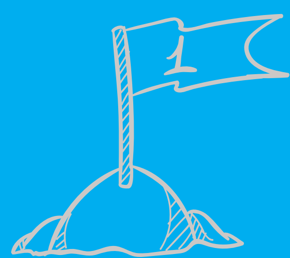
what's next

2019 annual report

MASSY



OUR REPORT

It's not business as usual at Massy.

We acknowledge that more and more will be required of our people to compete, innovate and grow. We also note the emergence of market alternatives for our shareholders; and the entry and rise of private equity type investment alternatives. And so, we recognize that we must find innovative ways to increase value to our shareholders. Accordingly, we see these strategic priorities for the Massy Group: assure the future; accelerate growth – at top line and bottom line; and create value for our shareholders.

We also believe that more transparent reporting beyond what is required by accounting standards will allow our shareholders to make better decisions on their investment in the Massy share.

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.

Improved Value Creation for our Shareholders

Geographical diversification

what's next

Focus on Key Verticals

Drive Innovation

Strengthened Internal Controls

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Who we are

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

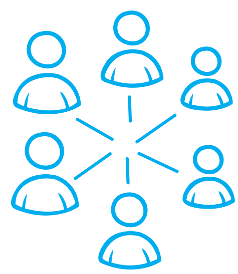
Honesty & Integrity

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

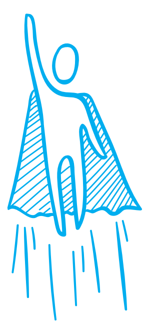
Responsibility

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 & Continuous 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.

What we achieve

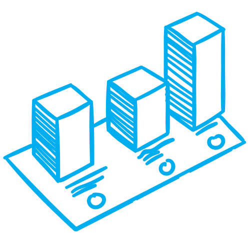
Employees
12,000+

Countries
15+

Companies
60+

Revenue
$11,959
TT$ MILLIONS

Profit Before Tax
$919
TT$ MILLIONS
5%



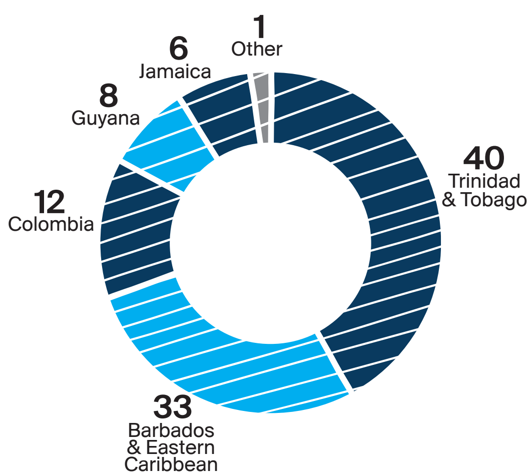
Earnings Per Share
$5.76
TT$
8%

Dividends
$2.27
TT$
8%

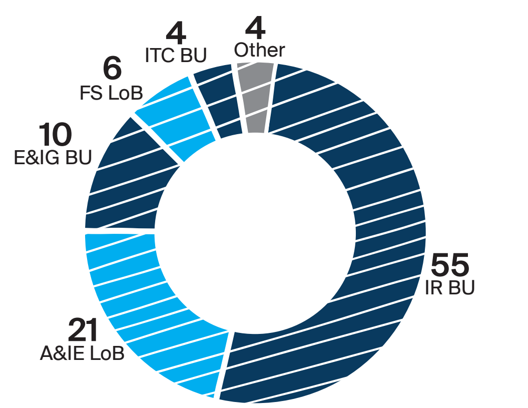
Financial Operating Highlights

	2019 $	2018 $	Change %
FINANCIAL OPERATING DATA			
Revenue	**11,958,666**	11,910,053	0.41%
Shareholder's equity	**5,713,898**	5,384,821	6.11%
Basic earnings per share	**5.76**	5.32	8.27%
Net assets per share	**58.46**	55.09	6.12%
End of period share count	**97,743**	97,743	0.00%
Cash dividends declared	**2.27**	2.10	8.10%
Market price per share at year end	**54.45**	47.05	15.73%
Total debt to shareholder equity and debt	**27.8%**	30.1%	-7.64%

Revenue by Territory %



Revenue by Business Unit %

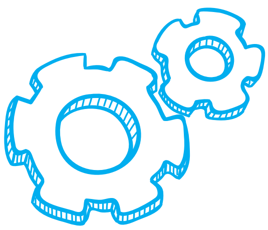


What we do

MAJOR HOLDING & OPERATING COMPANIES

As at September 30

HOLDING COMPANIES



Massy Holdings Ltd.

Massy (Guyana) Ltd.

Massy (Barbados) Ltd.

Massy Integrated Retail Ltd.

Massy Energy (Trinidad) Ltd.

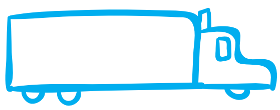
Massy Energy Holdings (Guyana) Inc.

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.

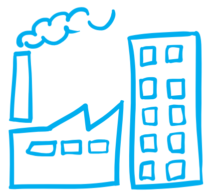
GUYANA

Massy Motors (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.

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.

FINANCIAL SERVICES

Insurance Division
BARBADOS
Massy United Insurance Ltd.

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

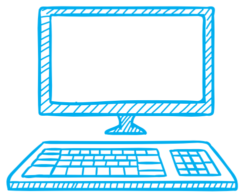
SAINT LUCIA
Massy Remittance Services (St. Lucia) Ltd.

GUYANA
Massy Services (Guyana) Ltd.

Consumer Finance Division
TRINIDAD AND TOBAGO
Massy Finance GFC Ltd.

BARBADOS
Massycard (Barbados) Limited

INFORMATION TECHNOLOGY & COMMUNICATIONS



TRINIDAD AND TOBAGO
Massy Technologies InfoCom (Trinidad) Ltd.

Massy Technologies Applied Imaging (Trinidad) Ltd.

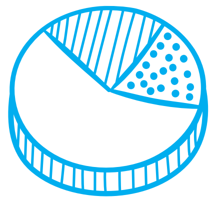
GUYANA
Massy Technologies (Guyana) Ltd.

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.

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. David Affonso
Mr. Ian Chinapoo
Mr. Anton Gopaulsingh
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. Anton Gopaulsingh
Mr. Patrick Hylton
Mr. Suresh Maharaj
Mr. Richard P. Young
Mr. E. Gervase Warner (ex-officio)

Governance, Nomination and Remuneration 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
Email: 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-Sixth 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 January 24, 2020 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, 2019 together with the Report of the Auditors thereon.

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

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

   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, Ms. Soraya Khan be and is hereby elected a Director of the Company to hold office until the close of the third Annual Meeting of the Shareholders of the Company following this election; and

   c THAT, in accordance with the requirements of paragraphs 4.4.1 and 4.6.1 of By-Law No. 1 of the Company, Messrs. Robert Bermudez, E. Gervase Warner and Ms. Maxine Williams be and are hereby re-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 19, 2019

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 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, 2019 and the Auditors' Report thereon are included in the Annual Report which is published on the Company's website: www.massygroup.com.

Notice of Annual Meeting

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 and/or re-election is four. Messrs. Robert Bermudez, E. Gervase Warner, Ms. Soraya Khan and Ms. Maxine Williams will retire at the end of the Meeting and being eligible, will be seeking either election or re-election.

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:

Robert Bermudez – 66 years of age

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 18 years he served as a Non-Executive Director at RBC Financial (Caribbean) Limited, which has a presence in 19 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 Limited) 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 was the Chairman of the Board of Directors of the Bermudez Group of Companies and 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.

Soraya Khan – 44 years of age

SORAYA KHAN is an Independent, Non-Executive Director and is a Finance Executive with over 20 years of experience within multinational organisations in the Energy and Financial services sectors. She started her career at Atlantic LNG Company of Trinidad and Tobago after which she moved to Citibank where she quickly progressed to the position of Chief Financial Officer. Soraya returned to the Energy Sector taking on the role of Head of Finance at Centrica Energy Ltd. before moving to her current position of Finance Manager at BHP Trinidad and Tobago.

Soraya brings valuable experience in corporate governance, company divestments, project valuations and sanctioning, strategic operational planning and forecasting, and treasury and financial controls. She holds a Bachelor of Science in Accounting and Finance from State University of New York, and is a Certified Public Accountant. She also has a Masters in Business Administration with a specialisation in International Finance from the Arthur Lok Jack Global School of Business.

E. Gervase Warner – 54 years of age

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 United States, Latin America and Caribbean across a wide range of industries. He currently serves on the Trinidad and Tobago Board of Citicorp Merchant Bank

Limited, the Arthur Lok Jack Global School of Business and United Way Trinidad and Tobago. Mr. Warner holds a Master of Business Administration from the Harvard Graduate School of Business Administration; and also holds a Bachelor of Science degree 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.

Maxine Williams – 49 years of age

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 honours from Oxford University, where she was a Rhodes Scholar.

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.

Letter from the Chairman

Massy is constantly seeking to understand how best to reinforce and incorporate business integrity into its governance framework, strategy and operations. We have committed to our organisations that we will reflect and continue to deepen our understanding and appreciation of those factors that influence business decisions with a view to enhancing integrity.

Dear Shareholders,

At Massy, we believe that good corporate governance is essentially about effective leadership, and exemplary governance is realised through leadership by example and by accountability. We believe that good governance includes setting the tone for ethical and responsible decision-making throughout the organisation, as well as acknowledging personal attributes like integrity, honesty or kindness.

Massy is constantly seeking to understand how best to reinforce and incorporate business integrity into its governance framework, strategy and operations. We have committed to our organisations that we will reflect and continue to deepen our understanding and appreciation of those factors that influence business decisions with a view to enhancing integrity. This is critical at board-level with the deliberations and considerations that require our approval, but it starts with people, individuals and leaders.

This Board and its Committees have demonstrated a focus on the roles of the Board and Senior Management. Personal integrity is considered an intrinsic element of how we do business. This characteristic extends to business integrity which is included in the oversight of our strategy and operations. The Board has supported the implementation of a business integrity function within the office of the General Counsel. The Governance, Nomination and Remuneration Committee (GNRC) has oversight to review and monitor the business integrity function and policies within Massy. In 2019 several Business Integrity fora for staff were held across the Group to raise awareness and provide training on business integrity expectations and processes for getting help with dilemmas and reporting unethical conduct.

We also placed great emphasis on education and training at senior levels in the organisation and with the Board. Through coordinated training programmes, our Directors, Executives and Senior Managers continue to be made aware and become even more exposed to global governance thinking, practices and trends. Business integrity training is specific and purposeful to ensure the support and buy-in of the Board and Senior Executives, and to make them aware of the importance of effective policies to Massy's long term objectives, success and reputation.

In line with this and the Group's strategy, Massy has also moved to strengthen governance of the main business portfolios in the Group. In the Group CEO's report, he explains this organisational change in detail. In short, the main industry portfolios have been strengthened by putting non-portfolio executives on the Board of these portfolios including, at least one Director from the Massy Holdings Board. The executives in the portfolios are being given greater autonomy with an increased delegation of authority going to the portfolio boards and Chairmen than in the past. With this change and the focus of portfolio executives on the specific activities of their portfolios and not on Group initiatives, Massy's structure will become more like a true investment holding structure with strong, distinct portfolios, focused on the industries in which Massy has its greatest strengths.

I am personally excited for the executives and professionals in the Group, who I expect will experience greater autonomy and participation in driving the success of their businesses and will enjoy the opportunity to unleash their creativity and drive. I expect these changes to redound to the benefit of shareholders as we see this new structure to be key in releasing greater profitability and growth from Massy's main businesses.

Acknowledgements

Despite the challenging economic environment in markets from which most of Massy's Revenues and Profits are derived (Trinidad and Tobago and Barbados), the Group's financial performance for the year was commendable, with an 8 percent increase in Profit After Tax and Earnings Per Share. I wish to congratulate the Group CEO, his team of Senior Executives and all Massy staff throughout its operations on their stellar work in 2019 to produce this result.

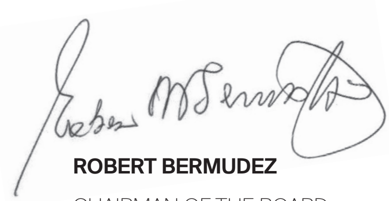
During the past year, there were a few changes to the composition of the Board. We reported Mr. Anton Gopaulsingh's appointment last December as an Independent, Non-Executive Director. This year Mr. Frere Delmas resigned as an Executive Director and Mr. David Affonso was appointed as an Executive Director on April 11, 2019. David is responsible for the Group's Integrated Retail Business. I wish to thank Frere for his contributions to the Board and the Group throughout his tenure.

On September 30, 2019, Mr. Gary Voss resigned as an Independent, Non-Executive Director. I wish to say a special thank you to Gary for his service to the Board and this Group of companies. Gary was a sterling Board Member and did great work to raise the bar for Corporate Governance at the Massy Group, a legacy that will live on for the decades to come. Gary will be missed by all.

We are delighted that Mr. Robert Riley, who is no stranger to the Group having served previously as a Director, agreed to fill the vacancy left by Gary. Robert brings with him a broad range of experience and skills and will now Chair the Board's Governance Nomination and Remuneration Committee.

Subsequent to the end of the 2019 Financial Year, Mr. Anthony King resigned from the Massy Holding Board after serving for eleven years. I thank Tony for his years of diligent service to the Group, first as an executive and then as a non-executive Director. He too will be missed. On December 19, 2019, Ms. Soraya Khan was appointed to the Board of Massy Holdings Ltd. and to the Audit Committee of the Board. Soraya is a Chartered Professional Accountant and is currently the Finance Manager for BHP Trinidad and Tobago. Prior to this she was the Head of Finance at Centrica Energy Trinidad. She is a welcomed addition to the Board.

Lastly, it gives me great pleasure to report that the Group's General Counsel, Ms. Angélique Parisot-Potter was promoted to the position of Executive Vice President (EVP), Business Integrity and Group General Counsel. This promotion comes in recognition of the value that Angélique brings to the Group in improving its internal legal services and in her initiative to develop and implement a Group-wide business integrity programme. Please join me in congratulating and thanking her for her service. I am also pleased to announce two other executive promotions. Mr. Vaughn Martin and Mr. Ramnarine Persad have both been promoted to the position of Senior Vice President (SVP). Effective October 1, 2019, Vaughn took over as the SVP, Strategic and Other Investments Line of Business and effective January 1, 2020, Ramnarine Persad will be promoted to SVP within the Motors and Machines Portfolio. Please join me in congratulating them as well.



ROBERT BERMUDEZ

CHAIRMAN OF THE BOARD

Letter from the Chief Executive Officer

We recognise that producing sustainable growth in the future will require continued and further excellence in people leadership, strategy, commercial agility, governance and investment in technology. Simply repeating what we have done in the past with incremental improvement will not suffice.

Dear Valued Stakeholders,

We are proud to share our achievements of this year and update you on our strategy and the organisational changes being made. Despite the challenges faced in the Trinidad and Tobago and Barbados economies, and despite significant claims paid for Hurricane Dorian's destruction in the Bahamas, your management and staff delivered solid bottom-line growth for shareholders. We recognise that producing sustainable growth in the future will require continued and further excellence in people leadership, strategy, commercial agility, governance and investment in technology. Simply repeating what we have done in the past with incremental improvement will not suffice. Our Group is undertaking a number of changes, which I will address in this report, to assure its future sustainability.

Performance

Through a combination of initiatives and strategies the Group continued its profitable growth trajectory in 2019. Profit After Tax increased by 8 percent over prior year from $565 million (US$83.7 million) in 2018 to $613 million (US$90.8 million) in 2019. Earnings Per Share similarly grew by 8 percent to $5.76. While the Group incurred claims associated with Hurricane Dorian in the vicinity of $40 million, gains from the sales of the Group's security company and associate investments provided sufficient cushion for that effect. The Group's balance sheet remains healthy with $2.1 billion in cash and a declining Debt to Debt and Equity Ratio of 27.8 percent.

Strategy Update

We have operated as a centrally managed, geographically dispersed conglomerate, focused for many years on the English-speaking Caribbean markets. We have shown remarkable resilience and returns over time due to prudent governance and the nature of our trading and services businesses. English-speaking Caribbean economies are relatively low-growth economies with the one major exception being Guyana, which is set for a dramatic change as it moves to becoming a globally relevant oil producer in just a few short years. Trinidad and Tobago is still dependent on oil, gas and petrochemical production and favourable pricing to drive its recovery; moderate price environments are expected to persist and while prospective reserve additions to the natural gas stock are on the horizon, there is a significant lead time and some uncertainty surrounding commercialising these finds. Barbados is still in the early stages of its Economic Recovery Transformation Programme and though we see encouraging signs the observed economic recovery will take some time to generate momentum.

Given the low overall forecasted growth rate environment for the English-speaking Caribbean (except for Guyana where the Massy Group has had a significant presence for over 50 years), and increasing vulnerabilities being introduced by climate impacts, we believe that for our future growth strategy must incorporate further investment in geographical diversification as a main pillar of corporate strategy.

The world is rapidly changing around us. We are seeing business model disruptions and changing competitive forces in many of the industries in which we compete. We will be the undisputed experts at what we do within an ever-expanding geographic footprint in the Caribbean Basin, which includes all of the Caribbean and the Latin American territories facing the Caribbean sea. We will be at the forefront of business model changes and be our own disruptors. We acknowledge that more and more will be required of our people to compete, innovate and grow. We also note the emergence of market alternatives for our shareholders; and the entry and rise of private equity type investment alternatives. And so, we recognise that we must find innovative ways to increase value to our shareholders. Accordingly, our strategy is centred around three priorities for our Group:

1. **Assure the Future;**
2. **Grow the Group: both Bottom Line and Top Line; and**
3. **Create Value for our Shareholders.**

Assure the Future

To assure our future, we need to focus on our key verticals and become increasingly more expert, more competitive and more performance oriented. To facilitate this, the Group has reorganised itself around three main industry Portfolios and will transfer greater autonomy to the executives operating these Portfolios. We expect them to focus more intently on building distinctive capability, to drive innovation within the business and to effect strategies more directly on trends, opportunities and threats; and to better identify and mitigate risks specific to those portfolios. The three main Portfolios were selected after a process of assessing the competence and capabilities in all of our Business Units and identifying the most significant and credible growth opportunities. The three main Portfolios identified are: Integrated Retail, Motors and Machines, and Gas Products.

The other activities in the Group will be organised as follows. The Information Technology & Communications (ITC) Line of Business (LoB), consisting of the four Massy Technologies InfoCom companies, will continue to be managed as a single Line of Business. The Financial Services Line of Business will continue to include the insurance, money transfer, credit card and asset finance companies. The Strategic and Other Investments Line of Business includes Roberts Manufacturing, the property management and real estate brokerage companies in Trinidad and Barbados, and will include the energy services companies in Trinidad and Tobago.

We will also continue to improve our internal control environment and invest further in an enterprise wide risk management programme and enhance the resources reinforcing business integrity and ethical conduct throughout our organisations. In 2019 we significantly expanded and strengthened our Business Integrity framework which includes our Speak Up programme, which augmented and replaced our previous Whistle Blower programme, and our Code of Ethics and Conduct training and tools; all of which are discussed in more detail in the Sustainability Report.

To assure the future of the Group, we also recognise that continued regional expansion is essential. We need to diversify beyond the English-speaking Caribbean. We are finding that we are competent competitors, operating our Energy/Gas Products and Motors assets

Letter from the Chief Executive Officer

in Latin America. These markets are much larger than our home base and provide the opportunity to build scale and reap the benefit in growth and value creation. Our success in Colombia gives us confidence that we have the team and resources to go deeper in Colombia and further in the Andean Region and Central America. It will take some time.

In Trinidad and Tobago, the foreign exchange problem persists, affecting all corporate entities in one way or another. Continuing to find Foreign Exchange (FX) earning investments is a priority but these are not easy, particularly sticking within the industries that are relevant to our main portfolios. The Mitsubishi project is one big FX earning opportunity we are pursuing. We are looking for other business related to the value chain in our main portfolios that would be good investments that can help earn f/x for the Group.

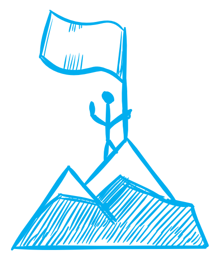
Grow the Group: Both Top Line and Bottom Line

Over the last couple of financial years, we have been able to return the Group to profit growth. However, revenue growth has been disappointing. Despite strong revenue growth in Colombia, companies in Trinidad and Tobago and Barbados have seen revenue declines with the struggling economies in both countries.

As we give greater autonomy to industry portfolios and allow for greater incentives for exceptional value creation, we are unlocking creativity and drive in these portfolios to pursue both Top and Bottom-Line growth. Furthermore, our 50-year history in Guyana and investments in Colombia are reaping benefits as revenue growth continues to be strong from our operations in both of these countries.

The Group invested significant time and resources into an internal diagnostic to assess inefficiencies and opportunities for improvement in manual back-office functions duplicated across the Group in Finance, Information Technology, Procurement and Human Resources. We assessed the opportunity for cost savings and improving the efficiency and effectiveness of our operations by either creating a Shared Services Centre to conduct these activities for all units in the Group or to outsource these activities. After extensive study, several specific opportunities were identified within Business Units and commonly across the Group. Having undertaken to set up the more autonomous industry portfolios, the opportunities for savings that were identified in the analysis will be pursued within each Portfolio and Line of Business.

Create Value for Shareholders



Through our Customer Service Management System, our Employee Engagement Surveys, our leadership and investments in community initiatives, we have made significant strides in adding value to some of our key stakeholders. We are committed to improving our value creation for our shareholders.

In the past, the Group has been managed by an Executive Committee that has acted as a common body overseeing the operations to the Group. This structure served us very well and allowed us to produce our Vision, Purpose and Values. This structure made it possible for common expectations and execution of Group initiatives such as in Health, Safety, Security and Environment (HSSE) Management, Customer Service Management, Employee Engagement, People Days and Expectations of Massy Leaders for Employee Evaluation and Rebranding.

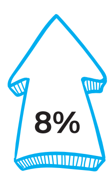
These competencies, processes and values are now well entrenched in our organisations, our people and our customers. Now, to improve our focus on shareholder value creation, Portfolio

Third Party Revenue

11,959
TT$ MILLIONS

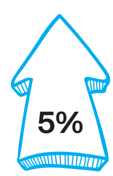
Earnings Per Share

5.76
TT$



Profit Before Tax

919
TT$ MILLIONS



Massy Motors Colombia S.A.S. continued on a growth trajectory

Chairmen and LoB Chairmen will focus on priorities for their businesses and will no longer participate in an Executive Committee reviewing operations and making Group-wide decisions for all units. Chairmen and their executives in Portfolios will focus attention on the strategy, risks and operations of their respective Portfolios to drive stronger engagement with employees and customers to produce exceptional financial results.

Key Organisational Changes

Each industry Portfolio will be governed by a Portfolio Board with enhanced formalities similar to that of the Massy Holdings Ltd. (MHL) Board. Portfolio Boards will have formal charters which include the establishment of an Audit and Risk and Committee of the Portfolio Boards chaired by independent or non-Portfolio Board executives. Each Portfolio Board will have an even number of executives from the Portfolio and members who are not executives within the Portfolio. The non-Portfolio executive members will include at least one member of the MHL Board and an independent Audit and Risk Committee Chairperson. This structure is expected to assist with better governance within the portfolios and enhance the strategy, risk and employee engagement and development processes in these important pillars of the Group's future. In this era of relentless change, we expect the Portfolio Boards and the new Portfolio structure to help our businesses survive and thrive by being better able to change before a crisis forces us to.

The Group's Head Office will be separated into a Group Corporate Office and a Group Professional Services unit. The Group Professional Services unit will focus on supporting employees and all Group businesses by providing common Group-wide services, such as: employee benefit administration, internal audit, Group corporate secretarial services, legal services, Massy Learning Institute, etc. These services will be reporting into the Department Heads in Trinidad as we transition away from having Head Offices and Country Managers throughout the region.

The Corporate Office will support the Board and the Group CEO with Strategy, Risk, Mergers and Acquisitions (M&A), Financial Reporting and Portfolio performance assessment. Portfolios and Lines of Business will increasingly be assessed for sustainable growth and return on investment. The Board and the Corporate Office will take a more active role in capital allocation across the Group to better leverage the Group's capital on higher return and growth investments.

These changes will result in improved cash flow for shareholders, more transparent reporting on the industry Portfolios providing a closer insight for investors on the performance of the businesses under our care. We believe that more transparent reporting beyond what is required by accounting standards will allow our shareholders to make better decisions on their investment in the Massy share.

Letter from the Chief Executive Officer

It is our people who execute our strategies and who make our success possible

In Closing

We cannot over-emphasise our need to continue to focus on our employees. I wish to express my deep gratitude to the amazing men and women in the Massy workforce, all 12,000 of them. It is our people who execute our strategies and interact with our customers on a daily basis. It is our employees who deliver goods, pack shelves, service vehicles and perform services in the field away from our offices who make our success possible. With the whirlwind of changes and challenges we all face, it is even more critical to stay close to our most precious resource, our people.

I would also like to thank our board of directors for their continued support and counsel. In particular, I would like to acknowledge our Chairman who has provided strong guidance and instilled greater confidence in the executive team for the future. This has been another year full of change and extra effort. I want to recognise the tremendous efforts of our executive leadership team who have risen to the challenges and delivered a commendable financial performance for the year while building strength and resilience in our governance systems and people.

I must also acknowledge three retiring executives who have each served the Group for several years. First, Fenwick Reid (Senior Vice President (SVP) Information Technology & Communications) spent 39 years working with the Group in the ITC businesses. Fenwick retired in June 2019 and was asked to stay on for a year post-retirement to manage a transition to his successor. Secondly, Frere Delmas (SVP and Country Manager, Barbados) retired in September 2019 and has agreed to become the non-executive Chairman of Massy (Barbados) Ltd. and thirdly, Shameer Hoosein, who has been a key leader in Massy Guyana and a member of the Group for 36 years, retires in December 2019. Our Group is grateful to each of these gentlemen for their sterling contributions over the years to the current success of our Group.

I cannot close without acknowledging our gratitude to our loyal customers and shareholders who provide the life source, income and capital that keep our Group going and growing. Thank you for your confidence and trust in us. We will continue to strive to improve the quality of our products and services to you and the returns you enjoy on your investment. We will continue to do so in a fair, transparent and responsible manner, consistent with the values of the Group.

E. GERVASE WARNER
PRESIDENT & GROUP CHIEF EXECUTIVE OFFICER

Letter from the Chief Financial Officer

With your support, Massy is continually re-energised to deliver the best products and services to the territories in which we operate. In industries marked by intense competition, dynamic technological change and regulatory challenges, Massy's focus on growth, service and diligent strategic execution, delivered exceptional results in 2019.

Dear Stakeholders,

Leveraging Strengths, Driving Success

A challenging, yet rewarding and incredible journey. The story of our 2019 financial year is one of significant progress as we carefully took stock of our competitive strengths towards re-imagining and assuring the future of the Massy Group.

In last year's message, I shared that the energy across the Group was focused on delivering a turnaround financial performance. This year, we built on that tremendous momentum and focused steadfastly on our key drivers of success across all businesses. This enabled us to further leverage our strengths and set the stage for growing both our top and bottom lines.

To our valued shareholders and customers, I am pleased to report that, notwithstanding the economic headwinds faced in several of our markets in 2019, we balanced our efforts well to ensure enhanced price competitiveness and consistent high-quality in our product and service delivery, while maintaining our profitability margins to reward our investors for their faith and trust in the Group.

Summary Financial Performance

For 2019, our Profit After Tax grew 8 percent to $613 million. Thus, Earnings per Share (EPS) for 2019 was $5.76, a commendable 8 percent above the 2018 EPS which was $5.32.

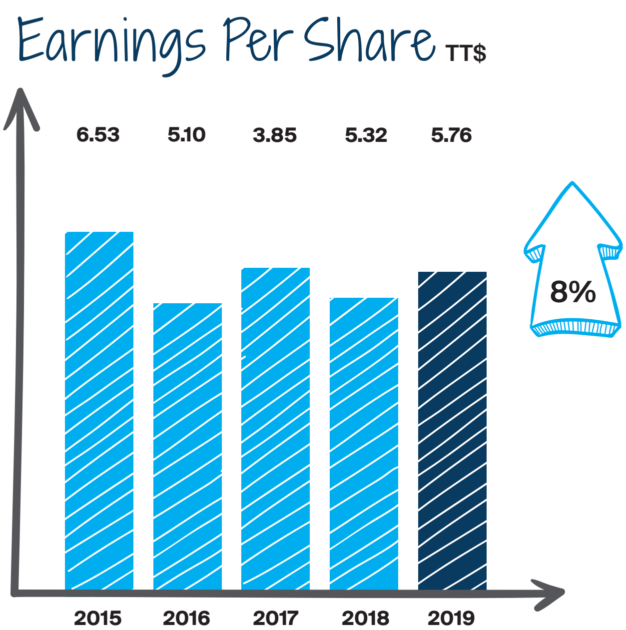
Driving this performance was the Group's Operating Profit before Finance Costs and Tax (PBIT), which increased by 6 percent, from $869 million in 2018 to $925.6 million in 2019. This outcome was itself a result of redefined focus on our core businesses as well as operational efficiency which was critical in delivering reduced Operating Expenses of $71 million.

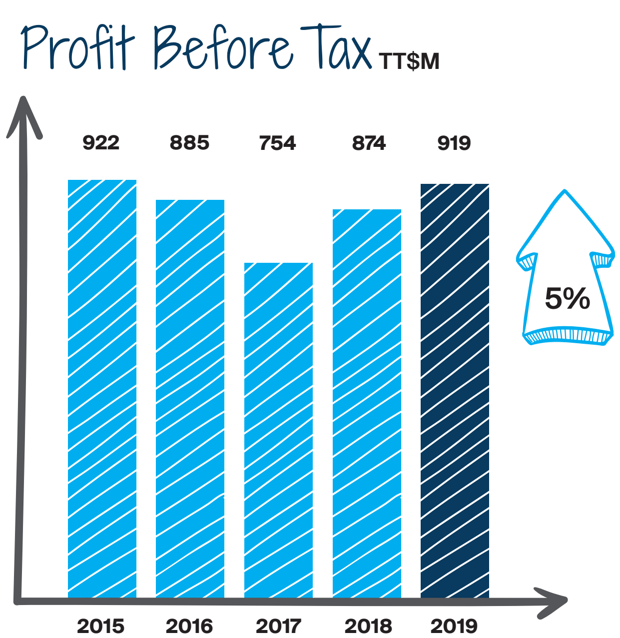
Letter from the Chief Financial Officer

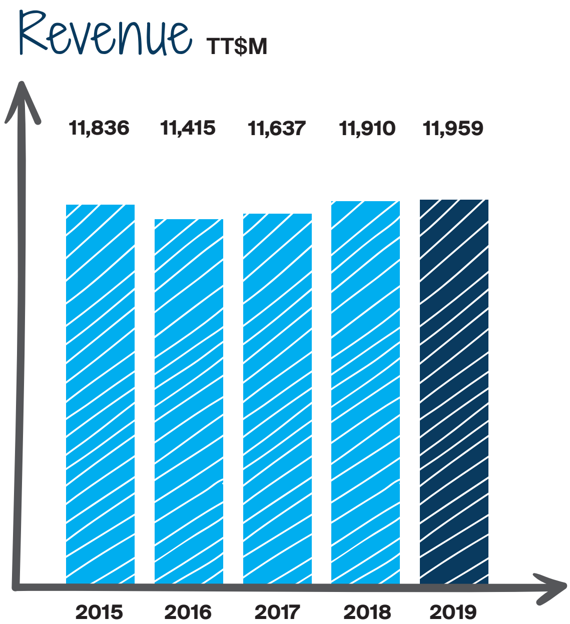
2019 Key Highlights

- Earnings per Share (EPS) was $5.76, 8 percent above the 2018 EPS of $5.32.
- Operating Profit before Finance Costs increased by 6 percent, from $869 million in 2018 to $925.6 million in 2019 and Operating Expenses decreased by 3 percent to $2.5 billion as companies continue their efforts to improve efficiencies within the Group.
- Third Party Revenue remained flat at $11.9 billion. Continued revenue growth in Colombia of $120 million, 54 percent of which is attributable to our energy business and 46 percent our automotive business. There were mixed performances in our Trinidad and Tobago businesses resulting in a net decline in revenue of 2 percent.
- Net Finance Costs decreased from $74 million to $72 million.
- Interest Coverage is eight times, based on the 2019 results.
- Group Debt decreased from $2.3 billion to $2.2 billion as companies are mainly repaying on loans.
- Group Cash increased from $1.63 billion to $2.1 billion.
- Cash Flow from Operating activities before tax was $1.1 billion in 2019.
- Debt to Debt and Shareholder's Equity Ratio reduced from 30 percent in 2018 to 27.8 percent in 2019.
- Net assets per share is $58.46 versus $55.09 in 2018.

The Group's effective tax rate reduced from 35 percent in 2018 to 33 percent in 2019. While there was an expectation of an even lower effective tax rate in 2019 due to the significant reduction in the corporation tax rate in Barbados, this was offset by a reduction in profit and the write-off of non-recoverable deferred tax assets in Barbados. Additionally, our business in Guyana, which operates in a higher tax jurisdiction, reported an increase in profit.







Key Value-Creating Initiatives

This year our teams across the Group rose to the challenge and progressed several value creating actions designed to increase the focus on activities that bring a positive impact to our stakeholders.

One major initiative, Project Optimize, involved the strategic investment of our collective time and energy into a diagnostic exercise to gain a greater understanding of the operational environment and data collection across the Group. We focused on key support functions, identifying and enhancing areas where opportunities exist for improvement as we endeavoured to responsibly align our delivery to the expectations of our customers. This exercise was overseen by a steering committee and it was executed collaboratively by our expert consultants, Infosys and key personnel from the Business Units and executive management. The opportunities for process improvements from projects identified in Project Optimize are expected to be multi-year and far reaching.

Another important (and complementary) initiative was to extend our formal budgeting horizon across the Group by 2 years to improve accountability and tracking of longer-term plans.

We also completed an analysis and executed a comprehensive capital restructuring exercise involving several operating companies, to achieve the outcome of strengthening their balance sheets and positioning them for continued investment and stand-alone growth.

Capital & People Investments

The Group continues to look for growth opportunities with actual Capital Expenditure (CAPEX) for 2019 amounting to $414 million.

Income from investments such as Massy Motors Colombia accounts for $55.5 million of the increase in revenue, with further increases expected in financial year 2020, following the acquisition of the rights to distribute Mercedes Benz. Our Retail and Distribution sectors have also made impactful capital investments this year, for which we will start to see the results in 2020.

We also heavily invested in our People and Culture in 2019, continuing our investments in the exciting Innovation tournament, hosted in Barbados (following a successful tournament in Trinidad and Tobago in 2018). We also prepared the ground work in 2019 for the launch of the Massy Learning Institute, which will provide our Massy team members (and others as well!) with best in class training opportunities and skills to take productivity and talent development to another level of employee engagement.

Business Unit Performance

Our resilient businesses held strong and delivered operating profit before finance costs growth of 6 percent in 2019. Although there were continuing challenges in our major economies (especially in Trinidad and Tobago and Barbados), they were met with innovative thinking and strategies by our business teams. They relentlessly pursued new opportunities to achieve operational efficiencies while making strategic investments to ensure the enhancement of customer experience.

In 2019, significant emphasis was placed by the Business Units on strengthening our relationships with key global, regional and domestic business partners, ensuring that we continue to work with premier global and regional brands, including long-standing, powerful affiliations (such as Oracle, Hyundai, Caterpillar and Nissan in the Caribbean) and more recent, exciting partners (including Mazda, Kia, Renault and Mercedes Benz in Colombia).

Once again, I note the challenges in accessing foreign exchange in Trinidad and Tobago. This continues to limit or delay growth initiatives

Letter from the Chief Financial Officer

and presents a challenge for international investment, which is critical for the Group to create new sources of foreign exchange generation.

The talent of leadership and teams in our Business Units was proven without a doubt in 2019, as they generated positive performances in all measures of profitability, efficiency, debt management, earnings per share and net assets per share, despite more conservative spending by consumers.

The following sections highlight key business performance insights for 2019:

The Automotive & Industrial Equipment Line of Business (A&IE LoB) concluded the year with a decrease in revenue of 2 percent or $53.2 million which is largely driven by the transfer of the Bermudez business from the Automotive sector to the Distribution Line of Business in Guyana. This has accounted for $94 million of the Line of Business' revenue variance. Excluding this variance, A&IE LoB increased its revenue, largely driven by positive variances in Colombia and our construction company, Pres-T-Con, which experienced a commendable turnaround in performance due to contracts won. Overall, A&IE LoB had profit growth of $10.5 million. Massy Machinery Ltd. and Automotive Components Ltd. have also made positive contributions to the bottom line variance of 30 percent and 18 percent respectively. Massy Motors Ltd. (Trinidad and Tobago), experienced a 4 percent decrease in revenue due to continuing challenges in the economy, loss of market share and restrictions in obtaining United States Dollars (USD), which resulted in a 7 percent reduction in profitability; but the company has improved its marketing efforts this year via campaigns and digital marketing to regenerate interest and drive sales.

The Energy & Industrial Gases Business Unit (E&IG BU) experienced an increase in revenue of 4 percent or $44 million but a reduction in Profit Before Tax (PBT) of $10.4 million. This disparity is mainly due to exceptional revenue growth in Colombia of $64.6 million, but increased selling costs and a write off of legacy receivables. The Liquefied Petroleum Gas (LPG) business in Guyana continues to contribute PBT growth with a $16 million contribution to the variance, while the Trinidad operation is experiencing competitive pressures. Despite the challenges faced by the Energy Services business in Trinidad and Tobago, the subsidiaries reported profit growth of $11 million due to profit earned in 2019 versus losses incurred in 2018. Our Energy joint ventures reported a profit of $56.5 million this year.

Information Technology & Communications Business Unit (ITC BU) recorded a revenue reduction of 2 percent but an increase in profit of $20.1 million due to the sale of Massy Technologies Applied Imaging (Trinidad) Ltd. Excluding the sale, ITC BU maintained its profitability of $84.4 million. All companies within the ITC BU reported profit increases with the exception of our Antigua operation and Massy Technologies Applied Imaging (Trinidad) Ltd., excluding the gain on sale.

Massy Distribution (Guyana) Inc. had a good year supported by strong organic growth and the transfer of the Bermudez distribution business from Massy Motors Guyana

The Colombian energy services market continues to be very competitive

The Integrated Retail Business Unit (IR BU) had a marginal increase in revenue of 0.3 percent and a $6.8 million or 2 percent increase in PBT. The challenging and highly competitive environment of the retail sector in Trinidad and Tobago has impacted our Stores in Trinidad. However, the greater focus on right-sizing the business model to meet customers' needs, improved integration among territories and between Retail and Distribution, and operational efficiency from 2018 and into 2019 has supplemented the performance of Trinidad Retail. Barbados Retail experienced growth in both revenue and PBT of $19.9 million and $10.2 million respectively. Our stores in the Eastern Caribbean continue to make positive contributions to the Group. In the Distribution Business there was a 3 percent increase in revenue and a 7.5 percent increase in profit. The Distribution Line of Business in Trinidad has maintained growth through an expanded product portfolio and cost containment; while the Distribution Line of Business in Guyana has within its portfolio the Bermudez business which was previously resident in the A&IE LoB. Jamaica business grew significantly due to improvements in their Consumer and Pharmaceutical divisions, as well as their sales mixes. The Barbados operation continued to face economic challenges and strived to mitigate this through production rationalisation, improved efficiency structures and cost containment. In the other territories, there was a mix in performance with growth in Saint Lucia and declines in USA.

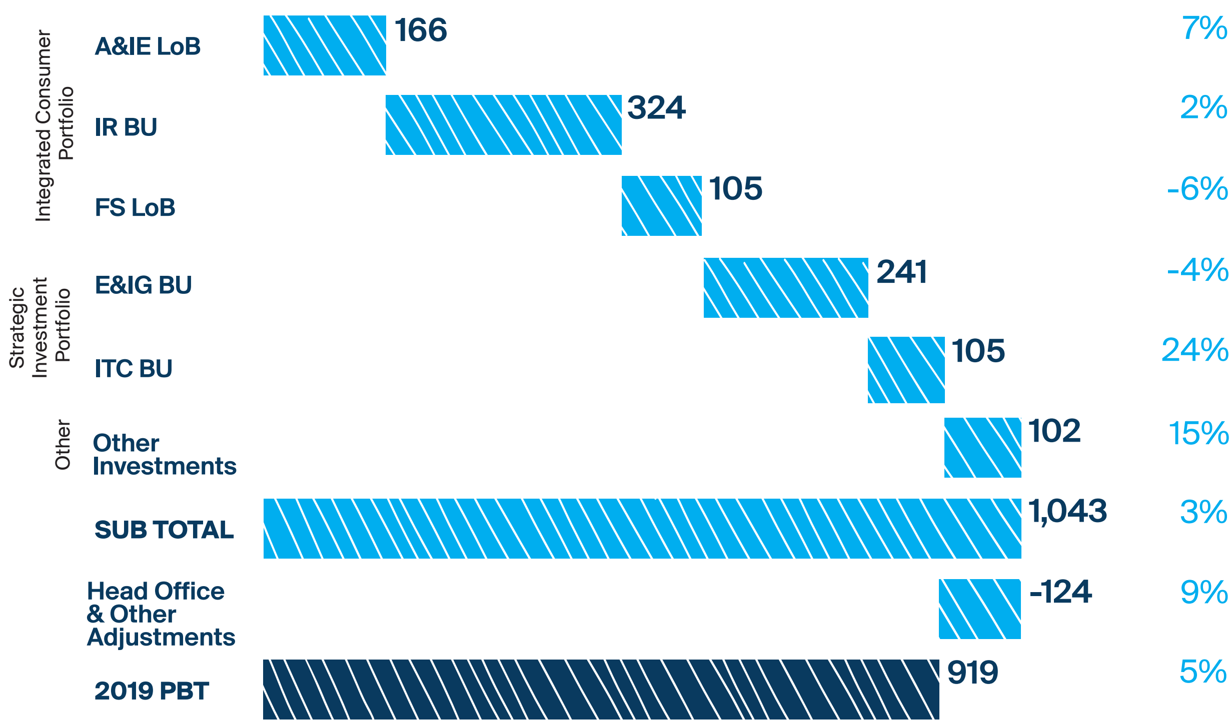
The Financial Services Line of Business (FS LoB), comprising Insurance and Consumer Finance operations, grew in revenue by 9 percent but fell short in PBT by 6 percent. The revenue growth is mainly due to our insurance and MoneyGram businesses. However, while there was a rebound last year following the extraordinary hurricane season in 2017, the LoB's bottom line was impacted by the unfortunate event of hurricane Dorian in September 2019, which resulted in net claims of $40.5 million. The Remittance Services business, representing MoneyGram, in Trinidad and Tobago and Guyana showed growth from prior year and continued to earn US currency for the Group. Massy Finance GFC Ltd. on the other hand experienced a decline in PBT as the loan portfolio has contracted from 2018 to 2019.

The Other Investments portfolio reported a reduction in its top line performance of 1.6 percent. This is mainly due to 12 months contribution from Massy Security (Guyana) Inc. in 2018 versus five months contribution in 2019, following the sale of the company this year. Additionally, our manufacturing and distribution company in Barbados has experienced a reduction due to the economic climate in which it operates and increased costs which the company has not passed on to its customers.

The Head Office and Unallocated Cost increased in 2019. However, these costs include Head Office department costs, unallocated interest costs and several miscellaneous costs which were not allocated to Business Units, and which fluctuate quarterly and annually.

Business Unit Performance Highlights

The Path to Profit Before Tax by Business Unit 2019



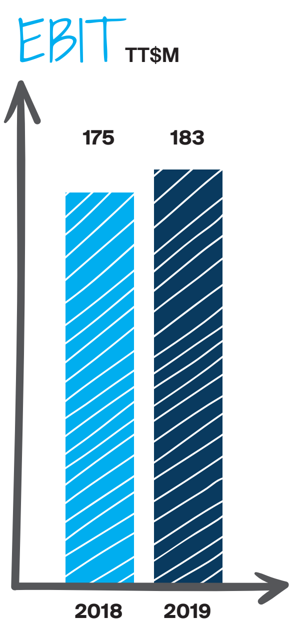
Automotive & Industrial Equipment Line of Business

Revenue

2,532
TT$ MILLIONS
2%

PBT

166
TT$ MILLIONS
7%



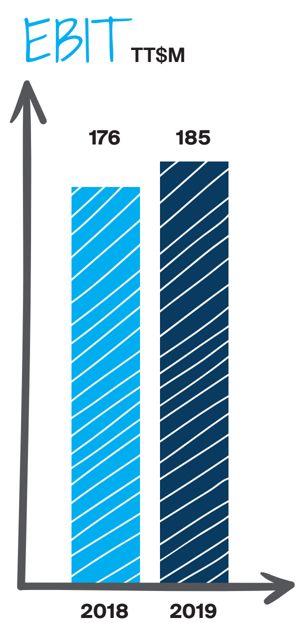
Energy & Industrial Gases Business Unit

Revenue

1,201
TT$ MILLIONS
4%

PBT

241
TT$ MILLIONS
4%



Integrated Retail Business Unit

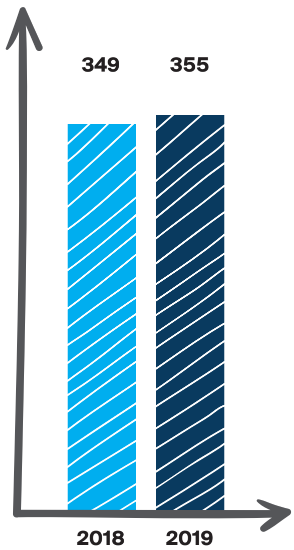
Revenue

6,575
TT$ MILLIONS
0%

PBT

324
TT$ MILLIONS
↑ 2%

EBIT TT$M



Information Technology & Communications Business Unit

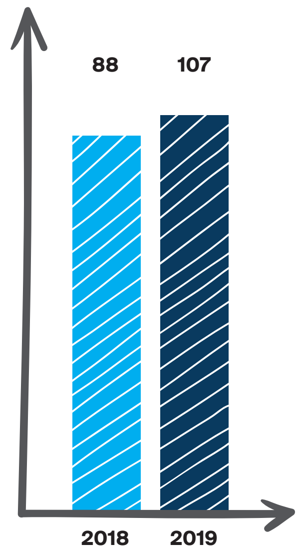
Revenue

487
TT$ MILLIONS
↓ 2%

PBT

105
TT$ MILLIONS
↑ 24%

EBIT TT$M



Financial Services Line of Business

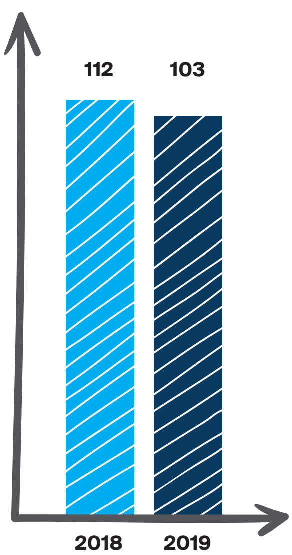
Revenue

677
TT$ MILLIONS
↑ 9%

PBT

105
TT$ MILLIONS
↓ 6%

EBIT TT$M



Other Investments

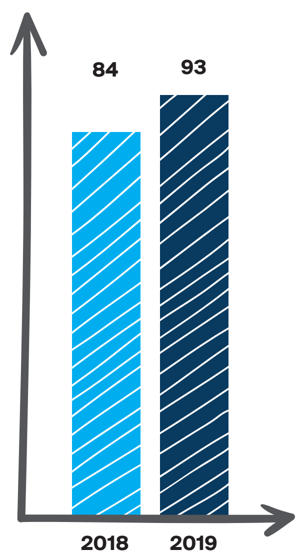
Revenue

485
TT$ MILLIONS
↓ 2%

PBT

102
TT$ MILLIONS
↑ 15%

EBIT TT$M

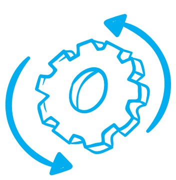


Letter from the Chief Financial Officer

Massy Group Risk Profile

Across the Group, we continue our efforts to embed strong risk management into our culture, governance structures and internal control framework. Massy recognises the importance of risk identification, and monitoring and mitigation of its principal risks. The following are the principal Group-wide risks. These are not listed by priority.

Business Cycle Risks



Persistently weak trading conditions in the Trinidad and Barbados markets have presented challenges to all our major Lines of Business in these territories.

Mitigation

- Manage cost through better inventory controls.
- Focus on continuous improvement and customer service.
- Diversify into other growth markets (e.g. Guyana, Latin America).

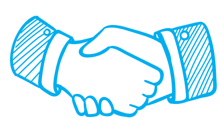
Foreign Exchange Risk

The availability of foreign exchange continued to be a challenge for our businesses. 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.

Mitigation

- Diversify the payment currency options.
- Improve working capital management.
- Leverage supplier relationships.
- Prioritise foreign exchange earning opportunities.

Supplier/Principal Risk



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.

Mitigation

- Engage and communicate continuously with brand principals and suppliers.
- 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 & Environment (HSSE)

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.

Mitigation

- Train for safety and test awareness.
- Review suppliers to ensure compliance with our HSSE policies and procedures.
- Lead by example: HSSE management objectives are included in the performance criteria of the leadership team.

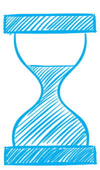
Cyber Security and Data Protection

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.

Mitigation

- Continuously upgrade firewalls and phishing detection software.
- Pro-actively train and test awareness of IT governance and control framework for all IT-related risks.

Business Continuity Planning Risk (BCP)



The need to have strong risk management around disaster preparedness and business resilience 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.

Mitigation

- Train for business continuity and disaster preparedness.
- Test our systems to assess the adequacy of our contingency plans.

Insurance Risk

Our general insurance business, Massy United Insurance Ltd., helps to diversify our portfolio of business. It also brings insurance risks such as that net claims might be higher than expected; and the risk that premium rates do not reflect the potential loss exposures of the policies sold.

Mitigation

- Ensure premium adequacy across all lines of business and territories to cover risks while remaining as competitive as possible.
- Ensure reinsurance programmes include "A-rated" reinsurers and reflect our current, approved risk appetite.

Credit Risk

We define credit risk as the risk that customers, counterparties or trading partners may fail to make payment obligations on time and in full, according to agreed terms and conditions.

Mitigation

- Monitor our credit exposures across the Group by assessing the quality and capacity of our customers to pay.
- Reduce customer concentration risk.
- Update the Investment Policy to reflect a lower credit risk appetite in our Fixed Income portfolio.

Compliance, Legal & Governance Risk

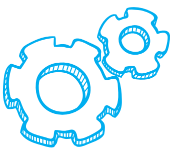
This relates to the risk of loss through fines, penalties, personal loss of liberty and reputational damage from non-compliance with the legal and regulatory requirement including those relating to financial reporting, environmental health and safety.

Letter from the Chief Financial Officer

Mitigation

- 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.
- Ensure compliance with all applicable regulations and legislation, including Anti-Money Laundering (AML) and anti-terrorism legislation.

Operational Risk



This is the risk of loss caused by poor or ineffective internal processes, people and systems. It is the failure to implement acceptable practices in term of internal processes, procedures and controls that may result in the non-achievement of the Group's objectives/vision and loss of core values. The failure to implement and monitor effective procedures and controls manifests itself in various functional areas such as financial disclosure and reporting, human resource practices, execution of projects or new initiatives, contract management, sales management, customer service management, IT project implementation, etc.

Mitigation

- Optimise processes through standardisation and customisation.
- Invest in training of staff in total quality and lean six sigma tools.

Risk Management Initiatives

Massy is committed to improving its focus on risk management and internal controls through the implementation of an Enterprise-wide Risk Management (ERM) framework. This year, we have increased our focus on risk awareness through more risk workshops to all staff including directors and managers. A monthly Risk publication is also used to promote best practice in risk management techniques.

I wish to applaud the efforts of the Massy team members for their commitment and support during 2019 as we journeyed our path of continuous improvement and growth. As the saying goes, "many hands make light work", and this was certainly true for the Massy team as we seamlessly collaborated, respectfully challenged and passionately pursued our collective goals in fiscal 2019.

Thanks to all our stakeholders for your support and feedback during 2019. We look forward to continuing our journey with you into 2020.

IAN CHINAPOO
EXECUTIVE VICE PRESIDENT
& CHIEF FINANCIAL OFFICER

Automotive & Industrial Equipment

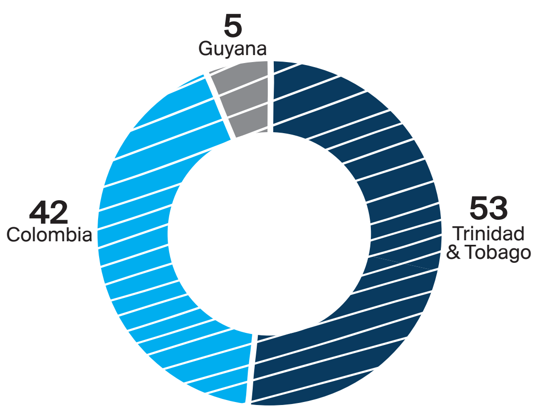
The Automotive & Industrial Equipment Line of Business represents vehicle and equipment manufacturers, automotive components manufacturers and suppliers and offers short- and long-term rental of vehicles. We provide service and equipment rental to customers in the marine, energy and power generation sectors. We are the Caterpillar dealer for Trinidad and Tobago.

David O'Brien

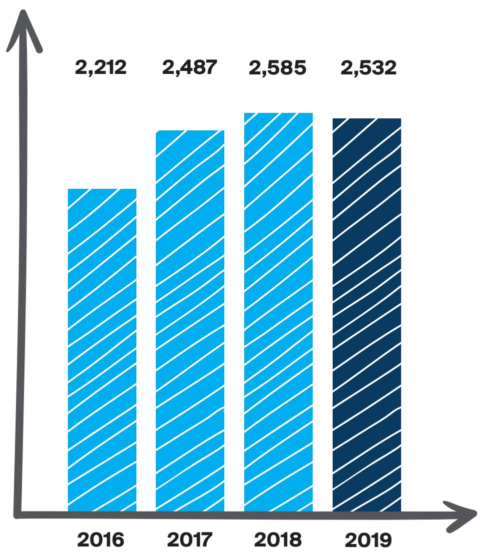
EXECUTIVE VICE PRESIDENT & EXECUTIVE CHAIRMAN,
AUTOMOTVE & INDUSTRIAL EQUIPMENT LINE OF BUSINESS
AND FINANCIAL SERVICES LINE OF BUSINESS

Automotive & Industrial Equipment

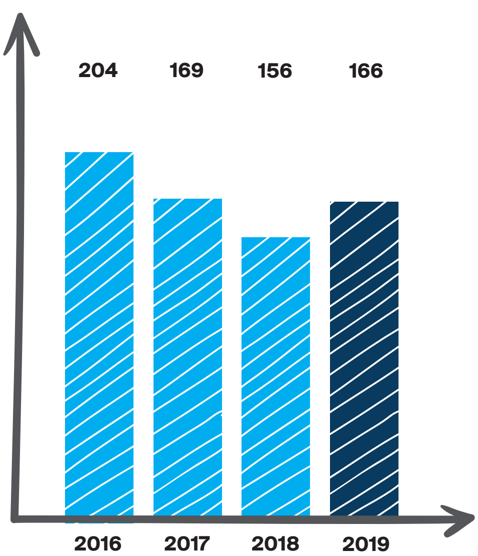
Revenue by Country %



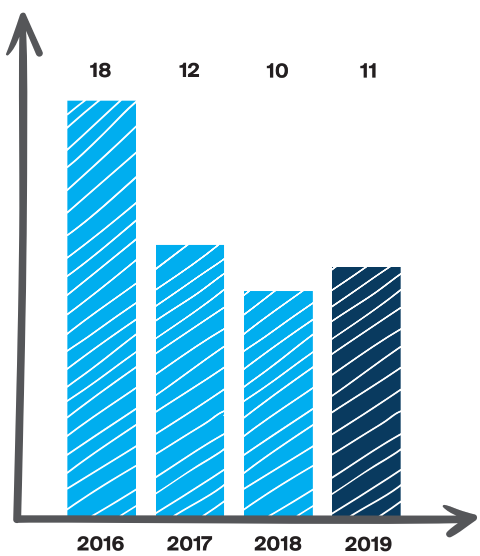
Revenue TT$M



Profit Before Tax TT$M



Rona % (Profit After Tax/Average Net Assets)



* 2018 - 2019% change based on segment results reported on Note 3 of the Consolidated Financial Statements

New Vehicle Sales

11,000+

Used Vehicle Sales

2,500+

2019 Key Highlights

- Massy Motors Ltd. retained its leadership position in the new vehicle market in Trinidad and Tobago.
- Massy Motors Colombia S.A.S. (MMC) acquired the rights to represent the Mercedes Benz passenger car business in the city of Cali. MMC also opened National, Alamo and Enterprise operations at the El Dorado International Airport in Bogota.
- Massy Machinery Ltd. (Mmac) was appointed as the distributor in 16 territories for Shell lubricants as the company continued efforts to expand its range of products.
- Massy Motors (Guyana) Ltd. (MMG), formerly known as Massy Industries (Guyana) Ltd., was restructured to move the Bermudez distribution business to Massy Distribution in Guyana and focus on automotive and industrial equipment sales in preparation for the market expansion anticipated in Guyana.

Performance Drivers

The overall market for new vehicles and heavy equipment sales was challenged in Trinidad and Tobago when compared to the prior fiscal year, mainly due to limited government spending and the resultant lacklustre consumer spending in Trinidad and Tobago.

Supply of Foreign Exchange (FX) in Trinidad and Tobago continued to be limited, as the country continues to run a negative Balance of Payments. Low levels of activity in both the energy and construction sectors failed to stimulate contractor spend on heavy equipment. Despite the attempts by the financial institutions to stimulate demand by extending credit periods and offering competitive interest rates there was an overall fall in industry volumes.

In addition to these macro-economic factors, there was a shift in consumer demand away from over 1998 cc engines to models with smaller engines in the small sedan and SUV segments. Massy Motors Ltd. has responded to the shift in consumer demand by ordering more inventory in the 1500cc product range. The Hyundai line up of vehicles benefited from this development, and together with Nissan continues to lead the market in Trinidad and Tobago. This shift coupled with intense price competition resulted in the reduction in the average selling price and an erosion of margins when compared to the prior year.

Massy Motors Colombia has expanded its range of brands in the premium segment with the rights to represent Mercedes-Benz in the city of Cali

Automotive & Industrial Equipment

Our Colombia operations continued on its growth trajectory as a result of political stability which has created a positive business environment. As such, we have expanded our range of brands in the premium segment by acquiring the rights to represent the Mercedes Benz brand in the city of Cali. The premium segment recorded very positive performance with registered sales of 12,242 units in 2018, 37 percent higher than 2017. Mercedes Benz performs extremely well in this segment which we expect to continue to grow into 2019 and 2020.

Guyana represents a key strategic location for the Line of Business due to its significant growth potential. We anticipate an explosion of demand for new and used vehicles following the reduction of import duties and increased levels of activities in the energy sector. We are enhancing our dealerships in key locations in Guyana to benefit from the expected economic boom. The Nissan brand which we represent in Guyana is one of the country's leading brands and we are also pursuing additional brands and manufacturers to represent in Guyana. In addition to the growth in the market for new and pre-owned vehicles, we have expanded our rental fleet to meet the increased demand in our vehicle leasing business. During the year under review Massy Motors Ltd. was appointed the distributor for Volvo on-highway truck parts and the outlook for this business is very promising.

At Massy Motors Ltd., processes were re-designed to give the customer faster service; including the development of an online software application that provides same day quotes and valuation of vehicles

National, Alamo and Enterprise car rentals are now available in six cities in Colombia: Medellin, Cali, Barranquilla, Santa Marta and Cartagena and the most recent in Bogota

Strategy

Cost Efficiency

Support services for the Line of Business are being centralised to reduce cost and improve efficiency.

New Business

In Trinidad and Tobago, we have managed our inventory of Nissan and Hyundai vehicles, in line with the recent shift in consumer demand to small size engines. Massy Machinery Ltd. was appointed as the distributor in 16 Caribbean territories for Shell the global leader in lubricants.

We expanded capacity to meet growing demand in Guyana and Colombia and will continue to pursue opportunities to represent new brands in growing segments in both markets. Among the brands that Massy Motors (Guyana) Ltd. has been appointed to represent in Guyana is Chrysler, including their Jeep brand. We have also secured the rights to represent Mitsubishi lift trucks.

Establishing Operations In New Territories

In August 2019, a new branch of National, Alamo and Enterprise car rental was opened at the El Dorado International Airport in Bogota to increase our share of the market. We now have rental operations in six cities in Colombia; Bogota, Medellin, Cali, Barranquilla, Santa Marta and Cartagena.

There will be greater focus on further developing our digital platforms to improve our customer convenience and assist us targeting new market segments

This year, we rolled out the Caterpillar service credo: Customers must feel Appreciated and Secure, and transactions must be Effortless

Risk

RISK	MITIGATION
FX Liquidity	Engage with the Trinidad banks for an adequate supply of foreign exchange.
Competitor Activity	Geographic Diversification into new markets. Strengthening product offerings and service capability.
Business Cycle Risks	Shift in demand in Trinidad and Tobago due to weak economic conditions was mitigated through market diversification and marketing strategies as agreed with principals.
Political/Regulatory Risks	Carefully monitor changes in tax rates on vehicles or other relevant legislation. Upcoming elections in Trinidad and Tobago and Guyana.

What's Next

Automotive & Industrial Equipment Line of Business (now known as Motors and Machines Portfolio) was selected as one of the Group's main industry portfolios on which future growth and investment will be based. Subsequent to the end of the 2019 Financial Year, a new board was appointed to the Motors and Machines Portfolio. The Portfolio will consist of four executives members and four non-executive members. One member of the Massy Holdings Ltd. Board and one independent (external) director will sit on the Portfolio Board as well as two Head Office executives. Greater autonomy and decision making will be given to the Portfolio Board to facilitate more agile response to market conditions and to release greater creativity and entrepreneurship from the management teams. The Portfolio Board will provide oversight to the management team in developing better growth, and risk management strategies alongside an enhanced people and customer focus in its effort to achieve superior performance.

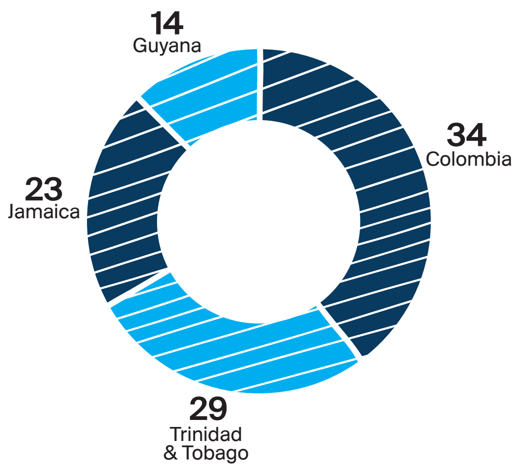
Energy & Industrial Gases

The Energy & Industrial Gases Business Unit (E&IG BU) is an agglomeration of energy services companies, oil production in Trinidad and Tobago and wholly-owned industrial gas operations in Jamaica, Trinidad and Guyana.

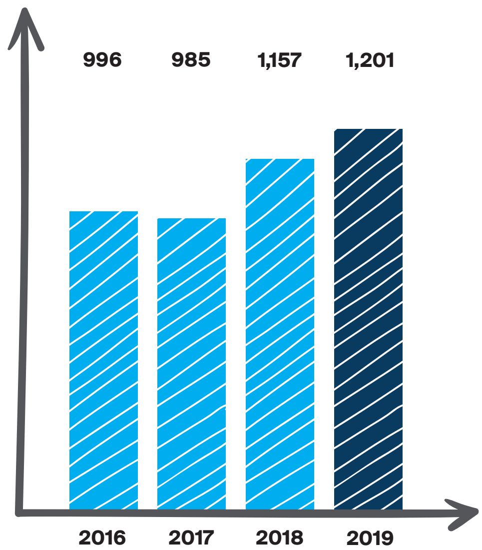
Eugene Tiah

EXECUTIVE VICE PRESIDENT &
EXECUTIVE CHAIRMAN,
ENERGY & INDUSTRIAL GASES BUSINESS UNIT

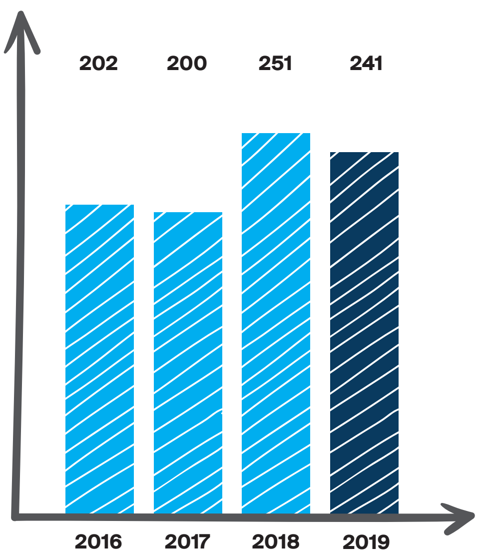
Revenue by Country %



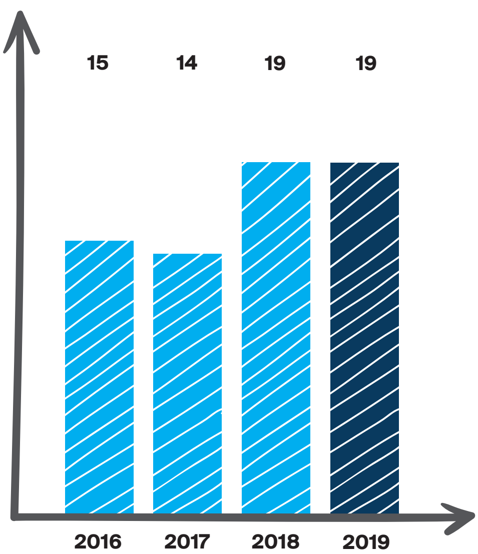
Revenue TT$M



Profit Before Tax TT$M



Rona % (Profit After Tax/Average Net Assets)



* 2018 - 2019% change based on segment results reported on Note 3 of the Consolidated Financial Statements

Energy & Industrial Gases

The Energy & Industrial Gases Business Unit (E&IG BU) is an agglomeration of energy services companies, oil production in Trinidad and Tobago and 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 Point Lisas is tied to the Atlas Methanol plant to provide high purity oxygen and nitrogen to that facility.

The energy services companies include: Massy Wood Group Ltd. which is a 50:50 joint venture with Wood Plc.; two service companies in Trinidad and Tobago which provide mechanical, electrical, instrumentation, insulation and fabric maintenance services, to upstream and downstream oil and gas companies in Trinidad and Tobago and; Massy Energy Colombia S.A.S. which was acquired from Wood Group PSN, Inc. in 2014 which provides operations and maintenance, facility modifications and other technical services to oil and gas, mining and pipeline companies in Colombia.

This business unit 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. Start up at Caribbean Gas Chemical Limited is now expected in the Second Quarter (Q2) Financial Year (FY) 2020.

Reporting on this business unit has been simplified to two main areas: Gases and Energy Services

Gases

The business model for gases is essentially distribution. Massy buys products in bulk and distributes in bulk tanks and cylinders mainly in the Trinidad and Tobago market with some exports to other regional territories.

Massy Gas Products (Trinidad) Ltd.

We are the dominant distributor of industrial gases, nitrogen, oxygen, argon, carbon dioxide, helium, nitrous oxide, acetylene, ammonia, hydrogen and mixed gases in Trinidad and Tobago.

We expect to grow exports to regional markets specifically oxygen, argon and carbon dioxide; and to develop new markets in Trinidad and Tobago for existing products, such as carbon dioxide for enhanced oil recovery and liquid nitrogen and carbon dioxide for food freezing.

Massy Gas Products (Jamaica) Limited

We are one of three major suppliers in Jamaica of Liquefied Petroleum Gases (LPG) for domestic (packed cylinder) and bulk markets.

We expect to grow with natural market expansion as more households and commercial enterprises consume LPG, a cheaper fuel than the alternatives of electricity and other liquid fuels like diesel. We are exploring new markets such as LPG as an automotive fuel.

Massy Gas Products (Guyana) Ltd.

We are the market leader for distribution of LPG and industrial gases (oxygen, nitrogen, acetylene) in Guyana. There is still opportunity to expand residential and industrial/commercial users of LPG. Some residential households still use firewood and charcoal for cooking and industrial/commercial consumers use dieselene. There is also the opportunity to develop new markets, for example using LPG as an automotive fuel.

Performance Drivers

Gases

Massy Gas Products (Trinidad) Ltd.

Carbon dioxide sales recorded strong growth with volumes 19.7 percent above prior year. The strong performance was driven by higher demand from local bottlers and increased exports to both new and existing markets.

Nitrogen sales were significantly reduced in 2019 affected by: the shutdown of the Petrotrin refinery, the reduced demand from fewer process plant turnarounds and the delayed start-up of Caribbean Gas Chemical Limited (CGCL) Methanol and Dimethyl Ether plant. Nitrogen accounted for 30.0 percent of total sales in 2019 versus 40.8 percent in the prior year.

Massy Gas Products (Jamaica) Limited

The bulk LPG business performed creditably with sales volume 6.8 percent above prior year. The volume of non-cooking applications was 6 percent higher than in the prior year.

We are the dominant distributor of industrial gases, nitrogen, oxygen, argon, carbon dioxide, helium, nitrous oxide, acetylene, ammonia, hydrogen and mixed gases, in Trinidad and Tobago

The average GP/Barrel (US$/Barrel) for the year was 5.1 percent above the prior year.

The packed (cylinder) sales volume was 4.9 percent below prior year. The new entrants to the LPG space have intensified competition in the packed (cylinder) segment and are competing aggressively on price. Furthermore, we continue to see the trend to consumers changing their behaviour to purchasing prepared meals rather than cooking at home. To counter these challenges, we have introduced a lower cost ' fighter' brand to compete more effectively on price; and we have increased our promotional activities and are working with our dealers to provide targeted incentives for them to sell Massy LPG more aggressively.

There is a developing substitution threat from Liquefied Natural Gas (LNG) for bulk LPG sales to smaller industrial customers. The supplier of LNG to a power plant close to Montego Bay is pursuing incremental sales to smaller industrial customers. Solutions being considered include reselling LNG from the LNG importer and developing LPG offers that discourage industrial consumers from switching to LNG.

Massy Gas Products (Guyana) Ltd.

LPG sales volumes grew 7.2 percent over prior year through strong marketing campaigns combined with lower selling price. The purchase price of propane and butane which is tied to the Mont Belvieu reference price fell by approximately 17 percent from 2018 to 2019.

Caribbean Industrial Gases Unlimited

We demonstrated strong operating performance particularly on plant reliability. Caribbean Industrial Gases Unlimited has set the record for an Air Products Air Separating Unit in achieving no plant initiated trips for over 1,400 days to date.

Caribbean Gas Chemical Limited

Massy is a 10 percent shareholder

The project is significantly behind schedule. The start-up that was originally planned for Second Quarter (Q2) FY 2019 has slipped to Q2 FY 2020. There have been many significant construction related delays arising from the sub-standard performance of the main Engineering, Procurement and Construction (EPC) contractor and its sub-contractors.

The Caribbean Gas Chemical Limited management team with the support of its shareholders is sparing no effort in driving and supporting the EPC contractor to safely achieve mechanical completion of the facility and commence the next phase of commissioning and start up in Q2 FY 2020.

Energy & Industrial Gases

Partnerships with service companies in Trinidad allow us to provide mechanical, electrical, instrumentation, insulation and fabric maintenance services to upstream and downstream oil and gas, and petrochemical companies

Energy Services

Massy Energy Engineered Solutions Ltd.

There were improvements in revenue and gross margin on various projects.

Massy Energy Colombia S.A.S. provides operations and maintenance, facility modifications and technical services to oil and gas, mining and pipeline companies

The Energy Sector downstream and upstream operating companies continue to tightly manage capital and operating expenses and have limited the amount of available work. At the same time, competition is driving lower margins for services delivered.

Massy Energy Fabric Maintenance Ltd.

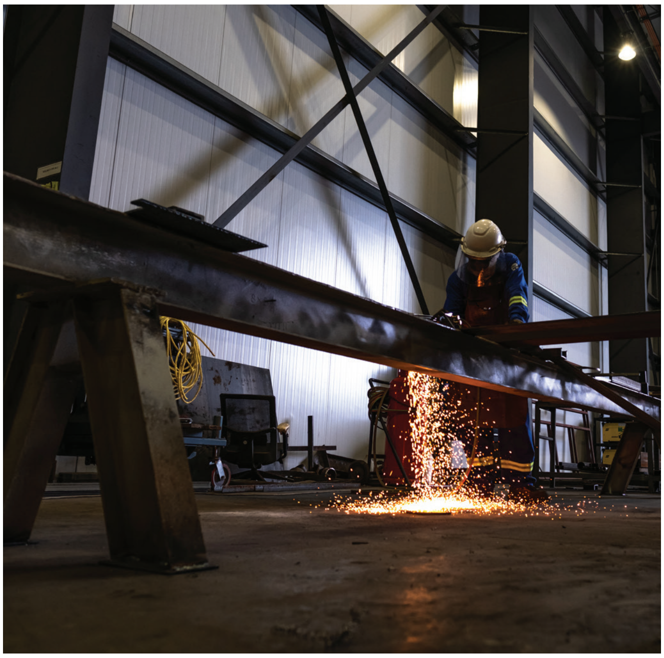
This business has been operationally amalgamated into the Massy Energy Engineered Solutions Ltd. business and is no longer a stand-alone company. In 2019, the Massy Energy Fabric Maintenance Ltd. business experienced a reduction in revenues and significant redundancy costs associated with restructuring.

Massy Wood Group Ltd.

We had the extension of a significant services contract beyond expected close at the end of the FY 2018. There is however continuing downward pressure on gross margins.

Massy Energy Colombia S.A.S.

In 2019, we enjoyed an 18 percent improvement in revenue versus 2018 coupled with a 6 percent reduction in operating expenses. This resulted in more than 100 percent improvement in profitability over 2018, before applying a write off for a legacy trade receivable that was related to the 2014 acquisition of the Wood Group PSN Colombia for which Massy retained a contingency sum from the purchase price. The retained sum was drawn upon to inject capital to fund the loss incurred.



The Colombian energy services market continues to be very competitive therefore limiting opportunities for the growth of gross margins.

Strategy

Gases

The strategy is to deliver 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.

Growth Strategy

We expect to grow existing business through new markets for existing products and new products for existing markets.

For example we can increase carbon dioxide exports to more Central American countries and for enhanced oil recovery. We are working to be a distributor of LNG in Jamaica.

We will also grow the business through acquisitions; and leveraging expertise, operational and market synergies in the distribution of industrial gases and LPG.

Energy Services

The focus is on delivering cost efficient, high quality, integrated services. We are seeking to expand the range of services offered through partnerships; and expand these services to Guyana and Suriname.

In Trinidad and Tobago, we expect to deliver more specialised mechanical services to companies at the Point Lisas Industrial Estate from Massy Energy Engineered Solutions Ltd.'s Integrated Workshop at Point Lisas.

During the year a number of strategic partnerships were advanced through Memorandum Of Understanding agreements with strong US mechanical service contractors and technology providers. Under one of those partnerships we successfully completed major refractory reformer work associated with the construction of a methanol plant and are contracted to deliver similar services in Q1 FY 2020 for a major turnaround at an ammonia processing plant at the Point Lisas Industrial Estate. Through these partnerships a number of opportunities are being advanced particularly in mechanical services for electrical power generation which will utilise the capabilities of the integrated workshop. Similarly in Colombia we developed strong partnerships with engineering and technology companies and are pursuing a number of opportunities through clients' request for proposal processes.

Energy & Industrial Gases

Massy Wood Group Ltd. has established an office in Guyana and is actively pursuing opportunities from ExxonMobil's Tier 1 contractors. That Team is being expanded with the requisite resources to rapidly respond to bids or call-off requests. Massy Energy Engineered Solutions Ltd. for the second consecutive year successfully completed electrical construction services for a gold mining facility in Guyana. Massy Wood Group Ltd. has been actively seeking to expand its client base in Trinidad and Tobago particularly in the mid-stream and upstream parts of the value chain and was successful in winning engineering services work with a large mid-stream client.

Risks and Mitigation

Gases

The key risks in the Industrial Gases line of business are the Health, Safety, Security and Environment (HSSE) culture, customer and supplier concentration risks and specifically in Massy Gas Products (Jamaica) Limited an increase in competition risk in the cylinder business and a substitution risk from LNG in the bulk business.

Safety risk management is being addressed through the establishment of a strong safety culture which is underpinned by strong safety leadership, strong risk-based management systems and processes and workforce competence. All Gases businesses comply with the relevant industry standards which include the Compressed Gas Association (CGA) standards for all industrial gases and the National Fire Protection Agency (NFPA) 58 standard for LPG. Both standards are the US and Canada industry benchmark for safe storage, handling, transportation, and use of industrial gases and LPG. In FY 2018 Massy Gas Products in Trinidad and Tobago, Jamaica and Guyana adopted the Center for Chemical Process Safety (CCPS) Risk Based Process Safety (RBPS) Management approach and started a process of increasing process safety awareness through webinars and other education sessions. CCPS RBPS is comprised of four pillars of: 1) Commit to process safety, 2) Understand hazards and risks, 3) Manage risk and 4) Learn from experience. These four pillars are underpinned by 22 elements and the Gases companies have been working to implement these elements and where already in place to strengthen them. During the year prioritisation had been given to the elements of hazard identification and risk assessment, management of change, standard operating procedures, asset integrity, and emergency management. Asset integrity is being addressed not only through enhanced processes and systems but also where appropriate, by upgrading or replacing existing equipment. During the year the manual trans-filling cylinder equipment for oxygen and carbon dioxide at Massy Gas Products (Trinidad) Ltd. was replaced with very modern fully automated and heavily safety instrumented equipment. Establishing a world class CCPS RBPS Management System typically takes two to four years with very diligent effort. The Gases line of business has started the journey with a goal of achieving a world class standard by 2021/22. There are continuous efforts to strengthen safety leadership through training and increased leadership visibility via leadership site walks and other interventions. This is now well entrenched within all of the businesses. Safety competency development particularly as it relates to hazard identification, risk assessment and mitigation is addressed through ongoing structured training, coaching and mentoring.

Overall HSSE performance for the Gases Business Unit has significantly improved for the year versus the prior year with the Total Recordable Incident Frequency Rate (TRIFR) falling from 2.443 to 0.906. For this type of industry the best in class TRIFR is below 0.4. Our goal is to relentlessly drive improvements to sustainably achieve a TRIFR that is less than 0.4.

Customer concentration risk is greatest in our Massy Gas Products (Trinidad) Ltd. business. The closure of the Petrotrin refinery and the changing dynamics in the midstream and downstream segments of the natural gas value chain are resulting in reduced demand for nitrogen. There are limited options to offset this reduced nitrogen demand given the limited export opportunities. Offsets to loss in nitrogen earnings are being addressed through expansion of the customer base for other products by; growing exports particularly of carbon dioxide which is regionally very competitive and oxygen which is less so, resale of mixed gases, broadening and deepening installation/maintenance services and expansion of the cylinder business.

Supplier concentration risk is being addressed by developing and maintaining strong relationships with existing and alternate suppliers. Product substitution is an important commercial risk in Jamaica. The on-island presence of LNG has in a few situations displaced LPG where natural gas is a cost advantaged fuel replacement for small diesel engine driven electrical power generation. Solutions

Safety performance has improved significantly over the last year. Our people are relentlessly driving improvements towards "zero harm."

being considered include reselling LNG from the LNG importer and developing competitive LPG offers that discourage industrial consumers from switching to LNG.

Energy Services

As in the Gas businesses, the HSSE risk management is a priority. Massy Energy Colombia S.A.S. and Massy Wood Group Ltd. both have very strong safety cultures and have consistently delivered world class safety performance. The focus has been on strengthening safety leadership and the safety management systems and processes at both Massy Energy Engineered Solutions Ltd. (MEES) and Massy Energy Fabric Maintenance Ltd. (MEFM). TRIFR for the combined MEES and MEFM for 2019 was 1.0 versus 1.173 for the prior year. For energy services the best in class TRIFR rate is below 0.2 and both Massy Energy Colombia S.A.S. and Massy Wood Group Ltd. are below this rate. The goal is to relentlessly drive improvements to sustainably achieve a TRIFR that is less than 0.2 for all individual companies.

Over the course of the last 5 years, oil and gas and petrochemical companies in Trinidad have significantly reduced CAPEX and OPEX expenditures and have applied contracting strategies that have resulted in significant downward pressure on gross profit margin. The intense competition for smaller volumes of work resulted in major restructuring at MEES and MEFM to significantly improve cost efficiency and minimise fixed costs.

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.

Energy & Industrial Gases

RISK	MITIGATION
HSSE	Uncompromising approach to international safety standards. Active involvement of Leadership in HSSE oversight.
Energy Industry – lower capital investment, cost cutting from Oil Majors	Pursuit of new mergers and acquisitions and Joint venture opportunities in Latin American market. Pursue opportunities in adjacent Sectors such as Mining and Renewable Energy.
Competitor	Rationalisation of production locations to maximise cost advantage. We continue to build new product supply relationships based on solid value propositions to Original Equipment Manufacturer principals by offering high quality workshop and repair capabilities for their products.
Principal Concentration	New strategic partnership agreements in Energy Services.
Customer Concentration	Diversification of the Gases business into new markets. Diversifying customer client base from substantially upstream to mid-stream and downstream and expanding range of energy services.
Quality	Dedicated Quality assurance team to ensure that process systems and project management controls align with global best practice benchmark.

What's Next

Energy and Industrial Gases will be separated organisationally. The Gas businesses will form one of the three key industry Portfolios within the Group and the Energy businesses will be transferred to the Strategic and Other Investments Line of Business chaired by Vaughn Martin, an executive with over 15 years of experience with the Energy businesses in the Group.

The Gas Products Portfolio will focus on growing the LPG and industrial gases business organically and through acquisitions. The Massy Energy Colombia S.A.S. business will remain in the Gas Products Portfolio as that organisation will increasingly focus on acquisition of Gas distribution businesses in Colombia while continuing its energy services operations.

Competence and safety are key values in our energy services companies, among which Massy Energy Engineered Solutions Ltd. offers certified technicians on specific testing devices

Integrated Retail

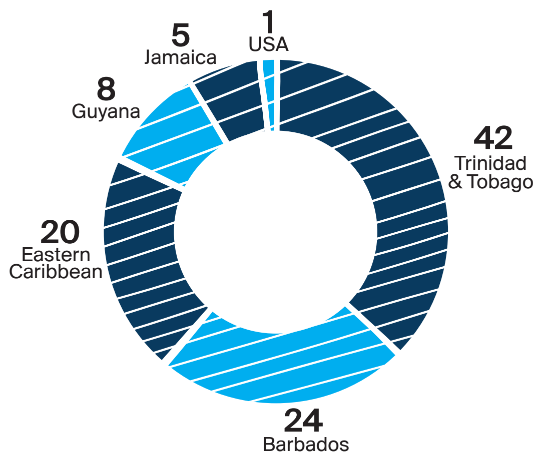
The Integrated Retail Business Unit (IR BU) combines leading regional retail and distribution companies, with integrated service and loyalty offerings. Massy Stores operates an extensive network of food retail stores across five territories: Trinidad and Tobago, Barbados, Saint Lucia, St. Vincent and Guyana. Our scale allows us to aggregate buying power and source products at lower costs, which translates to savings for customers. Massy Distribution's network across the region gives us competitive advantages which permit lower cost of service and other volume benefits. Our efficient go-to-market models add value for our customers and make us an attractive option for principals looking to enter the fragmented Caribbean market.

David Affonso

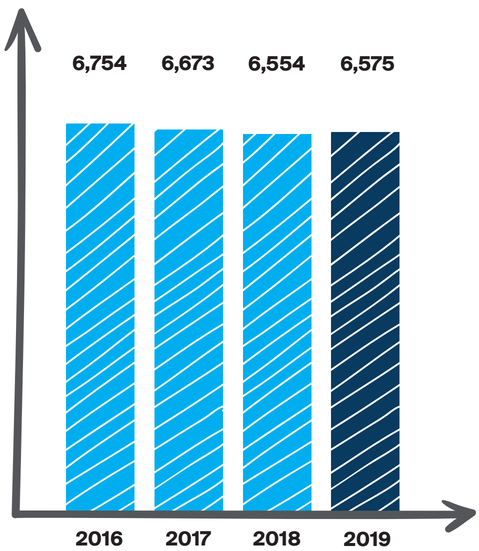
EXECUTIVE VICE PRESIDENT & EXECUTIVE CHAIRMAN, INTEGRATED RETAIL BUSINESS UNIT

Integrated Retail

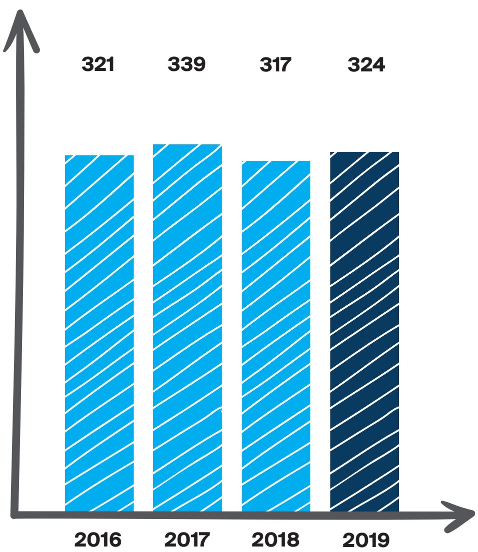
Revenue by Country %



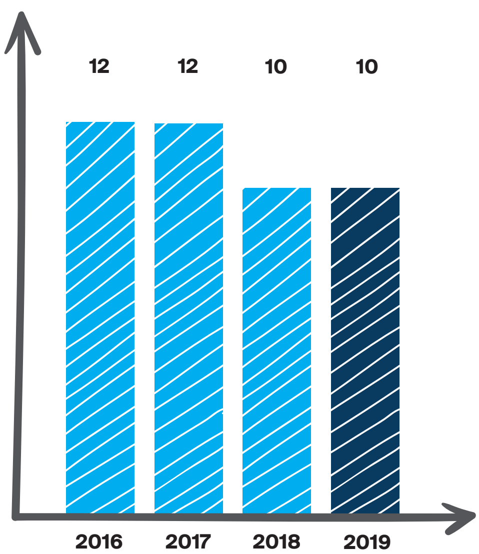
Revenue TT$M



Profit Before Tax TT$M



Rona % (Profit After Tax/Average Net Assets)



* 2018 - 2019% change based on segment results reported on Note 3 of the Consolidated Financial Statements

Retail

Stores
48

Space
715,000 sq. ft.

Distribution

Warehouses
13

Space
705,000 sq. ft.

Performance Drivers

The IR BU generated third-party revenue of TT$6.57 billion for Financial Year (FY) 2019 which was flat on prior year. Massy Stores (Trinidad) and Massy Distribution (Barbados) Ltd. experienced revenue declines while strong performances were recorded by Massy Distribution in Trinidad and Guyana, and by Massy Stores in Saint Lucia.

In fiscal 2019, the majority of the IR BU's revenue and profitability was generated from Trinidad and Tobago and Barbados, two markets that continue to face economic headwinds and 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 emphasis being placed on integration across our businesses and territories, and on achieving greater operational efficiency in our administrative and back office operations.

Trinidad and Tobago

In an extremely competitive distribution environment with limited growth in chain supermarkets, Massy Distribution (Trinidad) delivered on its growth objective. We expanded our cold and chilled portfolio and have devised a go-to-market model for the food service industry which will take full effect in the coming financial year.

The implementation of technology solutions is helping us to create a more efficient operation and the learnings from this are being shared with our other distribution companies across the region.

Massy Stores (Trinidad) had a challenging year as constrained consumer spending and value shopping continued in 2019. The "no plastics" initiative also impacted top line, and this coupled with significant depreciation associated with recent footprint expansion and store upgrades adversely affected the Company's financial performance.

Convenient meals are made fresh every day in the Ready 2 Go kitchen for Massy Stores (Trinidad)

Massy Distribution (Trinidad) expanded their cold and chilled portfolio and divised a go-to-market model for food service that will be in effect in the coming year

Integrated Retail

Consumers benefit from the direct link between Saint Lucia farmers and Massy Stores supermarkets

Notably, we have enhanced the customer experience at our stores through facility improvements, decluttering aisles and improved product merchandising. We have also introduced a centralised commercial kitchen, which has extended our range and volume of Ready 2 Go prepared meals.

Barbados

Massy Stores (Barbados) Ltd. had improved results in FY 2019. Strategies included the expansion of our private label offering and the introduction of more value brands which appealed to price sensitive consumers, aggressively communicating Massy's value proposition and the diligent management of expenses in favour of customers.

During the year we continued to invest in Barbados with the opening of our Coverley store which caters to the students and faculty of Ross University as well as the wider community, and the modernisation and right-sizing of Oistins to better serve its customers.

Massy Distribution (Barbados) Ltd. had a disappointing year as the brand loyalty that many of our products once enjoyed was eroded by consumers looking for more affordable options. The Company did acquire some value brands during the year and is aggressively seeking additional lines as we diversify our portfolio to meet the changing needs of the Barbadian consumer.

Eastern Caribbean

Massy Stores (SLU) Ltd. had another year of strong Profit Before Tax (PBT) performance as we continued to develop the perimeter of our stores. Emphasis was placed on improving the procurement of local produce, remerchandising, and expanding our Ready 2 Go meals and meat offerings. Similarly, Massy Distribution (St. Lucia) Ltd. achieved significant PBT growth as the business reaped the full benefits of the new structure and processes implemented in fiscal 2018. We continue to manage costs and have increased revenue from products added to our portfolio which are sourced from direct importation by our retail operations.

Massy Stores (SLU) Ltd. acquired the operations of Massy Distribution (St. Lucia) Ltd. in September 2019, which will result in operational efficiencies and more synergies in fiscal 2020 and beyond.

Massy Stores (SVG) Ltd. had a challenging year as the business was heavily impacted by the "no plastics" initiative. We increased environmental awareness and promotions, which have resulted in some closing of the gap towards the end of the year. Government plans are underway to ban single-use plastics in 2020, which will remove our competitors' current advantage.

Guyana

Massy Stores (Guyana) Inc. had a disappointing year as competition intensified. Product availability and variety were impacted by importation challenges, and consumer spending was lower than anticipated. We have been collaborating more closely with Massy Distribution (Guyana) Inc. to alleviate supplier issues; and have introduced more value brands and re-merchandised our Providence store to improve the shopping experience. In September 2019 we opened our second store in Guyana, Massy Mega in Turkeyen. With 31,000 square feet of retail selling space and a wide range of bulk and family size options, Massy Mega offers a club type shopping experience and focuses on bringing value for money to the Guyanese consumer.

Massy Distribution (Guyana) Inc. had another good year supported by strong organic growth and the transfer of the Bermudez distribution business from Massy Motors (Guyana) Ltd. (formerly Massy Industries

(Guyana) Ltd.). Last year we invested in expanding and upgrading our cold and chilled facilities and this investment is starting to pay off as we have already secured distribution rights for several cold and chilled lines.

While the much-anticipated uptick in demand has been slow in coming, we continue to position the business for it and remain confident that we are well poised to maximise this opportunity when it does occur.

Other (Jamaica & USA)

Massy Distribution (USA) Inc. continues to perform despite challenges in the Caribbean markets it serves. The strategic relevance of the model is increasing as more and more principals seek economically viable solutions to serve the fragmented Caribbean market. Massy Distribution (Jamaica) Limited acquired several new agencies this year and this combined with significant efforts to address its cost base and improve efficiency led to a much-improved performance over the prior year.

Massy Mega in Turkeyen Guyana offers a wide range of bulk and family supplies, in a club style shopping experience

Strategy

The IR BU is putting renewed energy into maximising its returns to shareholders and has made organisational and operational changes to ensure that strategic goals are achieved.

Controlling the supply chain is key to controlling cost in the business, and our approach continues to focus on three main aspects of this. We have been developing our Own Brands portfolio regionally by extending our product range particularly in high volume categories, redesigning labels to appeal to consumers and enhancing quality where necessary. We have secured an international supplier for all our foreign produce regionally, which has expanded our product range and variety while reducing costs.

Other key categories for regional direct procurement have been identified, and negotiations with local and regional suppliers have commenced. Category management has been integral in supporting both our private brands and direct procurement initiatives and we will continue our product rationalisation exercises at our stores to ensure their alignment with the needs of our diverse customer base. Increasing market share and profitability are central to our growth and continued success. This year we made significant headway in developing a regional cold chain distribution network with the purchase of warehousing space in Trinidad and Guyana to handle cold and chilled goods for the food service channels. In our stores we are placing greater emphasis on higher value added categories such as Grab & Go and the Bakery and will continue to pursue the tactical expansion of our retail footprint, specifically in the supermarket and Express formats.

Establishing centres of operational excellence is integral to achieving greater efficiency and reducing our costs. To this end, we are standardising processes and rationalising back-end support functions across the business. Sharing our talents is promoting effective knowledge transfer and helping build our bench strength from within.

Integrated Retail

Strategic focus: The IR BU's strategic focus is on maximising returns via its value chain by leveraging its assets, distribution channels and strong consumer brands across the Caribbean.

Risk

To thrive in today's business environment, leadership acquisition, development and retention, and agility are essential. Effective leaders are better able to execute and deliver more powerful, tangible business results. Without them we cannot accomplish our strategy as convincingly as we would like. To mitigate this, we are aligning our people strategy with our business strategy by actively seeking qualified capable executives to join our teams to ensure we have the capacity to resource our growth agenda.

Given that opportunities for mergers and acquisitions of consequence are relatively limited in most of the English-speaking Caribbean markets, it is critical that we continue to focus on refining our systems and increasing market share and efficiency in the territories in which we currently operate. This will mitigate future risks when we pursue growth, which may necessitate exploring territories with which we are less familiar.

Increased use of technology creates efficiencies in the Massy Distribution process

RISK	MITIGATION
FX Liquidity	Use category management approaches to manage foreign exchange working capital for profitable lines. Increase diversification into operations in other wider Caribbean markets – e.g. Guyana, Saint Lucia, etc.
Competitor Activity	Use of traditional and digital marketing to communicate Massy's value proposition to customers.
Business Cycle Risks	Reduce costs to maintain margin discipline even as weaker market conditions persist in Barbados and Trinidad.

Loyalty

Massy Loyalty added several new partners and benefitted from sign ups at the new stores in Coverley, Barbados and Turkeyen, Guyana. Last year's standardisation of processes and technology regionally have been instrumental in managing costs and operating more efficiently. Data analytics and integrated marketing have been progressed in Trinidad and will be deployed in other territories in fiscal 2020.

What's Next

The Integrated Retail Business Unit was selected as one of the Group's main industry portfolios on which future growth and investment will be based. After the end of the 2019 Financial Year, a new board was appointed to the Integrated Retail Portfolio (IRP) with five executive and five non-executive members. Two members of the Massy Holdings Ltd. Board will sit on the IRP Board and two Head Office executives will also sit on the Board. An independent experienced industry executive from a more developed market is being recruited as the fifth IRP non-executive member. Greater autonomy and decision making will be given to the IRP Board to facilitate more agile response to market conditions and to release greater creativity and intrapreneurship from IRP management teams. The IRP Board is expected to be able to provide better strategy and risk management oversight to the business in the IRP to unleash superior performance.

Financial Services

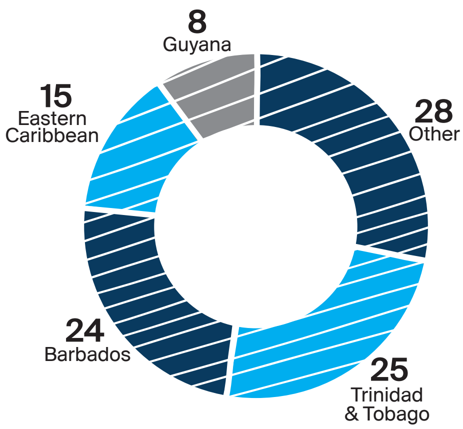
Massy United Insurance Ltd. is among the top five Regional Property and Casualty Insurance Companies in the Caribbean. In our Money Services business, our primary business activity is operating agencies for MoneyGram International in Guyana and Trinidad and Tobago and Western Union in Barbados. In Trinidad and Tobago, 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.

Howard Hall

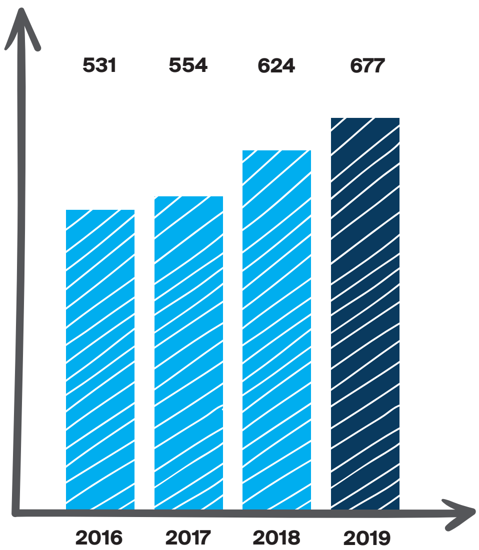
SENIOR VICE PRESIDENT &
EXECUTIVE CHAIRMAN,
FINANCIAL SERVICES LINE OF BUSINESS

Financial Services

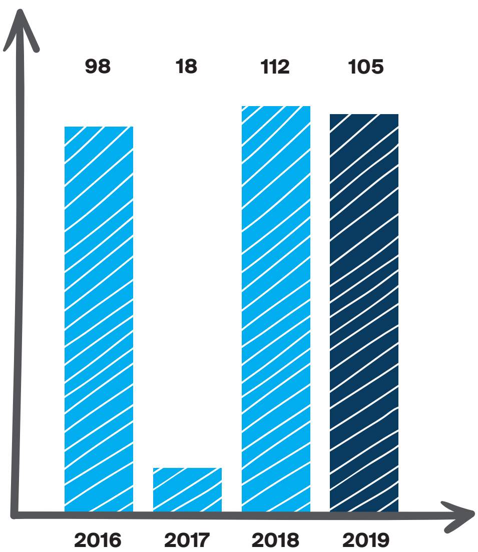
Revenue by Country %



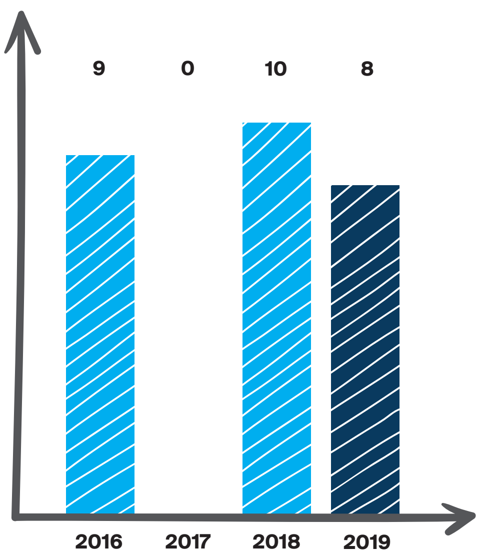
Revenue TT$M



Profit Before Tax TT$M



Rona % (Profit After Tax/Average Net Assets)



* 2018 - 2019% change based on segment results reported on Note 3 of the Consolidated Financial Statements

Massy United Insurance Ltd. (MUIL) is among the top five regional property and casualty insurance companies in the Caribbean. We operate in 20 territories across the Caribbean. In 2017, the company was challenged by the passage of three major hurricanes which impacted eight of our territories. MUIL demonstrated its robust organisational and financial capacity to respond swiftly to major catastrophes while maintaining a strong balance sheet. A further testament to its strength, the company successfully re-affirmed its A.M. Best (global rating company for insurance) A- (Excellent) rating for the fifteenth consecutive year.

The Money Services Division provides the operating agencies for MoneyGram International in Trinidad and Tobago and Guyana and Western Union in Barbados. The Money Services Division's activities in Trinidad and Tobago, Guyana and Barbados continue to be an important source of foreign exchange for the Group in each of the territories in which the remittance business operates.

In Barbados, our consumer finance business has been providing credit offerings for over 40 years. Over the years, we have evolved that business, based on consumer demands and currently offer extended closed loop revolving credit services to our customers. In Trinidad and Tobago, we primarily provide motor vehicle loans to our customers.

Performance Drivers

On September 1, Hurricane Dorian, the most intense tropical cyclone on record, struck the Bahamas. It is the worst natural disaster in the country's history staying over the Abaco Islands and Grand Bahama with maximum sustained winds of 185 mph (295 km/h) for over 24 hours and resulting in catastrophic damage to the islands, leaving at least 70,000 people homeless. Claims recorded so far have reached 106 with gross claim values of approximately US$27 million. Notwithstanding the material impact of Hurricane Dorian on MUIL's net claims, the company has generated profit before tax of $30 million (US$4.4 million) which was 37 percent below 2018. This achievement was due in large part to:

- Good commercial business decisions on the Gross Written Premium (GWP) line,
- Discipline in controlling the operating expenses,
- Attention to detail in our reinsurance treaties and the reinsurance commission structures, and
- Improvements to the fiscal position of the Barbados economy that have had a positive impact on IFRS 9 impairments on investment value.

The large negative impact of the claims from the hurricane and the increased acquisition cost linked to higher GWP sales have affected overall profitability. However, all other key performance indicators showed positive results in 2019 reflecting the hard work of the staff and commitment to the company strategy for the year.

The challenging economic conditions in our main markets of Barbados and Trinidad and Tobago continue to negatively impact revenues of the consumer finance businesses. Our business in Trinidad and Tobago continues to experience tremendous pressure as aggressive price competition persists in the financial services sector. Nonetheless, the division has performed credibly due to careful expense management and increases in its foreign exchange business.

Our 2019 performance in the Money Services division business was enhanced by an increase in both send and receive transactions in each territory. This was a direct result of targeted initiatives in North America and Canada.

Strategy

The Financial Services business consists mainly of insurance services as well as other non-banking financial services such as money remittances and credit card services.

Massy United Insurance Ltd. continues to pursue its strategy to grow the 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.

The Money Services division continues to execute against its strategy to become the major remittances representative across the Caribbean by leveraging the Group's strong regional presence. In November 2019, we launched operations in Saint Lucia, under the MoneyGram brand, offered throughout the Massy Stores network.

Financial Services

The business will embark on transforming to a digitisation model by 2022.

The Consumer Finance division has spent the past year positioning itself to better capture growth opportunities within and through the Massy family. In Trinidad and Tobago, market conditions have now necessitated the review and redevelopment of our existing business model, which will be addressed in Fiscal Year (FY) 2020. Meanwhile, our revolving credit business will continue its exploratory work into markets where the Group has a strong presence.

Risk

Catastrophe risk is the single biggest risk that the insurance division undertakes. The company is working towards better management and reduction of the volatility of catastrophes on its profitability. The volatility on the international Stock Exchanges exposes the company to investment risk and was a key factor in 2019. In addition to the volatility, our international investment managers are of the opinion that the corrections in the market have made it more difficult to beat the market by significant percentage returns and so we have to manage the risk return trade off.

Strategic risk has been experienced with the challenges around the implementation of WebSure, our core insurance system. We are working with our software suppliers to chart a suitable way forward.

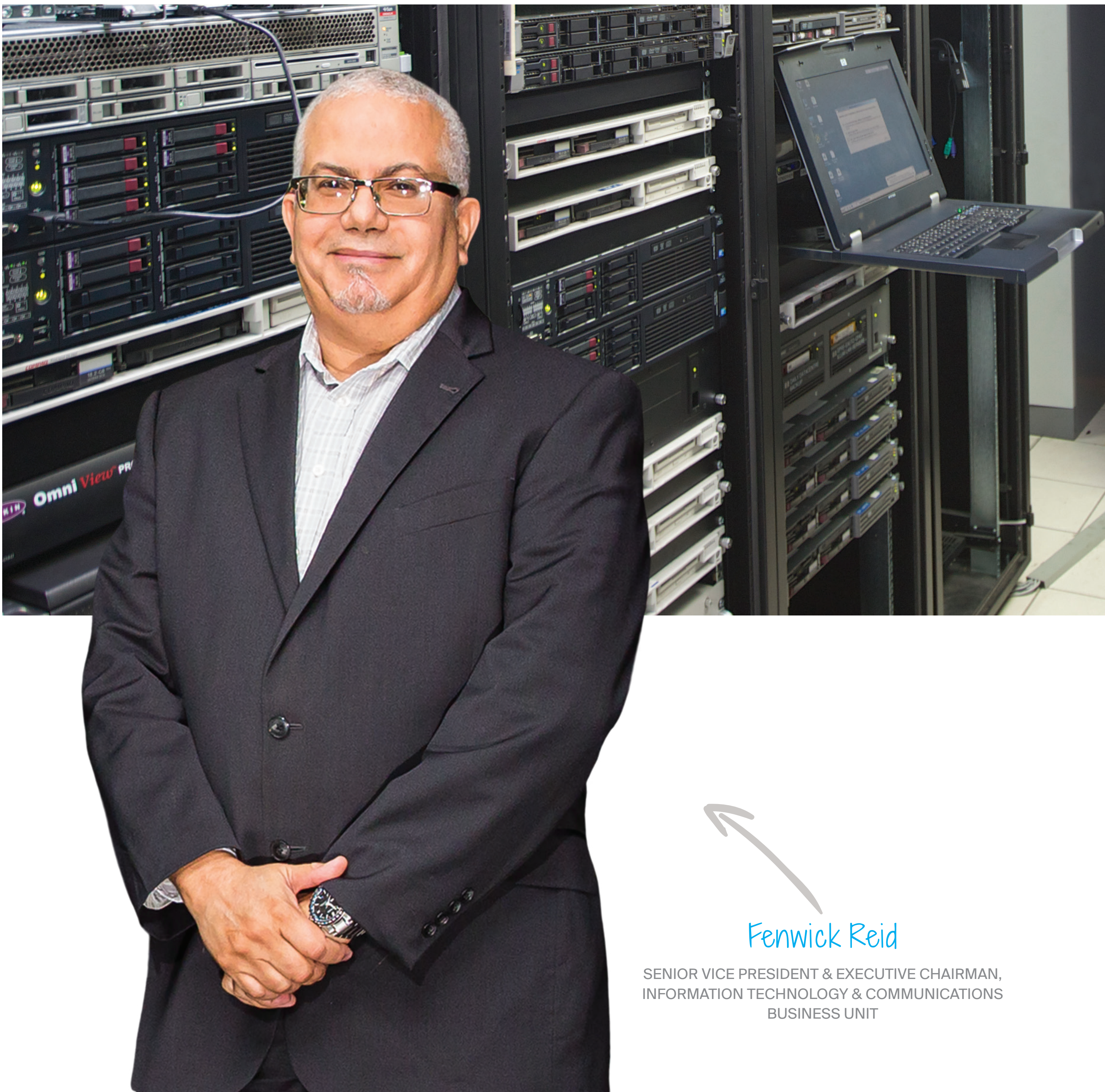
Key risk categories in the Money Services division include Anti-Money Laundering (AML) and compliance and the risk of de-banking. The business continues to actively engage with our regulators and bankers, with the assistance of MoneyGram International. Rigorous and robust systems of compliance have been implemented and are continuously updated to address new developments.

The principal risk affecting the Consumer Finance division is credit risk. We continue to adjust our governance and risk management structure as we evolve.

RISK	MITIGATION
Insurance - Rate increases in the region have increased at a slower rate in southern territories while large catastrophes globally have increased the cost of reinsurance. The result is compression of margins	Ensure that the reinsurance purchase strategy is adequate and within risk appetite.
Competitor Activity	Review motor and property insurance lines of business in various markets to maintain margin discipline. Diversification into more profitable product lines.
FX Liquidity Risk	Leverage expertise of asset managers to ensure that there is enough liquidity in the investment portfolio to meet reinsurance and claims receivables.
Credit Risk	Reduce exposure to instruments with high Expected Credit Loss rates and/or price such instruments accordingly. Continue enhancing security recovery capability. More aggressive monitoring of fixed income portfolio.
Investment Portfolio Risk – equity market volatility and weak fixed income yields	Work closely with regional and international asset managers to optimise the duration and asset allocation risk of the investment portfolio.
Regulatory Risk	Work constructively with regulatory bodies to ensure that there is full compliance with rules, standards and guidelines.

Information Technology & Communications

The Information Technology & Communications Business Unit (ITC BU) is a regionally diverse portfolio of companies operating in Trinidad and Tobago, Guyana, Barbados, Antigua and Jamaica. The unit has also established a presence in Colombia and the United States of America. The group provides a number of products, services and solutions in the Information Technology and Communications Space.

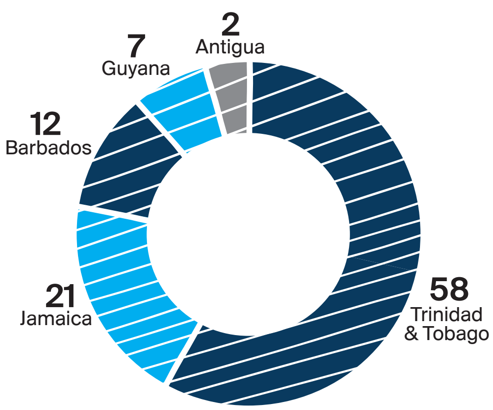


Fenwick Reid

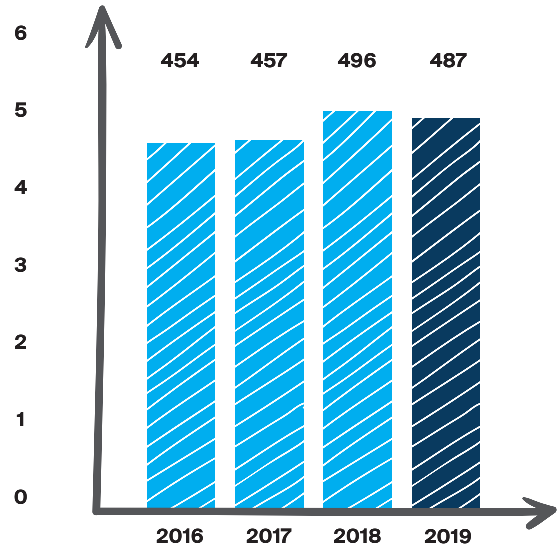
SENIOR VICE PRESIDENT & EXECUTIVE CHAIRMAN, INFORMATION TECHNOLOGY & COMMUNICATIONS BUSINESS UNIT

Information Technology & Communications

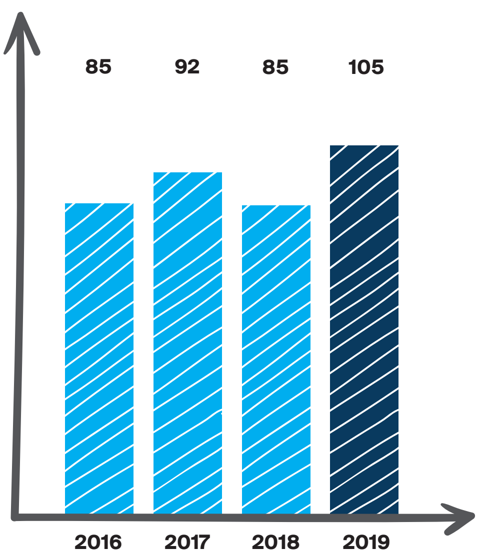
Revenue by Country %



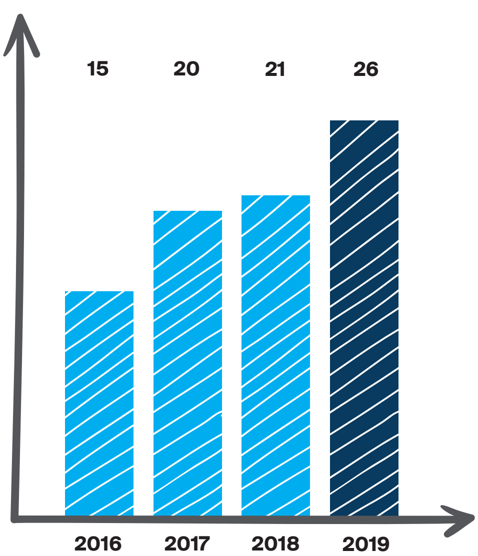
Revenue TT$M



Profit Before Tax TT$M



Rona % (Profit After Tax/Average Net Assets)



* 2018 - 2019% change based on segment results reported on Note 3 of the Consolidated Financial Statements

Our strategic imperative in the ITC BU continues to be: "providing superior value to our customers by performing the role of trusted advisor in the digital age." The ITC BU continues to play a leading role supporting our customers throughout the region by providing Digital Technologies enabling new levels of efficiencies and competitiveness. We will continue to diversify our products and services portfolio growing our recurring income from our subscription-based services. Continued growth is expected by expanding our profitable product lines into new markets and improving market share in existing territories. FinTech, Digital and Electronic Transactions, Smart Devices (IoT), Data Analytics, Multi-Cloud offerings and our Managed Services are expected to deliver new revenue streams. Our own digital transformation will provide the platform for agility, efficiency and continuous improvement. Our focus continues to be our people, attracting, retaining and training the best talent in the region.

Performance Drivers

The 2019 financial year showed improvement over prior year with the Massy Technologies InfoCom Companies throughout the region showing net profit growth over the prior year. Massy Technologies InfoCom (Jamaica) Limited (MTIJ) showed operating profit growth of 2 percent over prior year as the company continues to grow its customer base and diversify its product offerings in this region. Despite limited business opportunities in Barbados due to its current economic climate, Massy Technologies InfoCom (Eastern Caribbean) Limited (MTIEC) achieved 11 percent operating profit growth over its prior year's performance.

Massy Technologies InfoCom (Trinidad) Ltd. (MTIT) grew its operating profit by 5 percent over prior year while Massy Technologies (Guyana) Ltd. (MTG) achieved a 17 percent Operating Profit Improvement over prior year.

As part of our strategic focus to streamline our business and concentrate on our core technologies, the assets of Massy Technologies Applied Imaging (Trinidad) Ltd. were sold to Amaranth Business Solutions Limited in September 2019. This would allow the ITC BU to focus on developing its core technology areas in Self Service, Managed Software, Hardware and Communications Solutions, Transaction Based Offerings and Analytics Solutions.

Strategy

Our strategic objective is to be first or second in every Enterprise Information and Communications Technology (ICT) segment where we participate, to continue growing our profit mix from E-Transactions, Smart Devices (IoT), Data Analytics, and to expand our Managed Services customer base in areas of pay for click, ICT Managed Services and Transaction Based Solutions. 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. In 2019, we continued to make progress in executing our Strategy by:

- Increasing our market share and geographic reach in core areas of business such as Self Service, Retail and Oracle Solutions.
  - Won new major Oracle Professional Services contracts in Jamaica and Trinidad
  - Expanded Financial Self-Service product offerings across the region
  - Won new Self-Service Business in Jamaica and the Eastern Caribbean (EC)
  - Established a company in the United States to go after Oracle and NCR opportunities
  - Established company in Colombia to go after managed services opportunities

- Growing our Managed Services portfolio and launching new services (ICT, Print and Document Management Services)
  - Upgraded our Wireless Broadband Network to provide improved features to customers
  - Captured additional Managed Services contracts within the Energy Sector
  - Implemented "Aptra Vision" Automated Teller Machine (ATM) managed services platform in Jamaica and Trinidad
  - Grew our communications portfolio in Barbados, EC and Guyana
  - Migrated customers to our Digital Trunk Radio Network

- Increasing 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 Retail Solutions.

Information Technology & Communications

- Obtained VISA/Mastercard certification for Point of Sale terminals in Trinidad and Tobago
- Completed the Self-Checkout software development and have launched a pilot in Massy Stores.
- Launched our upgraded Surepay platform in several Caribbean countries
- Increased our Surepay collection points in Trinidad and Tobago and signed up new franchises in Grenada and St. Vincent

- Continuing to develop our Internet Of Things (IOT) and "Data Science" practice to break new ground
  - Partnered with University of the West Indies (UWI) on CARISCIENCE International Training Workshop for Developing countries
  - Achieved top ten US IBM Watson Build Analytics 2019
  - Developed SMART City APP
  - MLI Lecture Series "The Future of Work"

Employee Engagement

Employee Engagement is in a large part associated with a positive employee experience. In the last fiscal year, the Regional Human Resource Team focused on implementing several initiatives that support and improve the experience of the employee through improved use of technology, ongoing employee development opportunities, the introduction of reward and recognition programs and improved communications. In 2019, our first Regional Human Resource Management System was implemented; and this new tool removed a large portion of the manual processes related to updating employee information and leave administration by empowering our employees to do so online.

Risk

RISK	MITIGATION
Contract Risk Management **Business Development** **Deal Flow**	Budgets are prepared to align with closure of major contracts and the sales pipeline is reviewed weekly to prioritise and target strong opportunities. A Gap Analysis is prepared and reviewed monthly.
Customer Concentration	Geographic Diversification.
Business Cycle Risks	ITC has maintained a healthy Sustainable Revenue Stream based on Recurring Revenue and" regular business" transactions.

What's Next

As it seeks to streamline its operations across the region to become more efficient, nimble and customer focused, the ITC BU has begun several key restructuring initiatives under the name "Project Fusion". The major initiative includes changes in the regional structure of the ITC group, realignment of regional technology solutions and services to be more responsive to customer needs, introduction of new technology solutions and services and implementation of new supporting technologies to facilitate the change. Project Fusion is expected to be completed over a period of two years and is designed to ensure the ongoing and future competitiveness of the ITC BU as it seeks to maintain its leadership in the English-speaking Caribbean and expand into new territories.

Other Investments

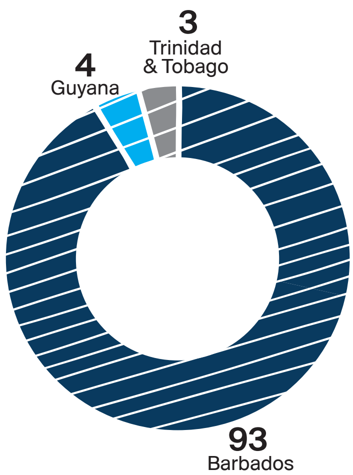
The Other Investments Line of Business consists of subsidiaries, joint ventures and investments that are not directly related to the Group's Core Business Unit Activities.

Frere Delmas

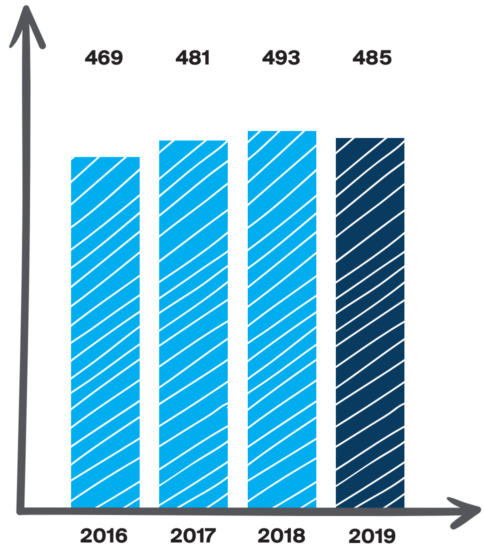
EXECUTIVE VICE PRESIDENT &
EXECUTIVE CHAIRMAN,
OTHER INVESTMENTS

Other Investments

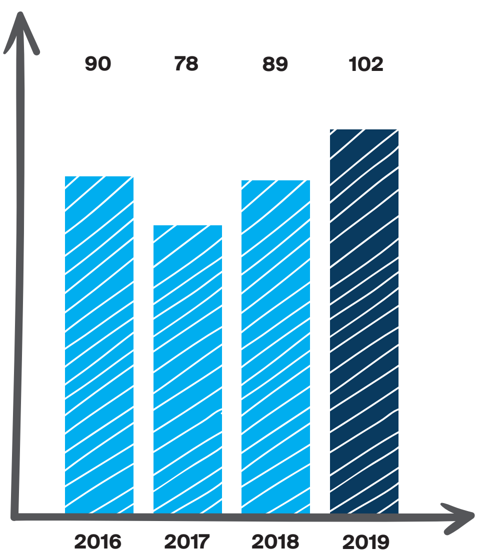
Revenue by Country %



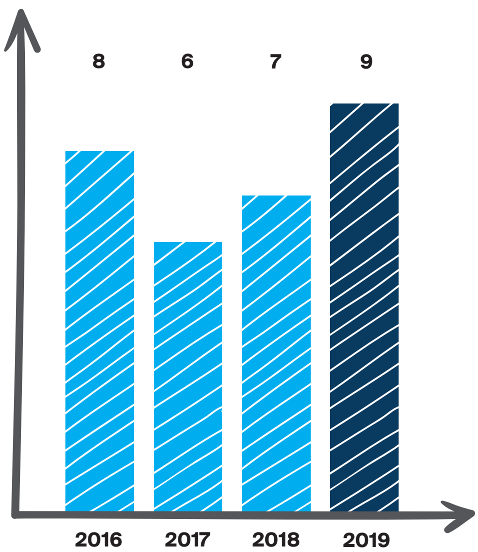
Revenue TT$M



Profit Before Tax TT$M



Rona % (Profit After Tax/Average Net Assets)



* 2018 - 2019% change based on segment results reported on Note 3 of the Consolidated Financial Statements

The Unit's subsidiaries operate in various sectors and territories:

- Real estate sales and property management – Trinidad and Tobago and Barbados
- Food and Animal Feed manufacturing – Barbados
- Airport ground handling services – Barbados and Antigua
- Security Services – Guyana, Trinidad and Tobago and Barbados

The Other Investments Line of Business (LoB) performed well in 2019 surpassing 2018 performance metrics. This is mainly due to the sales of both Massy Security (Guyana) Inc. and the Group's minority interest investment in G4S Secure Solutions in Trinidad and Tobago and Barbados. The Group also disposed of its interest in Medina Foods.

Performance Drivers

Reals estate and property management businesses performed below prior year due to the sluggish real estate markets in both Trinidad and Tobago and Barbados. Even though there were increased land sales, rental income continued to decline because of low occupancies. In Barbados there has been an increased interest in key commercial properties by potential buyers which is a promising sign for Massy Properties (Barbados) Ltd. in the future.

Food and animal feed manufacturing business performed slightly below last year. The demand for animal feed was below expectations, affecting sales volumes. In the coming financial year, increased focus is being placed on extracting more value from the supply chain and on further automation of business processes.

Airport ground handling services businesses continue to perform below expectations. The Group is in discussions to divest these businesses in the new financial year.

Security Services – The Group divested Massy Security (Guyana) Inc. and its minority investments in G4S in Trinidad and Tobago and Barbados, as it seeks to focus the Group on its main industry portfolios and to reduce distraction from non-strategic businesses.

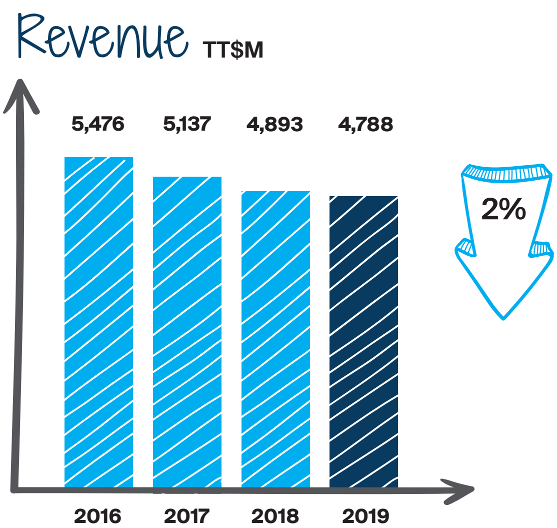
What's Next

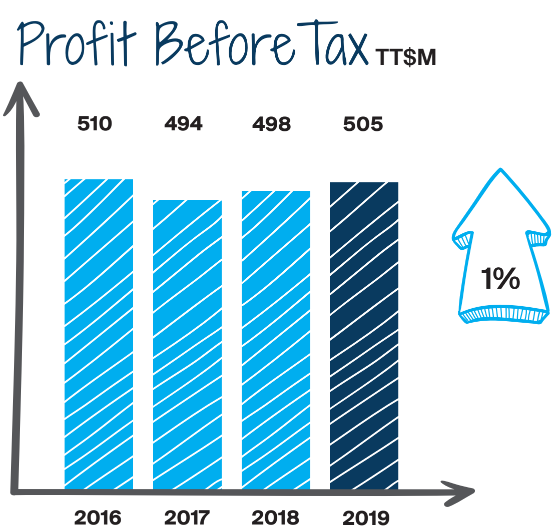
Going forward the Unit will be reshaped to further support the Group's strategy. It will be renamed the Strategic and Other Investments Line of Business, consisting of the Group's strategic investments as well as non-core businesses. The LoB will focus on driving business performance and optimising the value of these investments. The energy services business, Massy Energy Engineered Solutions Ltd., the Massy Wood Group Ltd. joint venture and Massy Energy Production Resources Ltd. will be transferred to Strategic and Other Investments Line of Business where the newly appointed Chairman, Vaughn Martin, will be able to provide excellent leadership given his experience in working on the leadership teams of both of these companies.

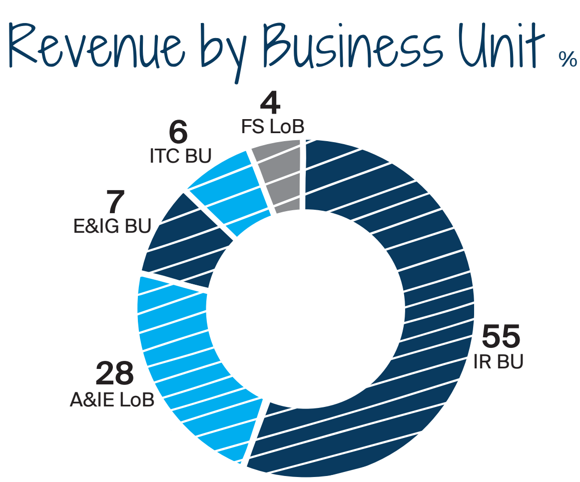
Territories at a Glance

Territory Review

Trinidad and Tobago







Trinidad and Tobago

Continued reliance on oil and gas, petrochemicals and construction industries

In 2019, Trinidad began to see the emergence of some economic improvement: in the first quarter of 2019, Gross Domestic Product (GDP) increased by 1.7 percent and is projected at 0.9 percent for the remainder of 2019. Looking forward, The Government of Trinidad and Tobago projects in their 2019 Budget statement that the economy should rebound in 2020 to 2022 with GDP growth rates of 1.9 percent, 4.1 percent and 3.6 percent respectively, this coming after a relatively flat to negative average growth over the last decade. The achievement of these growth estimates relies heavily on maintaining or improving gas production; securing stable or favourable energy commodity price assumptions with energy sector revenues expected to increase incrementally during the forecast period (from $16.23 billion in 2020 to $19.53 billion in 2022). Projections are also dependent on successful commencement and completion of key infrastructure projects, including construction of two new ports in Trinidad and a new airport terminal in Tobago, handing over operations of Magdalena Grand Beach and Golf Resort, and a number of road, industrial, air and health infrastructure upgrades.

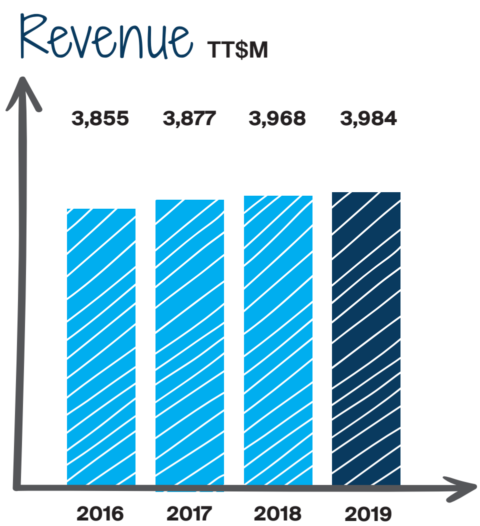
The Trinidad and Tobago companies within the Group are yet to experience any improvement in the economy. The Group's Revenue from its operations in Trinidad and Tobago posted a small decline, with Profit Before Tax (PBT) increasing from $498 million in 2018 to $505 million in 2019 due to a sharp focus on efficiency and expense management.

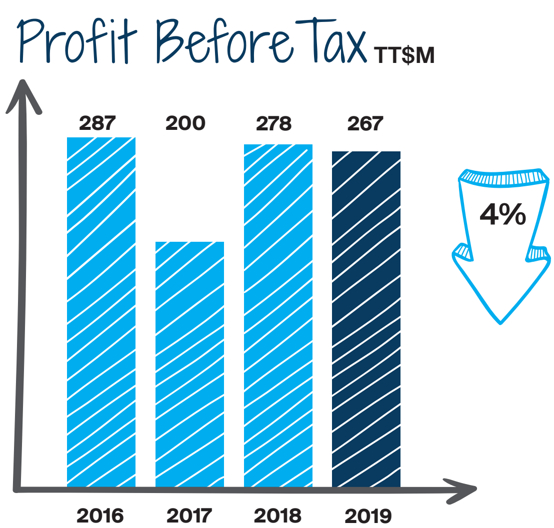
As the country continues to rely predominantly on its energy sector for economic activity, noteworthy advancements were achieved in 2019 for this sector. Continuing to be one of the world's top ten Liquefied Natural Gas (LNG) producing countries, Trinidad and Tobago reached an impressive milestone having lifted its 4,000th LNG cargo. And while 2018 ended with the shutting down of the Pointe-a-Pierre refinery, Trinidad Petroleum Holdings completed its debt restructuring and has secured new loans of up to US$1.4 billion.

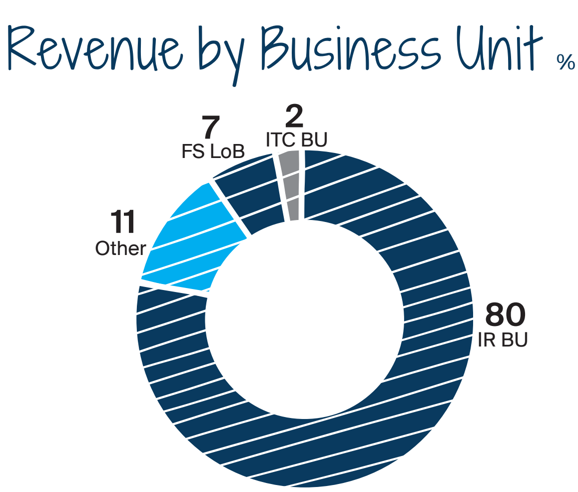
The Government of Trinidad and Tobago continues to target increased investments in the areas of tourism, creative industries, agriculture, information technology and shipping. For the Non-Energy Sector, revenue is projected to increase moderately in the context of growth revival moving from $30.2 billion in 2020 to $32.8 billion in 2022.

Territory Review

Barbados and the Eastern Caribbean







Trinidad and Tobago's Moody rating of Ba1 has been affirmed and maintains a stable outlook. in July 2109, however, Standard & Poor's downgraded its rating from BBB+ to BBB with a stable outlook, maintaining the country's investment grade rating. Offset against a short term stable economic outlook, concerns relating to foreign exchange supply, compliance with European Union tax haven requirements and a low global competitiveness score continue to affect market confidence and levels of foreign direct investment.

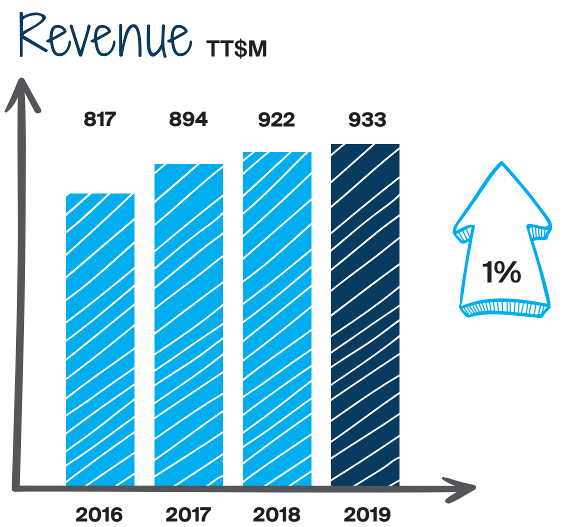
Barbados and the Eastern Caribbean

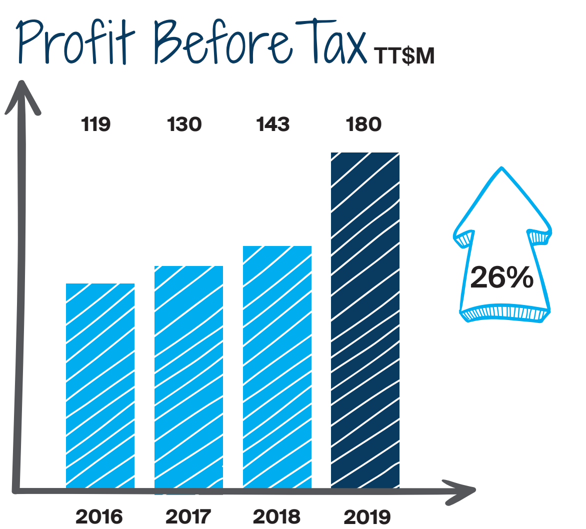
The fiscal year 2019 in Barbados saw the continuation of the Barbados Economic Recovery Transformation (BERT) Programme in which the Government re-negotiated terms with domestic and international creditors reducing the country's overall level of indebtedness, at the same time cutting interest expenditure by more than half to 8.4 percent of revenue. The successes of the BERT programme came as a result of a mix of austerity and growth measures with reductions in corporate taxation and personal income tax, while property taxes were increased.

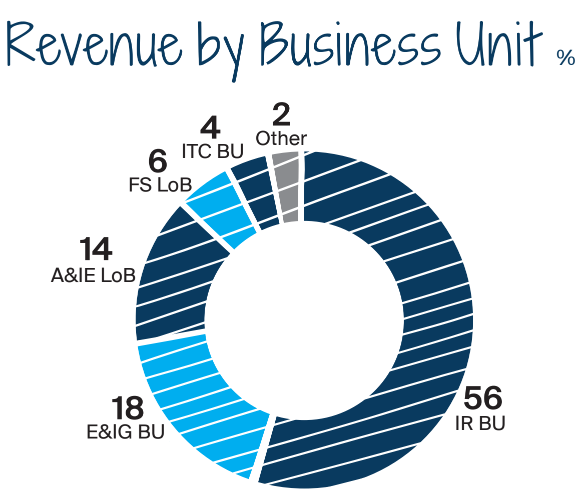
In the first nine months of calendar 2019, the country's real GDP contracted by 0.2 percent and the unemployment rate increased by 1.6 percent. This was driven by delays in private sector investment projects and lower levels of government capital spending. Further economic contraction was stalled by sustained growth in long stay tourist arrivals. The economy continues to show signs that the recovery will continue, and as of November 2019, the International Monetary Fund completed a second review of BERT and concluded that the programme was able to reach all of its targets for the stipulated period.

In Saint Lucia, the Caribbean Development Bank projected 2.0 percent GDP growth for 2019 as this economy continues to benefit from record tourist arrivals, particularly from the North American markets. August 2019 alone saw a 6.4 percent year-on-year increase in arrivals. Economic activity was also supported by the Road Improvement & Maintenance Programme and expansion of the Hewannora International Airport in the south of the island. Increased tourist arrivals in 2019 for St. Vincent & the Grenadines has sustained growth in this market, and it is expected to continue into 2020 as construction for the Mount Wynne hotel development extends into 2022.

Guyana







The businesses in Barbados and the Eastern Caribbean are major contributors to the Group's overall profits. However, PBT contribution from these countries declined from $278 million in 2018 to $267 million in 2019 driven by the impact of Hurricane Dorian on the performance of our General Insurance business. As these markets continue to evolve, we recognise the need to constantly revisit our business models and continuously improve. Consequently, Barbados held its first Innovation Tournament in 2019, creating a new space for our employees to develop new ideas to support value creation for our respective stakeholders.

Guyana

Preparing for Exponential Growth

As Guyana gets set to become one of the world's largest exporters of oil starting in 2020, the Group has been strategically positioning itself to take advantage of the emerging opportunities. The Massy Brand is well known and trusted for its solid Health, Safety, Security and Environment (HSSE) foundation, commitment to excellent customer service and staff development and the ISO certification of our larger companies. These all positively identify us as a group with international best practices and ease of doing business.

The Group continued to expand its footprint locally and opened its new Massy Mega Store at Movietowne in September. In addition, Massy Distribution, having acquired the land and building next to its premises in 2018, redesigned and refurbished same for further expansion of the company. During the year the Group acquired thirty-one acres of land at Houston to facilitate new and expanding businesses and Massy Wood Group (Guyana) Inc., which was established to facilitate our journey into the oil industry, may be our first occupant.

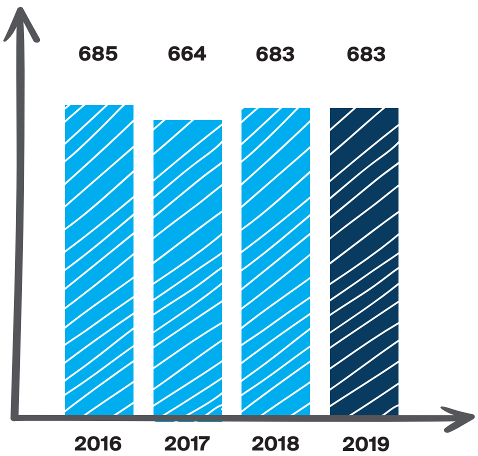
As the Group aligns itself towards the Portfolio and Lines of Business structure several intra-group capital allocation adjustments were made to allow the companies to operate more effectively and to facilitate better alignment for future growth and expansion. As part of this alignment Massy Security (Guyana) Inc. was sold in March 2019.

Guyana's GDP growth rate for 2019 is projected at 4.4 percent as a result of solid performances from the rice and gold industries and despite the poor performance in the sugar industry. The financial

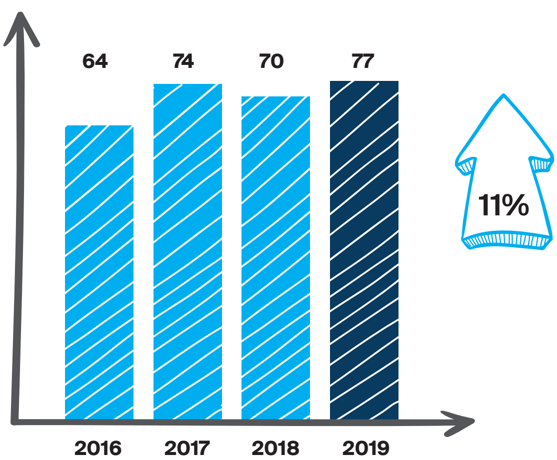
Territory Review

Jamaica

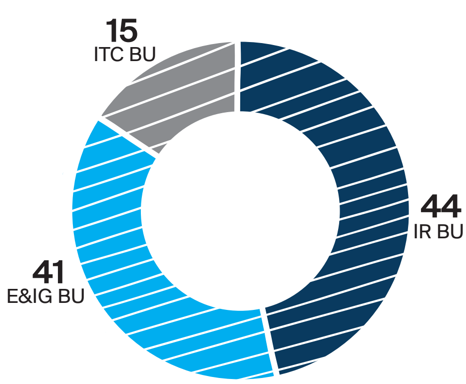
Revenue TT$M



Profit Before Tax TT$M



Revenue by Business Unit %



performance of the Group in Guyana reflects the economic optimism. PBT grew from $143 million in 2018 to $180 million in 2019 (a 26 percent improvement). This includes the profit on the sale of the security company.

Guyana's oil and gas reserves are now estimated at over six billion oil equivalent barrels as Exxon Mobil has made 15 discoveries, Tullow Oil 2, and Repsol have also begun drilling. The expectation is that first oil will now be in December, ahead of the schedule of early 2020 as the Floating, Production, Storage and Offloading (FPSO) vessel, Liza Destiny, arrived earlier than planned and has the capacity to produce 120,000 barrels of oil per day. There are planned phased increases in production which is expected to peak at 750,000 barrels of oil per day by 2025 with five FPSOs operating.

With the economy projected by the International Monetary Fund (IMF) to grow by 86 percent in 2020, Guyana is well poised to fulfil its potential as the 'El Dorado' country. There is an enormous amount of optimism pervading the country as a new era dawns.

Jamaica

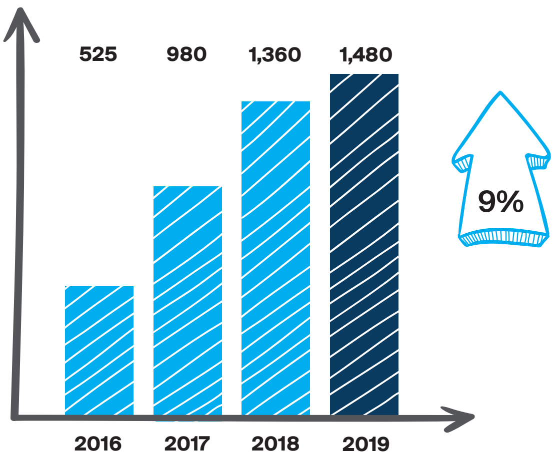
Economy In Full Recovery

The Jamaican economy grew by 1.3 percent during the April to June 2019 quarter, when compared to the same period in 2018. While this growth in GDP is less than the 2.2 percent recorded in the similar period in 2018, it represented 18 quarters of consecutive growth and continuation of strong macro-economic performance in the economy. In July 2019, the unemployment rate continued its downward trajectory falling to a record low 7.8 percent, below the 8.4 percent registered at the same point in 2018. The Net International Reserve (NIR) was US$3,098 million representing 22.8 weeks of imports of goods and services. The country also successfully completed the Precautionary Stand-by Agreement (PSBA) with the IMF and is establishing the legislative framework to create its fiscal council to sustain positive performance in the post IMF era.

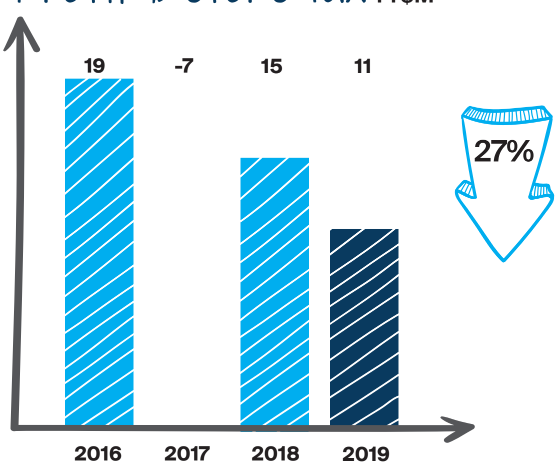
All three lines of business (Gas Products, Technology and Distribution) recorded growth in PBT over the prior year. The Distribution business which had a disappointing year in 2018 implemented strategies that led to significant improvement. In March 2019, Massy United Insurance Ltd. launched operations in Jamaica. The company's

Colombia

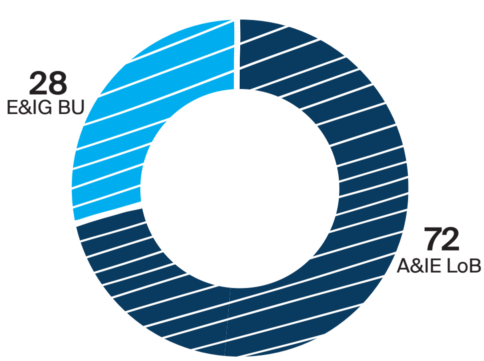
Revenue TT$M



Profit Before Tax TT$M



Revenue by Business Unit %



office was officially declared open by the Jamaican Minister of Finance during a brief function. The Company was well-received by local brokers, business partners and all other stakeholders.

Colombia

Economic growth in Colombia accelerated to 3.3 percent year-on-year in the third quarter from 3.0 percent in the second quarter, in line with previous forecasts. Colombia's real GDP growth is underpinned by strong internal consumption, increases in industrial capital investments and recuperation of the construction activity in hand with low interest rates. However, the economy faces the challenges of high unemployment, a current account deficit and weak international markets. Regionally, Colombia's GDP growth is outstanding when compared to neighbouring countries. Its current stability has kept capital investors interested. We expect current dynamics to continue and the analysts predict a GDP growth of 3.4 to 3.6 percent for 2020.

The Colombian peso is likely to maintain its multi-year depreciatory trajectory, heading towards Colombian Peso 3,500 against one United States Dollars in 2020/21 and stabilising thereafter. Depreciation is driven by local current account deficits and international factors. We expect that the Colombian government will remain committed to business-friendly economic policies and will prioritise boosting foreign investment, while the central bank maintains its focus on keeping inflation under control.

The automotive market projection is 253,500 units for 2019, representing a decrease of 1.3 percent over 2018, mainly due to the gap year in the biannual Bogota car show that drove sales in 2018. Massy Motors has been able to continue to grow above industry average, with its acquisition and industry consolidation strategy and focus on a strong service culture. The healthy consumer demand, fuelled by a recovery in consumer confidence and low interest rates, are promising signs for this industry. Massy Motors Colombia S.A.S. continues its consolidation as an important player in the industry as it continues to extend its multi-brand and multi-city strategy.

Massy Energy Colombia S.A.S. maintains the strategy to consolidate its position in current markets and pursue growth based upon diversification. For the second year in a row, we have significantly improved results over the previous year. These may be attributed

Territory Review

to a focus on operational efficiency and a strong HSSE culture. The foreign investment profile shows positive growth; and the increase in capital investment lead by key local companies that are major players send strong signals in the industry. In 2020, Massy Energy Colombia S.A.S. will remain in the Gas Products Portfolio as emphasis will shift towards using this company to acquire Gas Products assets in Colombia and apply the technical competence of this organisation to the running of our own operations.

The Massy Group will maintain its strategy to derive growth in Colombia via a combination of organic growth and acquisitions. Massy Motors Colombia S.A.S. continues its consolidation as an important player in the industry and develops its multi-brand (seven brands) and multi-city (three main cities) strategy.

Sustainability Report

Business Building People

"People have been – and always will be – the cornerstone of who we are."

We believe that we can make the greatest contribution to society by focusing on stakeholders to build sustainable businesses. We are committed to doing the right thing for shareholders, employees, customers, suppliers, communities, and the environment. We recognise that the long-term success of our Company starts with the competence and integrity of employees.

Our strategic decision-making is informed by that commitment. We believe that this regard for people is reflected in our Group's purpose: "A Force for Good, Creating Value, Transforming Life". We take this responsibility very seriously. We cultivate this very special relationship of trust with all our stakeholders in the spirit of Conscious Capitalism which states in its credo, "Free enterprise capitalism is the most powerful system for social cooperation and human progress ever conceived. It is one of the most compelling ideas we humans have ever had. But we can aspire to even more." (https://www.consciouscapitalism.org/)

Guidelines on the Purpose of a Corporation have also been published in Business Round table which outlines the committments of: "CEO's who commit to lead their companies for the benefit of all stakeholders – customers, employees, suppliers, communities and shareholders".

We commit to:

- **Delivering value to our customers.**
- **Investing in our employees.**
- **Dealing fairly and ethically with our suppliers.**
- **Supporting the communities in which we work.**
- **Generating long-term value for shareholders, who provide the capital that allows companies to invest, grow and innovate.**

We are also mindful of the UK Governance Code first articulated in 1992 with the most recent revision in 2018. Among its prescriptions, the Code is clear: "To succeed in the long-term, directors and the companies they lead need to build and maintain successful relationships with a wide range of stakeholders. These relationships will be successful and enduring if they are based on respect, trust and mutual benefit. Accordingly, a company's culture should promote integrity and openness, value diversity and be responsive to the views of shareholders and wider stakeholders."

FRC Financial Reporting Council

THE UK CORPORATE GOVERNANCE CODE

JULY 2018

(https://www.frc.org.uk/getattachment/88bd8c45-50ea-4841-95b0-d2f4f48069a2/2018-UK-Corporate-Governance-Code-FINAL.PDF).

Sustainability Report

The Massy Group recognises that its businesses are built on people. We also believe in leading from the top; and our board and executive officers are building a framework of governance, ethics and sustainable business in support of all our people, customers, suppliers and employees.

People

To create the environment where our people can thrive, we understand the importance of "tone from the top." Codified in clear Expectations of Massy Leadership, feedback is sought in 360-degree surveys, and the results inform our talent management and succession plans at the most senior levels. Measurement of Employee Engagement is key to understanding where we need to focus particularly as the world of work is changing and the needs of our employees evolve. Another element that is key to the Massy Employee Experience is Performance Appreciation (formerly known as performance management). Through widespread engagement and conversations, we have defined the behaviours that equate to living our values and also developed a communication campaign – My Massy My Life – that gives real-life examples that we face across the region on a daily basis.

In January 2019, our Human Resource (HR) community from across the region came together for the second annual event to review progress and refine plans for progressing the People Agenda. The theme for OneHR in 2019 was the "4th Industrial Revolution" and how are we preparing our employees for the future of work.

The Massy Learning Institute

The Massy Learning Institute (MLI) (previously referred to as The Massy University) was officially launched in October 2019. The purpose of this strategic investment is "to create a culture that inspires life-long learning and to drive competitive advantage" through team spirit, leadership development, technical development, competency assessments, coaching and mentoring and employees' personal development. The Massy Learning Institute will deliver programmes within Massy and outside to other companies and communities as part of the Group's outreach to have its purpose served beyond the confines of the Group. Through a network of internal and external professors and key partners, the MLI provides training programmes in people leadership, emotional intelligence, coaching for business performance, Six Sigma, industrial relations, and a host of other leadership and management skills needed to build successful and conscious leaders.

Encouraged to be proactive for health, Massy employees participate in a 5K walk/run to raise awareness for Breast Cancer

Group Health

We continue to harmonise our Group Health Insurance plans and are deeply committed to providing choice and portability to our employees. Education, preventative care, mental health awareness and the use of technology to improve service levels have been key areas of focus. The Employee Benefits Department has been working to consolidate the 30 medical plans throughout the region into a few customised plans, referred to as Massy Medical Plans. These plans provide medical benefits from Active Employment to Retirement at sustainable costs.

As a regional Group covering more than 65,000 lives, this initiative is cost effective and promotes proactive health care. It touches on medical and health education by providing employees and their families with benefits that allow them to take control of their own well-being. The Plans are also strategic to the organisation, catering for secondment of employees and other factors that impact the organisation and employees.

Code of Ethics

Our Code of Ethics applies to all employees, directors and representatives of the Massy Group. We share a common responsibility to safeguard our reputation for integrity. We strive to demonstrate the highest ethical standards and professional behaviour in our dealings with clients, partners, shareholders, communities and each other. We expect that while conducting Massy's business – and in our daily lives – we will act with integrity and honesty; we will follow the law, demonstrate ethical business conduct and act respectfully and responsibly. Our values underpin everything that we do, and the Code outlines our commitment to living those values and provides guidance when we are faced with difficult situations. The Massy Group will always treat employees, customers, business partners and all other stakeholders with respect and dignity.

As part of the culture transformation of the Group and our commitment to good governance, the Speak Up Policy was introduced in 2018. This policy encourages people to raise concerns; and protects 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 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 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 engaged the services of an independent, third party, non-audit owned provider to offer a help/hot line. 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.

Fostering Creativity For Business

After the successful inauguration of the Massy innovation Tournament in Trinidad in 2018, the second Innovation Tournament was held in Barbados in July. After 52 intense hours of brainstorming, research and preparation, employees became entrepreneurs; they pitched ideas for new business or improvements for existing business or services to a judging panel. The energy and passion that emerged indicate creativity and commitment to Massy's long-term success.

Innovation Tournament: after 52 hours of brainstorming, research and preparation, employees became entrepreneurs pitching ideas for new business or improvements

Sustainability Report

Health, Safety, Security and the Environment

“All our employees and contractors have the power to stop unsafe work...”

Over the last year we have continued to strengthen our safety culture. We have also launched new health and safety initiatives. Continued improvement is demonstrated in the Group’s performance indicators. Over the last four years, the Massy Group has promoted a coordinated, risk-based approach to managing the safety culture in all our operations. This has resulted in positive shifts in attitudes to health and safety. All employees of The Massy Group are working to address and enhance all aspects of operational safety through coordinated activities and strategic objective performance monitoring.

All our employees and contractors have the responsibility and the authority to stop unsafe work. Our safety rules guide our people to stay safe while performing tasks with the potential to cause most harm.

The Massy Group remains committed to ensure that the holistic approach to risk management is effectively cascaded, communicated and implemented across the entire Massy Group with adequate resources to effectively achieve this. The Group continues its collaborative effort to build HSSE capacity and to provide support necessary to address existing and emerging issues.

Key Performance Indicators

Leading Indicator Performance

Leadership Interventions

Senior Management site visits are now accepted as a defining characteristic found in organisations with mature safety cultures. In fact, the concept of "time-in-field" has become an established aspect of performance for Massy's Senior Managers; these visits are a key performance indicator on the scorecards of all Group companies.

In the period under review, there were fewer total leadership interventions since we took a different approach this year and coordinated joint visits (senior managers together in one visit) and cross-functional team visits. The aim was a more collaborative approach and proactive on-the-spot analysis. We believe that these leadership interventions have become more efficient, and effective especially in face-to-face coaching opportunities.

Lagging Indicator Performance

Recordable Incidents

The Total Recordable Incident Rate (TRIR) is 3.0 or less. A perfect TRIR is zero, based on the United States Bureau of Labor Statistics (BLS), with a TRIR of 2.9 cases per 100 full-time equivalent workers considered acceptable results for private industry. The Massy Group aims to accomplish a “zero harm” culture within our companies and a goal was established in 2015 to drive a 20 percent reduction annually until a zero TRIR is accomplished. For the period 2018/2019 the TRIR for the Massy Group decreased by 25.2 percent overall. A robust proactive intervention programme across the Massy Group has demonstrated that active involvement and commitment by all employees and leadership teams can positively influence safety culture in tangible and evidence-based performance. Our approach builds on our experience, including learning from incidents, operations audits, annual risk reviews and sharing lessons learned across the Group.

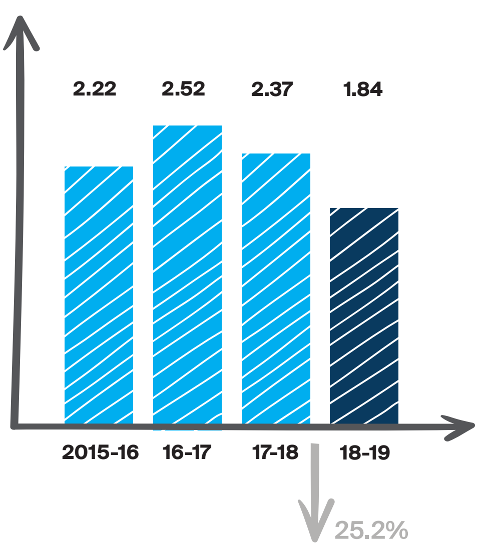
Massy CAT: our safety rules guide our people to stay safe while performing tasks with the potential to cause harm

Business Unit Recordable Incidents:

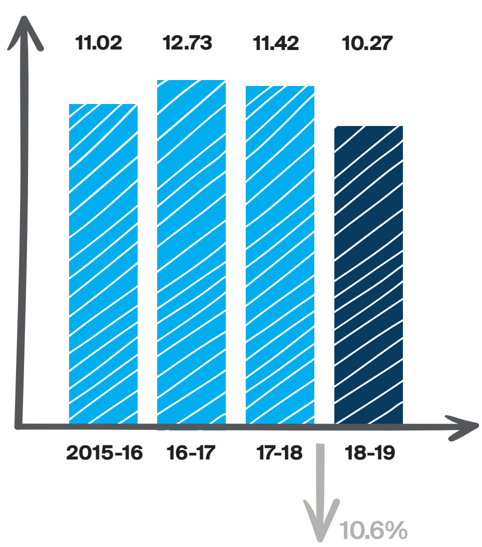
Business Unit	2015-2016	2016-2017	2017-2018	2018-2019
Automotive & Industrial Equipment	0.93	1.39	1.59	**1.02**
Energy & Industrial Gases	0.39	0.68	0.60	**0.50**
Integrated Retail	3.71	4.39	3.77	**3.25**
Financial Services	0.00	0.00	1.66	**3.10**
Information Technology & Communication	1.85	1.52	0.96	**0.72**
Other Investments	7.00	5.87	1.78	**1.31**

Each Business Unit (BU) has contributed diligently in support of the goal of "zero harm." Proactive intervention remained the driving force behind our HSSE goals. The Integrated Retail BU with the largest volume of man-hours and operations across the region is below the international benchmark of 4.0 for Retail and Distribution operations, and working towards the Group's aspiration, which is the higher standard of a 2. 0 TRIR

Total Recordable Incident Rate



Lost Work Day Rate



Lost Work Day Rate

The Group's drive towards a "zero harm culture" has also affected the lost day rates in alignment with the declining TRIR performance and consistent with a lower expected rate. In 2018/2019 the Massy Group experienced a 10.6 percent decrease in the lost work day rate.

The focus on proactive incident and case analysis has shown better management of our human resources and remains consistent with our zero harm initiative.

Sustainability Report

Environment

We cannot ignore the worldwide response to loss of ecosystems and diversity, pollution and climate change. Our regional shift to reducing plastic bags is in keeping with the need for advocacy in this important area. Many of our subsidiaries participate in recycling programmes; and the installation of reusable bottles and water coolers is one more step to removing plastic in the workplace. In line with government initiatives, Massy businesses in different states are complying with new legislation and taking the lead in some areas.

Barbados

Leading among leaders

Barbados is fortunate in having government-led and other visionary environmental interventions: the Sustainable Barbados Recycling Centre in Vaucluse and the reforestation of Walker's Quarry on the east coast. Massy Stores has taken a position in the forefront of recycling plastic and glass bottles through on-site bottle return depots. A recycling trailer was installed at one of our largest supermarket locations to facilitate collection of recyclable waste plastics, aluminum and glass.

Rainwater is harvested for plant watering and other uses.

Our produce and deli counters have eliminated the use of styrofoam trays.

Trinidad and Tobago

Awareness and Advocacy

Several Massy events in Trinidad and Tobago aim to bring awareness of the need to remove waste and to recycle while reducing the use of plastic.

We have also facilitated collection of specific waste and recyclables through the network of Massy Stores. Since 2018, we have phased out the use of plastic bags to customers, encouraging them to carry their groceries in re-usable bags.

We support the government-coordinated iCare program: and have located bins at Massy Stores so that customers can drop off plastic, glass and metal cans to be collected by the iCare programme.

In store, we have targeted the reduction of Styrofoam containers in the produce departments.

The Eco Divers Club of Trinidad and Tobago identified the need to protect the nesting sites on the north west peninsula of the Hawksbill and Green Turtles, by clearing garbage. A donation of $80,000 allowed the club to purchase airlift bags, to bring underwater waste to the surface so that it can be cleared.

We also supported the International Coastal Clean Up 2019 with $20,000 and coordinated collection exercises at key stores for the United Way of Trinidad & Tobago's National Day of Caring 2019 on May 25.

Eco Divers Club Donation

$80,000

Clean Coastal Donation

$20,000

The third annual 'Run for Food' raised awareness of food security. As part of the event, on Saturday April 6, we hosted a farmers' market; and launched the Recycling Container. The Massy Stores branded container belongs to Waste Disposals Ltd. to collect plastic waste deposited in iCare bins at our stores and along store routes. Community groups are invited to request the use of the container, at no charge, to collect plastic waste from their clean-up events.

Saint Lucia

Environmental Management by Example

Massy Stores (SLU) Ltd. volunteers have aligned with the company's environmental focus through a range of activities such as tree planting, setting up school gardens, beach and roadside cleanup and conservation initiatives. To date, 113 Massy Stores volunteers have invested a total of 316 hours in 32 environmental projects.

We have focused on the development of a system-wide waste diversion strategy for waste generated at our stores, warehouses and other locations; geared towards reducing our carbon footprint as well as reducing waste streams. Working with a consultant, we gathered information on our waste disposal activities. The goal is to transition to a waste management and recycling practice. Four stores were part of the evaluation process. To date we have identified the waste streams that can be diverted from the landfill. We have also looked at practices for reuse, re-purpose, and recycle programmes.

In the absence of legislation, Massy Stores (SLU) Ltd. started phasing out styrofoam use within parts of its operations (delis, produce and meat packaging) from June 2018. The Company achieved its objective (replacing styrofoam with compostable trays) by December 2018, and is currently working with local suppliers to reduce styrofoam use in their deliveries. We have started retailing compostable trays at our stores. The government of Saint Lucia has now banned the importation of styrofoam and "selected plastic food service containers" from August 1, 2019. A total ban on these products will become effective on August 1, 2020.

The Agricultural Initiative in Saint Lucia is extracted as a case study on the following page.

Sustainability Report

The Farm to Table Link

Massy Stores (SLU) secures the food chain from farmers

As the island's largest buyer of agricultural produce and the leading supermarket retailer, we feed the nation from Massy Stores supermarket shelves. We understand that good agricultural practice and development are directly linked to the ability to continue to meet the demands of customers. The company's role goes beyond being a market for farmers and producers through the eleven Massy Stores. We have taken on the responsibility of shaping and improving the market for our customers.

We believe that we have an important role to play in shaping the future of agriculture in Saint Lucia. The particular initiative depends on the ability of Massy Stores Registered Farmers to produce large quantities of high quality, nutritious produce on a consistent basis. We expect to achieve this by working with farmers, agricultural institutions and schools, in this process:

1 Regular farm visits – our produce buying teams visit farms to discuss market needs/demands, cost management issues, scheduling, supply logistics, production planning for improved product availability, new crops.

2 Developmental assistance to Massy Stores Registered Farmers through small loans (up to Eastern Caribbean (EC) $5,000).

3 Support for Saint Lucia Ministry of Agriculture and the Good Agricultural Practices (GAP) Certification Programme. This is a farmer certification programme, and farmers who are certified get preferential pricing from Massy Stores.

4 Partnership with the Inter American Agency for Cooperation on Agriculture (IICA) on the Agriculture in Schools Programme.

5 Our theme for the annual farmers meeting 2019 was "Engaging and Sharing on Sustainable Agriculture. The Minister of Agriculture attends this activity.

6 Relationships with tourism properties on Saint Lucia (example guest houses), through Massy Stores Mega (our club store); and with the yachting sector through Provisioning of Yachts through our Gourmet store primarily.

We are proud of this

Guyana

Clean and Green

We have participated in Clean Up Campaigns with Guyana Premier, an organisation that passionately pursues taking Guyana into a greener future. At our newest store in Turkeyen, we have opted not to sell single-use plastic bags. Only reusable bags and boxes are available. Since the legislation to ban the importation and use of Styrofoam in Guyana, Massy Stores has pledged to be styrofoam free.

St. Vincent and The Grenadines

Legislation to ban the importation and use of styrofoam in St. Vincent and The Grenadines supports our initiative to be Styrofoam-free.

The Massy Stores Customer Satisfaction Survey model measures customer service across the region

Customer Service

"Our customers are our north star, and our relationships guide everything we do."

Through face-to-face interactions, on the telephone, and after service transactions, The Massy Group is working to ensure that our principal stakeholders are satisfied, engaged, and empowered to provide feedback. We have utilised technology, conducted surveys, and encouraged customers to praise or complain. Here's how we think we are doing in some of our key customer-facing businesses.

Massy Stores

Towards customer satisfaction and loyalty

Customer service remains the focus for Massy Stores across the region. One of the primary ways in which we measure our customer satisfaction levels is through an annual Customer Satisfaction Survey. In the past, we utilised the methodology of the American Customer Satisfaction Index (ACSI). This year we took the decision to create a survey for our specific needs, to improve regional benchmarking. In the Massy model, the inputs to customer satisfaction were perceived quality, customer expectations and perceived value; while the outputs included managing customer complaints leading to customer loyalty and retention. The survey was our first digital customer survey, which enabled us to survey a wider consumer base – a total of 8,388 respondents.

To date, this is the largest Customer Satisfaction Survey conducted by Massy Stores. The two highest satisfaction scores delivered regional averages of 88 percent and 91 percent for customer loyalty and customer retention, respectively. The area identified for improvement was perceived value which yielded an average satisfaction score of 63 percent. The findings from this survey will inform an action plan which will be implemented in the new financial year. All teams remained focused on key areas for customer service improvement including training, customer service audits, based on the 10-point Customer Service Management System (CSMS) and close alignment to our employee engagement efforts.

Automotive & Industrial Equipment

Massy Motors

Faster and more efficient service

This year, focus was placed on both the structural aspect of the Customer Service Management System and the delivery. We worked to improve the way we process the customer's requirements, especially in the Service and Pre-Owned areas.

Structurally, the survey instrument was re-calibrated to better understand the voice of our customers, and additional surveys were conducted to enact changes, such as the loyalty programme and

Sustainability Report

At Massy Motors, we work to improve the way we process the customer's requirements

opening hours. Processes were redesigned to give the customer faster and more efficient service. One such measure was the development of an app that gives same day quotes and valuation of vehicles.

Massy Machinery
Enhancing customer culture

Customer Experience continues to be the backbone of our operations. We are working to change the culture to one in which the customer is central by focusing on customer feedback. This customer culture will play a key role in service delivery.

Some important initiatives begun in the last year include:

- Roll-out of Caterpillar service credo: customers must feel Appreciated, Secure and transactions must be Effortless
- Incorporation of customer touch points into our processes, and investments in training
- Use customer feedback from surveys to recognise employees; and to influence them to continually improve.

Measures of Success

- Net Loyalty scores of over 60 percent
- Improved customer signage at facility
- Achieved Caterpillar's target set for 2018

Massy Motors Automotive Components
Customer appreciation days

We have established a Customer Service Committee which meets once per month. One member from every department is nominated to the committee Through in-house competitions, the following principles were formulated:

- Customer Service Credo
- The Business Partner Promise
- The Employee Promise

Our customer service was measured by conducting surveys with wholesale, retail and service customers. A customer appreciation day was held once every quarter.

Massy Technologies
Where the voice of the customer is key

A multi-channel approach is used throughout the region to gather feedback, through mechanisms such as our vibrant Customer Visit Programme and Customer Satisfaction Surveys. Several of our professionals within the Group have been certified in the Lean Six Sigma methodology and have been using their expertise in conjunction with customer feedback and industry best practices, as key inputs to various continuous improvement initiatives. Regular audits of our Customer Service Management System, ongoing training of employees and reward and recognition programmes for both customers and employees are conducted.

The Massy Foundation

Collaborating with communities and charities for wider reach

Collaboration stands as one of the core values of the Massy Group. It is essential in the work we do alongside many organisations and community groups as we help them to build and return value to the communities and countries in which we operate. Across the region, our companies also administer additional funds for contributions and corporate social responsibility projects in the communities in which they operate, above the beyond the contributions of our Foundations.

The Massy Foundation Trinidad and Tobago was established to coordinate Corporate Social Responsibility (CSR) for the country in 1979.

Projects & Initiatives

400 +

Total Donations

$5.4 million +

The Massy Foundation Barbados exists and operates as a separate and independent entity. Both Foundations are dedicated to poverty alleviation, sustainable development, and community improvement.

Donations

The Massy Foundation in Barbados undertook three major donations in 2018-19, contributing the sum of over TT$1.1 million to the following organisations:

- **The Barbados Defence Force's Field Medical Facility**
- **The Barbados Vagrants & Homeless Society**
- **The Barbados Entrepreneurship Foundation**

The Massy Foundation in Trinidad contributed over TT$5.4 million to nearly 400 projects and initiatives, starting the financial year with its donations to the Non-governmental organisations and charitable organisations that are on its annual subventions list. These organisations provide education, awareness, support and hands-on work across a variety of social development fields including special needs development, learning and education; they include care for children, the elderly and those with physical challenges.

The Trinidad Foundation's largest donations for this financial year went to:

- **The Boys To Men Rites of Passage Movement**
- **The T&T Citizens Alliance Against Crime**
- **The National Secondary School Entrepreneurship Competition**

The Foundation in Trinidad and Tobago also contributed to other projects designed to increase youth engagement by providing positive outlets for self-expression, reducing the attraction of criminal activities, and developing their entrepreneurial skills and mindsets.

The Massy Foundation's contribution to the Boys to Men Rites of Passage Movement is intended to provide positive outlets for self-expression, reduce the attraction to criminal activities and develop entrepreneurial skills

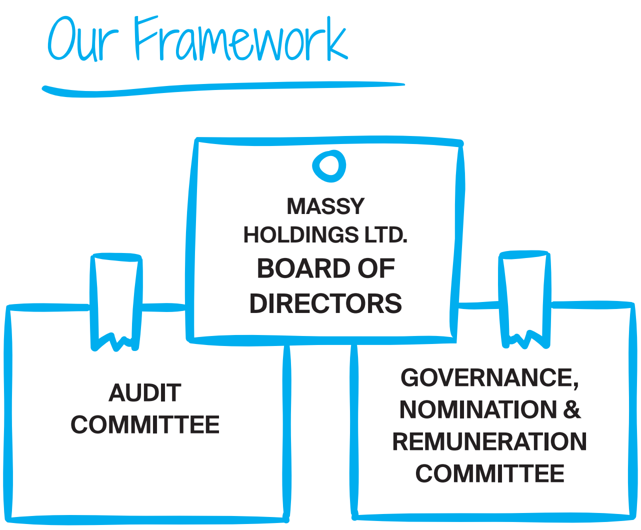
Climate Change

Across the region, the reality of climate change and its impact on Small Island Developing States (SIDS), such as those of the Caribbean, has been hitting home in real and challenging ways. The Massy Foundation Trinidad therefore allocated funding specifically to disaster response initiatives, including the provision of support to a number of Massy Group employees who were severely impacted by flooding and other natural disasters over the past 12 months.

The Massy Foundation in Trinidad and Tobago committed to matching funds raised through Massy Stores customer donations across the region for disaster relief to the Bahamas after Hurricane Dorian.

The Massy Foundation in Barbados was listed among the valued donors to the Barbados Defence Force's Field Medical Facility. This is the result of the Defence Force's commitment to widening its response capability to the Caribbean in the aftermath of any natural disaster or critical man-made event.

Corporate Governance Report



Our Commitment to Good Governance

Massy Holdings Ltd. continues to pursue the highest standards of corporate governance in managing its affairs and that of the subsidiaries of the Massy Group. This year focus was placed on education and training so that our Board, Executives and Senior Managers continue to be made aware of and exposed to best practices in corporate governance.

A systematic review of key policies and procedures is undertaken, on a scheduled basis, to ensure alignment with not only governing laws, regulations and guidelines but also, with the Group's core values of responsibility, honesty and integrity, and growth and continuous improvement to support its long-term, sustainable success.

Our Governance Framework

The Group's Governance Framework, facilitated through the Board and its Committees, provides direction and structure for responsible and effective decision-making to support the Group's strategic objectives. This framework is articulated through the Group's Board and Committee Charters which were again this financial year, reviewed and re-confirmed by the Board. The governance framework of the Company is outlined below:

Application of the Trinidad and Tobago Corporate Governance Code

As a company with public accountability, Massy continues to apply the Principles and Recommendations of the Trinidad and Tobago Corporate Governance Code, as well as elements of other global codes and best practices - as outlined in this report. In addition, in May of this year, Massy became a Member of the Caribbean Corporate Governance Institute.

Our Board of Directors

The Board of Directors is responsible for setting and managing the Company's strategic objectives. In addition to its general oversight of Management among other things, the board is also responsible for:

- Corporate Governance across the Group and ensuring that appropriate policies and processes are in place to support the business;
- Annually reviewing the Board and its Committee Charters and ensuring their relevance in line with applicable governance and legal standards;
- Selecting, evaluating and compensating the Group Chief Executive Officer (Group CEO) and overseeing Group CEO succession planning;
- Ensuring that appropriate succession plans are in place for Senior/Executive Management;
- Reviewing, monitoring and, where appropriate, approving fundamental financial and business strategies and major corporate actions;
- Assessing the major risks facing the Company/the Group and ensuring that appropriate strategies for their mitigation are implemented;
- Ensuring that processes are in place for maintaining the sustainability and integrity of the Company, the integrity of the financial statements and compliance with all laws and ethical standards of business; and
- Promoting a culture that is in line with the Company's core values.

The Board is supported by the Corporate Secretary, who assists the Chairman in promoting the highest standards of corporate governance. This includes ensuring good information flows within the Board and its Committees, as well as facilitating the induction and professional development of Directors. The Corporate Secretary provides independent, impartial advice to the Board on issues of process and governance. All Directors have access to the Secretary, who is responsible for advising the Board on governance matters.

Board Structure and Composition

The Company benefits from having an experienced, well-informed Board who's members possess a combination of requisite qualifications, skills and experience to lead the business. As at September 30, 2019, in accordance with the Company's Articles of Continuance, the Board's membership comprised 13 Directors; nine of whom were Independent Non-Executive Directors and four of whom were Executive Directors. During this period under review, the following changes to the Directorate took place:

- Mr. Anton Gopaulsingh was appointed as an Independent, Non-Executive Director on December 6, 2018;
- Mr. Frere Delmas resigned as an Executive Director on April 10, 2019;
- Mr. David Affonso was appointed as an Executive Director on April 11, 2019; and
- Mr. Gary Voss resigned as an Independent Non-Executive Director on September 30, 2019.

Subsequent to the period under review, Mr. Robert Riley re-joined the Massy Holdings Ltd. Board and has taken over the role of Chairman of the Governance, Nomination and Remuneration Committee (GNRC) from Gary Voss.

Director Tenure

Directors are elected for stated terms not exceeding three years. Upon the expiration of the term of office, the performance of those Directors who are expected to retire on rotation, is reviewed by the GNRC prior to a recommendation being made on his/her nomination for re-election.

Director succession is managed through the Company's formal process for nomination, appointment and induction, and significant consideration is given to the Strategic Direction of the Company and needs of the Board when vacancies arise.

Director Induction, Training and Education

Upon joining the board, new Directors participate in the Company's induction programme, which among other things, provides them with a formal introduction to the Company and its businesses through meetings with key persons, training and provision of relevant information. This process is reviewed and updated to ensure its relevance in supporting Directors to fulfill their duties and responsibilities. During the year under review, Directors participated in various risk, governance and industry specific training and education, as well as other business specific learning opportunities.

Corporate Governance Report

In May this year, the Board of Directors and Senior Managers participated in a two day Corporate Governance Workshop on global Corporate Governance Standards, practices and trends. The workshop was facilitated by a lecturer from the London Stock Exchange and had as its primary objective, the on-going improvement of the Group's Corporate Governance.

In June, directors of the Group's subsidiary companies also participated in a two day training session, which was part of the Group's Corporate Governance Caravan. The objective of this training was to provide subsidiary directors with a better understanding of Corporate Governance in the context of a large Group, and a better understanding of the distinctions in the roles of Directors and of Managers.

Director Independence

Independent Non-Executive Directors comprise the majority of the Company's Board. Director independence is reviewed annually against the criteria outlined in its Director Independence Policy. This year the policy was further strengthened, to align with global best practice and now requires that the independence of Directors, who have served for a period of nine years or more, be assessed in light of their length of service, in addition to, other criteria. A review of Directors' Annual Declarations of Interests to the Company, remains a key element in the process of assessing a Director's independence.

Board, Committee and Director Effectiveness

The Board undertakes an annual self-evaluation of its performance as well as that of its Committees and Directors who are scheduled to retire on rotation at the coming Annual Shareholders Meeting. Among other things, the evaluations assess the composition of the Board and Committees as well as the efficacy of the members working together to achieve the Company's objectives. In the fourth quarter of the period under review, the Board initiated its first independent Board Evaluation Review with Egon Zehnder. The results of this review are to be discussed at Board level and will be reported in the 2020 Annual Report.

Individual Director evaluations focus on how a Director continues to contribute effectively to the Board and the Company. This process provides an opportunity to identify both efficiencies and areas for further development.

Director Remuneration

Remuneration for Independent, Non-Executive Directors is determined by the Board on the recommendation of the GNRC. In determining appropriate remuneration among other things, the GNRC considers the time commitments and responsibilities required of Directors, and benchmarks the board fees against peers among publicly traded companies in Trinidad and Tobago. This is reviewed every three years.

The Board of Directors

As at September 30

Robert Bermudez

Chairman

Independent Non-Executive Director

Appointed May 1997

Trinidad and Tobago Citizen

Age 66

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 18 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 Limited) and the Caribbean Development Company Limited (now Carib Brewery Ltd.) – all three of which, were publicly traded companies during his respective tenures. He was President of the Trinidad and Tobago Manufacturers' Association and served as Chairman of the Board of the Tourism Development Company Limited. Mr. Bermudez was 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 54

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 United States, Latin America and Caribbean across a wide range of industries. He currently serves on the Trinidad and Tobago Board of Citicorp Merchant Bank Limited, the Arthur Lok Jack Global School of Business and United Way Trinidad and Tobago. Mr. Warner holds a Master of Business Administration from the Harvard Graduate School of Business Administration; and also holds Bachelor of Science in Engineering degree 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.

Corporate Governance Report

David Affonso

Executive Director
Appointed April 2019
Trinidad and Tobago Citizen
Age 54

David Affonso serves as an Executive Director and is also the Chairman and Executive Vice President with the responsibility for the Group's Integrated Retail Portfolio, a field in which he has more than 25 years of experience. He joined the Group in 1989 and during his career has led several Group wide initiatives including cost reduction and procurement. Until recently he chaired the Group's investment committee and currently serves as Chairman of the Massy Guyana Group having worked there for several years earlier in his career. He holds a Bachelor of Arts in Economics from the University of Western Ontario, Canada and in 2006 attended the executive development programme at the Richard Ivey School of Business.

Ian Chinapoo

Executive Director
Appointed June 2018
Trinidad and Tobago Citizen
Age 44

Ian Chinapoo is an Executive Director. His career spans over 23 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 and 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 First Caribbean Bank (Trinidad & 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 Global 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 Boards of The National Commercial Bank of Anguilla and the Trinidad & Tobago Chamber of Industry and Commerce.

Anton Gopaulsingh

Independent Non-Executive Director
Appointed December 2019
Trinidad and Tobago Citizen
Age 44

Anton Gopaulsingh is an Independent, Non-Executive Director. He is a Finance and Risk Management expert with more than 20 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 Committee of a listed company 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.

Patrick Hylton

Independent Non-Executive Director
Appointed January 2012
Jamaica Citizen
Age 56

Patrick Hylton 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 Ltd. 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.

Corporate Governance Report

G. Anthony King

Independent Non-Executive Director
Appointed December 2008
Barbados Citizen
Age 67

G. Anthony King is an Independent, Non-Executive Director whose business career spans over 40 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 Limited 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

Independent Non-Executive Director
Appointed September 2004
Trinidad and Tobago Citizen
Age 68

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 a Master of Arts 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.

Suresh Maharaj

Independent Non-Executive Director
Appointed April 2017
Trinidad and Tobago Citizen
Age 70

Suresh Maharaj is an Independent, Non-Executive Director. He is a highly-recognised International Senior Banking and Finance Executive with 43 years of experience. Prior to his retirement from Citibank in 2015, he held the position of Chief Executive Officer, Citibank Caribbean and Central America, with responsibility for Citibank's Corporate, Commercial and Investment and Consumer operations in 27 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 was stationed for 5 years in Asia as Citibank's CEO for the Philippines. Mr. Maharaj is currently the Chairman of Citibank (Trinidad & Tobago) Limited and Citicorp Merchant Bank Limited. He was also the former Chairman of the Trinidad Cement Limited (TCL) from 1989 to 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 placed primary focus on enhancing shareholders value.

Mr. Maharaj 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.

David O'Brien

Executive Director
Appointed January 2013
Trinidad and Tobago Citizen
Age 62

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 Holdings Limited, and the Tourism 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.

Corporate Governance Report

Gary Voss

Independent Non-Executive Director

Appointed December 2011

Trinidad and Tobago Citizen

Age 74

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 49

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 comprising almost 2,000 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 69

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 40 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

Board of Directors Meetings

The Board of Directors held nine meetings during the period October 1, 2018 to September 30, 2019. Three meetings were specially called to discuss and consider urgent matters and April and September meetings were two-day meetings on Strategy and Budgets, respectively:

BOARD OF DIRECTORS	**(SPECIAL) NOV 1**	**(SPECIAL) DEC 6**	**DEC 20**	**FEB 7**	**APRIL 11 & 12**	**MAY 8**	**(SPECIAL) JUNE 13**	**AUG 8**	**SEPT 25**	**SEPT 26**
Robert Bermudez (Chairman)	Abs	●	●	●	●	Abs	●	●	●	●
E. Gervase Warner (President & Group CEO)	●	●	●	●	●	●	●	●	●	●
David Affonso	–	–	–	–	●	●	●	●	●	●
Ian Chinapoo	●	●	●	●	●	●	●	●	●	●
Frere Delmas	Abs	●	●	●	–	–	–	–	–	–
Anton Gopaulsingh	–	–	●	●	●	●	●	Abs	●	●
Patrick Hylton	Abs	●	●	Abs	Abs	Abs	Abs	Abs	●	Abs
G. Anthony King	●	●	●	●	●	●	●	●	●	●
William Lucie-Smith	●	●	●	●	●	●	●	●	●	●
Suresh Maharaj	Abs	●	●	●	●	●	Abs	Abs	●	●
David O'Brien	●	●	●	●	●	●	●	●	●	●
Gary Voss	●	●	●	●	●	●	●	●	●	●
Maxine Williams	Abs	●	●	●	●	Abs	Abs	Abs	●	●
Richard P. Young	●	Abs	●	●	●	●	Abs	●	●	●

* (–) Indicates that the Director was not a member of the Board for the period under review

Board Committees

The work of the Board's 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.

The Board has two constituted committees to support it in the discharge of its duties – the Audit Committee and the GNRC – from which it receives reports on the Committees' work and areas of oversight. Minutes of these Committees meetings as well as a report from each Committee Chairperson are tabled and presented to the Board. A brief overview of the Committees and their work are presented below.

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. Its Charter together with its Internal Audit Charter and the Delegation of Authority for Non-Audit services provided by the External Auditor, were reviewed and re-confirmed.

Audit Committee Structure and Composition

The Audit Committee comprises six Directors, five of whom are Independent Non-Executive Directors. The Members of the Audit Committee as at September 30, 2019, were:

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

During this period under review, the following changes to the Committee took place:

- Mr. Anton Gopaulsingh was appointed to the Committee on December 6, 2018.

The Audit Committee held five meetings during the period October 1, 2018, to September 30, 2019, as follows:

Audit Committee

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

AUDIT COMMITTEE MEMBERS	NOV 26	DEC 19	FEB 7	MAY 8	AUGUST 8
William Lucie-Smith (Chairman)	●	●	●	●	●
Anton Gopaulsingh	–	●	●	●	Abs
Patrick Hylton	●	●	●	Abs	Abs
Suresh Maharaj	●	●	●	●	Abs
Richard P. Young	●	●	●	●	●
E. Gervase Warner (Ex Officio)	●	●	●	●	●

* (–) Indicates that the Director was not a member of the Committee for the period under review

Corporate Governance Report

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 2019 financial year. The Members are satisfied that PricewaterhouseCoopers planned the audit so as 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, 2019, together with the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Financial Statements

During 2019, 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.

Governance, Nomination and Remuneration Committee (GNRC)

The objectives of the GNRC are to develop, implement and periodically review guidelines for appropriate corporate governance of the Company and its Group of companies. During the Financial Year the GNRC's Charter was reviewed and reconfirmed.

GNRC Structure and Composition

The GNRC (formerly the Governance and Compensation Committee) currently comprises four Directors, all of whom are Independent Non-Executive Directors.

The Members of the GNRC as at September 30, 2019, were:

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

During this period under review, there were no changes to the Committee's membership.

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 Approval and oversight of the recruitment, engagement and promotion of Senior Executives of the Massy Group; and

6 Review of Speak Up reports and where the report is of a financial nature, it is cross reported to the Audit Committee.

GNRC Committee

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

The GNRC held nine meetings for the period October 1, 2018, to September 30, 2019. Four Special meetings were held to consider matters relating to the reorganisation of the Group's main business units and to hold discussions with Egon Zehnder in the Board Evaluation Review process. Five meeting were held as regularly scheduled.

GNRC MEMBERS	(SPECIAL) OCT 4	NOV 1	(SPECIAL) NOV 14	DEC 12	FEB 25	(SPECIAL) MAY 7	JULY 25	(SPECIAL) AUG 22	SEPT 23
Gary Voss (Chairman)	●	●	●	●	●	●	●	●	●
G. Anthony King	●	●	●	●	●	●	●	Abs	●
Maxine Williams	Abs	●	Abs	●	●	●	Abs	●	●
Robert Bermudez (Ex Officio)	●	Abs	Abs	●	●	Abs	●	●	●

* (-) Indicates that the Director was not a Member of the Committee during the period under consideration

The work of GNRC for the year under review included:

- Discussions and preparation of a draft diversity statement which was presented to the Board for consideration;
- Review and consideration of Directors' Annual Declarations in determining the independence of the Company's Independent Non-Executive Directors;
- Review and revision of the Director Independence Policy to further align with global corporate governance standards and Group Corporate Disclosure Policy;
- Review and ratification of Subsidiary Board appointments; inclusive of the appointment of Independent Directors to Subsidiary Boards and the remuneration of its Directors;
- Review of the Group CEO's performance;
- Consideration and approval of a Statement of Reserved Powers of the Board;
- Review and approval of role descriptions for the Chairman and Independent, Non-Executive Directors;
- Review of all Board and Committee Charters, revised Delegation of Authority and Delegation of Authority for Non-Audit services with recommendations for the Board's approval;
- Review and approved revisions to the Code of Ethics and Conduct;
- Review of the Company's current Board Composition and succession plans for the coming years;

Corporate Governance Report

- Recommendation to the Board for the engagement of independent search firms; Egon Zehnder and HRC Associates, to assist with Director recruitment;
- Review of the Group's subsidiary boards to further strengthen and enhance the Group's governance. This included the review and approval of subsidiary board and committee charters, and the appointment of independent non-executive Directors to these subsidiary Boards;
- Review and analysis of the results of the Board, Board Committee and Director performance evaluation and providing recommendations based on findings to the Board;
- Consideration and approval of the engagement of Egon Zehnder to conduct the Board's first independent Board evaluations; and
- Ongoing oversight of Speak Up (whistleblower) matters.

Disclosure and Accountability

The Company continues to maintain an effective disclosure regime and makes quarterly, annual and other material disclosures regarding its performance and activities within the prescribed statutory timeframe. The Company also has a well-established cycle of communication with its various stakeholders to periodically discuss its activities and performance. The Company's Disclosure Policy, includes many global standard disclosure practices, and is reviewed on a regular basis.

Strengthening Stakeholder Relationships

The Company benefits from and welcomes engagement with its Shareholders in producing and maintaining meaningful dialogue. This is facilitated through the Company's Chairman, President and Group Chief Executive Officer and Corporate Secretary. On February 8, 2019 the Company held its Annual Meeting of Shareholders where Shareholders were provided the opportunity to question the Board, Senior Management and the Auditors on the presentations made, the performance and the direction of the Company and its businesses. The Company's continued commitment to strengthen stakeholder relationships was also considered and taken into account in the revision of the Company's Disclosure Policy.

The Executive Committee

As at September 30

David Affonso

Executive Vice President and Executive Chairman
Integrated Retail Line of Business

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 nearly 30 years working with Group companies in both Guyana and Trinidad. David has more than 25 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

Senior Vice President
People and Culture

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 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 23 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.

The Executive Committee

Frere Delmas

Executive Vice President and Executive Chairman
Other Investments

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 36 year career in the field.

Peter Graham

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

Peter joined the Executive Committee 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 12 years and previously served as CEO of two major subsidiaries in addition to being a member of the Group's Investment Committee.

Howard Hall

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

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 30 years experience in financial and general management having held senior executive positions in the Life Insurance, Property and Casualty Insurance and Airline industries.

Wendy Kerry

Senior Vice President
Corporate Governance and Corporate Secretary

Wendy is an Attorney and Barrister at Law, admitted to practice in Trinidad and Tobago and England and Wales. Wendy serves as a Director on the Board of the Trinidad & Tobago Stock Exchange and is the current chairperson of the The American Chamber of Commerce of Trinidad and Tobago (AMCHAM) Legislative Committee. She continues to support the Board and Group of Companies in meeting the highest governance standards.

Bruce Mackenzie

Group Strategy Officer

Bruce joined the Executive Committee 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

Executive Vice President and Executive Chairman
Automotive & Industrial Equipment and Financial Services Lines of Business

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.

The Executive Committee

Thomas Pantin

Senior Vice President and Executive Chairman, Retail Line of Business

Thomas has over 25 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.

Angélique Parisot-Potter

Senior Vice President Legal and Group General Counsel

Angélique joined the Group and the Executive Committee on March 1, 2016 prior to which she had extensive international experience spanning over 15 years in the oil and gas sector working in the United Kingdom, 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.

Fenwick Reid

Senior Vice President and Executive Chairman
Information Technologies & Communications Business Unit

Fenwick has had a long career in the information and communication technology industry spanning over 35 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).

Alberto Rozo

Country Manager, Latin America

Alberto joined the Executive Committee 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

Executive Vice President and Executive Chairman
Energy & Industrial Gases Business Unit

Eugene joined the Massy Group in 2014, prior to which he had served as President of Phoenix Park Gas Processors Limited for 13 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

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.

The Directors' Report

The Directors have pleasure in submitting their Report and the Audited Financial Statements for the financial year ended September 30, 2019

Principal Activities

The main activity is that of a Holding Company.

FINANCIAL RESULTS FOR THE YEAR	$000'S
Profit attributable to shareholders	563,164
Dividends paid	(208,192)
Profit retained for the year	354,972
Other movements on revenue reserves	(35,390)
Balance brought forward	4,520,053
Retained earnings at end of year	4,839,635

Dividends

The Directors declared an interim dividend of $0.55 and then a final dividend of $1.72 per share, making a total dividend of $2.27 per share for the financial year. The final dividend will be paid on or after January 24, 2020 to Shareholders whose names appear on the Register of members of the Company at the close of business on January 10, 2020.

Directors

Pursuant to paragraphs 4.4.1, 4.4.2 and 4.6.1 of By-Law No. 1 of the Company, Messrs. Robert Bermudez, E. Gervase Warner, Ms. Soraya Khan and Ms. Maxine Williams, 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 19, 2019

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 largest blocks of shares in the Company as at September 30, 2019.

DIRECTORS AND SENIOR OFFICERS	SHAREHOLDINGS	ASSOCIATES SHAREHOLDINGS
David Affonso	15,462	Nil
Robert Bermudez	14,820	789,904
Ian Chinapoo	4,910	Nil
Anton Gopaulsingh	Nil	Nil
Patrick Hylton	Nil	Nil
G. Anthony King	75,000	Nil
William Lucie-Smith	Nil	22,897
Suresh Maharaj	Nil	Nil
David O’Brien	57,925	Nil
Gary Voss	Nil	Nil
E. Gervase Warner	199,632	Nil
Maxine Williams	Nil	Nil
Richard P. Young	2,000	Nil
Julie Avey	18,547	Nil
Shelley Boodoo	2,577	Nil
Frere Delmas	10,916	Nil
Peter Graham	Nil	Nil
Howard Hall	Nil	Nil
Wendy Kerry	7,726	Nil
Bruce Mackenzie	5,604	Nil
Thomas Pantin	64,303	Nil
Angélique Parisot Potter	3,487	Nil
Paula Rajkumarsingh	190,686	Nil
Roger Ramdwar	Nil	Nil
Fenwick Reid	90,466	Nil
Alberto Rozo	Nil	Nil
Robert Sandiford	892	Nil
Eugene Tiah	33,976	Nil

Paula Rajkumarsingh, a Senior Officer (together with Curtis Lee Poy) holds a non-beneficial interest in 1,118,863 shares as a co-trustee of the Neal & Massy Group Profit Sharing Plan.

Directors' Report

Holders of the Ten Largest Blocks of Shares

	SHAREHOLDER	NUMBER OF SHARES AS AT 30-09-2019
1	The National Insurance Board of Trinidad & Tobago	19,801,051
2	RBC/RBTT Nominee Services Limited	9,803,635
3	RBC/RBTT Trust Limited	8,083,936
4	Republic Financial Holdings Limited	7,012,233
5	Trinidad and Tobago Unit Trust Corporation	5,141,765
6	First Citizens Asset Management Limited	3,487,090
7	Trintrust Limited	3,444,967
8	Guardian Life of the Caribbean Limited	3,103,253
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 9,803,635 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 1,118,863 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. Robert Riley was appointed as a Director of the Company on October 01, 2019.

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-Sixth 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 January 24, 2020.

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 19, 2019	**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, 2019, 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 notes to the consolidated financial statements, which include significant accounting policies;
- 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 19, 2019

IAN CHINAPOO
CHIEF FINANCIAL OFFICER
December 19, 2019

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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 2019, 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 2019;
- 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.

Our audit approach

Overview

- Overall group materiality: $45.9 million, which represents 5% of profit before tax.

The group audit included:

- full scope audits of ten subsidiary companies which were deemed to be individually financially significant components, five of which have head offices in Trinidad & Tobago with the others being located in Barbados, Jamaica and Guyana; and
- specified procedures on certain balances such as third party borrowings, revenue and accounts receivables in other components.

- 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 industries in which the Group operates. 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.

How we tailored our group audit scope (continued)
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 Guyana Ltd. and its subsidiaries
- Massy United Insurance Ltd.
- Massy Technologies Trinidad Ltd. and its subsidiaries
- Massy Gas Products (Trinidad) Ltd. and its subsidiaries
- Massy Gas Products (Jamaica) Limited
- Massy Stores (Barbados) Ltd.
- Massy Finance GFC Ltd.
- Roberts Manufacturing Company Limited

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

Five of the ten 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 maintained ongoing involvement with the component audit teams throughout the year and performed on-site visits to the component audit teams in Colombia, Barbados, Guyana and St. Lucia.

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.

Materiality (continued)

Overall group materiality	$45.9 million
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 a range of acceptable benchmark thresholds.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above $1.5 million, 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.

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 $211.8 million related to Goodwill. Management performs an annual impairment assessment of intangible assets. An impairment charge was recognised in the current year for specific entities. 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 management make significant judgements on certain key inputs, including discount rates and 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 methods 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 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 evaluated those rates against market based inputs, our knowledge of the economic environment and the risk premium associated with the respective industries and countries; • compared management determined growth rates to historical performance of the CGU and to external economic industry data, where available, in which the CGU operates; • compared management's future cash flow forecasts used in the impairment assessment to those presented and approved by the Board of Directors as part of the annual budgeting process; • evaluated the accuracy of the forecasts made by comparing past forecasts to historical results, where available, and by comparing to the current year results of the entity; and • tested the mathematical accuracy of management's calculations. As a result of the above audit procedures, no material differences were noted.

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 2019, the Group had a consolidated net retirement benefit asset for its Trinidad plan of $395.5 million. 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 our attention in 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 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 model: • 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 calculation. 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.

Key audit matter	How our audit addressed the Key audit matter
Valuation of Loss Reserves on Insurance Contracts *See Notes 4a. viii) and 24 to the consolidated financial statements.* As at 30 September 2019, the Group had a liability of $701 million 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 claims which are incurred but not reported, 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 to the underlying source data. 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 were assisted by our actuarial expert 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.

Other information

Management is responsible for the other information. The other information comprises 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, 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.

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

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

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

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Rendra Gopee.

PricewaterhouseCoopers

Port of Spain
Trinidad
West Indies
20 December 2019

Consolidated Statement of Financial Position

Expressed in Thousands of Trinidad and Tobago dollars

	Notes	As at September 30 2019 $	2018 $
ASSETS			
Non-current assets			
Property, plant and equipment	5	**2,392,305**	2,443,915
Investment properties	6	**413,595**	406,826
Goodwill	7	**211,782**	223,071
Other intangible assets	8	**60,263**	53,561
Investments in associates and joint ventures	9	**146,801**	248,291
Trade and other receivables	10	**167,785**	–
Financial assets	11	**1,032,084**	1,040,568
Deferred income tax assets	12	**76,287**	118,837
Retirement benefit assets	13	**484,803**	475,769
		4,985,705	**5,010,838**
Current assets			
Inventories	14	**1,519,728**	1,653,193
Trade and other receivables	10	**2,499,663**	2,964,230
Financial assets	11	**1,132,399**	1,104,239
Statutory deposits with regulators	15	**114,520**	118,558
Cash and cash equivalents	16	**2,073,058**	1,626,132
		7,339,368	7,466,352
TOTAL ASSETS		**12,325,073**	**12,477,190**
EQUITY			
Capital and reserves attributable to equity holders of the parent			
Share capital	17	**764,344**	763,516
Retained earnings		**4,839,635**	4,522,052
Other reserves	19	**109,919**	99,253
		5,713,898	5,384,821
Non-controlling interests	20	**233,043**	230,337
TOTAL EQUITY		**5,946,941**	**5,615,158**
LIABILITIES			
Non-current liabilities			
Borrowings	21	**1,820,729**	1,867,805
Deferred income tax liabilities	12	**227,051**	235,788
Customers' deposits	22	**120,858**	103,232
Retirement benefit obligations	13	**171,709**	183,550
Provisions for other liabilities and charges		**60,328**	76,627
		2,400,675	**2,467,002**

	Notes	As at September 30 2019 $	 2018 $
Current liabilities			
Trade and other payables	23	**1,975,659**	1,909,870
Liabilities on insurance contracts	24	**1,313,459**	1,652,509
Customers' deposits	22	**183,592**	238,914
Current income tax liabilities		**125,764**	141,126
Borrowings	21	**378,983**	452,611
		3,977,457	**4,395,030**
TOTAL LIABILITIES		**6,378,132**	**6,862,032**
TOTAL EQUITY AND LIABILITIES		**12,325,073**	**12,477,190**

The notes on pages 122 to 191 are an integral part of these consolidated financial statements.

On December 19, 2019 the Board of Directors of Massy Holdings Ltd. authorised these consolidated financial statements for issue.

E. GERVASE WARNER
DIRECTOR

WILLIAM LUCIE-SMITH
DIRECTOR

IAN CHINAPOO
DIRECTOR

Consolidated Statement of Profit or Loss

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

	Notes	2019 $	2018 $ (Restated)
REVENUE	3/25.1	**11,958,666**	**11,910,053**
Operating profit before finance costs and expected credit losses		**921,462**	898,549
Expected credit losses	25.3	**4,178**	(29,282)
Operating profit before finance costs	25	**925,640**	869,267
Finance cost - net	27	**(72,369)**	(74,056)
Operating profit after finance costs		**853,271**	795,211
Share of profit of associates and joint ventures	9	**65,965**	78,853
PROFIT BEFORE INCOME TAX		**919,236**	874,064
Income tax expense	28	**(306,004)**	(308,589)
Profit for the year		**613,232**	565,475
ATTRIBUTED TO:			
- owners of the parent		**563,164**	519,753
- non-controlling interests	20	**50,068**	45,722
PROFIT FOR THE YEAR		**613,232**	565,475
Earnings per share attributable to the owners of the parent during the year (expressed in TT$ per share)			
Basic earnings per share	29	**5.76**	5.32

The notes on pages 122 to 191 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

	2019 $	2018 $
PROFIT FOR THE YEAR	**613,232**	565,475
Other comprehensive income:		
Items that will not be reclassified to profit or loss		
- remeasurement of defined benefit pension plans	**6,977**	13,561
	6,977	13,561
Items that may be subsequently reclassified to profit or loss		
- currency translation differences	**(29,564)**	(11,266)
Other comprehensive income/(loss) for the year, net of tax	**(22,587)**	2,295
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**590,655**	**567,770**
Attributable to:		
- owners of the parent	**540,214**	521,321
- non-controlling interests	**50,431**	46,449
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**590,645**	**567,770**

The notes on pages 122 to 191 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, 2018		763,516	99,253	4,522,052	5,384,821	230,337	5,615,158
IFRS 15 initial application adjustments	2.1.1	–	–	(1,999)	(1,999)	(517)	(2,516)
BALANCE AT OCTOBER 1, 2018 – RESTATED		**763,516**	**99,253**	**4,520,053**	**5,382,822**	**229,820**	**5,612,642**
Profit for the year		–	–	563,164	563,164	50,068	613,232
Other comprehensive income		–	(28,371)	5,421	(22,950)	363	(22,587)
Total comprehensive income for the year		–	(28,371)	568,585	540,214	50,431	590,645
Other movements:							
- Transfer to other reserves	19	–	40,807	(40,807)	–	–	–
- Other reserve movements		–	(1,770)	(4)	(1,774)	(4,517)	(6,291)
Transaction with owners:							
- Share option expense	17	828	–	–	828	–	828
- Dividends paid	18	–	–	(208,192)	(208,192)	(42,691)	(250,883)
- Purchase of non-controlling interests		–	–	–	–	–	–
BALANCE AT SEPTEMBER 30, 2019		**764,344**	**109,919**	**4,839,635**	**5,713,898**	**233,043**	**5,946,941**

	Notes	Year ended September 30, 2019	Year ended September 30, 2018
Dividends per share	18	**2.27**	2.10
Dividends paid per share	18	**2.27**	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, 2017		760,607	64,119	4,312,406	5,137,132	240,882	5,378,014
IFRS 9 initial application adjustments	2.1.1	–	–	(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	19	–	46,873	(46,873)	–	–	–
- Other reserve movements		–	–	(273)	(273)	(4,887)	(5,160)
Transaction with owners:							
- Share option expense	17	2,909	–	–	2,909	–	2,909
- Dividends paid	18	–	–	(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**

The notes on pages 122 to 191 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	2019 $	2018 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before income tax		**919,236**	874,064
Adjustments for:			
Share of results of associates and joint ventures	9	**(65,965)**	(78,853)
Depreciation and impairment of property, plant and equipment and investment properties	5 and 6	**296,780**	291,639
Capitalised borrowing costs	27.1	**206**	322
Impairment of goodwill	7	**11,342**	13,742
Amortisation of other intangible assets	8	**8,550**	10,904
Gain on disposal of property, plant and equipment		**(13,269)**	(36,862)
Gain on disposal of subsidiaries	35	**(35,693)**	–
Gain on disposal of associates		**(16,418)**	–
Increase in expected credit losses/impairment expense on financial instruments	25.3	**(4,178)**	29,282
Fair value gains on other financial instruments		**(4,611)**	(4,564)
Employee share grant scheme provision	17	**828**	2,909
Employee retirement and other benefits		**(13,898)**	(10,300)
Profit before changes in working capital		**1,082,910**	**1,092,283**
Changes in working capital:			
Decrease/(increase) in inventories		**116,135**	(86,184)
Decrease in trade and other receivables		**258,664**	1,008,047
Increase in other provisions and other charges		**(16,299)**	(8,645)
(Increase)/decrease in instalment credit and other loans		**(53,095)**	85,454
Increase/(decrease) in trade and other payables		**57,983**	(21,917)
Decrease in statutory deposits		**4,038**	9,754
Decrease in liabilities on insurance contracts		**(339,050)**	(1,097,836)
Decrease in customers' deposits		**(37,696)**	(9,883)
Cash generated from operations		**1,073,590**	971,073
Taxation paid		**(267,721)**	(235,122)
NET CASH PROVIDED BY OPERATING ACTIVITIES		**805,869**	735,951
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment and investment properties		**137,345**	113,953
Additions to property, plant and equipment and investment properties	5 and 6	**(414,347)**	(489,551)
Decrease/(increase) in other financial assets excluding instalment credit and other loans		**45,193**	(145,845)
Increase in other investments, other intangibles, non-controlling interests and investments in associates and joint ventures		**(18,187)**	(12,662)
Dividends received from associated companies	9	**126,221**	46,072
Proceeds on sale of associates		**38,420**	–
Proceeds on sale of subsidiaries, net of cash disposed	35	**102,297**	–
NET CASH USED IN INVESTING ACTIVITIES		**16,942**	**(488,033)**

	Notes	2019 $	2018 $
Cash flows from financing activities			
Proceeds from borrowings		**8,305**	176,281
Principal repayments on borrowings		**(111,500)**	(110,156)
Purchase of non-controlling interest		**–**	(2,063)
Dividends paid to company's shareholders	18	**(208,192)**	(205,260)
Dividends paid to non-controlling interests		**(42,691)**	(36,749)
NET CASH USED IN FINANCING ACTIVITIES		**(354,078)**	**(177,947)**
Net increase in cash, cash equivalents		**468,733**	69,971
Cash, cash equivalents and bank overdrafts at beginning of the year		**1,599,621**	1,531,457
Effect of exchange rate changes on cash and bank overdrafts		**(4,092)**	(1,807)
CASH, CASH EQUIVALENTS AND BANK OVERDRAFTS AT END OF THE YEAR		**2,064,262**	**1,599,621**
Cash and short-term funds	16	**2,073,058**	1,626,132
Bank overdrafts	21	**(8,796)**	(26,511)
		2,064,262	**1,599,621**
Classified as Operating Cashflows			
Interest received from other financial instruments		**95,810**	109,420
Dividends received from other financial instruments		**3,540**	3,344

The notes on pages 122 to 191 are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

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

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 Motors (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%
New Hope Energy Investments	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%
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%

1 GENERAL INFORMATION *(continued)*

	Country of incorporation	Percentage equity capital held
Integrated Retail *(continued)*		
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	99.8%
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%
Seawell Air Services Limited	Barbados	100%
Head Office		
Massy Ltd.	Trinidad and Tobago	100%
Massy (Barbados) Ltd.	Barbados	100%
Massy (Guyana) Ltd.	Guyana	92.9%

The Group has 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
Autogalias S.A.S	31 December
Macarena de la Montaña SAS	31 December
Autolux SAS	31 December
Seguros Automontaña Ltda.	31 December
Automontaña S.A.S	31 December
Germania Motors S.A.S	31 December
Auto Orion S.A.S	31 December
Mazko S.A.S	31 December
Massy Motors Premium S.A.S.	31 December
Massy Motors Rentals S.A.S	31 December

Notes to the Consolidated Financial Statements

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

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 International Financial Reporting Interpretations Committee ("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, 2018:

- IFRS 15 'Revenue from contracts with customers' (effective 1 October 2018). The standard supersedes IAS 11, 'Construction Contracts', IAS 18, 'Revenue' and related interpretations and it applies to all revenue arising from contracts with its customers. The standard establishes a five-step model to account for revenue arising from contracts with customers. The underlying principle is that an entity will recognise revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services.

  IFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. The standard also requires additional disclosures. The Group adopted IFRS 15 using the simplified transition method (also referred to as the modified retrospective method) with the date of initial application of 1 October 2018. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Group elected to apply the standard only to contracts not completed at this date. The Group also aggregated the effect of all of the modifications that occurred in contracts that were modified before 1 October 2018 when identifying the satisfied and unsatisfied performance obligations, determining the transaction price, and allocating the transaction price to the satisfied and unsatisfied performance obligations. As permitted by the simplified transition method, the Group elected to not restate comparative information. Any adjustments to the carrying amounts of contract assets and liabilities at the date of transition were recognised in the opening retained earnings of the current period. The comparative figures were therefore reported under IAS 11, IAS 18 and related interpretations.

  The updated accounting policies are described in Note 2.19. The applicable disclosures relating to Revenue, Contract Assets, Contract Liabilities and Revenue are shown within Notes 3, 10 and 23 respectively.

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)*

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

	Notes	Balance at 30 September 2018 $	Reclassifications $	IFRS 15 Initial application adjustments $	Balance at 1 October 2018 $
Trade and other receivables	10				
Contract assets	10.1	–	–	4,435	4,435
Trade and other payables					
Contract liabilities	23.1	–	(24,458)	(6,977)	(31,435)
Other payables	23	(920,423)	24,458	–	(895,965)
Net initial application adjustments before tax		(920,423)	–	(2,542)	(922,965)
Tax impact of adjustment	12	–	–	26	26
		(920,423)	**–**	**(2,516)**	**(922,939)**
Adjustments to equity:					
- adjustment to retained earnings		4,522,052	–	(1,999)	4,520,053
- adjustment to non-controlling interest		230,337	–	(517)	229,820
		4,752,389	–	**(2,516)**	**4,749,873**

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

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)

The Group had early adopted IFRS 9 and all of its related amendments using a date of initial application of 1 October 2017. The following is a summary of the adjustments on initial application of the standard.

	Balance at 30 September 2017 (restated) $	Reclassifications $	Expected credit loss adjustments (net of deferred tax) $	Balance at 1 October 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	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**
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**

The standards, amendments and interpretations listed below did not have a significant impact on the amounts recognised in prior and current periods.

- Amendments to IFRS 2, 'Share based payments', on clarifying how to account for certain types of share-based payment transactions;
- Amendments to IFRS 4, 'Insurance contracts' regarding the implementation of IFRS 9, 'Financial instruments';
- Amendment to IAS 40, 'Investment property' relating to transfers of investment property;
- Annual improvements to IFRS Standards 2014 – 2016 Cycle;
- IFRIC 22, 'Foreign currency transactions and advance consideration'.

The group early adopted IFRS 9, 'Financial instruments' and all of its related amendments in the previous financial year (ended 30 September 2018) using a date of initial application of 1 October 2017.

2.1.2 New standards and interpretations not yet adopted

- IFRS 16 'Leases'. This standard replaces the current guidance in IAS 17 and is a far-reaching change in accounting by lessees in particular. The accounting stays the same for lessors. 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. The IASB has also updated the guidance on the definition of a lease as well as the guidance on the combination and separation of contracts. Under

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.1 Basis of preparation *(continued)*

2.1.2 New standards and interpretations not yet adopted (continued)

IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group has not yet assessed the impact of this accounting standard.

- IFRS 17, 'Insurance contracts'. 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. 'IFRS 17 marks a new epoch for insurance contracts accounting'. The Group has not yet assessed the impact of this accounting standard.
- Amendments to IFRS 3 – definition of a business. This amendment revises the definition of a business. According to feedback received by the IASB, application of the current guidance is commonly thought to be too complex, and it results in too many transactions qualifying as business combinations.

The following are new standards and interpretations which have not yet been adopted and are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

- Amendment to IFRS 9, 'Financial instruments', on prepayment features with negative compensation and modification of financial liabilities
- Annual improvements to IFRS Standards 2015 – 2017 Cycle
- Amendments to IAS 28 'Investments in associates', on long term interests in associates and joint ventures
- Amendments to IAS 19, 'Employee benefits' on plan amendment, curtailment or settlement
- Amendments to IAS 1 and IAS 8 on the definition of 'material'
- Amendments to IFRS 9, IAS 39 and IFRS 7 – Interest rate benchmark reform
- IFRIC 23, 'Uncertainty over income tax treatments'

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.

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.

Notes to the Consolidated Financial Statements

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.2 Consolidation *(continued)*

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 where appropriate.

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.

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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.4 Foreign currency translation *(continued)*

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.

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%

Notes to the Consolidated Financial Statements

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.5 Property, plant and equipment *(continued)*

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.

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).

2.7.2 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.7 Intangible assets *(continued)*

2.7.2 Computer software (continued)

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

2.8.1 Classification

The Group classifies its financial assets in the following measurement categories:

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

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. Debt securities where the contractual cash flows are solely principal and interest and the objective of the Group's business model is achieved both by collecting contractual cash flows and selling financial assets are classified at FVOCI.

On initial recognition, equity securities which are not held for trading and which are considered strategic investments are classified irrevocably at FVOCI.

All other instruments 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.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.8 Financial assets *(continued)*

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

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 three 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.

  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.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in operating profit before finance costs in the statement of profit or loss.

- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI 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. Gains or losses are either recognised either in OCI or in profit or loss, depending on the nature and purpose of the investment. 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. While changes in the fair value of financial assets at FVOCI are recognised in 'items that will not be reclassified to profit or loss – financial assets at fair value through

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.8 Financial assets *(continued)*

2.8.3 Measurement *(continued)*

b Equity instruments (continued)

OCI' in the statement of other comprehensive income. 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

The Group assesses on a forward-looking basis the expected credit losses (ECL) associated with its debt instruments carried at amortised cost and FVOCI.

a Debt instruments carried at amortised cost and FVOCI

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.

The loss allowance for debt investments is recognised in profit or loss. For debt instruments at FVOCI, the loss is recognised in profit or loss and reduces the fair value loss otherwise recognised in OCI.

b Trade receivables and contract assets

The Group applies the simplified approach for trade receivables and contract assets as permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the assets. All customer accounts are grouped together based on shared credit risk characteristics and are aged using a 'provisions matrix'. Scaled loss rates are 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.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.9 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.

2.10 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 2.8.4(b).

2.11 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.

2.12 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.

2.13 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.

2.14 Insurance

2.14.1 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.14 Insurance *(continued)*

2.14.1 Insurance and reinsurance contracts *(continued)*

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.

2.14.2 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.

2.15 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.

2.16 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.

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.

Notes to the Consolidated Financial Statements

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.16 Current and deferred income tax *(continued)*

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.

2.17 Employee benefits

2.17.1 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, 2019, 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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.17 Employee benefits *(continued)*

2.17.1 Pension obligations (continued)

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.

2.17.2 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.

2.17.3 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.

2.17.4 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.

2.17.5 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.

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).

Notes to the Consolidated Financial Statements

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.17 Employee benefits *(continued)*

2.17.5 Executive Share-based payments and Long Term Incentive Plan *(continued)*

a Share-based payments *(continued)*

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.

At the end of each financial year, the Company will re-estimate the obligation based on factors existing as of the new balance sheet date (e.g. revised EPS numbers, performance score cards etc). The change in estimate as it relates to the opening obligation is recognized immediately, such the annual undiscounted current service cost is always equal to the total benefit divided by 4. Re-estimates and re-measurements are to be recognized immediately in profit or loss.

2.18 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.19 Revenue recognition

2.19.1 Sale of goods and services

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and the rendering of 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. A description of revenue by business segment is shown in Note 3.

Revenue from the sale of goods is recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the use and deployment of the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific customer site or place of delivery, the risks of obsolescence and loss have been transferred to the customer, or the customer has accepted the products in accordance with the relevant contract.

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. Variable consideration relating to volume rebates and discounts are measured using the expected value approach and are shown within contract liabilities.

Revenue from the rendering of services is recognised in the accounting period in which the services are rendered. The Group employs various methods for measuring progress for services delivered over time. The method selected best depicts the pattern of transfer and is applied consistently to similar performance obligations and in similar circumstances. Methods for measuring progress include:

- Output methods, that recognise revenue based on direct measurements of the value transferred to the customer (for example, using contract milestones)
- Input methods, that recognise revenue based on the entity's efforts to satisfy the performance obligation (for example, labour hours spent).

Payments received in advance of satisfying performance obligations are shown within contract liabilities (if material).

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.

Some arrangements involve two or more unrelated parties that contribute to providing a specified good or service to a customer. Management determines, separately for each specified good or service, whether the entity has promised to provide the specified good and service itself (as a principal) or to arrange for those specified good or service to be provided by another party (as an agent). An entity is the principal in a transaction if it obtains control of the specified goods or services before they are transferred to the customer. The principal recognises as revenue the 'gross' amount paid by the customer for the specified good or service. The principal records a corresponding expense for the commission or fee that it has to pay to any agent, in addition to the direct costs of satisfying the contract. An entity is an agent if it does not control the specified goods or services before they are transferred to the customer. An agent records as revenue the commission or fee earned for facilitating the transfer of the specified goods or services (the 'net' amount retained). It records as revenue the net consideration that it retains after paying the principal for the specified goods or services that were provided to the customer.

2.19.2 Customer loyalty programme

The Group operates a loyalty programme where retail customers accumulate points for purchases made which entitle them to discount on future purchases. The points provide a material right to customers that they would not receive without entering into a contract. Therefore, the promise to provide points to the customer is a separate performance obligation. The transaction price is allocated to the product and the points on a relative stand-alone selling price basis. Management estimates the stand-alone selling price per point on the basis of the discount granted and the likelihood of redemption using past experience. A contract liability for the award points is recognised at the time of the sale. Revenue is recognised when the points are redeemed or when they expire.

Notes to the Consolidated Financial Statements

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.19 Revenue recognition *(continued)*

2.19.3 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.

2.19.4 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.

2.19.5 Interest income

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).

2.19.6 Dividend income

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

2.20 Leases

2.20.1 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.

2.20.2 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.

2.21 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.

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 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, office interiors and the provision of long-distance communications, carrier/voice data, enterprise and broadband.

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.

The segment results for the year ended September 30, 2019 are as follows:

Notes to the Consolidated Financial Statements

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

3 SEGMENT INFORMATION *(continued)*

	Automotive and Industrial Equipment $	Integrated Retail $	Financial Services $	Energy and Industrial Gases $	Information Technology and Comm-unications $	Other Investments $	Head Office and Other Adjustments $	Total $
Group revenue	2,654,564	6,963,994	680,525	1,220,709	514,809	546,354	22,833	12,603,788
Inter-segment revenue	(122,373)	(389,155)	(3,120)	(19,142)	(27,561)	(60,938)	(22,833)	(645,122)
Third party revenue	**2,532,191**	**6,574,839**	**677,405**	**1,201,567**	**487,248**	**485,416**	**–**	**11,958,666**
Timing of revenue								
At a point in time	2,654,418	6,963,994	104,487	1,051,134	364,660	422,820	1,342	11,562,855
Over time	146	–	576,038	169,575	150,149	123,534	21,491	1,040,933
	2,654,564	**6,963,994**	**680,525**	**1,220,709**	**514,809**	**546,354**	**22,833**	**12,603,788**
Operating profit/(loss) before finance costs	182,664	354,778	102,901	184,896	106,792	93,126	(99,517)	925,640
Finance costs – net	(15,863)	(30,935)	1,986	(721)	(2,164)	–	(24,672)	(72,369)
	166,801	323,843	104,887	184,175	104,628	93,126	(124,189)	853,271
Share of results of associates and joint ventures (Note 9)	–	–	153	56,514	–	9,298	–	65,965
Profit/(loss) before income tax	166,801	323,843	105,040	240,689	104,628	102,424	(124,189)	919,236
Taxation (Note 28)	(59,819)	(102,165)	(48,362)	(75,177)	(18,483)	(2,360)	362	(306,004)
Profit/(loss) for the year	**106,982**	**221,678**	**56,678**	**165,512**	**86,145**	**100,064**	**(123,827)**	**613,232**

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, 2018 are as follows:

	Automotive and Industrial Equipment $	Integrated Retail $	Financial Services $	Energy and Industrial Gases $	Information Technology and Comm-unications $ (Restated) Note 25.1	Other Investments $	Head Office and Other Adjustments $	Total $ (Restated) Note 25.1
Group revenue	2,701,187	6,928,913	625,838	1,171,790	524,430	568,557	1,348	12,522,063
Inter-segment revenue	(115,802)	(374,858)	(1,853)	(14,328)	(28,505)	(75,316)	(1,348)	(612,010)
Third party revenue	**2,585,385**	**6,554,055**	**623,985**	**1,157,462**	**495,925**	**493,241**	**–**	**11,910,053**
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 (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 (Note 28)	(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**

The segment assets and liabilities at September 30, 2019 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 Comm-unications $	Other Investments $	Head Office and Other Adjustments $	Total $
Total Assets	1,484,808	3,278,910	2,825,638	1,155,229	522,463	1,104,389	1,953,636	12,325,073
Investments in associates and joint ventures (Note 9)	–	6,733	–	101,357	–	38,711	–	146,801
Total liabilities	503,102	905,826	2,129,948	342,882	181,935	186,330	2,128,109	6,378,132
Capital expenditure (Notes 5 and 6)	147,338	134,725	12,248	40,373	22,200	57,693	(230)	414,347

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

Depreciation and impairment (Notes 5 and 6)	80,007	98,372	11,382	41,863	21,362	41,679	2,115	296,780
Impairment of goodwill (Note 7)	–	11,342	–	–	–	–	–	11,342

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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 Comm-unications $	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 (Notes 5 and 6)	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

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	
	2019 $	2018 $ (Restated)	2019 $	2018 $	2019 $	2018 $	2019 $	2018 $
Trinidad and Tobago	4,788,457	4,892,615	504,897	498,264	5,111,636	5,102,487	172,504	209,727
Barbados and Eastern Caribbean	3,984,366	3,967,459	267,212	277,596	4,889,737	5,203,880	75,787	133,433
Guyana	933,309	921,982	179,552	143,021	760,434	691,175	91,531	62,962
Jamaica	682,610	683,406	77,229	69,621	500,364	457,105	19,531	12,851
Colombia	1,480,396	1,360,364	11,108	15,220	643,103	641,321	54,833	70,254
Other	89,528	84,227	3,427	6,209	419,799	381,222	161	324
Head Office and other Adjustments	–	–	(124,189)	(135,867)	–	–	–	–
	11,958,666	**11,910,053**	**919,236**	**874,064**	**12,325,073**	**12,477,190**	**414,347**	**489,551**

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 debt instruments measured at amortised cost and FVOCI is an area that requires the use of 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 33. Had there been a 10% shift in the average ECL rate for all debt instruments at amortised cost and FVOCI, the Group ECL allowance would have been lower by $18,201 (2018: $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 cashflow. 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.

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 28.

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 33.

Notes to the Consolidated Financial Statements

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

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(continued)*

a Critical accounting estimates and assumptions (continued)

vi Revenue recognition

Once the group determines that a performance obligation is satisfied over time, it measures its progress towards complete satisfaction of that performance obligation, in order to determine the timing of revenue recognition. The purpose of measuring progress towards satisfaction of a performance obligation is to recognise revenue in a pattern that reflects the transfer of control of the promised good or service to the customer. Management employ various input or output methods for measuring progress ensuring that the selected approach best depicts the transfer of control of goods or services and applies that method consistently to similar performance obligations and in similar circumstances. Revenue from the rendering of services is disclosed in Note 25.

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 30 September 2019, 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 $177,765 lower or $231,029 higher (2018: $174,042 lower or $226,097 higher).

Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in Note 13.

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 24.

5 **PROPERTY, PLANT AND EQUIPMENT**

	Freehold Properties $	Leasehold Properties and improve-ments $	Plant and equipment $	Rental assets $	Furniture and fixtures $	Motor vehicles $	Capital work in progress $	Total $
Year ended September 30, 2019								
Opening net book amount	1,301,554	210,707	488,575	187,921	60,471	99,492	95,195	2,443,915
Additions	72,261	36,586	75,044	107,776	9,372	46,446	60,853	408,338
Acquisition of subsidiary	2,025	–	80	–	–	–	–	2,105
Disposals and adjustments	(61,231)	(7,295)	(3,031)	(14,812)	4,510	(39,715)	7,626	(113,948)
Translation adjustments	(4,911)	(524)	(2,681)	(232)	(245)	(563)	(1,918)	(11,074)
Transfer to investment property (Note 6)	(64,247)	–	–	–	–	–	–	(64,247)
Transfer from capital work in progress	37	2,241	9,605	1,204	2,273	587	(15,947)	–
Depreciation charge	(22,021)	(22,113)	(101,302)	(84,506)	(17,146)	(25,696)	–	(272,784)
Closing net book amount	**1,223,467**	**219,602**	**466,290**	**197,351**	**59,235**	**80,551**	**145,809**	**2,392,305**
At September 30, 2019								
Cost	1,412,959	372,120	1,540,772	477,742	229,269	241,290	146,419	4,420,571
Accumulated depreciation	(189,492)	(152,518)	(1,074,482)	(280,391)	(170,034)	(160,739)	(610)	(2,028,266)
Net book amount	**1,223,467**	**219,602**	**466,290**	**197,351**	**59,235**	**80,551**	**145,809**	**2,392,305**

The net book amount of property, plant and equipment includes $1,571 (2018: $1,413) in respect of motor vehicles held under finance leases.

Depreciation expense of $98,954 (2018: $102,999) has been charged in cost of sales and $173,830 (2018: $184,477) in selling, general and administrative expenses.

	Freehold Properties $	Leasehold Properties and improve-ments $	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**

Notes to the Consolidated Financial Statements

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

6 INVESTMENT PROPERTIES

	2019 $	2018 $
Cost	**498,127**	463,791
Accumulated depreciation and impairment	**(84,532)**	(56,965)
Net book amount	**413,595**	**406,826**
Movement analysis:		
Opening net book amount	**406,826**	419,159
Translation adjustments	**326**	1,069
Additions	**6,009**	3,165
Transfers (Note 5)	**64,247**	–
Disposals	**(39,147)**	(12,456)
Depreciation	**(4,069)**	(4,163)
Impairment	**(19,927)**	–
Other adjustments	**(670)**	52
Closing net book amount	**413,595**	**406,826**

- The fair value of the investment properties amounted to $760,137 (2018: $613,031).
- The fair value amount was either:
  1. valued by independent, professionally qualified valuators taking into consideration current replacement costs, land tax valuations and other valuation techniques; or
  2. asserted via a Director's valuation based on:
     - references to properties in similar areas and condition;
     - correspondence from valuators which supports that there has not been significant movement in terms of market prices;
     - the directors' independent FV assessment based on a calculation if the property is tenanted;
     - re-assessment of any assumptions made in the last valuation and whether there were or should have been any changes and any other factors which supports management's position that the FV continues to be relevant and appropriate.
     - The property rental income earned by the Group during the year from its investment properties, amounted to $41,205 (2018: $39,222).
     - Direct operating expenses arising on the investment properties which generated revenue during the year amounted to $24,276 (2018: $19,547).
     - Direct operating expenses arising on the investment properties which did not generate revenue during the year amounted to $727 (2018: $750).
     - Depreciation and impairment expenses have been charged in cost of sales.
     - Properties with a net book value of $64,247 were transferred from Property, Plant and Equipment to Investment Property as they are no longer owner-occupied and now earning rental income from external parties.

7 GOODWILL

	2019 $	2018 $
Cost	**355,099**	355,099
Accumulated translation adjustments	**(7,637)**	(7,690)
Accumulated impairment	**(135,680)**	(124,338)
Net book amount	**211,782**	**223,071**
Movement analysis:		
Opening net book amount	**223,071**	238,498
Adjustments	**–**	(2,266)
Translation adjustments	**53**	581
Impairment charge (Note 25.3)	**(11,342)**	(13,742)
Closing net book amount	**211,782**	**223,071**

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.

	2019 $		2018 $	
	Trinidad and Tobago	Overseas	Trinidad and Tobago	Overseas
Automotive and Industrial Equipment	**953**	**104,270**	953	103,186
Energy and Industrial Gases	**–**	**2,485**	–	2,485
Integrated Retail	**–**	**60,153**	–	72,440
Financial Services	**–**	**40,650**	–	40,736
Other Investments	**–**	**3,271**	–	3,271
Total	**953**	**210,829**	**953**	**222,118**

The recoverable amount of cash generating units is determined based on value-in-use and fair value less costs to sell calculations.

These calculations use pre-tax cash flow projections based on financial budgets approved by Directors covering a five-year period.

Key assumptions used for value-in-use calculations:

	2019		2018	
	Growth rate	Discount rate	Growth rate	Discount rate
Automotive and Industrial Equipment	**1.6%-3.2%**	**8.87%-9.12%**	3.7%	8.87%
Energy and Industrial Gases	**2.3%-2.4%**	**15.49%**	2%-2.1%	15.49%
Integrated Retail	**2.6%-7.0%**	**8.61%-16.16%**	2.6%-6%	8.61%-16.16%
Financial Services	**5.0%**	**12.17%**	1.5%-2%	12.17%
Other Investments	**1.8%**	**18.22%**	1.5%-3.5%	18.22%

Notes to the Consolidated Financial Statements

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

7 GOODWILL *(continued)*

[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.

	2019 $	2018 $
Opening net book value	**53,561**	51,744
Translation adjustments	**(279)**	59
Additions for the year	**15,531**	12,662
Amortisation charge for the year	**(8,550)**	(10,904)
Net book amount	**60,263**	**53,561**
Cost	**101,384**	86,132
Accumulated amortisation	**(41,121)**	(32,571)
Net book amount	**60,263**	**53,561**

The amortisation charge is included in selling, general and administrative expenses.

9 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

	2019 $	2018 $
Investment and advances	**74,324**	73,773
Share of post-acquisition reserves	**72,477**	174,518
	146,801	**248,291**
Movement analysis:		
Balance at beginning of year	**248,291**	239,305
Translation adjustments	**(318)**	260
Additional investment	**551**	–
Share of results before tax	**65,965**	78,853
Share of tax (Note 28)	**(19,297)**	(25,730)
Dividends received	**(126,221)**	(46,072)
Disposal of associates	**(22,002)**	–
Other	**(168)**	1,675
Balance at end of year	**146,801**	**248,291**

9 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES *(continued)*

	2019 $	2018 $
Analysed as:		
Individually material joint ventures	**101,356**	187,668
Individually immaterial associates and joint ventures	**45,445**	60,623
	146,801	**248,291**

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.

	2019			2018		
	Massy Wood $	Caribbean Industrial Gases Unlimited $	Total $	Massy Wood $	Caribbean Industrial Gases Unlimited $	Total $
As at September 30, 2019						
Summarised balance sheet:						
Current assets	382,248	90,796	473,044	576,156	52,299	628,455
Non-current assets	16,881	132,109	148,986	11,190	164,700	175,890
Current liabilities	(305,341)	(66,042)	(371,383)	(326,707)	(37,820)	(364,527)
Non-current liabilities	(4,744)	(49,638)	(54,382)	–	(72,488)	(72,488)
Net assets	**89,044**	**107,221**	**196,265**	**260,639**	**106,691**	**367,330**
Reconciliation to net carrying amounts:						
Group share of associates (%)	50	50	50	50	50	50
Group share of associates ($)	44,522	53,610	98,132	130,320	53,345	183,665
Goodwill	727	2,497	3,224	727	3,263	3,990
Other adjustments	–	–	–	(176)	189	13
	45,249	**56,107**	**101,356**	**130,871**	**56,797**	**187,668**
Other information:						
Country of incorporation	Trinidad & Tobago	Trinidad & Tobago		Trinidad & Tobago	Trinidad & Tobago	
Nature of relationship	Joint venture	Joint venture		Joint venture	Joint venture	

Notes to the Consolidated Financial Statements

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

9 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES *(continued)*

	Massy Wood $	Caribbean Industrial Gases Unlimited $	Total $
Summarised statement of comprehensive income			
As at September 30, 2019			
Revenue	1,098,870	46,748	1,145,618
Interest income	131	–	131
Depreciation and amortisation	(4,866)	(119)	(4,985)
Interest expense	–	(791)	(791)
Profit before tax	109,184	14,269	123,453
Income tax expense	(30,680)	(5,113)	(35,793)
Profit for the year	78,504	9,156	87,660
Reconciliation to profit or loss:			
Group share of associates (%)	50%	50%	50%
Group share of associates ($)	39,252	4,578	43,830
Goodwill Impairment	–	(765)	(765)
Other adjustments	–	(4,447)	(4,447)
	39,252	**(634)**	**38,618**
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)
Profit before tax	108,418	39,574	147,992
Income tax expense	32,767	(12,210)	20,557
Profit for the year	75,651	27,364	103,015

The Group has an investment in a joint venture whose year end is not coterminous with September 30. These is principally:

	Country of incorporation	Reporting year end
Massy Wood	Trinidad and Tobago	31 December

10 TRADE AND OTHER RECEIVABLES

	2019 $	2018 $
Trade receivables	**1,449,838**	1,470,486
Receivables with related parties	**7,824**	18,949
Less: provision for impairment of receivables	**(144,016)**	(177,593)
Trade receivables – net	**1,313,646**	1,311,842
Reinsurance assets (Note 24)	**730,948**	1,115,570
Contract assets (Note 10.1)	**23,659**	–
Less: provision for impairment of contract assets (Note 10.1)	**(1,024)**	–
Other debtors and prepayments	**608,250**	542,670
Less: provision for impairment	**(8,031)**	(5,852)
Other debtors and prepayments – net	**1,353,802**	1,652,388
	2,667,448	**2,964,230**
Non-current portion	**167,785**	–
Current portion	**2,499,663**	2,964,230
	2,667,448	**2,964,230**

10.1 Contract assets comprises:

	2019	2018
Unbilled income	**22,442**	–
Assets recognized from costs to fulfil a contract	**74**	–
Product return from customer refunds	**119**	–
	22,635	–

The contract assets are trade receivables subjected to impairment testing under IFRS 9. The basis for impairment is explained in Note 33.1.2.

The opening contract assets on initial application of the standard amounted to $4,435 (Note 2.1.1). Contract assets have increased as the Group has provided more services ahead of the agreed payment schedules for fixed-price contracts.

Notes to the Consolidated Financial Statements

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

11 FINANCIAL ASSETS

	2019 $	2018 $
At amortised cost:		
- Bonds	**614,621**	842,489
- Instalment credit and other accounts (Note 11.1)	**458,056**	406,289
- Hire purchase receivables	**39,923**	45,413
- Mortgages	**4,168**	4,851
	1,116,768	**1,299,042**
Fair value through profit or loss:		
- Bonds and treasury bills	**726,057**	469,613
- Listed equities	**84,081**	114,763
- Unlisted equities	**853**	17,384
- Investment funds	**52,194**	244,005
	863,185	845,765
Fair value through other comprehensive income:		
- Unlisted equities	**184,530**	–
Total	**2,164,483**	**2,144,807**
Non-Current portion	**1,032,084**	1,040,568
Current portion	**1,132,399**	1,104,239
	2,164,483	**2,144,807**

11.1 Finance leases

Included in instalment credit and other accounts are amounts relating to finance leases as follows:

	2019	2018
Not later than 1 year	**6,488**	7,048
Later than 1 year and not later than 5 years	**12,813**	7,519
	19,301	14,567
Unearned finance charges on finance leases	**(1,281)**	(1,413)
Net investment in finance leases	**18,020**	**13,154**
Not later than 1 year	**5,803**	6,178
Later than 1 year and not later than 5 years	**12,217**	6,976
	18,020	**13,154**

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% (2018: 30%).

The movements in deferred tax assets/(liabilities) are as follows:

Deferred income tax assets

	Accelerated depreciation $	Tax losses $	Other $	Total $
Year ended September 30, 2019				
At beginning of year	29,094	20,935	68,808	118,837
Charge to consolidated income statement	(12,869)	(7,225)	(14,628)	(34,722)
Exchange adjustment	(29)	12	(4,104)	(4,121)
IFRS 15 adjustment (Note 2.1.1)	–	–	26	26
Other movements	(9,384)	5,250	401	(3,733)
At end of year	**6,812**	**18,972**	**50,503**	**76,287**
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**

Deferred income tax liabilities

	Accelerated depreciation $	Pension plan surplus $	Other $	Total $
Year ended September 30, 2019				
At beginning of year	89,020	124,243	22,525	235,788
Charge to consolidated income statement	(10,441)	(484)	(3,977)	(14,902)
Exchange adjustment	(125)	32	(526)	(619)
Other movements	1,327	73	5,384	6,784
At end of year	**79,781**	**123,864**	**23,406**	**227,051**
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**

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.

Notes to the Consolidated Financial Statements

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

13 RETIREMENT BENEFIT ASSETS/OBLIGATIONS

	2019 $	2018 $
Retirement benefit assets		
Neal & Massy Group Pension Fund Plan	**395,529**	395,828
Overseas plans – Other	**89,274**	79,941
	484,803	**475,769**

The pension plans were valued by independent actuaries using the projected unit credit method.

Neal & Massy Group Pension Fund Plan

The amounts recognised in the statement of financial position are as follows:

	2019 $	2018 $
Fair value of plan assets	**1,693,695**	1,623,329
Present value of obligation	**(1,233,861)**	(1,207,670)
	459,834	415,659
Unutilisable asset	**(64,305)**	(19,831)
Asset in the statement of financial position	**395,529**	**395,828**

The movement in the present value of the defined benefit obligation is as follows:

	2019 $	2018 $
Opening present value of defined benefit obligation	**1,207,671**	1,174,617
Current service cost	**21,405**	22,035
Interest cost	**59,173**	57,617
Actuarial gains on obligation	**(5,960)**	(2,048)
Benefits paid	**(48,428)**	(44,551)
Closing present value of defined benefit obligation at September 30	**1,233,861**	**1,207,670**

The movement in the fair value of plan assets for the year is as follows:

	2019 $	2018 $
Opening fair value of plan assets	**1,623,329**	1,697,389
Expected return on plan assets	**78,964**	77,716
Actuarial gains/(losses) on plan assets	**39,830**	(107,225)
Benefits paid	**(48,428)**	(44,551)
Closing fair value of plan assets at September 30	**1,693,695**	**1,623,329**

The amounts recognised in the consolidated income statement are as follows:

	2019 $	2018 $
Current service cost	**21,405**	22,035
Net interest cost	**(19,791)**	(20,099)
Total included in profit or loss	**1,614**	1,936
Actuarial (gains)/losses recognised in other comprehensive income before tax	**(1,315)**	**4,219**

13 RETIREMENT BENEFIT ASSETS/OBLIGATIONS *(continued)*

Retirement benefit assets *(continued)*

	2019 $	2018 $
Movement in the asset recognised in the consolidated statement of financial position:		
Asset at beginning of year	**395,828**	401,983
Net pension expense	**(1,614)**	(1,936)
Actuarial gains/(losses)	**1,315**	(4,219)
Asset at end of year	**395,529**	**395,828**

The principal actuarial assumptions used were:

	Per annum	Per annum
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	**(177,765)**	**(174,042)**

Assumptions regarding future mortality experience are set based on advice from published statistics and experience in each territory.

	2019	2018
Plan assets are comprised as follows:		
Local equities/mutual funds	**36%**	37%
Local bonds/mortgages	**17%**	15%
Foreign investments	**37%**	37%
Deferred annuities/insurance policy	**6%**	6%
Short-term securities/cash/accrued income	**4%**	5%

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

	2019 $	2018 $
The amounts recognised in the statement of financial position are as follows:		
Fair value of plan assets	**310,084**	277,628
Present value of the defined benefit obligation	**(178,540)**	(174,843)
	131,544	102,785
Unutilisable asset	**(42,270)**	(22,844)
Asset recognised in the statement of financial position	**89,274**	**79,941**

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13 RETIREMENT BENEFIT ASSETS/OBLIGATIONS *(continued)*

Retirement benefit assets *(continued)*

Overseas plans – Other *(continued)*

	2019 $	2018 $
The movement in the defined benefit obligation over the year is as follows:		
Opening present value of defined benefit obligation	**174,843**	164,654
Current service cost	**3,902**	3,910
Interest cost	**11,649**	11,961
Plan participant contributions	**3,713**	3,456
Actuarial (gains)/ losses on obligation	**(50)**	300
Liabilities extinguished on settlement/curtailment	**(238)**	–
Exchange differences on foreign plans	**(5,924)**	(2,135)
Benefits paid	**(9,355)**	(7,303)
Closing present value of defined benefit obligation	**178,540**	**174,843**
The movement in the fair value of plan assets for the year is as follows:		
Opening fair value of plan assets	**277,628**	236,418
Income from discount rate on utilisable plan assets	**17,346**	17,293
Actual return on assets greater than/(less than) above	**21,558**	30,204
Exchange differences on foreign plans	**(2,681)**	(3,983)
Employer contributions	**2,875**	2,475
Plan participant contributions	**3,713**	3,456
Administration expenses	**(1,000)**	(932)
Benefits paid	**(9,355)**	(7,303)
Closing fair value of plan assets at September 30	**310,084**	**277,628**
The amounts recognised in the consolidated income statement are as follows:		
Current service cost	**3,902**	3,910
Net interest cost	**(5,696)**	(5,332)
Administration expenses	**1,000**	932
Curtailments and settlements	**(238)**	–
Total included in other income	**(1,032)**	(490)
Actual return on plan assets	**38,904**	**47,497**
Movement in the asset recognised in the consolidated statement of financial position		
Asset at beginning of year	**79,941**	65,451
Actuarial gains recognised in other comprehensive income	**5,426**	11,525
Net pension income	**1,032**	490
Employer contributions	**2,875**	2,475
Asset at end of year	**89,274**	79,941
Actuarial gains recognised in other comprehensive income	**5,426**	**11,525**

13 RETIREMENT BENEFIT ASSETS/OBLIGATIONS *(continued)*

Retirement benefit assets *(continued)*

Overseas plans – Other *(continued)*

The principal actuarial assumptions used were:

	Per annum	Per annum
Discount rate	**6%-7.75%**	6%-7.75%
Future salary increases	**3.5%-5.0%**	4.5%-5.0%
Future National Insurance increases	**4%**	4%
Future pension increases	**1%-4%**	1%-4%
Future bonuses	**0%-2%**	0%-2%

Assumptions regarding future mortality experience are set based on advice from published statistics and experience in each territory.

	2019 $	**2018 $**
Retirement benefit obligations		
Barbados Shipping & Trading (BST) – medical plan	**(99,351)**	(101,910)
Barbados Shipping & Trading (BST) – pension plan	**(11,223)**	(26,353)
Other plans	**(61,135)**	(55,287)
	(171,709)	**(183,550)**

Overseas plans – BS&T

The amounts recognised in the statement of financial position are as follows:		
Fair value of plan assets	**591,125**	594,025
Present value of the defined benefit obligation	**(537,442)**	(547,003)
	53,683	47,022
Unrecognised asset due to limit	**(64,906)**	(73,375)
Liability in the statement of financial position	**(11,223)**	**(26,353)**
The movement in the defined benefit obligation over the year is as follows:		
Opening present value of defined benefit obligation	**547,003**	545,370
Current service cost	**7,554**	7,842
Interest cost	**41,524**	41,557
Actuarial gains on obligation	**(19,478)**	(12,188)
Exchange differences on foreign plans	**(2,177)**	1,622
Benefits paid	**(36,984)**	(37,200)
Closing present value of defined benefit obligation at 30 September	**537,442**	**547,003**
The movement in the fair value of plan assets for the year is as follows:		
Opening fair value of plan assets	**594,025**	554,037
Income from discount rate on utilisable plan assets	**45,413**	42,639
Actual return on assets (less than)/greater than above	**(33,126)**	6,922
Administration expenses	**(378)**	(254)
Employer contributions	**24,569**	26,236
Exchange differences	**(2,394)**	1,645
Benefits paid	**(36,984)**	(37,200)
Closing fair value of plan assets at September 30	**591,125**	**594,025**

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13 RETIREMENT BENEFIT ASSETS/OBLIGATIONS *(continued)*

Retirement benefit assets *(continued)*

Overseas plans – BS&T *(continued)*

	2019 $	2018 $
The amounts recognised in the consolidated income statement are as follows:		
Current service cost	**7,554**	7,842
Net interest cost	**(3,889)**	(1,082)
Administration expenses	**379**	254
Expense recognised in the income statement	**4,044**	7,014
Actual return on plan assets	**12,286**	**49,561**
Liability at beginning of year	**(26,353)**	(50,338)
Increase in unrecognisable asset	**8,470**	(14,345)
(Expense)/Income recognised in other comprehensive income	**(13,865)**	19,107
Net pension expense	**(4,044)**	(7,014)
Contributions paid	**24,569**	26,237
Liability at end of year	**(11,223)**	**(26,353)**

	2019 Per annum	2018 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%

Assumptions regarding future mortality experience were obtained from published statistics and experience in each territory. The average life expectancy in years of a pensioner retiring at age 65 is as follows:

Male	**83**	81
Female	**86**	85

BS&T – medical plans

The principal actuarial assumptions used were:

	Per annum	Per annum
Discount rate	**7.75%**	7.75%
Annual increase in health care	**4.50%**	4.50%

14 INVENTORIES

	2019 $	2018 $
Finished goods and goods for resale	**1,087,538**	1,213,186
Goods in transit	**226,764**	359,005
Raw materials and consumables	**197,365**	66,168
Work in progress	**8,061**	14,834
	1,519,728	**1,653,193**

The cost of inventories recognised as expense and included in 'cost of sales' amounted to $7,632,699 (2018: $7,747,772).

15 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 30 September 2019 and 2018, Massy Finance GFC Ltd complied with the above requirement.

16 CASH AND CASH EQUIVALENTS

	2019 $	2018 $
Cash at bank and in hand	**1,934,016**	1,438,545
Short-term bank deposits	**139,042**	187,587
	2,073,058	**1,626,132**

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:

	2019 $	2018 $
Cash and cash equivalents	**2,073,058**	1,626,132
Bank overdrafts (Note 21)	**(8,796)**	(26,511)
Cash, net of bank overdrafts	**2,064,262**	**1,599,621**

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17 SHARE CAPITAL

	Number of shares #	Ordinary shares $	Total $
At September 30, 2018	97,743	763,516	763,516
Employee share grant – value of services provided	–	828	828
At September 30, 2019	**97,743**	**764,344**	**764,344**
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**

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.

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 $828 (2018: $2,909) 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 long term incentive plan (note 23.2) has been introduced which is linked to the Group's EPS.

18 DIVIDENDS PER SHARE

	2019 $	2018 $
Interim paid: 2019 – 55 cents per share (2018 – 52 cents)	**53,759**	50,826
Final paid: 2018 – 158 cents per share (2017 – 158 cents)	**154,433**	154,434
	208,192	**205,260**

On December 19, 2019 the Board of Directors of Massy Holdings Ltd. declared a final dividend per share of $1.72, bringing the total dividends per share for the financial year ended September 30, 2019 to $2.27 (2018 - $2.10).

19 OTHER RESERVES

	Translation reserve (Note 19.2) $	Catastrophe reserve $	Statutory and general banking reserves (Note 19.1) $	Other amounts $	Total $
As at 30 September 2019					
Balance at beginning of year	(82,169)	380,710	18,000	(217,288)	99,253
Currency translation adjustments	(28,371)	–	–	–	(28,371)
Transfer to other reserves	–	40,807	–	(1,770)	39,037
Balance at end of year	**(110,540)**	**421,517**	**18,000**	**(219,058)**	**109,919**
As at 30 September 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**

19.1 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 (2018: $15,000).
- General Banking 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 (2018: $3,000).

19.2 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 $148,358 (2018: $134,715).
- 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 $273,159 (2018: $245,995).

20 NON-CONTROLLING INTERESTS

The following is an analysis of non-controlling interests which are material and individually immaterial to the Group:

	2019 $	2018 $
Balances with non-controlling interests		
Material non-controlling interests	**141,971**	192,416
Individually immaterial non-controlling interests	**91,072**	37,921
	233,043	**230,337**

Individually immaterial non-controlling interests include Massy Guyana Group, Massy Pres-T-Con Holdings Ltd and Massy Carbonics Limited.

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20 NON-CONTROLLING INTERESTS *(continued)*

The table below shows a movement analysis of subsidiaries with non-controlling interests that are material to the Group. The amounts included represents the share attributable to the non-controlling interests.

	Roberts Manufacturing Co Limited $	Massy Stores (SLU) Ltd $	Total $
	49.5%	40%	
As at September 30, 2019			
Balance at beginning of year	54,123	90,311	144,434
Total comprehensive income for the year	14,709	26,962	41,671
Dividends	(5,769)	(32,972)	(38,741)
Currency translation adjustments	(232)	(300)	(532)
Other movements for the year	(4,861)	–	(4,861)
Balance at end of year	**57,970**	**84,001**	**141,971**
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**

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 the amounts as per the entities' financial statements before inter-company eliminations.

	Roberts Manufacturing Co Limited $	Massy Stores (SLU) Ltd $
As at September 30, 2019		
Summarised balance sheet:		
Current assets	177,129	248,273
Non-current assets	79,140	149,343
Current liabilities	(59,014)	(156,575)
Non-current liabilities	(13,855)	(27,455)
Indirect NCI	(27,579)	(2,850)
Net assets	**155,821**	**210,736**
Summarised statement of comprehensive income:		
Revenue	401,417	1,262,806
Profit attributable to parent	26,439	67,526
Other comprehensive income	3,276	(120)
Total comprehensive income for the year	**29,715**	**67,406**
NCI share (%)	49.5%	40.0%
NCI share ($)	14,709	26,962

20 NON-CONTROLLING INTERESTS *(continued)*

As at September 30, 2019 *(continued)*

	Roberts Manufacturing Co Limited $	Massy Stores (SLU) Ltd $
Summarised statement of cash flows:		
Operating activities	35,591	72,827
Investing activities	(4,601)	(11,222)
Financing activities	(11,654)	(55,710)
Net change in cash flows	**19,336**	**5,895**
As at September 30, 2018		
Summarised balance sheet:		
Current assets	166,609	234,704
Non-current assets	82,575	153,022
Current liabilities	(54,305)	(105,772)
Non-current liabilities	(19,604)	(32,743)
Net assets	**175,275**	**249,211**
Summarised statement of comprehensive income:		
Revenue	411,088	1,264,716
Profit for the year	24,883	16,850
Other comprehensive income	–	–
Summarised statement of cash flow:		
Operating activities	11,709	71,103
Investing activities	(27,207)	(22,035)
Financing activities	(5,954)	(23,835)
Net change in cash flows	**(21,452)**	**25,233**

21 BORROWINGS

	2019 $	2018 $
Secured advances and mortgage loans	**388,077**	404,760
Unsecured advances	**1,802,839**	1,889,145
Bank overdrafts (Note 16)	**8,796**	26,511
Total borrowings	**2,199,712**	2,320,416
Less short-term borrowings	**(378,983)**	(452,611)
Medium and long-term borrowings	**1,820,729**	**1,867,805**
Short-term borrowings comprise:		
Bank overdrafts (Note 16)	**8,796**	26,511
Current loan instalments	**370,187**	426,100
	378,983	**452,611**

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21 BORROWINGS *(continued)*

On July 30, 2014, Massy Holdings Ltd. issued a $1.2B 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 & Tobago) Limited was the Trustee. The bond was issued at a premium. The face value of both series was $600M 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 will be 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 $371,480 (2018: $374,664).

Bank borrowings are secured by the land and buildings of the Group.

21.1 Net debt reconciliation

	Cash and cash equivalents, net of overdrafts $	Borrowings $	Total $
Year ended 30 September 2019			
At beginning of year	1,599,621	(2,293,905)	(694,284)
Proceeds on new borrowings	–	(8,305)	(8,305)
Principal repayments on borrowings	–	111,500	111,500
Capitalised interest on borrowings	–	(206)	(206)
Effect of exchange rate changes on cash and bank overdrafts	(4,092)	–	(4,092)
Other cash flows	468,733	–	468,733
At end of year	**2,064,262**	**(2,190,916)**	**(126,654)**
Year ended 30 September 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)**

22 CUSTOMERS' DEPOSITS

	2019 $	2018 $
These represent the deposits for fixed terms accepted mainly by Massy Finance GFC Ltd.		
Payable within one year	**183,592**	238,914
Payable between two and five years	**120,858**	103,232
	304,450	**342,146**

22 CUSTOMERS' DEPOSITS *(continued)*

	2019 $	2018 $
Sectorial analysis of deposit balances		
Private sector	**61,826**	65,464
Consumers	**242,624**	276,682
	304,450	**342,146**

Interest expense on customers' deposits of $7,834 (2018: $8,124) is shown within "other direct costs" in Note 25.

23 TRADE AND OTHER PAYABLES

	2019 $	2018 $
Trade creditors	**978,227**	989,447
Contract liabilities (Note 23.1)	**41,502**	–
Other payables (Note 23.2)	**955,930**	920,423
	1,975,659	**1,909,870**

23.1 Contract liabilities:

	2019	2018
Analysis of contract liabilities:		
Deferred Income	**38,142**	–
Refunds	**148**	–
Customer loyalty programmes	**961**	–
Extended warranty programmes	**2,251**	–
	41,502	**–**
Expected timing of revenue recognition:		
Within 1 year	**41,252**	–
After 1 year	**250**	–
	41,502	**–**
Revenue recognised in current period that was included in the contract liability balance at the beginning of the period (Note 2.1.1)	**31,435**	**–**

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23 TRADE AND OTHER PAYABLES *(continued)*

23.2 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.

	2019 $	2018 $
Balance at the beginning of the year	**14,781**	4,106
Current service cost	**16,191**	10,675
Balance at the end of the year	**30,972**	**14,781**

24 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:

	2019 $	2018 $
Outstanding claims	**701,910**	1,183,730
Unearned premiums	**611,549**	468,779
	1,313,459	**1,652,509**

Movement in outstanding claims reserve may be analysed as follows:

	Insurance liabilities 2019 $	Reinsurers' share 2019 $	Insurance liabilities 2018 $	Reinsurers' share 2018 $
Beginning of the year	**1,183,730**	**832,274**	2,363,253	1,960,123
Exchange adjustment	**(7,932)**	**(5,001)**	7,013	5,820
Claims incurred	**160,704**	**(90,067)**	74,586	(115,363)
Claims paid	**(634,592)**	**(426,092)**	(1,261,122)	(1,018,306)
	701,910	**311,114**	**1,183,730**	**832,274**

Movement in the unearned premium reserve may be analysed as follows:

	Insurance liabilities 2019 $	Reinsurers' share 2019 $	Insurance liabilities 2018 $	Reinsurers' share 2018 $
Beginning of the year	**468,779**	**283,300**	387,092	217,774
Exchange adjustment	**(880)**	**(174)**	1,148	643
Premiums written in the year	**1,130,809**	**712,153**	921,442	530,413
Premiums earned in the year	**(987,159)**	**(575,445)**	(840,903)	(465,534)
	611,549	**419,834**	**468,779**	**283,296**

24 LIABILITIES ON INSURANCE CONTRACTS *(continued)*

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.

Claims development table

Gross	**2011 $**	**2012 $**	**2013 $**	**2014 $**	**2015 $**	**2016 $**	**2017 $**	**2018 $**	**2019 $**	**Total $**
At end of accident year	290,609	138,605	150,396	185,159	221,253	295,484	2,218,365	242,547	**459,510**	
One year later	349,942	177,449	158,660	152,769	219,498	284,761	2,082,945	256,854	–	
Two years later	349,320	177,273	152,526	157,357	207,218	271,565	1,767,486	–	–	
Three years later	348,131	157,138	153,220	157,087	196,544	270,068	–	–	–	
Four years later	354,282	158,827	153,244	156,697	196,089	–	–	-	–	
Five years later	356,297	158,159	151,129	157,131	–	–	–	–	–	
Six years later	355,456	156,177	152,320	–	–	–	–	–	–	
Seven years later	354,881	157,712	–	–	–	–	–	–	–	
Eight years later	354,704	–	–	–	–	–	–	–	–	
	354,704	157,712	152,320	157,131	196,089	270,068	1,767,486	256,854	459,510	3,771,874
Cumulative payments to date	347,362	141,317	144,766	142,652	176,065	235,231	1,596,468	170,771	175,790	3,130,422
Liability recognized	7,342	16,395	7,554	14,479	20,024	34,837	171,018	86,083	283,720	641,452
Liability in respect of prior years										60,458
Total liability										701,910
Net favourable/ (unfavourable) development	(64,095)	(19,107)	(1,924)	28,028	25,164	25,416	450,879	(14,307)		

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

24 LIABILITIES ON INSURANCE CONTRACTS *(continued)*

Claims development table *(continued)*

Net Claims	**2011 $**	**2012 $**	**2013 $**	**2014 $**	**2015 $**	**2016 $**	**2017 $**	**2018 $**	**2019 $**	**Total $**
At end of accident year	141,861	103,026	91,659	114,739	169,593	189,779	241,336	204,507	263,251	
One year later	217,454	112,326	102,390	112,083	160,685	175,539	273,518	213,765	–	
Two years later	219,600	117,951	95,967	109,554	151,178	167,758	254,648	–	–	
Three years later	219,123	122,839	95,916	104,980	142,394	165,564	–	–	–	
Four years later	225,980	124,766	96,500	104,814	141,050	–	–	–	–	
Five years later	228,103	124,619	94,699	104,147	–	–	–	–	–	
Six years later	226,649	122,311	95,458	–	–	–	–	–	–	
Seven years later	226,311	124,102	–	–	–	–	–	–	–	
Eight years later	226,133	–	–	–	–	–	–	–	–	
	226,133	124,102	95,458	104,147	141,050	165,564	254,648	213,765	263,251	1,588,118
Cumulative payments to date	214,698	105,184	87,986	92,715	121,519	137,294	206,540	140,162	139,163	1,245,261
Liability recognized	11,435	18,918	7,472	11,432	19,531	28,270	48,108	73,603	124,088	342,857
Liability in respect of prior years										47,939
Total liability										390,796
Net favourable/ (unfavourable) development	(84,272)	(21,076)	(3,799)	10,592	28,543	24,215	(13,312)	(9,258)		

25 OPERATING PROFIT BEFORE FINANCE COSTS

	2019 $	**2018 $**
Revenue:		
- Sale of goods	**10,269,850**	10,318,451
- Rendering of services (Note 25.1)	**1,112,746**	1,063,606
- Net interest and other investment income (Note 25.2)	**49,258**	62,298
- Net premium income and other insurance revenue	**526,812**	465,698
	11,958,666	11,910,053

25 OPERATING PROFIT BEFORE FINANCE COSTS *(continued)*

	2019 $	2018 $
Cost of sales and other direct costs:		
- Cost of sales (Note 25.1)	**(7,632,699)**	(7,747,772)
- Net claims and other direct insurance expenses	**(251,686)**	(189,981)
- Other direct costs	**(814,561)**	(677,640)
	(8,698,946)	(8,615,393)
Gross profit	**3,259,720**	3,294,660
Administrative expenses	**(1,331,701)**	(1,342,228)
Other operating expenses	**(1,212,689)**	(1,273,278)
Other income	**210,310**	190,113
Operating profit before finance costs	**925,640**	**869,267**

25.1 Restatement of comparative information

Revenue from rendering of services and cost of sales as reported in the previously issued financial statements for the year ended 30 September 2018 was adjusted to correct a prior period error in accordance with IAS 8 – 'Accounting policies, changes in accounting estimates and errors'. The adjustment was made to classify the relationship with certain licensors as an agency arrangement instead of a principal arrangement. This restatement does not affect profit. The line items impacted by the adjustment are shown below:

Revenue from rendering of services	
As previously reported	1,158,355
Restatement	(94,749)
As adjusted	1,063,606
Cost of sales	
As previously reported	(7,842,521)
Restatement	94,749
As adjusted	(7,747,772)

25.2 '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 finance income (Note 27).

Notes to the Consolidated Financial Statements

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

25 OPERATING PROFIT BEFORE FINANCE COSTS *(continued)*

25.3 The following items were included in arriving at operating profit:

	2019 $	2018 $
Staff and staff related costs	**1,820,039**	1,791,627
Depreciation and impairment of property, plant and equipment investment properties (Notes 5 and 6)	**296,780**	291,639
Expected credit losses/net impairment expense on financial assets (Note 33.1.2):		
- Trade and other receivables	**974**	10,748
- Corporate and sovereign bonds	**(8,383)**	13,816
- Instalment credit, hire purchase accounts and other financial assets	**3,231**	4,718
Impairment of goodwill (Note 7)	**11,342**	13,742
Amortisation of other intangible assets (Note 8)	**8,550**	10,904
Directors' fees	**3,538**	3,306
Operating lease rentals	**143,786**	108,278
Gain on disposal of subsidiaries (Note 35)	**(35,693)**	–
Gain on disposal of associates	**(16,418)**	–

26 STAFF COSTS

Staff costs included in cost of sales, selling, general and administrative expenses are as follows:

Wages and salaries and termination benefits	**1,498,919**	1,486,694
Share based compensation	**828**	2,909
Pension costs	**51,375**	51,500
	1,551,122	**1,541,103**

Average number of persons employed by the Group during the year:

Full time	**11,065**	10,399
Part time	**1,156**	1,852
	12,221	**12,251**

27 FINANCE COSTS – NET

Interest expense (Note 25.2)	**118,921**	121,178
Interest income (Note 25.2)	**(46,552)**	(47,122)
Finance costs – net	**72,369**	**74,056**

27.1 Borrowing costs of $206 (2018: $322) was capitalised during the year using a capitalisation rate of 4.83%.

27.2 Income from bank balances, short term investments, treasuries and other securities held for cash management purposes is shown within finance income.

28 INCOME TAX EXPENSE

	2019 $	2018 $
Current tax	**253,875**	275,983
Deferred tax	**19,820**	6,473
Business levy/green fund levy/withholding taxes	**32,309**	26,133
	306,004	**308,589**

The Group's effective tax rate of 33% (2018 – 35%) differs from the statutory Trinidad and Tobago tax rate of 30% as follows:

	2019 $	2018 $
Profit before income tax	**919,236**	874,064
Tax calculated at a tax rate of 30%	**275,771**	262,219
Effect of different tax rates in other countries	**18,926**	24,814
Expenses not deductible for tax purposes	**91,802**	43,760
Income not subject to tax	**(132,011)**	(54,583)
Business levy/green fund levy/withholding taxes	**32,309**	26,133
Effect of Change in Barbados tax rate	**11,120**	–
Adjustments to prior year tax provisions	**8,087**	6,246
Tax charge	**306,004**	**308,589**
The income tax expense is attributable to:		
Trinidad and Tobago subsidiaries	**191,232**	189,039
Overseas subsidiaries	**95,475**	93,820
Associated companies (Note 9)	**19,297**	25,730
	306,004	**308,589**

29 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.

	2019 $	2018 $
Profit attributable to shareholders:	**563,164**	519,753
Weighted average number of ordinary shares in issue (thousands)	**97,743**	97,743
Basic earnings per share	**5.76**	5.32

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

30 CONTINGENCIES

Subsidiaries

At September 30, 2019 the Group had contingent liabilities in respect of customs bonds, guarantees and other matters arising in the ordinary course of business amounting to $925,086 (2018: $820,106).

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.

Other Investments

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 for Caribbean Gas Chemical Barbados Limited. MHL's maximum liability under guarantees is $644,767.

31 COMMITMENTS

Capital commitments

Capital expenditure contracted at the consolidated statement of financial position date but not yet incurred is as follows:

	2019 $	2018 $
Property, plant and equipment	**16,431**	**22,862**

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:

	2019 $	2018 $
No later than 1 year	**69,673**	63,371
Later than 1 year and no later than 5 years	**227,483**	159,315
Later than 5 years	**660,016**	277,495
	957,172	**500,181**
Operating lease commitments - where a Group company is the lessor:		
Less than one year	**33,140**	41,022
One year to five years	**29,147**	40,075
	62,287	**81,097**

32 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:

		2019 $	2018 $
a	**Sales of goods**		
	Associates	**32,657**	**32,727**
	Goods are sold on the basis of the price lists in force with non-related parties.		
b	**Purchases of goods**		
	Associates	**489**	**6,616**
	Goods purchased from entities controlled by non-executive directors	**141,646**	**137,249**
	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	**110,262**	104,771
	Post-employment benefits	**7,167**	6,810
	Share-based compensation	**828**	2,909
		118,257	**114,490**
d	**Year-end balances arising from sales/purchases of goods/services**		
	Receivables from related parties	**7,824**	**18,949**
	Payables to related parties	**12,239**	**9,286**
e	**Loans to associates**		
	Beginning of year	**8,378**	14,433
	Loans advanced during the year	–	2,159
	Loan repayments received	–	(8,220)
	Interest charged	–	291
	Interest received	–	(285)
	Disposal of associate	**(8,378)**	–
	End of the year	–	**8,378**
f	**Total loans to other related parties**		
	Beginning of year	**1,037**	144
	Loans advanced during year	–	4,329
	Loan repayments received	–	(3,436)
	Interest charged	–	503
	Interest received	–	(503)
	Disposal of associate	**(1,037)**	–
	End of the year	–	**1,037**
g	**Customer deposits to related parties**	**7,523**	**7,445**

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33 FINANCIAL RISK MANAGEMENT

33.1 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, trade payables and insurance claims liabilities 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.

33.1.1 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 net exposure and sensitivities to currency risk on its financial instruments.

As at September 30, 2019

Currency	Net Currency Exposure $	Sensitivity	Change/Impact $
USD	675,023	2%	13,500
BBD	(212,777)	2%	(4,256)
PESO	9,360	1%	94
GYD	151,483	3%	4,545
JCD	172,098	5%	8,605
OTHER	230,033	2%	4,601
TOTAL	**1,025,220**		**27,089**

33 FINANCIAL RISK MANAGEMENT *(continued)*

33.1 Financial risk factors *(continued)*

33.1.1 Market risk *(continued)*

a Currency risk (continued)

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**

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 2019, interest rates were fixed on approximately 92% of the borrowings (2018: 93%). The impact on the consolidated income statement to a 50 basis points change in floating interest rates is $904 in 2019 (2018: $850).

c Price risk

The Group has investments in equity securities and investment funds 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.

33.1.2 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, interest-bearing 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 significant.

Notes to the Consolidated Financial Statements

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

33 FINANCIAL RISK MANAGEMENT *(continued)*

33.1 Financial risk factors *(continued)*

33.1.2 Credit risk *(continued)*

The following is a summary of the Group's maximum exposure to credit risk.

	2019 $	2018 $
Cash and cash equivalents (Note 16)	**2,073,058**	1,626,132
Trade and other receivables (Note 10)	**2,667,448**	2,964,230
Other financial assets at amortised cost (Note 11):		
- Bonds	**614,621**	842,489
- Instalment credit and other accounts	**458,056**	406,289
- Hire purchase receivables	**39,923**	45,413
- Mortgages	**4,168**	4,851
Other financial assets at fair value through profit or loss (Note 11):		
- Bonds and treasury bills	**726,057**	469,613
Total	**6,583,331**	**6,359,017**

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 contract assets)
- The general approach (for all other financial assets)
- A practical expedient for financial assets with low credit risk

The simplified approach

The Group applies the IFRS 9 simplified approach to measuring expected credit losses for Trade Receivables and Contract Assets. The unbilled contract assets have 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, all customer accounts are 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 24 months starting 1 October 2016 and ending on 30 September 2018 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 an 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.

33 FINANCIAL RISK MANAGEMENT *(continued)*

33.1 Financial risk factors *(continued)*

33.1.2 Credit risk *(continued)*

The general approach (continued)

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.

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 are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the debtors to settle their payments when they become due. The Group employs various probability weighted scenarios 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 and treasuries:* These are generally unsecured and are generally considered low risk subject to a few exceptions.
- *Corporate debt securities and sovereign debt securities:* These are both secured and unsecured by fixed or floating charges on the assets of the issuer.
- *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.

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33 FINANCIAL RISK MANAGEMENT *(continued)*

33.1 Financial risk factors *(continued)*

33.1.2 Credit risk *(continued)*

Summary of ECL calculations

a The simplified approach (trade receivables and contract assets)

The following is a summary of the ECL on trade receivables from a combination of specific and general provisions:

As at September 30, 2019

Aging Bucket	**Average ECL rate %**	**Estimated EAD $**	**Expected credit loss $**
Current (0-30 days)	0.65	989,149	6,414
31 to 90 days	10.81	240,145	25,957
Over 90 days	44.70	252,027	112,669
	9.79	**1,481,321**	**145,040**

As at September 30, 2018

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**

The movement in the provision for expected credit losses for trade receivables and contract asset accounts is as follows:

	2019 $	**2018 $**
Balance at beginning of the year as reported under IAS 39	–	98,308
IFRS 9 initial application adjustments	–	70,643
Opening ECL under IFRS 9	**177,593**	**168,951**
Translation adjustments	**818**	–
(Decrease)/increase in loss allowance recognised in profit or loss	**(3,223)**	10,748
Amounts written off in the current year	**(30,148)**	(2,106)
Balance at end of the year	**145,040**	**177,593**

33 FINANCIAL RISK MANAGEMENT *(continued)*

33.1 Financial risk factors *(continued)*

33.1.2 Credit risk *(continued)*

Summary of ECL calculations(continued)

a The simplified approach (trade receivables and contract assets) *(continued)*

The following is an analysis of the net impairment expense on financial assets recognised in profit or loss:

	2019 $	2018 $
Net changes to provisions for the year per above	**(3,223)**	10,748
Other adjustments	**4,197**	–
Net expense for the year (Note 25.3)	**974**	**10,748**

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
Purchased or Credit-impaired	Financial assets with evidence of impairment at the point of initial recognition (for instance, if they are acquired at a deep discount)	Lifetime expected losses using a credit-adjusted effective interest rate.
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 assets and adjusts for forward looking macroeconomic data.

Corporate and sovereign bonds

As at September 30, 2019

Category	Average ECL rate %	Estimated EAD $	Expected credit loss $
Performing (Stage 1)	0.65	598,041	3,878
Purchased or originated credit-impaired	28.52	105,616	30,121
TOTAL	**4.83**	**703,657**	**33,999**

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33 **FINANCIAL RISK MANAGEMENT** *(continued)*

33.1 Financial risk factors *(continued)*

33.1.2 Credit risk *(continued)*

b The general approach *(continued)*

The movement in the provision for expected credit losses is as follows:

As at September 30, 2019

	Performing $	Under-performing $	Non-performing $	Purchased or Originated Credit-Impaired $	Total $
Balance at beginning of the year	4,803	2,383	35,321	–	42,507
Translation adjustments	(9)	(1)	(18)	(105)	(133)
Reclassifications	2,382	(2,382)	(35,303)	35,303	–
Net credit to profit or loss	(3,298)	–	–	(5,077)	(8,375)
Balance at end of the year	**3,878**	**–**	**–**	**30,121**	**33,999**

As at September 30, 2018

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**

As at September 30, 2018

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**

33 FINANCIAL RISK MANAGEMENT *(continued)*

33.1 Financial risk factors *(continued)*

33.1.2 Credit risk *(continued)*

b The general approach *(continued)*

The following is an analysis of the net impairment expense on financial assets recognised in profit or loss:

	2019 $	2018 $
Net changes to provisions for the year per above	**(8,375)**	11,573
Other adjustments	**(7)**	2,243
Net expense for the year (Note 25.3)	**(8,368)**	**13,816**

Government of Barbados exposure:

During the financial year ended 30 September 2017, the Government of Barbados 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 Government of Barbados 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 1 October 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.

In June 2018 the Government of Barbados 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 Government of Barbados (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.

The restructuring exercise was substantially completed during the year ended 30 September 2019. As the terms of the new instrument were substantially different, the old assets together with the provisions thereon were derecognised and replaced by a new asset now classified as a 'purchased or originated credit-impaired'.

Instalment credit, hire purchase accounts and other financial assets

As at September 30, 2019

Category	**Average ECL rate** **%**	**Estimated EAD** **$**	**Expected credit loss** **$**
Performing (Stage 1)	2.97	463,349	13,759
Underperforming (Stage 2)	18.90	15,652	2,958
Non-performing (Stage 3)	36.53	56,241	20,545
Total	**6.96**	**535,242**	**37,262**

Notes to the Consolidated Financial Statements

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

33 FINANCIAL RISK MANAGEMENT *(continued)*

33.1 Financial risk factors *(continued)*

33.1.2 Credit risk *(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	4,453	233	15,590	20,276
Translation adjustments	(47)	(5)	(5)	(57)
Net changes to provisions and reclassifications	1,530	(389)	3,093	4,234
Amounts written off in the current year	7,823	3,119	1,867	12,809
Balance at end of the year	**13,759**	**2,958**	**20,545**	**37,262**

As at September 30, 2018

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**

As at September 30, 2018

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 in the current year	(21)	(213)	(3,701)	(3,935)
Balance at end of the year	**4,453**	**233**	**15,590**	**20,276**

33 FINANCIAL RISK MANAGEMENT *(continued)*

33.1 Financial risk factors *(continued)*

33.1.2 Credit risk *(continued)*

b The general approach *(continued)*

The following is an analysis of the net impairment expense on financial assets recognised in profit or loss:

	2019 $	2018 $
Net changes to provisions for the year per above	**4,233**	4,718
Other adjustments	**(1,002)**	–
Net expense for the year (Note 25.3)	**3,231**	**4,718**

33.1.3 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.

Maturity analysis of financial liabilities

	Less than 1 year $	1 - 5 years $	More than 5 years $	Contractual cash flows $	Carrying amount $
2019					
Financial liabilities					
Bank overdraft (Note 16)	4,592	4,204	–	8,796	8,796
Other borrowings (Note 21)	476,763	1,165,196	775,148	2,417,107	2,190,916
Customers' deposits (Note 22)	186,883	126,829	–	313,712	304,450
Trade payables and other Payables (Note 23)	1,975,659	–	–	1,975,659	1,975,659
Liabilities on insurance Contracts (Note 24)	1,313,459	–	–	1,313,459	1,313,459
Subtotal	**3,957,356**	**1,296,229**	**775,148**	**6,028,733**	**5,793,280**

Notes to the Consolidated Financial Statements

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

33 FINANCIAL RISK MANAGEMENT *(continued)*

33.1 Financial risk factors *(continued)*

33.1.2 Credit risk *(continued)*

	Less than 1 year $	1 - 5 years $	More than 5 years $	Contractual cash flows $	Carrying amount $
2018					
Financial liabilities					
Bank overdraft (Note 16)	26,511	–	–	26,511	26,511
Other borrowings (Note 21)	529,260	788,456	469,660	1,787,376	2,293,905
Customers' deposits (Note 22)	239,855	110,825	–	350,680	342,146
Trade payables (Note 23)	989,447	–	–	989,447	989,447
Liabilities on insurance Contracts (Note 24)	1,652,509	–	–	1,652,509	1,652,509
Subtotal	**3,437,582**	**899,281**	**469,660**	**4,806,523**	**5,304,518**

33.2 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.

	2019 $	2018 $
Total borrowings (Note 21)	**2,199,712**	2,320,416
Less: Cash and cash equivalents (Note 16)	**(2,073,058)**	(1,626,132)
Net debt	**126,654**	694,284
Total equity (restated)	**5,946,941**	5,615,158
Total capital	**6,073,595**	6,309,442
Gearing ratio	**2%**	11%

33 FINANCIAL RISK MANAGEMENT *(continued)*

33.1 Financial risk factors *(continued)*

33.2 Capital risk management *(continued)*

33.2.1 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.

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. 2019 $	Massy Finance GFC Ltd. 2018 $	Massy United Insurance Ltd. 2019 $	Massy United Insurance Ltd. 2018 $
Total equity	127,780	121,185	391,195	372,452

33.3 Fair value of financial assets and liabilities

33.3.1 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.

Notes to the Consolidated Financial Statements

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

33 FINANCIAL RISK MANAGEMENT *(continued)*

33.3 Fair value of financial assets and liabilities *(continued)*

33.3.1 Fair value hierarchy *(continued)*

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.

The following table presents the Group's assets that are measured at fair value at September 30, 2019:

Assets	**Level 1 $**	**Level 2 $**	**Level 3 $**	**Total $**
Financial assets at FVPL and FVOCI (Note 11)				
- Bonds and treasury bills	530,391	195,666	–	726,057
- Listed equities	80,952	3,129	–	84,081
- Unlisted equities	–	–	185,383	185,383
- Investment funds	3,195	48,999	–	52,194
	614,538	**247,794**	**185,383**	**1,047,715**

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**

33 FINANCIAL RISK MANAGEMENT *(continued)*

33.3 Fair value of financial assets and liabilities *(continued)*

33.3.1 Fair value hierarchy *(continued)*

The movement in level 3 financial assets is as follows:

	2019 $	2018 $
Balance at beginning of year	**171,959**	161,787
Additions for the year	**13,308**	10,555
Disposals for the year	**(168)**	–
Transfers	**214**	–
Exchange adjustments on retranslation of overseas operations	**70**	(383)
	185,383	**171,959**

33.3.2 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	
	2019 $	2018 $	2019 $	2018 $
Financial assets				
Financial assets at amortised cost (Note 11)				
- Bonds	**614,621**	842,489	**608,860**	834,148
- Instalment credit and other accounts	**458,056**	406,289	**465,476**	412,733
- Hire purchase receivables	**39,923**	45,413	**53,656**	45,413
- Mortgages	**4,168**	4,851	**4,168**	4,851
	1,116,768	**1,299,042**	**1,133,160**	**1,297,145**
Financial liabilities				
Bank overdraft (Note 16)	**8,796**	26,511	**8,796**	50,640
Other Borrowings (Note 21)	**2,190,916**	2,293,905	**2,187,296**	2,293,725
Customers' deposits (Note 22)	**304,450**	342,146	**305,103**	343,327
	2,504,162	**2,662,562**	**2,501,195**	**2,687,692**

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.

34 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 mitigated by diversification across a relatively large portfolio of insurance contracts and geographical areas. The variability of risk is augmented by careful selection and execution of underwriting guidelines throughout our agency network, as well as the use of reinsurance arrangements.

Notes to the Consolidated Financial Statements

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

34 MANAGEMENT OF INSURANCE RISK *(continued)*

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 utilizes 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 utilization 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.

		2019			2018	
	General liabilities $	Reinsurers' share of liabilities $	Net liabilities $	General liabilities $	Reinsurers' share of liabilities $	Net liabilities $
Fire	**593,647**	**(533,480)**	**60,167**	1,027,800	(939,905)	87,895
Motor	**336,684**	**(28,630)**	**308,054**	319,913	(32,214)	287,699
Employers liability	**–**	**–**	**–**	–	–	–
Engineering	**133,626**	**(119,321)**	**14,305**	96,937	(77,231)	19,706
Other accident	**172,571**	**(40,524)**	**132,047**	171,472	(39,588)	131,884
Marine	**47,783**	**(36,887)**	**10,896**	33,387	(25,028)	8,359
	1,284,311	**(758,842)**	**525,469**	**1,649,509**	**(1,113,966)**	**535,543**

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.

		2019			2018	
	General liabilities $	Reinsurers' share of liabilities $	Net liabilities $	General liabilities $	Reinsurers' share of liabilities $	Net liabilities $
Barbados	**248,708**	**(104,593)**	**144,115**	270,397	(111,291)	159,106
St. Lucia	**48,042**	**(23,526)**	**24,516**	30,720	(14,745)	15,975
Antigua	**62,216**	**(33,253)**	**28,963**	64,729	(31,166)	33,563
St. Vincent	**20,219**	**(8,989)**	**11,230**	21,807	(10,001)	11,806
Trinidad	**178,136**	**(69,656)**	**108,480**	189,741	(77,385)	112,356
Other Caribbean	**726,990**	**(518,825)**	**208,165**	1,061,052	(869,378)	191,674
Asia and Europe	**–**	**–**	**–**	11,063	–	11,063
	1,284,311	**(758,842)**	**525,469**	**1,649,509**	**(1,113,966)**	**535,543**

34 MANAGEMENT OF INSURANCE RISK *(continued)*

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, 2019					
Average claim cost	10%	128,431	(75,884)	52,547	36,783
As at September 30, 2018					
Average claim cost	10%	164,959	(111,396)	53,562	40,171

35 DISPOSAL OF SUBSIDIARIES

The Group sold Massy Security Guyana (Inc) to Amalgamated Security Ltd on 7 March 2019 and the assets of Massy Technologies Applied Imaging (Trinidad) Ltd (MTAITL) to JDAP Holdings Limited on 30 September 2019. The following are the details of the assets and liabilities sold, the proceeds and the gain on sale.

	Massy Security Guyana (Inc) $	Massy Technologies Applied Imaging (Trinidad) Ltd $	Total $
Analysis of net assets sold			
Property, plant and equipment	4,559	24,532	29,091
Inventory	200	17,130	17,330
Trade and other receivables	7,764	27,370	35,134
Trade and other payables	(4,648)	(9,768)	(14,416)
Other (liabilities)/assets	(541)	6	(535)
Net assets	7,334	59,270	66,604
Proceeds, net of cash sold	22,801	79,496	102,297
Gain on sale	**15,467**	**20,226**	**35,693**

The sale of the assets and business of MTAITL described above was made to a management consortium which included two directors of MTAITL, an employee of Massy Ltd and an executive director of Massy Holdings Ltd. The disposal was an arms-length transaction on competitive terms and was managed by Ernst and Young independent of the purchasers. The transaction was approved by the full board of Massy Holdings Ltd (excluding the conflicted executive director) who were satisfied that the transaction was on the best terms among offers received and in the interests of the shareholders.

36 SUBSEQUENT EVENTS

Subsequent events include the amalgamations of Massy Gas Products Limited and Massy Petrochemicals Ltd and Massy Energy Engineered Solutions Ltd and Massy Energy Fabric Maintenance Ltd, both effective 3rd December, 2019.

Five Year Review

As at September 30. Expressed in Thousands of Trinidad and Tobago dollars

	2015	2016	2017	2018 Restated	2019
Income Statement Information					
Third party revenue	11,835,836	11,414,917	11,637,149	11,910,053	**11,958,666**
Operating profit before finance costs and rebranding costs	956,244	908,964	740,903	869,267	**925,640**
Operating profit before finance costs	956,603	908,964	740,903	869,267	**925,640**
Finance costs	(81,094)	(53,104)	(55,604)	(74,056)	**(72,369)**
Share of results of associates and joint ventures	46,032	29,289	68,993	78,853	**65,965**
Profit before tax	921,541	885,149	754,292	874,064	**919,236**
Effective tax rate	27%	31%	36%	35%	**33%**
Profit for the year from continuing operations	677,531	612,889	479,827	565,475	**613,232**
Loss for the year from discontinued operations	(9,217)	(76,729)	(67,986)	–	**–**
Profit/(loss) for the year	668,314	536,160	411,841	565,475	**613,232**
Profit attributable to owners of the parent	638,406	498,557	376,228	519,753	**563,164**
Basic earnings per share - from continuing operations ($.¢)	6.63	5.80	4.46	5.32	**5.76**
Basic loss per share - from discontinued operations ($.¢)	(0.10)	(0.70)	(0.61)	–	–
Total earnings per share ($.¢)	6.53	5.10	3.85	5.32	**5.76**
Balance Sheet Information					
Non current assets	4,572,670	4,868,757	5,003,706	5,010,838	**4,985,705**
Current assets	5,846,091	6,172,072	8,273,425	7,466,352	**7,339,368**
Total assets	10,418,761	11,040,829	13,277,131	12,477,190	**12,325,073**
Non current liabilities	2,408,065	2,503,307	2,530,141	2,467,002	**2,400,675**
Current liabilities	3,251,874	3,274,463	5,368,976	4,395,030	**3,977,457**
Total liabilities	5,659,939	5,777,770	7,899,117	6,862,032	**6,378,132**
Shareholder’s equity	4,522,452	5,004,710	5,137,132	5,384,821	**5,713,898**
Non-controlling interests	236,370	258,349	240,882	230,337	**233,043**
Equity	4,758,822	5,263,059	5,378,014	5,615,158	**5,946,941**
Cash	1,679,925	2,030,126	1,565,945	1,626,132	**2,073,058**
Debt	2,169,760	2,217,893	2,261,946	2,320,416	**2,199,712**
Balance Sheet Quality Measures					
Working Capital	2,594,217	2,897,609	2,904,449	3,071,322	**3,361,911**
Current Ratio	1.80	1.88	1.54	1.70	**1.85**
Quick Ratio	1.32	1.40	1.25	1.32	**1.46**
Total debt to shareholder’s equity	48.0%	44.3%	44.0%	43.1%	**38.5%**
Total debt to shareholder’s equity & debt	32.4%	30.7%	30.6%	30.1%	**27.8%**
Cash Flow Information					
Cash flow from operating activities	984,022	996,615	991,175	735,951	**805,869**
Cash flow from investing activities	(409,519)	(470,962)	(1,005,937)	(488,033)	**16,942**
Cash flow from financing activities	(497,419)	(197,166)	(510,597)	(177,947)	**(354,078)**
Net increase/(decrease) in cash, cash equivalents before exchange rate changes	77,084	328,487	(525,359)	69,971	**468,733**

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