under IFRS 7, the estimated fair values of certain financial instruments have been determined using available market information or other appropriate valuation methodologies that require judgment in interpreting market data and developing estimates. Consequently, the estimates made do not necessarily reflect the amounts that the Group could realise in a current market exchange. The use of different assumptions and/or different methodologies may have a material effect on the fair values estimated.

The fair value information is based on information available to management as at the dates presented. Although management is not aware of any factors that would significantly affect the fair value amounts, such amounts have not been comprehensively revalued for the purposes of these consolidated financial statements and, therefore the current estimates of the fair value may be significantly different from the amounts presented herein.

30. FAIR VALUES (continued)

(i) Short-term financial assets and liabilities

The carrying amounts of short-term financial assets and liabilities comprising the Group's cash and short-term deposits, fixed deposits, short-term borrowings, the current portion of customers' deposits and other funding instruments, current portion of medium and long term notes, trade and other receivables and trade and other payables are a reasonable estimate of their fair values because of the short maturity of these instruments.

(ii) Investment securities

The fair value of trading investments is based on market quotations, when available. When market quotations are not readily available, fair values are based on discounted cash flows or estimated using quoted market prices of similar investments. In the absence of a market value, discounted cash flows will approximate fair value. This process relies on available market data to generate a yield curve for each country in which valuations were undertaken, using interpolated results where there were no market observable rates.

In pricing callable bonds, where information is available, the price of a callable bond is determined as at the call date using the Yield to Worst. For bonds with irregular cash flows (sinking funds, capitalisation of interest, moratoria, amortisations or balloon payments), a process of iteration using the Internal Rate of Return is used to arrive at bond values. Yields on all tax-free bonds are grossed-up to correspond to similar taxable bonds at the prevailing rate of corporation tax.

(iii) Loans and advances

The estimated fair value for performing loans is computed as the future cash flows discounted at the yield to maturity based on the carrying values at the inherent rates of interest in the portfolio as those rates approximate market conditions. When discounted, the cash flow values are substantially equal to the carrying value.

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30. FAIR VALUES (continued)

(iv) Medium and long term notes

The Group values the debt and asset backed securities using valuation models which use discounted cash flow analysis which incorporates either only observable data or both observable and non-observable data. Observable inputs include assumptions regarding current rates of interest and real estate prices; unobservable inputs include assumptions regarding expected future default rates, prepayment rates and liquidity discounts.

(v) Carrying amounts and fair values

The following table summarises the carrying amounts and the fair values of the Group's financial assets and liabilities:

Financial assets/liabilities	**Carrying amount 2018**	**Fair value 2018**	**Carrying amount 2017**	**Fair value 2017**
Investment securities	4,603,235	4,585,148	3,995,115	3,921,157
Medium and long term notes	932,095	1,000,120	1,079,334	1,078,150

For all other financial assets and liabilities, the carrying value is considered a reasonable approximation of fair value.

(vi) Determination of fair value and fair value hierarchies

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation techniques. Refer also to Note 2 (xvii).

Level 1
Included in the Level 1 category are financial assets and liabilities that are measured in whole or in part by reference to published quotes in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

30. FAIR VALUES (continued)

(vi) Determination of fair value and fair value hierarchies (continued)

Level 2
Included in the Level 2 category are financial assets and liabilities that are measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions and for which pricing is obtained via pricing services, but where prices have not been determined in an active market. This includes financial assets with fair values based on broker quotes, investments in private equity funds with fair values obtained via fund managers and assets that are valued using the Group's own models whereby the majority of assumptions are market observable.

Level 3
Included in the Level 3 category are financial assets and liabilities that are not quoted as there are no active markets to determine a price. These financial instruments are held at cost, being the fair value of the consideration paid for the acquisition of the investment, and are regularly assessed for impairment.

Quantitative disclosures fair value measurement hierarchy for assets as at 31 December 2018:

	Level 1	**Level 2**	**Level 3**	**Total**
Investment securities designated at FVSI				
Equities	475,748	–	5,651	481,399
Government bonds	9,361	6,548	–	15,909
State owned company securities	11,848	58,480	–	70,328
Corporate bonds and debentures	67,116	21,468	–	88,584
	564,073	86,496	5,651	656,220

30. FAIR VALUES (continued)

(vi) Determination of fair value and fair value hierarchies (continued)

Quantitative disclosures fair value measurement hierarchy for assets as at 31 December 2018: (continued)

	Level 1	Level 2	Level 3	Total
Investment securities designated at amortised cost for which fair values are disclosed				
Government bonds	483,199	529,945	1,099	1,014,243
State owned company securities	107,971	813,499	–	921,470
Corporate bonds and debentures	902,908	880,031	66,442	1,849,381
	1,494,078	2,223,475	67,541	3,785,094
Investment securities measured at Fair Value through OCI				
Government bonds	18,057	–	–	18,057
State owned company securities	18,567	–	–	18,567
Corporate bonds and debentures	107,210	–	–	107,210
	143,834	–	–	143,834

All other financial instruments are classified as Level 2.

Description of significant unobservable inputs to valuation:

	Valuation technique	Significant unobservable inputs	Range (weighted average)	Sensitivity of the input to fair value
Unquoted securities	Discounted cash flows	Rate of return	0.54% to 12.00%	2% increase/(decrease) in the rate of return would result in decrease/(increase) in fair value by $11,624/($1,951)

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30. FAIR VALUES (continued)

(vi) Determination of fair value and fair value hierarchies (continued)

Transfers between Level 1 and Level 2

At each reporting date the Group assesses the fair value hierarchy of its financial instruments. A transfer between levels will occur when a financial instrument no longer meets the criteria in which the financial instrument is classified. There were no transfers between Level 1 and Level 2 in 2018 or 2017.

Quantitative disclosures fair value measurement hierarchy for assets as at 31 December 2017:

	Level 1	Level 2	Level 3	Total
Investment securities designated at FVSI				
Equities	558,719	–	5,230	563,949
Government bonds	5,663	11,118	–	16,781
State owned company securities	21,876	54,931	–	76,807
Corporate bonds and debentures	145,474	26,214	–	171,688
	731,732	92,263	5,230	829,225
Investment securities at amortised cost for which fair values are disclosed				
Government bonds	40,603	494,897	102	535,602
State owned company securities	135,608	735,402	–	871,010
Corporate bonds and debentures	689,618	929,975	65,727	1,685,320
	865,829	2,160,274	65,829	3,091,932

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30. FAIR VALUES (continued)

(vi) Determination of fair value and fair value hierarchies (continued)

All other financial instruments are classified as Level 2.

Movements in Level 3 financial instruments measured at fair value

	2018	2017
Assets		
Balance at 1 January	71,059	230,518
Gains recognised	1,072	7,250
Purchases	–	10,101
Transfers into/(out of) Level 3	1,423	(156,578)
Disposals	(362)	(20,232)
	73,192	71,059

31. RISK MANAGEMENT

Introduction

Risk is inherent in the Group's activities but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Group's continuing profitability and each individual within the Group is accountable for the risk exposures relating to their responsibilities. The Group is exposed to credit risk, liquidity risk and market risk.

Board of Directors

The Board of Directors of the Group is responsible for the overall risk management approach and for approving the risk strategies, principles, policies and procedures. Day to day adherence to risk principles is carried out by the executive management of the Group in compliance with the policies approved by the Board of Directors.

31. RISK MANAGEMENT (continued)

Treasury management

The Group’s Head Office employs a Treasury function which is responsible for managing the assets, liabilities and the overall financial structure of the Group. The Treasury function is also primarily responsible for the funding and liquidity risks of the Group.

Concentrations of risk

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group’s results to developments affecting a particular industry. In order to avoid excessive concentrations of risk, the Group’s procedures include specific monitoring controls to focus on the maintenance of a diversified portfolio.

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Group manages its interest rate exposure by offering fixed rates on its deposits over the respective term. The Group’s long-term debt and borrowings consist primarily of fixed interest rate loans. On the lending side hire purchase loans are granted at fixed rates over specified periods. As the interest rates on both deposits and loans remain fixed over their lives, the risk of fluctuations in market conditions is mitigated.

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Group takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks. Interest margins may increase as a result of such changes but may reduce losses in the event that unexpected movements arise. The Board sets limits on the level of mismatch of interest rate re-pricing that may be undertaken, which is monitored daily by the Group Treasury Department. The Group has assessed its financial assets and liabilities to determine the impact of a change in interest rates by 100 basis points, and has concluded that this change will not be material to the consolidated statement of income or consolidated statement of changes in equity of the Group.

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31. RISK MANAGEMENT (continued)

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Such exposure arises from sales or purchases by an operating unit in currencies other than the unit's functional currency. Management monitors its exposure to foreign currency fluctuations and employs appropriate strategies to mitigate any potential losses. The aggregate value of financial assets and liabilities by reporting currency are as follows:

31. RISK MANAGEMENT (continued)

Currency risk (continued)

Year ended 31 December 2018	TTD	USD	ECD	BDS	EURO	OTHER	TOTAL
ASSETS							
Cash and short term deposits	1,078,906	363,598	59,428	193,661	67,739	24,125	1,787,457
Investment securities	2,251,212	2,292,779	561	54,613	–	4,070	4,603,235
Loans, advances and other assets	1,524,233	265,609	–	415,198	–	–	2,205,040
Trade and other receivables	788,372	100,502	34,712	155,109	14	88,559	1,167,268
Total financial assets	5,642,723	3,022,488	94,701	818,581	67,753	116,754	9,763,000
LIABILITIES							
Short term borrowings	–	16,970	–	–	–	–	16,970
Customers' deposits and other funding instruments	1,306,577	966,844	–	455,799	–	–	2,729,220
Medium and long term notes and other borrowings	378,289	536,836	–	–	–	–	915,125
Trade and other payables	646,510	392,606	57,046	115,925	4,401	16,516	1,233,004
Total financial liabilities	2,331,376	1,913,256	57,046	571,724	4,401	16,516	4,894,319
Net currency risk exposure	–	1,109,232	37,655	246,857	63,352	100,238	–
Reasonably possible change in foreign exchange rate	–	5%	5%	5%	5%	5%	–
Effect on profit before tax	–	55,462	1,883	12,343	3,168	5,012	77,868

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(Expressed in thousands of Trinidad and Tobago dollars)

31. RISK MANAGEMENT (continued)

Currency risk (continued)

Year ended 31 December 2017	TTD	USD	ECD	BDS	EURO	OTHER	TOTAL
ASSETS							
Cash and short term deposits	1,261,542	313,075	57,381	216,342	24,500	18,071	1,890,911
Investment securities	2,085,705	2,035,017	3,793	131,813	–	4,070	4,260,398
Loans, advances and other assets	1,406,624	222,746	–	437,327	–	–	2,066,697
Trade and other receivables	593,533	91,577	28,820	162,477	–	71,778	948,185
Total financial assets	5,347,404	2,662,415	89,994	947,959	24,500	93,919	9,166,191
LIABILITIES							
Short term borrowings	13,600	–	–	–	–	–	13,600
Customers' deposits and other funding instruments	1,140,738	523,291	–	505,481	–	–	2,169,510
Medium and long term notes and other borrowings	545,414	520,320	–	–	–	–	1,065,734
Trade and other payables	518,868	289,875	45,030	123,625	587	18,858	996,843
Total financial liabilities	2,218,620	1,333,486	45,030	629,106	587	18,858	4,245,687
Net currency risk exposure	–	1,328,929	44,964	318,853	23,913	75,061	–
Reasonably possible change in foreign exchange rate	–	5%	5%	5%	5%	5%	–
Effect on profit before tax	–	66,446	2,248	15,943	1,196	3,753	89,586

31 RISK MANAGEMENT (continued)

Credit risk management

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Trade receivables and contract assets

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables and contract assets are regularly monitored and any shipments to major customers are generally covered by letters of credit or other forms of credit insurance obtained from reputable banks and other financial institutions.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than six months although they continue to be subject to enforcement activity. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed below. The Group evaluates the concentration of risk with respect to trade receivables and contract assets as low, as its customers are located in several jurisdictions and industries.

31 RISK MANAGEMENT (continued)

Credit risk management (continued)

Set out below is the information about the credit risk exposure on the Group's trade receivables and contract assets using a provision matrix:

	Trade Receivables - as at 31 December 2018		
	Up to 180 days $000s	Over 180 days $000s	Total $000s
Expected credit loss rate	0.76%	69.52%	10.66%
Estimated total gross carrying amount at default	723,008	121,686	844,694
Expected	5,481	84,601	90,082

Impairment assessment (Policy applicable from 1 January 2018)

The references below show where the Group's impairment assessment and measurement approach is set out in this report. It should be read in conjunction with the Summary of significant accounting policies.

Definition of default and cure
The Group considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments.

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31 RISK MANAGEMENT (continued)

Credit risk management (continued)

Definition of default and cure (continued)
As a part of a qualitative assessment of whether a customer is in default, the Group also considers a variety of instances that may indicate unlikeliness to pay. When such events occur, the Group carefully considers whether the event should result in treating the customer as defaulted and therefore assessed as Stage 3 for ECL calculations or whether Stage 2 is appropriate. Such events include:

- Internal rating of the borrower indicating default or near-default
- The borrower requesting emergency funding from the Group
- The borrower having past due liabilities to public creditors or employees
- A material decrease in the underlying collateral value where the recovery of the loan is expected from the sale of the collateral
- A material decrease in the borrower's turnover or the loss of a major customer
- A covenant breach not waived by the Group
- The debtor (or any legal entity within the debtor's group) filing for bankruptcy application/protection
- Debtor's listed debt or equity suspended at the primary exchange because of rumours or facts about financial difficulties

It is the Group's policy to consider a financial instrument as 'cured' and therefore re-classified out of Stage 3 when none of the default criteria have been present for at least six consecutive months. The decision whether to classify an asset as Stage 2 or Stage 1 once cured depends on the updated credit grade, at the time of the cure, and whether this indicates there has been a significant increase in credit risk compared to initial recognition.

Probability of default (PD):
The PD is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

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31 RISK MANAGEMENT (continued)

Credit risk management (continued)

Exposure at default
The EAD is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.

The EAD represents the gross carrying amount of the financial instruments subject to the impairment calculation, addressing both the client's ability to increase its exposure while approaching default and potential early repayments too.

Loss Given Default
The LGD is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

Significant increase in credit risk
The Group continuously monitors all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12mECL or LTECL, the Group assesses whether there has been a significant increase in credit risk since initial recognition.

The Group also applies a secondary qualitative method for triggering a significant increase in credit risk for an asset, such as moving a customer/facility/investment to the watch list to non-investment grade, or the account becoming forborne. Regardless of the change in credit grades, if contractual payments are more than 30 days past due, the credit risk is deemed to have increased significantly since initial recognition.

Other considerations
For investments, the Group primarily relies on international external credit rating agencies to provide data for PDs and LGDs. PDs and LGDs for other financial assets such as loans and advances were derived based on historical loss trends in the portfolios, recoveries, typical collateral and other borrower characteristics.

31 RISK MANAGEMENT (continued)

Credit risk management (continued)

Gross maximum exposure to credit risk
The following table shows the maximum exposure to credit risk which represents a worst case scenario of credit risk exposure, without taking account of any collateral held or other credit enhancements attached. The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are implemented regarding the acceptability of types of collateral and valuation parameters.

	2018	**2017**
Trade and other receivables	1,167,268	948,185
Cash and short term deposits (excluding Central Bank Reserve)	1,703,048	1,815,341
Loans, advances and other assets	2,205,040	2,066,697
Investment securities	4,121,836	3,696,449
Sub-total	9,197,192	8,526,672
Contingent liabilities	166,393	151,191
Total	9,363,585	8,677,863

The main types of collateral obtained are as follows:

- Hire purchase and leases – charges over auto vehicles, industrial, household and general equipment.
- Reverse repurchase transactions – cash and securities.
- Corporate loans – charges over real estate property, industrial equipment, inventory and trade receivables.
- Mortgage loans – mortgages over commercial and residential properties.

Cash and short-term deposits
These funds are placed with highly rated local banks and Central Banks within the Caribbean region where the Group operates. In addition cash is held by international financial institutions with which the Group has relationships as custodians or fund managers. All custodians and fund managers are highly rated by Moody’s and have been classified with a 'stable' outlook. Management therefore considers the risk of default of these counterparties to be very low.

31. RISK MANAGEMENT (continued)

Credit risk management (continued)

Loans and advances

For the merchant banking portfolio within loans and advances, given the limited historical data, the PD history of the leased assets portfolio was used as a starting point of the calculation. For certain Stage 2 loans, where management considered the entity's financial position or industry to present higher risks, the PDs were judgementally adjusted to reflect the increased risk. LGDs were assessed on an individual loan by loan basis due to the portfolio being non-homogeneous. This was based on the security held, factoring in the liquidity, current condition and estimated value of the collateral. EAD equals the loan balance outstanding plus accrued interest.

Other financial assets

For mortgage loans, policy loans, premium receivables and reinsurance receivables, a simplified ECL approach was applied. Historical losses on these respective portfolios were calculated and applied to the current positions, with management applying judgemental overlays based on expectations as required.

Investment securities

PDs and LGDs for traded instruments were based on the global credit ratings assigned to the instruments or the country for sovereign exposures. PDs and LGDs for non-traded instruments as well as local debt instruments were based on three notches below the credit rating of the sovereign in which the instrument is issued or on company ratings where they existed. EAD equals the amortised security balance plus accrued interest.

	31 December 2018	1 January 2018
Investment securities		
Stage 1	3,504,420	2,895,800
Stage 2	412,219	517,310
Stage 3	82,352	20,705
	3,998,991	3,433,815

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31 RISK MANAGEMENT (continued)

Credit risk management (continued)

	31 December 2018	1 January 2018
Loans, advances and other assets		
Stage 1	1,832,658	1,645,158
Stage 2	172,763	179,969
Stage 3	117,517	178,368
	2,122,938	2,003,495

Analysis of gross carrying amount and the corresponding ECLs are as follows:

Stage 1

As at 31 December 2018	Investment securities	Loans, Advances and Other Assets	Total
Gross balance	3,504,420	1,832,658	5,337,078
ECL	(6,753)	(15,541)	(22,294)
	3,497,667	1,817,117	5,314,784
ECL as a % of Gross balance	0.19%	0.85%	0.42%

Stage 1

As at 1 January 2018	Investment securities	Hire Purchase Loans	Total
Gross balance	2,895,800	1,645,158	4,540,958
ECL	(9,368)	(15,834)	(25,202)
	2,886,432	1,629,324	4,515,756
ECL as a % of Gross balance	0.32%	0.96%	0.55%

The ECLs of Stage 1 remained largely stable from 2017 to 2018.

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31 RISK MANAGEMENT (continued)

Credit risk management (continued)

Analysis of gross carrying amount and the corresponding ECLs are as follows: (continued)

Stage 2

As at 31 December 2018	**Investment securities**	**Hire Purchase Loans**	**Total**
Gross balance	412,219	172,763	584,982
ECL	(12,549)	(6,017)	(18,566)
	399,670	166,746	566,416
ECL as a % of Gross balance	3.04%	3.48%	3.17%

Stage 2

As at 1 January 2018	**Investment securities**	**Hire Purchase Loans**	**Total**
Gross balance	517,310	179,969	697,279
ECL	(24,162)	(10,743)	(34,905)
	493,148	169,226	662,374
ECL as a % of Gross balance	4.67%	5.97%	5.01%

The decrease in ECLs of Stage 2 portfolios was driven by repayments and write-offs.

31 RISK MANAGEMENT (continued)

Credit risk management (continued)

Analysis of gross carrying amount and the corresponding ECLs are as follows: (continued)

Stage 3

As at 31 December 2018	**Investment securities**	**Hire Purchase Loans**	**Total**
Gross balance	82,352	117,517	199,869
ECL	(32,674)	(63,651)	(96,325)
	49,678	53,866	103,544
ECL as a % of Gross balance	39.68%	54.16%	48.19%

Stage 3

As at 1 January 2018	**Investment securities**	**Hire Purchase Loans**	**Total**
Gross balance	20,705	178,368	199,073
ECL	(2,642)	(111,923)	(114,565)
	18,063	66,445	84,508
ECL as a % of Gross balance	12.76%	62.75%	57.55%

The overall ECLs of Stage 3 remained relatively stable from 2017 to 2018.

31 RISK MANAGEMENT (continued)

Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its payment obligations when they fall due under normal and stress circumstances. The Group monitors its liquidity risk by considering the maturity of both its financial investments and financial assets and projected cash flows from operations. Where possible the Group utilises surplus internal funds to a large extent to finance its operations and ongoing projects. However, the Group also utilises available credit facilities such as loans, overdrafts and other financing options where required.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual payments.

Year ended 31 December 2018	**Up to 1 year**	**1 to 5 years**	**>5 years**	**Total**
Customers' deposits and other funding instruments	2,466,778	207,442	55,000	2,729,220
Medium and long term notes and other borrowings	16,970	898,205	16,920	932,095
Trade and other payables	906,304	–	–	906,304
Interest payable	23,809	22,413	392	46,614
	3,413,861	1,128,060	72,312	4,614,233

Year ended 31 December 2017	**Up to 1 year**	**1 to 5 years**	**>5 years**	**Total**
Customers' deposits and other funding instruments	1,840,030	274,480	55,000	2,169,510
Medium and long term notes and other borrowings	131,207	931,251	16,876	1,079,334
Trade and other payables	710,687	–	–	710,687
Interest payable	28,940	26,066	2,342	57,348
	2,710,864	1,231,797	74,218	4,016,879

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31. RISK MANAGEMENT (continued)

Equity price risk

Equity price risk is the risk that the fair values of equities will decrease as the result of decreases in equity indices and the value of individual stocks. The non-trading equity price risk exposure arises from the Group's investment portfolio.

The effect on income will arise as a result of the change in fair value of equity instruments categorised as fair value through the statement of income.

The effect on income at 31 December due to a reasonably possible change in equity indices, with all other variables held constant, is as follows:

Market indices	**Change in equity price**	**Effect on income 2018**	**2017**
TTSE	+/- 3	13,109	12,711
S&P 500	+/- 8	6,916	15,445

32. CAPITAL MANAGEMENT

The primary objectives of the Group's capital management policy are to ensure that the Group complies with externally imposed capital requirements and that the Group maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value.

When managing capital, which is a broader concept than the 'equity' in the consolidated statement of financial position, the objectives of the Group are:

- To comply with the capital requirements set by the regulators of the markets where the parent and its subsidiaries operate;
- To safeguard the Group's ability to continue as a going concern so that they can continue to provide returns for shareholders and benefits for other stakeholders; and
- To maintain a strong capital base to support the development of its business.

32. CAPITAL MANAGEMENT (continued)

Capital adequacy and the use of regulatory capital are monitored monthly by Management, employing techniques based on the guidelines developed and implemented by the Central Bank of Trinidad & Tobago for supervisory purposes. The required information is filed with the Central Bank on a monthly basis.

The Central Bank of Trinidad and Tobago requires each bank or banking group to: (a) hold the minimum level of the regulatory capital of $15 million, and (b) maintain a ratio of total regulatory capital to the risk-weighted asset (the 'Basel ratio') at or above the internationally agreed minimum of 8%.

In each country in which the Group's insurance subsidiaries operates, the local insurance regulator indicates the required minimum amount and type of capital that must be held by each of the subsidiaries in addition to their insurance liabilities. The Group is subject to the insurance solvency regulations in all the territories in which it issues insurance contracts. The minimum required capital must be maintained at all times throughout the year.

For 2018 and 2017, the Group complied with all of the externally imposed capital requirements to which they are subject at the date of this report.

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33. RELATED PARTY DISCLOSURES

The consolidated financial statements include the financial statements of ANSA McAL Limited and the consolidated subsidiaries listed as follows:

Company/Entity	Country of incorporation/ principal place of business	% Interest 2018	% Interest 2017
Alstons Limited	Republic of Trinidad and Tobago	100	100
Alstons Marketing Company Limited	Republic of Trinidad and Tobago	100	100
Alstons Shipping Limited	Republic of Trinidad and Tobago	100	100
Alstons Travel Limited	Republic of Trinidad and Tobago	100	100
AMCL Holdings Limited	Republic of Trinidad and Tobago	100	100
ANSA Automotive Limited	Republic of Trinidad and Tobago	100	100
ANSA Coatings Group	Republic of Trinidad and Tobago	100	100
ANSA Coatings International Limited	St. Lucia	100	100
ANSA Global Brands Limited	St. Lucia	100	100
ANSA Merchant Bank Group	Republic of Trinidad and Tobago	84.23	84.23
ANSA McAL (US) Inc.	United States of America	100	100
ANSA McAL (Barbados) Group	Barbados	99.98	99.98
ANSA McAL Beverages (Barbados) Limited	St. Lucia	100	100
ANSA McAL Chemicals Limited	Republic of Trinidad and Tobago	100	100
ANSA McAL Enterprises Limite	Republic of Trinidad and Tobago	100	100
ANSA McAL Trading (Guyana) Limited	Guyana	100	100
Guardian Media Group	Republic of Trinidad and Tobago	56.17	56.17
ANSA Re Limited	St. Lucia	100	100
ANSA Technologies Limited	Republic of Trinidad and Tobago	100	100
Bell Furniture Industries Limited	Republic of Trinidad and Tobago	100	100
Carib Brewery (St Kitts & Nevis) Limited	St. Kitts & Nevis	52.43	52.43

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33. RELATED PARTY DISCLOSURES (continued)

Company/Entity	Country of incorporation/ principal place of business	% Interest 2018	% Interest 2017
Carib Glassworks Limited	Republic of Trinidad and Tobago	100	100
Caribbean Development Company	Republic of Trinidad and Tobago	80	80
Crown Industries Limited	Republic of Trinidad and Tobago	100	100
DCI Miami Inc.	United States of America	100	100
Easi Industrial Supplies Limited	Republic of Trinidad and Tobago	100	100
Grenada Breweries Limited	Grenada	55.54	55.54
Indian River Beverage Corporation	United States of America	100	100
Lewis Berger (Overseas) Holdings Group	United Kingdom of Great Britain	100	100
McEnearney Business Machines Limited	Republic of Trinidad and Tobago	100	100
Penta Paints Caribbean Limited	Republic of Trinidad and Tobago	100	100
Promenade Development Limited	Republic of Trinidad and Tobago	100	100
Sissons Paints Limited	Republic of Trinidad and Tobago	100	100
Sissons Paints Grenada Limited	Grenada	100	100
Standard Distributors Limited	Republic of Trinidad and Tobago	100	100
Standard Distributors and Sales Barbados Limited	Barbados	100	100
Standard Equipment Limited	Republic of Trinidad and Tobago	100	100
Tobago Marketing Company Limited	Republic of Trinidad and Tobago	100	100
Trinidad Match Limited	Republic of Trinidad and Tobago	100	100
T/Wee Limited	Republic of Trinidad and Tobago	100	100
Significant associates interests at 31 December are as follows:			
Trinidad Lands Limited	Republic of Trinidad and Tobago	40	40
Various interests held by ANSA McAL (Barbados) Limited	Various Caribbean islands and Barbados	23.5-49.5	23.5-49.5

33. RELATED PARTY DISCLOSURES (continued)

Company	Country of incorporation/ principal place of business	% Interest 2018	% Interest 2017
Joint venture interests at 31 December are as follows:			
Caribbean Roof Tile Company Limited	Republic of Trinidad and Tobago	50	50
US Tiles Incorporated	United States of America	50	50

ANSA McAL Limited is the ultimate parent entity and the ultimate parent of the Group.

The following summarises the value of outstanding balances/transactions between the Group and related parties for the relevant financial year:

	Year	Sales to/ other income from related parties	Purchases from/ expenses with related parties	Amounts owed by related parties (Note 13)	Amounts owed to related parties (Note 20)	Investments /loans and advances	Customer deposits and other funding instruments
Associates:	2018	21,779	24,872	3,599	3,062	–	–
	2017	19,216	24,206	5,241	3,709	–	–
Joint venture in which the	2018	192	–	469	–	–	–
Parent is a venturer	2017	192	–	661	–	–	–
Other related parties:	2018	–	3,344	2,673	560	–	55,000
	2017	–	18,407	2,404	559	–	55,000

33. RELATED PARTY DISCLOSURES (continued)

Terms and conditions of transactions with related parties

Parties are considered to be related if one has the ability to control or exercise significant influence over the other party in making financial or operational decisions. The sales to and purchases from related parties are made at normal commercial terms and market rates. Outstanding balances at the year-end are unsecured, interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 December 2017, the Group has recorded an impairment charge in respect of receivables relating to amounts owed by related parties of $518 (2017: $584).

Terms and conditions of transactions with related parties

Compensation of key management personnel of the Group
Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group.

	2018	2017
Salaries and other short-term employee benefits	26,393	26,114
Contributions to defined contribution plans	661	795
Post-employment benefits	2,294	2,255

Directors' interests in the Executive Share Option Plan
Outstanding share options held by executive members of the Group to purchase ordinary shares have the following maturity dates and exercise prices:

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33. RELATED PARTY DISCLOSURES (continued)

Terms and conditions of transactions with related parties (continued)

Financial years ended	Maturity date	Exercise price	Number 2018	Number 2017
2014	2017	66.65	–	–
2015	2018	66.35	13,529	15,288
2016	2019	67.02	2,409	3,497
2018	2021	65.33	8,384	–
			24,322	18,785

34. ASSETS PLEDGED

	2018	2017
Cash and short term deposits	106,086	150,947
Loans and advances	185,750	170,691
Bonds and debentures	1,251,318	844,408
Equities	387,422	693,788
Real estate	30,000	25,300
	1,960,576	1,885,134

Under the provisions of the Insurance Act, 1980 the Group has established and maintains a statutory fund and a statutory deposit to which the assets are pledged and held to the order of the Inspector of Financial Institutions.

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35. MATERIAL PARTLY OWNED SUBSIDIARIES

Financial information of subsidiaries that have material non-controlling interests is provided

Proportion of equity interest held by non-controlling interests:

Company Name	**Country of Incorporation and Operation**	**% Interest 2018**	**% Interest 2017**
ANSA Merchant Bank Group	Republic of Trinidad and Tobago	15.77	15.77
Guardian Media Group	Republic of Trinidad and Tobago	43.83	43.83
Other	Several territories	20-47.57	20-47.57

Other includes Caribbean Development Company Limited, Carib Brewery Limited, Lewis Berger Overseas Holdings Limited, Carib Brewery (St. Kitts & Nevis) Limited, Grenada Breweries Limited , which operate in various territories including Trinidad & Tobago, Jamaica, Barbados, St. Kitts & Nevis and Grenada.

	2018	**2017**
Accumulated balances of material non-controlling interests:		
ANSA Merchant Bank Group	362,792	355,058
Guardian Media Group	119,211	131,819
Other	340,626	320,816
Profit allocated to material non-controlling interests:		
ANSA Merchant Bank Group	39,437	39,209
Guardian Media Group	(508)	(1,669)
Other	69,814	64,286

The summarised financial information of these subsidiaries is provided below. This information is based on amounts before inter-company eliminations:

35. MATERIAL PARTLY OWNED SUBSIDIARIES (continued)

The summarised financial information of these subsidiaries is provided below. This information is based on amounts before inter-company eliminations:

Summarised statement of income:

	ANSA Merchant Bank Group		**Guardian Media Group**		**Other**	
	2018	**2017**	**2018**	**2017**	**2018**	**2017**
Revenues	925,460	981,801	128,256	137,762	2,069,324	1,769,374
Cost of sales	–	–	(73,871)	(68,473)	(1,189,742)	(1,004,094)
Administrative expenses	(45,329)	(75,642)	(40,397)	(51,327)	(218,939)	(137,069)
Other expenses - net	(619,537)	(501,534)	(14,335)	(19,448)	(211,856)	(217,529)
Finance costs	–	(91,063)	(615)	(707)	(12,583)	(12,899)
Profit/(loss) before taxation	260,594	313,562	(962)	(2,193)	436,204	397,783
Taxation	(54,579)	(81,283)	(1,356)	(921)	(141,413)	(124,910)
Profit after tax	206,015	232,279	(2,318)	(3,114)	294,791	272,873
Total comprehensive income/(loss)	201,308	226,907	(2,904)	(3,110)	287,619	274,187
Attributable to non-controlling interests	39,437	39,209	(508)	(1,669)	69,814	64,286
Dividends paid to non-controlling interests	18,000	18,000	11,847	11,846	1,830	98,445

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35. MATERIAL PARTLY OWNED SUBSIDIARIES (continued)

Summarised statement of financial position:

	ANSA Merchant Bank Group		Guardian Media Group		Other	
	2018	**2017**	**2018**	**2017**	**2018**	**2017**
Non-current assets	(5,619,599)	(5,251,852)	(218,292)	(223,630)	(800,131)	(743,890)
Current assets	(2,259,798)	(2,083,769)	(109,282)	(131,147)	(1,491,249)	(1,354,316)
Non-current liabilities	2,274,126	2,389,127	50,683	49,113	343,542	349,752
Current liabilities	3,237,818	2,624,324	26,267	27,546	424,124	381,025
Total equity						
Attributable to:						
Equity holders of parent	2,007,639	1,967,112	131,413	146,299	1,183,088	1,046,613
Non-controlling interests	362,792	355,058	119,211	131,819	340,626	320,816

Summarised cash flow information:

Operating	493,249	612,483	17,228	18,568	126,007	573,234
Investing	(315,916)	(499,357)	(20,386)	(21,368)	(45,258)	(180,430)
Financing	(204,015)	(203,493)	(24,138)	(24,496)	(274,804)	(193,862)
Net (decrease)/ increase in cash and cash equivalents	(26,682)	(90,367)	(27,296)	(27,296)	(194,055)	198,942

36. BUSINESS COMBINATIONS

Lewis Berger (Overseas) Holdings Limited

On 24 July 2017, the Group through its wholly owned subsidiary ANSA Coatings International Limited, acquired 100% of the voting shares of Lewis Berger (Overseas) Holdings Limited, a company incorporated and operating in the United Kingdom of Great Britain. As allowed under IFRS 3, 'Business Combinations', the fair values of the assets and liabilities acquired were completed in 2018 - i.e. within 12 months of the acquisition date.

The fair value of the net assets acquired as at the acquisition date was $165.3 million and the goodwill arising on acquisition was $24.3 million.

Assets acquired and liabilities assumed at the date of acquisition

	Fair value recognised on acquisition		
	Provisional Accounting	**Measurement Period Adjustments**	**Final Accounting**
Assets			
Property, plant and equipment	27,716	46,264	73,980
Employee benefit assets	13,300	-	13,300
Inventory	49,282	-	49,282
Trade receivables	46,657	(5,958)	40,699
Cash and short term deposits	44,542	-	44,542
Other assets	683	-	683
	182,180	40,306	222,486
Liabilities			
Employee benefit liability	-	7,193	7,193
Accounts payable	20,794	-	20,794
Other payables and accruals	14,290	-	14,290
Short term debt	10,321	-	10,321
Other liabilities	4,574	-	4,574
	49,979	7,193	57,172

36. BUSINESS COMBINATIONS (continued)

Lewis Berger (Overseas) Holdings Limited (continued)

	Fair value recognised on acquisition		
	Provisional Accounting	**Measurement Period Adjustments**	**Final Accounting**
Total identifiable net assets at fair value	132,201	33,113	165,314
Non-controlling interests on acquisition	(34,756)	(3,000)	(37,756)
Goodwill arising on acquisition	64,506	(40,198)	24,308
Purchase consideration transferred	161,951	(10,085)	151,866
Analysis of cash flows on acquisition			
Purchase price - consideration	(161,951)	10,085	(151,866)
Net cash acquired from subsidiary	44,542	-	44,542
Net cash flow on acquisition	(117,409)	10,085	(107,324)
Subsequent acquisition of minority interest			
Cash consideration paid to non-controlling interests	7,011	2,600	9,611
Carrying value of additional investments in Berger Paints Trinidad Limited and Berger Paints Jamaica Limited	(7,011)	(3,001)	(10,012)
Difference recognised in retained earnings	-	(401)	(401)

The net assets recognised in the financial statements as at 31 December 2017 were based on a provisional assessment of the fair value of Lewis Berger Overseas Holdings Limited while the Group sought an independent valuation of the assets. The valuation had not been completed by the date the 2017 financial statements were approved for issue by the Board of Directors. The valuation was completed in 2018.

ANSA McAL LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(Expressed in thousands of Trinidad and Tobago dollars)
(Continued)

37. EVENTS AFTER THE REPORTING PERIOD

The Group is in the midst of two business combinations - the acquisition of Trinidad Aggregate Products Limited, and entry into a joint venture agreement with MPC Caribbean Clean Energy Fund to acquire an economic interest in Tilawind S.A., a windfarm located in Costa Rica. These business acquisitions were incomplete up to the date that these financial statements were authorised for issue.

ansa McAL

GROUP OF COMPANIES

Together, we are

Family