OUR REPORT

We are building a solid foundation for our future. Our aspiration is to serve our consumers better than our best competitors, in every category and every country where we choose to compete — creating superior shareholder value in the process.

The Massy Group is focused on four key areas of transformation to deliver balanced growth and leadership value creation: streamlining and strengthening our product portfolio, improving productivity and our cost structure, building the foundation for stronger top-line growth, and strengthening our organisation and culture.

DIGITAL

The Annual Report is published in an online version at www.massygroup.com. In the event of any discrepancy between the online and hardcopy versions, the information contained in the online report prevails. This hardcopy version is provided for the reader's convenience only.

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Massy Distribution continues to be the partner of choice with its robust go-to-market capabilities in marketing and distribution.

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The Massy Group

Our Purpose

We are a Group that is inspired by a purpose:
A Force for Good; Creating Value, Transforming Life.
This purpose defines who we are, what we do and how we work.

Our Vision

A Force for Good

The Most Responsible and Profitable
Investment Holding/Management
Company in the Caribbean Basin

Guided by Our Values

Honesty & Integrity

Our actions always match our words. We believe that everything that we do must be able to withstand the test of public scrutiny.

Responsibility

We are responsible stewards of our businesses and our communities and we are accountable to each other and to our stakeholders.

Collaboration

Understanding different perspectives and constantly working to create a space where everyone fearlessly shares ideas, is an ideal to which we are all committed.

Growth & Continous Improvement

We strive for leadership and global competitiveness in the business sectors in which we operate.

Love & Care

We believe that everybody matters, and that everyone deserves to be treated with kindness, respect, consideration and compassion.

Employees

12,250

APPROX.

Countries

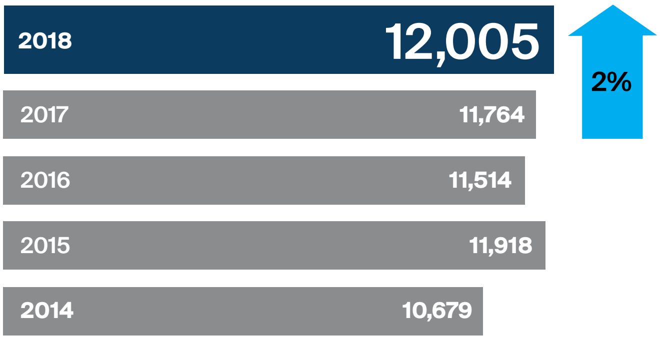
14

Companies

66

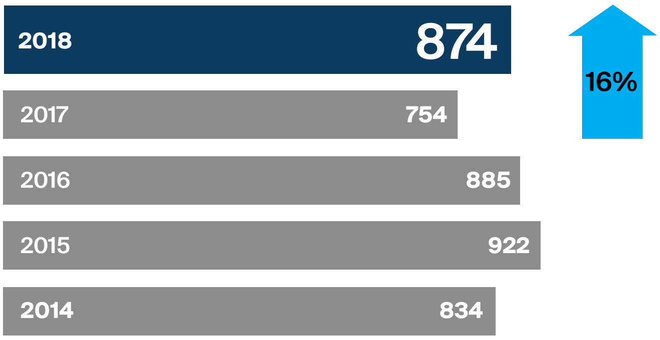
Revenue

TT$M



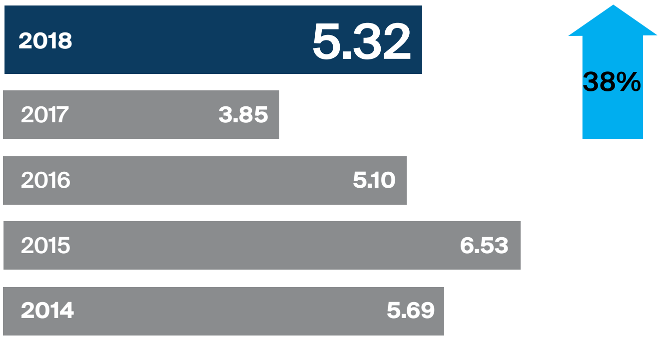
Profit Before Tax

TT$M



Earnings Per Share

TT$



Dividend

TT$

Major Holding & Operating Companies

HOLDING COMPANIES

Massy Holdings Ltd.

Massy (Guyana) Ltd.

Massy (Barbados) Ltd.

Massy Integrated Retail Ltd.

Massy Energy (Trinidad) Ltd.

Massy Gas Products Holdings Ltd.

Massy Technologies (Trinidad) Ltd.

Massy Transportation Group Ltd.

AUTOMOTIVE & INDUSTRIAL EQUIPMENT

TRINIDAD AND TOBAGO
Automotive
Massy Motors Ltd.

Massy Automotive Components Ltd.

Massy Motors Best Auto Ltd.

Master Serv Limited

Massy Motors (Tobago) Ltd.

Industrial Equipment
Massy Machinery Ltd.

Massy Pres-T-Con Ltd.

GUYANA
Massy Industries (Guyana) Ltd.

COLOMBIA
Massy Motors Colombia S.A.S.

ENERGY & INDUSTRIAL GASES

TRINIDAD AND TOBAGO
Massy Energy Production Resources Ltd.

Massy Energy Engineered Solutions Ltd.

Massy Energy Fabric Maintenance Ltd.

Massy Gas Products (Trinidad) Ltd.

Massy Wood Group Ltd. (50%)

Massy Carbonics Ltd.

Massy Petrochemical Services Ltd.

Caribbean Industrial Gases Unlimited (50%)

GUYANA
Massy Gas Products (Guyana) Ltd.

Massy Energy (Guyana) Inc.

JAMAICA
Massy Gas Products (Jamaica) Limited

COLOMBIA
Massy Energy Colombia S.A.S.

FINANCIAL SERVICES

Insurance Division
BARBADOS
Massy United Insurance Ltd.

Money Services Division
TRINIDAD AND TOBAGO
Massy Remittance Services (Trinidad) Ltd.

GUYANA
Massy Services (Guyana) Ltd.

Consumer Finance Division
TRINIDAD AND TOBAGO
Massy Finance GFC Ltd.

BARBADOS
Massycard (Barbados) Limited

INTEGRATED RETAIL

TRINIDAD AND TOBAGO
Massy Stores (Trinidad)

Massy Distribution (Trinidad)

Massy Loyalty (Trinidad) Ltd.

GUYANA
Massy Distribution (Guyana) Inc.

Massy Stores (Guyana) Inc.

BARBADOS
Massy Stores (Barbados) Ltd.

Massy Distribution (Barbados) Ltd.

Massy Loyalty Ltd.

JAMAICA
Massy Distribution (Jamaica) Limited

SAINT LUCIA
Massy Stores (SLU) Ltd.

Massy Distribution (St. Lucia) Ltd.

ST. VINCENT
Massy Stores (SVG) Ltd.

MIAMI
Massy Distribution (USA) Inc.

INFORMATION TECHNOLOGY & COMMUNICATIONS

TRINIDAD AND TOBAGO
Massy Technologies InfoCom (Trinidad) Ltd.

Massy Technologies Applied Imaging (Trinidad) Ltd.

GUYANA
Massy Technologies (Guyana) Ltd.

BARBADOS
Massy Technologies InfoCom (Barbados) Ltd.

JAMAICA
Massy Technologies InfoCom (Jamaica) Limited

ANTIGUA
Massy Technologies InfoCom (Antigua) Ltd.

OTHER INVESTMENTS

TRINIDAD AND TOBAGO
Massy Realty (Trinidad) Ltd.

Massy Properties (Trinidad) Ltd.

GUYANA
Massy Security (Guyana) Inc.

BARBADOS
Massy (Barbados) Investments Ltd.

Massy Properties (Barbados) Ltd.

BCB Communications Inc.

Roberts Manufacturing Co. Limited (50.5%)

Seawell Air Services Limited

Caribbean Airport Services Ltd. (49%)

Corporate Information

As at September 30

DIRECTORS

Mr. Robert Bermudez, Chairman
Mr. E. Gervase Warner, President and Group CEO
Mr. Ian Chinapoo
Mr. Frere Delmas
Mr. Patrick Hylton
Mr. G. Anthony King
Mr. William Lucie-Smith
Mr. Suresh Maharaj
Mr. David O'Brien
Mr. Gary Voss
Ms. Maxine Williams
Mr. Richard P. Young

CORPORATE SECRETARY

Ms. Wendy Kerry

ASSISTANT CORPORATE SECRETARY

Ms. Krystal Baynes

AUDIT COMMITTEE

Mr. William Lucie-Smith, Chairman
Mr. Patrick Hylton
Mr. Suresh Maharaj
Mr. Richard P. Young
Mr. E. Gervase Warner (ex-officio)

GOVERNANCE, NOMINATION AND RENUMERATION COMMITTEE

Mr. Gary Voss, Chairman
Mr. G. Anthony King
Ms. Maxine Williams
Mr. Robert Bermudez (ex-officio)

REGISTERED OFFICE

63 Park Street
Port of Spain
Trinidad and Tobago
West Indies
Telephone: (868) 625-3426
Facsimile: (868) 627-9061
E-mail: info@massygroup.com
Website: www.massygroup.com

REGISTRAR AND TRANSFER OFFICE

The Trinidad and Tobago Central Depository Limited
10th Floor
Nicholas Towers
63-65 Independence Square
Port of Spain
Trinidad and Tobago
West Indies

AUDITORS

PricewaterhouseCoopers
11-13 Victoria Avenue
Port of Spain
Trinidad and Tobago
West Indies

PRINCIPAL BANKERS

RBC Royal Bank (Trinidad & Tobago) Limited
55 Independence Square
Port of Spain
Trinidad and Tobago
West Indies

Notice of Annual Meeting

TO: ALL SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the Ninety-Fifth Annual Meeting of Shareholders of Massy Holdings Ltd. ("the Company") will be held at the Ballroom, Hilton Trinidad and Conference Centre, 1B Lady Young Road, Port-of-Spain, Trinidad and Tobago, on February 8, 2019 at 10:00 a.m. for the following purposes:

1 To receive and consider the Report of the Directors and the Audited Financial Statements for the financial year ended September 30, 2018 together with the Report of the Auditors thereon.

2 To elect Directors for specified terms and if thought fit, to pass the following Resolutions:

    a THAT, the Directors to be elected, be elected en bloc; and

    b THAT, in accordance with the requirements of paragraphs 4.4.1, 4.4.2 and 4.6.1 of By-Law No. 1 of the Company, Messrs. Anton Gopaulsingh, William Lucie-Smith, Suresh Maharaj and David O'Brien be and are hereby elected Directors of the Company to hold office until the close of the third Annual Meeting of the Shareholders of the Company following this election.

3 To re-appoint the incumbent Auditors and authorise the Directors to fix their remuneration and expenses for the ensuing year.

BY ORDER OF THE BOARD

Wendy Kerry
Corporate Secretary

December 20, 2018

NOTES TO THE NOTICE OF ANNUAL MEETING:

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

2 A member of the Company entitled to attend and vote at the above Meeting is entitled to appoint a proxy to attend and vote in his or her stead. Such proxy need not also be a member of the Company. Where a proxy is appointed by a corporate member, the form of proxy should be executed under seal or signed by its attorney.

3 Corporate members are entitled to attend and vote by a duly authorised representative who need not himself be a member. Such appointment must be by resolution of the Board of Directors of the corporate member.

4 Attached is a Proxy Form which must be completed, signed and then deposited with the Corporate Secretary of the Company, at the Company's Registered Office, 63 Park Street, Port of Spain, not less than 48 hours before the time fixed for holding the Meeting.

ITEM 1 – PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS AND AUDITORS' REPORT

The Consolidated Financial Statements of the Company for the year ended September 30, 2018 and the Auditors' Report thereon are included in the Annual Report which is published on the Company's website: www.massygroup.com

ITEM 2 – ELECTION OF DIRECTORS

The Board presently consists of 13 members and the number of Directors retiring on rotation and being presented for election is 4. Messrs. Anton Gopaulsingh, William Lucie-Smith, Suresh Maharaj and David O'Brien will retire at the end of the Meeting and being eligible, will be seeking either election or re-election.

Notice of Annual Meeting

Following are the bios of the eligible persons proposed as nominees for election and re-election as Directors of the Company and for whom, it is intended that votes will be cast pursuant to the form of proxy enclosed:

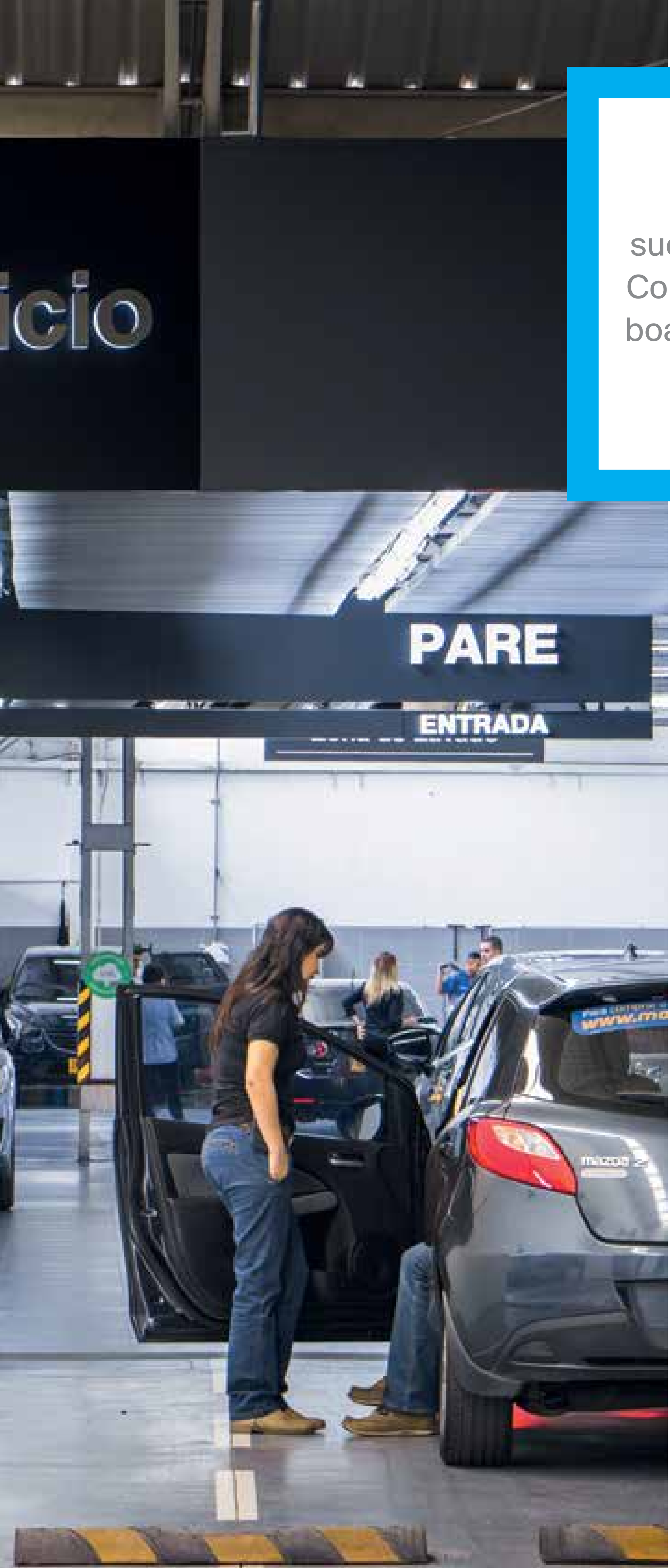
MR. ANTON GOPAULSINGH – 43 years of age
ANTON GOPAULSINGH is an Independent, Non-Executive Director. He is a finance and risk management expert with more than twenty years' experience in a broad range of accounting, technology and consulting roles, spanning multiple industries and geographies. He is currently the Chairman of the Audit Committees of two listed companies and is a Non-Executive Director of the Trinidad and Tobago Stock Exchange (TTSE), Trinidad and Tobago Central Depository (TTCD), ANSA Merchant Bank Limited (AMBL) and Readymix (West Indies) Limited (RML). His prior experience includes working with the PricewaterhouseCoopers United Kingdom (UK) and PricewaterhouseCoopers (PwC) Trinidad firms, and he served as a partner of the latter up to 2013. He has worked with a wide range of companies in the financial services sector in the United Kingdom and throughout the Caribbean, as well as with companies throughout the Caribbean and Central America in the energy sector and in retail and manufacturing services. He has also managed fully outsourced and co-sourced internal audit functions, including performing the role of the Chief Audit Executive for large financial services companies, and has overseen system implementations relating to Enterprise Resource Planning (ERP) applications and other core and support systems.

MR. WILLIAM LUCIE-SMITH – 67 years of age
WILLIAM LUCIE-SMITH is an Independent, Non-Executive Director. He is a Chartered Accountant by profession and a former Senior Partner of PricewaterhouseCoopers (PwC) (Trinidad and Tobago), where he led its Corporate Finance and Recoveries practice. Mr. Lucie-Smith has extensive experience in mergers and acquisitions, taxation and valuations and holds an MA degree from Oxford University in Philosophy, Politics and Economics. He currently serves as a Non-Executive Director on a number of boards, including Republic Financial Holdings Limited and Sagicor Financial Corporation.

MR. SURESH MAHARAJ – 69 years of age
SURESH MAHARAJ is an Independent, Non-Executive Director. He is a highly recognised international senior banking and finance executive with forty-three years of experience. Prior to his retirement from Citibank in 2015, he held the position of Chief Executive Officer (CEO), Citibank Caribbean and Central America, with responsibility for Citibank's Corporate, Commercial and Investment and Consumer operations in twenty-seven countries in the Caribbean and Central America and Ecuador and served on the board of Citibank for several Central American countries. He also was CEO for Citibank, Trinidad and Jamaica and worked for five years in Asia as Citibank's CEO for the Philippines. Mr. Maharaj is currently the Chairman of Citibank TT Ltd. and Citicorp Merchant Bank. He is also the former Chairman of Trinidad Cement Limited (1989 - 1995) and presided over the successful divestment from government control to the private sector and during this time a 32 percent annual growth in profitability was achieved. He also served as a Director of the Trinidad and Tobago Unit Trust Corporation, Bankers Association of Trinidad and Tobago and Bankers Association of the Philippines, American Chamber of Commerce of Trinidad and Tobago and American Chamber of Commerce of the Philippines.

MR. DAVID O'BRIEN – 61 years of age
DAVID O'BRIEN serves as an Executive Director and is also an Executive Vice President with the responsibility for both the Automotive & Industrial Equipment Line of Business as well as the Financial Services Line of Business. He joined the Group in November 2005 and is currently the Executive Chairman on a number of boards of Massy subsidiary companies. Prior to joining the Group, he held various senior positions at Sagicor. Mr. O'Brien served as the President of the Trinidad and Tobago Chamber of Industry and Commerce in 2002 and 2003 and he also held directorships on the boards of RGM Limited, DFL Caribbean Limited, and the Tourism and Development Company of Trinidad and Tobago. He was the Chairman of the North Central Regional Health Authority, a member of the Multi-Sectorial Core Group for Trinidad and Tobago's Vision 2020 and Chairman of the committee to establish the National Policy for Disabled Persons. Mr. O'Brien is also the Honorary Consulate for Sweden in Trinidad and Tobago.

ITEM 3 – RE-APPOINTMENT OF INCUMBENT AUDITORS
PricewaterhouseCoopers are the incumbent auditors of the Company. It is proposed to re-appoint PricewaterhouseCoopers as auditors of the Company to hold office until the next Annual Meeting of Shareholders.



The Group's successful entry into Colombia is a spring-board into other Latin territories.

Executive Reports

Letter from the Chairman

“The current economic challenges are providing additional urgency to the Group’s focus on efficiency and cost effectiveness. We believe the Group must improve efficiency by codifying common platforms upon which we operate to continue our growth strategy across the region.”

ROBERT BERMUDEZ

CHAIRMAN OF THE BOARD

DEAR SHAREHOLDERS,

Throughout the year the Governance Nomination and Remuneration Committee (GNRC) and the Board have dedicated significant time to further strengthening of the Group's governance and have continued to monitor trends and to work towards global governance standards. This year the Board reviewed the role, purpose and structure of the Governance and Compensation Committee and revised the committee charter to better align with international standards and in this regard, the committee is now called: the Governance, Nomination and Remuneration Committee.

We are continuing to take the steps to strengthen our policy, compliance and risk framework whilst still recognising that corporate governance cannot be reduced to compliance with checklists and codes. Massy is proud to continue to have reinforcing conversations and remains guided by our Group's Purpose and our Core Values, which form the basis for our approach to leadership, governance and business. This year the Group spent significant time hosting ‘growthshops’ and having conversations in relation to business integrity including; key policies and expected behaviours in relation to the Group's Code of Conduct, Conflict of Interest and Speak Up Policies.

This year, our Board continued its work from the prior year, and continued to discuss and focus on issues such as; enhancing board oversight on cyber risk, board development and refreshment, Director succession planning and strengthening and utilising the value we get from our board evaluations. Further details of the work in this area are contained in our Corporate Governance Report in this Annual Report.

I am pleased to welcome to the Board, two new members who were appointed in the past year; Mr. Ian Chinapoo and Mr. Anton Gopaulsingh. Both Ian and Anton bring substantial experience and expertise and the business will benefit greatly from their contributions. Ian was appointed Executive Director and Group Chief Financial Officer on June 1, 2018. Ian joined the Group from the Trinidad and Tobago Unit Trust Corporation where he held the post of Executive Director for five years. Ian's prior career was in Banking and Finance and he has extensive experience in corporate and investment banking. Following a rigorous process, which included the use of an independent search firm, the GNRC recommended and the Board appointed Anton to fill a vacancy on the Board on December 6, 2018. Anton is a Finance and Risk Management expert with more than twenty years' experience in a broad range of accounting, technology and consulting roles. He is currently the Chairman of the Audit Committees of two listed companies and is a non-executive Director of the Trinidad and Tobago Stock Exchange (TTSE).

The Group performed commendably in 2018 after two disappointing years in 2016 and 2017. The Group benefited from cost compression initiatives and the Indirect Procurement programme that was implemented in the year. Profits from operations in Trinidad and Tobago remained flat versus a 3 percent decline in fiscal year (FY) 2017. Apart from the recovery of Massy United Insurance Ltd. in FY 2018 with no catastrophes versus losses from three hurricanes in 2017, profits from operations in Barbados declined by 7 percent largely driven by the slowdown of consumer spending that accompanied the government's austerity measures. Profits from Guyana grew by 10 percent as that country continues to enjoy optimistic expectations for the coming oil industry. Our operations in Colombia turned around the energy business there and nearly trebled the profits from the automotive business. We continue to see Guyana and Colombia as our most important geographic growth poles in the near term.

The Board and Management continue to focus on delivering sustainable, profitable growth to our investors. We know how important our dividends are to shareholders and maintained them in 2016 and 2017 despite disappointing profits. We have again decided to maintain the total Dividend Per Share for the year at the same level as last year at $2.10 per share. This dividend remains well covered on a cash basis. and represents a 4.6 percent return on the share price at the time of preparing this report. This dividend is equivalent to a Dividend Payout Ratio of 39.5 percent of the Group's earnings in 2018, which is more consistent with the Group's historical payout ratio that the Board believes is a responsible target to pursue.

We acknowledge that the Group's share price has suffered in the recent past, which was consistent with the profitability challenges that were being experienced. Those challenges are behind us and the Group is back on an excellent trajectory for future growth. In 2019, we will enhance our initiatives to communicate with shareholders, investors, analysts and brokers to make sure that the efforts and progress of the Group are well communicated to those stakeholders who participate in trading the Group's shares.

2018 Key Items

- We have maintained the total Dividend Per Share at $2.10 per share.
- Return on Share Price of 4.6%.
- Dividend Payout Ratio of 39.5% of earnings.
- Two new Directors appointed in 2018 – Ian Chinapoo and Anton Gopaulsingh.

> ‘Our operations in Colombia turned around the energy business there and nearly trebled the profits from the automotive business.’

FACING THE FUTURE

The Group faces an exciting future. While there are still challenges to be met in economies like Barbados, there are significant opportunities to be explored in Guyana, Colombia and other Latam countries in the Caribbean Basin. I wish to thank Sidney Knox for his vision to initiate and drive the Group's significant investment in, and continuous support for, Guyana. The example he set lives through the legacy of other leaders and the strong management team and compliment of staff in our Guyana operations. As the Group celebrates its 50th Anniversary in Guyana, we are well poised to benefit from the economic growth and prosperity that will be ushered in by a new era as a major oil producer.

The Group's new vision and strategy to apply increasing focus to its business operations and investments are welcomed and encouraged by the Board. We believe that we have the right strategy in place, driven by a skilled and experienced leadership team who are supported by a highly engaged and committed organisation of great people. I wish to congratulate our management and staff on a very good year and to thank them for their continued efforts and professionalism. I would also like to thank my fellow Board Members for their continued guidance and insights. Finally, I am grateful to all the shareholders in the Company for the faith and trust that you place in the Board. We take this responsibility seriously and will continue to do our best to bring increasing returns to you.

Letter from the Chief Executive Officer

> “2018 was a good year for the Group as it returned to the path of its historical profitable growth trajectory”
>
> **E. GERVASE WARNER** PRESIDENT & GROUP CHIEF EXECUTIVE OFFICER

DEAR VALUED STAKEHOLDERS,

2018 was a good year for the Group as it returned to the path of its historical profitable growth trajectory following two disappointing financial performance years. Strengthened by lessons learnt from unsuccessful investments and challenging markets, management and staff have rallied to improve the efficiency of our operations and to continue to pursue selective organic and inorganic growth opportunities. We have come to realise that the rate of change of technology and markets is demanding more from all organisations worldwide, without exception. Adapting to this increased rate of change has pushed us towards the pursuit of a more innovative and flatter organisation structure with more demand for intrapreneurship and creativity from all levels in our organisations. We are beginning to bear the fruit from this transformation, but much work still lies ahead.

PERFORMANCE

In 2018 the Group achieved its performance objectives through the execution of Business Unit initiatives combined with focused attention to key corporate level strategies such as, the implementation of a Group Indirect Procurement function. These strategies were well executed and as a result, while the Group's Third-Party Revenue grew by 2 percent, Profit After Tax grew by 37 percent to $565 million, increasing Earnings Per Share by 38 percent from $3.85 in prior year to $5.32. In 2017, the Group suffered setbacks from discontinued operations arising from the sale of Massy Communications and an investment in an Information Technology (IT) services company in Costa Rica. The Group also incurred significant losses claims relating to three Category 5 hurricanes, two of which hit the Caribbean in the final two months of the 2017 financial year. In comparing the Group's continuing operations from 2017 to 2018, Profit Before Tax increased by 16 percent.

These results were achieved despite the recent economic challenges in Trinidad and Tobago and Barbados, which have impacted our heritage companies in the automotive and retail sectors.

The Group's balance sheet remains strong. The debt-to-debt plus equity ratio reduced from 31 percent in 2017 to 30 percent in 2018. Cash flow from operating activities before tax was $971 million, and Group cash grew from $1.57 billion to $1.63 billion.

In the period under review, the Group invested in creating an Indirect Procurement function to leverage the Group's purchasing power to negotiate better prices on indirect goods and services. The initiative also looked at consumption and demand for indirect products and services and implemented strategies aimed at increasing all efficiencies in procurement and use of indirect goods. Along with the Group's ongoing continuous improvement initiatives, these efforts helped improve the Group's operational efficiency. The Group's emphasis on operating efficiency will continue in the future as it has already started extending Lean Six Sigma training widely throughout the Group. Lean Six Sigma is a method that relies on a collaborative team effort to improve performance by systematically removing waste and reducing variation.

STRATEGY

As we evolve and refine our Group Strategy, I reflect that in 2011, we developed a strategic plan which resulted in major changes to the Group including the reclassification of the Group portfolio into the Integrated Consumer Portfolio and the Strategic Investment Portfolio and Other investments. In 2014 we introduced a strong corporate umbrella brand to the Caribbean and we made a success of our entry strategy into Colombia, which is a springboard for the Group into other Latam territories in the Caribbean Basin. We see growth opportunities in Colombia and other Spanish-speaking territories having favourable economic trends, a resurgence of business confidence in Jamaica, and the birth of a new oil industry in Guyana which will likely see it triple its GDP over the next 10 years. These represent the most promising geographic growth poles for the Group and will attract significant attention from us in the future.

We have already transformed the retail landscape in Guyana with the launch of Massy Stores and with the first supermarket in full operation at Providence, East Bank Demerara. Construction is well underway for our second store, an impressive 60,000 sq. ft. SuperCentre at the MovieTowne Complex in the East Bank area. This retail expansion is ably supported by a well-established Distribution business in Guyana, as well as a strong logistics operation in Miami. Our confidence in the future of Guyana is further demonstrated by the approval of a Capital Expansion plan for Massy Industries Guyana Ltd. and Massy Services (Guyana) Ltd. for the construction of a modern signature building at Ruimveldt as these companies position themselves to become major beneficiaries in the Oil and Gas Economy. Construction of this new facility is expected to start by the end of the first quarter of 2019 calendar year. The Group has also made significant investment in our people and since 1993 Massy's Graduate Trainee

2018 Key Items

- Colombia and Guyana are the most promising geographic growth poles for the Group and will attract significant attention in the future.
- Massy Stores (Guyana) Inc. has transformed the retail landscape in Guyana with the launch of our first store in Providence, East Bank Demerara. Our second store which is currently under construction, is an impressive 60,000 sq. ft. SuperCentre.
- Massy Motors Colombia S.A.S. sold close to 7,000 new vehicles in Colombia last year.
- We will revisit the portfolio of the Group and explore how we can leverage and optimise our current portfolio configuration to capture the growth opportunities which exist in our defined geographies.

Third Party Revenue

12,005 TT$MILLION

2%

Earnings Per Share

5.32 TT$

38%

Profit Before Tax

874 TT$MILLION

16%

‘Construction is well underway for our second store, an impressive 60,000 sq. ft. SuperCentre at the MovieTowne Complex in the East Bank area.’

Programme has been instrumental in attracting bright and upcoming talent to help stimulate fresh thinking within our companies. The Group recently celebrated our 50th anniversary in Guyana at a time when the country is on the brink of significant transformation. The Massy businesses in Guyana have for many years demonstrated great resilience and a tremendous capacity for coping with adversity, we now anticipate that they will become an important engine of growth for our Group.

In Colombia Massy Motors sold close to 7,000 new vehicles last year, significantly exceeding the number of new vehicles sold in Trinidad and Tobago, and while our market share is still small, the Colombian market is almost fifteen times the size of our home market. Our dealerships in the cities of Cali, Medellin and Bogota sell three of the top five brands and we believe that there is considerable opportunity for growth in a market where the per capita penetration for vehicle ownership is still relatively low.

At this time we believe that it is also important to revisit the portfolio of the Group and explore how the Group can leverage and optimise its current portfolio configuration to improve its near-term financial performance, reallocate assets and sharpen our focus on large and scalable businesses and position ourselves to capture the growth opportunities which exist for our large businesses in Integrated Retail, Automotive and Industrial Gases in our defined geographies.

Letter from the Chief Executive Officer

Focus 2019

Leveraging Scale

Operations Efficiency

Developing Talent

Transforming Customer Experience

Adopting Advanced Technology

We will pursue strategies to review those entities which do not appreciably contribute to the Earnings Per Share in order to focus management talent on supporting growth and acquisition of larger companies to create a more focused investment holding/management business model, consistent with our vision. As mentioned earlier, we have found that the rate of change in our industries and markets is requiring greater management focus and attention. We recognise the importance of leveraging economies of scale in operations expertise, systems integration and processes and innovations across a more focused set of activities. Other Group Strategies include a diagnostic to explore the options for radically improving the operations efficiency of the Group by reengineering processes, establishing common operating platforms and evaluating different shared service centre designs to gain efficiency from common administrative processes across the Group. The goal is to support the Group in having its largest businesses grow through increased focus on commercial operations and growth with less administrative burden and frustration. The Group will also continue to develop our talent across the Group through establishing the Massy University, fostering an innovation culture, and adopting advanced technology in our key business operations to transform the customer experience. We are confident that these aligned strategies will continue to add value to our shareholders and all stakeholders.

IN CLOSING

I would like to thank our sterling Board of Directors for the continued support and counsel and especially our Chairman who has given generously of his own time to help shape our strategies for success. I want to acknowledge the tremendous efforts of our Executive Leadership Team and our staff who go over and above the call of duty every day to provide great service to our customers and to run our businesses successfully.

Finally, I would like to thank Deo Persaud (Senior Vice President and Country Manager, Guyana) and David Jardim (Senior Vice President, Automotive Line of Business), two long serving members of our Executive Community, who will be retiring soon. Deo has been a key player in maintaining the Group's business through challenging times in Guyana and he leaves a strong and well-prepared management team to succeed him. David has been a strong and steady presence guiding our automotive and industrial equipment businesses for many years. We owe them both a great debt of gratitude for their service and contributions over forty-three and twenty-eight years respectively.

Letter from the Chief Financial Officer

> “In 2018 we put in the effort and lived up to our promise of creating significant value for all our stakeholders”

IAN CHINAPOO EXECUTIVE VICE PRESIDENT & CHIEF FINANCIAL OFFICER

DEAR SHAREHOLDERS

After twenty-three years working in the financial sector in Trinidad and Tobago, the USA, Central America and the wider Caribbean region, I was fortunate enough to assume the role of Group CFO of this multinational Massy Group in June 2018.

Immediately, I recognised that this was no ordinary year! The energy across the Group was totally focused on delivering a turnaround performance over a challenging prior year, although strong headwinds persisted and many of the economic and marketplace challenges remained from 2017. On behalf of the Massy family, I am pleased to report that in 2018 we put in the effort and lived up to our promise of creating significant value for all our stakeholders.

Before I engage directly with our key stakeholders, allow me to briefly mention what I am hearing in my meetings with clients, investors, and employees as the new Group CFO. One question I am often asked is, "What are you going to focus on?" The short answer is, "I am going to enable, empower and, where necessary, challenge the Group's Business Units to execute value-creating actions."

Why? All the ingredients are in the pot: our core businesses are performing and market leading, our balance sheet is robust and formidable, and our people are irrepressible, tough and excited for the future.

Letter from the Chief Financial Officer

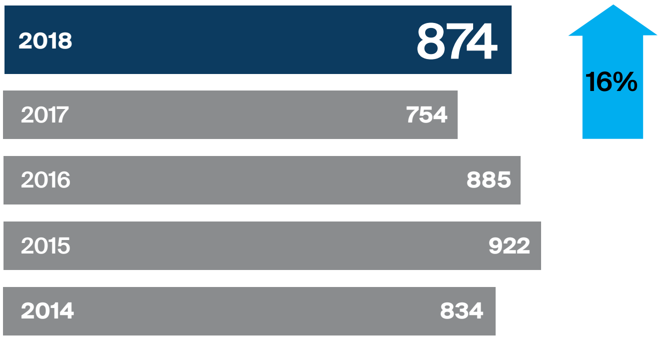
In this my first letter to you as Group CFO, I'd like to share the story of 2018 at Massy and how we capitalised on the unrivalled management capabilities and innate industry knowledge in this veteran team to execute on our re-energised strategy and position ourselves to be your "Force for Good" in 2018 and beyond.

BEING GOOD FOR OUR SHAREHOLDERS

Faith and confidence. Your faith in Massy and its resilience to navigate rocky terrain would be boosted in the final analysis of fiscal year (FY) 2018. For 2018, our Profit After Tax grew 37 percent to $565 million. Thus, Earnings Per Share (EPS) for 2018 was $5.32, an inspiring 38 percent above 2017's EPS (which was $4.46 from continuing operations and ($0.61) from discontinued operations).

Profit Before Tax

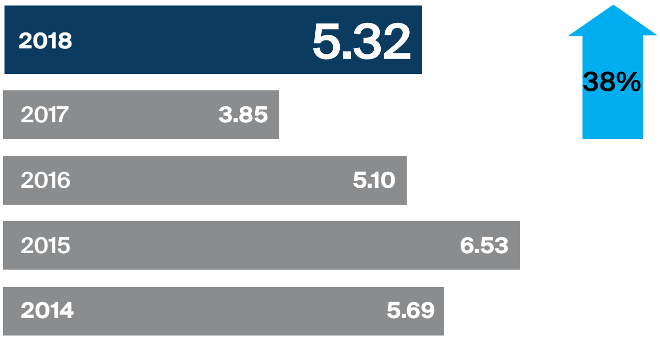
TT$M



1%
Compound Annual Growth Rate 2014-2018

Earnings Per Share

TT$

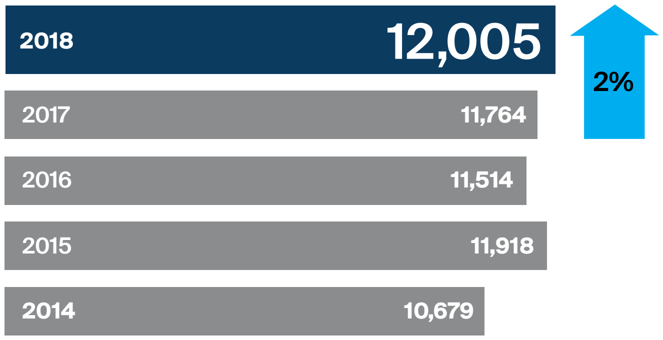


2018 Key Financial Highlights

- Third Party Revenue increased by 2% or $241 million from $11.8 billion to $12 billion. There was an increase of $283 million in revenue in our Automotive business in Colombia primarily because of the acquisition of the Automontaña dealerships. Revenue in our businesses in Trinidad and Tobago declined by 5%.
- Operating Profit before Finance Costs and Tax from Continuing Operations increased by 17%, from $741 million in 2017 to $869 million in 2018 and Operating Expenses remained flat at $2.6 billion.
- Net Finance Costs increased from $55.6 million to $74 million.
- Interest Coverage Ratio is 8, based on the 2018 results.
- Earnings Per Share was $5.32, 38% above 2017 ($4.46 from continuing operations and $0.61 from discontinued operations in the prior year).
- Group Debt remained flat at $2.3 billion.
- Group Cash increased from $1.57 billion to $1.63 billion.
- Cash Flow from Operating Activities before tax was $971 million in 2018.
- Debt to Debt and Equity Ratio reduced from 31% in 2017 to 30% in 2018.
- The Net Assets Per Share is $55.09 versus $52.56 in 2017.

Driving this performance was the Group's Operating Profit before Finance Costs and Tax from Continuing Operations, which increased by 17 percent, from $741 million in 2017 to $869 million in 2018. This outcome was itself a result of a focus on growing Third Party Revenue, which increased by 2 percent or $241 million from $11.8 billion to $12 billion. Further, the Group's operational efficiency focus was critical in delivering reduced Operating Expenses. In fact, despite 2-4 percent inflation rates recorded in the territories in which the Group operated in 2018, overall Operating Expenses across the Massy Group remained flat at $2.6 billion.

Revenue
TT$M



Being good for our shareholders must involve meeting and exceeding your expectations of us, each and every day we come to work. This is evidenced by strong financial results that prove accretive to your invested assets and ultimately, serve to benefit your financial health and your interests. We know this must be achieved in a manner that is sustainable and responsible throughout the region. We believe that in 2018, we have delivered for our shareholders.

KEY VALUE-CREATING INITIATIVES:

Indirect Procurement

We recognise the challenges faced in many of the economies in which we operate, especially in 2018. This year was a difficult one for the region, especially for Barbados and Trinidad and Tobago. These economies have been faced by stark financial realities, which unfortunately resulted in loss of jobs in both the private and public sectors.

To achieve our sterling performance in 2018, we recognised the needs of our customers and our efforts centred around working smarter. We embarked upon a Group-wide indirect procurement cost-savings project to complement the work being done by individual businesses in seeking direct procurement savings. These projects focused on reducing our cost to serve our customers and together, these initiatives contributed to keeping down cost, even in a rising regional inflationary environment. We acknowledge that some prices did

> ‘To achieve our sterling performance in 2018, we recognised the needs of our customers and our efforts centred around working smarter.’

increase (especially given the challenges with foreign exchange availability and new taxes introduced in Barbados) but likely by much less than could have occurred.

In fact, these savings amounted to $21 million in 2018 and even more is expected for 2019 and beyond. These, and many other initiatives, contributed to the Group's improved Operational Efficiency Performance in 2018 as follows:

Travel expenses, and consolidation and synergies in ocean logistics resulted in savings of $3.4 million and $2.1 million respectively. Focus on marketing efficiencies has resulted in greater use of digital media. Our development in digital marketing provided the opportunity for the Group to reduce its marketing spend on specific, low-impact media by $5 million. Our improvements, for the year under review, included the consolidation of regional service providers, customer-focused content creation and growth of our social media platforms.

Capital Investments

The Group continues to look for growth opportunities with actual Capital expenditure (CAPEX) for 2018 amounting to $490 million.

Increased income from investments, such as Massy Motors Colombia S.A.S., accounted for $283 million of the increase in revenue and modernisation and, investment efforts in Saint Lucia continued to show positive returns with revenue growth of $57 million.

We continue our drive to refurbish our Massy Stores for our customers' comfort and satisfaction as part of our quality offering. Refurbishment and modernisation expenses incurred for FY 2018 were $75 million in Trinidad and $54 million in Barbados, while $967 thousand was incurred in the development of Trinidad's very first self-checkout system.

Investments in People

Our People are the "Force" in our "Force for Good".

Our well-loved team at Massy has continuously won over the hearts and minds of our customers. We continue to invest in our people with training and development expenses amounting to $14.2 million, which includes support for our Middle Management Training Programme. Focus is heavily placed on improved job reviews, solid job descriptions and key performance measures which will result in more effective performance appraisals and reward systems all towards creating a high-performing culture that drives our shareholder value creation. Of course, Health, Safety, Security and Environment (HSSE) and Health and Wellness education drives, which are enthusiastically led by our employees, are a standard feature as we promote a safe and healthy work environment. For FY 2019 there is significant focus on improving the tools that are provided to the employees, notably technological upgrades.

BUSINESS UNIT PERFORMANCE

The economic vulnerabilities throughout Latin America and the Caribbean persisted in 2018, and our trading environment remained challenged, but our companies continue to persevere. Glimmers of hope are emerging in Jamaica, Colombia and Guyana, as Jamaica and Colombia have returned to, albeit small, economic growth. There is great optimism in Guyana as significant oil production and revenue to the government is expected to start flowing towards the end of 2019.

This year has forced us to really look at our processes, products, structures and there are ongoing efforts to improve efficiencies and to maintain our Gross Profit Margins (GP Margins).

The challenges in Trinidad and Tobago's economy and unavailability of foreign exchange continue to challenge our key businesses, including our Motors business. The company has responded to this by placing focus on better procurement and inventory management. Similarly, Retail in Trinidad is experiencing contraction in the economy based on conservative consumer spend. The company has responded by introducing more economical brands and cultivating improved relationships with suppliers. Notwithstanding, our Energy and Gases companies showed an improvement in performance, namely from our associate, Massy Wood Group Ltd., as well as our Energy Services company.

The Barbados economy is also significantly challenged, with over 1,000 public sector job cuts. Our Integrated Retail Business Unit (IRBU) companies have responded by focusing on core value offerings and managing cost. The Barbados territory has improved its profitability as hurricane losses incurred in 2017 ($85 million) did not recur in 2018.

Overall, all territories, except for our Jamaican operations showed year-on-year growth in profit. Colombia and Saint Lucia continue to be a driving force towards profitability, and the Exxon Mobil continued oil discoveries in Guyana are promising.

A&IE LoB

Revenue

2,585 ▲ 4%
TT$MILLION

Profit Before Tax

156 ▼ 8%
TT$MILLION

Earnings Before Interest & Tax

TT$MILLION

E&IG BU

Revenue

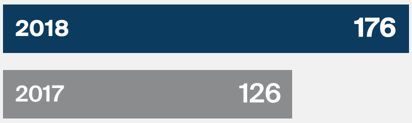
1,157 ▲ 17%
TT$MILLION

Profit Before Tax

251 ▲ 25%
TT$MILLION

Earnings Before Interest & Tax

TT$MILLION



IT&C BU

Revenue

591 TT$MILLION 1%

Profit Before Tax

85 TT$MILLION 8%

Earnings Before Interest & Tax

TT$MILLION

2018	88
2017	97

IR BU

Revenue

6,554 TT$MILLION 2%

Profit Before Tax

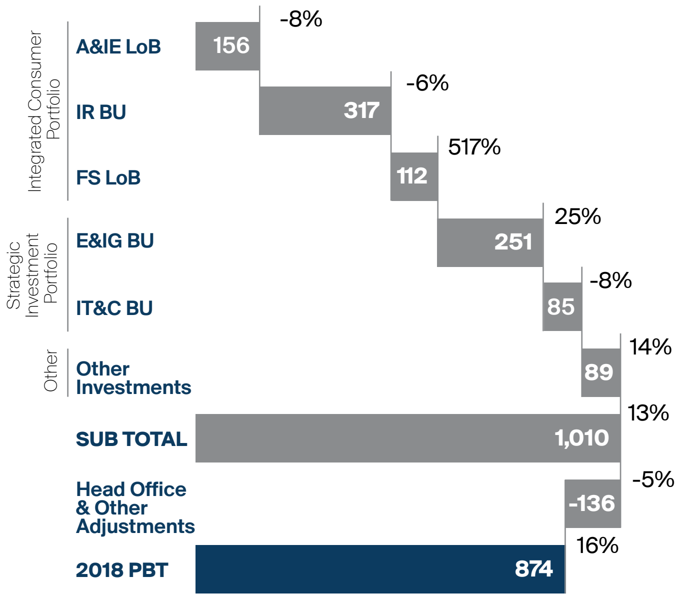
317 TT$MILLION 6%

Earnings Before Interest & Tax

TT$MILLION

2018	349
2017	368

The Path To Profit Before Tax by Business Unit 2017-2018



The following sections highlight key business performance insights for 2018:

The Automotive & Industrial Equipment Line of Business (A&IE LoB) concluded the year with an increase in revenue of 4 percent or $98.7 million. The Line of Business's primary operation, Massy Motors Ltd. (Trinidad and Tobago), experienced a 12 percent decrease in revenue due to a declining economy, loss in market share and restrictions in obtaining United States Dollars (USD), which resulted in an 18 percent reduction in profitability. The Colombian expansion contributed $283 million to the increase in revenue. Revenues from the Guyana operations (Massy Industries (Guyana) Ltd.) reduced marginally by 1 percent over 2017 and profit was up by 8 percent as margins were improved and costs were contained. The significant slowdown in the construction sector in Trinidad and Tobago has impacted the Line of Business's sale of capital equipment and parts.

The Energy & Industrial Gases Business Unit (E&IG BU) experienced an increase in revenue of 17 percent or $172 million. All the Gases businesses performed exceptionally well, resulting in an improvement in profit of just over 2 percent in the Industrial Gases Line of Business. The The Liquified Petroleum Gas (LPG) business in Guyana contributed significant growth, Trinidad operations showed growth in both local and export markets and although the Jamaican operation is experiencing competitive pressures, they are able to mitigate this. Despite the challenges faced by the Group's Energy Services business, the subsidiaries reported an operating loss of $9 million in 2018 when compared to a $46 million loss in 2017 and a Profit Before Tax (PBT) of $46 million, including Associates, in 2018 versus a loss before tax of $220 thousand including Associates, in 2017.

The continuing businesses in the **Information Technology & Communications Business Unit** (IT&C BU) recorded a revenue increase of 1 percent and an 8 percent decrease in profitability. The Earnings Before Interest and Tax Margin (EBIT Margin) decreased from 17 percent in 2017 to 15 percent in 2018. The companies in the IT&C BU which operate outside of Trinidad and Tobago, reported a decline in earnings (with the exception of our Antigua business), whilst our two main operations in Trinidad and Tobago, which contribute 63 percent of the profits for the business, showed mixed results, with a 4 percent increase in Massy Technologies Applied Imaging (Trinidad) Ltd. and a 4 percent decrease in Massy Technologies InfoCom (Trinidad) Ltd. The Trinidad and Tobago results are impacted by reduced Government and Private Enterprise spending.

The **Integrated Retail Business Unit** (IR BU) experienced revenue and PBT declines of 1.8 percent and 6 percent respectively. The EBIT Margin decreased from 6 percent to 5 percent as GP Margins decreased, but operating costs increased in the retail stores. Challenging and competitive trading environments continue to place pressure on our retail margins and comparable sales growth in most of the territories in which we operate. As such, there is greater focus on right-sizing the business model to meet customers' needs, improved integration among territories and between retail and distribution and operational efficiency. Retail growth in profitability was experienced in the Saint Lucia and St. Vincent stores whilst our Trinidad and Tobago and Barbados stores showed a decline in profitability of 32 percent. Massy Stores (Barbados) Ltd. and Massy Distribution (Barbados) Ltd. were both challenged by the prevailing economic situation on the island. In the Distribution business there was an 8 percent decline in revenue however profitability remained flat. The Distribution line in Trinidad has maintained growth through a more focused distribution, expanded product portfolio and cost containment while the Distribution Line of Business in Barbados mitigated economic challenges through improved efficiency structures and cost containment. In the other territories, there was a mix in performance with growth in Guyana and declines in USA and Jamaica.

The **Financial Services Line of Business** (FS LoB), comprising of our Insurance and Consumer Finance operations, grew in revenue and profit by 13 percent and 517 percent respectively, a rebound substantially due to a non-recurrence of the extraordinary hurricane season in 2017. The Remittance Services business, representing MoneyGram, in Trinidad and Tobago and Guyana showed double digit growth from prior year and continued to earn US currency for the Group. The Insurance business contributed 43 percent of the profit in this Line of Business and declined by 1 percent, excluding the hurricane losses. 2017, was the worst year on record for hurricane losses for Massy United Insurance Ltd. The performance is driven by focus on obtaining improved premium rates, underwriting performance, mainly in Motor insurance, investment performance and efficiency.

The **Other Investments portfolio**, revenue and profit increased by 2 percent and 14 percent respectively. The performance is mainly driven by improvements in performance of our associate companies.

The **Head Office** and **Unallocated Cost** amounted to $136 million, a decrease of $7 million or 5 percent over the previous year. These costs include Head Office department costs,

FS LoB

Revenue

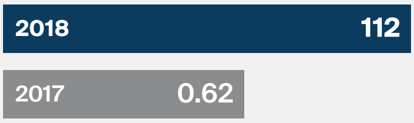
624
TT$MILLION
13%

Profit Before Tax

112
TT$MILLION
517%

Earnings Before Interest & Tax

TT$MILLION



OTHER

Revenue

493
TT$MILLION
2%

Profit Before Tax

89
TT$MILLION
14%

Earnings Before Interest & Tax

TT$MILLION

unallocated interest costs and several miscellaneous costs which were not allocated to Business Units, and which fluctuate quarterly and annually. There was an increase in Head Office department costs primarily due to IFRS 9 expected credit loss expenses on bonds, which were not present in 2017.

MASSY GROUP TOP RISK REGISTER

At Massy, we continue our efforts to embed strong risk management into our culture. governance structures and internal control framework. The top risks which we must manage to achieve our objectives and core values are identified below, together with the approach to risk mitigation.

Risk Area	Description	Mitigation
Business Cycle Risk	As economies such as Barbados and Trinidad and Tobago climb out of the bottom of their respective weak economic cycles, we recognise that there is a risk that our products and services are not correctly positioned relative to the needs and re-structured wallets of our customers. There is also the risk that restructuring changes being made by respective governments in Barbados and Trinidad and Tobago could precipitate further consumer spending contraction in the short term.	In response, we continue to seek and present our unique value proposition across lines of businesses even as the competitive landscape becomes more challenging. Cost management, product selection, a focus on continuous improvement and customer service dedication have helped us to retain market share even as we expand and diversify into new markets.
Foreign Exchange Risk	The availability of USD continues to be a challenge in Trinidad and Tobago and to a lesser extent in Barbados. It impacts our ability to manage product availability at competitive prices, pay our suppliers and creditors on time and make acquisitions in new markets to achieve our strategic goals.	The diversity of the Massy portfolio of businesses and locations provides a natural hedge against Foreign Exchange (FX) volatility. Our strategic plan includes new investment opportunities in new markets and new lines of business which will reduce our concentration in some of our existing markets. This will help to diffuse the impact of any currency devaluations that may occur in the future. Notwithstanding these strategic initiatives, on a tactical level, we have been working with suppliers and customers to minimise our net foreign exchange exposures.

Risk Area	Description	Mitigation
Supplier/ Principal Risk	Massy trades in some of the top brands in the world with demanding standards and expectations. It is critical that our operational activities match the high standards of these suppliers if we wish to maintain strong relationships and minimise the risk of losing representation rights that we currently enjoy. The risk that we lose or impair any of these key relationships can significantly affect our revenue objectives and in some cases, even our business model.	Continuous communication with Brand Principals to ensure that our business plans and operational processes are aligned with or exceed their expectations of us as representatives of their brand.
Health, Safety, Security and Environment Risk	HSSE Risk management. We are mindful of any risks to the safety, security and well-being of our people, assets and environment and treat them with the highest priority.	Training and awareness programmes help to ensure that both our employees and suppliers adhere to our HSSE policies and procedures. HSSE management objectives have been included in the performance criteria of our leadership to ensure that there is also strong support for a zero-harm culture at all levels of the organisation.
Cyber Security Risk	The risk that we are unable to protect our data and that of our customers and suppliers is one that we are facing with increasing frequency. Massy has not been immune to external cyber attacks.	We continue to improve our controls through continuous upgrades to firewalls and phishing detection software, as well as through training and awareness and improvement in testing and review of our Information Technology (IT) governance and control framework for all IT related risks.
Business Continuity Planning Risk	The need to have strong risk management around disaster preparedness and business resilience risk was highlighted in recent times by the occurrence of three types of natural disasters across the region, specifically storms, earthquakes and flooding. Some of our businesses and staff were adversely impacted, and although we responded quickly, the importance of a strong business continuity programme was made even clearer.	Business continuity plans and disaster preparedness training are used to test our systems and assess the adequacy of our contingency plans.

Risk Area	Description	Mitigation
Insurance Risk	Our general insurance businesses, Massy United Insurance Ltd., brings portfolio diversity to our group of businesses and with it a unique risk exposure profile which we categorise as Insurance Risk. Insurance Risk consists of two components: The risk that net claims losses are higher than expected and the risk that premium rates do not reflect the potential loss exposures of the policies sold. After two years with catastrophic storm events in the Caribbean, the cycle of low premium rates has turned. Our current risk is that we are unable to adjust rates in time in our domestic regional markets to match the higher reinsurance rates which now prevail in the international markets.	We continue to monitor our premium adequacy across all lines of business and territories to cover risks while remaining as competitive as possible. Our reinsurance purchase programme continues to be with A rated reinsurers so that our claims payment track record continues to distinguish us from our competitors and help us to retain market share in key areas.
Credit Risk	We define credit risk as the risk that a customer, counterparty or trading partner may fail to make their payment obligations on time and in full, according to agreed terms and conditions. The adoption of IFRS9 accounting standard has brought a new dimension to how we assess credit risk. As a group, our credit risk exposures will need to be re-assessed given the quantitative impact and operational costs that the new standard brings.	We are in the process of assessing our Credit Risk Appetite across all lines of business. We will review and update our credit risk management practices and controls.

Risk Area	Description	Mitigation
Compliance Legal & Governance Risk	Compliance and Legal Risk relates to the risk of loss through fines, penalties, personal loss of liberty and reputational damage from non-compliance with the legal and regulatory requirements including those relating to financial reporting, environmental health and safety. New Insurance regulation and stronger Anti-Money Laundering (AML) and Terrorist Financing have increased the impact of regulatory risk to the Group.	We continue to assess the impact of new legislation on our various operating companies and update our procedures and controls to ensure that we fulfill all our compliance responsibilities. AML and anti-terrorism risks are managed through risk-based portfolio monitoring and customer due diligence assessment based on the risk profile of the customer. Training and awareness of our frontline staff, Directors and managers helps us to assess risks at onboarding of a transaction.
Operational Risk	This is the risk of loss caused by poor or ineffective internal processes, people and systems. It is the failure to implement the best practice in term of internal processes, procedures and internal controls that will result in the non-achievement of the Group's objectives/vision and core values. The failure to implement and monitor effective procedures and controls manifests itself in various functional areas such as finance reporting, Human Resource practices, execution of projects or new initiatives, contract management, sales management, customer service management, IT project implementation, etc. This is where value leakage takes place.	The importance of cost efficiency through continuous improvement initiatives continues to be a key area of focus across the Group. Our internal controls provide a strong line of defense against operational risks. Our focus will be to move to more automated controls which will bring greater efficiency, transparency and cost effectiveness.

> 'At Massy, we continue our efforts to embed strong risk management into our culture, governance structures and internal control framework.'

With our suppliers, we are building even closer partnerships, working together to deliver great quality products for our customers.

Segment Reports

- BUSINESS UNIT REVIEW
- TERRITORIES AT A GLANCE
- TERRITORY REVIEW

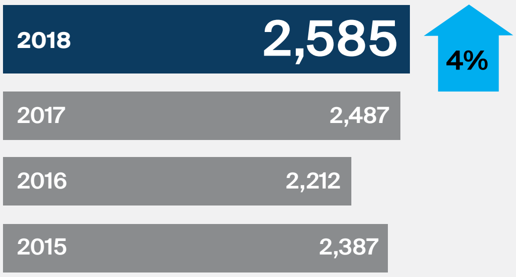
Automotive & Industrial Equipment

The companies in the Automotive & Industrial Equipment Line of Business represent vehicle and equipment manufacturers, automotive component manufacturers and suppliers, and offer the short and long-term rental of vehicles and equipment.

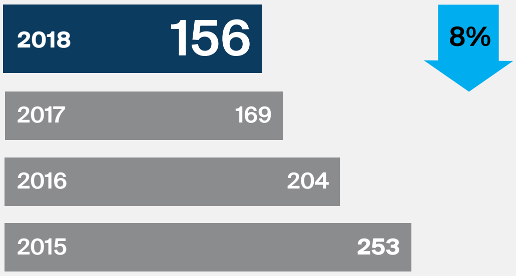
Employees

1,464

Revenue TT$M

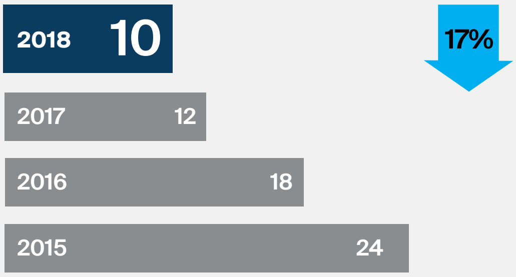


Profit Before Tax TT$M



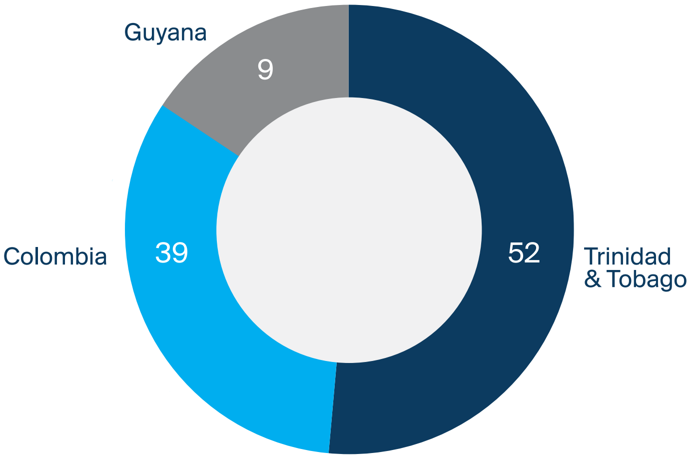
RONA

% (Profit After Tax/Average Net Assets)



* 2017 - 2018% change based on segment results reported on Note 3 of the Consolidated Financial Statements

Revenue by Country %



Massy Motors is striving for excellence with our caring and well trained staff in a network of high quality locations.

Automotive & Industrial Equipment

DAVID O'BRIEN GROUP EXECUTIVE VICE PRESIDENT & EXECUTIVE CHAIRMAN, AUTOMOTVE & INDUSTRIAL EQUIPMENT LINE OF BUSINESS AND FINANCIAL SERVICES BUSINESS UNIT

DAVID JARDIM PRESIDENT & EXECUTIVE CHAIRMAN, AUTOMOTVE & INDUSTRIAL EQUIPMENT LINE OF BUSINESS

> 'Our strategic imperative for this LoB is to deliver the highest rated customer service in the multi-brand automotive retail and distribution markets and vigorously continue our expansion into Latin American markets.'

OUR BUSINESS

The companies in the Automotive & Industrial Equipment Line of Business (A&IE LoB) represent vehicle and equipment manufacturers, automotive component manufacturers and suppliers, and offer the short and long-term rental of vehicles and equipment. We operate leading automobile dealerships in Trinidad and Tobago and in the Colombian cities of Cali, Medellin, and Bogota and we are a core Caterpillar (CAT) dealer in Trinidad and Tobago providing new and used construction equipment, power systems, including bespoke systems, for the oil and gas industry.

Our strategic imperative for this LoB is to deliver the highest rated customer service in the multi-brand automotive retail and distribution markets and vigorously continue our expansion into Latin American markets. We aimed to be the number one Caterpillar dealer in the region by 2020; and we proudly accomplished this in financial year (FY) 2018. We will continue to strive for excellence through close collaboration and alignment with our principals' plans, our caring and well-trained people, and extensive network of high-quality locations in the markets we serve.

PERFORMANCE DRIVERS

A stagnant economy in Trinidad and Tobago contributed to flat new vehicle sales and depressed heavy equipment sales, while new taxes on vehicles over 1600CCs led to a switch in demand to models with smaller engines. Depressed construction activity in Trinidad and Tobago adversely affected truck and heavy equipment sales, concrete piling, equipment rentals and our Bandag Tyre retreading businesses.

Foreign Exchange availability in Trinidad and Tobago continued to be constrained throughout the year. These shortages adversely affected the Trinidad and Tobago businesses as they were obliged to access United States Dollars (USD) bank loans in order to satisfy our obligations to our suppliers.

There was increased contribution from our automotive business in Colombia as unit sales increased 32 percent over prior year primarily driven by the Grupo Automontaña acquisition and increased Mazda sales. Despite exiting the heavy equipment business in Guyana, we delivered improved profits due to improved margins and cost containment efforts.

STRATEGY

Massy Motors Ltd. maintained its No. 1 position in the Trinidad and Tobago market for new vehicle sales with Hyundai achieving No. 1 brand status while the Nissan brand was third. Massy Motors Ltd. invested in dealership upgrades, employee training and in our Information Technology (IT) systems, all of which contributed to maintaining our leadership position in Trinidad and Tobago.

Massy Machinery Ltd. aspired to gain top Regional Caterpillar Dealer status by 2020, however this was achieved at the end of 2017 due to our continued investment in certification of our facilities, training and certification of our technicians and management, as well as ongoing investment in IT systems.

Our 2017 acquisition of Grupo Automontaña fuelled a 32 percent unit-sales increase for Massy Motors in Colombia. Our dealerships in Cali, Medellin and Bogota sell three of the top five automobile brands in the market with the Mazda brand being our top-selling brand. Our market share, though small, continues to grow and in 2018 our Colombian dealerships sold close to 7,000 new vehicles. We will continue to seek new acquisitions and to invest in facilities, employees and business systems to maintain and improve our market position.

In addition to our base in Trinidad and Tobago, we now have Enterprise, National and Alamo Car Rental sub franchises operating in Belize, Turks and Caicos, Suriname, Guyana, Colombia and Barbados, and we continue to seek out suitable partners in other territories for which we hold the main franchise.

RISK ANALYSIS

Foreign Exchange (FX) Liquidity Risk -The lack of availability of USD flows in Trinidad and Tobago to pay our principal suppliers remains our largest risk. While we are in continuous communication with our main suppliers to inform them of domestic challenges with respect to purchasing foreign currency, payment obligations must be met and met on time. We continue to leverage relationships with our banking partners until the availability of foreign exchange returns to normal conditions.

Supplier Concentration – Massy Motors Ltd. relies on a few selected global brands to maintain our market share and competitive advantage in Trinidad. Caterpillar, Nissan and Hyundai are principals (suppliers) that represent over 25 percent of the revenue of the Line of Business (LoB). It is critical that our operational activities match the high standards of these suppliers if we wish to maintain strong relationships and minimise the risk of losing the licences and access that we currently enjoy. Open communication and compliance with the standards and controls that our partner suppliers require enable us to mitigate this risk. Diversification into other territories will also help to expand our supplier pool and thus reduce the reliance on a small pool of suppliers.

2018 Key Items

- Massy Machinery Ltd. is the number one Caterpillar dealer in the region.
- Massy Motors Ltd. retained its number one position in the Trinidad and Tobago market.
- Our Colombian dealerships sold close to 7000 new vehicles last year.
- The Enterprise National Alamo Car Rental network is expanding.

Automotive & Industrial Equipment

> ‘Massy Machinery Ltd. gained top Regional Caterpillar Dealer status at the end of 2017.’

Business Cycle Risks – The business cycle in Trinidad has not yet completed its transition to full recovery and as part of a relatively pro-cyclical industry, Massy Motors Ltd. must manage the risks which come with a weak economy and soft market. We continue to pay close attention to inventory and working capital management and after-sales revenue streams.

Credit Risks – The management of customer credit balances or poor customer credit risk assessment may lead to high trade receivable balances which impact cash flow and working capital availability, monthly credit review meetings and tight control of credit limits and overdue balances are the methods used to manage this risk.

Customer Concentration, Long Term Rental Business – Contracts with the Government of Trinidad and Tobago represent a significant percentage of the business. Massy Motors Ltd. – Leasing will seek business from the private sector to reduce the reliance on the Government tender business, while Machinery's equipment rental unit will offer products to other sectors e.g. manufacturing, energy and process plant industries.

IT, BCP, HSSE Risk – The A&IE LoB has exposure to losses from Health, Safety, Security and Environment (HSSE) risks from all member companies. Losses can occur due to plant and equipment malfunction or mis-use, and injury can take place to customers, contractors, employees and the public. Insurance policies are in place to mitigate these risks.

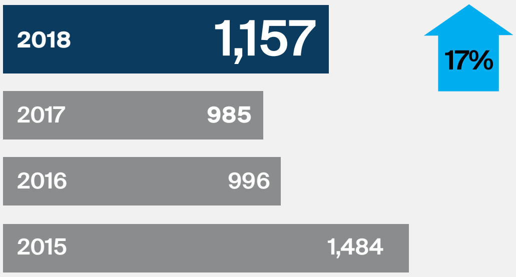
> ‘Massy Motors Ltd. has invested in dealership upgrades, and in employee training and investment in our IT systems, all of which contributed to maintaining our leadership position in Trinidad and Tobago.’

Energy & Industrial Gases

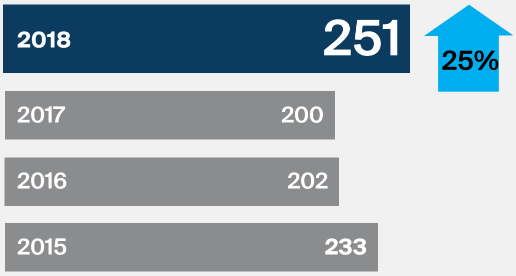
The Energy & Industrial Gases Business Unit includes Massy Gas Products which is engaged in the distribution/sale of industrial gases including oxygen, nitrogen and argon and the distribution/ sale of Liquified Petroleum Gas (LPG). The Energy Services businesses offer a wide range of integrated maintenance and project offerings for asset intensive businesses including engineering.

Employees
2,474

Revenue TT$M

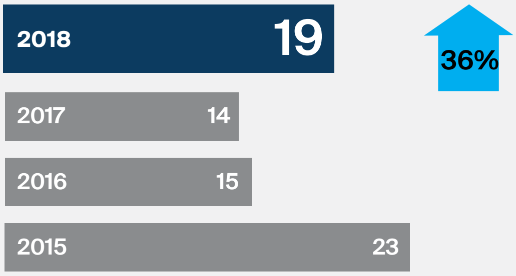


Profit Before Tax TT$M



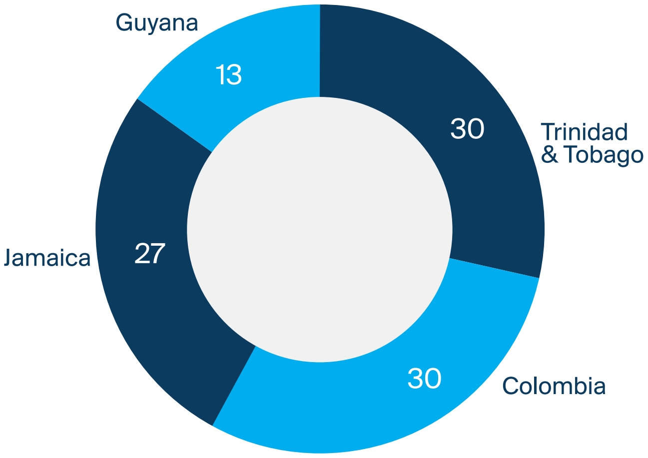
RONA

% (Profit After Tax/Average Net Assets)



* 2017 - 2018% change based on segment results reported on Note 3 of the Consolidated Financial Statements

Revenue by Country %



Our success depends on having a competent and highly engaged workforce. Massy Energy Colombia S.A.S. is our benchmark for employee engagement.

EUGENE TIAH GROUP SENIOR VICE PRESIDENT & EXECUTIVE CHAIRMAN, ENERGY & INDUSTRIAL GASES BUSINESS UNIT

PETER GRAHAM EXECUTIVE CHAIRMAN, INDUSTRIAL GASES LINE OF BUSINESS

> ‘In 2018, the E&IGBU achieved a 17% and 25% increase in both Revenue and Profit Before Tax respectively over the prior year’s performance.’

OUR BUSINESS

The Energy and Industrial Gases Business Unit (E&IG BU) comprises of energy services companies, one oil production operation in Trinidad and three wholly-owned industrial gas operations in Jamaica, Trinidad and Guyana. A 50:50 joint venture with Air Products & Chemicals Inc. in an Air Separation Unit in Pt. Lisas is tethered to the Atlas Methanol plant providing high purity Oxygen and Nitrogen to that facility. The energy services companies consist of a joint venture with Wood Plc. (Massy Wood Group Ltd.) (MWGL) and two service companies in Trinidad which provide a variety of mechanical, electrical, instrumentation, insulation and fabric maintenance services, to upstream and downstream oil and gas, and petrochemical companies in Trinidad. Massy Energy Colombia S.A.S. which was acquired from Wood Group PSN, Inc. in 2014 provides operations and maintenance, minor modifications and other technical services to oil and gas, mining and pipeline companies in Colombia. The E&IG BU is the vehicle through which the Group’s 10 percent investment in a new 1,000,000 Tons/Year Methanol and Dimethyl Ether plant in La Brea Trinidad is being held.

PERFORMANCE DRIVERS

In 2018, the E&IG BU achieved a 17 percent and 25 percent increase in both Revenue and Profit Before Tax (PBT) respectively, over the prior year’s performance. The Industrial Gases Line of Business (IG LoB) achieved an increase in Profit Before Tax (PBT) of 2.5 percent while the Energy Services Businesses increased by 223 percent compared to prior year’s performance. The IG LoB was negatively impacted in one of its markets by increased competitive pressures from new entrants, more aggressive price competition and substitute products. In the global and domestic energy sector, maintenance and facility upgrade and expansion activity increased in 2018 providing more energy service opportunities which our energy services companies were able to capitalise on to significantly improve their financial results. Notwithstanding the overall significant improvement in financial performance of the E&IG BU, the safety performance did not meet expectations, as there were an unacceptable number of safety-related incidents that resulted in Lost Time injuries to employees.

In 2018, the global oil prices (West Texas Intermediate spot prices) and natural gas prices (Henry Hub spot prices) showed noticeable gains of over 41 percent and 1.0 percent respectively, compared to those in 2017. The 2018 spot prices for natural gas derived from commodities like Liquefied Natural Gas (LNG), anhydrous ammonia, methanol etc., all showed improvements over those in 2017. In Trinidad and Tobago, natural gas supply curtailments were not as significant a factor as in previous years and 2018 showed a net increase of circa 6 percent in supply over 2017. In 2018, major maintenance, facility improvement and expansion activity in the energy sector in Trinidad and Tobago and Colombia was higher relative to the 2017 levels. Notwithstanding the improvements in commodity prices, operators continued their focus and attention on driving cost efficiency in their use of contracted services and this limited gross margins.

The IG LoB continues to execute well against its strategy of delivering a highly reliable supply of competitively priced products and services through a strong focus on operational excellence, customer service management, effective employee engagement and continuous improvement. All of the Group's businesses in the IG LoB have been able to achieve and sustain upper quartile results in customer satisfaction surveys. Despite increasing competitive pressure in many of the domestic and export markets, the Group's IG businesses performed exceptionally well and showed growth in sales volumes and PBT when compared to prior year, 2017. Specifically, there is increasing pricing pressure for LPG in the Jamaican residential cylinder market with the entry of a new competitor and with the market-penetrating actions of an existing competitor. Further there is the threat of substitution to LNG by large commercial customers. Massy Gas Products (Jamaica) Limited has initiated actions to mitigate these competitive pressures and to develop innovative ways with disciplined execution to maintain/grow market position. The strong performance of Massy Gas Products (Guyana) Ltd. was driven by higher volumes of LPG, Oxygen and Nitrogen sold. Massy Gas Products (Trinidad) Ltd. (MGPTL) increased both domestic and export sales volume and added new territories of Aruba, El Salvador, Guatemala and Honduras in 2018. Caribbean Industrial Gases Unlimited had an excellent year achieving a better than budgeted performance with no unplanned outages since April of 2016.

The Energy Services businesses enjoyed a much improved year despite continuing challenges in the operating environment with PBT improving by over 200 percent compared to the prior year, 2017. Major clients continue to implement contracting strategies that increase competition and exert downward pressure on gross margins for contracted services and for the supply of materials and equipment. These clients are unrelenting in driving supply chain cost efficiencies through disintermediation strategies and global alliance agreements, resulting in reduced representation margins. Through the continued focus on implementing the strategy of delivering cost-efficient, high-quality, integrated services to our clients while expanding our core services, our Energy Services businesses were able improve their success rate in winning routine, major maintenance and capital expenditure work. This resulted in improvements in revenue and gross margins when compared to the prior year, 2017. The performance of MWGL was exceptional as they achieved an improvement of 22.4 percent PBT compared to the prior year, 2017. Engineering, Procurement and Construction (EPC) contract work for upstream and midstream clients were again significant contributors to the bottom line performance of MWGL. Massy Energy Engineered Solutions Ltd. which

2018 Key Items

- The Gases Line of Businesses performed exceptionally well and showed growth in sales volumes and PBT.
- Consistent year-on-year earnings (PBT) growth maintained in Massy Gas Products (Guyana) and (Jamaica).
- Sucessfully launched LPG Auto Gas in Jamaica.
- Massy Gas Products (Trinidad) Ltd. further expanded the number of export markets with shipments to Honduras.

was restructured and re-engineered in 2017 made a remarkable improvement in 2018 over its 2017 performance. All the other Energy Services businesses realised creditable performances with only one company experiencing significant losses. Plans are in place to re-engineer and restructure this loss- making company and these plans will be implemented during the first quarter of fiscal year (FY) 2019 to return this company to profitability.

EPC activity progressed apace on our investment in a Natural Gas to Petrochemicals Complex with Mitsubishi Corporation Inc., Mitsubishi Gas Chemical Company Inc. and The National Gas Company of Trinidad and Tobago Limited. Field construction work is progressing and nearing completion. Commission and start-up activities have begun. The EPC contractor, Mitsubishi Heavy Industries Inc.has advised that start up and commission is delayed and will be completed in the second quarter of FY 2019. Concurrently, significant progress has been made in establishing the operating company for the facility, Caribbean Gas Chemical Limited. All senior and other operating staff for the facility have been recruited and training is progressing for their future operations roles.

STRATEGY

The strategic direction for the E&IG BU is to continue its effort in expanding the Industrial Gases footprint into Colombia and further expanding our LPG footprint within the Caribbean and Latin American basin. Additionally, the E&IG BU wants to participate in the LNG and Compressed Natural Gas distribution, with a focus on optimising product supply chain costs in our existing markets. Our companies in the Energy Services businesses will diversify their client bases and consolidate their operations in Trinidad, establish a solid presence in Guyana and focus on medium to large integrated maintenance and project offerings for asset intensive businesses, where we self-perform the core work activities. We will also continue our representation of global suppliers, utilising our competitive advantage of a high quality workshop and repair facility with well trained staff.

RISK ANALYSIS

The key significant risks in the Energy Services business line are Health, Safety, Security and Environment (HSSE), business cycle and contracting risks. The HSSE risk management has evolved in 2018 to include stronger employee involvement through HSSE Perception Surveys and risk based interactive campaigns. Contracting risk is appropriately managed through strong contracting processes that include peer review and peer assists, multi-disciplinary reviews and sign-offs during the proposal phase and strong project management controls during the execution phase.

The key risks in the IG LoB are HSSE and customer and supplier concentration risks. The approach to managing HSSE risk is identical to that for Energy Services. Customer concentration risk is being managed through expanding the customer base by growing exports, resale and cylinder business. Supplier concentration risk is being managed through developing and maintaining strong relationships with existing and alternate suppliers. In addition, attention is paid to technology or market breakthroughs which make substitute products more attractive to our industrial gas clients.

We have been successful in 2018 in managing all of our business risks with the exception of our HSSE risk, specifically around recordable injuries. While the recordable rate was lower than 2017, it did not meet our expectations. These recordable injury work cases arose primarily from our energy services companies and MGPTL. We continue to strive for significant improvements to produce our philosophy of a Zero Harm culture. In 2019, we will continue our unrelenting drive to a Zero Harm culture by focusing on new safety thinking and practices in the realm of Human and Organisational Performance (HOP).

HOP is targeted at the leadership, management and frontline supervisors, and is a fundamental shift to resilience-based thinking. In 2018, we commenced this HOP journey and further strengthened our leadership, policies, standards, and active learning training. Additionally we progressed in upgrading our facilities, particularly our IG facilities to be aligned to current asset management standards and critical elements of the E&IGBU's process safety management standard.

Notwithstanding the business challenges, considerable effort and resources are being expended on developing our people. Our competitive position and success depends on having a competent and highly engaged work force. Overall there was minor improvement in the Business Unit's employee engagement survey score from 60 percent to 61 percent. Massy Energy Colombia S.A.S. is the benchmark company for the entire Massy Group with an engagement score of 86 percent which far exceeds the International Business Machines benchmark of 71 percent.

> ‘EPC activity progressed apace on our investment in a Natural Gas to Petrochemicals Complex with Mitsubishi Corporation Inc., Mitsubishi Gas Chemical Company Inc. and The National Gas Company of Trinidad and Tobago Limited.’

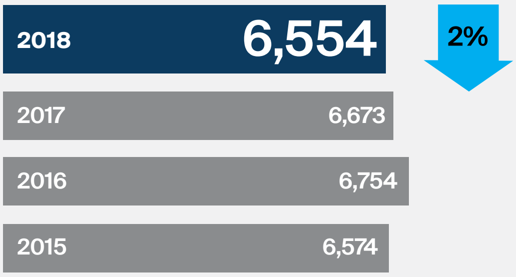
Integrated Retail

The Integrated Retail Business Unit combines leading regional retail and distribution franchises, with loyalty and integrated service offerings. The Retail Line of Business is a traditional food retailer offering quality products and services throughout our regional store network. Massy Distribution has built a regional Caribbean distribution business that has allowed us to develop a sustainable competitive advantage and achieve our growth objectives. The pillars our business model rests on are building critical mass, keeping costs low, and developing an efficient go-to-market model for the fragmented Caribbean market.

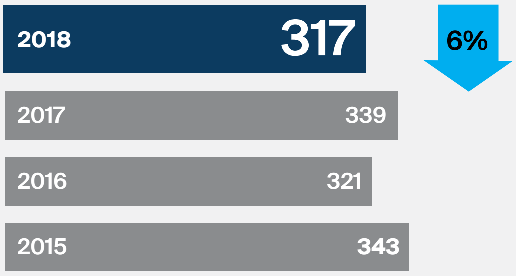
Employees

6,409

Revenue TT$M

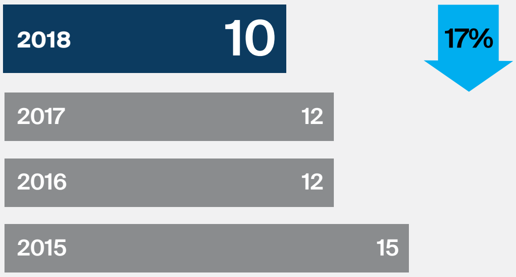


Profit Before Tax TT$M



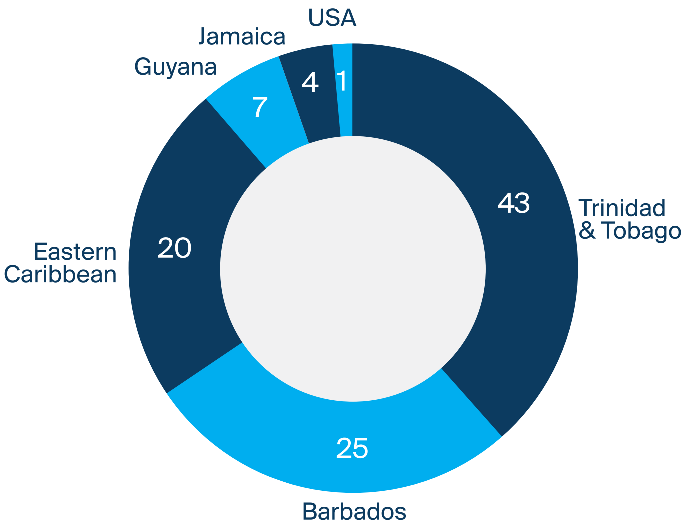
RONA

% (Profit After Tax/Average Net Assets)



* 2017 - 2018% change based on segment results reported on Note 3 of the Consolidated Financial Statements

Revenue by Country %



We have made some strategic investments in Guyana and are well positioned to take advantage of the growth we expect in the medium to long term.

FRERE DELMAS GROUP EXECUTIVE VICE PRESIDENT & EXECUTIVE CHAIRMAN, INTEGRATED RETAIL BUSINESS UNIT

THOMAS PANTIN GROUP SENIOR VICE PRESIDENT & EXECUTIVE CHAIRMAN, RETAIL LINE OF BUSINESS

> ‘The pillars our business model rests on are building critical mass, keeping costs low, and developing an efficient go-to-market model for the fragmented Caribbean market.’

OUR BUSINESS

The Integrated Retail Business Unit (IR BU) encompasses a business model which combines leading regional retail and distribution franchises, with loyalty and integrated service offerings. The Retail Line of Business (Retail LoB) is a traditional food retailer offering quality products and services throughout our regional store network. We offer our customers different formats such as supermarkets, super stores, pharmacies, home stores and discounters, and leverage our regional volume and scale to get the best prices for our consumers. Massy Distribution has built a regional Caribbean distribution business that has allowed us to develop a sustainable competitive advantage and achieve our growth objectives. The pillars our business model rests on are building critical mass, keeping costs low, and developing an efficient go-to-market model for the fragmented Caribbean market. In so doing, we capture volume benefits and reduce our cost to serve, thus adding value for our customers and increasing our attractiveness to principals.

PERFORMANCE DRIVERS

The IR BU generated Third-Party Revenue of $6.55 billion for fiscal year (FY) 2018 which was down on prior year due to tight trading environments in our key markets. However, a combination of gross margin improvements and significant compression in operating expenses enabled us to generate $317 million in Profit Before Tax (PBT). It should be noted that we had very strong operating performances from Massy Distribution in Trinidad, Massy Stores in Saint Lucia and both Distribution and Retail operations in the Guyana market.

In fiscal 2018, the majority of the IR BU’s revenue and PBT was generated from Trinidad and Tobago and Barbados, two markets that continue to face economic headwinds and with little sign of significant growth in the near to medium term. Given this reality, we will continue to focus on strengthening our business model with greater emphasis on integration not only across territories, but also between our Retail and Distribution businesses within the territories, as well as improving operational efficiency and right-sizing our businesses to match consumer needs.

DAVID AFFONSO GROUP SENIOR VICE PRESIDENT & EXECUTIVE CHAIRMAN, DISTRIBUTION LINE OF BUSINESS

TRINIDAD

Massy Distribution (Trinidad) delivered strong growth through focused distribution and the expansion of its product portfolio. Prudent management of expenses and a concerted effort to improve efficiency and reduce waste across the company also contributed to the company exceeding its performance goals. During the year, the company was tested by the tightening economy which has led to reduced spending as consumers increasingly opt for more economical options on supermarket shelves. Reduced purchases from retailers, a change in the product mix to more basic items, crime and increased taxes on alcohol and cigarettes all impacted revenue generation during the year.

Similarly, Massy Stores (Trinidad) felt the effects of constricted consumer spending and increased price sensitivity, which have changed consumers' shopping behaviour as they seek the best value for money. In response, we have introduced more economical brands, improved relationships with suppliers for better deals and introduced more promotions for consumers in the core food basket and produce. We continue to stringently manage expenses and improve operational efficiencies in the business. While our overall performance was lower than prior year, we are confident that measures implemented in fiscal 2018 will reap rewards in FY 2019 and beyond.

Notably, we continued to develop our retail footprint in Trinidad with the conversion of our Marabella Supermarket into a SuperCentre format, increasing our retail selling space and improving our product offering to include more non-food, Ready 2 Go and bulk options. Additionally, we launched our 21st store in Trinidad, Massy Stores Mandalay, offering our Arima consumers an enhanced shopping experience.

BARBADOS

Massy Stores (Barbados) Ltd. and Massy Distribution (Barbados) Ltd. were both challenged by the prevailing economic situation on the island. The increase in National Social Responsibility Levy (NSRL) in 2017 negatively impacted our distribution business in the first half of the financial year due to a sharp reduction in consumer spending. The subsequent removal

2018 Key Items

- Continued strengthening of our business model with greater focus on integration between our Retail and Distribution businesses, particularly in the areas of direct procurement, own brands and operational efficiency.

- Our regional store network continues to grow as we increased Massy Stores' retail footprint by 46,000 sq ft collectively in Trinidad (Marabella SuperCentre and Mandalay Supermarket), Barbados (Sunset Crest Supermarket) and Saint Lucia (Rodney Bay Supermarket) in financial year 2018.

- Massy Distribution continues to be the partner of choice for key principals with its robust go-to-market capabilities in marketing and distribution throughout the Caribbean region.

- The harmonisation of the Massy Card loyalty program in 2018 has set the platform to further build capabilities in direct digital marketing and data analytics to support the ability to capture new growth opportunities in existing and new customer segments.

of NSRL in July 2018, coupled with the implementation of a variety of new taxes, resulted in a price reduction on more than 60 percent of our distribution portfolio, but, without a corresponding increase in consumer demand, the achievement of revenue budgets in the last quarter was challenging.

The reduced demand required that we restructure Massy Distribution (Barbados) Ltd. to improve its efficiency and address its cost base. This was done towards the end of the financial year and the company is now better positioned to operate in the new reality which Barbados is facing.

Our retail business was also affected as increased costs and reduced consumer spending impacted our top and bottom lines. Like Trinidad, price sensitivity is high, which resulted in more split shopping and consumers shopping around for more value for money. To address this, we introduced deals focusing on the core food basket through our Pocket Sense promotion and continued to manage costs. The South Coast sewage problem, which occurred over an 8-month period affected the performance of our Worthing store. This issue has been resolved and customers are returning to this store.

Despite the tough economy, we continued to invest in Barbados with the redevelopment of our Sunset Crest store into a state-of-the-art supermarket with increased retail selling space and improved product offerings, which include gourmet products, grill service, fish and meat counters, a salad bar and bakery-café. Plans are currently in place to launch a new store in Coverley in December 2018, and the modernisation of our Oistins Supermarket later in 2019.

ORGANISATION OF EASTERN CARIBBEAN STATES (OECS)

Overall, our OECS operations produced strong revenue and PBT growth from increasing top line and actively managing costs. In Retail, our Saint Lucia and St. Vincent operations grew as we improved and expanded our product offerings particularly in Ready 2 Go meals in both territories, and non-food and hire purchase in Saint Lucia. We have also modernised and expanded our Rodney Bay store in Saint Lucia, making it our fifth modernisation in this territory in four years. We will continue to invest in the development of our retail footprint in the Organisation of Eastern Caribbean States to meet the needs of our consumers, with Sunny Acres and Cul de Sac in Saint Lucia and Stoney Ground in St. Vincent scheduled for modernisation in fiscal year 2019.

> ‘We continued to invest in Barbados with the redevelopment of our Sunset Crest store into a state-of-the-art supermarket.’

> ‘We are actively working on expanding our facilities to support the expected growth in Guyana.’

In Distribution, we have turned around the profitability of the business primarily from restructuring the management team, integrating some operating functions with Retail to lower costs, and expanding our product portfolio to include products sourced directly by Retail. We will continue to explore opportunities to integrate our Retail and Distribution businesses to improve operational efficiency and reduce costs.

GUYANA

Massy Stores (Guyana) Inc. completed its second year of operations and has expanded its product range in every category. We have increased our loyalty customers and seen revenue growth primarily in the non-food and health and beauty departments. Massy Distribution (Guyana) Inc. had a good year, showing strong growth driven largely by a focused approach to its sales efforts through all distribution channels while effectively managing its expense base. We are actively working on expanding and upgrading our cold and chilled facilities, which will be necessary to support expected growth.

The uptick in business as a result of increased activity in the oil and gas sector has been slow in coming and this combined with the restructuring of GuySuCo (Guyana's state-owned sugar company) negatively impacted consumer spend during the year.

Guyanese consumers are demanding a wider range of products and the convenience of doing all their grocery shopping in a single location. To meet changing demands the competitive environment has intensified with the introduction of new, modern supermarkets and existing retailers upgrading their stores in an effort to improve their offerings and/or shopping experiences. Massy Stores and Massy Distribution continue to focus on the Guyanese consumer by tweaking our services and offerings to meet their changing needs and expanding our portfolio of products.

OTHER (JAMAICA AND USA)

Massy Distribution (Jamaica) Limited and Massy Distribution (USA) Inc. performed well given the challenges they had in fiscal 2018. A general slowdown in Barbados, Massy Distribution USA's largest market, after April 2018 negatively impacted sales and opportunities for growth. Hurricanes Irma and Maria also affected some of its key markets in the Northern Caribbean earlier in the financial year. In Jamaica, the loss of a major line created a gap, which was filled with the addition of new lines and strong growth of the existing business.

STRATEGY

The IR BU continues to focus on profit maximisation along the value chain by using its store network, distribution relationships, loyalty data and industry experience to more competitively deliver products, services and experiences that meet the evolving needs of our customers. Our strategy has been centred on three key priorities:

- Growth – We expanded our retail footprint by 46,000 sq ft in fiscal 2018 through the launch of our 48th store, Mandalay Supermarket in Trinidad, the conversion of the Marabella Supermarket in Trinidad into a SuperCentre format, the re-development of the Sunset Crest Supermarket in Barbados into a state-of-the-art supermarket, and the modernisation and expansion of Rodney Bay Supermarket in Saint Lucia. Several significant lines were added to the regional distribution portfolio which bolstered sales and we continue to aggressively pursue tuck-in acquisitions. In Guyana we acquired land adjacent to our existing distribution warehouse as we position ourselves for future growth.
- Controlling the Supply Chain – We have renewed our focus on developing a robust Own Brands portfolio to expand our variety and offer quality products at affordable prices to enrich the lives of our consumers. Additionally, we continued to strengthen our relationships with local, regional and international suppliers to procure products at better prices, and have intensified our category management efforts with training and executing best practices regionally.
- Operational Efficiency – Keeping costs optimal while supporting business growth has become critical in the challenging environments in which we operate. The Group initiative around indirect procurement has so far yielded positive benefits, which will continue into

‘The IR BU continues to focus on profit maximisation along the value chain by using its store network, distribution relationships, loyalty data and industry experience to more competitively deliver products, services and experiences that meet the evolving needs of our customers.’

the next fiscal year. We have also started the implementation of shared services where practical to leverage the scale of operations in the IR BU. So far, Massy Stores (SLU) Ltd. has taken on the Finance and Accounting functions of Massy Distribution (St. Lucia) Ltd., allowing the latter to eliminate redundant overhead costs. In Barbados we have merged our Human Resource functions, sharing valuable knowledge, reducing costs and improving efficiency. In Trinidad, we have highlighted operational areas with potential for cost savings and are currently in the planning phase of this process.

RISKS

Direct-to-Consumer

- Social media platforms such as Instagram, Facebook and YouTube, and e-commerce websites such as Amazon, Alibaba and eBay have opened up opportunities for brands to market and sell their products directly to consumers without the need for distributors. To reduce the incentive for businesses and consumers to go direct-to-source we will continue to focus on reducing our cost base in operations, thus minimising go-to-market costs. In Retail, we have improved our online e-commerce site and have introduced Click and Collect, which allows consumers to purchase products online and collect at select stores. New ways to checkout and pay for purchases are currently being developed.

Uncertainty of FX Supply and Availability

- The foreign exchange pressures experienced in Trinidad over the last two to three years have eased somewhat, but there remains some uncertainty around supply and availability. In Jamaica, the volatility and devaluation of the Jamaican dollar has made pricing and costing difficult. We remain cautious about the ability of the Barbados Economic Recovery and Transformation Plan to arrest the decline in its foreign exchange reserves and preserve the exchange rate.

Weak Enforcement of Customs Law and Regulations

- Lax enforcement of customs laws across the jurisdictions in which we operate has created an uneven playing field. Increased taxation on items such as alcohol and cigarettes has created additional incentives for smuggling, with no corresponding increase in resources within the relevant Customs and other enforcement Divisions to counteract the threat. In this environment it is becoming increasingly difficult for legitimate businesses to compete in entire areas of business on which the appropriate taxes and duties are frequently not being paid.

LOYALTY

In 2018, we saw the continued expansion of the Massy Card Loyalty programme with the addition of new partners. Our Loyalty Gift Catalogue in Trinidad and Tobago was re-introduced, enhancing the value proposition to our customers. We also expanded our partnership with Caribbean Airlines across the region to allow all card holders to redeem their points for miles.

During the year, we achieved alignment of our operational processes and technologies, standardising points expiry across territories as well as leveraging in-store Price Checkers at Massy Stores to assist customers in confirming point balances. Looking forward, our loyalty programme affords us the opportunity to unlock additional value through data analytics and integrated marketing.

New Sign Ups

43,000

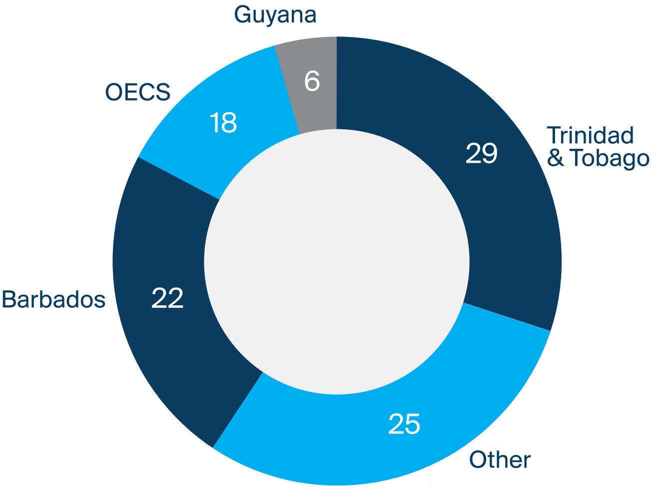
Active Cardholders

404,000

Financial Services

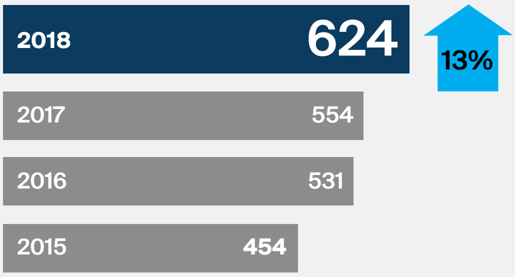
Massy United Insurance Ltd. is among the top five Regional Property and Casualty Insurance Companies in the Caribbean operating in nineteen territories. In our Money Services business, our primary business activity is operating agencies for MoneyGram in Guyana and Trinidad and Tobago and Western Union in Barbados. In Trinidad, our Consumer Finance business primarily provides Motor Vehicle loans to customers seeking to acquire motor vehicles, while in Barbados, our revolving credit business provides credit card services.

Revenue by Country %

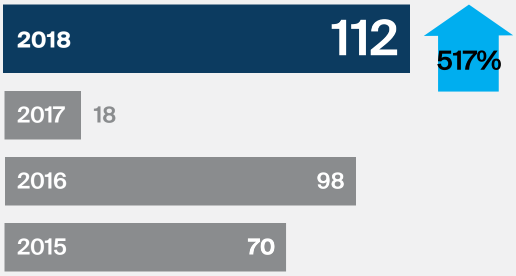


Employees
384

Revenue TT$M

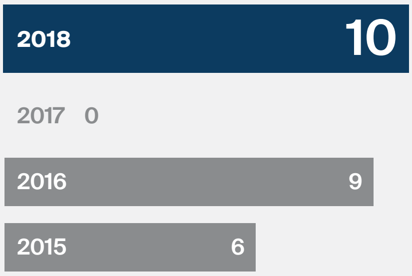


Profit Before Tax TT$M



RONA

% (Profit After Tax/Average Net Assets)



* 2017 - 2018% change based on segment results reported on Note 3 of the Consolidated Financial Statements

Massy United Insurance Ltd. has established a sound reputation for customer service and responsiveness.

DAVID O'BRIEN GROUP EXECUTIVE VICE PRESIDENT & EXECUTIVE CHAIRMAN, AUTOMOTVE & INDUSTRIAL EQUIPMENT LINE OF BUSINESS AND FINANCIAL SERVICES LINE OF BUSINESS

HOWARD HALL GROUP SENIOR VICE PRESIDENT & EXECUTIVE CHAIRMAN FINANCIAL SERVICES LINE OF BUSINESS

> 'MUIL was successful in re-affirming its A.M. Best A- (Excellent) rating in 2018 for the fourteenth consecutive year.'

OUR BUSINESS

Our insurance flagship, Massy United Insurance Ltd. (MUIL) is among the top five regional Property and Casualty insurance companies in the Caribbean. The company operates in nineteen territories across the Caribbean through a combination of branch operations and dedicated agencies and we have established a strong reputation for customer service and responsiveness. This along with our A.M. Best A- (Excellent) rating, for fourteen consecutive years, has positioned this company to be a formidable force in the wider Caribbean.

In our Money Services business, our primary business activity is operating agencies for MoneyGram in Guyana and Trinidad and Tobago and Western Union in Barbados. On a combined basis, we are the largest MoneyGram Agent in the Caribbean region. The remittance businesses are an important source of foreign exchange for the Group in each of the territories in which the remittance businesses operate.

In Trinidad, our Consumer Finance business primarily provides motor vehicle loans to customers seeking to acquire motor vehicles, while in Barbados, our revolving credit business provides credit card services.

PERFORMANCE DRIVERS

In the 2017 financial year, MUIL withstood the impact of three major hurricanes, Matthew, Irma and Maria which impacted eight of its operating territories and resulted in the company reporting a Net Loss for the period. In response, MUIL has once again demonstrated that we have the organisational and financial capacity necessary to respond promptly to major catastrophes within the region, pay legitimate claims in high amounts quickly, and continue our operations with a strong balance sheet bringing confidence and peace of mind to our clients.

In 2018, the company reported Profit Before Tax (PBT) of $47.7 million for the year ended September 2018 which represents a significant turnaround in performance. The improved performance reflects no catastrophes occurring in 2018 and the company's focus on:

- Obtaining improved premium rates for the quality security that it provides for its clients
- Improving its Underwriting performance within its lines of business, especially Motor Insurance
- Improving its efficiency by reducing expense ratios
- Improving Investment performance

MUIL was successful in re-affirming its A.M. Best A- (Excellent) rating in 2018 for the fourteenth consecutive year, notwithstanding the impact of the 2017 Hurricanes. This is a reflection of the financial strength of the company and its parent, the high quality of reinsurance support and the continued performance of its core Caribbean insurance portfolio. Changes in the A.M. Best rating model have been announced but we believe the ongoing strategy of focusing on technical underwriting with skillful staff, the increased diversification of the product line, and the prudent investment strategy will serve the company well in the face of these changes.

2018's performance of our Remittance businesses was enhanced by a 9 percent increase in transaction volumes, which is largely the result of efforts to stimulate certain key markets in North America to increase volumes in Trinidad and Guyana.

The challenging economic climate in Trinidad and Barbados has negatively impacted the revenues of our Consumer Finance businesses. Our business model in Trinidad and Tobago is highly dependent on motor vehicle sales from Massy Motors Ltd. and has come under substantial pressure as it was impacted by an increasingly price-aggressive, competitive market. Revenues from the Credit Card business in Barbados also declined as retail sales declined. Notwithstanding, the division was still able to improve on its profitability because of tight expense management, reduction in funding costs and increase in foreign exchange business.

STRATEGY

Our strategic imperative for the Insurance business at MUIL continues to be to profitably grow our insurance portfolio, in line with our strong underwriting standards, by offering superior insurance protection and customer service, as a trusted partner, across our regional distribution network, while maintaining our strong A.M. Best rating and improving return on investment.

Our strategic imperative in the remittance business is to become the major remittances representative across the Caribbean. We plan to achieve this by leveraging companies within the Massy Group with a strong regional presence such as our anchor partner Massy Stores and Massy United Insurance Ltd. to provide more flexible transaction options for our customers.

Our Guyana operation has maintained the dominant position in its market. In Trinidad and Tobago, Massy Remittance Services (Trinidad) Ltd. has over the course of the last three years substantially transformed its operations and is now a significant contributor of foreign exchange to the Group.

2018 Key Items

- After weathering the impact of 3 Hurricanes in 2017, MUIL returned to deliver strong profitability in 2018 and its AM Best A- (Excellent) rating was affirmed for the 14th consecutive year.
- Our Money Services businesses in Trinidad and Guyana continued to grow. These businesses are now net contributors of foreign exchange in those economies.
- Our Consumer Finance Businesses faced growth challenges but were able to manage their costs to deliver profitable results.

In the consumer loans business our strategic imperative is to achieve growth, by increasing the penetration rate within the Massy Ecosystem, as well as other targeted market segments, by providing flexible and innovative credit products coupled with a superior experience that helps our customers achieve their objectives.

RISK ANALYSIS

Catastrophe risk is the single biggest risk that this Line of Business undertakes. The reinsurance programme to mitigate catastrophe risk worked together with the strength of MUIL's balance sheet and reinsurance strategy which requires only "A" rated reinsurers. This assures prompt payment when large claims are made. The magnitude of the catastrophe loss was increased as a result of the necessity to buy "Third Event Cover" after two category five hurricanes affected territories in which we operate within one week. MUIL's reinsurance programmes had reinstatement provisions after the first event but not third event cover. The Group's risk appetite was re-examined in fiscal year (FY) 2018 and changes were made in the re-insurance programme to more closely reflect the Group's risk appetite.

MUIL also faces credit risks to its investment portfolio arising from its significant investment in Government Bonds in the territories in which it operates. During the year, the company used the opportunity to diversify its investment portfolio by increasing its international equity portfolio while gradually reducing its exposure to Government Bonds as the bonds mature. The company was negatively impacted by the decision by the Barbados Government to default on its bonds.

> 'The remittance businesses are an important source of foreign exchange for the Group in each of the territories in which the remittance businesses operate.'

> ‘Flexible and innovative credit products coupled with a superior experience that helps our customers achieve their objectives.’

Apart from catastrophe risks and credit risk, the company faces significant strategic risks associated with the implementation of its new Core Information Technology (IT) systems. The company has sought to mitigate these risks by improving the governance around implementation as well as upgrading its project management capabilities.

The money transfer business faces significant compliance risks which could pose a threat to revenue and serious reputational risk to the Group. These include the risk of de-banking, where globally, commercial banks are re-evaluating the territories and transactions services in which they engage – including electronic money transfer – due to the Anti-Money Laundering (AML) risks that they can bring. We continue to actively engage with our bankers and with the help of MoneyGram International, we have implemented rigorous and robust systems of compliance which are continuously updated to address new developments and shared with our partner banks.

The principal risk affecting the Consumer Finance division is credit risk. This risk is mitigated by an appropriate governance and risk management structure as well as strong adjudication and collection processes.

Our core IT infrastructure is scheduled for launch in our new financial year and will allow for more efficient operational processes, better analytics, enhanced Anti-Money Laundering / Countering Financing of Terrorism (AML/CTF) compliance, regulatory and financial reporting and an improved customer experience. The risks associated with the implementation have been mitigated by improved governance and more robust project management.

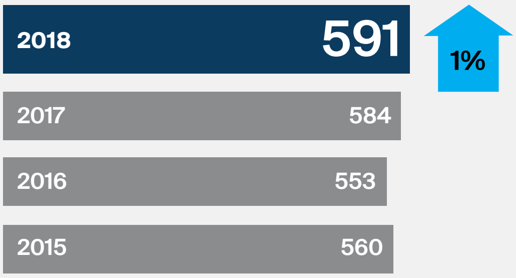
Information Technology & Communications

The Information Technology and Communications Business Unit provides Information, Communication and Technology (ICT) product and service solutions for a variety of industries including: financial, energy, education, healthcare commercial and retail, hospitality and government as well as image and printing solutions.

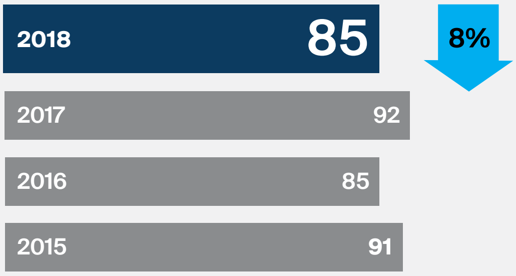
Employees

663

Revenue TT$M

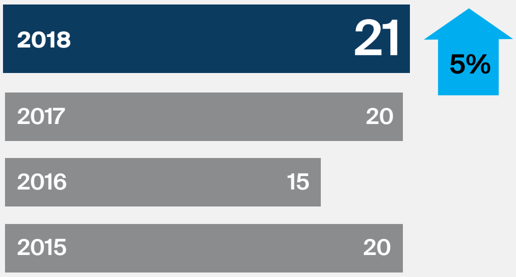


Profit Before Tax TT$M



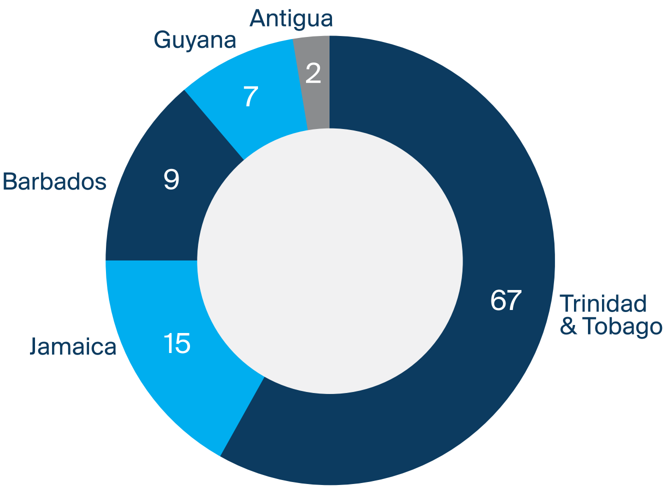
RONA

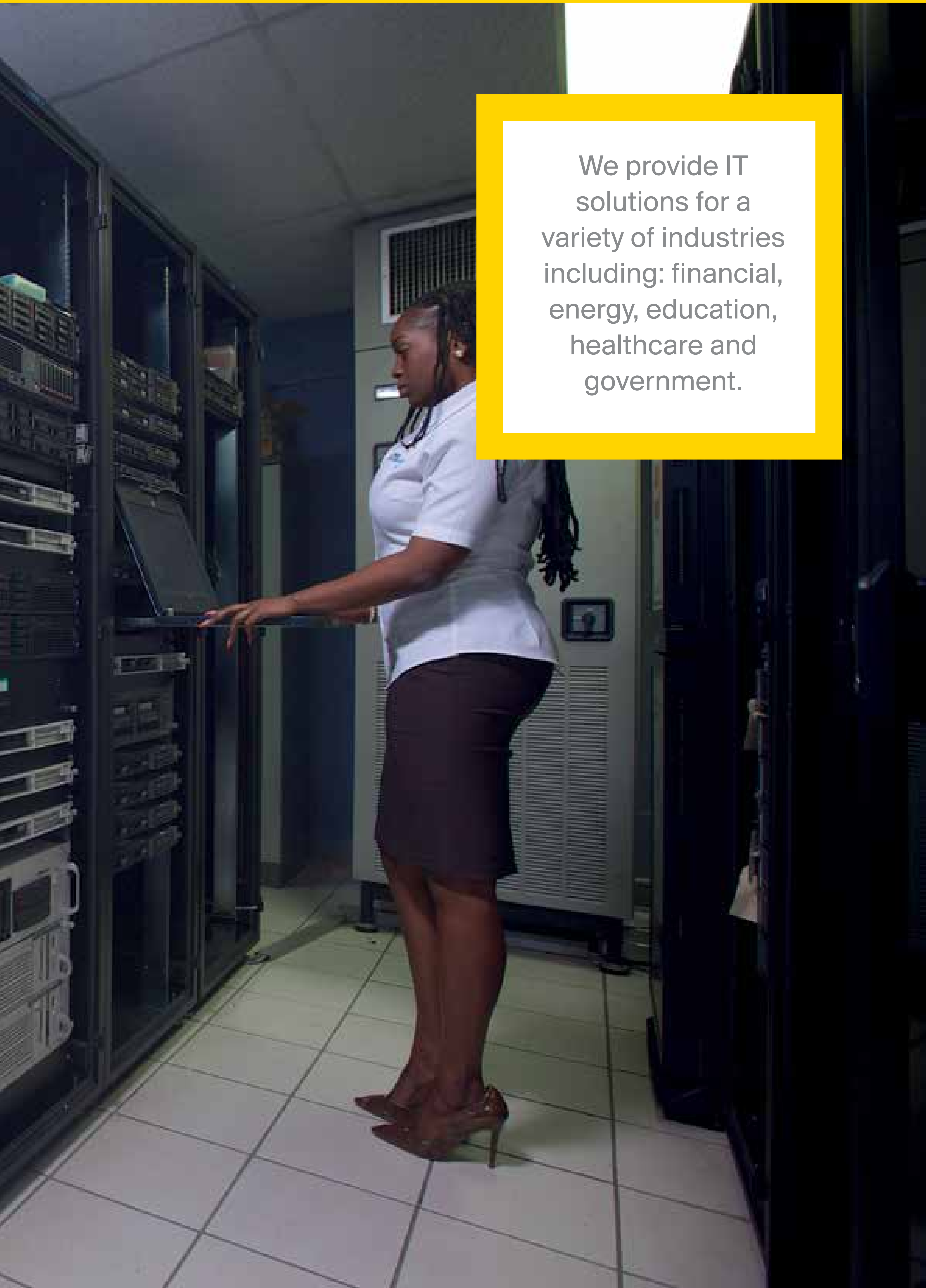
% (Profit After Tax/Average Net Assets)



* 2017 - 2018% change based on segment results reported on Note 3 of the Consolidated Financial Statements

Revenue by Country %





We provide IT solutions for a variety of industries including: financial, energy, education, healthcare and government.

Information Technology & Communications

FENWICK REID GROUP SENIOR VICE PRESIDENT
& EXECUTIVE CHAIRMAN, INFORMATION TECHNOLOGY &
COMMUNICATIONS BUSINESS UNIT

> ‘Our strategic imperative in the IT&CBU continues to be first or second in every Enterprise ITC segment where we participate.’

OUR BUSINESS

The Information Technology and Communications Business Unit (IT&C BU) provides mainly Information and Communication Technology (ICT) product and service solutions for a variety of industries including the financial, energy, education, healthcare, commercial, retail, hospitality and government as well as image and printing solutions.

We operate across the English-speaking Caribbean with offices in Trinidad and Tobago, Guyana, Barbados, Antigua and Jamaica, and via partnerships in Suriname, Cayman Islands and Belize. We have recently commenced operations in Colombia.

Our strategic imperative in the IT&C BU continues to be first or second in every Enterprise ITC segment where we participate, to continue growing our profit mix from e-transactions, smart devices, Internet of Things (IoT), data analytics, and to expand our managed-services customer base in areas of Pay for Click, ICT managed services and transaction-based business models. We will do this by continuing to attract, nurture and retain the best in country talent, delivering outstanding customer service, proactively anticipating technology trends, being closely aligned to our top tier global principals and partnering with emerging disruptive technology companies.

PERFORMANCE DRIVERS (CONTINUING OPERATIONS)

The 2018 financial year showed mixed results for the IT&C BU with improvements in some companies and flat or declining profits in others. Massy Technologies Infocom (Jamaica) Limited (MTIJ) delivered 9 percent operating profit growth over prior year, consistent with the improvements in that economy. Massy Technologies Infocom (Eastern Caribbean) Limited (MTIEC) was negatively impacted by contractions in the Barbados economy, and the effect of an election in that country, which led to delays in significant ICT investments. This was mitigated somewhat by significant operating profit improvements in our Antigua operation which grew by 143 percent.

In Trinidad and Tobago, Massy Technologies Applied Imaging (Trinidad) Ltd. (MTAITL), though challenged by reduced Government and Private Enterprise spending, still managed profit growth over its prior year by some 4 percent while Massy Technologies Infocom (Trinidad) Ltd. (MTITL) remained fairly flat over prior year. Our Massy Technologies InfoCom operation in Guyana declined slightly over prior year.

The ITC Subgroup's Return on Net Assets (RONA) remains at around 21 percent.

STRATEGY

In 2018, we made good progress in executing the IT&C BU strategy:

- To increase our market share and geographic reach in core areas of business such as Self Service, Retail and Oracle Solutions, we:
  - Added new U.S. Based Oracle Service contracts
  - Expanded Self-Service Base in Suriname through our relationship
  - Won major new Self-Service account in Jamaica
  - Won Oracle Professional Services contract in Jamaica

- In pursuit of growing our Managed Services portfolio and launching new services (ICT, Print and Document Management Services), we:
  - Launched our "Business in a Box" cloud computing and storage solution
  - Further expansion of our Managed Services contract with a major energy company
  - Launched our "Aptra Vision" Automated Teller Machine (ATM) Managed Services platform and are currently onboarding two Commercial Banks
  - Expanded our Communications portfolio in Guyana

- To increase the breadth of our Electronic Transactions portfolio from providing bill payment solutions to adding a number of new services to our existing successful platforms including Self-Checkout, we:
  - Upgraded our Transaction Host to accommodate Point of Sale (POS) terminals in Trinidad and Barbados
  - Significantly expanded our SurePay collection points in Trinidad and Tobago and doubled our transaction volumes.

- In further pursuit of our IoT and "Data Science" practice, we continued to break new ground in assisting the Massy Group as well as Third Party customers solve their business problems by providing unique insights into customer behavior.
  - We engaged in a loyalty database proof of concept, providing data cleansing and insights for Massy Stores
  - We achieved top 10 US IBM Watson Build Analytics 2019

RISK ANALYSIS

Our main risks stem from the fact that we are dependent on having a deep and long pipeline of new business opportunities to meet our objectives every year. As a Technology Services company, performance excellence in contract execution and timely receipt of payment significantly affect our ability to maintain both margins and customer loyalty.

2018 Key Items

- As part of our expansion of our core businesses in other territories, Massy Technologies InfoCom has set up a company in the USA to facilitate growth in our Oracle and NCR Corporation businesses.

- Our Managed Services portfolio continued to grow in 2018 in areas such as; Managed Print Services, ICT managed services to our oil and gas customers, ATM managed services offerings as well as our recently launched Invio "business in a box" IT managed service solution.

- Significant growth in our SurePay portfolio with new clients in the Eastern Caribbean and significant growth in transactions in the Trinidad and Tobago market.

- Excellence in HSSE with MTITL attaining 100% Safe to Work (STOW) Certification and winning an award for the most outstanding HSSE project for a large company.

- Significant Self-Service contracts awarded to MTIJ.

> ‘We engaged in a loyalty database proof of concept, providing data cleansing and insights for Massy Stores.’

Our top risks are:

1. **Deal Flow Process Management**

   The risk that there are not enough new business projects to meet budget objectives. The major impact is poor predictability forecasting and not meeting budgeted targets. Budgets are prepared to allow for delays in major contracts and the Sales funnel is reviewed weekly to prioritise and target strong opportunities. A gap analysis is prepared and reviewed monthly. There is also continued focus in generating recurring revenue through managed and transaction-based services.

2. **Customer Concentration Risk**

   Our reliance on key sectors of the industry to gain new business through contract bids and tenders results in concentrated exposures to key customers/loss of any key customer can have a significant impact on profitability and similarly the credit risk exposure to a few key customers could have a significant impact if a key customer fails or becomes delinquent. This is more acute in some territories than in others. We endeavor to balance exposure across a wide range of activities (even within a single client). We are constantly working towards diversifying our client base within and across industries. This is reviewed at the Board level in all ITC companies.

3 **Foreign Exchange (FX) Risk**

The lack of availability of United States Dollars (USD) in some of our key markets (Barbados and Trinidad and Tobago) affects our ability to pay overseas license fees and purchase components. This can affect our ability to perform contractual obligations and/or deliver goods to our customers and to pay our supplier bills. We continue to manage and mitigate this risk by:

- Reducing the purchase of low margin products.
- Negotiating extended payment terms with suppliers
- Continuing to work with our bankers to access FX supplies at competitive rates
- Increasing our execution of projects that earn USD within and external to the Caribbean

4 **Business Cycle Risks**

Subdued markets due to recessions in some of our markets result in less contracts and tenders that we can bid for. This can result in a periodic but significant gap between budgets and performance. ITC has maintained a healthy sustainable revenue stream, based on recurring revenue and regular business transactions.

5 **Technological Changes in the Global Print industry**

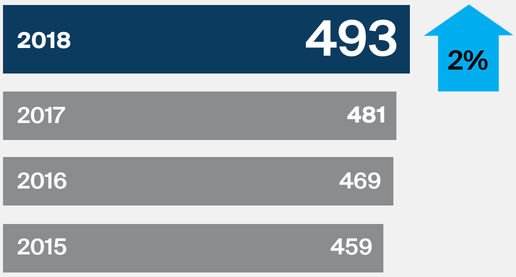
Risk that changes in the digital print industry will lead to lower demand for print solutions and lower margins as consumers shift to cheaper and paperless solutions. Transition the company towards new technologies for customer base through alternative adjacent areas of business.

> ‘In 2018, we made good progress in executing the IT&C BU strategy: To increase our market share and geographic reach in core areas of business such as Self-Service, Retail and Oracle Solutions.’

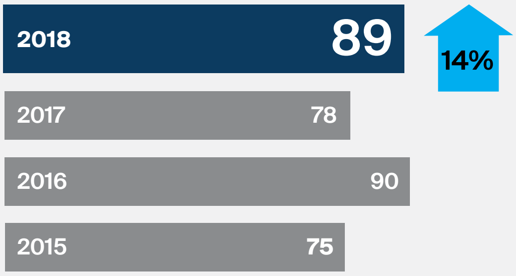
Other Investments

Employees
633

Revenue TT$M

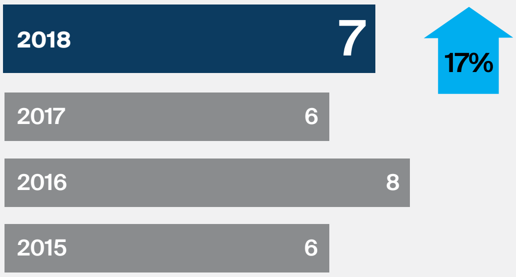


Profit Before Tax TT$M



RONA

% (Profit After Tax/Average Net Assets)



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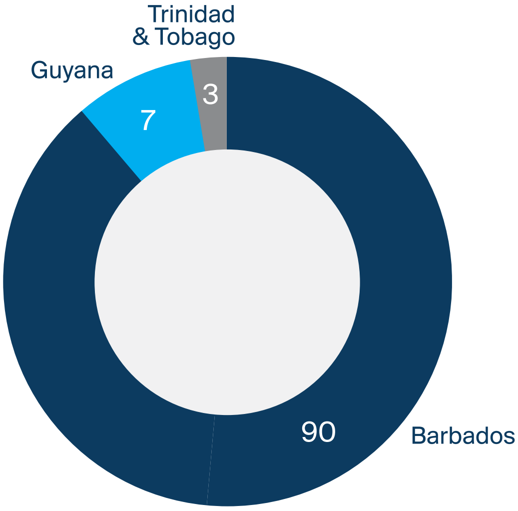
Revenue by Country %



Our Business

The Other Investments unit consists of subsidiaries, joint ventures and investments that are not part of the Group's core Business Unit activities. This unit consists of property companies, which own and operate properties occupied by Massy entities and third parties and provide real estate sales and development services. This unit also contains non-core subsidiaries such as Roberts Manufacturing Co. Limited, Seawell Air Services Limited and Massy Security (Guyana) Inc. The unit also holds the Group's minority investments in G4S in Trinidad and Barbados.

Massy Properties (Barbados) Ltd. fell short of its 2018 targets due to reduced land sales. Further to this, the rental market continues to be challenged in the Bridgetown area where several of our properties reside. Recognising the low return on the capital invested in our real estate portfolio, management has identified several non-strategic land and property assets for divestment.

Performance Drivers

Massy Properties (Trinidad) Ltd.

Massy Properties (Trinidad) Ltd. continues to show profits despite the challenges that we face because of downsizing by many of our corporate clients, increasing operating costs and a sluggish economy.

We work consistently to minimise expenditure without adverse effects to our level of service and the value of our assets. Our focus this year was on customer retention, and we have leveraged relationships with service providers to acquire cost savings which allow us to retain our positioning in this competitive market space.

Massy Realty (Trinidad) Ltd.

The real estate market in Trinidad is still an active one with a limited supply of real estate for sale. The rental property market remains stagnant due to the reduced activity in the petrochemical sector, resulting in the oversupply of executive housing in the townhouses and apartment sector. Massy Realty (Trinidad) Ltd. continues to hold a leading position in the industry.

The industry continues to be unregulated and we are hoping that legislation will be passed very soon to rectify this issue.

BCB Communications Inc.

The advertising agency experienced a decline in revenue when compared to prior year. More than 60 percent of its business is driven by the Group's operating companies which reduced advertising spend to control costs. During the year the Group acquired the minority interest in this business resulting in 100 percent ownership.

Seawell Air Services Limited (SAS)

Caribbean Airport Services Ltd. (CAS) (49 percent)

SAS and CAS are ground handling service providers at the Grantley Adams International Airport in Barbados and the V.C. Bird International Airport in Antigua respectively. In 2018, despite an increase in flights and strict expense controls SAS fell short of its financial targets. CAS is expected to record a small profit in 2018 (year-end December 31).

Roberts Manufacturing Co. Limited (Roberts Manufacturing) (50.5 percent)

Despite strong demand in the animal feed business and improved export sales, Roberts Manufacturing Co. Limited recorded a slight decline in profits for 2018. In the coming financial year, the company will be focusing on modernising key pieces of equipment and processes within the plant to improve efficiency and reduce overall operating costs.

Massy Security (Guyana) Inc.

Profitability of the company increased by 7 percent from $6.2 million to $6.6 million. This resulted from a shift in the business towards higher margin activities. The company continues to improve on its efficiencies utilising information technology and customer feedback.

> ‘The Other Investments unit consists of subsidiaries, joint ventures and investments that are not part of the Group's core Business Unit activities.’

Territories at a Glance

Belize
- Financial Services

Miami
- Integrated Retail

Jamaica
- Energy & Industrial Gases
- Integrated Retail
- Information Technology & Communications

Cayman Islands
- Financial Services

Turks & Caicos Islands
- Financial Services

Antigua
- Financial Services Insurance
- Information Technology & Communications

St. Kitts & Nevis
- Financial Services

St. Vincent
- Integrated Retail

Saint Lucia
- Integrated Retail

Barbados
- Energy & Industrial Gases
- Integrated Retail
- Financial Services
- Information Technology & Communications

Curaçao
- Financial Services

Aruba
- Financial Services

Grenada
- Financial Services

Colombia
- Energy & Industrial Gases
- Automotive & Industrial Equipment

Trinidad & Tobago
- Energy & Industrial Gases
- Integrated Retail
- Automotive & Industrial Equipment
- Financial Services
- Information Technology & Communications

Guyana
- Energy & Industrial Gases
- Integrated Retail
- Automotive & Industrial Equipment
- Financial Services
- Information Technology & Communications

Territory Review

E. GERVASE WARNER PRESIDENT & GROUP CHIEF EXECUTIVE OFFICER

TRINIDAD AND TOBAGO

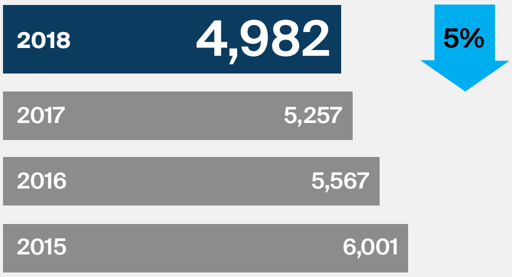
The Trinidad and Tobago economy rebounded slightly in 2018 largely due to favourable global energy prices, as well as higher natural gas and petrochemical production. In 2018, the global oil prices (West Texas Intermediate spot prices) and natural gas prices (Henry Hub spot prices) showed noticeable gains of over 41 percent and 1.0 percent respectively compared to those in 2017. The 2018 spot prices for natural gas derived commodities like liquefied natural gas (LNG), anhydrous ammonia, methanol etc., all showed improvements over those in 2017. In Trinidad and Tobago, natural gas supply curtailments were not as significant a factor as in previous years and 2018 showed a net increase of approximately 6 percent in supply over 2017. With this slight recovery, the Group's Revenue and Profit Before Tax (PBT) from its operations in Trinidad and Tobago remained flat as compared to declines in both 2016 and 2017.

The country's 2017/18 budget brought corporate tax increases, increased duty and tax on motor vehicles, gambling industry taxes, and the removal of duties on motor cycles. In 2018, both Moody's Investors Service and Standard and Poor's maintained Trinidad and Tobago's credit rating, though the latter revised its outlook to negative expressing concerns that the mild turnaround in the economy could be stifled by historical gas supply shortages, exchange rate pressure and restrictions in accessing foreign currency among other challenges.

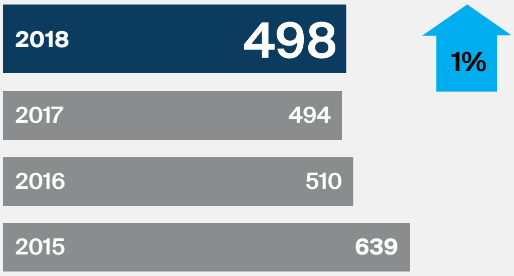
Notwithstanding some improvement, the shortage of foreign exchange remains a challenge with continued foreign exchange shortages affecting market confidence and increasing the cost of doing business.

Trinidad and Tobago

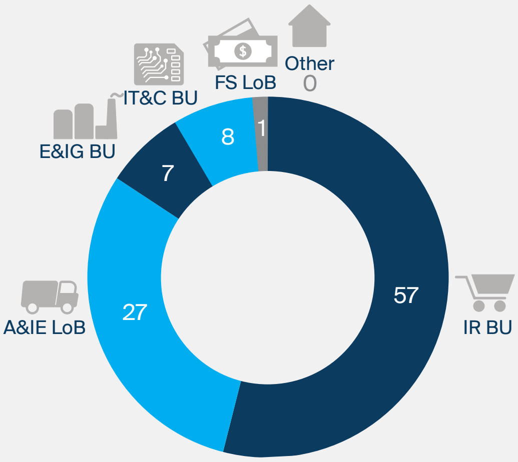
Revenue TT$M



Profit Before Tax TT$M



Revenue by Business Unit %

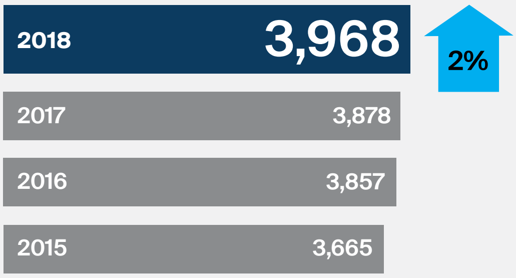


Employees

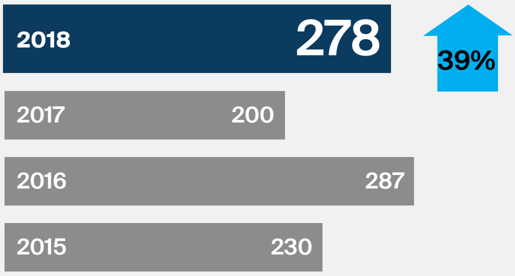
4,864

Barbados and The Eastern Caribbean

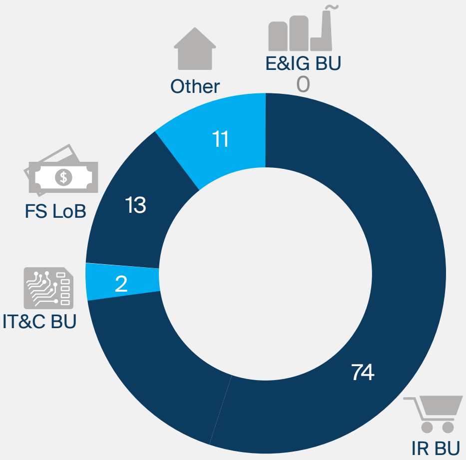
Revenue TT$M



Profit Before Tax TT$M



Revenue by Business Unit %



Employees

3,863

FRERE DELMAS COUNTRY MANAGER, BARBADOS

BARBADOS AND THE EASTERN CARIBBEAN

In Barbados, our diverse product and service offerings allowed the Group to sustain revenue levels from prior year, albeit some industries performed better than others in a challenging economic environment. Our Group-wide procurement initiative helped operating companies to control costs, resulting in a marginal decline in expenses against prior year. This along with a turnaround of fortunes in our general insurance business from the non-recurrence of extraordinary losses generated by last year's destructive hurricane season, produced a much-improved profit performance in 2018.

The year under review saw a change of government for Barbados in May 2018. The new administration immediately entered into an Extended Fund Facility arrangement with the International Monetary Fund to support the Barbados Economic Recovery and Transformation Programme (BERT). BERT is designed to restore macro-economic stability and return the economy to a path of strong sustainable growth. The outlook for 2019 is positive, and should there be any further economic challenges, it is expected to be tempered by strong tourism arrivals, an emerging medical education sector and the gradual return of confidence by both domestic and international investors.

In Saint Lucia, an increase in tourist arrivals and improvements in the agricultural sector contributed to continued economic growth. This was reflected in our retail operations which recorded a strong performance for 2018. With new construction projects and a road rehabilitation program slated for 2019, economic expansion is likely to continue. To capitalise on this, our businesses remain committed to innovation and continuous improvement to sustain performance in this market. Our St. Vincent operations also showed improved revenue and profits for the year driven by a growing economy. As we move into 2019, performance is expected to continue to improve buoyed by growth in the tourism sector.

The Group continues to recognise the valuable contribution from Barbados and the OECS, which represents 32 percent of overall pre-tax profits. Looking ahead, our businesses will continue to focus on financial fitness and operational efficiencies, while standing ready to capitalise on new growth opportunities as they arise. At the same time, we will continue to focus our efforts on employee engagement, health and safety, training and development and customer service.

DEO PERSAUD COUNTRY MANAGER, GUYANA

GUYANA

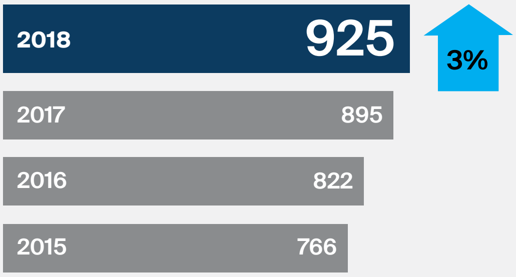
Guyana's Mid-Year Report 2018 confirmed that the economy grew in real terms at 4.5 percent in the first half of 2018, higher than the 2.5 percent recorded over the same period in 2017, attributable to positive growth in the agriculture, fishing and forestry, and services sectors.

In the oil and gas industry Exxon has made nine successful finds bringing gross recoverable resources for the Stabroek Block estimated at more than four billion barrels of recoverable oil-equivalent. These significant discoveries promise to open up exciting opportunities for growth and development in Guyana. Massy remains confident that we are well positioned in this infant sector to provide required goods and services in keeping with international best practices. Capitalising on these opportunities will require careful planning and strategic action. With first oil as early as 2020, Guyana is facing a steep learning curve but we remain positive as we benefit from learnings and experiences of our sister companies in the oil and gas industry. We have already commenced business with some of the major players in the industry including Exxon Mobil and SBM Offshore N.V., and have been audited and certified by Technip as a Globally Qualified Supplier.

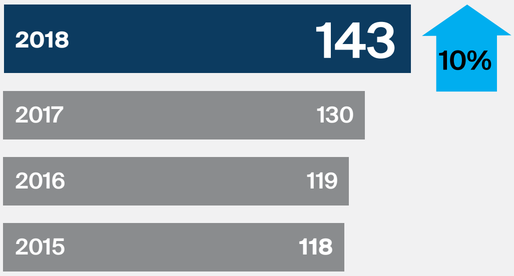
This year the Massy Guyana Group celebrated a significant milestone of 50 years in Guyana. To mark our anniversary, we chose to advance and promote the prevention of suicide within our citizenry through activities including an

Guyana

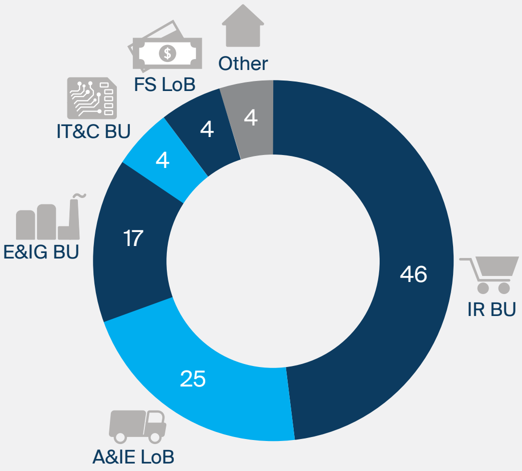
Revenue TT$M



Profit Before Tax TT$M



Revenue by Business Unit %



Employees

843

inter-school debating competition and a theatrical performance at the National Cultural Centre. We also hosted a family fun day for staff across all of our companies and produced a 50th anniversary magazine outlining our footprint in Guyana which will be shared with our staff, customers and stakeholders. We are positive that Massy will continue to be successful given the vast opportunities Guyana has to offer combined with the cadre of employees who are dedicated to our vision of being 'A Force For Good: The Most Responsible and Profitable Investment Holding/Management Company in the Caribbean Basin.'

> 'We are positive that Massy will continue to be successful given the vast opportunities Guyana has to offer.'

PETER GRAHAM COUNTRY MANAGER, JAMAICA

JAMAICA

For the financial period ended September 2018, the macro-economic fundamentals maintained the positive momentum built over the last five years of reforms and fiscal consolidation. During the April to June quarter, Gross Domestic Product (GDP) grew 2.2 percent when compared to the same period of 2017. Business and Consumer Confidence Indices remained near record highs and in July 2018, the unemployment rate fell to 8.4 percent, a record low. At the end of September, the Net International Reserves (NIR) stood at US$3,026 million representing 19.1 weeks of imports and services. Significant activity in the construction sector, record tourist arrivals and further expansion of the Business Process Outsourcing (BPO) sector, all contributed to the higher buoyancy observed in the economy. The Massy Group is actively scanning the environment to identify new opportunities to expand its current footprint in Jamaica.

Both the Industrial Gases and Technology businesses recorded Profit Before Tax growth over the prior year. The Distribution business had a disappointing year. Several actions will be taken to reverse the performance in 2019. All companies maintained their focus on important continuous improvement initiatives and have taken steps to incorporate technological solutions to enhance efficiency and create further value. Additionally, the strengthening of safety systems, further leadership development and enhanced customer service delivery remain priority areas of attention. Massy Gas Products (Jamaica) Limited copped the Jamaica Customer Service Association (JCSA)/Private Sector Organization of Jamaica (PSOJ) Service Excellence Award for a third year in recognition of its sustained focus on improving the customer experience.

Consistent with its purpose, 'A Force for Good, Creating Value, Transforming Life', the Massy Jamaica organisation partnered with United Way of Jamaica to launch the first 'National Day of Caring' in late August 2018. Three Early Childhood Institutions were also refurbished in time for the start of the new academic year.

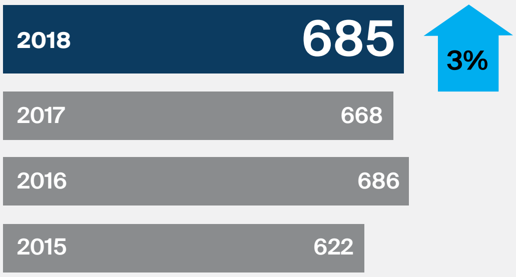
ALBERTO ROZO COUNTRY MANAGER, MASSY LATIN AMERICA

COLOMBIA

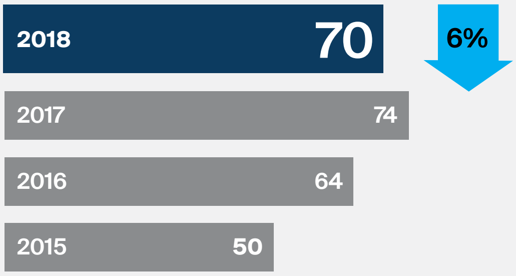
The Colombian economy grew by 2.8 percent (Est.) in 2018, above previous year's growth of 1.7 percent, and above expectations. It is important to highlight that the GDP growth of the second quarter of 2018 is the highest since 2015. Analysts predict a GDP growth of 3.2 percent - 3.4 percent in 2019, if no unexpected international impact is faced, an indication of their confidence that

Jamaica

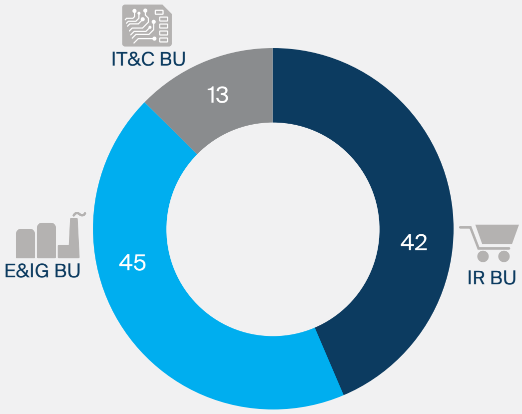
Revenue TT$M



Profit Before Tax TT$M



Revenue by Business Unit %

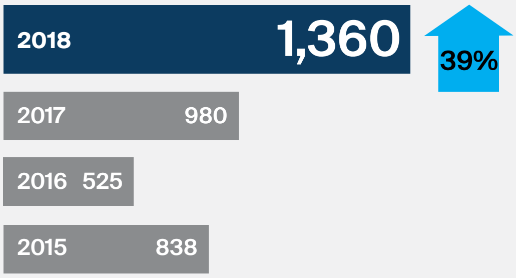


Employees

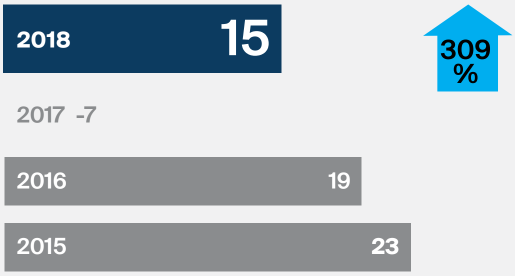
430

Colombia

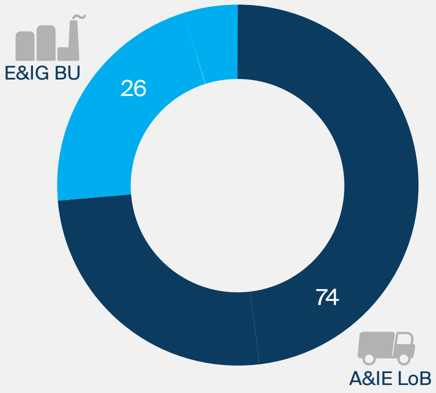
Revenue TT$M



Profit Before Tax TT$M



Revenue by Business Unit %



Employees

2,251

the economy is in recuperation mode.

The exchange rate surpassed the 3,000 Colombian pesos to the United States Dollars (USD) barrier, and analysts are predicting an exchange rate above current levels, leading to a concern that sustained depreciation could undermine growth. Central bank reduction of interest rates, with inflation under control, along with recovering consumer confidence index has contributed to positive internal composition results, as well as positive numbers in industry and expansion of exports. Overall the country still faces a current account deficit, and the new government has indicated that it intends to reduce the deficit. Foreign direct investment has increased during 2018 and is expected to further increase as the country continues with the internationalisation of the economy and expansion of the network of free trade agreements. Also, important to highlight is the full acceptance of Colombia in the Organisation for Economic Cooperation and Development (OECD) in the first semester of 2018.

The Automotive industry experienced a recovery in 2018 in line with expectations, and a further improvement in 2019 is expected. Massy Motors Colombia S.A.S. has been able to continue to show growth above industry average, with its focus on a strong service culture and operational efficiency. Massy Motors Colombia S.A.S. continues its consolidation as an important player in the industry and continues to develop its multi-brand (six brands) and multi-city (three main cities) strategy in Colombia.

Massy Energy Colombia S.A.S. delivered improved results in 2018 vs 2017, however the company is still recovering from the overall industry downfall and is focused on diversification and operational efficiency. Oil and gas prices showed improvement during 2018, thereby giving the sector increased confidence for new investments. The country's main producer is under pressure to increase reserves and production and initiate the execution of an expansive investment plan in 2018; which should continue in 2019.

The Massy Group will maintain its strategy to derive growth in Colombia via a combination of organic growth and acquisitions.

We believe that we can make the greatest contribution to society by focusing on building sustainable businesses

Sustainability Report

Sustainability Report

> ‘The passion, meritocracy, diversity, and integrity of our people have been—and always will be—the cornerstone of who we are.’

As an organisation we believe that we can make the greatest contribution to society by focusing on building sustainable businesses. We are committed to doing the right thing for our people, our communities, and the environment and our strategic decision making is informed by that commitment. We believe that it is in this way we are **A Force for Good; Creating Value, Transforming Life** for our region and that is a responsibility which we take very seriously.

PEOPLE

Massy encourages over 12,000 talented individuals to be the best they can be. We understand that when our people have the tools to do their job and are empowered in their role, this personal fulfilment will drive Massy's success. Understanding different perspectives and constantly working to create a space where people fearlessly share ideas is important to leaders at all levels of the Group. We want our people to thrive at Massy.

Massy embarked on a culture transformation some years ago to ensure that our Group is "future-proofed" for this world of rapid technological change and where the ability to respond to market changes is vital. With employee engagement and company culture becoming a competitive advantage, our human resources department is ever-changing in this rapid environment, and we have chosen People and Culture as the name for the team that includes

Human Resources (HR), Employee Benefits and Corporate Communications. This fit has been natural as the HR professionals continue to evolve as valued, strategic partners for the business with the unique ability to connect across the Group. We believe that the iterative process of listening and communicating is fundamental to engaging at both the individual and the group level, and there are many natural synergies of having this style of team work more widely across our Group.

In January 2018, the HR community came together from across the region and formed teams that have progressed the people agenda during the year:

- The ***Massy University*** where leadership development, listening, emotional intelligence and inculcating a culture of coaching, servant leadership and continuous learning are key, is continuing to evolve. It is critical that we develop centred leaders who can serve our teams and co-create the future. Our People Day process (June 2018) and framework of defined Expectations of Massy Leaders continues to guide the senior executive on development and succession plans for the most senior positions across the Group.

> ‘Massy encourages over 12,000 talented individuals to be the best they can be’

2018 Key Items

- A group wide initiative was undertaken to harmonise Group Health Insurance Coverage throughout all territories.
- A Sexual Harassment policy was developed and is being adopted across the Group.
- We implemented a Speak Up Policy to encourage persons to raise concerns and to protect those who report wrongdoing within the Group.
- Both our Total Recordable Incident and Lost Work Day Rates showed substantial improvements over prior year.
- In the three months following the launch of the Massy Stores’ regional No Plastic Bags campaign, Massy Stores reduced its usage of single-use plastic bags by 80%.

- We postponed our ***Employee Engagement*** survey from August 2018 to March 2019. Instead of a "tick the box" exercise, we recognised that the real work is in understanding the data from 2017. Authentic engagement with teams to address their issues is not something that can be prescribed and it takes time to understand the human element of these important foundations and to facilitate employee engagement.

- A Group-wide initiative was undertaken, to harmonise Group Health Insurance Coverage throughout all territories. This major exercise resulted in a collaborative effort expressing love and care with responsibility towards our active employees and retirees. The gathering of health insurance data from across the region has positioned us well to initiate negotiations of Group Health Insurance Benefits. This exercise will allow for more choice, portability, cost containment for our employees as well as encourage even more preventative health care and well-being initiatives.

- Our ***Performance Management and Industrial Relations*** work is aligning the efforts across the region to define principles and behaviours that are consistent with our Core Values to ensure that managers and staff are clear on best practice for motivating objective setting and constructive appraisal and performance conversations.

- Having ***Group-wide policies*** that guide behaviours across the region is a work-in-progress in conjunction with leaders in risk and governance. In Barbados, a Sexual Harassment Policy was developed which is now being adopted across the Group. We also implemented a new ***Speak Up Policy*** designed to: encourage people to raise concerns and to creates protections for persons making reports of wrongdoing at Massy Group. We value the help of employees who identify and speak up about concerns, whether in reference to unethical, abusive or unlawful conduct. We know that employees who speak

> ‘Our customers are our “north star,” and their outcomes guide everything we do. Above all, we are and will always be a company that values our customers, our relationships with them, and our commitment to them.’

up demonstrate courage and we recognise that it is often only through speaking up that misconduct becomes known so that it can be addressed before real damage is done. We deal with issues fairly and transparently and ensure that employees are not penalised for reporting concerns. We do not tolerate retaliation or victimisation of any kind against anyone who raises a concern and we want to encourage and protect employees who come forward anonymously or otherwise to report concerns. We have also engaged the services of an independent, third party, non-audit owned provider to offer a help/hotline. This means that employees can report concerns anonymously and confidentially 24/7 through a web-based app or through toll-free services in English or Spanish wherever we operate.

> ‘the Group will continue to strive to achieve a balance between assessed risk and the requirements of practical, achievable, sustainable and effective risk management strategies.’

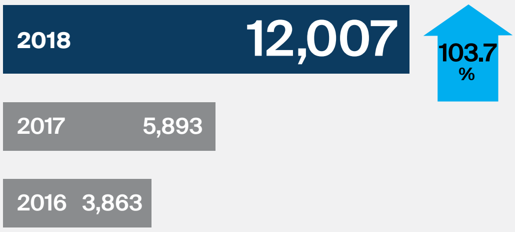
HEADCOUNT

As at September 30, 2018, Massy employed just over 12,000 persons. There was much restructuring of the businesses in Barbados which led to a decline of 4% in our employee base in Barbados. In Trinidad manpower levels remained constant with some businesses restructuring in our Automotive and Industrial Equipment, Financial Services and Energy and Industrial Gases Business Units. The main increases in employment came from Colombia and Saint Lucia in the Energy Company and Retail businesses respectively.

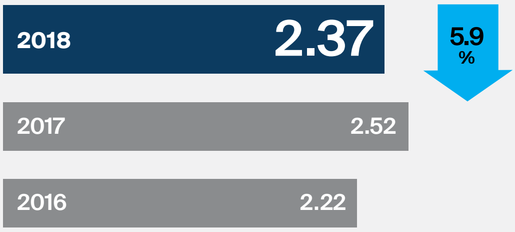
HEALTH AND SAFETY

The Group continues to work towards strengthening our safety culture and launched several new health and safety initiatives in 2018. This has resulted in an improvement in a number of key performance indicators. Over the last three years, a coordinated, risk-based approach to improving the overall safety culture across the Massy Group has resulted in tangible improvements and positive shifts in health and safety culture and perception.

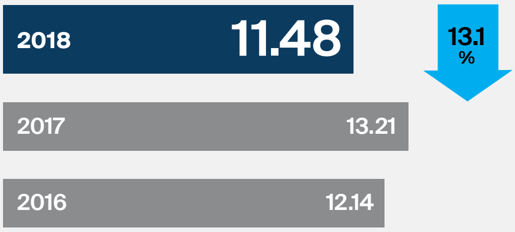
Leadership Interventions



Total Recordable Incident Rate



Lost Work Day Rate



For the new fiscal year and beyond, the Group will continue to strive to achieve a balance between assessed risk and the requirements of practical, achievable, sustainable and effective risk management strategies. The Massy Group Leadership Team remains committed to ensure that a holistic approach to risk management is effectively cascaded, communicated and implemented across the entire Group.

KEY PERFORMANCE INDICATORS

Leadership Interventions

In the year under review the Group recorded a 103.7 percent increase in leadership interventions, consistent with the increased senior management commitment and engagement in safety to improve overall safety performance.

Total Recordable Incident Rate

The Total Recordable Incident Rate (TRIR) for the Group decreased by 5.9 percent due to active leadership involvement and commitment across the Group.

Lost Work Day Rate

In 2017/2018 the Massy Group experienced a 13.1 percent decrease in the lost workday rate, due to improved injury case management.

The ongoing focus for the Group will be to ensure that a risk-based approach is undertaken across all operations within the Massy Group. Several drivers contribute to this risk-based approach:

1. **Integrated Management Systems:** As part of the risk-based approach being undertaken, the Massy Group will introduce an Integrated Management System. An IMS will positively enhance operations through increased efficiency and effectiveness, and cost reductions.
2. **Capacity Building:** The Group will continue to execute on its extensive Health, Safety, Security and the Environment (HSSE) capacity building strategy where employees will obtain, improve, and retain the HSSE-based skills, knowledge, tools, equipment and other resources needed to ensure risk-based strategic improvements are actualised across the Group.
3. **Innovation:** Innovation and risk management go hand in hand and we will be developing strategies to encourage innovation in developing and implementing risk reduction strategies. Encouraging and rewarding innovation, keeps employees engaged in continuous improvement in our quest to reduce safety risk in all of our operations.
4. **Performance Improvement:** We will continue working to improve overall HSSE performance through the measurement and reward for input and output measures of success and through the development and implementation of new strategies and initiatives to keep improving safety performance across the entire Group.

> ‘We have partnered with Kansmacker to offer Massy Points on every plastic bottle or can recycled through their Reverse Vending Machines’

ENVIRONMENT

As the Group continues to seek ways to contribute to environmental sustainability, Massy Stores led the way this year by taking the bold step of reducing plastic waste within their operations across the region with the launch of their "No Plastic Bags" initiative. This initiative was geared towards reducing the volume of single-use plastic bags by applying a nominal charge on plastic bags at stores across the region and encouraging customers to transition to reusable bags. To promote the use of reusable bags, Massy Stores has given away over 70,000 reusable bags regionally as at September 30, 2018 and continues to reward our customers to encourage the use of reusable bags. In just three months following the launch of our No Plastic Bags campaign, we experienced an 80 percent reduction in the usage of single use plastic bags significantly exceeding our initial target of a 50 percent reduction across the region. Proceeds from the sale of single use plastic bags across the region amounted to US$114,119 for the period under review and Massy Stores is evaluating regional environmental projects to determine the most impactful way in which the proceeds of the fund could be directed. Massy Stores will announce the selected project(s) in 2019.

In addition to our own initiative, Massy Stores undertook activities across the region on Earth Day (April 22), World Environment Day (June 5), World Ocean's Day (June 8) and International Plastic Free Bag Day (July 3) to help promote awareness of the negative impact of plastics on the marine environment.

Massy Stores continues to work to significantly reduce the use of plastic packaging and Styrofoam trays in our produce and deli sections across all territories. In Guyana we have completely replaced Styrofoam with biodegradable packaging, and in Saint Lucia we have committed to a voluntary ban on Styrofoam by December 31, 2018. In Trinidad we have partnered with Kansmacker International and we are offering Massy Points on every plastic bottle or can recycled through their Reverse Vending Machines, which are currently placed at three of our Massy Stores locations. In Barbados we have installed a recycling trailer at one of our largest supermarket locations to facilitate the recycling of plastics, aluminium cans and glass bottles.

The Group is working towards developing an Environmental Management System Framework to facilitate a robust transformation towards environmental sustainability within all operations. This strategic direction is expected to see a marked reduction in the Massy Group's carbon footprint through the following objectives:

a Increasing energy efficiency through all operations by assessing current energy usage and implementing strategies to reduce energy usage through the installation of energy efficient technologies as well as smart buildings through inherent design in smart buildings.

Across the region, Massy Stores has begun changing its lighting systems to LED to reduce energy consumption. In Barbados, at the Sunset Crest and Warrens locations, solar (photovoltaic) systems have already been installed.

We also started to transition to non-toxic, non-flammable R-404A gas – a gas with zero ozone layer impact - to fuel the air conditioning and refrigeration systems. In new and refurbished stores energy-efficient, insulated roofing was also incorporated into the store design.

Reducing the amount of waste produced across all operations and increasing recycling initiatives. The reduction of waste is a transformative process which will begin with elimination of items that produce waste, reusing or repurposing packaging and waste and the eventual conversion to paperless operations.

b Creating a zero-environmental infringement objective across all operations to continually improve environmental management and performance. The development and strengthening of internal controls to ensure compliance with all applicable environmental regulations across all territories in which Massy operates.

> ‘We recognise that serving our customers must be at the heart of everything that we do, and the Group is committed to improving customer experience and embedding a service-based culture throughout all of our operations.’

> ‘ the Group will be implementing a standard methodology, Lean Six Sigma, for conducting continuous improvements’

c Environmentally-based stakeholder engagement, as demonstrated by Massy Stores’ “No Plastic Bag” initiative and extended across the entire Group. Engagement will continue through communications, consultation and contribution to the local communities.

CUSTOMER SERVICE

We recognise that serving our customers must be at the heart of everything that we do, and the Group is committed to improving customer experience and embedding a service-based culture throughout all of our operations. This year, the Group continued to work towards building a resilient and pliable platform for delivering excellent customer service. With over sixty-five projects throughout the group, companies sought to improve: service delivery; operational efficiencies; standardisation of processes; partnership alignment with suppliers; and engagement with employees, utilising various Continuous Improvement and Change Management Tools.

With approximately 30 percent of the projects completed and others in various stages of completion, companies have been realising benefits and achieving strategic goals. Massy Gas Products (Jamaica) Limited for example undertook “Rockford Plant Efficiency” and has successfully achieved a 57 percent improvement in turn-around time; Massy Motors Ltd. in Trinidad undertook “Fix It Right First Time” and realised a 3 percent improvement in customer satisfaction. In the new financial period, the Group will be implementing a standard methodology, Lean Six Sigma, for conducting continuous improvements, which will synergize efforts and create an even greater impact on improvement projects.

Several Group companies undertook perception surveys using the American Customer Satisfaction Index (ACSI) model, which gives insight into our customers’ expectations and experiences and as of September 2018, twelve companies had completed surveys.
During the year, Massy Gas Products (Jamaica) Limited participated in a national competition for Service Excellence and copped the top prize for the medium-sized company category. They were recognised for Leadership, Governance and Customer Service Strategies, along with Customer Service Charter and Standards.

Training continues at all companies with in-house training programs and Customer Service Trainers specific to the business needs. Audits, Surveys and other internal measures have become a standard catalyst for improvement initiatives and have created a 360-degree loop that allows for continuous improvement.

Giving Back

MASSY FOUNDATION

Donations of TT$6 million in Trinidad & Tobago and Barbados which benefitted 200+ projects & initiatives.

OUR COMMUNITIES

With society's needs ever evolving, security, self-esteem development and personal fulfilment have joined food, shelter, and health as vital contributors to human growth. The Massy Group recognises this evolution and continues to provide support to the communities in which it operates through the volunteer effort of our employees, support from our operating companies, and in Trinidad and Tobago and Barbados through the Massy Foundation.

The Massy Foundation Barbados undertook four major donations in the past year to the sum of just over $1 million. The recipient organisations were:

- The National Cultural Foundation's National Independence Festival of the Creative Arts (NIFCA)
- The Wheelchair Foundation
- The University of the West Indies (a Diabetes Reversal/Remission Study)
- The Queen Elizabeth Hospital's Respiratory Unit

The Massy Foundation Trinidad contributed close to $5 million to well over 200 projects and initiatives, starting the financial year with its annual donations to thirty-one non-governmental organisations and charitable organisations. These organisations are responsible for a broad spectrum of interests including:

- Special needs learning and education
- Care for children, the elderly and those with physical challenges
- Poverty alleviation
- Charitable community works

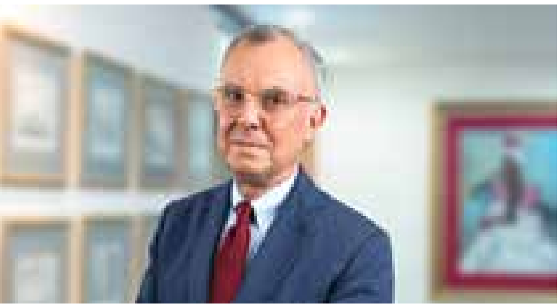
Group companies also supported many other worthwhile programmes across the territories in which we operate, details of those activities will be included in a full report on the Group's Corporate Social Responsibility efforts published on our website at www.massygroup.com

We work to build a strong safety culture and leadership throughout our businesses, knowing that everyone is important to someone.

Governance Reports

The Board of Directors

As at September 30



ROBERT BERMUDEZ
Chairman
Independent Non-Executive Director
Appointed May 1997
Trinidad and Tobago Citizen
Age 65

ROBERT BERMUDEZ

Robert Bermudez is an independent, Non-executive Director who was elected to the Board of Massy Holdings Ltd. (formerly Neal & Massy Holdings Limited) in 1997 and was appointed Chairman in July 2014. He also serves on the Company's Governance, Nomination and Remuneration Committee. For approximately eighteen years he served as a Non-Executive Director at RBC Financial (Caribbean) Limited, which has a presence in nineteen countries and territories across the Caribbean. He served as a Director on the Board of The Barbados Mutual Life Assurance Society (now Sagicor Life Inc.) for eight years and prior to joining the Massy Board he served as a Non-Executive Director on the Boards of McEnearney-Alstons Limited which merged with the ANSA Group to form what is the present ANSA McAL Limited), The Trinidad Publishing Company Ltd. (now known as Guardian Media Ltd.) and the Caribbean Development Company Limited (now Carib Brewery Ltd.) – all three of which, were publicly traded companies during his respective tenures. He was also President of the Trinidad and Tobago Manufacturers' Association and also served as Chairman of the Board of the Tourism Development Company Limited. Mr. Bermudez was also appointed as Chancellor of The University of the West Indies in 2017.

Mr. Bermudez' breadth and depth of experience as a Director and Chairman is extensive, as is his experience as an entrepreneur. He is the Chairman of the Board of Directors of the Bermudez Group of Companies and has led the growth of the Bermudez Group from a local family-owned business to a regional business throughout the Caribbean and in Latin America. He has a strong reputation for pragmatic and shrewd business judgment and has enjoyed a distinguished career in business in Trinidad and Tobago and the Caribbean.

E. GERVASE WARNER
President and Group CEO
Executive Director
Appointed September 2004
Trinidad and Tobago Citizen
Age 53

E. GERVASE WARNER

E. Gervase Warner is an Executive Director of the Company and is the President and Group CEO of the Massy Group. Prior to his appointment in 2009, he also served as the Executive Chairman of the Group's Energy & Industrial Gases Business Unit. Before joining Massy, Mr. Warner was a Partner at the international management consulting firm, McKinsey & Company, where he spent eleven years serving clients in the US, Latin America and Caribbean across a wide range of industries. He currently serves on the Trinidad and Tobago Board of Citigroup Merchant Bank Limited, the Arthur Lok Jack Graduate School of Business and United Way Trinidad and Tobago. Mr. Warner holds an MBA from the Harvard Graduate School of Business Administration; and also holds BSE degrees in Electrical Engineering and Computer Science Engineering from the University of Pennsylvania. A past pupil of St. Mary's College, Mr. Warner received an Additional Scholarship from the Government of Trinidad and Tobago in 1983.

IAN CHINAPOO

Ian Chinapoo is an Executive Director. His career spans over twenty-two years in Banking and Finance, in the Caribbean and Central American region. Mr Chinapoo is responsible for the accuracy and integrity of the financial statements of the Massy Group and is a strategic advisor to the Group CEO and the Board, on all financial matters since June 2018.

Prior to his current responsibilities, he held the position of Executive Director of the Trinidad & Tobago Unit Trust Corporation. Previously, he simultaneously held the positions of Managing Director, Regional Corporate and Investment Banking, CIBC FirstCaribbean International Bank and Managing Director of FirstCaribbean Trinidad and Tobago Limited. Mr Chinapoo also worked as Vice-President - Business Head at Citigroup Bahamas and was part of the Bank's Regional Capital Markets and Advisory team based in Miami. He previously held the position of Vice President – Structured Finance at Citibank Trinidad and Tobago Limited.

Mr Chinapoo is also Adjunct Faculty at the Arthur Lok Jack Graduate School of Business since 1995. He held the position of Deputy Chairman of the National ICT Company of Trinidad and Tobago ("iGovTT") from its inception in 2011 to January 2013. He currently serves as a Non-Executive Director on the Board of The National Commercial Bank of Anguilla.

IAN CHINAPOO
Executive Director
Appointed June 2018
Trinidad and Tobago Citizen
Age 43

FRERE DELMAS

Frere Delmas is an Executive Director. He holds the position of Executive Vice President of the Integrated Retail Business Unit for the Massy Group. He was appointed to this position in November 2015, when he was also appointed to the Board of Massy Holdings Ltd. He is also the Country Manager for the Massy Group in Barbados, a position he assumed in January 2013 and he serves on the Boards of a number of Massy's subsidiaries across the region.

Mr. Delmas has an accumulated wealth of management experience and knowledge in the supermarket industry and wholesale distribution, which he acquired during his 39-year career in the field. Prior to joining the then Barbados Shipping & Trading Co. Ltd. (BS&T), he was the Managing Director and a shareholder of Interage Ltd., which was subsequently sold to BS&T in 2000. His tenure continued as a part of the BS&T Group, and subsequently as a part of the Massy Group, following Massy's acquisition of BS&T in 2007. His previous positions in the Group include Executive Chairman - Neal & Massy's Retail Business Unit; Executive Chairman - BS&T's Food, Retail and Distribution Division and Director of BS&T.

Prior to starting his career, Mr. Delmas pursued studies in Business Administration at Loughborough College in the UK.

FRERE DELMAS
Executive Director
Appointed November 2015
Barbados Citizen
Age 60

The Board of Directors

PATRICK HYLTON
Independent Non-Executive Director
Appointed January 2012
Jamaica Citizen
Age 55

PATRICK HYLTON

Patrick is an Independent, Non-Executive Director and is the President and Group Chief Executive Officer of the NCB Financial Group. He joined NCB in 2002 as Deputy Group Managing Director and in 2004 he was appointed Group Managing Director and has since led the organisation to achieve record growth and profitability as well as numerous awards. His rise to national and international prominence began when he was appointed a leading role by the Government in the rehabilitation of the Jamaican financial sector during the mid-1990s. His wealth of experience in the financial services industry propelled him to the position of Managing Director of the Financial Sector Adjustment Company (FINSAC). His successful completion of that undertaking culminated in the national award of the Order of Distinction, Commander Class, being bestowed on him by the Prime Minister and Governor General of Jamaica in 2002.

Mr. Hylton is an Honours Graduate in Business Administration and an Associate of the Chartered Institute of Bankers (ACIB), London. He is a past President of the Jamaica Bankers Association, Director of NCB Jamaica and Chairman of The Mona School of Business and Management and NCB Capital Markets Limited. Mr. Hylton also sits on the oversight committee appointed to monitor the implementation of Jamaica's programme with the International Monetary Fund (IMF). He is also a member of Jamaica's Economic Growth Council set up to advise the Government on proposed initiatives that are expected to yield economic growth. He sits on several boards including Guardian Holdings Limited in Trinidad.

G. ANTHONY KING
Independent Non-Executive Director
Appointed December 2008
Barbados Citizen
Age 66

G. ANTHONY KING

G. Anthony King is an Independent, Non-Executive Director whose business career spans over forty years. After the acquisition of Barbados Shipping & Trading Co. Ltd. (BS&T) in 2008 by Massy Holdings Ltd. Mr. King became a Group Executive Vice President but remained as BS&T's CEO assisting the integration of BS&T's operations into the Massy organisation. With that process substantially complete, he retired as an executive of the Group during 2012. Mr. King joined the Board of Massy Holdings Ltd. in December 2008.

Mr. King is also a Director of other publicly traded companies in Barbados and is a Director of Republic Bank (Barbados) Limited. At the end of 2015 he retired from the Board of Banks Holdings Ltd. where he was the Chairman. Over his career he has served on the Boards of various private sector organisations, including the Barbados Chamber of Commerce and Industry where he served as President, the Caribbean Association of Industry and Commerce (CAIC), the Barbados Youth Business Trust and the Barbados Private Sector Association, the island's umbrella private sector body, and in early 2016 retired as Chairman of the Tourism Development Corporation of Barbados.

WILLIAM LUCIE-SMITH

William Lucie-Smith is an Independent Non-Executive Director. He is a Chartered Accountant by profession and a former Senior Partner of PricewaterhouseCoopers (Trinidad and Tobago), where he led its Corporate Finance and Recoveries practice. Mr. Lucie-Smith has extensive experience in mergers and acquisitions, taxation and valuations and holds an MA degree from Oxford University in Philosophy, Politics and Economics. He currently serves as a Non-Executive Director on a number of boards, including Republic Financial Holdings Limited and Sagicor Financial Corporation.

WILLIAM LUCIE-SMITH
Independent Non-Executive Director
Appointed September 2004
Trinidad and Tobago Citizen
Age 67

SURESH MAHARAJ

Suresh Maharaj is an Independent, Non-Executive Director. He is a highly-recognised International Senior Banking and Finance Executive with forty-three years of experience. Prior to his retirement from Citibank in 2015, he held the position of Chief Executive Officer (CEO), Citibank Caribbean and Central America, with responsibility for Citibank's Corporate, Commercial and Investment and Consumer operations in twenty-seven countries in the Caribbean and Central America and Ecuador and served on the Board of Citibank for several Central American countries. He also was CEO for Citibank, Trinidad and Jamaica and worked for five years in Asia as Citibank's CEO for the Philippines. Mr. Maharaj is currently the Chairman of Citibank TT Ltd. and Citicorp Merchant Bank. He was also the former Chairman of the Trinidad Cement Limited from 1989 to 1995 and presided over the successful divestment from government control to the private sector and during this time a 32% annual growth in profitability was achieved. He also served as a Director of the Trinidad and Tobago Unit Trust Corporation, Bankers Association of Trinidad and Tobago and Bankers Association of Philippines, American Chamber of Commerce Trinidad and Tobago and American Chamber of Commerce Philippines.

SURESH MAHARAJ
Independent Non-Executive Director
Appointed April 2017
Trinidad and Tobago Citizen
Age 69

DAVID O'BRIEN

David O'Brien serves as an Executive Director and is also an Executive Vice President with the responsibility for both the Automotive & Industrial Equipment Line of Business as well as the Financial Services Line of Business. He joined the Group in November 2005 and is currently the Executive Chairman on a number of boards of Massy subsidiary companies. Prior to joining the Group, he held various senior positions at Sagicor. Mr. O'Brien served as the President of the Trinidad and Tobago Chamber of Industry and Commerce in 2002 and 2003 and he also held directorships on the boards of RGM Limited, DFL Caribbean Limited, and the Tourism and Development Company of Trinidad and Tobago. He was the Chairman of the North Central Regional Health Authority, a member of the Multi-Sectorial Core Group for Trinidad and Tobago's Vision 2020 and Chairman of the committee to establish the National Policy for Disabled Persons. Mr. O'Brien is also the Honorary Consulate for Sweden in Trinidad and Tobago.

DAVID O'BRIEN
Executive Director
Appointed January 2013
Trinidad and Tobago Citizen
Age 61

The Board of Directors

GARY VOSS
Independent Non-Executive Director
Appointed December 2011
Trinidad and Tobago Citizen
Age 73

GARY VOSS

Gary Voss is an independent, Non-Executive Director of Massy Holdings Ltd. and former Chairman of Unilever Caribbean Limited. He joined Lever Brothers West Indies Limited in 1982 as Technical Director and was appointed Chairman and Managing Director in 1987. He retired from Unilever in 2001. His early career was spent with the (then) Texaco Pointe-a-Pierre refinery, the Caribbean Industrial Research Institute (CARIRI) and the Iron and Steel Company of Trinidad and Tobago (ISCOTT). Mr. Voss' previous posts include Superintendent, Direct Reduction at ISCOTT, Head of Engineering at CARIRI, President of the Trinidad and Tobago Manufacturers Association (TTMA) and President of the Caribbean Association of Industry and Commerce. He also served as a Director of RBC Financial (Caribbean) Limited and several of its subsidiaries up until October 2015. Mr. Voss is a Chemical Engineer by profession and holds a Bachelor of Science degree with Honours from Birmingham University in the United Kingdom.

MAXINE WILLIAMS
Independent Non-Executive Director
Appointed February 2015
Trinidad and Tobago Citizen
Age 48

MAXINE WILLIAMS

Maxine Williams is an independent, Non-Executive Director and is the Global Chief Diversity Officer at Facebook. In this role, she develops strategies to harness the unlimited potential of Facebook's talent while managing a high-performing team of diversity programme managers from the company's headquarters in California. Prior to Facebook, she served as the Director of Diversity for a global law firm with a focus on cross-border expertise, particularly in international arbitration, project finance, banking and anti-trust. She was responsible for developing and implementing a global diversity plan for the multi-national law firm comprised of almost 2000 attorneys, two-thirds of whom were based in offices outside of the United States with clients in 115 countries around the world. As an attorney, she has represented clients in criminal, civil and industrial courts in Trinidad and Tobago and in the United Kingdom at the Privy Council. Ms. Williams has worked with multiple international organisations on development and human rights issues and has had a parallel career as a broadcast journalist and on-air presenter. Ms. Williams is a graduate of Yale University, she received her law degree with first class honors from Oxford University, where she was a Rhodes Scholar.

RICHARD P. YOUNG
Independent Non-Executive Director
Appointed December 2012
Trinidad and Tobago Citizen
Age 68

RICHARD P. YOUNG

Richard Peter Young, appointed as an independent, Non-Executive Director in December 2012, is a retired finance professional with the designation of a Chartered Accountant. He has over forty years' experience in Accounting, Auditing, Insurance and Banking, having operated at the senior leadership level of the then Price Waterhouse Trinidad & Tobago and Scotiabank Trinidad & Tobago.

He has served as President of the Institute of Chartered Accountants of Trinidad & Tobago, Chairman of the Trinidad & Tobago Stock Exchange and President of the Bankers Association of Trinidad & Tobago.

He is a Non-Executive Director of Sagicor Financial Corporation Limited and also Non-Executive Chairman of the Trinidad and Tobago Financial Centre.

Corporate Governance Report

COMMITMENT TO GOOD GOVERNANCE

The Board of Directors remains committed to pursuing the highest standards of corporate governance across the Massy Group. The Board continues to review its policies and procedures to ensure that they align with the Company's core values of responsibility, honesty and integrity and growth and continuous improvement to support its long-term sustainable success. Good Corporate Governance remains the cornerstone that helps the Group to build a successful business that can be sustained over the long term.

STRENGTHENING THE FRAMEWORK FOR EFFECTIVE GOVERNANCE

The Board and the Board Committees of the Massy Group operate within a governance framework which ensures that decisions are taken at the right level of the business by the persons best placed to take them. The Group's Governance Framework provides direction on decision-making without creating burdensome processes that could impede progress.

Throughout the year the Board received presentations on a number of areas of the business from its senior executives regarding the Company's overall performance. Through its understanding of the business, the Board is able to confidently review its strategy, determine its approach to risk and to respond to events within the market that could directly affect the business of the Group.

This year, to support the implementation of the Speak Up Policy across the Group (f.k.a. Whistle-blower Policy), the Company engaged the services of an independent hotline provider, where employees of the organisation can raise their concerns in confidence and also anonymity regarding any aspect of the Company's operations across the Group. The reports received are reviewed by the Audit and Governance, Nomination and Remuneration Committees, and the Company has implemented a process to ensure that there is an independent investigation of such matters and follow up action.

The Board is supported by the Corporate Secretary, who ensures that there are policies, processes, information, time and resources needed for it to function effectively and efficiently. Directors have access to the advice of the Corporate Secretary who has the overall responsibility for advising the Board on all governance matters.

The Group's governance framework is articulated through its Board and Board Committee Charters. These Charters are reviewed annually and were re-confirmed by the Board at the meeting held on April 10, 2018. The work of the Committees is essential to the effective operation of the Board. The Committees consider in greater depth and detail, on behalf of the Board, issues relevant to their various Charters, and report to the Board after each meeting.

2018 Key Items

- The Governance and Compensation Committee was renamed the Governance, Nomination and Remuneration Committee, as its scope and oversight was expanded.
- The Company's Disclosure Policy was reviewed and amended to incorporate the growing obligations of the Company as it relates to disclosure.
- IFRS9 was early adopted by the Company as recommended by its Audit Committee.
- An independent Speak Up Hotline was established.
- Training was undertaken across the Group on its revised Speak Up Policy and Code of Ethics.

> ‘Good Corporate Governance remains the cornerstone that helps the Group to build a successful business that can be sustained over the long term.’

STRENGTHENING THE COMPOSITION AND PERFORMANCE OF THE BOARD AND ITS COMMITTEES

Recruitment and Nomination

The Massy Group benefits from having an active, experienced and well-informed Board of Directors who possess the requisite qualifications and experience in general corporate management, finance and banking and other areas. This mix enables them to contribute effectively to the Group in their capacity as Directors. As at September 30, 2018, the Board comprised 12 Directors: 9 Independent, Non-Executive Directors and 3 Executive Directors.

Appointments to the Board are made in accordance with the Company's Nomination, Appointment and Induction Process which supports the Board's succession plan. The Board continues to discuss enhancing diversity, and this year, commenced the process of developing a diversity statement for the Company.

This year, the Governance and Compensation Committee was renamed the Governance, Nomination and Remuneration Committee, as the committee's scope, role and oversight expanded to include more focus around nomination and remuneration matters.

Director Induction, Training and Education

The Company has a structured induction process for all new Directors which includes the arranging of meetings with key persons, training and the provision of relevant information.

In April, 2018 the Board participated in a Risk Workshop, facilitated by the Group Risk Manager. The aim of the workshop was for the Directors to further evolve their understanding of the elements of risk and the mitigating factors that are to be implemented to deal with such risk. Directors on subsidiary boards also completed their required annual Anti-Money Laundering/ Countering Financing of Terrorism (AML/CFT) Training.

Board, Committee and Director Evaluation

The Board undertakes an annual evaluation of its performance, as well as the performance of its Committees and the Directors who are retiring on rotation at the upcoming Annual Shareholders Meeting. The evaluations, among other things, assess the Board's composition as well as how effectively members work together to achieve the Group's objectives. For individual Director evaluations, focus is given on how a Director continues to contribute effectively to the Board and the Company. This provides an opportunity to identify areas of efficiency and areas for further development.

REINFORCING LOYALTY AND INDEPENDENCE

The Board of Directors held 7 meetings during the period October 1, 2017 to September 30, 2018 as follows:

Board of Directors	December 20	February 7	April 10	April 11-12	May 9	August 9	September 26-27
Mr. Robert Bermudez	🟦	🟦	🟦	🟦	🟦	🟦	🟦
Mr. E. Gervase Warner	🟦	🟦	🟦	🟦	🟦	🟦	🟦
Mr. Frere Delmas	🟦	🟦	🟦	🟦	🟦	🟦	🟦
Mr. Patrick Hylton	🟦	🟦	Abs	🟦	Abs	Abs	🟦
Mr. G. Anthony King	🟦	🟦	🟦	🟦	🟦	Abs	🟦
Mr. Suresh Maharaj	🟦	🟦	🟦	🟦	Abs	🟦	🟦
Mr. David O'Brien	🟦	🟦	🟦	🟦	🟦	🟦	🟦
Ms. Maxine Williams	🟦	🟦	🟦	🟦	🟦	🟦	🟦
Mr. Richard P. Young	🟦	🟦	🟦	🟦	🟦	🟦	🟦
Mr. William Lucie-Smith	🟦	🟦	🟦	🟦	🟦	Abs	Abs
*Mr. Ian Chinapoo	***	***	***	***	***	🟦	🟦
Mr. Gary Voss	🟦	🟦	Abs	Abs	Abs	🟦	🟦
**Mr. Robert Riley	🟦	🟦	🟦	🟦	***	***	***
**Ms. Paula Rajkumarsingh	🟦	🟦	🟦	🟦	🟦	***	***

* Director Ian Chinapoo joined the Board on June 1, 2018.

**Directors Robert Riley and Paula Rajkumarsingh retired from the Board on March 26 and May 31, 2018 respectively.

***Indicates that the Director was not a member of the Board during the period under consideration.

Director Independence

Independent, Non-Executive Directors form the majority of the Company's Board. Director Independence is reviewed on an annual basis against the criteria outlined in the Group's Director Independence Policy. Directors' Annual Declarations are reviewed by the Governance, Nomination and Remuneration Committee, to determine whether the criteria for independence has and continues to be met for each Non-Executive Director. Also considered is whether each Non-Executive Director provides objective challenge and support to Management.

ENHANCED DISCLOSURE AND ACCOUNTABILITY

The Company's disclosure regime continues to be strong and includes a well-established cycle of communication with its Shareholders. The Company continues to make its quarterly and annual financial disclosures regarding its performance and activities within the prescribed statutory timeframe. For the financial year, there were 2 notifications of change and 4 material change reports filed.

The Board also undertook a review of its current Disclosure Policy to further enhance its current disclosure regime.

STRENGTHENING STAKEHOLDER RELATIONSHIPS

The Board continues to welcome the opportunity to openly engage with its Shareholders as it understands the importance of maintaining effective and meaningful dialogue. The Company's Chairman, President and Chief Executive Officer, Group Chief Financial Officer and Corporate Secretary all play key roles in facilitating. On February 8, 2018 the Company held its Annual Meeting of Shareholders where the Shareholders were given the opportunity to question the Board, Senior Management and the Auditors on the presentations made as well as the Company's business.

The amended Disclosure Policy will also help to facilitate the continued commitment to enhance stakeholder relationships to be able to obtain a clear understanding of the views of the shareholders in relation to the Company's governance and approach to strategy.

BOARD COMMITTEE REPORTS

The Company has 2 constituted committees – the Governance, Nomination and Remuneration Committee and the Audit Committee – from which it receives reports on the committees' work and areas of oversight.

Minutes of the Committees as well as a report by each Committee Chairperson are tabled and presented to the Board at each Board Meeting. A brief overview of the Committees and their functions are presented below:

REPORT OF THE AUDIT COMMITTEE

The Audit Committee is responsible for making appropriate recommendations for the Board's approval of the financial reporting process, the system of internal control and the audit process.

Audit Committee Structure

The Audit Committee is comprised of 5 Directors, of whom 4 are Independent Directors.

Members of the Audit Committee aa at September 30:

- **Mr. William Lucie-Smith (Chairman)**
- **Mr. Patrick Hylton**
- **Mr. Suresh Maharaj**
- **Mr. Richard P. Young**
- **Mr. E. Gervase Warner (Ex-Officio)**

The Audit Committee held 5 meetings during the period October 1, 2017 to September 30, 2018 as follows:

Committee Members	**December 1**	**December 19**	**February 6**	**May 8**	**August 8**
Mr. William Lucie-Smith	🟦	🟦	Abs	🟦	Abs
Mr. Patrick Hylton	🟦	Abs	🟦	Abs	Abs
Mr. Suresh Maharaj	🟦	🟦	🟦	Abs	🟦
Mr. Richard P. Young	🟦	🟦	🟦	🟦	🟦
Mr. E. Gervase Warner	🟦	🟦	🟦	🟦	🟦

The Audit Committee Charter, Internal Audit Charter and the Delegation of Authority for Non-Audit services provided by the External Auditor were last reviewed and re-confirmed by the Committee on February 6, 2018.

Structure of Internal Audit

The appointed Group Internal Auditor is responsible for the overall Group Internal Audit Function and adherence to the International Standards for the Professional Practice of Internal Auditing of The Institute of Internal Auditors. The Group Internal Auditor reports administratively to the Group Chief Executive Officer and functionally to the Audit Committee and Internal Audit has unfettered access to the Audit Committee.

Independence of Internal Audit

The Audit Committee is satisfied that the Internal Audit function has been discharged in an objective and transparent manner. Further, the Audit Committee has satisfied itself that the performance of the function is not subject to management's undue influence.

Internal Control and the Internal Audit Function

The Board is responsible for the Company's system of internal controls and for reviewing its effectiveness. The ongoing monitoring of the adequacy and effectiveness of the Group's internal control systems is the primary responsibility of Internal Audit. The Audit Committee is satisfied that Management, by approved risk corrective actions, adequately remedied any weaknesses in internal controls highlighted in the internal audit reports.

External Audit

The Audit Committee reviewed and approved the External Auditor's approach to and scope of their examination of the financial statements for the 2018 financial year. The members are satisfied that PricewaterhouseCoopers has planned the audit to obtain reasonable assurance that the financial statements are free of material misstatement and present a fair view of the financial position of the Group as at September 30, 2018 and the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Financial Statements

During 2018, the interim unaudited financial statements were presented to the Audit Committee at its quarterly meetings for review and recommendation for adoption by the Board. The Audit Committee is satisfied that the audited financial statements contained in this Annual Report are complete, consistent with information known to its members and in conformity with appropriate accounting principles that have been consistently applied.

At a meeting of the Committee held on August 8, 2018 a presentation on the International Financial Reporting Standard 9 was presented to the Committee for consideration of early adoption. The Committee having reviewed and considered the presentation, recommended to the Board that the Company early adopt the standard which the Board approved.

REPORT OF THE GOVERNANCE, NOMINATION & REMUNERATION COMMITTEE (GNRC)

GNRC Structure

The GNRC (formerly the Governance and Compensation Committee) is currently comprised of 4 Directors, all of whom are Independent Directors. In March 2018, Mr. Robert Riley resigned as a member of the Committee and Ms. Maxine Williams was appointed by the Board, to serve on the Committee on August 9, 2018.

The objectives of the GNRC are to develop, implement and periodically review guidelines for appropriate corporate governance of the Group. The GNRC's responsibilities include:

1 To review the size and composition of the Board and its Committees and to make recommendations for new Director appointments in accordance with the Nomination, Appointment and Induction Process;

2 To review and make recommendations to the Board in relation to the Company's written policies addressing matters such as ethics, business conduct, conflict of interest, disclosure, insider trading and whistle-blower protection;

3 To develop, implement and oversee an evaluation process for the Board, its Committees and Directors, to assess Board, Committee and Director effectiveness;

4 Approval/oversight of the remuneration, performance and incentive awards of Senior Executives;

5 To receive and review reports in relation to the Speak Up Policy and where the reports are of a financial nature, they would be reported to the Audit Committee; and

6 Approval and oversight of the recruitment, engagement and promotion of Senior Executives of the Group.

Members of the GNRC as at September 30, 2018:

- **Mr. Gary Voss (Chairman)**
- **Mr. G. Anthony King**
- **Ms. Maxine Williams**
- **Mr. Robert Bermudez (Ex-Officio)**

Meetings

The GNR Committee held 4 meetings for the period October 01, 2017 to September 30, 2018 as follows:

Committee Members	**November 3**	**December 7**	**March 12**	**August 9**
Mr. Gary Voss	🟦	🟦	🟦	🟦
Mr. Robert Bermudez	Abs	🟦	🟦	🟦
Mr. Gerald Anthony King	🟦	🟦	🟦	Abs
Ms. Maxine Williams	***	***	***	***
Mr. Robert Riley	🟦	🟦	Abs	***
Mr. E. Gervase Warner	🟦	🟦	🟦	***

*** Indicates that the Director was not a member of the Committee during the period under consideration

The GNRC's Charter was reviewed and re-confirmed by the Committee on March 12, 2018.

The GNRC's accomplishments for the year included:

i A review of the scope and responsibilities of the Committee, where it was agreed that the Committee's charter should be revised to meet global standards and the Committee's name should be changed to the Governance, Nomination and Remuneration Committee;

ii A review of the Disclosure Policy;

iii Discussions in relation to the development of a diversity statement which would be finalised in the coming financial year;

iv Review and ratification of Subsidiary Board appointments; inclusive of the appointment of Independent Directors to Subsidiary Boards and the remuneration of its Directors;

v Establishment of an independent Speak Up Hotline as well as training across the Group on the Company's Speak Up Policy and Code of Ethics;

vi Review of the Company's current Board Composition and succession planning for the Board in the coming years;

vii Review and analysis of the results of the Board, Board Committee and Director performance evaluation and providing recommendations based on findings to the Board; and

viii Ongoing oversight for non-financial Speak Up (whistleblowing) matters.

The Executive Committee

As at September 30

DAVID AFFONSO
Group Senior Vice President and Executive Chairman, Distribution Line of Business

DAVID AFFONSO

David joined the Executive Committee in March 2012 upon his appointment as Chairman of the Group's Distribution Line of Business. He has been with the Group for over twenty-eight years working with Group companies in both Guyana and Trinidad. David has more than twenty years of experience in the Distribution and Retail sector and has served as CEO of both the Group's Retail and Distribution businesses in Trinidad. In his current role David is responsible for the Group's distribution businesses across the region, he also serves as Chairman of the Group's Investment Committee.

JULIE AVEY
Group Senior Vice President
People and Culture

JULIE AVEY

Julie joined the Executive Committee in 2015 and is passionate about the People and Culture of the Massy Group. "We are working to unleash the potential of the creativity and abundance of each Massy employee so that we can delight our customers and all of our stakeholders and fearlessly thrive in this age of disruption". Julie was previously General Manager of the Car Dealerships in Massy Motors in Colombia, the first acquisition in Colombia by the Massy Group in 2014.

IAN CHINAPOO
Executive Vice President and Group Chief Financial Officer

IAN CHINAPOO

Ian joined the Group as an Executive Director of Massy Holdings Ltd. and Group Chief Financial Officer effective June 1, 2018. Ian's career spans more than twenty-two years in banking and financial services throughout the Caribbean and Central American region, particularly in the areas of investment banking, portfolio management and private equity.

FRERE DELMAS

Frere was appointed as an Executive Director to the Board of Massy Holdings Ltd., on November 7, 2015 and has served as Country Manager for the Massy Group in Barbados since January 2013. Frere serves as the Board Chairman for several Massy subsidiary companies and as a Director on others. Frere has an accumulated wealth of management experience and knowledge in the supermarket and wholesale distribution industries over his thirty-six year career in the field.

FRERE DELMAS
Group Executive Vice President
and Executive Chairman,
Integrated Retail Business Unit

PETER GRAHAM

Peter joined the Executive Community October 1, 2016 and is responsible for the operational and financial outcomes of the Industrial Gases Line of Business with the first consideration being 'no harm to people'. Peter has been with the Massy Group for twelve years and previously served as CEO of two major subsidiaries in addition to being a member of the Group's Investment Committee.

PETER GRAHAM
Country Manager, Jamaica
and Executive Chairman,
Industrial Gases Line of Business

HOWARD HALL

Howard joined the Massy Group as CEO of Massy United Insurance Ltd. in August 2011 and joined the Group's Executive Committee on March 1, 2016. He has more than thirty years' experience in financial and general management having held senior executive positions in the Life Insurance, Property and Casualty Insurance and Airline industries.

HOWARD HALL
Group Senior Vice President
and Executive Chairman,
Financial Services Line of Business

The Executive Committee

DAVID JARDIM
Group Senior Vice President
and Executive Chairman Automotive &
Industrial Equipment Line of Business

DAVID JARDIM

David joined the Executive Committee in March 2016 upon his appointment as Chairman of the Automotive & Industrial Equipment Line of Business. David had been the Chief Executive Officer of Massy Motors Ltd. since December 2009 and prior to that he was CEO of Massy Machinery Ltd. David also serves on the Board of Massy (Guyana) Ltd. and is a trustee of the Massy Trinidad pension plan.

WENDY KERRY
Group Senior Vice President,
Corporate Governance
and Corporate Secretary

WENDY KERRY

Wendy is an Attorney and Barrister at Law, admitted to practice in Trinidad and Tobago and England and Wales. She served as Corporate Secretary and Legal Advisor for the Massy Group for seven years prior to her appointment to her current post.

BRUCE MACKENZIE
Group Stategy Officer

BRUCE MACKENZIE

Bruce joined the executive community in March 2016. He is responsible for acquiring, incubating and developing innovative capabilities and initiatives which enhance the Group's competitive advantage. He brings a broad base of experience in general management, strategy, engineering, commercial and intellectual property experience gained in his former roles in Trinidad and in the United Kingdom.

DAVID O'BRIEN
Group Executive Vice President and Executive
Chairman Automotive & Industrial Equipment
and Financial Services Lines of Business

DAVID O'BRIEN

David serves as an Executive Director on the Board of Massy Holdings Ltd. in addition to serving on the boards of several Massy subsidiary companies. He joined the Group in 2006, during which time, he also served as the Executive Chairman of the Financial, Property and Other Business Unit.

THOMAS PANTIN

Thomas has over twenty-five years of retail experience within the Caribbean. When he joined the Massy Group in 2011 as Senior Vice President of Special Projects and Growth, he was responsible for managing Massy's exit from the Tourism sector and later moved on as Senior Vice President and Executive Chairman of the Consumer Finance Line of Business prior to taking on responsibility for the Group's Retail Line of Business.

THOMAS PANTIN
Group Senior Vice President
and Executive Chairman,
Retail Line of Business

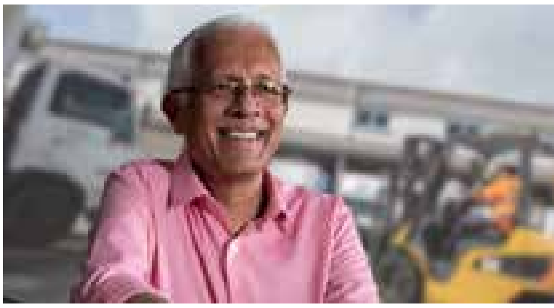
ANGÉLIQUE PARISOT-POTTER

Angélique joined the Group and the Executive Committee on March 1, 2016 prior to which she had extensive international experience spanning over fifteen years in the oil and gas sector working in the UK, Brazil, Trinidad and Tobago and Egypt. Angélique is a qualified UK Solicitor entitled to practice in the Commonwealth Caribbean, and, as the Group General Counsel she leads a high performing team of ethical legal professionals with a focus on collaboration and helping to shape discussion and debate around business issues. Angélique's role as a member of the Executive Committee also includes leading and developing the Group's business integrity framework.

ANGÉLIQUE PARISOT-POTTER
Group Senior Vice President Legal
and Group General Councel

DEO PERSAUD

Deo has held various leadership positions including Chief Executive Officer of the Guyana Group, Country Manager and Chairman of Massy (Guyana) Ltd. Deo was appointed a Member of Order of Service in Guyana and the Golden Arrow of Achievement for long and distinguished service in the field of commerce. After forty-three years with the Massy Group, Deo is excited about the future of Massy and of Guyana as he feels that both are well positioned for continued success.



DEO PERSAUD
Country Manager, Guyana

FENWICK REID

Fenwick has had a long career in the information and communication technology industry spanning over thirty-five years, in areas such as engineering, technical support, project management, and sales and marketing. He has been pivotal in the introduction of information and communications technology (ICT) innovation in Trinidad and Tobago and the wider Caribbean and has also been a member of key ICT related associations in the E-Business Roundtable, the National E-Commerce Committee and Chairman of the Transformation Committee of The American Chamber of Commerce of Trinidad and Tobago (AMCHAM).

FENWICK REID
Group Senior Vice President and Executive
Chairman, Information Technologies &
Communications Business Unit

The Executive Committee

ALBERTO ROZO
Country Manager, Latin America

ALBERTO ROZO

Alberto joined the Executive Community in November 2014. He is responsible for new business development for the Massy Group in Latin America, with emphasis on Colombia. Alberto is particularly focused on embedding the Massy culture in the new Latin American operations while at the same time ensuring that the local cultural perspective is reflected in these businesses. In addition to a background in engineering, Alberto has had a broad base of experience in general management, strategy and mergers and acquisitions.

EUGENE TIAH
Group Senior Vice President
and Executive Chairman of the
Energy & Industrial Gases Business Unit

EUGENE TIAH

Eugene joined the Massy Group in 2014, prior to which he had served as President of Phoenix Park Gas Processors Ltd. for thirteen years. Eugene's experience covers all aspects of process plant engineering, operations and overall business management. He has held various positions in operations management, project management, construction management and business development, both in Trinidad and the United States.

E. GERVASE WARNER
President and Group CEO

E. GERVASE WARNER

Gervase has been President and Group CEO of the Massy Group of Companies since 2009. Prior to his appointment, he also served as the Executive Chairman of the Group's Energy & Industrial Gases Business Unit and has served as a Director of Massy Holdings Ltd. since 2004, the year in which he joined the Group.

Across the region Massy Stores has been implementing strategies to reduce energy usage.

Corporate Requirements

- THE DIRECTORS' REPORT
- MANAGEMENT PROXY CIRCULAR
- STATEMENT OF MANAGEMENT'S RESPONSIBILITIES

The Directors' Report

The Directors have pleasure in submitting their Report and the Audited Financial Statements for the financial year ended September 30, 2018

PRINCIPAL ACTIVITIES

The main activity is that of a Holding Company.

Financial results for the year	**2018**
Profit attributable to shareholders	**519,753**
Dividends paid	**(205,260)**
Profit retained for the year	**314,493**
Other movements on revenue reserves	**(33,891)**
Balance brought forward	**4,241,450**
Retained earnings at end of year	**4,522,052**

DIVIDENDS

The Directors declared an interim dividend of $0.52 and then a final dividend of $1.58 per share, making a total dividend of $2.10 per share for the financial year. The final dividend will be paid on or after January 25, 2019 to Shareholders whose names appear on the Register of members of the Company at the close of business on January 11, 2019.

DIRECTORS

Pursuant to paragraph 4.4.1, 4.4.2 and 4.6.1 of By-Law No. 1 of the Company, Messrs. Anton Gopaulsingh, William Lucie-Smith, Suresh Maharaj and David O'Brien retire from the Board by rotation and being eligible offer themselves for either election or re-election until the close of the third Annual Meeting following this appointment.

DIRECTORS' AND SENIOR OFFICERS' INTERESTS

These should be read as part of this report.

AUDITORS

The Auditors, PricewaterhouseCoopers, retire and being eligible offer themselves for re-appointment.

BY ORDER OF THE BOARD

Wendy Kerry
Corporate Secretary

December 20, 2018

DIRECTORS', SENIOR OFFICERS' AND CONNECTED PERSONS' INTERESTS

Set out below are the Directors, Senior Officers and their connected persons with interests in the shares of Massy Holdings Ltd. and the holders of the ten (10) largest blocks of shares in the Company as at September 30, 2018.

Directors and Senior Officers	Shareholdings	Associates Shareholdings
Robert Bermudez	14,820	413,029
Ian Chinapoo	Nil	Nil
Frere Delmas	10,916	Nil
Patrick Hylton	Nil	Nil
Gerald Anthony King	75,000	Nil
William Lucie-Smith	Nil	22,897
Suresh Maharaj	Nil	Nil
David O'Brien	57,925	Nil
Robert Riley	2,595	Nil
Gary Voss	Nil	Nil
Elliot Gervase Warner	169,184	Nil
Maxine Williams	Nil	Nil
Richard P. Young	2,000	Nil
David Affonso	13,925	Nil
Julie Avey	13,146	Nil
Shelley Boodoo	1,285	Nil
Natasha Elias-Wilson	19,406	Nil
Peter Graham	Nil	Nil
Howard Hall	Nil	Nil
David Jardim	144,822	Nil
Wendy Kerry	2,891	Nil
Robert Bruce Mackenzie	1,620	Nil
Thomas Pantin	62,765	Nil
Angélique Parisot-Potter	2,138	Nil
Doodnauth Persaud	29,492	Nil
Paula Rajkumarsingh	158,903	Nil
Fenwick Reid	75,653	Nil
Alberto Rozo	Nil	Nil
Robert Sandiford	601	Nil
Eugene Tiah	15,910	Nil

Paula Rajkumarsingh, a Senior Officer (together with Curtis Lee Poy) holds a non-beneficial interest in 1,139,937 shares as a co-trustee of the Neal & Massy Group Profit Sharing Plan.

HOLDERS OF THE TEN (10) LARGEST BLOCKS OF SHARES

	Shareholder	**Number of Shares as at September 30, 2018**
1	National Insurance Board	19,801,051
2	RBC/RBTT Nominee Services Limited	10,245,639
3	RBC/RBTT Trust Limited	8,301,453
4	Republic Bank Limited	7,531,024
5	Trinidad and Tobago Unit Trust Corporation	5,249,916
6	First Citizens Asset Management Limited	3,696,514
7	Trintrust limited	3,443,474
8	Guardian Life of the Caribbean Limited	3,176,641
9	National Insurance Board (Barbados)	2,800,372
10	Sagicor (Equity) Fund (Barbados)	2,029,858

NOTES

1 The indirect Beneficial Shareholding of Directors and Senior Officers corresponds to the Trinidad & Tobago Stock Exchange Rules (Rule 600) regarding the shareholdings of persons connected to Directors and Senior Officers. It includes the indirect beneficial ownership/control of shares held by; (i) entities that a person owns/controls>50 percent shares, (ii) the Director's/Senior Officer's husband or wife and (iii) the Director's/Senior Officer's minor children.

2 RBC/RBTT Nominee Services Limited holds a non-beneficial interest in 10,245,639 shares for the Neal & Massy Group Pension Employee Share Ownership Plan.

3 Ms. Paula Rajkumarsingh, a Senior Officer (together with Mr. Curtis Lee Poy) holds a non-beneficial interest in 1,139,937 shares as a co-trustee of the Neal & Massy Group Profit Sharing Plan.

4 The National Insurance Board Limited holds a substantial interest in the issued share capital of the Company. A substantial interest means one-tenth or more of the issued share capital of the Company.

5 Mr. Anton Gopaulsingh was appointed as a Director of the Company on December 6, 2018.

6 There have been no changes to the Substantial Interests occurring between the end of the Company's financial year and one month prior to the date of the Notice convening the Annual Meeting.

7 There were no beneficial interests attached to any shares in the names of the Directors in the Company's subsidiary companies, such shares being held by the Directors as nominees of the Company or its subsidiaries.

8 At no time during, or at the end of the financial year, were any material contracts or proposed material contracts granted by the Company, or any of its subsidiary companies, to any Director or Proposed Director of the Company.

Management Proxy Circular

REPUBLIC OF TRINIDAD AND TOBAGO

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

1	**Name of Company:**	MASSY HOLDINGS LTD.
	Company No.:	M 4805 (C)

2 **Particulars of Meeting:**

Ninety-Fifth Annual Meeting of Shareholders of the above-named Company to be held at the Ballroom, Hilton Trinidad and Conference Centre, 1B Lady Young Road, Port-of-Spain, Trinidad at 10:00 a.m. on February 8, 2019.

3 **Solicitation:**

It is intended to vote the Proxy solicited hereby (unless the shareholder directs otherwise) in favour of all resolutions specified therein.

4 **Any Director's statement submitted pursuant to Section 76(2):**

No statement has been received from any Director pursuant to Section 76(2) of the Companies Act, Ch. 81:01.

5 **Any Auditor's statement submitted pursuant to Section 171(1):**

No statement has been received from the Auditors of the Company pursuant to Section 171(1) of the Companies Act, Ch. 81:01.

6 **Any Shareholder's proposal submitted pursuant to Sections 116(a) and 117(2):**

No proposal has been received from any Shareholder pursuant to Sections 116(a) and 117(2) of the Companies Act, Ch. 81:01.

Date	Name and Title	Signature
December 20, 2018	**Wendy Kerry** Corporate Secretary	

Statement of Management's Responsibilities

Management is responsible for the following:

- Preparing and fairly presenting the accompanying consolidated financial statements of Massy Holdings Ltd. which comprise the consolidated statement of financial position as at September 30, 2018, the consolidated statement of profit or loss, the consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information;

- Ensuring that the Company keeps proper accounting records;

- Selecting appropriate accounting policies and applying them in a consistent manner;

- Implementing, monitoring and evaluating the system of internal control that assures security of the Group's assets, detection/prevention of fraud, and the achievement of operational efficiencies for the Group;

- Ensuring that the system of internal control operated effectively during the reporting period;

- Producing reliable financial reporting that complies with laws and regulations, including the Companies Act; and

- Using reasonable and prudent judgement in the determination of estimates.

In preparing these audited financial statements, management utilised the International Financial Reporting Standards, as issued by the International Accounting Standards Board and adopted by the Institute of Chartered Accountants of Trinidad and Tobago. Where International Financial Reporting Standards presented alternative accounting treatments, management chose those considered most appropriate in the circumstances.

Nothing has come to the attention of management to indicate that the Group will not remain a going concern for the next twelve months from the reporting date; or up to the date the accompanying financial statements have been authorised for issue, if later.

Management affirms that it has carried out its responsibilities as outlined above.

E. Gervase Warner
Chief Executive Officer
December 21, 2018

Ian Chinapoo
Chief Financial Officer
December 21, 2018

Field construction is progressing and nearing completion on the Natural Gas Petrochemical complex.

Financials

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FINANCIALS

Independent Auditor's Report

To the shareholders of Massy Holdings Ltd

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Massy Holdings Ltd (the Company) and its subsidiaries (together 'the Group') as at 30 September 2018, and their consolidated financial performance and their consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

Massy Holdings Ltd's consolidated financial statements comprise:

- the consolidated statement of financial position as at 30 September 2018;
- the consolidated statement of profit or loss for the year then ended;
- the consolidated statement of other comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies.

Basis for opinion

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

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

Independence

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

Independent Auditor's Report (Continued)

Our audit approach

Overview

- Overall group materiality: $43.7 million, which represents 5% of profit before tax.

- The Group audit included full scope audits of seven subsidiary companies which were deemed to be financially significant components, four of which have head offices in Trinidad & Tobago with the others being located in Barbados, Jamaica and Guyana.
- Performed specified procedures on certain balances such as third party borrowings, loans to customers, revenue and accounts receivables in other components.

- Impact of the early adoption of IFRS 9 'Financial Instruments'
- Expected Credit Losses
- Valuation of Goodwill
- Valuation of net retirement benefit assets
- Valuation of loss reserves on insurance contracts.

Audit scope

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

How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates. Massy Holdings Ltd. is the parent of a Group of entities. The financial information of this Group is included in the consolidated financial statements of Massy Holdings Ltd. The Group is structured into six segments (see note 3 of the consolidated financial statements) and is a consolidation of over 140 separate legal entities. The Group comprises components that are entities directly held by Massy Holdings Ltd, as well as components that are sub-groups.

The following components were deemed to be individually financially significant and were subject to an audit of their complete financial information:

- Massy Transportation Group Ltd and Its Subsidiaries
- Massy Integrated Retail Ltd and Its Subsidiaries
- Massy Barbados Ltd and Its Subsidiaries
- Massy Guyana Ltd and Its Subsidiaries
- Massy Technologies Trinidad Ltd and Its Subsidiaries
- Massy Gas Products (Trinidad) Ltd and Its Subsidiaries
- Massy Gas Products (Jamaica) Limited

In addition we performed specified audit procedures on certain account balances for a further seven components.

How we tailored our group audit scope (continued)

Four of the seven financially significant components of the Group are audited by PwC Trinidad. For all other components that are in scope of the Group audit, we used component auditors from PwC network firms and non PwC firms who are familiar with the local laws and regulations to perform this audit work.

For the work performed by all component audit teams (both PwC and non-PwC) operating under our instructions, we determined the level of involvement we needed to have in the audit work at those locations to be satisfied that sufficient audit evidence has been obtained for the purpose of our opinion. We kept in regular communications with audit teams throughout the year with phone calls, discussions and meetings. We performed on-site visits to the component audit teams in Colombia, Barbados and Guyana.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the consolidated financial statements as a whole.

Overall group materiality	$43.7m
How we determined it	5% of profit before tax
Rationale for the materiality benchmark applied	We chose profit before tax as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users, and is a generally accepted benchmark. We chose 5% which is within the range of acceptable quantitative materiality thresholds in auditing standards.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above $1.3m, as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

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.

Independent Auditor's Report (Continued)

Key audit matters

Key audit matter	How our audit addressed the Key audit matter

Impact of the early adoption of IFRS 9 'Financial Instruments'
See Notes 2.1.1 and 2.9 of the consolidated financial statements.
The Group adopted the accounting standard IFRS 9 'Financial instruments' during the financial year. The standard introduces new requirements around two main aspects of how financial instruments are treated - measurement and classification and impairment.
IFRS 9 introduces a new classification and measurement approach for financial assets that reflects the business model in which the financial assets are managed and the underlying cashflow characteristics.
IFRS 9 introduces new impairment rules which prescribe a new, forward looking, expected credit loss ('ECL') impairment model which takes into account reasonable and supportable forward looking information ,which will generally result in the earlier recognition of impairment provisions.
We focused on this area because there are a number of significant management- determined judgements including:
• the reclassification of financial assets in accordance with the Group's business model;
• as it pertains to the ECL:
  • determining the criteria for a significant increase in credit risk;
  • techniques used to determine probability of default (PDs) and loss given default (LGD); and
  • forward looking assumptions.
This also includes additional complexity as use of hindsight is not permitted, which can be difficult to apply in practice.
These judgements required new models to be built and implemented to measure the expected credit losses on certain financial assets measured at amortised cost.
	We read the Group's updated accounting policies that addressed classification, measurement and impairment provisioning policy and compared it with the requirements of the standard.
	Classification and measurement of financial assets and financial liabilities
	We performed the following audit procedures:
	• obtained an understanding and evaluated the Group's business model assessment and for a sample of instruments verified the inputs into the solely payments of principal and interest test performed by the client with original contracts;and
	• tested that management had evaluated and classified all financial assets, by reconciling the assets and liabilities included on the statement of financial position.
	Impairment methodology
	We performed the following audit procedures:
	• evaluated the appropriateness of the application of either a specified expected credit loss model or a simplified approach to the relevant financial assets by understanding the nature of the financial assets and comparing the application to the requirements of the standard;
	• held discussions with management and corroborated external data inputs and forward looking assumptions to publicly available information where possible;
	• for a sample of financial assets, tested whether the significant increase in credit risk and default definitions were appropriately applied and the resulting impact of this on the staging of the instruments;
	• verified the critical data inputs in assessing the reasonableness of the PD against source documents;
	• tested the loss given default in the new ECL calculation for a sample of instruments, including the value of collateral where appropriate;

Independent Auditor's Report (Continued)

Key audit matters (continued)

Key audit matter	How our audit addressed the Key audit matter
Impact of the early adoption of IFRS 9 'Financial Instruments' (continued) There is a large increase in the data inputs of these models which increases the risk that the data used to develop assumptions and operate the model is not complete or accurate. Differences between the previously reported carrying amounts and the new carrying amounts of financial instruments as of 1 October 2017 of $84.3m has been recognised in the opening retained earnings.	• for a sample of exposures, tested the appropriateness of exposure at default, including the consideration of prepayments and repayments in the cash flows and the resulting arithmetical calculations by corroborating to source documentation and historical data; • tested the opening balance adjustment for arithmetical accuracy and corroborated a sample of the data inputs; and • compared management's assumptions, judgements and methodologies to prior year to confirm no application of hindsight in the ECL's. We evaluated the financial statement disclosures arising on early adoption of IFRS 9 to determine if they were in accordance with the requirements of the standard. As a result of the above audit procedures, no material differences were noted.

Key audit matter	How our audit addressed the Key audit matter
Expected Credit Losses (ECL) *See Notes 4.a.ii) 10, 15, 26 and 36.1.2 of the consolidated financial statements.* As at 30 September 2018 the Group had recognised $240.4m in provisions for expected credit losses, which related to three main types of financial assets: • Trade receivables and work-in-progress • Corporate and sovereign bonds • Instalment credit, hire purchase accounts and other financial assets	We obtained an understanding of the relevant controls management had in place and newly implemented in relation to the adoption of the new standard and tested for implementation. *Trade receivables and work-in-progress:* • We obtained an understanding of the Group's process for estimating the ECL; • We tested the application of any specific provisions for customers which required one; • We tested the calculation of the historical loss rate; • For forward looking assumptions used by the Group, we held discussions with management and corroborated the assumptions using both internal and publicly available information; and • Recalculated the loss rate for different aging buckets

Independent Auditor's Report (Continued)

Key audit matters (continued)

Key audit matter	How our audit addressed the Key audit matter
Expected Credit Losses (ECL) (continued) There are a number of significant judgements which are required in measuring the ECL under IFRS 9 including: • determining the criteria for a significant increase in credit risk ('SICR') • factoring in future economic assumptions • techniques used to determine the Probability of Default ('PD') and Loss Given Default ('LGD') We focused on this area as these require significant management judgement in developing and implementing new accounting models to measure the expected credit losses on the following assets measured at amortised cost: • Corporate and sovereign bonds • Instalment credit, hire purchase accounts and other financial assets As a result, there is a large increase in the data inputs of these models which increases the risk that the data used to develop assumptions and operate the model is not complete or accurate The Group utilised 'the simplified approach' for the trade receivables and work-in-progress. Under the simplified approach the provision combines the historical loss rate with forward-looking assumptions which take management's view of the future of the customer, along with other factors, into account.	*Corporate and sovereign bonds, instalment credit, hire purchase accounts and other financial assets:* • We tested the completeness of financial assets evaluated to determine whether all assets were included in the calculations by evaluating the assets included on the statement of financial position and whether they met the definition of a financial asset; • We obtained an understanding of the Group's internal rating models, evaluated their theoretical soundness and tested the mathematical integrity of the models; • We obtained an understanding and tested the key data sources and assumptions used in the ECL models used by the Group. For data from external sources we understood the process of choosing the data points and its relevance for the Group; • We held discussions with management and corroborated the assumptions using publicly available information, where available, in relation to forward looking assumptions used by the Group. ; • We evaluated the appropriateness of the Group's determination of SICR in accordance with the standard and the resultant basis for classification of various exposures into various stages; • For a sample of exposures, we tested the accuracy of the Group's staging; • For a sample of exposures, we checked the appropriateness of determining the Exposure at default, including the consideration of prepayments and repayments in the cash flows and the resulting arithmetical calculations; • For PD we tested the 'Through the Cycle' [TTC] PDs calculation and the appropriateness of its conversion to 'Point in Time' (PIT) PDs; • We tested the calculation of the LGD used by the Group in the ECL calculations, including the appropriateness of the use of collateral and the resulting arithmetical calculations. As a result of the above audit procedures, no material differences were noted.

Independent Auditor's Report (Continued)

Key audit matters (continued)

Key audit matter	How our audit addressed the Key audit matter
Valuation of Goodwill *See Notes 4.a.i) & 7 to the consolidated financial statements.* Intangible assets stated on the Group's consolidated balance sheet include a carrying value of $223m related to Goodwill. Management performs an annual impairment assessment of intangible assets. An impairment charge was recognised in the current year as it pertained to specific entities as disclosed in the financial statements. The recoverable amount of each cash generating unit (CGU) is calculated as the higher of the value-in-use and fair value less costs of disposal. The value-in-use is based on discounted future cash flow forecasts over which the Directors make significant judgements on certain key inputs including discount rates and long term growth rates. We focused on this area because of the significant level of judgment required in arriving at the key assumptions used in management's impairment assessment.	We evaluated the method used by management to perform their annual Goodwill impairment assessment of each CGU and found it to be in accordance with the requirements of IAS 36 and the Group's accounting policy and consistent with prior year. We tested the reasonableness of management's assumptions, including discount rates and growth percentages used, in their cash flow projections, as follows: • recalculated the weighted average cost of capital (WACC) used to discount the cash flows and assessed those rates to be reasonable based on knowledge of the economic environment and the risk premium associated with the respective industries and countries. • compared the cash flow forecasts used in the impairment assessment prepared by management to those presented to the Board of Directors as part of the annual budgeting process. • evaluated the reasonableness of the forecasts made by comparing past forecasts to historical results where this was available and by comparing to the current year results of the entity. • tested the mathematical accuracy of management's calculations. As a result of the above audit procedures, no material differences were noted.

Independent Auditor's Report (Continued)

Key audit matters (continued)

Key audit matter	How our audit addressed the Key audit matter
Valuation of net retirement benefit assets *See Notes 4.a. vii) & 13 of the consolidated financial statements.* The Group sponsors separate pension plans for its employees in Trinidad and overseas. As at 30 September 2018, the Group had a consolidated net retirement benefit asset for its Trinidad plan of $395.8m. The net retirement benefit asset is comprised of the value of pension assets less the pension obligation. Both components require significant judgement in relation to certain assumptions and estimates, which is why we focused on this area. The following key assumptions used to calculate the obligation can have a material impact on the calculation of the liability: • salary increases • discount rates, and • mortality rates Management utilises an external actuary to perform certain calculations with respect to the estimated obligation. The pension assets consist of financial investments held at fair value, which are based on a range of inputs. While many of the inputs required can be obtained from readily available liquid market prices and rates, certain securities are based on modelled prices as observable market data is limited. In these instances, management is required to make significant judgements due to the complexity in the valuation model estimates resulting in high estimation uncertainty risk.	For the pension obligation, we tested the key assumptions as follows: • We compared the discount rate used by management to the yield of a Government of Trinidad & Tobago bond of a similar period and noted no material differences. • Mortality rates were compared to publicly available statistics. • Salary increases were compared to historical increases, taking into account the current economic climate. We also tested the completeness and accuracy of the census data used in the actuarial calculation by comparing it to personnel files. We assessed the independence and competence of the actuary used by management to calculate the retirement benefit obligations. For investments which were valued using a valuation technique: • We evaluated the assumptions, methodologies and models used by the Group. • We tested the significant inputs relating to yield, prices and valuation to external sources where possible and compared to similar transactions in the market place. For a sample of modelled securities, we compared management's valuation to our independent valuation based on our professional experience and judgement.In some cases, these resulted in a different valuation to that calculated by management. In our view, the differences were within a reasonable range of outcomes, in the context of the inherent valuation uncertainties disclosed in the financial statements. There were no material exceptions noted in our testing of the net retirement benefit assets.

Independent Auditor's Report (Continued)

Key audit matters (continued)

Key audit matter	How our audit addressed the Key audit matter
Valuation of loss reserves on insurance contracts *See Notes 4a. viii) and 25 to the consolidated financial statements.* As at 30 September 2018, the Group had a liability of $1.7 billion in relation to the settlement of claims related to Insurance Contracts. The methodologies and assumptions utilised to develop incurred but not reported reserves involves a significant degree of judgement. Management uses an external actuarial expert to assist in determining the value of claims incurred but not reported. The liabilities are based on the best-estimate ultimate cost of all claims incurred but not settled at a given date, whether reported or not, together with the related claims handling costs. There is generally less information available in relation to these claims, which can result in variability between initial estimates and final settlement. A range of methods, may be used to determine these provisions. We focused on this area because, underlying these methods are a number of explicit and implicit assumptions relating to the expected settlement amount and settlement patterns of claims and which are subject to complex calculations.	As historical claims data is a key input into the actuarial estimates, we performed detailed testing over the claims case estimates and settlements. We did not identify material exceptions. We also tested the completeness and accuracy of the relevant underlying data utilised by management, and their external actuarial experts, to support the actuarial valuation, which also included key data reconciliations. We engaged our actuarial expert to assist in assessing the actuarial methodologies and assumptions in determining insurance reserves. We considered the suitability of the methodology used in setting insurance reserves against industry benchmarks, consistency with established actuarial practices and our knowledge and experience. The assumptions used by management were found to be reasonable and the methodologies applied appropriate in the circumstances.

Independent Auditor's Report (Continued)

Other information

Management is responsible for the other information. The other information comprises the Chairman's report, Chief Executive Officer's report, Chief Financial Officer's report, Segment review and Country review included in Massy Holdings Ltd. annual report, but does not include the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Independent Auditor's Report (Continued)

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Fatima Aziz-Mohammed.

PricewaterhouseCoopers

21 December 2018
Port of Spain
Trinidad
West Indies

Consolidated Statement of Financial Position

Expressed in Thousands of Trinidad and Tobago dollars

	Notes	As at September 30 2018 $	2017 $ (Restated)	As at October 1 2016 $ (Restated)
Assets				
Non-current assets				
Property, plant and equipment	5	**2,443,915**	2,311,511	2,370,886
Investment properties	6	**406,826**	419,159	417,246
Goodwill	7	**223,071**	238,498	197,075
Other intangible assets	8	**53,561**	51,744	50,783
Investments in associates and joint ventures	9	**248,291**	239,305	244,963
Financial assets	10	**1,040,568**	859,655	737,713
Instalment credit and other loans	11	**–**	309,424	294,780
Deferred income tax assets	12	**118,837**	106,976	103,104
Retirement benefit assets	13	**475,769**	467,434	452,207
		5,010,838	**5,003,706**	**4,868,757**
Current assets				
Inventories	14	**1,653,193**	1,567,009	1,574,748
Trade and other receivables	15	**2,964,230**	4,053,669	2,129,112
Financial assets	10	**1,104,239**	780,714	147,175
Instalment credit and other loans	11	**–**	177,776	156,667
Statutory deposits with regulators	16	**118,558**	128,312	134,244
Cash and cash equivalents	17	**1,626,132**	1,565,945	2,030,126
		7,466,352	**8,273,425**	**6,172,072**
Total assets		**12,477,190**	**13,277,131**	**11,040,829**
Equity				
Capital and reserves attributable to equity holders of the parent				
Share capital	18	**763,516**	760,607	753,261
Retained earnings		**4,522,052**	4,312,406	4,170,809
Other reserves	20	**99,253**	64,119	80,640
		5,384,821	5,137,132	5,004,710
Non-controlling interests	21	**230,337**	240,882	258,349
Total equity		**5,615,158**	**5,378,014**	**5,263,059**

	Notes	As at September 30 2018 $	2017 $ (Restated)	As at October 1 2016 $ (Restated)
Liabilities				
Non-current liabilities				
Borrowings	22	**1,867,805**	1,905,591	1,870,654
Deferred income tax liabilities	12	**235,788**	234,485	224,168
Customers' deposits	23	**103,232**	105,717	118,830
Retirement benefit obligations	13	**183,550**	199,076	174,904
Provisions for other liabilities and charges		**76,627**	85,272	114,751
		2,467,002	**2,530,141**	**2,503,307**
Current liabilities				
Trade and other payables	24	**1,909,870**	1,917,609	1,795,100
Liabilities on insurance contracts	25	**1,652,509**	2,750,345	757,294
Customers' deposits	23	**238,914**	246,312	264,180
Current income tax liabilities		**141,126**	98,355	110,650
Borrowings	22	**452,611**	356,355	347,239
		4,395,030	**5,368,976**	**3,274,463**
Total liabilities		**6,862,032**	**7,899,117**	**5,777,770**
Total equity and liabilities		**12,477,190**	**13,277,131**	**11,040,829**

The notes on pages 128 to 224 are an integral part of these consolidated financial statements.

On December 21, 2018 the Board of Directors of Massy Holdings Ltd. authorised these consolidated financial statements for issue.

E. GERVASE WARNER	**WILLIAM LUCIE-SMITH**	**IAN CHINAPOO**
DIRECTOR	DIRECTOR	DIRECTOR

Consolidated Statement of Profit or Loss

Year ended September 30. Expressed in Thousands of Trinidad and Tobago dollars

	Notes	2018 $	2017 $
Continuing Operations:			
Revenue	3	**12,004,802**	**11,763,669**
Operating profit before finance costs and impairments		**912,291**	799,985
Expected credit losses	26.2	**(29,282)**	(22,123)
Impairment of goodwill	26.2	**(13,742)**	(36,959)
Operating profit before finance costs	26	**869,267**	740,903
Finance cost - net	28	**(74,056)**	(55,604)
Operating profit after finance costs		**795,211**	685,299
Share of profit of associates and joint ventures	9	**78,853**	68,993
Profit before income tax		**874,064**	754,292
Income tax expense	29	**(308,589)**	(274,465)
Profit for the year		**565,475**	**479,827**
Discontinued operations:			
Loss for the year from discontinued operations	33	**–**	(67,986)
Profit for the year		**565,475**	**411,841**
Owners of the parent:			
Profit for the year from continuing operations		**519,753**	435,555
Loss for the year from discontinued operations		**–**	(59,327)
		519,753	**376,228**
Non-controlling interests:			
Profit for the year from continuing operations		**45,722**	44,272
Loss for the year from discontinued operations		**–**	(8,659)
Profit attributable to non-controlling interests		**45,722**	**35,613**
Profit for the year		**565,475**	**411,841**
Earnings per share attributable to the owners of the parent during the year (expressed in TT$ per share)			
Basic earnings per share			
- from continuing operations	30	**5.32**	4.46
- from discontinued operations	30	**–**	(0.61)
		5.32	**3.85**

The notes on pages 128 to 224 are an integral part of these consolidated financial statements.

Consolidated Statement of Other Comprehensive Income

Year ended September 30. Expressed in Thousands of Trinidad and Tobago dollars

	2018 $	2017 $
Profit for the year	**565,475**	411,841
Other comprehensive income:		
Items that will not be reclassified to profit or loss		
- remeasurement of defined benefit pension plans	**13,561**	(28,406)
	13,561	**(28,406)**
Items that may be subsequently reclassified to profit or loss		
- available for sale financial assets	**–**	171
- currency translation differences	**(11,266)**	(9,325)
	(11,266)	**(9,154)**
Other comprehensive income/(loss) for the year, net of tax	**2,295**	**(37,560)**
Total comprehensive income for the year	**567,770**	**374,281**
Attributable to:		
- owners of the parent	**521,321**	338,668
- non-controlling interests	**46,449**	35,613
Total comprehensive income for the year	**567,770**	**374,281**

The notes on pages 128 to 224 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

Year ended September 30. Expressed in Thousands of Trinidad and Tobago dollars

	Notes	Share capital $	Other reserves $	Retained earnings $	Subtotal attributable to equity holders of the parent $	Non-controlling interest $	Total equity $
Balance at October 1, 2017		760,607	64,119	4,312,406	5,137,132	240,882	5,378,014
IFRS 9 initial application adjustments	35	–	–	(70,956)	(70,956)	(13,347)	(84,303)
Balance at October 1, 2017 – restated		**760,607**	**64,119**	**4,241,450**	**5,066,176**	**227,535**	**5,293,711**
Profit for the year		–	–	519,753	519,753	45,722	565,475
Other comprehensive income		–	(11,739)	13,307	1,568	727	2,295
Total comprehensive income for the year		–	(11,739)	533,060	521,321	46,449	567,770
Other movements:							
- Transfer to other reserves	20	–	46,873	(46,873)	–	–	–
- Other reserve movements		–	–	(273)	(273)	(4,887)	(5,160)
Transaction with owners:							
- Share option expense	18	2,909	–	–	2,909	–	2,909
- Dividends paid	19	–	–	(205,260)	(205,260)	(36,749)	(242,009)
- Purchase of non-controlling interests		–	–	(52)	(52)	(2,011)	(2,063)
Balance at September 30, 2018		**763,516**	**99,253**	**4,522,052**	**5,384,821**	**230,337**	**5,615,158**

		Year ended September 30, 2018	Year ended September 30, 2017
Dividends per share	19	**2.10**	2.10
Dividends paid per share	19	**2.10**	2.10

	Notes	Share capital $	Other reserves $	Retained earnings $	Subtotal attributable to equity holders of the parent $	Non-controlling interest $	Total equity $
Balance at October 1, 2016		753,261	(134,127)	4,170,809	4,789,943	258,349	5,048,292
Reclassification of catastrophe reserve	20	–	214,767	–	214,767	–	214,767
Balance at October 1, 2016 – restated		**753,261**	**80,640**	**4,170,809**	**5,004,710**	**258,349**	**5,263,059**
Profit for the year		–	–	376,228	376,228	35,613	411,841
Other comprehensive income		–	(9,154)	(28,406)	(37,560)	–	(37,560)
Total comprehensive income for the year		–	(9,154)	347,822	338,668	35,613	374,281
Other movements:							
- Other reserve movements	20	–	7,281	12	7,293	(933)	6,360
Transaction with owners:							
- Share option expense	18	7,346	–	–	7,346	–	7,346
- Dividends paid	19	–	–	(206,237)	(206,237)	(35,411)	(241,648)
- Purchase of non-controlling interests	20	–	(14,648)	–	(14,648)	(7,626)	(22,274)
- Disposal of non-controlling interests		–	–	–	–	(9,110)	(9,110)
Balance at September 30, 2017		**760,607**	**64,119**	**4,312,406**	**5,137,132**	**240,882**	**5,378,014**

See Note 20 for details regarding the reclassification.

The notes on pages 128 to 224 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

Year ended September 30. Expressed in Thousands of Trinidad and Tobago dollars

	Notes	2018 $	2017 $
Cash flows from operating activities			
Profit before income tax		**874,064**	754,292
Operating losses from discontinued operations	33	**–**	(67,986)
		874,064	686,306
Adjustments for:			
Share of results of associates and joint ventures	9	**(78,853)**	(68,993)
Depreciation and impairment of property, plant and equipment and investment properties	5 and 6	**291,639**	286,207
Capitalised borrowing costs	28.1	**322**	–
Impairment of goodwill	7	**13,742**	36,959
Amortisation of other intangible assets		**10,904**	4,736
Gain on disposal of property, plant and equipment		**(36,862)**	(4,094)
Loss on disposal of subsidiary and associate		**–**	56,236
Increase in expected credit losses/impairment expense on financial instruments	26	**29,282**	22,123
Fair value gains on other financial instruments		**(4,564)**	(12,225)
Employee share grant scheme provision	18	**2,909**	7,346
Employee retirement and other benefits		**(10,300)**	29,278
Earnings before tax, depreciation and amortisation		**1,092,283**	1,043,879
Changes in working capital:			
(Increase)/decrease in inventories		**(86,184)**	103,233
Decrease/(increase) in trade and other receivables		**1,008,047**	(1,907,615)
Increase in other provisions and other charges		**(8,645)**	–
Decrease/(increase) in instalment credit and other loans		**85,454**	(35,754)
(Decrease)/increase in trade and other payables		**(21,917)**	74,761
Decrease in statutory deposits		**9,754**	–
(Decrease)/increase in liabilities on insurance contracts		**(1,097,836)**	1,990,797
Decrease in customers' deposits		**(9,883)**	(30,981)
Cash generated from operations		**971,073**	1,238,320
Taxation paid		**(235,122)**	(247,145)
Net cash provided by operating activities		**735,951**	**991,175**

	Notes	2018 $	2017 $
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment and investment properties		**113,953**	130,941
Additions to property, plant and equipment, investment properties and acquisitions	5 and 6	**(489,551)**	(566,099)
(Increase)/decrease in other financial assets excluding instalment credit and other loans		**(145,845)**	154,102
Increase in other investments, other intangibles, non-controlling interests and investments in associates and joint ventures		**(12,662)**	(892,270)
Dividends received from associated companies	9	**46,072**	49,154
Sale of Massy Communications Ltd.		**–**	196,330
Acquisition of Automontaña Group Colombia		**–**	(78,095)
Net cash used in investing activities		**(488,033)**	**(1,005,937)**
Cash flows from financing activities			
Proceeds from borrowings		**176,281**	148,105
Principal repayments on borrowings		**(110,156)**	(417,054)
Purchase of non-controlling interest		**(2,063)**	–
Dividends paid to company’s shareholders	19	**(205,260)**	(206,237)
Dividends paid to non-controlling interests		**(36,749)**	(35,411)
Net cash used in financing activities		**(177,947)**	**(510,597)**
Net increase/(decrease) in cash, cash equivalents		**69,971**	(525,359)
Cash, cash equivalents and bank overdrafts at beginning of the year		**1,531,457**	2,019,391
Effect of exchange rate changes on cash and bank overdrafts		**(1,807)**	37,425
Cash, cash equivalents and bank overdrafts at end of the year		**1,599,621**	**1,531,457**
Cash and short-term funds	17	**1,626,132**	1,565,945
Bank overdrafts	22	**(26,511)**	(34,488)
		1,599,621	**1,531,457**
Classified as Operating Cashflows			
Interest received from other financial instruments		**106,076**	111,439
Dividends received from other financial instruments		**3,344**	2,237

The notes on pages 128 to 224 are an integral part of these consolidated financial statements.

1 General information

Massy Holdings Ltd. (the 'Company'), was incorporated in the Republic of Trinidad and Tobago in 1923. The address of its registered office is 63 Park Street, Port of Spain, Trinidad. The Company and its subsidiaries, (together; the Group) is engaged in trading, manufacturing, service industries and finance in Trinidad and Tobago and the wider Caribbean region. The Company has a primary listing on the Trinidad and Tobago Stock Exchange.

The principal subsidiaries are listed below with the percentage holding of the parent's (Massy Holdings Ltd.) effective shareholding where there is an intermediary company.

	Country of incorporation	Percentage equity capital held
Automotive & Industrial Equipment		
Massy Transportation Group Ltd.	Trinidad and Tobago	100%
Massy Motors Ltd.	Trinidad and Tobago	100%
City Motors (1986) Limited	Trinidad and Tobago	100%
Massy Machinery Ltd.	Trinidad and Tobago	100%
Massy Automotive Components Ltd.	Trinidad and Tobago	100%
Massy Motors (Tobago) Ltd.	Trinidad and Tobago	100%
Master Serv Limited	Trinidad and Tobago	100%
Massy Industries (Guyana) Ltd.	Guyana	92.9%
Massy Motors Colombia S.A.S	Colombia	100%
Massy Pres-T-Con Holdings Ltd.	Trinidad and Tobago	86.08%
Massy Motors Best Auto Ltd.	Trinidad and Tobago	100%
Financial Services		
Massy United Insurance Ltd.	Barbados	100%
Massy Remittance Services (Trinidad) Ltd.	Trinidad and Tobago	100%
Massy Finance GFC Ltd.	Trinidad and Tobago	100%
Massycard (Barbados) Limited	Barbados	100%
Massy Services (Guyana) Ltd.	Guyana	92.9%
Massy Credit Plus Ltd.	Trinidad and Tobago	100%
The Interregional Reinsurance Company Limited	Cayman Islands	100%
Energy & Industrial Gases		
Massy Energy (Trinidad) Ltd.	Trinidad and Tobago	100%
Massy Energy Production Resources Ltd.	Trinidad and Tobago	100%
Massy Energy Engineered Solutions Ltd.	Trinidad and Tobago	100%
Massy Energy Fabric Maintenance Ltd.	Trinidad and Tobago	100%
Massy Energy Investments Ltd.	Trinidad and Tobago	100%
Massy Gas Products (Trinidad) Ltd.	Trinidad and Tobago	100%
Massy Petrochemical Services Ltd.	Trinidad and Tobago	100%
Massy Gas Products (Jamaica) Limited	Jamaica	100%
Massy Gas Products (Guyana) Ltd.	Guyana	92.9%
Massy Energy Colombia S.A.S.	Colombia	100%

1 General information *(continued)*

	Country of incorporation	Percentage equity capital held
Integrated Retail		
Massy Integrated Retail Ltd.	Trinidad and Tobago	100%
Arvee Foodmaster Limited	Trinidad and Tobago	100%
Athabasca Limited	Trinidad and Tobago	100%
Massy Stores (SLU) Ltd.	Saint Lucia	60%
Massy Stores (Guyana) Inc.	Guyana	100%
Massy Stores (Barbados) Ltd.	Barbados	100%
Price Low Ltd.	Barbados	100%
Massy Stores (SVG) Ltd.	St. Vincent	83.33%
Massy Distribution (Jamaica) Limited	Jamaica	100%
Massy Distribution (Guyana) Inc.	Guyana	92.9%
Massy Distribution (Barbados) Ltd.	Barbados	100%
Massy Distribution (St. Lucia) Ltd.	Saint Lucia	100%
Knights Limited	Barbados	99.9%
Massy Loyalty Ltd.	Barbados	100%
Information Technology & Communications		
Massy Technologies (Trinidad) Ltd.	Trinidad and Tobago	100%
Massy Technologies InfoCom (Trinidad) Ltd.	Trinidad and Tobago	100%
Massy Technologies InfoCom (Antigua) Ltd.	Antigua	100%
Massy Technologies InfoCom (Barbados) Ltd.	Barbados	100%
Massy Technologies InfoCom (Jamaica) Limited	Jamaica	100%
Massy Technologies (Guyana) Ltd.	Guyana	92.9%
Massy Technologies Applied Imaging (Trinidad) Ltd.	Trinidad and Tobago	100%
Other Investments		
Massy Realty (Trinidad) Ltd.	Trinidad and Tobago	100%
Massy Properties (Trinidad) Ltd.	Trinidad and Tobago	100%
Massy (Barbados) Investments Ltd.	Barbados	100%
Massy Properties (Barbados) Ltd.	Barbados	100%
Roberts Manufacturing Company Limited	Barbados	50.5%
T. Geddes Grant (Barbados) Limited	Barbados	100%
Seawell Air Services Limited	Barbados	100%
BCB Communications Inc.	Barbados	100%
Massy Security (Guyana) Inc.	Guyana	92.9%

1 General information *(continued)*

	Country of incorporation	Percentage equity capital held
Head Office		
Massy Ltd.	Trinidad and Tobago	100%
Massy (Barbados) Ltd.	Barbados	100%
Massy (Guyana) Ltd.	Guyana	92.9%

The Group has material subsidiaries whose year-end is not coterminous with September 30 as follows:

	Reporting year end
Massy Motors Colombia S.A.S	31 December
Massy Energy Colombia S.A.S	31 December

2 Summary of significant accounting policies

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

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and IFRIC interpretations. The consolidated financial statements have been prepared under the historical cost convention as modified by the measurement of certain financial assets at fair value.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

2.1.1 Standards, amendments and interpretations adopted by the Group

The Group has adopted the following new and amended standards and interpretations as of October 1, 2017:

- IAS Amendments to IAS 7, Statement of cash flows on disclosure initiative (effective January 1, 2017). These amendments to IAS 7 introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendment is part of the IASB's Disclosure Initiative, which continues to explore how financial statement disclosure can be improved.

- Amendments to IAS 12, 'Income taxes' on Recognition of deferred tax assets for unrealised losses (effective January 1, 2017). These amendments on the recognition of deferred tax assets for unrealised losses clarify how to account for deferred tax assets related to debt instruments measured at fair value.

2 Summary of significant accounting policies *(continued)*

2.1 Basis of preparation *(continued)*

2.1.1 Standards, amendments and interpretations adopted by the Group (continued)

- Annual improvements 2014–2016 – IFRS 12, 'Disclosure of interests in other entities' regarding clarification of the scope of the standard (effective for annual periods beginning on or after January 1, 2017). This amendment clarifies that the disclosures requirement of IFRS 12 are applicable to interest in entities classified as held for sale except for summarised financial information (para B17 of IFRS 12). Previously, it was unclear whether all other IFRS 12 requirements were applicable for these interests.

- IFRS 9, 'Financial instruments': The Group has early adopted IFRS 9 and all of its related amendments using a date of initial application of October 1, 2017. This has resulted in changes in accounting policies and adjustments to the amounts previously recognised in the financial statements. As permitted by the transitional provisions of IFRS 9, the Group elected not to restate comparative figures. Any adjustments to the carrying amounts of financial assets and liabilities at the date of transition were recognised in the opening retained earnings and non-controlling interest of the current period.

  The adoption of IFRS 9 has resulted in changes in our accounting policies for recognition, classification and measurement of financial assets and financial liabilities and impairment of financial assets, the details of which are outlined in Note 2.8.

  The following is a summary of the adjustments on initial application of the standard.

	Balance at September 30 2017 **(restated)** $	**Re - classifications** **$**	**Expected credit loss adjustments (net of deferred tax)** **$**	**Fair value adjustments** **$**	**Balance at October 1** 2017 $
Other financial assets:					
- at amortised cost	–	1,744,218	(29,184)	–	1,715,034
- at fair value through profit or loss	207,309	176,042	–	–	383,351
- held to maturity	840,405	(840,405)	–	–	–
- available-for-sale	176,042	(176,042)	–	–	–
- loans and receivables	416,613	(416,613)			–
Trade and other receivables (Note 36.1.2a)	4,053,669	–	(70,643)	–	3,983,026
Installment credit debtors and other accounts	487,200	(487,200)	–	–	–
	6,181,238	–	(99,827)	–	6,081,411
Tax impact of adjustment	–	–	15,524	–	15,524
	6,181,238	**–**	**(84,303)**	**–**	**6,096,935**

2 Summary of significant accounting policies *(continued)*

2.1 Basis of preparation *(continued)*

2.1.1 Standards, amendments and interpretations adopted by the Group (continued)

- IFRS 9, 'Financial instruments' ***(continued)***

	Balance at September 30 2017 (restated) $	Re - classifications $	Expected credit loss adjustments (net of deferred tax) $	Fair value adjustments $	Balance at October 1 2017 $
Adjustments to equity:					
- adjustment to retained earnings	4,312,406	–	(70,956)	–	4,241,450
- adjustment to non-controlling interest	240,882	–	(13,347)	–	227,535
	4,553,288	**–**	**(84,303)**	**–**	**4,468,985**

2.1.2 Standards, amendments and interpretations that are not yet effective for the financial year beginning October 1, 2017, not early adopted by the Group and their impact has not yet been evaluated

- Amendments to IFRS 2, 'Share-based-payments', on clarifying how to account for certain types of share-based payment transactions (effective January 1, 2018). This amendment clarifies the measurement basis for cash-settled, share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. It also introduces an exception to the principles in IFRS 2 that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority.

- IFRS 15 'Revenue from contracts with customers' (effective January 1, 2018). IFRS15, 'Revenue from contracts with customers' is a converged standard from the IASB and FASB on revenue recognition. The standard will improve the financial reporting of revenue and improve comparability of the top line in financial statements globally.

- Amendment to IFRS 15, 'Revenue from contracts with customers' (effective January 1, 2018). These amendments comprise clarifications of the guidance on identifying performance obligations, accounting for licenses of intellectual property and the principal versus agent assessment (gross versus net revenue presentation). New and amended illustrative examples have been added for each of those areas of guidance. The IASB has also included additional practical expedients related to transition to the new revenue standard.

2 Summary of significant accounting policies *(continued)*

2.1 Basis of preparation *(continued)*

2.1.2 Standards, amendments and interpretations that are not yet effective for the financial year beginning October 1, 2017, not early adopted by the Group and their impact has not yet been evaluated (continued)

Management has assessed the effects of applying the new standard on the Group's financial statements and has identified the following areas that will be affected:

- Presentation of contract assets and contract liabilities in the balance sheet – IFRS 15 requires separate presentation of contract assets and contract liabilities in the balance sheet. This will result in some reclassifications as of October 1, 2018 in relation to contracts for the rendering of certain services and the customer loyalty programme which are currently included in other balance sheet line items.

- The application of IFRS 15 may further result in the identification of separate performance obligations in relation to certain contracts which could affect the timing of the recognition of revenue going forward.

The Group intends to adopt the standard using the modified retrospective approach which means that the cumulative impact of the adoption will be recognised in retained earnings as of October 1, 2018 and that comparatives will not be restated.

- Amendment to IAS 40, 'Investment property' (effective January 1, 2018) relating to transfers of investment property. These amendments clarify that to transfer to, or from, investment properties there must be a change in use. To conclude if a property has changed use there should be an assessment of whether the property meets the definition. This change must be supported by evidence.

- Annual improvements 2014–2016 (effective January 1, 2018). These amendments impact 2 standards:
  - IFRS 1, 'First-time adoption of IFRS', regarding the deletion of short term exemptions for first-time adopters regarding IFRS 7, IAS 19, and IFRS 10.
  - IAS 28, 'Investments in associates and joint ventures' regarding measuring an associate or joint venture at fair value.

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

- Amendments to IAS 28 'Investments in associates', on long-term interests in associates and joint ventures (effective January 1, 2019). These amendments clarify that companies account for long-term interests in an associate or joint venture to which the equity method is not applied using IFRS 9.

2 Summary of significant accounting policies *(continued)*

2.1 Basis of preparation *(continued)*

2.1.2 Standards, amendments and interpretations that are not yet effective for the financial year beginning October 1, 2017, not early adopted by the Group and their impact has not yet been evaluated (continued)

- Amendments to IAS 19, 'Employee benefits' on plan amendment, curtailment or settlement' (effective January 1, 2019). These amendments require an entity to:
  - use updated assumptions to determine current service cost and net interest for the reminder of the period after a plan amendment, curtailment or settlement; and
  - recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

- IFRS 16 'Leases' (effective January 1, 2019). This standard replaces the current guidance in IAS 17 and is a far reaching change in accounting by lessees in particular.
  - Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees.
  - For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees.
  - Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

- IFRS 17, 'Insurance contracts' (effective January 1, 2022). This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.

- IFRIC 22, 'Foreign currency transactions and advance consideration' (effective January 1, 2018). This IFRIC addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency. The interpretation provides guidance for when a single payment/receipt is made as well as for situations where multiple payments/receipts are made. The guidance aims to reduce diversity in practice.

2 Summary of significant accounting policies *(continued)*

2.1 Basis of preparation *(continued)*

2.1.2 Standards, amendments and interpretations that are not yet effective for the financial year beginning October 1, 2017, not early adopted by the Group and their impact has not yet been evaluated (continued)

- IFRIC 23, 'Uncertainty over income tax treatments' (effective January 1, 2019). This IFRIC clarifies how the recognition and measurement requirements of IAS 12 'Income taxes', are applied where there is uncertainty over income tax treatments. The IFRS IC had clarified previously that IAS 12, not IAS 37 'Provisions, contingent liabilities and contingent assets', applies to accounting for uncertain income tax treatments. IFRIC 23 explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the tax authority. For example, a decision to claim a deduction for a specific expense or not to include a specific item of income in a tax return is an uncertain tax treatment if its acceptability is uncertain under tax law. IFRIC 23 applies to all aspects of income tax accounting where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates.

2.2 Consolidation

2.2.1 Subsidiaries

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

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in the statement of profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

2 Summary of significant accounting policies *(continued)*

2.2 Consolidation *(continued)*

2.2.1 Subsidiaries (continued)

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. When necessary amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

2.2.2 Transactions with non-controlling interests

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

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

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

2.2.3 Associates and Joint ventures

Associates are all entities over which the Group has significant influence but not control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights.

Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

The Group's share of its associates' post acquisition profits or losses is recognised in the consolidated income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. Joint ventures are also accounted for using the equity method. The Group discontinues the use of the equity method from the date on which it ceases to have joint control over, or have significant influence in, a jointly controlled entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

2 Summary of significant accounting policies *(continued)*

2.2 Consolidation *(continued)*

2.2.3 Associates and Joint ventures (continued)

Accounting policies of associates and joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses arising in investments in associates are recognised in the consolidated income statement.

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer who makes strategic decisions.

2.4 Foreign currency translation

2.4.1 Functional and presentation currency

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

2.4.2 Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of profit or loss.

Translation differences on non-monetary financial assets and liabilities, such as equities held at fair value through profit or loss are recognised as part of the fair value gain or loss.

2.4.3 Group companies

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

a assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

b income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

c all resulting exchange differences are recognised in the consolidated statement of other comprehensive income.

2 Summary of significant accounting policies *(continued)*

2.4 Foreign currency translation *(continued)*

2.4.3 Group companies (continued)

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to the consolidated statement of other comprehensive income. When a foreign operation is sold, exchange differences that were recorded in other comprehensive income are recognised in the consolidated statement of profit or loss as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are included in assets and liabilities of the foreign entity and translated at the closing rate.

2.5 Property, plant and equipment

Property, plant and equipment including land and buildings are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is de-recognised. All other repairs and maintenance are charged to the consolidated statement of profit or loss during the financial period in which they are incurred.

Interest costs on borrowings to finance the construction of property, plant and equipment are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are expensed.

Land is not depreciated.

Depreciation is provided on the straight-line basis at rates estimated to write-off the cost of each asset over its expected useful life. In the case of motor vehicles, depreciation is based on cost less an estimated residual value. The estimated useful lives of assets are reviewed periodically, taking account of commercial and technological obsolescence as well as normal wear and tear, and depreciation rates are adjusted if appropriate.

Current rates of depreciation are:

Freehold property	-	2%
Leasehold property and improvements	-	2% to 20%
Plant and equipment	-	5% to 33.3%
Rental assets	-	25%
Furniture and fixtures	-	10% to 25%
Motor vehicles	-	10% to 25%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

Leasehold property and improvements are depreciated over the shorter of the asset's useful economic life and the lease term.

2 Summary of significant accounting policies *(continued)*

2.5 Property, plant and equipment *(continued)*

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are included in the consolidated statement of profit or loss.

2.6 Investment properties

Investment and development properties are owned or leased by the Group and held for long-term rental income and capital appreciation and exclude properties occupied by the Group.

Investment properties are stated at cost less accumulated depreciation and impairment. Transaction costs are included on initial measurement. The fair values of investment properties are disclosed in Note 6. These are assessed using internationally accepted valuation methods, such as taking comparable properties as a guide to current market prices or by applying the discounted cash flow method. Like property, plant and equipment, investment properties are depreciated using the straight-line method.

The current rate of depreciation is 2%.

Investment properties cease recognition as investment property either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. Gains or losses arising from the retirement or disposal of investment property are determined as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated statement of profit or loss in the period of the retirement or disposal.

2.7 Intangible assets

2.7.1 Goodwill

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

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The Group discloses goodwill for each business segment in each country in which it operates (Note 7).

2 Summary of significant accounting policies *(continued)*

2.7 Intangible assets *(continued)*

2.7.2 Computer software

Costs associated with the maintenance of existing computer software programmes are expensed 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
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are 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 three years.

2.7.3 Brands

Brands acquired in a business combination are recognised at fair value at the acquisition date, and are being amortised over seven to twenty years.

2.7.4 Impairment of non-financial assets

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

2.8 Financial assets under IFRS 9 – from October 1, 2017

2.8.1 Classification

From October 1, 2017, the Group classifies its financial assets in the following measurement categories:

- those to be measured at Amortised Cost (AC), and
- those to be measured subsequently at Fair Value Through Profit or Loss (FVPL).

2.8.1 Classification (continued)

The classification for debt instruments depends on the entity's Business Model for managing those assets. It also requires the entity to examine the contractual terms of the cash flows, i.e. whether these represent 'Solely Payments of Principal and Interest' (SPPI).

The Business Model test requires the entity to assess the purpose for holding debt securities (hold to collect, hold to collect and sell or to trade). Substantially all the Group's debt instruments are held to collect cash flows and accordingly meet the 'hold to collect' criteria.

All debt instruments passing the Business Model and SPPI tests are classified at amortised cost.

All other instruments, including equities are carried at FVPL. For assets measured at fair value, gains and losses are recorded in profit or loss. The Group did not elect to designate any financial assets at FVPL.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

2.8.2 Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

2.8.3 Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

a Debt instruments (IFRS 9)

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent SPPI are measured at amortised cost. Interest income from these financial assets is included within 'net interest and other investment income' using the effective interest rate method.

  The amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

2 Summary of significant accounting policies *(continued)*

2.8 Financial assets under IFRS 9 – from October 1, 2017 *(continued)*

2.8.3 Measurement (continued)

a Debt instruments (IFRS 9) ***(continued)***

- Amortised cost ***(continued)***

  The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e. its amortised cost before any impairment allowance) or to the amortised cost of a financial liability. The calculation does not consider expected credit losses and includes transaction costs, premiums or discounts and fees and points paid or received that are integral to the effective interest rate, such as origination fees. For purchased or originated credit-impaired (POCI) financial assets - assets that are credit-impaired at initial recognition - the Group calculates the credit-adjusted effective interest rate, which is calculated based on the amortised cost of the financial asset instead of its gross carrying amount and incorporates the impact of expected credit losses in estimated future cash flows.

  When the Group revises the estimates of future cash flows, the carrying amount of the respective financial assets or financial liability is adjusted to reflect the new estimate discounted using the original effective interest rate. Any changes are recognised in profit or loss

  Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in 'net interest and other investment income' together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

- FVPL: Assets that do not meet the criteria for amortised cost are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within 'net interest and other investment income' in the period in which it arises.

b Equity instruments

The Group subsequently measures all equity investments at fair value at FVPL. Changes in the fair value of financial assets at FVPL are recognised in 'net interest and other investment income' in the statement of profit or loss as applicable. Dividends from equity investments are recognised in profit or loss within 'net interest and other investment income' when the Group's right to receive payments is established.

2.8.4 Impairment

From October 1, 2017, the Group assesses on a forward-looking basis the expected credit losses (ECL) associated with its debt instruments carried at amortised cost.

a Debt instruments carried at amortised cost

IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised below:

- Stage 1 – This category comprises instruments which are performing in accordance with the contractual terms and conditions and display no deterioration in credit risk since initial recognition. This category also includes those financial instruments with low credit risk.

- Stage 2 – This category includes instruments which display a significant increase in credit risk (SICR) since initial recognition but have not yet defaulted.

- Stage 3 – This category includes instruments that are in default.

The above categories exclude purchased or originated credit-impaired (POCI) financial assets. A financial asset is considered credit-impaired on purchase or origination if there is evidence of impairment at the point of initial recognition (for instance, if it is acquired at a deep discount). POCI financial assets are not included in Stages 1, 2 or 3, and are instead shown as a separate category.

Expected credit loss (ECL) is measured as follows:

- Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months.

- Instruments in Stages 2 or 3 or that are POCI have their ECL measured based on expected credit losses on a lifetime basis.

- A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward- looking information. The Group utilised a probability-weighted assessment of the factors which it believes will have an impact on forward looking rates.

The formula for ECL is generally the 'Probability of Default' (PD) multiplied by the 'Exposure at Default' (EAD) multiplied by the 'Loss Given Default' (LGD). An adjustment is made to reflect the time value of money by considering the original effective interest rate on the individual instruments. The overall models involved the use of various PD, EAD and LGD tables which were then applied to individual instruments based on several pre-determined criteria, including type, original tenor, time to maturity, whether they are in Stages 1, 2 or 3 and other indicators.

The process in arriving at the individual components of ECL and the forward-looking adjustments involved critical estimates and judgements. This is discussed further in Note 4.

2 Summary of significant accounting policies *(continued)*

2.8 Financial assets under IFRS 9 – from October 1, 2017 *(continued)*

2.8.4 Impairment

b Trade receivables

The Group applies the simplified approach for trade receivables as permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Group applies specific provisions for higher risk accounts using a risk-rating system based on certain factors, including financial condition of the customer. All other non-specific accounts were grouped together based on shared credit risk characteristics and aged using a 'provisions matrix'. Scaled loss rates were then calculated based on historical payment profiles. The loss rates were adjusted to incorporate forward-looking information and then applied to the different aging buckets as of the statement of financial position date.

2.9 Financial assets under IAS 39 – up to September 30, 2017

The Group has applied IFRS 9 retrospectively but has elected not to restate comparative information. As a result, the comparative information provided continues to be accounted for in accordance with the Group's previous accounting policy, IAS 39.

2.9.1 Classification

Until September 30, 2017, the Group classified its financial assets in the following categories:

- financial assets at fair value through profit or loss,
- loans and receivables,
- held-to-maturity investments, and
- available-for-sale financial assets.

The classification depended on the purpose for which the investments were acquired. Management determined the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluated this designation at the end of each reporting period.

2.9.2 Reclassification

The Group could choose to reclassify a non-derivative trading financial asset out of the held-for-trading category if the financial asset was no longer held for the purpose of selling it in the near term. Financial assets other than loans and receivables were permitted to be reclassified out of the held for trading category only in rare circumstances arising from a single event that was unusual and highly unlikely to recur in the near term. In addition, the Group could choose to reclassify financial assets that would meet the definition of loans and receivables out of the held for trading or available-for-sale categories if the Group had the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

Reclassifications were made at fair value as of the reclassification date. Fair value became the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date were subsequently made. Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories were determined at the reclassification date. Further increases in estimates of cash flows adjusted effective interest rates prospectively.

2 Summary of significant accounting policies *(continued)*

2.9 Financial assets under IAS 39 – up to September 30, 2017 *(continued)*

2.9.3 Subsequent measurement

The measurement at initial recognition did not change on adoption of IFRS 9, see description above.

Subsequent to the initial recognition, loans and receivables and held-to-maturity investments were carried at amortised cost using the effective interest method.

Available-for-sale financial assets and financial assets at FVPL were subsequently carried at fair value. Gains or losses arising from changes in the fair value were recognised as follows:

- for financial assets at FVPL – in profit or loss within 'net interest and other investment income'
- for available-for-sale financial assets that are monetary securities denominated in a foreign currency – translation differences related to changes in the amortised cost of the security were recognised in profit or loss and other changes in the carrying amount were recognised in other comprehensive income
- for other monetary and non-monetary securities classified as available-for-sale – in other comprehensive income.

Details on how the fair value of financial instruments is determined are disclosed in note 36.3.

When securities classified as available-for-sale were sold, the accumulated fair value adjustments recognised in other comprehensive income were reclassified to profit or loss as gains and losses from investment securities.

2.9.4 Impairment

The Group assessed at the end of each reporting period whether there was objective evidence that a financial asset or group of financial assets was impaired. A financial asset or a group of financial assets was impaired and impairment losses were incurred only if there was objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) had an impact on the estimated future cash flows of the financial asset or group of financial assets that could be reliably estimated. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost was considered an indicator that the assets are impaired.

a Assets carried at amortised cost:
For loans and receivables, the amount of the loss was measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that had not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset was reduced and the amount of the loss was recognised in profit or loss. If a loan or held-to-maturity investment had a variable interest rate, the discount rate for measuring any impairment loss was the current effective interest rate determined under the contract. As a practical expedient, the Group could measure impairment on the basis of an instrument's fair value using an observable market price. If, in a subsequent period, the amount of the impairment loss decreased and the decrease could be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss was recognised in profit or loss.

2 Summary of significant accounting policies *(continued)*

2.9 Financial assets under IAS 39 – up to September 30, 2017 *(continued)*

2.9.4 Impairment (continued)

a Assets carried at amortised cost *(continued)*

In relation to trade receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Group will not be able to collect all of the amounts due under the original terms of the invoice. Impaired debts are derecognised when they are assessed as uncollectible.

b Assets classified as available-for-sale:

If there was objective evidence of impairment for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – was removed from equity and recognised in profit or loss. Impairment losses on equity instruments that were recognised in profit or loss were not reversed through profit or loss in a subsequent period. If the fair value of a debt instrument classified as available-for-sale increased in a subsequent period and the increase could be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss was reversed through profit or loss.

2.10 Inventories

Inventories are stated at the lower of cost or net realisable value. Cost is determined using the weighted average cost method. The cost of finished goods and work in progress comprise raw materials, direct labour, other direct costs and related production overheads, but excludes interest expense. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses.

2.11 Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Impairment of trade receivables is described in Note 2.9.4(a) and 2.9.4(b).

2.12 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts. In the consolidated statement of financial position, bank overdrafts and short term borrowings are shown within borrowings in current liabilities.

2 Summary of significant accounting policies *(continued)*

2.13 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any Group company purchases the company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the company's equity holders until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the company's equity holders.

2.14 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.15 Insurance

2.15.1 Insurance and reinsurance contracts

Insurance and reinsurance contracts are defined as those containing significant insurance risk at the inception of the contract, or those where at the inception of the contract there is a scenario with commercial substance where the level of insurance risk may be significant.

The significance of insurance risk is dependent on both the probability of an insured event and the magnitude of its potential effect. 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 the period.

In the normal course of business, the Group seeks to reduce the losses to which it is exposed that may cause unfavourable underwriting results by re-insuring a certain level of risk with reinsurance companies. Reinsurance premiums are accounted for on a basis consistent with that used in accounting for the original policies issued and the terms of the reinsurance contracts.

Reinsurance contracts ceded do not relieve the Group from its obligations to policyholders. The Group remains liable to its policyholders for the portion re-insured, to the extent that the reinsurers do not meet the obligations assumed under the reinsurance agreements.

2 Summary of significant accounting policies *(continued)*

2.15 Insurance *(continued)*

2.15.2 Amounts receivable from reinsurance companies

Included in accounts receivable on the statement of financial position, are amounts receivable from reinsurance companies, which consist primarily of amounts due in respect of ceded insurance liabilities. Recoverable amounts are estimated in a manner consistent with the outstanding claims reserve or settled claims associated with the re-insured policies and in accordance with the relevant reinsurance contract.

If amounts receivable from reinsurance companies are impaired, the Group reduces the carrying amount accordingly and recognises an impairment loss in the consolidated income statement. A reinsurance asset is impaired if there is objective evidence that the Group may not receive all, or part, of the amounts due to it under the terms of the reinsurance contract.

2.16 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

2.17 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in the countries where the Group's subsidiaries, associates and joint ventures operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

2 Summary of significant accounting policies *(continued)*

2.17 Current and deferred income tax *(continued)*

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

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

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

The principal temporary differences arise from depreciation on property, plant and equipment, retirement benefits and tax losses carried forward. Deferred tax assets relating to the carrying forward of unused tax losses are recognised to the extent that it is probable that future taxable profit will be earned against which the unused tax losses can be utilised.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

2.18 Employee benefits

2.18.1 Pension obligations

Group companies operate various pension plans. The majority of the Trinidad and Tobago resident employees are members of either the Neal & Massy Group Pension Fund Plan, the Retirement Income Security Plan or the T. Geddes Grant Limited Pension Fund Plan.

The Neal & Massy Group Pension Fund Plan, contributions to which were frozen on January 3,1990, is a defined benefit plan whose assets are held separately from those of the Group in an independently administered fund. The most recent actuarial valuation, at March 31, 2017, revealed that the plan is adequately funded. There are certain benefits payable by the Neal & Massy Group Pension Fund Plan which fall within the scope of IAS 19 (revised) – Employee Benefits.

The Retirement Income Security Plan is funded by contributions made by the employer, and is funded by the employees. Contributions to the Plan are accounted for on the accrual basis and the assets are held separately from those of the Group in independently administered funds.

T. Geddes Grant Limited Pension Fund Plan is a defined contribution plan whose assets are held separately from those of the Group in an independently administered fund. Contributions to the plan are accounted for on the accrual basis and are reviewed by independent actuaries on the basis of triennial valuations.

2 Summary of significant accounting policies *(continued)*

2.18 Employee benefits *(continued)*

2.18.1 Pension obligations (continued)

The majority of the employees of the overseas companies participate in either defined contribution or defined benefit pension plans which are separate from the Trinidad and Tobago plans.

A defined benefit plan is a pension plan that defines an amount of pension benefit to be provided, usually as a function of one or more factors such as age, years of service or compensation. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior periods.

The asset and liability recognised in the consolidated statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the statement of financial position date less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. The Group operates in countries where there is no deep market and trading liquidity for corporate bonds and as such the market rates on government bonds are used as a benchmark to derive prices and bond values.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit or loss.

Actuarial gains and losses arising from experience adjustments, changes in actuarial assumptions and amendments to pension plans are charged or credited to equity in other comprehensive income in the period in which they arise.

Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. 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. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

2.18.2 Other post-employment obligations

Certain Group companies provide post-retirement healthcare benefits to their retirees. The entitlement to these benefits is usually conditional 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 the same accounting methodology as used for defined benefit pension plans. Actuarial gains and losses arising from experience adjustments, and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which it arises. These obligations are valued annually by independent qualified actuaries.

2.18.3 Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to a termination and when the entity has a detailed formal plan to terminate the employment of current employees without possibility of withdrawal. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

2.18.4 Bonus plans

A liability for employee benefits in the form of bonus plans is recognised in other provisions when there is no realistic alternative but to settle the liability and at least one of the following conditions are met:

- there is a formal plan and the amounts to be paid are determined before the time of issuing the financial statements; or

- past practice has created a valid expectation by employees that they will receive a bonus/profit sharing and the amount can be determined before the time of issuing the financial statements.

Liabilities for bonus plans are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

2.18.5 Executive share-based payments and long-term incentive plan

a Share-based payments

The Group operates equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments of the Group. The fair value of the employee services received in exchange for the allocation or grant of the shares is recognised as an expense under both the Employee Share Ownership Plan (ESOP) and the Performance Share Plan (PSP) for Executives only.

The total amount to be expensed for shares allocated under the ESOP is determined by reference to the market value and purchase price of the shares on the market at the point of purchase.

2 Summary of significant accounting policies *(continued)*

2.18 Employee benefits *(continued)*

2.18.5 Executive Share-based payments and long term incentive plan (continued)

a Share-based payments ***(continued)***

The total amount to be expensed, under the PSP, is determined by reference to the fair value of the shares granted:

- including any market performance conditions (for example, an entity's share price); and
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period).

Non-market vesting conditions are included in assumptions about the number of shares that are expected to be granted and then vested. The total expense is recognised over the vesting period, which is the period over which all of the specified performance criterion and vesting conditions are to be satisfied. At the end of each reporting period, the entity revises its estimates of the number of shares that are expected to vest based on the performance criterion and any applicable non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the consolidated income statement, with a corresponding adjustment to equity.

When the share grants are due to be vested, the company will issue new shares.

The grant by the company of shares to the Executives of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of Executive services received, is measured by reference to the grant date fair value and, is recognised over the vesting period.

b Long-term incentive plan

Long-term incentive plans are employee benefits (other than post-employment benefits and termination benefits) that are not expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the service that gives rise to the benefit. These include annual incentive plans which are subject to a multi-year vesting period and other conditions, including EPS growth.

The Plan is not accounted for under IFRS 2 – Share-Based Payments as the growth in EPS in itself is not considered a true reflection of the fair value of the entity's shares. Other factors such as changes in P/E multiples are typically considered in arriving at fair market value. Accordingly, the Plan is accounted for under IAS 19 – Employee Benefits as a deferred compensation arrangement.

The accounting for deferred compensation arrangements under IAS 19 involves discounting of future cash flows (where the time value of money is material) using the projected unit credit method. The projected unit credit method sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. The rate used to discount the obligations is determined using the same methodology as that used for defined benefit pension plans, subject to a shorter settlement period.

The measurement of deferred compensation plans is not usually subject to the same degree of uncertainty as the measurement of post-employment benefits. For this reason, a simplified approach is applied where the service cost, interest cost and re-measurements are all recognized in profit or loss in the year they arise.

2 Summary of significant accounting policies *(continued)*

2.19 Provisions

Provisions for dismantlement costs, restructuring costs, legal claims and all other provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.20 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group. The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

2.20.1 Sale of goods – wholesale

The Group manufactures and sells a range of products in the wholesale market. Sales of goods are recognised when a Group entity has delivered products to the wholesaler, the wholesaler has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products. Delivery does not occur until the products have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the wholesaler, and either the wholesaler has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

Sales are recorded based on the price specified in the sales contracts, net of the estimated volume discounts and returns at the time of sale. Accumulated experience is used to estimate and provide for the discounts and returns. The volume discounts are assessed based on anticipated annual purchases. No element of financing is deemed present as the sales are made with credit terms as specified for entities within the Group, which is consistent with the market practice.

2 Summary of significant accounting policies *(continued)*

2.20 Revenue recognition *(continued)*

2.20.2 Sale of goods – retail

The Group operates retail outlets for selling a range of products. Sales of goods are recognised when a Group entity sells a product to the customer. Retail sales are usually in cash or by credit card.

It is the Group's policy to sell its products to the retail customer with a right to return within a stipulated number of days as required by the entities in the Group. Accumulated experience is used to estimate and provide for such returns at the time of sale.

2.20.3 Sale of services

The Group is engaged in providing a number of services. These services are provided on a time and material basis or as a fixed-price contract, with contract terms generally ranging from less than one year to three years.

Revenue from time and material contracts, typically from delivering design services, is recognised under the percentage-of-completion method. Revenue is generally recognised at the contractual rates. For time contracts, the stage of completion is measured on the basis of labour hours delivered as a percentage of total hours to be delivered. For material contracts, the stage of completion is measured on the basis of direct expenses incurred as a percentage of the total expenses to be incurred.

Revenue from fixed-price contracts for delivering design services is also recognised under the percentage-of-completion method. Revenue is generally recognised based on the services performed to date as a percentage of the total services to be performed.

If circumstances arise that may change the original estimates of revenues, costs or extent of progress toward completion, estimates are revised. These revisions may result in increases or decreases in estimated revenues or costs and are reflected in income in the period in which the circumstances that give rise to the revision become known by management.

2.20.4 Premium income

Premiums written are recognised on policy inception and earned on a pro rata basis over the term of the related policy coverage. Estimates of premiums written as at the statement of financial position date but not yet received, are assessed based on estimates from underwriting or past experience and are included in premiums earned. Premiums ceded are expensed on a pro-rata basis over the term of the respective policy.

2.20.5 Rental income

Rental income from investment property leased out under an operating lease is recognised in the consolidated income statement on a straight-line basis over the lease term.

Contingent rents, such as turnover rents, rent reviews and indexation, are recorded as income in the periods in which they are earned. Rent reviews are recognised when such reviews have been agreed with tenants.

2 Summary of significant accounting policies *(continued)*

2.20 Revenue recognition *(continued)*

2.20.6 Interest income

Financial assets under IFRS 9 – from 1 October 2017

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

Financial assets under IAS 39 – up to 30 September 2017

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans and receivables is recognised using the original effective interest rate.

2.20.7 Dividend income

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

2.21 Leases

2.21.1 Group is the lessee

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 (net of any incentives received from the lessor) are charged to the consolidated income statement on a straight-line basis over the period of the lease.

The Group leases certain property, plant and equipment. Leases of property, plant and equipment where, the Group has substantially all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the consolidated income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

2.21.2 Group is the lessor

When assets are leased out under a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease using the net investment method, which reflects a constant periodic rate of return. Assets leased out under operating leases are included in property, plant and equipment in the consolidated statement of financial position. They are depreciated over their expected useful lives on a basis consistent with similarly owned property, plant and equipment. Rental income (net of any incentives given to lessees) is recognised on a pattern reflecting a constant periodic rate of return on the lessor's net investment.

2 Summary of significant accounting policies *(continued)*

2.22 Dividend distribution

Dividend distribution to the company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the company's Directors.

2.23 Comparative information

The Group has presented three consolidated statements of financial positions, two of each of the other primary statements and related notes. The consolidated statements of financial position were presented as at the current period, the end of the previous period (which is the same as the beginning of the current period), and the beginning of the earliest comparative period. The impact of the restatement is summarised in Note 20.

3 Segment information

The Chief Operating Decision Maker (CODM) is the Chief Executive Officer (CEO). Management has determined the operating segments based on the reports reviewed by the CEO and the Board of Massy Holdings Ltd.

The CEO and the Board considers the business from both a geographic and Business Unit perspective. Geographically, management considers the performance of operating companies in Trinidad and Tobago, Barbados and the Eastern Caribbean, Guyana, Jamaica and Colombia.

The Group is organised into six main business segments:

1. Automotive and Industrial Equipment;
2. Integrated Retail;
3. Financial Services;
4. Energy and Industrial Gases;
5. Information Technology and Communications (ITC);
6. Other Investments.

The CEO and the Board assesses the performance of the operating segments based on a measure of profit before income tax, profit for the year and asset utilisation.

1 Automotive and Industrial Equipment

This segment derives its revenue mainly from the sale of new and used vehicles, spare parts and industrial equipment and also includes the manufacturing and sale of pre-stressed concrete products and the installation of deep foundations.

2 Integrated Retail

This segment derives its revenue mainly from the sale of retail and wholesale foods, general merchandise and distribution and logistics operations.

3 Segment information *(continued)*

3 *Financial Services*

This segment includes our insurance company, Massy United Insurance Ltd. The Company acts as a primary insurer for property, motor, liability and marine risk within the Caribbean region. It also includes a financing company that accepts deposits for fixed terms and grants instalment credit secured by assets.

4 *Energy and Industrial Gases*

This segment derives its revenue from the sale of gas and the provision of electrical, instrumentation and construction services for offshore platforms. Revenue is also generated from the supply of technical resources, valve services and technical equipment to the energy-based industries in Trinidad and Tobago and the region.

5 *ITC*

This segment derives its revenue mainly from the sale, rental and provision of professional services of technology-based solutions, and office interiors.

6 *Other Investments*

This segment earns revenue from consultancy, property management and other services.

Head Office and Other

The head office and other segment includes companies which provide management, advisory and several support services to relevant subsidiaries across the Group.

The Group's retirement benefit assets are deemed unallocated and are not considered to be segment assets but rather are managed by Head Office. These amounts are included in Head Office and Other Adjustments.

3 Segment information *(continued)*

The segment results for the year ended September 30, 2018 are as follows:

	Automotive and Industrial Equipment $	Integrated Retail $	Financial Services $	Energy and Industrial Gases $	Information Technology and Communi-cations $	Other Investments $	Head Office and Other Adjustments $	Total $
Continuing operations								
Group revenue	2,701,187	6,928,913	625,838	1,171,790	624,610	568,557	1,348	**12,622,243**
Inter-segment revenue	(115,802)	(374,858)	(1,853)	(14,328)	(33,936)	(75,316)	(1,348)	**(617,441)**
Third party revenue	**2,585,385**	**6,554,055**	**623,985**	**1,157,462**	**590,674**	**493,241**	**–**	**12,004,802**
Operating profit/(loss) before finance costs	174,576	348,952	111,819	175,870	87,883	84,184	(114,017)	**869,267**
Finance costs – net	(18,234)	(31,863)	(287)	360	(3,371)	1,190	(21,851)	**(74,056)**
	156,342	317,089	111,532	176,230	84,512	85,374	(135,868)	**795,211**
Share of results of associates and joint ventures net of impairment (Note 9)	–	–	–	74,818	–	4,035	–	**78,853**
Profit/(loss) before income tax	156,342	317,089	111,532	251,048	84,512	89,409	(135,868)	**874,064**
Taxation	(63,545)	(111,768)	(28,676)	(80,238)	(23,250)	(16,405)	15,293	**(308,589)**
Profit/(loss) for the year	**92,797**	**205,321**	**82,856**	**170,810**	**61,262**	**73,004**	**(120,575)**	**565,475**

3 Segment information *(continued)*

The Group's retirement benefit assets are deemed unallocated and are not considered to be segment assets but rather are managed by Head Office. These amounts are included in Head Office and Other Adjustments.

The segment results for the year ended September 30, 2017 are as follows:

	Automotive and Industrial Equipment $	Integrated Retail $	Financial Services $	Energy and Industrial Gases $	Information Technology and Communi-cations $	Other Investments $	Head Office and Other Adjustments $	Total $
Continuing operations								
Group revenue	2,601,089	7,048,439	555,977	1,001,686	627,972	558,448	1,369	**12,394,980**
Inter-segment revenue	(114,399)	(375,680)	(2,124)	(16,443)	(44,235)	(77,061)	(1,369)	**(631,311)**
Third party revenue	**2,486,690**	**6,672,759**	**553,853**	**985,243**	**583,737**	**481,387**	**–**	**11,763,669**
Operating profit/(loss) before finance costs	191,359	368,336	620	125,903	96,736	73,977	(116,028)	**740,903**
Finance costs – net	(21,919)	(29,402)	17,444	5,531	(4,391)	4,330	(27,197)	**(55,604)**
	169,440	338,934	18,064	131,434	92,345	78,307	(143,225)	**685,299**
Share of results of associates and joint ventures net of impairment (Note 9)	–	–	–	68,851	–	142	–	**68,993**
Profit/(loss) before income tax	169,440	338,934	18,064	200,285	92,345	78,449	(143,225)	**754,292**
Taxation	(68,433)	(116,203)	(16,918)	(70,825)	(21,226)	(17,688)	36,828	**(274,465)**
Profit/(loss) for the year	**101,007**	**222,731**	**1,146**	**129,460**	**71,119**	**60,761**	**(106,397)**	**479,827**

The disclosure note for Group and Inter-Segment Revenue for 30 September 2017 was restated in the current financial year.

3 Segment information *(continued)*

The segment assets and liabilities at September 30, 2018 and capital expenditure for the year then ended are as follows:

	Automotive and Industrial Equipment $	**Integrated Retail $**	**Financial Services $**	**Energy and Industrial Gases $**	**Information Technology and Communi-cations $**	**Other Investments $**	**Head Office and Other Adjustments $**	**Total $**
Total Assets	1,437,686	3,033,052	3,173,042	1,307,311	528,688	1,462,921	1,534,490	**12,477,190**
Investments in associates and joint ventures (Note 9)	–	6,760	169	187,750	–	53,612	–	**248,291**
Total liabilities	491,757	906,656	2,506,037	377,059	218,831	255,583	2,106,109	**6,862,032**
Capital expenditure	168,975	164,294	15,708	54,829	25,787	30,290	29,668	**489,551**

Other segment items included in the consolidated income statement are as follows:-

Depreciation and impairment (Notes 5 and 6)	95,007	104,043	8,147	34,546	24,353	22,291	3,252	**291,639**
Impairment of goodwill (Note 7)	–	3,650	–	10,092	–	–	–	**13,742**

3 Segment Information *(continued)*

The segment assets and liabilities at September 30, 2017 and capital expenditure for the year then ended are as follows:

	Automotive and Industrial Equipment $	**Integrated Retail $**	**Financial Services $**	**Energy and Industrial Gases $**	**Information Technology and Communi-cations $**	**Other Investments $**	**Head Office and Other Adjustments $**	**Total $**
Total assets	1,463,645	2,952,341	4,235,315	1,178,705	484,950	1,470,020	1,492,155	**13,277,131**
Investments in associates								
and joint ventures (Note 9)	–	6,740	169	180,676	–	51,720	–	**239,305**
Total liabilities (restated)	507,694	976,673	3,241,599	304,375	214,102	474,112	2,180,562	**7,899,117**
Capital expenditure	127,761	275,214	28,327	54,217	59,518	38,540	1,783	**585,360**

Other segment items included in the consolidated income statement are as follows:-

Depreciation and impairment								
(Notes 5 and 6)	101,541	88,530	7,921	37,767	27,670	19,305	3,473	**286,207**
Impairment of goodwill (Note 7)	11,665	1,431	–	23,863	–	–	–	**36,959**

3 Segment information *(continued)*

Inter-segment transfers or transactions are entered into under the normal commercial terms and conditions that would also be available to third parties. Capital expenditure comprises additions to property, plant and equipment and investment properties.

The Group's six business segments operate in five main geographical areas, even though they are managed on a regional basis.

The main operations occur in the home country of the company. The areas of operation are principally trading, manufacturing, service industries and finance.

	Third party revenue		Profit before income tax		Total assets		Capital expenditure	
	2018 $	2017 $	**2018 $**	2017 $	**2018 $**	2017 $	**2018 $**	2017 $
Trinidad and Tobago	**4,982,849**	5,256,799	**498,264**	493,700	**5,102,487**	5,089,702	**209,727**	336,569
Barbados and Eastern Caribbean	**3,967,861**	3,878,332	**277,596**	199,747	**5,203,880**	6,254,472	**133,433**	195,476
Guyana	**924,597**	895,447	**143,021**	130,323	**691,175**	613,067	**62,962**	22,265
Jamaica	**684,904**	667,721	**69,621**	74,014	**457,105**	406,477	**12,851**	20,935
Colombia	**1,360,364**	980,014	**15,220**	(7,269)	**641,321**	534,160	**70,254**	9,551
Other	**84,227**	85,356	**6,209**	7,002	**381,222**	379,253	**324**	564
Head Office and other Adjustments	**–**	–	**(135,867)**	(143,225)	**–**	–	**–**	–
	12,004,802	**11,763,669**	**874,064**	**754,292**	**12,477,190**	**13,277,131**	**489,551**	**585,360**

4 Critical accounting estimates and judgements

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

a Critical accounting estimates and assumptions

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

i Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2.7.4. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates as described in Note 7.

ii Measurement of the expected credit loss allowance

The measurement of the expected credit loss allowance for financial assets measured at amortised cost is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product / market and the associated ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

ECL calculations are shown in Note 36. Had there been a 10% shift in the average ECL rate for all financial instruments at amortised cost, the Group ECL allowance would have been higher by $24,038.

iii Impairment of property, plant and equipment and investment properties

When any indicators of impairment are identified, property, plant and equipment and investment properties are reviewed for impairment based on each cash generating unit. The cash generating units are the smallest group of assets which generates an independent cashflows. The carrying value of these assets are compared to the recoverable amount of the cash generating units, which are based either on value-in-use or fair value less cost to sell. Value-in-use calculations use pre-tax cash flow projections based on financial budgets approved by management covering a 5-year period. Cash flows beyond the 5-year period are extrapolated using the estimated growth rates which do not exceed the long-term average growth rates for the businesses in which the cash generating unit operates. Where fair values are used, these are provided by an independent professional valuator. Impairment losses are recognised in the consolidated income statement.

The assessment of whether indicators of impairment exist and the estimation of the recoverable amount both require the use of management judgement. Refer to Notes 5 and 6 for the carrying values of property, plant and equipment and investment properties.

4 Critical accounting estimates and judgements *(continued)*

a Critical accounting estimates and assumptions *(continued)*

iv Income taxes

The Group is subject to income taxes in several jurisdictions. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. Current and deferred income tax balances are disclosed in the statement of financial position. Details of the expense for the year are shown in Note 29.

v Fair value of financial instruments

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at each statement of financial position date. The Group uses discounted cash flow analyses for various available-for-sale financial assets that were not traded in active markets. The assumptions and amounts subject to fair value measurements are shown in Note 36.3.

vi Revenue recognition

The Group uses the percentage-of-completion method in accounting for its sales of services. Use of the percentage-of-completion method requires the Group to estimate the services performed to date as a proportion of the total services to be performed. Revenue from the rendering of services is disclosed in Note 26.

vii Pension benefits

The present value of the pension obligations is determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the interest rates of high-quality government bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension obligation.

As at September 30, 2018, if the discount rate had been 1.0% higher or lower with all other variables held constant, the carrying amount of pension benefits would have been $174,042 lower or $226,097 higher (2017: $169,059 lower or $217,545 higher).

Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in Note 13.

4 Critical accounting estimates and judgements *(continued)*

a Critical accounting estimates and assumptions *(continued)*

viii Liabilities on insurance contracts

Outstanding claims consist of estimates of the ultimate cost of claims incurred that have not been settled at the statement of financial position date, whether reported or not, together with related claims handling costs. Significant delays may be experienced in the notification and settlement of certain types of general insurance claims, such as general insurance business.

Estimates are calculated using methods and assumptions considered to be appropriate to the circumstances of the Company and the business undertaken. This provision, while believed to be adequate to cover the ultimate cost of losses incurred, may ultimately be settled for a different amount. It is continually reviewed and any adjustments are recorded in operations in the period in which they are determined.

Additional information is disclosed in Note 25.

5 Property, plant and equipment

	Freehold Property $	Leasehold property and improvements $	Plant and equipment $	Rental assets $	Furniture and fixtures $	Motor vehicles $	Capital work in progress $	Total $
Year ended September 30, 2018								
Opening net book amount	1,124,855	181,070	434,490	196,139	55,133	103,522	216,302	**2,311,511**
Additions	52,782	42,547	137,291	110,337	19,967	46,881	76,581	**486,386**
Disposals and adjustments	6,498	(12,770)	(4,113)	(30,340)	(916)	(17,567)	(5,427)	**(64,635)**
Translation adjustments	288	1	(1,755)	(34)	(225)	(212)	66	**(1,871)**
Transfer from capital work in progress	142,139	20,124	23,287	–	6,402	363	(192,315)	**–**
Depreciation charge	(25,008)	(20,265)	(100,625)	(88,181)	(19,890)	(33,495)	(12)	**(287,476)**
Closing net book amount	**1,301,554**	**210,707**	**488,575**	**187,921**	**60,471**	**99,492**	**95,195**	**2,443,915**
At September 30, 2018								
Cost	1,484,358	361,555	1,522,077	480,794	222,425	261,816	95,234	**4,428,259**
Accumulated depreciation	(182,804)	(150,848)	(1,033,502)	(292,873)	(161,954)	(162,324)	(39)	**(1,984,344)**
Net book amount	**1,301,554**	**210,707**	**488,575**	**187,921**	**60,471**	**99,492**	**95,195**	**2,443,915**

The net book amount of property, plant and equipment includes $1,413 (2017: $1,913) in respect of motor vehicles held under finance leases.

Depreciation expense of $102,999 (2017: $114,505) has been charged in cost of sales and $184,477 (2017: $168,040) in selling, general and administrative expenses.

5 Property, plant and equipment *(continued)*

	Freehold Property $	Leasehold property and improve-ments $	Plant and equipment $	Rental assets $	Furniture and fixtures $	Motor vehicles $	Capital work in progress $	Total $
Year ended September 30, 2017								
Opening net book amount	1,088,878	186,862	567,848	247,483	67,888	102,225	109,702	**2,370,886**
Additions	68,173	11,832	128,788	117,007	12,787	36,760	204,670	**580,017**
Acquisitions of subsidiaries	9,848	–	8,841	–	572	–	–	**19,261**
Disposals and adjustments	(33,843)	(3,391)	(204,980)	(70,593)	(4,983)	(6,451)	(49,954)	**(374,195)**
Translation adjustments	(116)	(177)	(1,127)	(95)	(160)	(173)	(65)	**(1,913)**
Transfer from capital work in progress	14,833	46	33,261	–	(115)	13	(48,038)	**–**
Depreciation charge	(22,918)	(14,102)	(98,141)	(97,663)	(20,856)	(28,852)	(13)	**(282,545)**
Closing net book amount	**1,124,855**	**181,070**	**434,490**	**196,139**	**55,133**	**103,522**	**216,302**	**2,311,511**
At September 30, 2017								
Cost	1,284,633	314,014	1,441,270	485,558	208,212	253,568	216,330	**4,203,585**
Accumulated depreciation	(159,778)	(132,944)	(1,006,780)	(289,419)	(153,079)	(150,046)	(28)	**(1,892,074)**
Net book amount	**1,124,855**	**181,070**	**434,490**	**196,139**	**55,133**	**103,522**	**216,302**	**2,311,511**
At September 30, 2016								
Cost	1,253,721	318,244	1,596,976	524,587	219,517	245,089	109,716	**4,267,850**
Accumulated depreciation	(164,843)	(131,382)	(1,029,128)	(277,104)	(151,629)	(142,864)	(14)	**(1,896,964)**
Net book amount	**1,088,878**	**186,862**	**567,848**	**247,483**	**67,888**	**102,225**	**109,702**	**2,370,886**

6 Investment properties

	2018 $	2017 $
Cost	**463,791**	472,760
Accumulated depreciation and impairment	**(56,965)**	(53,601)
Net book amount	**406,826**	**419,159**
Movement analysis:		
Opening net book amount	**419,159**	417,246
Adjustment to opening balance and other adjustments	**52**	(33)
Translation adjustments	**1,069**	265
Additions	**3,165**	5,343
Disposals	**(12,456)**	–
Depreciation	**(4,163)**	(3,662)
Closing net book amount	**406,826**	**419,159**

The fair value of the investment properties amounted to $613,031 (2017: $640,707) as valued by independent, professionally qualified valuators taking into consideration current replacement costs, land tax valuations and other valuation techniques.

The property rental income earned by the Group during the year from its investment properties, amounted to $39,222 (2017: $43,666). Direct operating expenses arising on the investment properties which generated revenue during the year amounted to $19,547 (2017: $20,492).

Direct operating expenses arising on the investment properties which did not generate revenue during the year amounted to $750 (2017: $735).

Depreciation and impairment expense has been charged in cost of sales.

7 Goodwill

	2018 $	2017 $
Cost	**355,099**	357,365
Accumulated translation adjustments	**(7,690)**	(8,271)
Accumulated impairment	**(124,338)**	(110,596)
Net book amount	**223,071**	**238,498**

7 Goodwill *(continued)*

	2018 $	2017 $
Movement analysis:		
Opening net book amount	**238,498**	197,075
Adjustments	**(2,266)**	(1,174)
Translation adjustments	**581**	189
Additions	**–**	79,367
Impairment charge (Note 26.2)	**(13,742)**	(36,959)
Closing net book amount	**223,071**	**238,498**

Goodwill is allocated to the Group's cash-generating units ('CGUs') identified according to country of operation and business segment.

A segment-level summary of the goodwill allocation is presented below.

	2018 $		2017 $	
	Trinidad and Tobago	**Overseas**	**Trinidad and Tobago**	**Overseas**
Automotive and Industrial Equipment	**953**	**103,186**	953	103,187
Energy and Industrial Gases	**–**	**2,485**	10,092	2,485
Integrated Retail	**–**	**72,440**	2,266	75,571
Financial Services	**–**	**40,736**	–	40,673
Other Investments	**–**	**3,271**	–	3,271
Total	**953**	**222,118**	**13,311**	**225,187**

The recoverable amount of cash generating units is determined based on value-in-use calculations.

These calculations use pre-tax cash flow projections based on financial budgets approved by Directors covering a five-year period.

7 Goodwill *(continued)*

Key assumptions used for value-in-use calculations:

	2018 Growth rate	2018 Discount rate	2017 Growth rate	2017 Discount rate
Automotive and Industrial Equipment	**3.7%**	**8.87%**	2.2%-2.9%	8.31%
Energy and Industrial Gases	**2%-2.1%**	**15.49%**	1%	11.82%
Integrated Retail	**2.6%-6%**	**8.61%-16.16%**	1.5%-3%	8.6%-9.5%
Financial Services	**1.5%-2%**	**12.17%**	10%	9.7%
Other Investments	**1.5%-3.5%**	**18.22%**	1.6%	10.04%

[1] Weighted average growth rate used to extrapolate cash flows beyond the budget period.

[2] Pre-tax discount rate applied to the cash flow projections.

These assumptions have been used for the analysis of each CGU within the business segment. Management determined the budgeted gross margin based on past performance and its expectations for the market development. The weighted average growth rates used are consistent with the forecasts included in industry reports. The discount rates used are pre-tax and reflect specific risk relating to the relevant segments.

8 Other intangible assets

Intangibles represent brands and software license have been recognised at fair value at the acquisition date and are measured at carrying values less accumulated amortisation and impairment. No impairment has been recorded during the years presented.

	2018 $	2017 $
Opening net book value	**51,744**	50,783
Translation adjustments	**59**	78
Additions for the year	**12,662**	5,618
Amortisation charge for the year	**(10,904)**	(4,735)
Net book amount	**53,561**	**51,744**
Cost	**86,132**	73,411
Accumulated amortisation	**(32,571)**	(21,667)
Net book amount	**53,561**	51,744

The amortisation charge is included in selling, general and administrative expenses.

9 Investments in associates and joint ventures

	2018 $	2017 $
Investment and advances	**73,773**	73,773
Share of post-acquisition reserves	**174,518**	165,532
	248,291	**239,305**
Movement analysis:		
Balance at beginning of year	**239,305**	244,963
Share of results before tax	**78,853**	68,993
Share of tax (Note 29)	**(25,730)**	(23,921)
Dividends received	**(46,072)**	(49,154)
Disposal of associates	**–**	(2,103)
Exchange differences	**260**	497
Other	**1,675**	30
Balance at end of year	**248,291**	**239,305**
Analysed as:		
Individually material associates	**187,668**	180,677
Individually immaterial associates	**60,623**	58,628
	248,291	**239,305**

Investments in associates at September 30, 2018 include goodwill of $16,671 (2017: $17,437), net of accumulated impairment of $11,490 (2017: $10,724).

9 Investments in associates and joint ventures *(continued)*

The tables below provide summarised financial information for those associates and joint ventures that are material to the Group. The information disclosed reflects the amounts presented in the financial statements of the relevant associates and joint ventures and not the Group's share of those amounts. A reconciliation to the net carrying amounts is included below to reflect adjustments made by the entity when using the equity method, including goodwill and other adjustments.

	2018			2017		
	Massy Wood Group Limited $	**Caribbean Industrial Gases Unlimited** $	**Total** $	**Massy Wood Group Limited** $	**Caribbean Industrial Gases Unlimited** $	**Total** $
As at September 30, 2018						
Summarised balance sheet:						
Current assets	576,156	52,299	**628,455**	500,337	44,869	**545,206**
Non-current assets	11,190	164,700	**175,890**	10,517	198,325	**208,842**
Current liabilities	(326,707)	(37,820)	**(364,527)**	(285,380)	(35,627)	**(321,007)**
Non-current liabilities	–	(72,488)	**(72,488)**	–	(81,224)	**(81,224)**
Net assets	**260,639**	**106,691**	**367,330**	**225,474**	**126,343**	**351,817**
Reconciliation to net carrying amounts:						
Group share of associates (%)	50%	50%	**50%**	50%	50%	**50%**
Group share of associates ($)	130,320	53,345	**183,665**	112,737	63,171	**175,908**
Goodwill	727	3,263	**3,990**	729	4,028	**4,757**
Other adjustments	(176)	189	**13**	(181)	193	**12**
	130,871	**56,797**	**187,668**	**113,285**	**67,392**	**180,677**
Other information:						
Country of incorporation	Trinidad & Tobago	Trinidad & Tobago		Trinidad & Tobago	Trinidad & Tobago	
Nature of relationship	Associates	Associates		Associates	Associates	

9 Investments in associates and joint ventures *(continued)*

	Massy Wood Group Limited $	Caribbean Industrial Gases Unlimited $	Total $
Summarised statement of comprehensive income			
As at September 30, 2018			
Revenue	1,101,996	115,492	**1,217,488**
Interest income	15	–	**15**
Depreciation and amortisation	–	(131)	**(131)**
Interest expense	–	(1,000)	**(1,000)**
Income tax expense	32,767	(12,210)	**20,557**
Profit for the year	75,651	27,364	**103,015**
Comprehensive income	75,651	27,364	**103,015**
As at September 30, 2017			
Revenue	1,065,047	121,700	**1,186,747**
Interest income	28	–	**28**
Depreciation and amortisation	–	(175)	**(175)**
Interest expense	–	(943)	**(943)**
Income tax expense	25,412	(22,822)	**2,590**
Profit for the year	63,435	25,275	**88,710**
Comprehensive income	63,435	25,275	**88,710**

The Group has investments in associates whose year ends are not coterminous with September 30. These are principally:

	Country of incorporation	Reporting year end
Massy Wood Group Ltd.	Trinidad and Tobago	December 31
G4S Holdings Trinidad Limited	Trinidad and Tobago	December 31
G4S Security Services (Barbados) Limited	Barbados	December 31

10 Financial assets

	2018 $	2017 $
At amortised cost:		
- Bonds	**842,489**	–
- Instalment credit and other accounts (Note 10.1)	**406,289**	–
- Hire purchase receivables	**45,413**	–
- Mortgages	**4,851**	–
	1,299,042	–
Fair value through profit or loss:		
- Bonds and treasury bills	**469,613**	31,319
- Listed equities	**114,763**	104,305
- Unlisted equities	**17,384**	180
- Investment funds	**244,005**	71,505
	845,765	**207,309**
Available for sale:		
- Bonds and treasury bills	**–**	1,348
- Listed equities	**–**	13,261
- Unlisted equities	**–**	161,433
- Investment funds	**–**	–
	–	**176,042**
Held to maturity	**–**	840,405
Loans and receivables	**–**	416,613
Total	**2,144,807**	**1,640,369**
Non-Current portion	**1,040,568**	859,655
Current portion	**1,104,239**	780,714
	2,144,807	**1,640,369**

10 Financial assets *(continued)*

10.1 Finance leases

Included in instalment credit and other accounts are amounts relating to finance leases as follows:

	2018 $	2017 $
Not later than 1 year	**7,048**	8,722
Later than 1 year and not later than 5 years	**7,519**	8,443
	14,567	17,165
Unearned finance charges on finance leases	**(1,413)**	(1,494)
Net investment in finance leases	**13,154**	**15,671**
Not later than 1 year	**6,178**	7,665
Later than 1 year and not later than 5 years	**6,976**	8,006
	13,154	**15,671**

11 Instalment credit and other accounts

	2018 $	2017 $
Non-current portion	–	309,424
Current portion	–	177,776
	–	**487,200**

12 Deferred income tax

Deferred income taxes are calculated in full, on temporary differences under the liability method using a principal tax rate of 30% (2017: 30%).

The movements in deferred tax assets/(liabilities) are as follows:

	Accelerated depreciation $	Tax losses $	Other $	Total $
Deferred income tax assets				
Year ended September 30, 2018				
At beginning of year	30,422	20,456	56,098	**106,976**
IFRS 9 initial application adjustments	–	–	15,524	**15,524**
Charge to consolidated income statement	317	(1,013)	2,184	**1,488**
Exchange adjustment	(1)	(16)	33	**16**
Other movements	(1,644)	1,508	(5,031)	**(5,167)**
At end of year	**29,094**	**20,935**	**68,808**	**118,837**
Year ended September 30, 2017				
At beginning of year	26,216	20,593	56,295	103,104
Charge to consolidated income statement	437	15,404	4,929	20,770
Exchange adjustment	32	(16)	40	56
Other movements	3,737	(15,525)	(5,166)	(16,954)
At end of year	**30,422**	**20,456**	**56,098**	**106,976**
Deferred income tax liabilities				
Year ended September 30, 2018				
At beginning of year	96,044	126,112	12,329	**234,485**
Charge to consolidated income statement	(7,409)	(581)	3,006	**(4,984)**
Exchange adjustment	(380)	(22)	(329)	**(731)**
Other movements	765	(1,266)	7,519	**7,018**
At end of year	**89,020**	**124,243**	**22,525**	**235,788**
Year ended September 30, 2017				
At beginning of year	84,124	122,647	17,397	224,168
Charge to consolidated income statement	15,869	(892)	4,492	19,469
Exchange adjustment	(236)	(22)	(69)	(327)
Other movements	(3,713)	4,379	(9,491)	(8,825)
At end of year	**96,044**	**126,112**	**12,329**	**234,485**

12 Deferred income tax *(continued)*

Deferred tax assets are recognised for tax losses carry-forward to the extent that the realisation of the related tax benefit through the future taxable profits is probable.

13 Retirement benefit assets/obligations

	2018 $	2017 $
Retirement benefit assets		
Neal & Massy Group Pension Fund Plan	**395,828**	401,983
Overseas plans – Other	**79,941**	65,451
	475,769	**467,434**

The pension plans were valued by independent actuaries using the projected unit credit method.

Neal & Massy Group Pension Fund Plan

	2018 $	2017 $
The amounts recognised in the statement of financial position are as follows:		
Fair value of plan assets	**1,623,329**	1,697,389
Present value of obligation	**(1,207,670)**	(1,174,617)
	415,659	522,772
Unutilisable asset	**(19,831)**	(120,789)
Asset in the statement of financial position	**395,828**	**401,983**
The movement in the present value of the defined benefit obligation is as follows:		
Opening present value of defined benefit obligation	**1,174,617**	1,138,136
Current service cost	**22,035**	22,474
Interest cost	**57,617**	55,802
Actuarial (gains)/losses on obligation	**(2,048)**	2,388
Benefits paid	**(44,551)**	(44,183)
Closing present value of defined benefit obligation at September 30	**1,207,670**	**1,174,617**

13 Retirement benefit assets/obligations *(continued)*

Neal & Massy Group Pension Fund Plan *(continued)*

	2018 $	2017 $
The movement in the fair value of plan assets for the year is as follows:		
Opening fair value of plan assets	**1,697,389**	1,616,103
Expected return on plan assets	**77,716**	75,305
Actuarial (losses)/gains on plan assets	**(107,225)**	50,164
Benefits paid	**(44,551)**	(44,183)
Closing fair value of plan assets at September 30	**1,623,329**	**1,697,389**
The amounts recognised in the consolidated income statement are as follows:		
Current service cost	**22,035**	22,474
Net interest cost	**(20,099)**	(19,502)
Total included in profit or loss	**1,936**	**2,972**
Actuarial losses/(gains) recognised in other comprehensive income before tax	**4,219**	**(14,894)**
Movement in the asset recognised in the consolidated statement of financial position:		
Asset at beginning of year	**401,983**	390,061
Net pension expense	**(1,936)**	(2,972)
Actuarial (losses)/gains	**(4,219)**	14,894
Asset at end of year	**395,828**	**401,983**

	2018 Per annum	2017 Per annum
The principal actuarial assumptions used were:		
Discount rate	**5.0%**	5.0%
Future salary increases	**5.0%**	5.0%
Future pension increases – post retirement	**3.0%**	3.0%
Sensitivity	**1% increase**	1% increase
Discount rate $	**(174,042)**	**(169,059)**

13 Retirement benefit assets/obligations *(continued)*

Neal & Massy Group Pension Fund Plan *(continued)*

Assumptions regarding future mortality experience are set based on advice from published statistics and experience in each territory.

	2018	2017
Plan assets are comprised as follows:		
Local equities/mutual funds	**37%**	41%
Local bonds/mortgages	**15%**	18%
Foreign investments	**37%**	33%
Deferred annuities/insurance policy	**6%**	6%
Short-term securities/cash/accrued income	**5%**	2%
The average life expectancy in years of a pensioner retiring at age 60 is as follows:		
Male	**81**	81
Female	**85**	85

Overseas plans – Other

	2018 $	2017 $
The amounts recognised in the statement of financial position are as follows:		
Fair value of plan assets	**277,628**	236,418
Present value of the defined benefit obligation	**(174,843)**	(164,654)
	102,785	71,764
Unutilisable asset	**(22,844)**	(6,313)
Asset recognised in the statement of financial position	**79,941**	**65,451**
The movement in the defined benefit obligation over the year is as follows:		
Opening present value of defined benefit obligation	**164,654**	154,898
Current service cost	**3,910**	3,599
Interest cost	**11,961**	11,020
Plan participant contributions	**3,456**	3,300
Actuarial losses on obligation	**300**	3,885
Liabilities extinguished on settlement/curtailment	**–**	(879)
Exchange differences on foreign plans	**(2,135)**	(1,484)
Benefits paid	**(7,303)**	(9,685)
Closing present value of defined benefit obligation	**174,843**	**164,654**

13 Retirement benefit assets/obligations *(continued)*

Overseas plans – Other *(continued)*

	2018 $	2017 $
The movement in the fair value of plan assets for the year is as follows:		
Opening fair value of plan assets	**236,418**	220,524
Income from discount rate on utilisable plan assets	**17,293**	16,015
Actual return on assets greater than/(less than) above	**30,204**	6,517
Exchange differences on foreign plans	**(3,983)**	(1,960)
Employer contributions	**2,475**	2,237
Plan participant contributions	**3,456**	3,300
Administration expenses	**(932)**	(530)
Benefits paid	**(7,303)**	(9,685)
Closing fair value of plan assets at September 30	**277,628**	**236,418**
The amounts recognised in the consolidated income statement are as follows:		
Current service cost	**3,910**	3,599
Net interest cost	**(5,332)**	(4,994)
Administration expenses	**932**	530
Curtailments and settlements	**–**	(879)
Total included in other income	**(490)**	**(1,744)**
Actual return on plan assets	**47,497**	**22,532**
Movement in the asset recognised in the consolidated statement of financial position		
Asset at beginning of year	**65,451**	62,146
Actuarial gains/(losses) recognised in other comprehensive income	**11,525**	(676)
Net pension income	**490**	1,744
Employer contributions	**2,475**	2,237
Asset at end of year	**79,941**	**65,451**
Actuarial gains/(losses) recognised in other comprehensive income	**11,525**	**(676)**

13 Retirement benefit assets/obligations *(continued)*

Overseas plans – Other *(continued)*

	2018 Per annum	2017 Per annum
The principal actuarial assumptions used were:		
Discount rate	**6%-7.75%**	6%-9%
Future salary increases	**4.5%-5.0%**	5%-6.5%
Future NIS increases	**4%**	4%-5.5%
Future pension increases	**1%-4%**	1%-5%
Future bonuses	**0%-2%**	0%-2%

Assumptions regarding future mortality experience are set based on advice from published statistics and experience in each territory.

	2018 $	2017 $
Retirement benefit obligations		
Barbados Shipping & Trading (BST) – medical plan	**(101,910)**	(98,141)
Barbados Shipping & Trading (BST) – pension plan	**(26,353)**	(50,338)
Other plans	**(55,287)**	(50,597)
	(183,550)	**(199,076)**
Overseas plans – BS&T		
The amounts recognised in the statement of financial position are as follows:		
Fair value of plan assets	**594,025**	554,037
Present value of the defined benefit obligation	**(547,003)**	(545,370)
	47,022	8,667
Unrecognised asset due to limit	**(73,375)**	(59,005)
Liability in the statement of financial position	**(26,353)**	**(50,338)**
The movement in the defined benefit obligation over the year is as follows:		
Opening present value of defined benefit obligation	**545,370**	541,921
Current service cost	**7,842**	8,145
Interest cost	**41,557**	41,272
Actuarial gains on obligation	**(12,188)**	(9,281)
Exchange differences on foreign plans	**1,622**	1,610
Benefits paid	**(37,200)**	(38,297)
Closing present value of defined benefit obligation at September 30	**547,003**	**545,370**

13 Retirement benefit assets/obligations *(continued)*

Overseas plans – BS&T *(continued)*

	2018 $	2017 $
The movement in the fair value of plan assets for the year is as follows:		
Opening fair value of plan assets	**554,037**	500,771
Income from discount rate on utilisable plan assets	**42,639**	38,994
Actual return on assets greater than/(less than) above	**6,922**	11,913
Administration expenses	**(254)**	(907)
Employer contributions	**26,236**	40,076
Exchange differences	**1,645**	1,487
Benefits paid	**(37,200)**	(38,297)
Closing fair value of plan assets at September 30	**594,025**	**554,037**
The amounts recognised in the consolidated income statement are as follows:		
Current service cost	**7,842**	8,145
Net interest cost	**(1,082)**	2,278
Administration expenses	**254**	907
Expense recognised in the income statement	**7,014**	11,330
Actual return on plan assets	**49,561**	**50,907**
Liability at beginning of year	**(50,338)**	(41,150)
Increase in unrecognisable asset	**(14,345)**	(59,005)
Income recognised in other comprehensive income	**19,107**	21,071
Net pension expense	**(7,013)**	(11,330)
Contributions paid	**26,236**	40,076
Liability at end of year	**(26,353)**	**(50,338)**

	2018 Per annum	2017 Per annum
The principal actuarial assumptions used were:		
Discount rates	**7.75%**	7.75%
Future salary increases	**5.75%**	5.75%
Future NIS increases	**3.50%**	3.50%
Future pension increases – past service	**0.75%**	0.75%
Future pension increases – future service	**0.75%**	0.75%

13 Retirement benefit assets/obligations *(continued)*

Overseas plans – BS&T *(continued)*

Assumptions regarding future mortality experience were obtained from published statistics and experience in each territory.

	2018 Per annum	2017 Per annum
The average life expectancy in years of a pensioner retiring at age 65 is as follows:		
Male	**81**	81
Female	**85**	85

BS&T – medical plans

	2018 Per annum	2017 Per annum
The principal actuarial assumptions used were:		
Discount rate	**7.75%**	7.75%
Annual increase in health care	**4.50%**	4.50%

14 Inventories

	2018 $	2017 $
Finished goods and goods for resale	**1,213,186**	1,244,596
Goods in transit	**359,005**	222,898
Raw materials and consumables	**66,168**	89,922
Work in progress	**14,834**	9,593
	1,653,193	**1,567,009**

The cost of inventories recognised as expense and included in 'cost of sales' amounted to $7,842,521 (2017: $7,871,935).

15 Trade and other receivables

	2018 $	2017 $
Trade receivables	**1,470,486**	1,272,856
Receivables with related parties	**18,949**	3,742
Less: provision for impairment of receivables	**(177,593)**	(98,308)
Trade receivables – net	**1,311,842**	**1,178,290**
Reinsurance assets (Note 25)	**1,115,570**	1,914,587
Other debtors and prepayments	**542,670**	962,225
Less: provision for impairment	**(5,852)**	(1,433)
Other debtors and prepayments – net	**1,652,388**	**2,875,379**
	2,964,230	**4,053,669**

Included in other debtors and prepayments in the prior year is $1,914,587 of Reinsurance Recoverable on the $1,976,740 of Claims outstanding from Hurricanes (Note 25).

16 Statutory deposits with regulators

This comprises the following:

- Massy United Insurance Ltd. – This entity is registered to conduct insurance business under legislation in each relevant jurisdiction. This legislation may prescribe a number of requirements with respect to deposits, investment of funds and solvency for the protection of policy holders. In order to satisfy the legislative requirements of the various jurisdictions, a portion of cash and cash equivalents have been deposited or are held in trust to the order of the regulators.

- Massy Finance GFC Ltd. – The Financial Institutions Act, 2008 requires that every non-banking financial institution licensed under the Act in the Republic of Trinidad and Tobago hold and maintain a non-interest bearing deposit account with the Central Bank of Trinidad and Tobago equivalent to 9% of the total deposit liabilities of that institution. As at September 30, 2018 and 2017, Massy Finance GFC Ltd. complied with the above requirement.

17 Cash and cash equivalents

	2018 $	2017 $
Cash at bank and in hand	**1,438,545**	1,404,313
Short-term bank deposits	**187,587**	161,632
	1,626,132	**1,565,945**

17 Cash and cash equivalents *(continued)*

Deposits have an average maturity of less than 90 days.

Cash, cash equivalents and bank overdrafts and short term borrowings include the following for the purposes of the cash flow statement:

	2018 $	2017 $
Cash and cash equivalents	**1,626,132**	1,565,945
Bank overdrafts (Note 22)	**(26,511)**	(34,488)
Cash, net of bank overdrafts	**1,599,621**	**1,531,457**

18 Share capital

	Number of shares \#	Ordinary shares $	Total $
At September 30, 2017	97,743	760,607	**760,607**
Employee share grant – value of services provided	–	2,909	**2,909**
At September 30, 2018	**97,743**	**763,516**	**763,516**
At September 30, 2016	97,743	753,261	**753,261**
Employee share grant – value of services provided	–	7,346	**7,346**
At September 30, 2017	**97,743**	**760,607**	**760,607**

The total authorised number of ordinary shares is unlimited with no par value. All issued shares are fully paid.

The Shareholders of Massy Holdings Ltd. approved a Performance Share Plan for the benefit and long-term incentive of selected Senior Executives of Massy Holdings Ltd. and its subsidiaries, under which shares may be granted to such Executives. The Plan was approved on September 26, 2013 and the first tranche of shares was awarded on October 1, 2013 for the Executive Performance Period of October 1, 2012 to September 30, 2013. The award is a conditional right to receive a grant of shares which may only vest where the Base Share Price grows by a compound annual growth rate, approved each year by the Board of Directors.

18 Share capital *(continued)*

The Base Share Price will be calculated based on the average market price of the shares, for the last ten trading days, in the calendar month immediately preceding the Grant Date. Shares may vest between three and six years from the Grant Date subject to, the applicable compound annual growth rate from the Base Share Price, which must be achieved to trigger the vesting and issue of the shares. The amount recognised in the income statement of $2,909 (2017: $7,346) is the best estimate of the award value over its specified life – i.e. until vesting or expiry. At this time, no Performance Share Plan Grants have satisfied the condition to be vested.

In 2017, this plan was suspended and therefore no new share grants were issued to the Executives of Massy Holdings Ltd. and its subsidiaries. A deferred cash compensation plan has been introduced which is linked to the Group's EPS.

19 Dividends per share

	2018 **$**	**2017** **$**
Interim paid – 52 cents per share (2017: 52 cents)	**50,826**	50,826
Final paid – 158 cents per share (2016: 159 cents)	**154,434**	155,411
	205,260	**206,237**

On December 21, 2018 the Board of Directors of Massy Holdings Ltd. declared a final dividend per share of $1.58, bringing the total dividends per share for the financial year ended September 30, 2018 to $2.10 (2017: $2.10).

20 Other reserves

	Translation reserve **$**	**Catastrophe reserve** (Note 20.2) **$**	**Statutory and general banking reserves** (Note 20.1) **$**	**Other amounts** **$**	**Total** **$**
As at September 30, 2018					
Balance at beginning of year	(70, 430)	339,656	17,000	(222,107)	**64,119**
Currency translation adjustments	(11,739)	–	–	–	**(11,739)**
Transfer to other reserves	–	41,054	1,000	4,819	**46,873**
Balance at end of year	**(82,169)**	**380,710**	**18,000**	**(217,288)**	**99,253**

20 Other reserves *(continued)*

	Translation reserve $	Catastrophe reserve (Note 20.2) $	Statutory and general banking reserves (Note 20.1) $	Other amounts $	Total $
As at September 30, 2017					
Balance at beginning of year	(61,276)	93,548	17,000	(183,399)	**(134,127)**
Reclassification from other provisions	–	214,767	–	–	**214,767**
Balance at beginning of the year – restated	(61,276)	308,315	17,000	(183,399)	**80,640**
Currency translation adjustments	(9,154)	–	–	–	**(9,154)**
Purchase of non-controlling interest	–	–	–	(14,648)	**(14,648)**
Other reserve movements	–	31,341	–	(24,060)	**7,281**
Balance at end of year	**(70,430)**	**339,656**	**17,000**	**(222,107)**	**64,119**

Reclassification

In previous years, the TIRCL's catastrophe reserve of $214,767 was classified within provisions for other liabilities and charges. This was reclassified into a separate component of equity in other reserves in keeping with the requirements of International Financial Reporting Standard #4 – Insurance Contracts during the year ended September 30, 2018. There was no material impact on the consolidated statement of profit or loss and the consolidated statement of other comprehensive income as a result of this reclassification for the years ended September 30, 2017 and September 30, 2016 respectively.

	As previously reported $	Reclassification $	As restated $
As at October 1, 2017			
Provisions for other liabilities and charges	300,039	(214,767)	85,272
Other reserves	(150,648)	214,767	64,119
As at October 1, 2016			
Provisions for other liabilities and charges	329,518	(214,767)	114,751
Other reserves	(134,127)	214,767	80,640

20 Other reserves *(continued)*

20.1 Statutory and General Banking Reserves

These are applicable to Massy Finance GFC Ltd. as follows:

- Statutory Reserve – The Financial Institutions Act, 2008 requires a financial institution to transfer annually a minimum of 10% of its profit after taxation to a reserve fund until the balance on this reserve is equal to the paid-up capital of the institution. The reserve amounted to $15,000 (2017: $15,000).

- General Baking Reserve – In keeping with the Financial Institutions (Prudential Criteria) Regulations, 1994, the Company has set aside a reserve out of retained earnings to provide against unforeseen losses on the loan portfolio. The reserve amounted to $3,000 (2017: $2,000).

20.2 Catastrophe Reserve

This comprises reserves arising from two entities:

- Massy United Insurance Ltd – This entity transfers from its retained earnings, as permitted in Section 155 of the Insurance Act, 1996 – 32, 25% of net premium income earned arising from its property business into a reserve established to cover claims made by the Group's policyholders arising from a catastrophic event, which is included as a separate component of equity. The reserve amounted to $134,715 (2017: $124,889).

- The Interregional Reinsurance Company Limited (TIRCL) – Appropriations from retained earnings are periodically made to this reserve as determined by the Directors. The reserve is intended to be only available to meet both current and future losses arising under the entity's insurance policies from catastrophic events. The reserve amounted to $245,995 (2017: $214,767).

21 Non-controlling interests

The following is an analysis of non-controlling interest which are material and individually immaterial to the Group:

	2018 **$**	**2017** **$**
Material non-controlling interests	**192,416**	200,485
Individually immaterial non-controlling interests	**37,921**	40,397
	230,337	**240,882**

21 Non-controlling interests *(continued)*

The following is a movement analysis of subsidiaries with non-controlling interests that are material to the Group:

	Roberts Manufacturing Co. Limited $	**Massy Integrated Retail (SLU) Ltd. $**	**Total $**
As at September 30, 2018			
Balance at beginning of year	115,747	84,738	**200,485**
Share of profit for the year	13,160	27,811	**40,971**
Dividends	(13,467)	(20,400)	**(33,867)**
Currency translation adjustments	–	340	**340**
Other movements for the year	(15,351)	(162)	**(15,513)**
Balance at end of year	**100,089**	**92,327**	**192,416**
As at September 30, 2017			
Balance at beginning of year	114,323	77,125	**191,448**
Share of profit for the year	14,074	25,590	**39,664**
Dividends	(13,429)	(19,123)	**(32,552)**
Currency translation adjustments	–	311	**311**
Other movements for the year	779	835	**1,614**
Balance at end of year	**115,747**	**84,738**	**200,485**

Set out below is summarised financial information for each subsidiary that has non-controlling interests that are material to the Group. The amounts disclosed for each subsidiary are before inter-company eliminations.

	Roberts Manufacturing Co. Limited $	**Massy Integrated Retail (SLU) Ltd. $**	**Total $**
As at September 30, 2018			
Summarised balance sheet:			
Current assets	166,609	234,704	**401,313**
Non-current assets	82,575	153,022	**235,597**
Current liabilities	(54,305)	(105,772)	**(160,077)**
Non-current liabilities	(19,604)	(32,743)	**(52,347)**
Net assets	**175,275**	**249,211**	**424,486**

21 Non-controlling interests *(continued)*

As at September 30, 2018 *(continued)*

	Roberts Manufacturing Co. Limited $	**Massy Integrated Retail (SLU) Ltd. $**	**Total $**
Summarised statement of comprehensive income:			
Revenue	411,081	1,264,716	**1,675,797**
Profit for the year	24,883	16,850	**41,733**
Other comprehensive income	–	–	**–**
Summarised statement of cash flows:			
Operating activities	11,709	71,103	**82,812**
Investing activities	(27,207)	(22,035)	**(49,242)**
Financing activities	(5,954)	(23,835)	**(29,789)**
Net change in cash flows	**(21,452)**	**25,233**	**3,781**
As at September 30, 2017			
Summarised balance sheet:			
Current assets	196,490	186,811	**383,301**
Non-current assets	83,293	184,825	**268,118**
Current liabilities	(57,452)	(102,196)	**(159,648)**
Non-current liabilities	(16,109)	(37,605)	**(53,714)**
Net assets	**206,222**	**231,835**	**438,057**
Summarised statement of comprehensive income:			
Revenue	388,808	1,206,221	**1,595,029**
Profit for the year	25,151	12,485	**37,636**
Other comprehensive income	–	–	**–**
Summarised statement of cash flows:			
Operating activities	16,943	75,301	**92,244**
Investing activities	(11,010)	(9,967)	**(20,977)**
Financing activities	(26,798)	(25,705)	**(52,503)**
Net change in cash flows	**(20,865)**	**39,629**	**18,764**

22 Borrowings

	2018 $	2017 $
Secured advances and mortgage loans	**404,760**	418,876
Unsecured advances	**1,889,145**	1,808,582
Bank overdrafts	**26,511**	34,488
Total borrowings	**2,320,416**	2,261,946
Less short-term borrowings	**(452,611)**	(356,355)
Medium and long-term borrowings	**1,867,805**	**1,905,591**
Short-term borrowings comprise:		
Bank overdrafts	**26,511**	34,488
Current loan instalments	**426,100**	321,867
	452,611	**356,355**

On July 30, 2014, Massy Holdings Ltd. issued a $1.2 Billion TT Dollar Fixed Rate Bond. A private auction system was used to determine the issue size and cost of each series of the Bond issue. RBC Merchant Bank (Caribbean) Limited was the Arranger and RBC Trust (Trinidad and Tobago) Limited was the Trustee. The bond was issued at a premium. The face value of both series was $600 Million each with a tenure of 10 years (Series A) and 15 years (Series B) and a coupon of 4.00% and 5.25% respectively. Interest is paid on a semi-annual basis in arrears and the principal will be repaid via a bullet payment at maturity. The bond payable is shown net of any investor's interests held by the parent.

Total borrowings include secured liabilities of $374,664 (2017: $358,920).

Bank borrowings are secured by the land and buildings of the Group.

22 Borrowings *(continued)*

22.1 Net debt reconciliation

	Cash and cash equivalents, net of overdrafts $	Borrowings $	Total $
Year ended September 30, 2018			
At beginning of year	1,531,457	(2,227,458)	**(696,001)**
Proceeds on new borrowings	–	(176,281)	**(176,281)**
Principal repayments on borrowings	–	110,156	**110,156**
Capitalised interest on borrowings	–	(322)	**(322)**
Effect of exchange rate changes on cash and bank overdrafts	(1,807)	–	**(1,807)**
Other cash flows	69,971	–	**69,971**
At end of year	**1,599,621**	**(2,293,905)**	**(694,284)**
Year ended September 30, 2017			
At beginning of year	2,019,391	(2,217,893)	**(198,502)**
Proceeds on new borrowings	–	(148,105)	**(148,105)**
Principal repayments on borrowings	–	417,054	**417,054**
Effect of exchange rate changes on cash and bank overdrafts	37,425	–	**37,425**
At end of year	(525,359)	(278,514)	**(803,873)**
	1,531,457	**(2,227,458)**	**(696,001)**

23 Customers' deposits

These represent the deposits for fixed terms accepted mainly by Massy Finance GFC Ltd.

	2018 $	2017 $
Payable within one year	**238,914**	246,312
Payable between two and five years	**103,232**	105,717
	342,146	**352,029**
Sectorial analysis of deposit balances		
Private sector	**65,464**	67,607
Consumers	**276,682**	284,422
	342,146	**352,029**

Interest expense on customers' deposits of $8,124 (2017: $8,757) is shown within "other direct costs" in Note 26.

24 Trade and other payables

	2018 $	2017 $
Trade creditors	**989,447**	931,743
Other payables	**920,423**	985,866
	1,909,870	**1,917,609**

Included in other payables is the provision for the Long-Term Incentive Plan. The Shareholders of Massy Holdings Ltd. approved a Long-term Incentive Plan for the benefit of selected Senior Executives of Massy Holdings Ltd. and its subsidiaries. Individuals are awarded an incentive based on a pre-defined multiple of their salary. This amount is then converted into an equivalent number of phantom shares which are then adjusted to reflect individual Key Performance Indicators. The phantom shares awarded are subject to a vesting period of three years. On the vesting date, the settlement amount is determined by multiplying the number of phantom shares by the phantom share grant price. The latter is determined by applying a pre-determined P/E ratio to the EPS preceding the year of settlement. No phantom shares have vested.

	2018 $	2017 $
Balance at the beginning of the year	**4,106**	–
Current service cost	**10,675**	4,106
Balance at the end of the year	**14,781**	**4,106**

25 Liabilities on insurance contracts

The major classes of general insurance written by the Group's insurance operations include motor, property, and other miscellaneous types of general insurance. Risks under these policies usually cover a twelve month duration. Liabilities comprise:

	2018 $	2017 $
Outstanding claims	**1,183,730**	2,363,253
Unearned premiums	**468,779**	387,092
	1,652,509	**2,750,345**

25 Liabilities on insurance contracts *(continued)*

Movement in outstanding claims reserve may be analysed as follows:

	Insurance liabilities 2018 $	**Reinsurers' share 2018 $**	**Insurance liabilities 2017 $**	**Reinsurers' share 2017 $**
Beginning of the year	**2,363,253**	**1,960,123**	390,587	68,056
Exchange adjustment	**7,013**	**5,820**	926	(252)
Claims incurred	**74,586**	**(115,363)**	2,207,684	1,962,550
Claims paid	**(1,261,122)**	**(1,018,306)**	(235,944)	(70,231)
	1,183,730	**832,274**	**2,363,253**	**1,960,123**

Movement in the unearned premium reserve may be analysed as follows:

	Insurance liabilities 2018 $	**Reinsurers' share 2018 $**	**Insurance liabilities 2017 $**	**Reinsurers' share 2017 $**
Beginning of the year	**387,092**	**217,774**	366,707	211,122
Exchange adjustment	**1,148**	**647**	225	124
Premiums written in the year	**921,442**	**530,413**	807,651	469,411
Premiums earned in the year	**(840,903)**	**(465,534)**	(787,491)	(462,883)
	468,779	**283,300**	**387,092**	**217,774**

The reinsurers' share of outstanding claims and unearned premium reserves are included in accounts receivable. Claims reserves comprise provisions for claims reported by policyholders and claims incurred but not yet reported and 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 statement of financial position date. Outstanding claims reserves are not discounted for the time value of money.

The principal assumption underlying the estimates is past claims development experience. This includes assumptions in respect of average claims costs and claims numbers for each accident year. In addition, larger claims are separately assessed by loss adjusters. Judgement is used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates. The ultimate liabilities will vary as a result of subsequent developments. Differences resulting from reassessment of the ultimate liabilities are recognised in subsequent periods.

Included in this outstanding claims balance in the prior year, are claims in the amount of $1,977,740 in relation to two hurricanes that occurred in the last month of the year ended September 30, 2017.

25 Liabilities on insurance contracts *(continued)*

Claims development table

Gross	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**Total**
At end of accident year	140,246	159,056	291,785	139,166	151,005	185,908	222,149	296,680	2,227,344	**243,529**	
One year later	212,679	199,406	351,359	178,168	159,302	153,387	220,387	285,913	2,091,375	**–**	
Two years later	223,349	246,085	350,734	177,990	153,144	157,994	208,057	272,664	–	**–**	
Three years later	217,999	244,905	349,540	157,774	153,840	157,723	197,339	–	–	**–**	
Four years later	216,006	243,359	355,715	159,470	153,864	157,332	–	–	–	**–**	
Five years later	212,587	244,395	357,739	158,799	151,740	–	–	–	–	**–**	
Six years later	209,530	245,277	356,895	156,809	–	–	–	–	–	**–**	
Seven years later	210,207	245,426	356,317	–	–	–	–	–	–	**–**	
Eight years later	210,171	244,396	–	–	–	–	–	–	–	**–**	
Nine years later	212,495	–	–	–	–	–	–	–	–	**–**	
	212,495	**244,396**	**356,317**	**156,809**	**151,740**	**157,332**	**197,339**	**272,664**	**2,091,375**	**243,529**	**4,083,996**
Cumulative payments to date	269,785	144,839	345,911	137,462	143,427	140,450	173,235	230,012	1,244,352	**101,650**	**2,931,123**
Liability recognised	(57,290)	99,557	10,406	19,347	8,313	16,882	24,104	42,652	847,023	**141,879**	**1,152,873**
Liability in respect of prior years											**30,857**
Total liability											**1,183,730**
Net favourable/(unfavourable) development	(72,248)	(85,340)	(64,532)	(17,643)	(736)	28,577	24,810	24,015	135,969		

25 Liabilities on insurance contracts *(continued)*

Claims development table *(continued)*

Gross	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**Total**
At end of accident year	137,747	156,351	142,435	103,443	92,030	115,203	170,280	190,548	242,313	**205,335**	
One year later	198,041	172,636	218,334	112,781	102,804	112,537	161,335	176,249	274,625	**–**	
Two years later	198,171	218,352	220,488	118,428	96,355	109,998	151,790	168,437	–	**–**	
Three years later	193,716	217,135	220,010	123,337	96,305	105,405	142,970	–	–	**–**	
Four years later	191,427	216,221	226,895	125,271	96,890	105,239	–	–	–	**–**	
Five years later	188,385	217,150	229,026	125,123	95,082	–	–	–	–	**–**	
Six years later	185,445	218,972	227,566	122,806	–	–	–	–	–	**–**	
Seven years later	186,512	218,950	227,226	–	–	–	–	–	–	**–**	
Eight years later	186,464	217,822	–	–	–	–	–	–	–	**–**	
Nine years later	188,845	–	–	–	–	–	–	–	–	**–**	
	188,845	**217,822**	**227,226**	**122,806**	**95,082**	**105,239**	**142,970**	**168,437**	**274,625**	**205,335**	**1,748,387**
Cumulative payments to date	246,380	118,785	131,590	101,197	167,539	90,313	119,208	131,915	219,516	**89,427**	**1,415,870**
Liability recognised	(57,535)	99,037	95,636	21,609	(72,457)	14,926	23,762	36,522	55,109	**115,908**	**332,517**
Liability in respect of prior years											**18,939**
Total liability											**351,456**
Net favourable/ (unfavourable) development	(51,098)	(61,471)	(84,791)	(19,363)	(3,052)	9,964	27,310	22,111	(32,312)		

26 Operating profit before finance costs

	2018 $	2017 $
Revenue:		
- Sale of goods	**10,318,451**	10,053,492
- Rendering of services	**1,158,355**	1,229,480
- Net interest and other investment income (Note 26.1)	**62,298**	60,223
- Net premium income and other insurance revenue	**465,698**	420,474
	12,004,802	**11,763,669**
Cost of sales and other direct costs:		
- Cost of sales	**(7,842,521)**	(7,871,935)
- Net claims and other direct insurance expenses	**(189,981)**	(245,860)
- Other direct costs	**(677,640)**	(507,826)
	(8,710,142)	**(8,625,621)**
Gross profit	**3,294,660**	3,138,048
Administrative expenses	**(1,342,228)**	(1,344,373)
Other operating expenses	**(1,273,278)**	(1,221,674)
Other income	**190,113**	168,902
Operating profit before finance costs	**869,267**	**740,903**

26.1 'Net interest and other investment income' is attributable to loans to customers and other financial assets held for investment purposes only. Income from bank balances, short term investments, treasuries and other securities held for cash management purposes is included within interest income (Note 28).

26 Operating profit before finance costs *(continued)*

26.2 The following items were included in arriving at operating profit:

	2018 $	2017 $
Staff and staff related costs	**1,791,627**	1,692,069
Depreciation of property, plant and equipment and investment properties	**291,639**	286,207
Expected credit losses/net impairment expense on financial assets (Note 36.1.2):		
- Trade and other receivables	**10,748**	18,703
- Corporate and sovereign bonds	**13,816**	–
- Instalment credit, hire purchase accounts and other financial assets	**4,718**	3,420
Impairment of goodwill	**13,742**	36,959
Amortisation of other intangible assets	**10,904**	4,736
Directors' fees	**3,306**	3,358
Operating lease rentals	**108,278**	110,152

27 Staff costs

	2018 $	2017 $
Staff costs included in cost of sales, selling, general and administrative expenses are as follows:		
Wages and salaries and termination benefits	**1,486,694**	1,368,248
Share based compensation	**2,909**	7,346
Pension costs	**51,500**	47,075
	1,541,103	**1,422,669**
Average number of persons employed by the Group during the year:		
Full time	**10,399**	10,090
Part time	**1,852**	1,490
	12,251	**11,580**

28 Finance costs – net

	2018 $	2017 $
Interest expense (Note 26.1)	**121,178**	109,057
Interest income (Note 26.1)	**(47,122)**	(53,453)
Finance costs – net	**74,056**	**55,604**

28.1 Borrowing costs of $322 (2017: $0) was capitalised during the year using a capitalisation rate of 5.12%.

28.2 Income from bank balances, short term investments, treasuries and other securities held for cash management purposes is shown within interest income.

29 Income tax expense

	2018 $	2017 $
Current tax	**275,983**	247,323
Deferred tax	**6,473**	1,301
Business levy/green fund levy/withholding taxes	**26,133**	25,841
	308,589	**274,465**
The Group's effective tax rate of 35% (2017: 36%) differs from the statutory Trinidad and Tobago tax rate of 30% as follows:		
Profit before income tax	**874,064**	**754,292**
Tax calculated at a tax rate of 30%	**262,219**	226,288
Effect of different tax rates in other countries	**24,814**	10,581
Expenses not deductible for tax purposes	**43,760**	88,841
Income not subject to tax	**(54,583)**	(78,791)
Business levy/green fund levy/withholding taxes	**26,133**	25,841
Adjustments to prior year tax provisions	**6,246**	1,705
Tax charge	**308,589**	**274,465**

29 Income tax expense *(continued)*

	2018 $	2017 $
The income tax expense is attributable to:		
Trinidad and Tobago subsidiaries	**189,039**	173,342
Overseas subsidiaries	**93,820**	77,202
Associated companies	**25,730**	23,921
	308,589	**274,465**

30 Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	2018 $	2017 $
Profit attributable to shareholders:		
- from continuing operations	**519,753**	435,555
- from discontinued operations	**–**	(59,327)
	519,753	376,228
Weighted average number of ordinary shares in issue (thousands)	**97,743**	97,743
Basic earnings per share		
- from continuing operations	**5.32**	4.46
- from discontinued operations	**–**	(0.61)
	5.32	**3.85**

31 Contingencies

Subsidiaries

At September 30, 2018 the Group had contingent liabilities in respect of bonds, guarantees and other matters arising in the ordinary course of business amounting to $820,106 (2017: $813,295).

Group companies are defendants in various legal actions. In the opinion of the Directors, after taking appropriate legal advice, the outcome of such actions will not give rise to any material unprovided losses.

31 Contingencies *(continued)*

Associates and joint ventures

Massy Holdings Ltd. entered into guarantees with Mitsubishi Heavy Industries Ltd (MHI) under which it guaranteed payment of 10% of Caribbean Gas Chemical Limited's payment obligations to MHI under the contracts for the engineering procurement and construction of the methanol and DME plants and 12.5% of the base equity commitment. MHL's maximum liability under guarantees is $646,418.

32 Commitments

Capital commitments

Capital expenditure contracted at the consolidated statement of financial position date but not yet incurred is as follows:

	2018 $	2017 $
Property, plant and equipment	**22,862**	75,075

Operating lease commitments – where a Group Company is the lessee:

The Group leases various retail outlets, offices and warehouses under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

The Group also leases various plant and machinery under cancellable operating lease agreements. The Group is required to give a six-month notice for the termination of these agreements.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	2018 $	2017 $
No later than 1 year	**63,371**	61,529
Later than 1 year and no later than 5 years	**159,315**	172,310
Later than 5 years	**277,495**	297,546
	500,181	**531,385**
Operating lease commitments – where a Group company is the lessor:		
Less than one year	**41,022**	34,828
One year to five years	**40,075**	27,968
	81,097	**62,796**

33 Discontinued operations

Massy Communications Ltd. a 75% owned subsidiary, was sold to the Telecommunications Services Company of Trinidad and Tobago effective July 31, 2017 with final sales proceeds to Massy being $196,330.

	2017 $
Loss for the year from discontinued operations	(67,986)
Loss attributable to non-controlling interests	8,659
Loss attributable to owners of the parent	**(59,327)**

ii Analysis of the results:

	Massy Communications Ltd. 2017 $
Revenue	35,812
Operating loss before finance costs	(40,998)
Impairment provision	(26,692)
Finance costs – net	(13,677)
Share of results of associated company	–
Loss before tax of discontinued operations	(81,367)
Tax	13,381
Loss for the year of discontinued operations	(67,986)
Loss attributable to non-controlling interests	8,659
Loss attributable to equity shareholders	**(59,327)**

33 Discontinued operations *(continued)*

iii Cashflow Impact:

	Massy Communications Ltd. 2017 $
Operating cash flows	(682)
Investing cash flows	161,127
Financing cash flow	–
Total cash flow	**160,445**

34 Related party transactions

The ultimate parent of the Group is Massy Holdings Ltd. (incorporated in the Republic of Trinidad and Tobago).

The following transactions were carried out with related parties:

		2018 $	2017 $
a	Sales of goods		
	Associates	**32,727**	**33,091**
	Goods are sold on the basis of the price lists in force with non-related parties.		
b	Purchases of goods		
	Associates	**6,616**	**3,086**
	Goods purchased from entities controlled by non-executives Directors	**137,249**	**137,468**
	Goods are bought on the basis of the price lists in force with non-related parties.		
c	Key management compensation		
	Salaries and other short-term employee benefits	**104,771**	93,327
	Post-employment benefits	**6,810**	6,066
	Share-based compensation	**2,909**	7,346
		114,490	**106,739**

34 Related party transactions *(continued)*

The following transactions were carried out with related parties: *(continued)*

		2018 $	2017 $
d	Year-end balances arising from sales/purchases of goods/services		
	Receivables from related parties:		
	Associates	**15,523**	**3,647**
	Payables to related parties:		
	Associates	**3,611**	**1,410**
e	Loans to associates		
	Beginning of year	**14,433**	17,338
	Loans advanced during the year	**2,159**	–
	Loans repayments received	**(8,220)**	(2,856)
	Interest charged	**291**	565
	Interest received	**(285)**	(614)
	End of the year	**8,378**	**14,433**
f	Loans from associates		
	Beginning of year	**–**	2,411
	Other movements	**–**	(2,411)
	End of the year	**–**	**–**
g	Total loans to other related parties		
	Beginning of year	**144**	144
	Loans advanced during year	**4,329**	6,533
	Loan repayments received	**(3,436)**	(6,533)
	Interest charged	**503**	–
	Interest received	**(503)**	–
	End of the year	**1,037**	**144**
h	Customer deposits to related parties	**7,445**	**9,570**

35 Business combinations

On February 1, 2017 the Group acquired 100% of the issued share capital of the Automontaña Group.

The acquisition has increased the Group's market share in the Automotive Industry in Colombia.

The following table summarises the consideration paid, the fair value of assets acquired and liabilities assumed at the acquisition date:

Purchase consideration

	2017 $
Cash paid	103,610
Total purchase consideration	**103,610**

The assets and liabilities recognised as a result of the acquisition are as follows:

	Fair Value
Cash and short term investments	25,515
Trade receivables	11,228
Inventories	96,985
Tax receivable	6,618
Other assets	384
Fixed assets	19,261
Other non-current assets	10,756
Current portion-medium and long term borrowings	(92,012)
Trade payable	(31,014)
Tax payable	(8,322)
Other liabilities	(15,156)
Total identifiable net assets acquired	24,243
Goodwill	79,367
	103,610

35 Business combinations *(continued)*

Purchase consideration-cash outflow

	2017 $
Outflow of cash to acquire subsidiary, net of cash acquired	
Cash consideration	103,610
Less: balances acquired	
Cash	25,515
Net outflow of cash-investing activities	**78,095**

Acquisition-related costs

Acquisition-related costs of $2,045 that were not directly attributable to the issue of shares are included in other expenses in the income statement and in operating cash flows in the statement of cash flows.

36 Financial risk management

36.1 Financial risk factors

The Group's activities expose it to a variety of financial risks. The Group's aim therefore is to achieve an appropriate balance between risk and return and minimise potentially adverse effects on the Group's financial performance. This is achieved by the analysis, evaluation, acceptance and management of the Group's risk exposure.

The Board of Directors is ultimately responsible for the establishment and oversight of the Group's risk management framework. The main financial risks of the Group relate to the availability of funds to meet business needs, the risk of default by counterparties to financial transactions, and fluctuations in interest and foreign exchange rates. The treasury function manages the financial risks that arise in relation to underlying business needs and operates within clear policies and stringent parameters. The function does not operate as a profit centre and the undertaking of speculative transactions is not permitted.

The Group's principal financial liabilities comprise bank loans, operating overdrafts and trade payables, which are used to finance Group operations. There are various financial assets such as trade receivables, investments, loans receivable, cash and short term deposits which emanate from its operations. The main risks arising from the Group's financial instruments are credit risk, liquidity risk, foreign currency risk, interest rate risk and equity securities price risk.

The following contains information relative to the Group's exposure to each of the above risks, including quantitative disclosures.

36 Financial risk management *(continued)*

36.1 Financial risk factors *(continued)*

36.1.1 *Market risk*

The Company is inherently exposed to market risk, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market factors. Market risk can be subdivided into three categories namely currency risk, interest rate risk and other price risk.

a *Currency risk*

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures. Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities. The Group manages its foreign exchange risk by ensuring that the net exposure in foreign assets and liabilities is kept to an acceptable level by monitoring currency positions as well as holding foreign currency balances.

The following table summarises the Group’s exposure and sensitives to currency risk on its financial instruments.

As at September 30, 2018

Currency	Net Currency Exposure	Sensitivity	Change /Impact
USD	569,765	2%	11,395
BBD	(433,968)	2%	(8,679)
PESO	30,958	1%	309
GYD	144,021	3%	4,320
JCD	112,553	5%	5,628
OTHER	64,648	2%	1,293
TOTAL	**487,977**		**14,266**

As at September 30, 2017

Currency	Net Currency Exposure	Sensitivity	Change /Impact
USD	568,431	2%	11,369
BBD	(341,777)	2%	(6,836)
PESO	19,167	1%	191
GYD	154,275	3%	4,628
JCD	69,043	5%	3,453
OTHER	54,238	2%	1,085
TOTAL	**523,377**		**13,890**

36 Financial risk management *(continued)*

36.1 Financial risk factors *(continued)*

36.1.1 Market risk *(continued)*

b *Interest rate risk*

The Group's exposure to changes in market interest rates relates primarily to the long term debt obligations, with floating interest rates. The exposure to interest rate risk on cash held on deposit is not significant.

At the end of 2018, interest rates were fixed on approximately 93% of the borrowings (2017: 93%). The impact on the consolidated income statement to a 50 basis points change in floating interest rates is $850 in 2018 (2017: $713).

c *Price risk*

The Group has investments in equity securities and these are carried at fair value, consequently resulting in exposure to equity securities price risk. The Group is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

36.1.2 Credit risk

The Group is exposed to credit risk, which is the risk that may arise from its customers, clients and counterparties failing to discharge their contractual obligations. The credit exposures arise primarily from the Group's receivables on sales, investments and cash held on deposit at various financial institutions.

The Group has no significant concentrations of credit risk and trades mainly with recognised, creditworthy third parties. It is the Group's policy that all customers trading on credit terms are subject to credit verification procedures. These procedures are elements of a structured credit control system and include an analysis of each customer's creditworthiness and the establishment of limits before credit terms are set. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

36 **Financial risk management** *(continued)*

36.1 Financial risk factors *(continued)*

36.1.2 Credit risk *(continued)*

The following is a summary of the Group's maximum exposure to credit risk.

	2018 $	2017 $
Cash and cash equivalents	**1,626,132**	1,565,945
Trade and other receivables	**2,964,230**	4,053,669
Other financial assets at amortised cost:		
- Bonds	**842,489**	–
- Instalment credit and other accounts	**406,289**	447,495
- Hire purchase receivables	**45,413**	39,705
- Mortgages	**4,851**	–
Other financial assets at fair value through profit or loss:		
- Bonds and treasury bills	**469,613**	31,319
Other financial assets available-for-sale:		
- Bonds and treasury bills	**–**	176,042
Other financial assets held to maturity	**–**	840,405
Loans and receivables	**–**	416,613
Total	**6,359,017**	**7,571,193**

The Group recognises provision for losses for assets subject to credit risk using the expected credit loss model. While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

The Group uses three approaches in arriving at expected losses

- The simplified approach (for trade receivables and work in progress)
- The general approach (for all other financial assets)
- A practical expedient for financial assets with low credit risk

36 Financial risk management *(continued)*

36.1 Financial risk factors *(continued)*

36.1.2 Credit risk *(continued)*

The simplified approach

The Group applies the IFRS 9 simplified approach to measuring expected credit losses for Trade Receivables and Work in Progress. The unbilled work in progress has substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets. The simplified approach eliminates the need to calculate 12-month ECL and to assess when a significant increase in credit risk has occurred. Accordingly, a lifetime expected loss allowance is used from day 1. To measure the lifetime loss allowance, the Group first considers whether any individual customer accounts require specific provisions. Loss rates are then assigned to these accounts based on an internal risk rating system considering various qualitative and quantitative factors. All other non-specific trade receivables and work in progress are then grouped based on shared credit risk characteristics and the days past due.

The expected loss rates for non-specific accounts are based on the payment profiles of sales over a period of 12 months starting October 1, 2016 and ending on September 30, 2017 and the corresponding historical credit losses experienced within this period.

The general approach

Under the general approach, the Group considers the probability of default upon initial recognition of the asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk each company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information, including the following:

- External credit ratings for bonds (as far as available). Where such ratings are not available, the Group applies certain assumptions and derives an equivalent rating for the respective securities.
- Significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the Group and changes in the operating results of the borrower.

Regardless of the analysis above, a significant increase in credit risk is presumed

- if a debtor is more than 30 days past due in making a contractual payment.
- If the bond issuer’s credit rating has been downgraded from investment grade to non-investment grade.

A default on a financial asset occurs in the following circumstances:

- When the issuer of a bond has missed a payment of principal or interest or has announced its intention to suspend payments on part or all of its financial obligations, or
- For all other financial assets, when the counterparty fails to make contractual payments within 90 days of when they fall due.

Practical expedient for financial assets with low credit risk

As an exception to the simplified and general approaches, if the credit risk of a financial instrument is low at the reporting date, the Group can measure impairment using 12-month ECL, and so it does not have to assess whether a significant increase in credit risk has occurred.

The financial instrument has to meet the following requirements, in order for this practical expedient to apply:

- it has a low risk of default;
- the borrower is considered, in the short term, to have a strong capacity to meet its obligations in the near term; and
- the lender expects, in the longer term, that adverse changes in economic and business conditions might, but will not necessarily, reduce the ability of the borrower to fulfil its obligations.

Incorporation of forward-looking information

Historical loss rates for trade receivables are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified indicators such as trends in days sales outstanding, concentration risk and macroeconomic fundamentals of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

For other financial assets, the Group employs various probability weighted scenarios, transition matrices and regression curves to predict future behaviour. In developing the various models, the Group considers both internal data and external macroeconomic data.

Assets written off

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the company. The company categorises a loan or receivable for write off when a debtor fails to make contractual payments, even after several attempts at enforcement and/or recovery efforts. Where loans or receivables have been written off, the company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

Collateral and other credit enhancements

The Group's policies regarding obtaining collateral have not significantly changed during the reporting period and there has been no significant change in the overall quality of the collateral held by the Group since the prior period.

- *Trade receivables, sovereign debt securities and treasuries:* These are generally unsecured and are generally considered low risk subject to a few exceptions.
- *Corporate debt securities and investment funds:* These are generally secured by fixed or floating charges on the assets of the issuer or in the case of investment funds, portfolios of financial instruments purchased and managed on behalf of the Group.

36 Financial risk management *(continued)*

36.1 Financial risk factors *(continued)*

36.1.2 Credit risk *(continued)*

Collateral and other credit enhancements (continued)

- *Instalment credit debtors, hire purchase receivables and other accounts:* The principal collateral types for these instruments are security agreements over motor vehicles, furniture and appliances, the values of which are reviewed periodically if there is a significant increase in credit risk.

Summary of ECL calculations

a The simplified approach (trade receivables and work-in-progress)

A summary of the assumptions underpinning the company's expected credit loss model under the simplified approach is further analysed below showing:

- Specific provisions using the Group's internal grading system
- General provisions using a standardised provision matrix

Trade receivables assessed for specific provisions are identified based on certain default triggers (e.g. customers with a significant portion of their invoices > 90 days, customers with significant cash flow issues, business model issues and other relevant factors). Once the population for specific provisions is identified, it is segregated from the rest of the portfolio and an ECL is calculated based on an individual rating assignment. Each customer is assigned a specific Loss Given Default (LGD) rate ranging from 20% to 100% depending on the aging and the risk rating of the customer.

A provision matrix is then applied to all remaining accounts on a portfolio basis. Customer balances covered by specific provisions are excluded from the portfolio provision calculations to avoid double counting.

The following is a summary of the ECL on trade receivables from a combination of specific and general provisions:

Aging Bucket	**Average ECL rate %**	**Estimated EAD $**	**Expected credit loss $**
Current (0-30 days)	1.57%	762,629	11,986
31 to 90 days	6.73%	175,970	11,839
Over 90 days	28.04%	548,331	153,768
	11.94%	**1,486,930**	**177,593**

36 Financial risk management *(continued)*

36.1 Financial risk factors *(continued)*

36.1.2 Credit risk *(continued)*

Summary of ECL calculations (continued)

a The simplified approach (trade receivables and work-in-progress) ***(continued)***

The movement in the provision for expected credit losses for trade receivables and work-in-progress accounts is as follows:

	2018 **$**	**2017** **$**
Balance at beginning of the year as reported under IAS 39	**98,308**	86,411
Amounts restated through opening retained earnings (Note 2.1.1)	**70,643**	–
Opening ECL under IFRS 9	**168,951**	86,411
Increase in loss allowance recognised in profit or loss	**10,748**	34,864
Amounts written off in the current year	**(2,106)**	(17,920)
Other adjustments	**–**	(5,047)
Balance at end of the year	**177,593**	**98,308**
The following is an analysis of the net impairment expense on financial assets recognised in profit or loss:		
Net changes to provisions for the year per above	**10,748**	34,864
Other adjustments	**–**	(16,161)
Net expense for the year (Note 26.2)	**10,748**	**18,703**

36 Financial risk management *(continued)*

36.1 Financial risk factors *(continued)*

36.1.2 Credit risk *(continued)*

Summary of ECL calculations (continued)

b The general approach

A summary of the assumptions underpinning the company's expected credit loss model under the general approach is as follows:

Category	**Definition**	**Basis for recognition of expected credit loss provision**
Performing (Stage 1)	The counterparty has a low risk of default and a strong capacity to meet contractual cash flows.	12 month expected losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime.
Underperforming (Stage 2)	Financial assets for which there is a significant increase in credit risk since origination	Lifetime expected losses
Non-performing (Stage 3)	The financial asset is in default.	Lifetime expected losses
Write-off	There is no reasonable expectation of recovery.	Asset is written off

Over the term of the financial asset, the Group accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of financial asset and adjusts for forward looking macroeconomic data.

Corporate and sovereign bonds

Category	**Average ECL rate %**	**Estimated EAD $**	**Expected credit loss $**
Performing (Stage 1)	0.78%	616,196	4,803
Underperforming (Stage 2)	1.19%	200,614	2,383
Non-performing (Stage 3)	25.32%	139,515	35,321
TOTAL	**4.44%**	**956,325**	**42,507**

36 Financial risk management *(continued)*

36.1 Financial risk factors *(continued)*

36.1.2 Credit risk *(continued)*

Summary of ECL calculations (continued)

b The general approach *(continued)*

The movement in the provision for expected credit losses is as follows:

	Performing **$**	**Under-performing** **$**	**Non-performing** **$**	**Total** **$**
Balance at beginning of the year as reported under IAS 39	–	676	–	**676**
Amounts restated through opening retained earnings	3,915	26,592	–	**30,507**
Opening ECL under IFRS 9	3,915	27,268	–	**31,183**
Net changes to provisions and reclassifications	1,137	(24,885)	35,321	11,573
Amounts written off to provisions	(249)	–	–	**(249)**
Balance at end of the year	**4,803**	**2,383**	**35,321**	**42,507**

The following is an analysis of the net impairment expense on financial assets recognised in profit or loss:

	Total **$**
Net changes to provisions for the year per above	**11,573**
Other adjustments	**2,243**
Net expense for the year (Note 26.2)	**13,816**

Government of Barbados exposure:

During the financial year ended September 30, 2017, the Government of Barbados (GOB) credit rating was downgraded and accordingly all related government debt were considered to be extremely speculative with little prospect for recovery. Considering the high credit risk associated with GOB debt and the frequency of the credit rating downgrades, the Group assessed the potential impact of the default using various scenarios. Accordingly, all exposures were classified as Stage 2 as of October 1, 2017, which is the date of initial application of IFRS 9. All ECL parameters reflected a high probability of default in line with the outlook provided by the rating agencies at the time. In accordance with the transitional requirements of the standard, the resulting expected credit loss of $25,276 was recorded within opening retained earnings.

36 Financial risk management *(continued)*

36.1 Financial risk factors *(continued)*

36.1.2 Credit risk *(continued)*

Summary of ECL calculations (continued)

b The general approach *(continued)*

Government of Barbados exposure (continued)

In June 2018 the GOB announced the suspension of interest and amortisation payments due on its debts owed to external commercial creditors. It was envisaged that in addition to foreign currency denominated external debt, domestic obligations of the central government and guaranteed debt, inclusive of treasury bills, treasury notes, debentures, bank loans and commercial bonds, which are serviced directly out of the public purse, will also be subject to the restructuring exercise. In September 2018, the GOB announced the launch of an exchange offer open to holders of Barbados dollar-denominated debt issued by the GOB and certain state-owned enterprises (SOEs), as part of its Comprehensive Debt Restructuring. All holders of treasury bills, treasury notes, debentures, loans and bonds owed by the GOB, and loans and bonds owed by SOEs and other entities that receive transfers from the Government budget ("Affected Debt") were provided letters explaining further details of the exchange offer, as well as instructions for participating in the exchange offer. Accordingly, the Group reclassified its exposures to Stage 3 during the last financial quarter of 2018 and increased the expected credit loss by $10,045 to bring the total ECL to $35,321 as of 30 September 2018.

Instalment credit, hire purchase accounts and other financial assets

Category	**Average ECL rate %**	**Estimated EAD $**	**Expected credit loss $**
Performing (Stage 1)	1.06%	418,285	4,453
Underperforming (Stage 2)	2.88%	8,078	233
Non-performing (Stage 3)	61.53%	25,339	15,590
Total	**4.49%**	**451,702**	**20,276**

36 Financial risk management *(continued)*

36.1 Financial risk factors *(continued)*

36.1.2 Credit risk *(continued)*

Summary of ECL calculations (continued)

b The general approach *(continued)*

Instalment credit, hire purchase accounts and other financial assets (continued)

The movement in the provision for expected credit losses is as follows:

	Performing $	**Under-performing $**	**Non-performing $**	**Total $**
Balance at beginning of the year as reported under IAS 39	2,145	94	18,577	**20,816**
Amounts restated through opening retained earnings	2,228	(39)	(3,512)	**(1,323)**
Opening ECL under IFRS 9	4,373	55	15,065	**19,493**
Net changes to provisions and Reclassifications	101	391	4,226	**4,718**
Amounts written off to provisions	(21)	(213)	(3,701)	**(3,935)**
Balance at end of the year	**4,453**	**233**	**15,590**	**20,276**

The following is an analysis of the net impairment expense on financial assets recognised in profit or loss:

	Total $
Net expense for the year (Note 26.2)	**4,718**

36.1.3 Liquidity risk

Liquidity risk is the risk which may arise if the Group is unable to meet the obligations associated with its financial liabilities when they fall due.

The Group's liquidity risk management process is measured and monitored by senior management. This process includes monitoring current cash flows on a frequent basis, assessing the expected cash inflows as well as ensuring that the Group has adequate committed lines of credit to meet its obligations.

The following is an analysis of the undiscounted contractual cash flows payable under financial liabilities. Undiscounted cash flows will differ from both the carrying values and the fair values.

36 Financial risk management *(continued)*

36.1 Financial risk factors *(continued)*

36.1.3 Liquidity risk *(continued)*

Maturity analysis of financial liabilities

	Less than 1 year $	**1 - 5 years $**	**More than 5 years $**	**Contractual cash flows $**	**Carrying amount $**
2018					
Financial liabilities					
Bank overdraft	26,511	–	–	26,511	26,511
Other borrowings	529,260	788,456	469,660	1,787,376	2,293,905
Customers' deposits	239,855	110,825	–	350,680	342,146
Trade payables	989,447	–	–	989,447	989,447
Liabilities on insurance contracts	1,652,509	–	–	1,652,509	1,652,509
Total	**3,437,582**	**899,281**	**469,660**	**4,806,523**	**5,304,518**
2017					
Financial liabilities					
Bank overdraft	34,488	–	–	34,488	34,488
Other borrowings	430,960	1,170,000	1,141,829	2,742,789	2,227,458
Customers' deposits	249,280	110,605	–	359,885	352,029
Trade payables	931,743	–	–	931,743	931,743
Liabilities on insurance contracts	2,750,345	–	–	2,750,345	2,750,345
Total	**4,396,816**	**1,280,605**	**1,141,829**	**6,819,250**	**6,296,063**

36.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may vary the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. The ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (current and non-current borrowings) less cash and cash equivalents. Total capital is calculated as total equity as shown in the consolidated statement of financial position plus net debt.

36 Financial risk management *(continued)*

36.2 Capital risk management *(continued)*

	2018 $	2017 $
Total borrowings (Note 22)	**2,320,416**	2,261,946
Less: Cash and cash equivalents (Note 17)	**(1,626,132)**	(1,565,945)
Net debt	**694,284**	696,001
Total equity (restated)	**5,615,158**	5,378,014
Total capital	**6,309,442**	6,074,015
Gearing ratio	**11%**	12%

36.2.1 Regulatory capital held by subsidiaries

a *Massy United Insurance Ltd.*

This entity is engaged in the insurance business and is therefore subject to the capital requirements set by the regulators of the insurance market within which it operates.

Capital adequacy is managed at the operating level and reviewed by management at least annually. This is assessed from the perspective of the solvency requirements set out in the local Insurance Acts in Barbados and the other territories in which the entity operates.

Also, as part of assessing the adequacy of its capital base the entity retains the services of an independent actuarial firm to annually assess the adequacy of its insurance reserves.

b *Massy Finance GFC Ltd.*

This entity is incorporated in the Republic of Trinidad and Tobago and is licensed under the Financial Institutions Act, 2008. It is subject to the capital requirements set by the Central Bank of Trinidad and Tobago (CBTT).

Capital adequacy and the use of regulatory capital are monitored weekly by management based on the guidelines developed by the Basel Committee, as implemented by the CBTT, the country's authority for supervisory purposes. The required information is filed with the CBTT on a quarterly basis.

In addition to the above, there are specific requirements governing lending, customers' deposits and other activities in relation to the Company's capital.

36 Financial risk management *(continued)*

36.2 Capital risk management *(continued)*

36.2.1 Regulatory capital held by subsidiaries *(continued)*

b Massy Finance GFC Ltd. *(continued)*

The table below summarises the total equity positions of each of the above entities, both of which are in excess of their minimum regulatory capital requirements.

	Massy Finance GFC Ltd.		**Massy United Insurance Ltd.**	
	2018 $	2017 $	**2018 $**	2017 $
Total equity	**121,185**	**111,046**	**372,452**	**378,572**

36.3 Fair value of financial assets and liabilities

36.3.1 Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial assets and liabilities recorded at fair value in the consolidated financial statements based upon the level of judgement associated with the inputs used to measure their fair value. The hierarchical levels, from lowest to highest based on the amount of subjectivity associated with the inputs to fair valuation of these assets and liabilities are as follows:

Level 1

Inputs are unadjusted, quoted prices in active markets for identical assets or liabilities at the measurement date. The types of assets carried at level 1 fair value are equity and debt securities listed in active markets. The fair value of financial instruments traded in active markets is based on quoted market prices at the statement of financial position date. The quoted market price used for financial assets held by the Group is the current bid price.

Level 2

Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly. These inputs are derived principally from or corroborated by observable market data by correlation or other means at the measurement date and for the duration of the instruments' anticipated life.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each statement of financial position date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

Level 3

Inputs that are unobservable for the asset or liability for which 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 investments, and are regularly assessed for impairment.

36 Financial risk management *(continued)*

36.3 Fair value of financial assets and liabilities *(continued)*

36.3.1 Fair value hierarchy *(continued)*

The following table presents the Group's assets that are measured at fair value at September 30, 2018:

Assets	**Level 1 $**	**Level 2 $**	**Level 3 $**	**Total $**
Financial assets at FVPL				
- Bonds and treasury bills	465,783	3,830	–	**469,613**
- Listed equities	111,537	3,226	–	**114,763**
- Unlisted equities	1,316	15,725	343	**17,384**
- Investment funds	7,005	65,384	171,616	**244,005**
	585,641	**88,165**	**171,959**	**845,765**

The following table presents the Group's assets that are measured at fair value at September 30, 2017:

Assets	**Level 1 $**	**Level 2 $**	**Level 3 $**	**Total $**
Financial assets				
- Trading securities	135,960	70,995	354	**207,309**
- Debt securities	573,405	–	–	**573,405**
Available-for-sale financial assets				
- Equity securities	13,261	–	155,773	**169,034**
- Debt securities	1,348	–	5,660	**7,008**
	723,974	**70,995**	**161,787**	**956,756**

36 Financial risk management *(continued)*

36.3 Fair value of financial assets and liabilities *(continued)*

36.3.1 Fair value hierarchy *(continued)*

The movement in level 3 financial assets is as follows:

	2018 $	2017 $
Balance at beginning of year	**161,787**	195,452
Additions for the year	**10,555**	–
Disposals for the year	**–**	(33,665)
Exchange adjustments on retranslation of overseas operations	**(383)**	–
	171,959	**161,787**

36.3.2 Fair value of financial instruments carried at amortised cost

The carrying amounts and fair values of financial instruments carried at amortised cost are as follows:

	Carrying amount		Fair value	
	2018 $	2017 $	2018 $	2017 $
Financial assets				
Financial assets at amortised cost				
- Bonds	**842,489**	681,735	**834,148**	682,264
- Instalment credit and other accounts	**406,289**	447,495	**412,733**	455,638
- Hire purchase receivables	**45,413**	39,705	**45,413**	45,351
- Mortgages	**4,851**	6,255	**4,851**	6,255
	1,299,042	**1,175,190**	**1,297,145**	**1,189,508**
Financial liabilities				
Bank overdraft	**26,511**	34,488	**50,640**	59,752
Other borrowings	**2,293,905**	2,227,458	**2,293,725**	2,226,973
Customers' deposits	**342,146**	352,029	**343,327**	353,201
	2,662,562	**2,613,975**	**2,687,692**	**2,639,926**

Due to the short-term nature of Trade and other receivables and Trade and other payables, their carrying amounts are considered to be the same as their fair values. Accordingly, their values were not shown in the tables above.

37 Management of insurance risk

The primary risk the Group has through its insurance contracts is that the actual claims payments or timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, and subsequent development of claims.

The aforementioned insurance risk exposure is also mitigated by diversification across a relatively large portfolio of insurance contracts and geographical areas. The variability of risk is also augmented by careful selection and execution of underwriting guidelines throughout our agency network, as well as the use of reinsurance arrangements.

The majority of insurance business ceded is placed on a quota share basis with retention limits varying by product line and territory. The amounts recoverable from reinsurers are in accordance with reinsurance contracts. Although the Group has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to ceded insurance, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance agreements.

The Group primarily issues the following types of general insurance contracts: motor, household, commercial and business interruption within the Caribbean region. The risks under these policies usually cover duration of twelve months or less.

The most significant risk for these general insurance and reinsurance contracts arise from natural disasters. The Group utilises a claims review policy which concentrates on review of large and personal injury claims where there is the potential for greater exposure, and performs periodic review of claims handling procedures throughout the agency network. The Group also enforces a policy of actively managing its claims portfolio in order to reduce its exposure to unpredictable future developments that can negatively impact the Group.

The Group has also limited its exposure by its utilisation of reinsurance arrangements in order to limit exposure to catastrophic events. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contracts. The Group's reinsurance coverage is placed with reputable third party reinsurers.

The table below sets out the concentration of general insurance contract liabilities by type of contract.

		2018			2017	
	General liabilities $	Reinsurers' share of liabilities $	Net liabilities $	General liabilities $	Reinsurers' share of liabilities $	Net liabilities $
Fire	**1,027,880**	**(939,905)**	**87,975**	1,806,673	(1,737,356)	69,317
Motor	**319,913**	**(32,214)**	**287,699**	196,894	10,107	207,001
Employers liability	**–**	**–**	**–**	62,938	–	62,938
Engineering	**96,937**	**(77,231)**	**19,706**	185,852	(179,031)	6,821
Other accident	**171,472**	**(39,588)**	**131,884**	60,510	(8,864)	51,646
Marine	**33,387**	**(25,028)**	**8,359**	50,385	(44,977)	5,408
	1,649,589	**(1,113,966)**	**535,623**	**2,363,252**	**(1,960,121)**	**403,131**

37 Management of insurance risk *(continued)*

The geographical concentration of the Group's general insurance contract liabilities is noted below. The disclosure is based on the countries where the business is written.

	2018			2017		
	General liabilities $	Reinsurers' share of liabilities $	Net liabilities $	General liabilities $	Reinsurers' share of liabilities $	Net liabilities $
Barbados	**270,397**	**(111,291)**	**159,106**	179,843	(3,338)	176,505
Saint Lucia	**30,720**	**(14,745)**	**15,975**	13,860	(6,389)	7,471
Antigua	**64,729**	**(31,166)**	**33,563**	57,754	(45,437)	12,317
St. Vincent	**21,807**	**(10,001)**	**11,806**	7,017	(426)	6,591
Trinidad	**189,741**	**(77,385)**	**112,356**	80,348	(17,755)	62,593
Other Caribbean	**1,061,132**	**(869,378)**	**191,754**	2,013,400	(1,886,776)	126,624
Asia and Europe	**11,063**	**–**	**11,063**	11,030	–	11,030
	1,649,589	**(1,113,966)**	**535,623**	**2,363,252**	**(1,960,121)**	**403,131**

Sensitivities

If the insurance liabilities and related reinsurers' share were to increase by 10%, the impact on income before tax and equity would be as follows:

	Change in assumptions	Impact on gross liabilities $	Impact on reinsurers' share $	Impact on income before tax $	Impact on equity $
As at September 30, 2018					
Average claim cost	10%	164,959	(111,396)	53,563	40,171
As at September 30, 2017					
Average claim cost	**10%**	**236,325**	**(196,012)**	**40,313**	**30,235**

Five Year Review

As at September 30. Expressed in Thousands of Trinidad and Tobago dollars

	2014	2015	2016	2017	2018
Income Statement Information					
Third party revenue	10,679,541	11,918,077	11,514,056	11,763,669	**12,004,802**
Operating profit before finance costs and rebranding costs	876,269	956,244	908,964	740,903	**869,267**
Operating profit before finance costs	818,382	956,603	908,964	740,903	**869,267**
Finance costs	(33,659)	(81,094)	(53,104)	(55,604)	**(74,056)**
Share of results of associates and joint ventures	48,869	46,032	29,289	68,993	**78,853**
Profit before tax	833,592	921,541	885,149	754,292	**874,064**
Effective tax rate	27.7%	27.1%	31.0%	36.4%	**35.3%**
Profit for the year from continuing operations	609,836	677,531	612,889	479,827	**565,475**
Loss for the year from discontinued operations	(9,737)	(9,217)	(76,729)	(67,986)	**–**
Profit/(loss) for the year	600,099	668,314	536,160	411,841	**565,475**
Profit attributable to owners of the parent	555,003	638,406	498,557	376,228	**519,753**
Basic earnings per share – from continuing operations ($.¢)	5.80	6.63	5.80	4.46	**5.32**
Basic loss per share – from discontinued operations ($.¢)	(0.11)	(0.10)	(0.70)	(0.61)	**–**
Total earnings per share ($.¢)	5.69	6.53	5.10	3.85	**5.32**
Balance Sheet Information					
Non current assets	4,366,530	4,572,670	4,868,757	5,003,706	**5,010,838**
Current assets	5,482,698	5,846,091	6,172,072	8,273,425	**7,466,352**
Total assets	9,849,228	10,418,761	11,040,829	13,277,131	**12,477,190**
Non current liabilities	2,470,112	2,408,065	2,503,307	2,530,141	**2,467,002**
Current liabilities	3,016,308	3,251,874	3,274,463	5,368,976	**4,395,030**
Total liabilities	5,486,420	5,659,939	5,777,770	7,899,117	**6,862,032**
Shareholder's equity	4,127,156	4,522,452	5,004,710	5,137,132	**5,384,821**
Non-controlling interests	235,652	236,370	258,349	240,882	**230,337**
Equity	4,362,808	4,758,822	5,263,059	5,378,014	**5,615,158**
Cash	1,626,044	1,679,925	2,030,126	1,565,945	**1,626,132**
Debt	2,467,307	2,169,760	2,217,893	2,261,946	**2,320,416**

Five Year Review *(continued)*

As at September 30. Expressed in Thousands of Trinidad and Tobago dollars

	2014	2015	2016	2017	2018
Balance Sheet Quality Measures					
Working capital	2,466,390	2,594,217	2,897,609	2,904,449	**3,071,322**
Current ratio	1.82	1.80	1.88	1.54	**1.70**
Quick ratio	1.31	1.32	1.40	1.25	**1.32**
Total debt to shareholder's equity	59.8%	48.0%	44.3%	44.0%	**43.1%**
Total debt to shareholder's equity and debt	37.4%	32.4%	30.7%	30.6%	**30.1%**
Cash flow information					
Cash flow from operating activities	376,464	984,022	996,615	991,175	**735,951**
Cash flow from investing activities	(354,462)	(409,519)	(470,962)	(1,005,937)	**(488,033)**
Cash flow from financing activities	503,934	(497,419)	(197,166)	(510,597)	**(177,947)**
Net increase/(decrease) in cash, cash equivalents before exchange rate changes	525,936	77,084	328,487	(525,359)	**69,971**