Massy Holdings Ltd.

Unaudited Consolidated Financial Statements

30 June, 2018

Expressed in Thousands of Trinidad & Tobago Dollars

Massy Holdings Ltd.

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CHAIRMAN'S STATEMENT FOR THIRD QUARTER 2018 RESULTS (Quarter Ended June 30, 2018)

Third Party Revenue for the First Three Quarters of Financial Year (FY) 2018 increased by 4% over prior year to $9.2 billion. The majority of this increase continues to be provided by the Group's expanding automotive dealerships in Colombia, albeit at lower margins. Profit Before Tax from Continuing Operations remained flat compared to prior year at $609 million. However, Profit After Tax of $390 million is 23% higher than prior year as the charges for Discontinued Operations which were necessary in the same period in the FY 2017 did not arise.

The Group continues to focus on measures to enhance efficiency and shareholder value. The Indirect Procurement initiative has already helped the Group to achieve tangible savings between March and June 2018, and as more initiatives are implemented the Group expects further benefits to accrue. With regard to Shared Services, the Group is considering important change management elements to ensure readiness and alignment prior to starting this transformative, multi-year journey. Getting support from an experienced partner to implement this in a manner that is consistent with Massy's purpose and values is of paramount importance. The deep-dive analysis to develop the business case for this project will commence in FY 2019.

The Group's Geographic diversification continues to compensate for challenging times in Trinidad and Tobago and Barbados. Fifty-five per cent (55%) of the Group PBT (excluding Head Office and Other adjustments) was generated from territories outside Trinidad and Tobago in the period through Q3 FY 2018 versus 52% in the same period in FY 2017, 35% of which came from territories other than Barbados and Trinidad and Tobago versus 32% in FY 2017.

The Group has early adopted the International Financial Reporting Standard 9 (IFRS 9) effective 1 January 2018. IFRS 9 addresses the classification, measurement and impairment of financial instruments and replaces IAS 39. The Group's early adoption of IFRS 9 is reflected in the Group's interim Financial Statements as at 30 June 2018 and has resulted in an increased impairment provision of Trade Receivables of $46.1 million and Other Investments of $39.2 million, $36.9 million of which relates to Massy United Insurance holdings in Government of Barbados bonds. The impairment has been applied to the Group's Retained Earnings as at 1 October, 2017.

While the outlook for the Barbados economy suggests more contraction in the short-term, there are encouraging signs of stabilization and slow growth in Trinidad and Tobago and exciting growth prospects in Guyana. In Q3 2018, the Group began its formal celebrations in Guyana to commemorate 50 years of operations in that country. Exxon's first production is scheduled for 2020 and the Government of Guyana and the Guyanese economy will begin to experience a windfall. The Group is well positioned to benefit from the economic growth that will follow. In addition, the Group continues negotiations for acquisitions in Colombia and Central America which will continue to add diversity and strength to its future earnings.

Massy Holdings Ltd.
Consolidated Statement of Financial Position
(Expressed in Thousands of Trinidad & Tobago dollars)

	UNAUDITED 30-Jun-18 $'000	UNAUDITED 30-Jun-17 $'000	AUDITED 30-Sep-17 $'000
Assets			
Non-Current Assets			
Property, plant and equipment	**2,799,624**	2,691,567	2,730,670
Investments in associates and joint ventures	**255,012**	254,653	239,305
Financial assets	**1,374,383**	810,630	859,655
Other non-current assets	**1,131,310**	1,176,741	1,174,076
	5,560,329	4,933,591	5,003,706
Current Assets			
Cash and cash equivalents	**1,484,121**	1,905,012	1,565,945
Other current assets	**6,343,758**	4,293,666	6,707,480
	7,827,879	6,198,678	8,273,425
Assets of disposal group classified as held for sale	**-**	270,694	-
Total Assets	**13,388,208**	11,402,963	13,277,131
Equity and Liabilities			
Capital and reserves attributable to owners of the parent	**4,980,713**	4,882,679	4,922,365
Non-controlling interests	**250,441**	243,045	240,882
Total Equity	**5,231,154**	5,125,724	5,163,247
Non-Current Liabilities			
Borrowings	**1,930,365**	1,918,555	1,905,591
Deferred tax liabilities	**232,517**	228,302	234,485
Other non-current liabilities	**640,971**	673,293	604,832
	2,803,853	2,820,150	2,744,908
Current Liabilities			
Borrowings	**359,819**	349,083	356,355
Other current liabilities	**4,993,382**	3,049,040	5,012,621
	5,353,201	3,398,123	5,368,976
Liabilities of disposal group classified as held for sale	**-**	58,966	-
Total Equity and Liabilities	**13,388,208**	11,402,963	13,277,131

On August 9th, 2018 the Board of Directors of Massy Holdings Ltd. authorized these consolidated financial statements for issue.

Director
E. G. Warner

Director
Ian Chinapoo

Massy Holdings Ltd.
Consolidated Income Statement
(Expressed in Thousands of Trinidad & Tobago dollars)

	UNAUDITED THREE MONTHS ENDED		UNAUDITED NINE MONTHS ENDED		AUDITED TWELVE MONTHS ENDED
	30-Jun-18 $'000	30-Jun-17 $'000	30-Jun-18 $'000	30-Jun-17 $'000	30-Sep-17 $'000
Continuing Operations:					
Revenue	**2,991,594**	2,893,046	**9,167,252**	8,840,141	11,763,669
Operating profit after finance costs	**171,455**	141,000	**554,614**	562,907	685,299
Share of results of associates and joint ventures	**15,970**	16,293	**54,463**	47,037	68,993
Profit before tax	**187,425**	157,293	**609,077**	609,944	754,292
Income tax expense	**(70,427)**	(61,969)	**(219,268)**	(219,523)	(274,465)
Profit for the period from continuing operations	**116,998**	95,324	**389,809**	390,421	479,827
Discontinued Operations:					
Loss for the period from discontinued operations	-	(49,685)	-	(72,323)	(67,986)
Profit for the period	**116,998**	45,639	**389,809**	318,098	411,841
Owners of the parent:					
Profit for the period from continuing operations	**106,323**	84,560	**352,520**	354,735	435,555
Loss for the period from discontinued operations	-	(46,879)	-	(63,858)	(59,327)
Profit attributable to owners of the parent	**106,323**	37,681	**352,520**	290,877	376,228
Non-controlling interests:					
Profit for the period from continuing operations	**10,675**	10,764	**37,289**	35,686	44,272
Loss for the period from discontinued operations	-	(2,806)	-	(8,465)	(8,659)
Profit attributable to non-controlling interests	**10,675**	7,958	**37,289**	27,221	35,613
Profit for the period	**116,998**	45,639	**389,809**	318,098	411,841
Earnings per share attributable to the owners of the parent ($/cents):					
Basic (loss)/ earnings per share	**1.09**	0.87	**3.61**	3.63	4.46
-from continuing operations	-	(0.48)	-	(0.65)	(0.61)
-from discontinued operations	**1.09**	0.39	**3.61**	2.98	3.85

Massy Holdings Ltd.
Consolidated Statement of Comprehensive Income
(Expressed in Thousands of Trinidad & Tobago dollars)

	UNAUDITED NINE MONTHS ENDED		AUDITED TWELVE MONTHS ENDED
	30-Jun-18 $'000	30-Jun-17 $'000	30-Sep-17 $'000
Profit for the period	**389,809**	318,098	411,841
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
- remeasurement of defined benefit pension plans	-	-	(28,406)
	-	-	(28,406)
Items that may be subsequently reclassified to profit or loss			
- available for sale financial assets	**203**	(1,020)	171
- currency translation differences	**567**	(3,408)	(9,325)
	770	(4,428)	(9,154)
Other comprehensive income/(loss) for the period, net of tax	**770**	(4,428)	(37,560)
Total comprehensive income for the period	**390,579**	313,670	374,281
Attributable to:			
Owners of the Parent	**353,515**	287,165	338,542
Non-controlling interests	**37,064**	26,505	35,739
Total comprehensive income for the period	**390,579**	313,670	374,281

Massy Holdings Ltd.
Consolidated Statement of Changes in Equity
(Expressed in Thousands of Trinidad & Tobago dollars)

	UNAUDITED NINE MONTHS ENDED		AUDITED TWELVE MONTHS ENDED
	30-Jun-18 $'000	30-Jun-17 $'000	30-Sep-17 $'000
Balance at the beginning of the year	**4,922,365**	4,789,943	4,789,943
IFRS 9 Initial application adjustments for expected credit loss (Note 3)	**(85,329)**	-	-
	4,837,036	4,789,943	4,789,943
Profit attributable to owners of the Parent	**352,520**	290,877	376,228
Remeasurement of defined benefit pension plans	-	-	(28,406)
Dividends paid	**(205,260)**	(206,237)	(206,237)
Other reserve movements	**(3,583)**	8,096	(9,163)
	4,980,713	4,882,679	4,922,365

Massy Holdings Ltd.
Consolidated Statement of Cash Flows
(Expressed in Thousands of Trinidad & Tobago dollars)

	UNAUDITED NINE MONTHS ENDED		AUDITED TWELVE MONTHS ENDED
	30-Jun-18	30-Jun-17	30-Sep-17
	$'000	$'000	$'000
Cash flows from operating activities			
Operating profit	**554,614**	562,907	685,299
Operating losses from discontinued operations	-	(68,587)	(67,986)
Dividends from associates and joint ventures	**21,402**	21,251	49,154
Adjustments for non-cash items	**220,819**	258,227	446,826
Operating profit before working capital changes	**796,835**	773,798	1,113,293
Net working capital changes	**(256,522)**	85,823	211,606
Tax payments	**(162,894)**	(172,552)	(247,145)
Cash flows from operating activities	**377,419**	687,069	1,077,754
Investing activities	**(232,622)**	(533,649)	(1,055,091)
Financing activities	**(223,989)**	(269,567)	(510,597)
Decrease in short-term funds	**(79,192)**	(116,147)	(487,934)

Massy Holdings Ltd.
Segment Information
(Expressed in Thousands of Trinidad & Tobago dollars)

Continuing Operations	Automotive and Industrial Equipment	Integrated Retail	Financial Services	Energy and Industrial Gases	ITC	Other Investments	Head Office and Other Adjustments	Total
Nine Months Ended 30th June 2018								
Group revenue	2,070,009	5,415,382	443,035	866,425	427,732	427,891	-	9,650,474
Inter-segment revenue	(87,320)	(314,109)	(1,352)	(12,598)	(22,023)	(45,820)	-	(483,222)
Third-party revenue	1,982,689	5,101,273	441,683	853,827	405,709	382,071	-	9,167,252
Operating profit/(loss) after finance costs	105,775	265,360	79,145	130,043	47,390	58,907	(132,006)	554,614
Share of results of associates and joint ventures	-	-	-	54,007	-	456	-	54,463
Profit before income tax	105,775	265,360	79,145	184,050	47,390	59,363	(132,006)	609,077
Nine Months Ended 30th June 2017								
Group revenue	1,892,217	5,470,958	425,442	750,334	424,617	425,356	-	9,388,924
Inter-segment revenue	(82,220)	(363,124)	(2,398)	(11,071)	(32,126)	(57,844)	-	(548,783)
Third-party revenue	1,809,997	5,107,834	423,044	739,263	392,491	367,512	-	8,840,141
Operating profit/(loss) after finance costs	113,251	260,165	78,534	114,441	50,345	60,417	(114,246)	562,907
Share of results of associates and joint ventures	-	-	-	47,914	(271)	(606)	-	47,037
Profit before income tax	113,251	260,165	78,534	162,355	50,074	59,811	(114,246)	609,944

	Group Revenue		Inter-Segment		Third-party revenue		Profit Before Tax	
	Jun-18	Jun-17	Jun-18	Jun-17	Jun-18	Jun-17	Jun-18	Jun-17
Trinidad and Tobago	3,986,865	4,156,914	(216,686)	(238,399)	3,770,179	3,918,515	336,643	344,920
Barbados	2,226,591	2,243,171	(150,232)	(189,362)	2,076,359	2,053,809	146,855	149,633
Eastern Caribbean	1,005,246	945,360	(7,963)	(9,909)	997,283	935,451	85,257	71,447
Guyana	729,301	714,843	(20,052)	(25,792)	709,249	689,051	102,228	98,679
Jamaica	516,637	511,998	(3,194)	(4,582)	513,443	507,416	50,643	55,396
Colombia	1,035,806	674,989	-	-	1,035,806	674,989	15,904	648
Other	150,028	141,649	(85,095)	(80,739)	64,933	60,910	3,553	3,467
Head Office and other adjustments	-	-	-	-	-	-	(132,006)	(114,246)
	9,650,474	9,388,924	(483,222)	(548,783)	9,167,252	8,840,141	609,077	609,944

Notes:
All monetary amounts are stated in Trinidad and Tobago dollars. Highlights of the Unaudited Consolidated Financial Statements (Highlights) have been prepared in accordance with International Financial Reporting Standards. The Highlights do not include all information and disclosures required in the Annual Financial Statements, and should be read in conjunction with the Group's Annual Financial Statements as at 30th September 2017. For comparative purposes, adjustments and reclassifications to the prior year have been made to conform to the current year reporting.

These financial highlights can be accessed online at **www.massygroup.com**

NOTES

(1) Basis of Preparation

The consolidated financial statements have been prepared in accordance with the accounting policies set out in "Note 2" of the 30 September 2017 audited financial statements consistently applied from period to period, except for the Group's early adoption of the new standard, IFRS 9 Financial Instruments, which is required to be applied for annual reporting period on or after 1 January 2018.

(2) Changes in accounting policies

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The early adoption of IFRS 9 Financial Instruments resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements.

Classification and measurement

IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: Amortized cost (AC), Fair value through other comprehensive income (FVOCI) and Fair value through profit and loss (FVPL).

Classification for debt instruments is driven by the entity's business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest (SPPI). If a debt instrument is held to collect, it may be carried at AC if it also meets the SPPI requirement. Debt instruments that meet the SPPI requirement that are held in a portfolio where an entity both holds to collect assets' cash flows and sells assets may be classified as FVOCI. Financial assets that do not contain cash flows that are SPPI must be measured at FVPL. Investments in equity instruments are always measured at fair value. However, management can make an irrevocable election to present changes in fair value in other comprehensive income, provided the instrument is not held for trading. If the equity instrument is held for trading, changes in fair value are presented in profit or loss. Any adjustment on the initial adoption of this standard impacts retained earnings.

The Group's business model for debt financial instruments is primarily to hold to collect the assets' cash flows. Accordingly, all debt instruments, once having met the SPPI criteria are classified at AC. All other financial instruments, including equities, investment funds and debt instruments not meeting the SPPI requirement are classified at FVPL.

Impairment

IFRS 9 also introduces a new impairment model for financial instruments. The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as is the case under IAS 39. It applies to financial assets classified at AC (including bonds, installment credit accounts, hire purchase and trade receivables), unbilled work in progress, lease receivables and loan commitments.

The Group measures loss allowances on its debt instruments at an amount equal to lifetime ECL, except in the following cases, for which the amount recognised is 12-month ECL:

- Debt securities that are determined to have low credit risk at the reporting date; and
- Other financial instruments for which credit risk has not increased significantly since initial recognition.

Lifetime ECL are the ECL that result from all possible default events over the expected life of a financial asset, whereas 12-month ECL are the portion of ECL that results from default events that are possible within the 12 months after the reporting date. The Group applies the IFRS 9 simplified approach by using the Lifetime ECL for all trade receivables and unbilled work in progress.

(3) Impact of Adoption

The impact of adoption of IFRS 9 is summarized below:

	Audited 30-Sep-17 TT $'000	IFRS 9 Initial Application Adjustments: Reclassification adjustments TT $'000	IFRS 9 Initial Application Adjustments: Expected credit loss adjustments TT $'000	Unaudited 1-Oct-17 TT $'000
Assets				
Financial assets				
Amortised cost	-	1,264,024	(39,218)	1,224,806
Fair value through profit or loss	207,309	169,036	-	376,345
Held to maturity	840,405	(840,405)	-	-
Loans and receivables	416,613	(416,613)	-	-
Available for sale	176,042	(176,042)	-	-
Subtotal	1,640,369	-	(39,218)	1,601,150
Trade receivables	4,053,669	-	(46,111)	4,007,558
Total	5,694,038	-	(85,329)	5,608,708
Capital and reserves attributable to owners of the parent	4,922,365	-	(85,329)	4,837,036