



# YOUR STORY

AGOSTINI'S  
ANNUAL REPORT  
**2019**

YOU

RST

ORY

“



I'm a working actress and when the director yells 'cut' all I want to do is go home and relax. I don't want to think long and hard about cooking. Swiss spaghetti is my old faithful...easy, quick, and always hits the spot!

This brand is a staple in my home.

My comfort food!

”

# YOUR STORY

## *The* **THEME**

This concept highlights the people behind the Company!

### **OUR Story**

The Agostini story started 94 years ago. Today we are a very different Company to the one that began in 1925 and our history is rich with stories of how we have adapted over the years to an ever changing economic, political and business environment.

This was only possible because of the many dedicated, innovative and hardworking people who were responsible for the stewardship of the business over that time.

### **OUR story is really YOURS.**

YOUR story begins with the people who make our brands part of their daily lives, trusting OUR people to deliver products and services to enhance the quality of their lives.

YOUR story is also about OUR many shareholders who have placed their trust in us to help them achieve their financial goals.

OUR ability to adapt to the changing needs and desires of OUR customers and shareholders, is where YOUR story and OUR story collide!

**OUR STORY** BECOMES **YOUR STORY**

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# NOTICE OF MEETING

Notice is hereby given that the Seventy-sixth Annual Shareholders Meeting of Agostini's Limited, will be held at the Ballroom, Hilton Hotel, Lady Young Road, Port-of-Spain, Trinidad on Monday January 27, 2020 at 10am for the following purposes:-

1. To receive the Financial Statements for the year ended September 30, 2019 and reports of the Directors and Auditors thereon.
2. To appoint the following Director appointed during the year, and who being eligible offers himself for re-election.

Mr. T. Nicholas Gomez

3. To re-elect the following Directors who retire by rotation, and who being eligible, offer themselves for re-election.

Mr. Roger Farah  
Ms Lisa MacKenzie  
Mr. Christian Mouttet  
Mr. Francois Mouttet  
Mr. Rajesh Rajkumarsingh

4. To appoint the Company's Auditors, and to authorise the Directors to fix their remuneration.
5. To transact any other ordinary business of the Company.

By Order of the Board



Nadia James-Reyes Tineo  
Secretary  
December 6, 2019

Documents available for inspection:

No Service Contracts have been entered into between the Company and any of the Directors.

# CORPORATE SOCIAL RESPONSIBILITY

The Group's CSR activities again centered around the works and causes being supported by the Group's Foundation, the Victor and Sally Mouttet Foundation. The non receipt of tax free status for the Foundation again hampered the level of activity we could perform, but we are hopeful that we will be able to get BIR approval in the current financial year. The Foundation's funding partners of Agostini's Ltd, Victor E. Mouttet Ltd and Prestige Holdings Ltd will be able to increase their funding to the Foundation, once this BIR tax approval is received.

This year our Foundation's main initiatives were the funding of activities by the Dyslexia Association and our I-Care initiative, where the Foundation is providing eye testing and eye glasses to

Primary school students for a small payment, usually amounting to about 10% of the normal cost of providing such test and glasses.

We have now provided glasses to over 250 primary school students from 45 Primary schools in the East West corridor and Central areas. It is the intention to continue to add schools during this year and to find a way to cover all 400 plus primary schools in the coming years.

The Foundation's year end is June 30 and the Statement of Financial Position and P&L for the year ended June 30, 2019, as audited by Ernst & Young, is as follows.

## Victor and Sally Mouttet Foundation

### Statement of Financial position as at June 30, 2019

|  |             |
|--|-------------|
| <b>Assets</b>                            | <b>2019</b> |
| Cash and cash equivalents                | 1,383,992   |
| <b>Total assets</b> (Cash in Bank)       | 1,383,992   |
| <b>Equity and Liabilities</b>            |             |
| <b>Accumulated Fund</b>                  |             |
| Deficit                                  | (748,179)   |
|  | -----       |
| <b>Current Liabilities</b>               |             |
| Borrowings from Agostini Group Companies | 2,104,655   |
| Accounts payable & accruals              | 27,516      |
|  | -----       |
| <b>Total Liabilities</b>                 | 2,132,171   |
|  | -----       |
| <b>Total Equity and Liabilities</b>      | 1,383,992   |
|  | =====       |

Borrowings are the only source of cash until such time as we receive the BIR tax free approval, which will then allow the Foundation to receive contributions without having to pay tax.

Each subsidiary of the Group, including those in our Caribbean Distribution Partners JV in the region,

### Statement of Comprehensive Loss as at June 30, 2019

|  |             |
|--|-------------|
| <b>Income</b>                            | <b>2019</b> |
| Other Income                             | -           |
|  | -----       |
| <b>Expenses</b>                          |             |
| <b>Donation Expenses</b>                 |             |
| Dyslexia Association                     | 282,050     |
| Eye Glasses Initiative                   | 173,392     |
| T&T Citizens Alliance Against Crime      | 150,000     |
| Flood Victims                            | 70,000      |
| T&T Cancer Society                       | 25,000      |
| <b>Other Donations</b>                   |             |
| Other Expenses                           | 26,655      |
| EyeCare program Co-Ordinator's Fees      | 14,840      |
| Office Expenses                          | 5,597       |
| Interest and Bank Charges                | 645         |
|  | -----       |
| Loss transferred to the accumulated fund | 748,179     |
|  | =====       |

contribute 1% of their prior year's after tax profit to their CSR activities. For the Trinidad companies, the majority goes towards funding the Group's Foundation activities, while in the islands, they also donate directly to various causes in their countries. The donations that were above TT\$10,000 are noted below, with the other smaller ones noted as one figure.





***Dyslexia Association's teachers training class presentation function – April 2019***

*Graduating class of the Dyslexia Association's Dyslexia training program delivered by Dr. Tim Conway sponsored by the Group's "Victor & Sally Mouttet Foundation" in April 2019*

|  | \$        |
|--|-----------|
| <b>Guyana</b> - Civil Defense Commission re Drought in Amerindian Regions          | 45,580    |
| <b>St. Lucia</b> - A. Lee William painting sponsorship                             | 16,315    |
| - Uptown Garden Girls center   | 18,661    |
| - Cornerstone House for homeless persons   | 20,792    |
| <b>St. Vincent</b> - Volcanoes Football Club                                       | 12,500    |
| - Medical assistance C. Cordice  | 12,500    |
| - Medical assistance I. Blackman   | 14,475    |
| <b>Trinidad</b> - Living Water Community   | 10,000    |
| - Funeral assistance for Sherma Joseph   | 10,000    |
| - Medical surgery assistance for K.A. MacKay                                       | 10,000    |
| - Kids in Need of Direction  | 13,323    |
| - Pharmacy School  | 16,000    |
| - Nelson Street Girls Primary Project Care school refurbishment                    | 20,429    |
| - United Way   | 23,062    |
| - Caricom Private Sector initiative  | 68,000    |
| - 31 Deeds of Covenant to Charitable bodies  | 87,000    |
| - Flood relief hampers and assistance  | 295,816   |
| Other donations by Group companies across the region that were under \$10,000 each | 470,968   |
|  | -----     |
| Total donations, other than those made by the Group's Foundation                   | 1,165,421 |
|  | =====     |

## LONG SERVICE AWARDS



*40 year awardees - Brian Salandy and Una Ryan with Christian Mouttet - Group Chairman (missing from picture: Casper Roberts & Carmen Chimming)*



*35 year awardees - Norris Sheppard, Christian Mouttet - Group Chairman, Lisa Reid, Yvonne Reid Cuthbert, John Guerra (missing from picture: Curtis Tinto and Duahbatee Rampersad)*



*30 year awardees - Maqsood Ali, Christian Mouttet - Group Chairman, Roger Farah, Richard Ali and Chandanee Diaram*





## RECOGNITION AWARD

*Recognition award for 2018 received by Curis Technologies Ltd from GE Healthcare's at the CALA North Commercial and Service meeting held in Bogota Columbia in February 2019.*

*Pictured in the photo with the award are Curis' Service Manager Richard Rubli, Cheryl Hernandez Sales & Marketing Manager and Stefan Crouch, Curis' General Manager.*



## TRAINING

### *Graduate Trainee Program*

*Our Group held a 12 month Graduate Management Trainee program, facilitated by the Arthur Lok Jack Global School of Business over the period June 2018 to June 2019.*

*Pictured above are 4 of the Graduates, left to right: Shanice Yorke, Joel Dalrymple, Talia Dubrisingh and Leah-Marie Marsang. The fifth person to Graduate, Steffi Suraj, is missing, as she was overseas on the day of the graduating ceremony*

# YOUR STORY



This sport is all about what gets you to the finish line. When I'm geared up, I need to trust the brands and people behind me. I am proud to use the Mobil brand.





## SUBSIDIARY DIRECTORS LIST



**SMITH ROBERTSON**

**ANTHONY AGOSTINI**  
Chairman

**ROGER FARAH**  
CEO / Director

**INDERA MAHARAJ**  
Director

**MICHELE STAGG**  
Director

**NICOLE RAMJOHN**  
Finance Director/ Secretary

**CHRISTIAN E. MOUTETT**  
Non-Exec Director



**ROGER FARAH**  
Chairman

**ANTHONY AGOSTINI**  
Non-Exec Director

**NICOLE RAMJOHN**  
Non-Exec Director

**STEFAN CROUCH**  
General Manager



**ANTHONY AGOSTINI**  
Chairman

**ANDREW PASHLEY**  
CEO / Director

**ROGER RODRIGUEZ**  
Director

**CHRISTOPHER BERNARD**  
Non-Exec Director

**ROGER FARAH**  
Non-Exec Director



**ANTHONY AGOSTINI**  
Chairman

**WAYNE BERNARD**  
CEO/Director

**JEAN PAUL ROSTANT**  
Director

**CHRISTOPHER BERNARD**  
Non-Exec Director

**ROGER RODRIGUEZ**  
Non-Exec Director

**VANITA BALROOP**  
Secretary



**CHRISTIAN MOUTTET**  
Chairman

**GLENN MAHARAJ**  
CEO/Director

**JOHN ABOUD**  
Non-Exec Director

**ANTHONY AGOSTINI**  
Non-Exec Director

**LISA MACKENZIE**  
Non-Exec Director

**JOSEPH RAHAEL**  
Non-Exec Director



**CHRISTIAN E. MOUTETT**  
Chairman

**ANTHONY AGOSTINI**  
Non-Exec Director

**RAJESH RAJKUMARSINGH**  
Non-Exec Director / Secretary

**BLAINE CHEE PING**  
General Manager



## SUBSIDIARY DIRECTORS LIST



Caribbean Distribution Partners Limited

### CHRISTIAN MOUTTET

Chairman

### ANTHONY AGOSTINI

Director

### ANTHONY ALI

Director

### CHARLES HERBERT

Director

### WILLIAM PUTNAM

Director

### RAJESH RAJKUMARSINGH

Director

### TRACEY SHUFFLER

CEO



CDP Trinidad Limited

### CHRISTIAN MOUTTET

Chairman

### ANTHONY ALI

Director

### ANTHONY AGOSTINI

Director

### FRANCOIS MOUTTET

Director

### PETER WELCH

Director

### TRACEY SHUFFLER

Director

### RAJESH RAJKUMARSINGH

Director



## SUBSIDIARY DIRECTORS LIST



**CHRISTIAN MOUTTET**  
Chairman

**CHRISTOPHER ALCAZAR**  
CEO / Director

**DIRK MARIN**  
Director

**FRANCOIS MOUTTET**  
Director

**ANTHONY AGOSTINI**  
Non-Exec Director

**ANTHONY ALI**  
Non-Exec Director

**MARC MOUTTET**  
Non-Exec Director

**TRACEY SHUFFLER**  
Non-Exec Director

**PETER WELCH**  
Non-Exec Director

**JENNY CHANDLER**  
CFO / Secretary



**TRACEY SHUFFLER**  
Chairman

**JIMMY FORDE**  
CEO / Director

**ANTHONY AGOSTINI**  
Non-Exec Director

**WILLIAM PUTNAM**  
Non-Exec Director

**RAJESH RAJKUMARSINGH**  
Non-Exec Director

**CARLOS JAMES**  
CFO/ Secretary



**TRACEY SHUFFLER**  
Chairman

**VIDIA WOODS**  
CEO / Director

**ANTHONY AGOSTINI**  
Non-Exec Director

**ANTHONY ALI**  
Non-Exec Director

**RAJESH RAJKUMARSINGH**  
Non-Exec Director

**NICOLE STOREY**  
CFO/ Secretary



**ANTHONY AGOSTINI**  
Chairman

**SHARON GUNNESS  
BALKISSOON**  
CEO / Director

**SHERRAND MALZAR**  
Finance Director/ Secretary

**RAVI PERSAD**  
Director

**ANTHONY ALI**  
Non-Exec Director

**LISA MACKENZIE**  
Non-Exec Director

**RAJESH RAJKUMARSINGH**  
Non-Exec Director

**TRACEY SHUFFLER**  
Non-Exec Director

**PETER WELCH**  
Non-Exec Director





## SUBSIDIARY DIRECTORS LIST



**TRACEY SHUFFLER**  
Chairman

**MICHELLE KALLOO**  
CEO

**CHELAN BOXHILL**  
Finance Director /  
Secretary

**ANTHONY AGOSTINI**  
Non-Exec Director

**ANTHONY ALI**  
Non-Exec Director



**TRACEY SHUFFLER**  
Chairman

**JUAN BAILEY**  
CEO

**BRIAN SYLVESTER**  
Director

**ANTHONY AGOSTINI**  
Non-Exec Director

**YOLANDE RADIX**  
Non-Exec Director

**KEN SYLVESTER**  
Non-Exec Director

**KELLY JOSEPH**  
CFO / Secretary



**DeSinco Limited**

**FRANK DEABREU**  
Chairman

**ALICIA DEABREU**  
Director

**ANTHONY AGOSTINI**  
Non-Exec Director

**DEOMATTIE DEABREU**  
Non-Exec Director

**CHRISTIAN MOUTTET**  
Non-Exec Director

**RAJESH RAJKUMARSINGH**  
Non-Exec Director

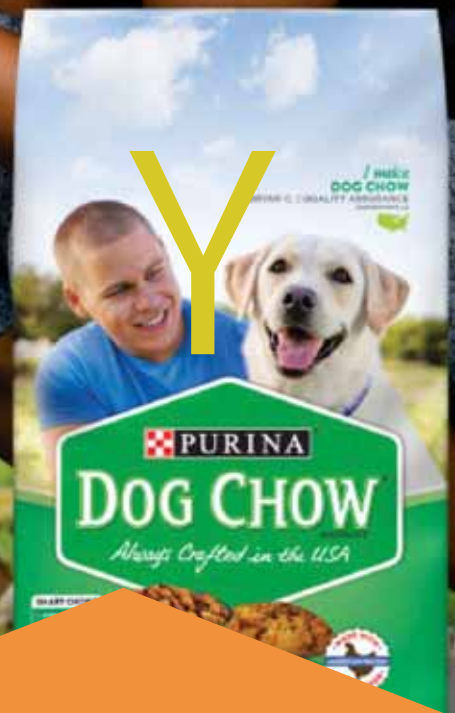
**TRACEY SHUFFLER**  
Non-Exec Director

**DAVON KELLAWAN**  
CFO/ Secretary

YOU

RST

ORY



“

He's not a pet, he's part of my family. My friends laugh at me when I say I did my research in pet food, but I want him to have the best! Let them laugh. At the end of the day, he is well taken care of. The best for the best!

”

# BOARD OF DIRECTORS

## ► BACK ROW: LEFT TO RIGHT

### ROGER A. FARAH

*Non-Executive Director  
CEO/Director of Smith Robertson & Company Ltd.  
Director since 2010*

### BARRY A. DAVIS

*Non-Executive Independent Director  
Financial Controller of Atlantic LNG  
Company of Trinidad & Tobago  
Director of RBC Investment Management  
(Caribbean) Limited, RBC Merchant Bank  
(Caribbean) Limited, RBC Trust  
(Trinidad and Tobago) Ltd.  
Director since 2007  
Chairman of the Audit & Risk  
Committee and Member of the Corporate  
Governance and Nomination Committee*

### CHRISTIAN E. MOUTTET

*Chairman of Agostini's Ltd.  
Chairman/ CEO of Victor E. Mouttet Ltd.  
Chairman of Prestige Holdings Ltd.  
Director since 2010  
Member of the Corporate Governance  
& Nomination and of the Human  
Resources & Compensation Committees*

### ANTHONY J. AGOSTINI

*Managing Director of Agostini's Ltd.  
Director of Caribbean Finance Company Ltd.  
Director since 1990*

### AMALIA L. MAHARAJ

*Non-Executive Director  
Partner of Pollonais, Blanc, De la Bastide & Jacelon  
Director since 2011  
Member of the Audit & Risk Committee  
Director on InvesTT Limited and Chairperson  
of the Salaries Review Commission*

### REYAZ W. AHAMAD

*Non-Executive Director  
Chairman of Caribbean Finance Company Ltd.  
Director of Southern Sales & Service Co. Ltd. and  
President of the Trinidad and Tobago Chamber  
of Industry and Commerce  
Director since 1996  
Chairman of Human Resources & Compensation Committee*

### RAJESH RAJKUMARSINGH

*Finance Director of Agostini's Ltd.  
Chairman of Electrical Industries Group Ltd.  
Director since 2016*

## ► MIDDLE ROW: LEFT TO RIGHT

### T. NICHOLAS GOMEZ

*Non-Executive Independent Director  
Executive Chairman of Gravitass Business Solutions Ltd.  
Director of Pan American Life Insurance Company of  
Trinidad & Tobago, Massy United Insurance Ltd.,  
Massy Transportation Group Limited, Massy Finance GFC Ltd,  
Massy Remittance Services (T&T) Ltd.,  
Unilever Caribbean Ltd., G.A.Farrell & Associates Ltd.,  
Laughlin & De Gannes Ltd./ Process Components Ltd.  
and The General Building and Loan Association  
Director since 2019  
Member of Audit and Risk Committee*

### E. GILLIAN WARNER-HUDSON

*Non-Executive Independent Director  
Management Consultant  
Director since 2009  
Chairman of the Corporate Governance  
& Nomination Committee  
Member of the Human Resources  
& Compensation Committee*

### FRANCOIS N. MOUTTET

*Executive Director of Vemco  
Director of CDP Trinidad Ltd.  
Director since 2016*

## ► FRONT ROW: LEFT TO RIGHT

### LISA M. MACKENZIE

*Non-Executive Independent Director  
Finance Director of Access & Security Solutions Ltd.  
Director of Scotiabank Trinidad & Tobago Ltd.  
and Scotialife Trinidad & Tobago Ltd.  
Director since 2004  
Member of the Audit & Risk Committee*

### GREGOR NASSIEF

*Non-Executive Independent Director  
CEO of Cerca Technology  
Director/Owner of Secret Bay (Dominica)  
Executive Chairman of Fort Young Hotel (Dominica)  
Director since 2012*

### Nadia James-Reyes Tineo

*Company Secretary / Legal Counsel  
Director of Airports Authority of Trinidad & Tobago  
Company Secretary since 2019*


FOLD OUT SPREAD PLACE HOLDER



# MEMBER COMPANIES OF THE GROUP



**SMITH ROBERTSON**


100% OWNERSHIP  
 TRINIDAD & TOBAGO

Founded in 1894, Smith Robertson today, is the amalgamation of the original company with Vemco Pharmaceutical division, Hand Arnold Pharmaceutical and Agostini Pharmaceutical. They are distributors of a wide range of Pharmaceutical and Personal Care products.



Roger Farah, CEO




100% OWNERSHIP  
 TRINIDAD & TOBAGO

Curis offers a range of GE and other medical technology solutions and medical supplies.



Stefan Crouch, General Manager




100% OWNERSHIP  
 TRINIDAD & TOBAGO

Trinidad's first "big box" pharmacy and convenience store was opened in 2005. Today they have nine Superpharm outlets and two Presto convenience stores across Trinidad.



Glenn Maharaj, CEO




100% OWNERSHIP  
 TRINIDAD & TOBAGO

Formerly known as Agostini Marketing, this Company has been involved in supplying building products and contracting services since the early 1960's.



Andrew Pashley, CEO



92% OWNERSHIP  
 TRINIDAD & TOBAGO


Formerly English Drilling Equipment Company formed in 1951 and acquiring Petroavance Trinidad in 2000, Rosco Petroavance supplies oil well, gas, rig, industrial and lubricant products and maintenance services.



Wayne Bernard, CEO



**AGOSTINI**  
Guyana Inc.

100% OWNERSHIP  
 GUYANA

This company has two divisions. One in the Building and Interior Contracting area and one in due course, in the rental of the warehouses we are soon to begin constructing.



Blaine Chee Ping, General Manager



# CDP MEMBER COMPANIES



Caribbean Distribution Partners Limited

50% JOINT VENTURE  
WITH GODDARD ENTERPRISES LTD.

Formed in 2015 as a JV Company jointly owned with Goddard Enterprises Ltd of Barbados. It is the parent company of our seven FMCG and manufacturing companies operating in six regional markets.



Tracey Shuffler, CEO



100% OWNERSHIP  
TRINIDAD & TOBAGO

One of Trinidad & Tobago's leading FMCG distribution companies over the past 61 years. Among the many brands they distribute, is their own Swiss range. They also have manufacturing operations, producing Swiss condiments and pasta and packaging Kerrygold milk powder.



Christopher Alcazar, CEO



100% OWNERSHIP  
TRINIDAD & TOBAGO

Another of Trinidad and Tobago's leading distribution companies, who at 99 years old, distributes a diverse range of FMCG products, including their flagship owned brand, Moo!.



Sharon Gunness-Balkissoon, CEO



100% OWNERSHIP  
ST. VINCENT

One of St. Vincent and the Grenadines' oldest companies formed 173 years ago. The country's largest distributor of FMCG products. They also operate a Foodmart in Kingstown, the Foodstore on the island of Mustique and a similar one at Canouan's new Sandy Lane Yatch Club.



Jimmie Forde, CEO



HANSCHELL INNIS  
100% OWNERSHIP  
BARBADOS

With roots going back to the 1930's, Hanschell Inniss is one of Barbados' largest FMCG distribution companies.



Vidia Woods, CEO

# CDP MEMBER COMPANIES



100% OWNERSHIP



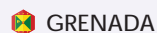
ST. LUCIA

Another of our long standing FMCG companies dating back to 1890, Peter & Co is one of St Lucia's largest and most progressive distributors and also operates six retail outlets.

Michele Kalloo, CEO



55% OWNERSHIP



GRENADA

Our 45 year old Grenadian distributor of FMCG products, is one of their countries most recognized distributors. They also operate CK's Foodmart.

Julian Bailey, General Manager



**DeSinco Limited**

51% OWNERSHIP



GUYANA

With 38 years of experience in the FMCG business, Desinco in Guyana is fast becoming a major distributor in that country. They also operate a "Cash and Carry" in the capital city.

Frank deAbreu, Managing Director



# GROUP COMPANIES OF THE YEAR



## Sales Under \$300m

*Senior management of Rosco Petroavance Limited with the Company of the Year trophy for Companies with sales under \$300m.*

*Left to right:*

*Jean Paul Rostant, Sales Director; Vanita Kublalsingh, CFO/Company Secretary; Wayne Bernard, CEO/Director; Eugene Sylvester, Sales and Marketing Manager.*



## Sales Over \$300m

*Senior Management of Hand Arnold with the Company of the Year trophy for Companies with sales over \$300m.*

*Left to right:*

*Sherrand Malzar, Finance Director / Company Secretary; Sharron Gunness-Balkissoon, CEO / Director; Ravi Persad, Sales Director.*





# CHAIRMAN'S REMARKS

I am pleased to report that for Fiscal 2019, Agostini's enjoyed a successful year as measured by improvements in all of our key financial performance indicators, the strong performance of our core proprietary and international brands, and the ability of our people to execute on the company's two core objectives: sustainable long term growth and financial strength. Our company, at every level, is operated by a group of dedicated, forward thinking and hardworking people and on behalf of the board, I would like to offer our sincere thanks and gratitude.

Group sales increased by 1% to \$3.3B and profit attributable to Shareholders increased by 6% to \$122m, up from \$114m in the prior year. However, when the gain and loss on revaluation of Investment Property from both periods are netted off, our profit improved a solid 15% in 2019, when compared to the prior year. Earnings per share was \$1.76 vs \$1.66 in 2018.

## Operational Review

Our three Business Segments all experienced improved operating results in 2019 despite continued challenges in the domestic and regional markets. These results are attributable primarily to improved operating margins, strong cost management and improved efficiency as a result of ongoing investments in people capability, logistics and operations. We expect additional cost and efficiency benefits from these investments in the near to medium term.

Smith Robertson and its subsidiary Curis Technologies both had improved operating results. SuperPharm also posted improved results and in a dynamic retail environment, is identifying and responding to changes in customer's needs, convenience, value and product offering. What remains constant is the trust and confidence that our customers have placed in us in looking after their health care needs.

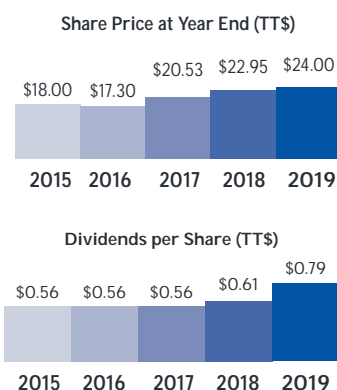
Christian Mouttet, Chairman

While the operating performance in our Construction and Industrial segment improved marginally when compared to prior year, activity in the construction and interior outfitting sectors remains anemic at best and the sales and profitability at Agostini Building Solutions continues to be impacted in this depressed sector. Conversely, Rosco Petroavance had a strong year with improvements being experienced in some sectors of the energy industry and the continued expansion in our lubricants business.

Caribbean Distribution Partners had a good year on the back of solid performances in our core proprietary and international brands and improved operational efficiencies. All of our markets, with the exception of Barbados, posted improved sales and profitability. The Barbados economy is very much still in recovery mode after years of economic decline and the significant fiscal measures that have been put in place to return that economy to growth. In Trinidad and Tobago, as announced in my Third Quarter Report, our Vembev division was integrated into Vemco and Hand Arnold and we are already seeing a positive impact on our beverage brands from this decision. In December we will open our new cold storage facility in Aranguez which will allow us to improve our cold chain logistics as well as the quality and capacity of our cold chain distribution. Early in 2020, we will begin construction of a new state of the art distribution center in Diamond, St. Vincent which will expand our capacity and significantly improve the quality of the Coreas operation there.

## Dividend

I am happy to advise that your board has approved an increased final dividend of 54 cents (38 cents in 2018) and which with the interim dividend of 25 cents, will bring the Company's dividend for the year to 79 cents, compared to 61 cents in 2018. This dividend will be paid on January 27, 2020 to shareholders on the register of members on January 2, 2020. The Company's register of members will be closed on from January 3rd to 6th, 2020.



## Outlook

Looking forward, I believe that our group is well positioned in the industries and segments in which we operate. Having said that, in recent years the speed with which change is taking place across all economies and industries is unprecedented, and as a result we are constantly evaluating our business structures and processes, technology and people capabilities. One leading management consultant who recently met with our executives and directors stated "the worst mistake you can make is do the right thing for too long". While this is certainly not the best advice to give your children, it may be worth considering when evaluating how businesses remain relevant and thrive in this dynamic environment. In the year and years ahead, our success will be very much determined by our ability to manage and influence change in our industries, and not just reacting to it.

## Acknowledgements

It is to the credit of our management, partners, associates, staff and customers, that we have ended the year with improved results. On behalf of the Board I extend our thanks to all of them and look forward to their continued support. As always, I extend my personal gratitude to the Management and my fellow Directors for their dedication, wisdom and counsel

Lastly, I would like to especially thank Barry Davis who, after 12 years, will be retiring from our board after the upcoming annual meeting of shareholders. Barry has made a sterling contribution to our board's deliberations over the years and was Chairman of our Audit and Risk Committee for most of that time. I thank him on our shareholder's behalf for his many years of sound advice and dedicated service.

**Christian Mouttet**

*Chairman*

November 27, 2019



YOU

REST

ORRY

“

I cannot live without Blue Band. I have been baking and cooking for my friends and family my whole life. When you are known for certain dishes, it's special ingredients that make them stand out from the rest. My corn pie!!

That's the winner right there!

”

  
**vemco**  
A Division of CDP Trinidad Ltd

# MANAGEMENT DISCUSSION & ANALYSIS

## Sustainable Long Term Growth & Financial Strength

The Group overcame strong headwinds, including largely stagnant economies, shortages in foreign exchange and rising costs, to end the year with a 15% growth in profit before comparing property revaluation gains in the prior year and loss this year.

Our performance is due, in no small part, to the focus on our core objectives and attendant initiatives. The CDP Joint Venture with Goddard Enterprises was completed in July 2015 and has provided the Group with geographical diversification and insulated us from the effects of fluctuations in the Trinidad & Tobago market. The development of our proprietary brands, such as Moo, Swiss, SuperPharm, Presto and Peardrax, ensures steady revenue, despite changes in international distribution arrangements. In addition, our investment in developing brand equity will continue to benefit the Group well in to the future. These investments along with other initiatives, over the last five years, have added value and resulted in increasing returns for our shareholders.

The results have also led to a low gearing ratio of 12%, down from 17% in the prior year, and improved cash flow. We ended the year with \$162 million in cash and cash equivalents, up from \$127 million a year earlier. These strong positions will ensure that we are poised to take advantage of opportunities to further grow and diversify the Group's business.

### Divestiture of Property

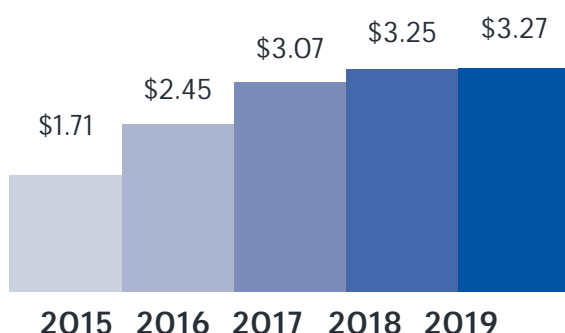
In December 2019, the Group sold the property at 4 Nelson Street, Port of Spain. This location had been the Group's head office for many years, but following the relocation of the operations to various properties in El Socorro South, the property remained vacant and available for sale for the last four years. While we registered a loss of \$2m on the sale, having accepted a price below the current valuation, the property was not generating any returns and the cash received of \$ 25 million, can now be deployed more productively.



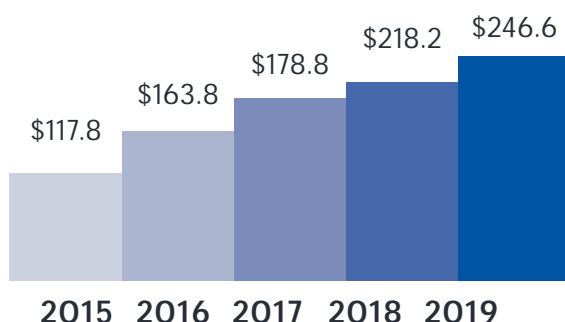
Anthony Agostini, Managing Director

## MANAGEMENT DISCUSSION & ANALYSIS (continued)

Turnover TT\$ Billion



Operating Profit TT\$ million



## Review of our operations

### PHARMACEUTICAL AND PERSONAL CARE SMITH ROBERTSON, CURIS TECHNOLOGIES & SUPERPHARM

**Smith Robertson** was able to improve profitability through further penetration of the private market, despite reduced government spending and the loss of sales to the Petrotrin employee medical program.

**Curis Technologies** which distributes GE Healthcare solutions had improved sales and profits in 2019 and significantly enhanced its service offering. Its order book for 2020 is robust and they can be expected to have a good year as a result.

#### SuperPharm

During the year much work was done on improving the service level and product offering in our 9 SuperPharm “big box pharmacies” and 2 Presto convenience stores. Speed of service, competitive pricing and customer service throughout the store, were focused on and improved. We continue to review areas for additional locations to grow these brands.

| 10 Year Financial Review                                      | 2019<br>\$'000 | 2018<br>\$'000 | Revised<br>2017<br>\$'000 | 2016<br>\$'000 | Revised<br>2015<br>\$'000 | 2014<br>\$'000 | Revised<br>2013<br>\$'000 | Revised<br>2012<br>\$'000 | 2011<br>\$'000 | 2010<br>\$'000 |
|---|----------------|----------------|---------------------------|----------------|---------------------------|----------------|---------------------------|---------------------------|----------------|----------------|
| Group Turnover  | 3272,135       | 3252,447       | 3073,240                  | 2453,713       | 1706,617                  | 1359,383       | 1312,703                  | 1293,887                  | 1255,743       | 856,702        |
| Profit Before Taxation  | 218,578        | 200,863        | 153,471                   | 143,628        | 107,353                   | 107,145        | 87,156                    | 90,242                    | 87,434         | 57,354         |
| Profit for the Year   | 162,903        | 145,398        | 109,612                   | 96,752         | 75,422                    | 80,546         | 62,580                    | 65,217                    | 61,523         | 40,371         |
| Net Profit Attributable to<br>Agostini's Limited Shareholders | 122,018        | 114,708        | 92,520                    | 89,034         | 77,248                    | 79,932         | 61,946                    | 64,770                    | 61,275         | 24,780         |
| Dividend Amount   | 43,535         | 39,389         | 38,698                    | 32,874         | 32,874                    | 32,287         | 26,984                    | 25,811                    | 24,611         | 10,241         |
| Times covered   | 2.80           | 2.91           | 2.39                      | 2.71           | 2.35                      | 2.48           | 2.30                      | 2.51                      | 2.49           | 2.40           |
| Issued Stock Units ('000)                                     | 69,104         | 69,104         | 69,104                    | 58,704         | 58,704                    | 58,704         | 58,704                    | 58,662                    | 58,608         | 58,583         |
| Stockholder's Equity  | 1,142,447      | 1,069,365      | 885,029                   | 642,198        | 581,272                   | 554,058        | 494,513                   | 446,964                   | 402,773        | 358,933        |
| Dividend per Stock Unit                                       | 61¢            | 57¢            | 56¢                       | 56¢            | 56¢                       | 55¢            | 46¢                       | 44¢                       | 42¢            | 20¢            |
| Earnings per Stock Unit                                       | 176.0¢         | 166.0¢         | 134.0¢                    | 151.7¢         | 131.6¢                    | 136.2¢         | 105.5¢                    | 110.5¢                    | 104.9¢         | 74.7¢          |
| Net Assets  | 1481,410       | 1371,638       | 1134,195                  | 807,532        | 736,478                   | 555,305        | 495,582                   | 561,494                   | 485,668        | 443,646        |



## MANAGEMENT DISCUSSION & ANALYSIS

(continued)

### FAST MOVING CONSUMER GOODS (FMCG)

Caribbean Distribution Partners Limited (CDP), our Joint Venture with Goddard Enterprises of Barbados, had another excellent year. Sales were up 1% and after tax profit up by 34%.

The CDP companies finished the year with revenues of \$2.1 billion, with 54% [54% in 2018] of the turnover coming from the businesses in Barbados, Guyana and the OECS combined, while the remaining 46% [46% in 2018] was generated from the Trinidad and Tobago based businesses.

### HAND ARNOLD

Hand Arnold had a record year for profit, achieved via increased sales and margin and an improvement in their productivity ratio. Most noteworthy would be the performance of the Anchor prepack and bulk cheddar cheese products and our own brand of "Moo" milk products.

This company took over the marketing and distribution of the Peardrax and Cydrax brands for the last 2 months of the financial year. We expect this to result in improved performance and efficiencies.

During the year, construction of a new cold storage facility commenced and will be occupied later this month. This will facilitate improved cold chain distribution and reduce our overall cost of cold storage for the Trinidad companies in the Group.

Hand Arnold was awarded the Group's Company of the Year for Companies with sales over \$300 million.

### VEMCO

Vemco had another good year. This year we were appointed the distributor for the Upfield brand of spreads, including Blue Band, Golden Ray and I Can't Believe it's Not Butter, previously supplied by Unilever. The Company also introduced the St Mary's line of snacks and the Lipton ice tea range. The Company continues to expand the range under the Swiss brand and has many new product offerings in the pipeline.

This company also took over the marketing and distribution of the Pepsi beverage range for the last two months of the financial year. The products are complementary to their existing beverage division as well as their growing penetration of the food service industry.

Near the end of the financial year Vemco commissioned its new 12,700 sq ft Air Conditioned warehouse, where "heat sensitive" products will be stored, to ensure their freshness is preserved.

### VEMBEV

Our beverage distribution division was restructured at the start of the financial year and was able to significantly reduce its operating costs by over \$10 million. It was clear however that the level of returns this division would be able to achieve, as a standalone unit, would not meet our "hurdle rate" for capital invested. As a result it was decided to cease operations at the end of July 2019 and to transfer Vembev's beverage products to the Group's two other distribution divisions, Vemco and Hand Arnold, as noted above. We expect to achieve cost savings and improved efficiencies from this decision.

### HANSHELL INNISS

Hanschell Inniss (HIL) in Barbados, continues to operate in a very difficult economic environment. The Company had to absorb an one off write down of its deferred tax asset, as a result of tax losses now valued at the reduced corporation tax rate of 3.9% for Hanschell, now in effect in that country, and significantly increased water, sewage and electricity rates of BDS\$890,000. The full benefit of the lower tax rates will be enjoyed from the current financial year.

Significant enhancing of its distribution offices were completed during the year as well as upgrading of its warehouse.

### COREAS, PETER & CO AND INDEPENDENCE AGENCIES

Our three OECS Companies, Coreas Distribution in St Vincent, Peter and Company in St Lucia and Independent Agencies in Grenada, all had improved results in the year under review and have positioned themselves for continued growth in the year ahead.

### DESINCO

The Company had another good year and has positioned itself to be a strong distributor in the FMCG area in Guyana. We added several lines in 2019 and will be expanding further in 2020.

## MANAGEMENT DISCUSSION & ANALYSIS (continued)

### INDUSTRIAL & CONSTRUCTION PRODUCTS & SERVICES CONSTRUCTION

Agostini Building Solutions [ABS] continues to operate in a very depressed construction environment. At the end of December it will be closing its two Agostini Interior outlets and transferring its paint and ceiling fan lines to another retail operator. Its commercial customers will then be serviced through a "depot" being established at its main location in El Socorro South.

### ENERGY & INDUSTRIAL PRODUCTS AND SERVICES

Rosco Petroavance had an excellent year, ably assisted by its growing Mobil lubricant business.

It was the Group's Company of the Year in the "Under \$300m sales category".

### GUYANA

We have completed designs of the warehouse and office complex that we will be constructing on a section of the 17 1/2 acres of land we acquired in the Houston area. The final approvals are expected shortly and we hope to commence construction early in 2020. We will also be starting operations in February of a company which will distribute building supplies and industrial products and offer contracting services, similar to Agostini Building Solutions, which we have operated in Trinidad for the past 50 plus years.

### CORPORATE SOCIAL RESPONSIBILITY

This year, the Group's Foundation, the Victor & Sally Mouttet Foundation, continued to support its main two areas of Health and Education, through its sponsorship of the Dyslexia Association and its Primary School Eye Glasses initiative. Details of the Group's CSR activities can be found on pages 6 to 7.

| INFORMATION BY SEGMENT              | Third Party Turnover |                | Operating Profit |                |
|-------------------------------------|----------------------|----------------|------------------|----------------|
|                                     | 2019<br>\$'000       | 2018<br>\$'000 | 2019<br>\$'000   | 2018<br>\$'000 |
| Pharmaceutical and Personal Care    | 943,112              | 948,720        | 109,585          | 98,566         |
| Fast Moving Consumer Goods          | 2142,134             | 2125,134       | 113,072          | 94,415         |
| Industrial, Construction & Holdings | 186,889              | 178,593        | 23,921           | 25,214         |
|                                     | 3272,135             | 3252,447       | 246,578          | 218,195        |

| INFORMATION BY SEGMENT              | Group Assets Employed |                | Employees at Year End |                |
|-------------------------------------|-----------------------|----------------|-----------------------|----------------|
|                                     | 2019<br>\$'000        | 2018<br>\$'000 | 2019<br>\$'000        | 2018<br>\$'000 |
| Pharmaceutical and Personal Care    | 632,736               | 629,185        | 664                   | 671            |
| Fast Moving Consumer Goods          | 1379,488              | 1343,631       | 1,738                 | 1,904          |
| Industrial, Construction & Holdings | 525,212               | 507,974        | 180                   | 191            |
|                                     | 2537,436              | 2480,790       | 2,582                 | 2,766          |



## MANAGEMENT DISCUSSION & ANALYSIS

(continued)

| FINANCIAL HIGHLIGHTS                | 2019<br>\$'000 | 2018<br>\$'000 | % Increase/<br>(Decrease) |
|-------------------------------------|----------------|----------------|---------------------------|
| Gross Sales                         | 3,338,418      | 3,321,087      | 0.5%                      |
| Sales to Third Parties              | 3,272,135      | 3,252,447      | 0.6%                      |
| Operating Profit                    | 246,578        | 218,195        | 13.0%                     |
| Profit before Tax                   | 218,578        | 200,862        | 8.8%                      |
| Profit for the Year                 | 162,903        | 145,397        | 12.0%                     |
| Profit attributable to Shareholders | 122,018        | 114,707        | 6.4%                      |
| Stock Units In Issue ('000)         | 69,104         | 69,104         | 0.0%                      |
| Earnings per Share                  | \$ 1.76        | \$1.66         | 6.0%                      |
| Total Dividends                     | 43,535         | 39,389         | 10.5%                     |
| Total Assets                        | 2,537,436      | 2,480,790      | 2.3%                      |
| Stockholder's Equity                | 1,142,447      | 1,069,365      | 6.8%                      |

### OUTLOOK FOR 2020

With 2020 being a General Election year in Trinidad & Tobago, it is normal to expect some uptick in Government spending and the consequent increased money in circulation "chasing consumer goods". While it seems that the "usual" spend will be somewhat tempered this time around, we still anticipate increased sales of consumer goods.

The Barbados Government has taken numerous tough decisions to direct that economy back on to a steady foundation. Although some seemed very onerous on business operations, few other options were available to them. It will however take some time for their economy to return to an environment favourable to facilitating consumer confidence and increased spending.

In the Eastern Caribbean countries of Grenada, St Vincent and St Lucia, we expect to be able to keep our companies on a growth path, albeit at lower levels than in the recent past.

As Guyana begins to receive "oil income" in the first quarter of 2020, we expect activity there to gradually increase and we are positioning ourselves to participate in any improvement in economic activity.

Your Group has strong and resilient operations in the six markets in which we operate. We have made progress in all of them in 2019 and we expect improved performance from all of them in 2020.



Anthony Agostini  
Managing Director  
December 6, 2019

# REPORT OF THE DIRECTORS

Your Directors have pleasure in presenting their report for the year ended September 30, 2019

## Financial Results

|   | \$'000        |
|---|---------------|
| Income for the year before taxation     | 218,578       |
| Less Taxation                           | (55,676)      |
| Profit for the Year                     | 162,902       |
| Less: Attributable to Minority Interest | (40,885)      |
| Net Income for the year after taxation  | 122,017       |
| Dividends - Interim                     | 17,276        |
| Final                                   | 37,316        |
| <b>Profit Retained for the year</b>     | <b>67,425</b> |

## Dividend

Based on the Group's results, the Directors have approved a final dividend of \$0.54, resulting in a total dividend of \$0.79 for the year.

## Directors

The following Director appointed during the year, Mr. T. Nicholas Gomez, and who being eligible offers himself for re election

The following Directors who retire by rotation, Mr. Christian Mouttet, Mr. Francois Mouttet, Mr. Rajesh Rajkumarsingh, Ms Lisa MacKenzie and Mr. Roger Farah, who being eligible, offer themselves for re-election.

## Auditors

The Auditor's, Ernst & Young, retire and being eligible, offer themselves for reappointment.

The directors are satisfied that the audited Financial Statements in this Report comply with applicable financial reporting standards, and present fairly in all material respects, the financial affairs of the Group.

By Order of the Board



Nadia James-Reyes Tineo

Secretary

December 6, 2019



# YOUR STORY



“The best part of coming here are the pharmacists. Very knowledgeable, very approachable, and there is never a question too small for them to answer. I need to know when I run into the pharmacy, I can get everything from a loaf of bread to advice on allergy medicine for my kids. This place is for people like me.”



# CORPORATE GOVERNANCE

## BOARD REPORT

The Board of the Company had four regular quarterly meetings and a Plans and Budget meeting. The average number of attendees at Board meetings were 10 out of 11.

## BOARD COMMITTEE MANDATES & COMMITTEES

### Corporate Governance & Nomination Committee

#### Members:

- ▶ Gillian Warner-Hudson (Chairman)
- ▶ Christian Mouttet
- ▶ Barry Davis.

The Committee makes decisions and recommendations to the board based on the following mandate:-

- ▶ Monitors best practices for governance worldwide and reviews the Company's governance practices to ensure they continue to exemplify appropriately high standards of corporate governance.

Recommends to the Board for consideration and adoption:

- ▶ The membership and mandates of Board Committees.
- ▶ The size and composition of the Board.
- ▶ Suitable candidates for nomination as Non-Executive Directors.
- ▶ Appointments to the Boards of Subsidiary, Affiliate and Associate Companies.

- ▶ The communication process between the Board and Management.
- ▶ Approval of the appointments of Executives to the Boards of companies within the Agostini's Limited Group.
- ▶ Reviews the Management's succession plans.
- ▶ Establishes and reviews policies and procedures with respect to transactions between the Company, its subsidiaries and affiliates and Related Parties, Executive Officers and Directors.
- ▶ Establishes and monitors an appropriate Code of Conduct for the Company, its Executives, Managers and Employees and considers and deals with all matters of an ethical nature involving Executives and Non-Executive Directors.
- ▶ Reviews annually, the mandates and composition of Board committees.
- ▶ Reviews the performance of Directors annually.
- ▶ Establishes and monitors an appropriate procedure governing the trading in the Company's securities by Directors and Officers.
- ▶ Addresses any matter of Corporate Governance as delegated by the Board from time to time.

This Committee met twice during the year.



## Audit & Risk Committee

### Members:

- ▶ **Barry Davis (Chairman)**
- ▶ **T. Nicholas Gomez**
- ▶ **Lisa Mackenzie**
- ▶ **Amalia Maharaj**

This Committee is responsible for :-

### *Financial Reporting*

To review, and challenge where necessary, the actions and judgments of management, in relation to the Company's financial statements, operating and financial review, interim reports, preliminary announcements and related formal statements before submission to, and approval by, the Board, and before clearance by the auditors. Particular attention is given to:

- ▶ Critical accounting policies and practices and the consistency of their application and any changes in them.
- ▶ Decisions requiring a significant element of judgement.
- ▶ The extent to which the financial statements are affected by any unusual transactions in the period and how they are disclosed.
- ▶ The clarity of disclosures.
- ▶ Significant adjustments resulting from the audit.
- ▶ The going concern assumption.
- ▶ The Company's ability to make proposed dividend payments.
- ▶ Compliance with accounting standards.
- ▶ Compliance with stock exchange and other legal requirements.
- ▶ The review of the annual financial statements of the pension funds and tri-annual actuarial valuations.
- ▶ Other matters referred by the Board.

### *Internal Audit*

- ▶ Monitors and reviews the effectiveness of the Company's Internal Audit function in the context of the Company's overall risk management system.
- ▶ Approves the appointment of the external provider or head of internal audit.
- ▶ Considers and approves the scope of the internal audit and ensures it has adequate resources and appropriate access to information to enable it to perform its function effectively and in accordance with the relevant professional standards. The Committee shall also ensure the function has adequate standing and is free from management or other restrictions.
- ▶ Reviews and assesses the annual internal audit plan.
- ▶ Reviews promptly all reports on the Company from the internal auditor.
- ▶ Reviews and monitors management's responsiveness to the findings and recommendations of the internal auditor.

### *External Audit*

- ▶ Oversees the Company's relations with the external auditor.
- ▶ Considers and makes recommendations on the appointment, reappointment and removal of the external auditor.
- ▶ Approves the terms of engagement and the remuneration to be paid to the external auditor in respect of audit services provided.
- ▶ Assesses the qualification, expertise and resources, effectiveness and independence of the external auditors annually.

### *Steps to consider include:*

- ▶ Seeking reassurance that the auditors and their staff have no family, financial, employment, investment or business relationship with the company (other than in the normal course of business).
- ▶ Seeking from the audit firm, on an annual basis, information about policies and processes for maintaining independence and monitoring compliance with relevant requirements.
- ▶ Monitoring the external audit firm's compliance with applicable ethical guidance.
- ▶ Discusses with the external auditor, before the audit commences, the annual audit plan including the nature and scope of the audit and appropriate levels of materiality.
- ▶ Reviews with the external auditors, the findings of their work, including any major issues that arose during the course of the audit and have subsequently been resolved and those issues that have been left unresolved; key accounting and audit judgements, levels of errors identified during the audit, obtaining explanations from management and, where necessary the external auditors, as to why certain errors might remain unadjusted;

### **Assesses, at the end of the audit cycle, the effectiveness of the audit process by:**

- ▶ Reviewing whether the auditor has met the agreed audit plan and understanding the reasons for any changes, including changes in perceived audit risks and the work undertaken by the external auditors to address those risks.
- ▶ Considering the robustness and perceptiveness of the auditors in their handling of the key accounting and audit judgements identified and in responding to questions from the audit committee, and in their commentary, where appropriate, on the systems of internal control.
- ▶ Obtaining feedback about the conduct of the audit from key people involved.
- ▶ Reviewing and monitoring the content of the external auditor's management letter, in order to assess whether it is based on a good understanding of the company's business and establish whether recommendations have been acted upon and, if not, the reasons why they have not been acted upon;

- ▶ Developing and recommending to the board the company's policy in relation to the provision of non-audit services by the auditor and ensuring that the provision of such services does not impair the external auditor's independence or objectivity.

### *Internal Control*

- ▶ Reviews the effectiveness of the Company's procedures for whistleblowing and for detecting fraud.
- ▶ Reviews management's reports of the effectiveness of the systems for internal financial control and financial reporting.
- ▶ Reviews the statement in the annual report and accounts on the company's internal controls and risk management framework.
- ▶ Monitors the integrity of the company's internal financial controls.
- ▶ Assesses the effectiveness of the systems established by management to identify, manage and monitor both financial and non-financial risks.

### *Risk*

- ▶ Considers any matters relating to the identification, assessment, monitoring and management of risks associated with the operations of the Group, that it determines to be appropriate and any other matters referred to it by the Board.
- ▶ Considers, and makes recommendations to the Board in connection with, the compliance by the Group with its Risk Appetite Statement.
- ▶ Reports to the Board on any material changes to the risk profile of the Group.
- ▶ Monitors and refers to the Board any instances involving material breaches or potential breaches of the Group's Risk Appetite Statement.
- ▶ Reviews the annual insurance coverage and ensures all insurable risks are adequately covered.

The Audit & Risk Committee met four times during the year.

## Human Resources, Compensation and Stock Options Committee

This Committee is responsible for all matters relating to the compensation policies of the Group. It reviews, approves or recommends to the Board of Directors suitable compensation policies and the compensation structure and programmes to Senior Management.

### Members:

- ▶ **Reyaz Ahamad (Chairman)**
- ▶ **Christian Mouttet**
- ▶ **Gillian Warner Hudson**

The Committee's primary responsibilities are as follows:

- ▶ To review and approve (if previously delegated by the Board) or recommend to the Board of Directors, for adoption, as appropriate, all Human Resource and Compensation Policies of the Agostini's Limited Group.
- ▶ To review and recommend to the Board for approval, the compensation structure and incentive programmes for Executives. The Group Managing Director may also consult with the Committee regarding the compensation structure and programmes for Managers, whose compensation is determined by the Group Managing Director, consistent with the guidelines set by the Committee.
- ▶ To propose, within the guidelines set out in the Company's compensation structure, for approval of the Board of incentives for the Company's Long Term Incentive Plan, and an Annual Bonus and other Incentive Based awards to Executives.
- ▶ To review the compensation paid to Non-Executive Directors and recommend appropriate adjustments based on market surveys.
- ▶ To review with the Group Managing Director and to recommend to the Board, appointments of all officers at or above the level of General Manager throughout the Agostini's Group.
- ▶ To monitor the Executive Medical Examination Policy and process.
- ▶ To address any matters of Human Resources or Compensation as delegated by the Board from time to time and to report to the Board on same.

This Committee met once during the year.



# DIRECTORS' & SENIOR OFFICERS' INTEREST

| Director/Senior Officer                 | Shareholding<br>30/9/2019 | Connected Party               |
|---|---------------------------|-------------------------------|
| J. M. Aboud                             | 0                         | 1,189,994                     |
| A. J. Agostini                          | 663,376                   | 158,571                       |
| R. W. Ahamad                            | 0                         | 10,084,712                    |
| C. G. Bernard                           | 95,84                     |                               |
| W. A. Bernard                           | 19,000                    |                               |
| B. A. Davis                             | 396                       |                               |
| R. A. Farah                             | 10,000                    |                               |
| S. A. Gunness-Balkissoon                | 10,000                    |                               |
| T. Nicholas Gomez                       | 0                         |                               |
| L. M. Mackenzie                         | 36,800                    | 15,324                        |
| A. Maharaj                              | 0                         |                               |
| I. Maharaj Badrie                       | 33,900                    |                               |
| C. E. Mouttet                           | 0                         | 39,925,538                    |
| F. N. Mouttet                           | 0                         | 39,925,538                    |
| A. B. Pashley                           | 23,200                    |                               |
| R. Rajkumarsingh                        | 28,230                    |                               |
| N. R. Ramjohn                           | 10,000                    |                               |
| R. A. Rodriguez                         | 162,600                   |                               |
| M. Stagg                                | 10,000                    |                               |
| E. G. Warner Hudson                     | 0                         |                               |
| <b>10 Largest Shareholders</b>          |                           |                               |
| Victor E. Mouttet Limited               | 33,525,538                | C. E. Mouttet & F. N. Mouttet |
| Universal Limited                       | 6,054,937                 | R. W. Ahamad                  |
| National Insurance Board                | 5,951,940                 |                               |
| GNM Properties                          | 4,800,000                 | C. E. Mouttet & F. N. Mouttet |
| Proteus Limited                         | 4,029,775                 | R. W. Ahamad                  |
| Home Construction Limited               | 3,490,030                 |                               |
| JMM Properties                          | 1,600,000                 | C. E. Mouttet & F. N. Mouttet |
| Pelican Investments Limited             | 1,189,994                 | J. M. Aboud                   |
| First Caribbean Barbados                | 840,000                   |                               |
| First Citizens Trust & Asset Management | 771,183                   |                               |



# CORPORATE INFORMATION

## SECRETARY AND REGISTERED OFFICE

**Nadia James-Reyes Tineo**  
*18 Victoria Avenue  
Port of Spain*

## REGISTRARS

**The Trinidad & Tobago Central Depository Ltd.**  
*10th Floor, Nicholas Tower  
63 Independence Square  
Port of Spain*

## ATTORNEYS-AT-LAW

**Pollonais, Blanc, De la Bastide & Jacelon**  
*17 Pembroke Street  
Port of Spain*

## AUDITORS

**Ernst & Young**  
*5&7 Sweet Briar Road  
St. Clair*

## BANKERS

**Scotiabank Trinidad & Tobago Limited**  
*ScotiaCentre  
Corner Park & Richmond Streets  
Port of Spain*

**Republic Bank Limited**  
*59 Independence Square  
Port of Spain*

**Citibank (Trinidad & Tobago) Limited**  
*12 Queen's Park East  
Port of Spain*

**First Citizens Bank Limited**  
*9 Queen's Park East  
Port of Spain*

**RBC Royal Bank (Trinidad & Tobago) Limited**  
*19-21 Park Street  
Port of Spain*



# YOUR YOUTH

“



They call him my mini me. He looks like me, acts like me and loves milk like me. Even though he's lactose intolerant I make sure he's not missing out. He sees me drinking Moo Lacto everyday and now he insists on drinking it too. He's a smart boy.

”

# INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF AGOSTINI'S LIMITED

## Report on the Audit of the Consolidated Financial Statements

### Opinion

We have audited the consolidated financial statements of Agostini's Limited and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 30 September 2019, and the consolidated statement of income, consolidated statement of 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, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 30 September 2019 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matter

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

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

Report on the Audit of the Consolidated Financial Statements

(Continued)

**Key Audit Matter**

**Estimation uncertainty involved in impairment testing of goodwill and other intangible assets with indefinite lives.**

Refer to related disclosures in notes 4 i) and 7 and accounting policy notes 2 (g) and 2 (u) to the consolidated financial statements. As described in these notes, impairment tests are performed annually on goodwill and certain indefinite life brands which amount to \$233 million as at 30 September 2019.

As required by IAS 36: "Impairment of assets", goodwill and indefinite life intangible assets must be tested for impairment at least annually. Based on the impairment tests performed by the Group during the year, no impairment provision was recorded in 2019.

The impairment test is based on estimates of value in use and fair value less cost of disposal relative to the Cash Generating Unit (CGU) and involves significant estimation and the application of a high level of judgment by the Group relative to key assumptions such as the discount rate and future cash-flows.

In determining future cash-flow projections, the Group uses assumptions and estimates such as future market conditions, future economic growth, expected market share and gross margins. The outcome of the impairment testing is sensitive to these assumptions and estimates, such that changes in these assumptions/ estimates may result in different impairment test conclusions. Due to the range of assumptions/ estimates and the dependence on future market developments used in the models and impairment assessments, this is a key audit matter.

**How our audit addressed the key audit matter**

Overall, our audit procedures focused on critically assessing and challenging the appropriateness and reasonableness of the key assumptions utilized by the Group including the CGU determination, cash-flow projections and the discount rates. We also evaluated whether the impairment test model used by the Group met the requirements of IAS 36.

To this end, our procedures included, amongst others, benchmarking cash-flow projections to historical performance of the CGU, local economic conditions and other alternative relevant independent sources of information. In so doing we evaluated the Group's assessment of the sensitivity of the key assumptions to reasonable possible changes which could cause the carrying amount of the CGU to exceed its recoverable amount. In so doing we determined an appropriate range of recoverable amounts for the respective CGU's to inform our conclusions on impairment testing.

We involved our EY valuation specialist to assist with our audit of the impairment test methodology, including the cash flows, discount rate and long-term growth rates assumptions utilised in the impairment test.

We also read and assessed the appropriateness and completeness of the related disclosures in the notes to the consolidated financial statements, with reference to that prescribed by IFRSs.



Report on the Audit of the Consolidated Financial Statements

(Continued)

**Key Audit Matter**

**Allowance for Expected Credit Losses (ECLs)**

Refer to relevant disclosures in notes 4 ii) and 11, and accounting policy notes 2 (j) and 2 (p) to the consolidated financial statements. Trade receivables (net of provision) amounted to \$408 million as at 30 September 2019.

The adoption of IFRS 9 "Financial Instruments" has changed the Group's accounting for financial asset impairments by replacing IAS 39's incurred loss approach with a forward looking ECL approach. IFRS 9 requires the Group to record an allowance for ECLs for trade receivables.

The appropriateness of ECLs is a highly subjective area due to the level of judgment applied by management, involving various assumptions and factors, such as the estimate of the likelihood of default and the potential loss given default.

Given the combination of the inherent subjectivity in the valuation, and the material nature of the balance, we considered the measurement of ECLs to be a key audit matter in our audit of the consolidated financial statements.

**How our audit addressed the key audit matter**

We understood and critically assessed the methodology and assumptions used by the Group in its ECL models while evaluating its compliance with IFRS 9 requirements.

We separately reviewed the ECL impact as at 1 October 2018 and at 30 September 2019 in the Group's statement of financial position.

We tested the completeness and accuracy of the inputs used within the models, including the risk or probability of the ECLs.

For ECLs calculated on an individual basis, we tested the factors underlying the impairment identification and quantification including forecasts of the amount and timing of future cash flows.

Finally, we focussed on the adequacy of the Group's financial statement disclosures as to whether it appropriately reflected the requirements of the IFRSs.

Report on the Audit of the Consolidated Financial Statements

(Continued)

### Other information included in the Group's 2019 Annual Report

Other information consists of the information included in the Group's 2019 Annual Report, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information. The Group's 2019 Annual Report is expected to be made available to us after the date of this auditor's report.

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

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

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

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

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

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

### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

Report on the Audit of the Consolidated Financial Statements

*(Continued)*

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

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

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner in charge of the audit resulting in this independent auditor's report is Pria Narinesingh.



**Ernst & Young**  
*Port-of-Spain,*  
*Trinidad*  
27 November 2019

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 30 September*

|  | Notes | 2019<br>\$'000   | 2018<br>\$'000   |
|--|-------|------------------|------------------|
| <b>ASSETS</b>  |       |                  |                  |
| <b>Non-current assets</b>                                  |       |                  |                  |
| Property, plant and equipment                              | 5     | 820,624          | 785,124          |
| Investment properties                                      | 6     | 29,165           | 31,187           |
| Intangible assets  | 7     | 272,625          | 274,806          |
| Retirement benefits asset                                  | 8     | 24,391           | 22,131           |
| Deferred tax asset   | 14    | 793              | 5,400            |
| Prepayments and advances                                   |       | 5,720            | 5,217            |
|  |       | 1,153,318        | 1,123,865        |
| <b>Current assets</b>                                      |       |                  |                  |
| Inventories  | 9     | 616,026          | 594,192          |
| Construction contract work-in-progress                     | 10    | 1,552            | 1,283            |
| Asset held for sale  | 23    | 12,712           | -                |
| Taxation recoverable                                       |       | 3,216            | 4,373            |
| Trade and other receivables                                | 11    | 516,575          | 539,689          |
| Cash at bank and in hand                                   | 21    | 234,037          | 217,388          |
|  |       | 1,384,118        | 1,356,925        |
| <b>TOTAL ASSETS</b>  |       | <b>2,537,436</b> | <b>2,480,790</b> |
| <b>EQUITY</b>  |       |                  |                  |
| <b>Capital and reserves</b>                                |       |                  |                  |
| Stated capital   | 12    | 364,716          | 364,716          |
| Capital reserve  |       | 2,652            | 2,652            |
| Revaluation reserve  | 12    | 141,228          | 140,410          |
| Other reserves   | 12    | 610              | 6,973            |
| Retained earnings  |       | 633,241          | 554,614          |
| <b>Equity attributable to equity holders of the parent</b> |       | <b>1,142,447</b> | <b>1,069,365</b> |
| Non-controlling interests                                  |       | 338,963          | 302,273          |
|  |       | 1,481,410        | 1,371,638        |

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



**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 SEPTEMBER 2019**

*(Continued)*

*As at 30 September*

|                                     | Notes | 2019<br>\$'000 | 2018<br>\$'000 |
|-------------------------------------|-------|----------------|----------------|
| <b>LIABILITIES</b>                  |       |                |                |
| <b>Non-current liabilities</b>      |       |                |                |
| Borrowings                          | 13    | 314,079        | 344,736        |
| Retirement benefits liability       | 8     | 2,656          | 2,479          |
| Deferred tax liability              | 14    | 79,661         | 83,223         |
|                                     |       | 396,396        | 430,438        |
| <b>Current liabilities</b>          |       |                |                |
| Borrowings                          | 13    | 127,607        | 151,968        |
| Taxation payable                    |       | 16,962         | 11,211         |
| Trade and other payables            | 15    | 515,061        | 515,535        |
|                                     |       | 659,630        | 678,714        |
| <b>TOTAL LIABILITIES</b>            |       | 1,056,026      | 1,109,152      |
| <b>TOTAL EQUITY AND LIABILITIES</b> |       | 2,537,436      | 2,480,790      |

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

These consolidated financial statements were authorised for issue by the Board of Directors of Agostini's Limited on 27 November 2019, and signed on its behalf by:



Director



Director

# CONSOLIDATED STATEMENT OF INCOME

*For the year ended 30 September 2019*

|   | Notes | 2019<br>\$'000 | 2018<br>\$'000 |
|---|-------|----------------|----------------|
| <b>Revenue from contracts with customers</b>      | 30    | 3,272,135      | 3,252,447      |
| Cost of sales                                     |       | (2,460,041)    | (2,459,460)    |
| Gross profit                                      |       | 812,094        | 792,987        |
| Other operating income                            | 16    | 37,391         | 29,544         |
|   |       | 849,485        | 822,531        |
| <b>Expenses</b>                                   |       |                |                |
| Other operating                                   |       | (204,445)      | (204,805)      |
| Administration                                    |       | (258,733)      | (249,417)      |
| Marketing and distribution                        |       | (139,729)      | (150,114)      |
|   |       | (602,907)      | (604,336)      |
| <b>Operating profit</b>                           |       | 246,578        | 218,195        |
| Finance costs - net                               | 18    | (25,978)       | (27,299)       |
| Share of profit in associate                      | 33    | -              | 481            |
| <b>Profit before taxation and revaluation</b>     |       | 220,600        | 191,377        |
| (Loss)/gain on revaluation of investment property | 6     | (2,022)        | 9,485          |
| <b>Profit before taxation</b>                     |       | 218,578        | 200,862        |
| <b>Taxation</b>                                   | 19    | (55,675)       | (55,465)       |
| <b>Profit for the year</b>                        |       | 162,903        | 145,397        |
| <b>Attributable to:</b>                           |       |                |                |
| Equity holders of the parent                      |       | 122,018        | 114,707        |
| Non-controlling interests                         |       | 40,885         | 30,690         |
|   |       | 162,903        | 145,397        |
| <b>Earnings per share:</b>                        |       | \$             | \$             |
| Basic and diluted (expressed in \$ per share)     | 20    | 1.76           | 1.66           |

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

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the year ended 30 September 2019*

|  | Notes | 2019<br>\$'000 | 2018<br>\$'000 |
|--|-------|----------------|----------------|
| <b>Profit for the year</b>   |       | 162,903        | 145,397        |
| <b>Other comprehensive income</b>  |       |                |                |
| <i>Items that will not be reclassified subsequently to profit or loss:</i>                           |       |                |                |
| Remeasurement gains on retirement benefits   | 8     | 2,336          | 4,195          |
| Income tax effect  | 14    | (1,352)        | (1,310)        |
|  |       | 984            | 2,885          |
| Revaluation of land and buildings  | 5     | -              | 140,978        |
| Income tax effect  | 14    | -              | (21,438)       |
| <b>Net other comprehensive income not to be reclassified to profit or loss in subsequent periods</b> |       | 984            | 122,425        |
| <i>Items that may be reclassified subsequently to profit or loss:</i>                                |       |                |                |
| Exchange differences on translation of foreign operations  |       | (638)          | (1,989)        |
| <b>Net other comprehensive loss to be reclassified to profit or loss in subsequent periods</b>       |       | (638)          | (1,989)        |
| <b>Other comprehensive income for the year, net of tax</b>   |       | 346            | 120,436        |
| <b>Total comprehensive income for the year, net of tax</b>   |       | 163,249        | 265,833        |
| <b>Attributable to:</b>  |       |                |                |
| Equity holders of the parent   |       | 121,769        | 227,240        |
| Non-controlling interests  |       | 41,480         | 38,593         |
|  |       | 163,249        | 265,833        |

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Attributable to equity holders of the parent

|  | Notes | Stated capital<br>\$'000 | Capital reserve<br>\$'000 | Revaluation reserve<br>\$'000 | Other reserves<br>\$'000 | Retained earnings<br>\$'000 | Total<br>\$'000 | Non-controlling interests<br>\$'000 | Total equity<br>\$'000 |
|--|-------|--------------------------|---------------------------|-------------------------------|--------------------------|-----------------------------|-----------------|-------------------------------------|------------------------|
| <b>Year ended 30 September 2019</b>              |       |                          |                           |                               |                          |                             |                 |                                     |                        |
| Opening balance at 1 October 2018                |       | 364,716                  | 2,652                     | 140,410                       | 6,973                    | 554,614                     | 1,069,365       | 302,273                             | 1,371,638              |
| Effect of adoption of IFRS 9 (Note 2 a) iii) a)) |       | -                        | -                         | -                             | -                        | (3,030)                     | (3,030)         | -                                   | (3,030)                |
| Balance as at 1 October 2018 (restated)          |       | 364,716                  | 2,652                     | 140,410                       | 6,973                    | 551,584                     | 1,066,335       | 302,273                             | 1,368,608              |
| Other movements                                  |       | -                        | -                         | 818                           | (5,725)                  | 2,785                       | (2,122)         | -                                   | (2,122)                |
| Profit for the year                              |       | -                        | -                         | -                             | -                        | 122,018                     | 122,018         | 40,885                              | 162,903                |
| Other comprehensive income                       |       | -                        | -                         | -                             | (638)                    | 389                         | (249)           | 595                                 | 346                    |
| Total comprehensive income                       |       | -                        | -                         | -                             | (638)                    | 122,407                     | 121,769         | 41,480                              | 163,249                |
| Dividends - 2019 (54¢ per share)                 | 29    | -                        | -                         | -                             | -                        | (43,535)                    | (43,535)        | (4,790)                             | (48,325)               |
| Balance at 30 September 2019                     |       | 364,716                  | 2,652                     | 141,228                       | 610                      | 633,241                     | 1,142,447       | 338,963                             | 1,481,410              |
| <b>Year ended 30 September 2018</b>              |       |                          |                           |                               |                          |                             |                 |                                     |                        |
| Opening balance at 1 October 2017                |       | 364,716                  | 2,652                     | 28,031                        | 7,975                    | 481,655                     | 885,029         | 249,166                             | 1,134,195              |
| Changes in composition of the group              |       | -                        | -                         | -                             | -                        | (3,515)                     | (3,515)         | 27,551                              | 24,036                 |
| Profit for the year                              |       | -                        | -                         | -                             | -                        | 114,707                     | 114,707         | 30,690                              | 145,397                |
| Other comprehensive income                       |       | -                        | -                         | 112,379                       | (1,002)                  | 1,156                       | 112,533         | 7,903                               | 120,436                |
| Total comprehensive income                       |       | -                        | -                         | 112,379                       | (1,002)                  | 115,863                     | 227,240         | 38,593                              | 265,833                |
| Dividends - 2018 (57¢ per share)                 | 29    | -                        | -                         | -                             | -                        | (39,389)                    | (39,389)        | (13,037)                            | (52,426)               |
| Balance at 30 September 2018                     |       | 364,716                  | 2,652                     | 140,410                       | 6,973                    | 554,614                     | 1,069,365       | 302,273                             | 1,371,638              |

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



# CONSOLIDATED STATEMENT OF CASH FLOWS

*For the year ended 30 September 2019*

|   | Notes | 2019<br>\$'000 | 2018<br>\$'000 |
|---|-------|----------------|----------------|
| <b>Operating activities</b>                               |       |                |                |
| Profit before taxation                                    |       | 218,578        | 200,862        |
| Adjustments for:  |       |                |                |
| Depreciation of property, plant and equipment             | 5     | 48,481         | 40,639         |
| Amortisation and impairment of intangible assets          | 7     | 4,360          | 4,111          |
| Loss/(gain) on sale of property, plant and equipment      | 16    | (1,159)        | (944)          |
| Share of profit in associate                              | 33    | -              | (481)          |
| Net retirement benefit expense                            |       | 5,600          | 5,768          |
| Loss/(gain) on revaluation of investment property         | 6     | 2,022          | (9,485)        |
| Finance cost (net)  | 18    | 25,978         | 27,299         |
| Loss on acquisition of associate                          | 32(a) | -              | 1,365          |
| <b>Operating profit before changes in working capital</b> |       | <b>303,860</b> | <b>269,134</b> |
| <b>Changes in working capital</b>                         |       |                |                |
| Increase in inventories                                   |       | (21,834)       | (29,317)       |
| (Increase)/decrease in work-in-progress                   |       | (269)          | 238            |
| Decrease/(increase) in trade and other receivables        |       | 23,114         | (35,409)       |
| (Decrease)/increase in trade and other payables           |       | (474)          | 19,815         |
| <b>Net cash flows from operations</b>                     |       | <b>304,397</b> | <b>224,461</b> |
| Pension contributions paid                                |       | (5,497)        | (5,364)        |
| Finance cost paid (net)                                   |       | (25,978)       | (27,299)       |
| Taxation paid   |       | (51,604)       | (50,459)       |
| <b>Net cash flows from operating activities</b>           |       | <b>221,318</b> | <b>141,339</b> |

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

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

*(Continued)*

*For the year ended 30 September 2019*

|   | Notes      | 2019<br>\$'000   | 2018<br>\$'000   |
|---|------------|------------------|------------------|
| <b>Investing activities</b>   |            |                  |                  |
| Purchase of property, plant and equipment                                   | 5          | (101,991)        | (78,114)         |
| Proceeds from sale of property, plant and equipment                         |            | 1,952            | 3,440            |
| Acquisition of subsidiaries, net of cash acquired                           | 32 (a)&(b) | -                | (6,999)          |
| Prepayments and advances  |            | (1,649)          | (5,217)          |
| Purchase of intangible and other assets                                     | 7          | (2,179)          | (62,240)         |
| <b>Net cash flows used in investing activities</b>                          |            | <b>(103,867)</b> | <b>(149,130)</b> |
| <b>Financing activities</b>   |            |                  |                  |
| Acquisition of non-controlling interests                                    | 31 (b)     | -                | (3,736)          |
| Dividends paid to ordinary shareholders                                     |            | (43,535)         | (39,389)         |
| Dividends paid to non-controlling interests                                 | 29         | (4,790)          | (13,037)         |
| Net (repayments)/proceeds of borrowings                                     |            | (36,271)         | 28,336           |
| <b>Net cash flows used in financing activities</b>                          |            | <b>(84,596)</b>  | <b>(27,826)</b>  |
| <b>Net increase/(decrease) in cash and cash equivalents during the year</b> |            | <b>32,855</b>    | <b>(35,617)</b>  |
| <b>Net foreign exchange differences</b>                                     |            | <b>2,541</b>     | <b>2,637</b>     |
| <b>Cash and cash equivalents, at 1 October</b>                              |            | <b>127,047</b>   | <b>160,027</b>   |
| <b>Cash and cash equivalents, at 30 September</b>                           | 21         | <b>162,443</b>   | <b>127,047</b>   |

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 30 September 2019*

## 1. General information

Agostini's Limited ("the Company" or "the Parent Company") is a limited liability company, incorporated and domiciled in the Republic of Trinidad and Tobago and the address of its registered office is 18 Victoria Avenue, Port of Spain. Agostini's Limited and its subsidiaries ("the Group") is principally engaged in trading and distribution (wholesale and retail), interior building contracting and manufacturing/packaging of certain food products. The Group operates and has subsidiaries in Trinidad and Tobago, Barbados, St. Lucia, St. Vincent, Grenada and Guyana. A listing of the Group's subsidiaries is presented in Note 24.

The shares of the Parent Company are listed on the Trinidad and Tobago Stock Exchange. The majority shareholder and ultimate parent company of the Group is Victor E. Mouttet Limited ("VEML"), a company incorporated in the Republic of Trinidad and Tobago, which owns 57.8% of the Company's issued ordinary shares.

## 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.

### a) Basis of preparation

The consolidated financial statements of the Group are prepared under the historical cost convention, except as modified by the revaluation of land and buildings and investment properties that have been measured at fair value (Notes 2(e) and 2(f)). These consolidated financial statements are expressed in Trinidad and Tobago dollars and all values are rounded to the nearest thousand (\$'000). The consolidated financial statements provide comparative information in respect of the previous period.

### a) Basis of preparation (continued)

#### i) Statement of compliance

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

#### ii) Principles of consolidation

The consolidated financial statements of the Group include the financial statements of the parent and its subsidiary companies. All intra-group balances, transactions, and income and expenses have been eliminated in full.

Non-controlling interests represent the portion of profit or loss and net assets not held by the Group and are presented separately in the consolidated statement of income and consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from parent shareholders' equity.

#### iii) Changes in accounting policies and disclosures

##### a) New and amended standards

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

Several other amendments and interpretations apply for the first time in 2019, but do not have an impact on the consolidated financial statements of the Group. These are described in more detail below. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

(Continued)

## 2. Summary of significant accounting policies (continued)

### a) Basis of preparation (continued)

#### iii) Changes in accounting policies and disclosures (continued)

##### a) New and amended standards (continued)

#### IFRS 15, 'Revenues from Contracts with Customers'

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

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

The Group adopted IFRS 15 using the modified retrospective method of adoption with the date of initial application of 1 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.

#### IFRS 15, 'Revenues from Contracts with Customers'

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

The adoption of IFRS 15 did not have a material impact on OCI or the Group's operating, investing and financing cash flows.

#### IFRS 9 'Financial Instruments'

The Group has adopted IFRS 9 and all of its related amendments using a date of initial application of 1 October 2018. This has resulted in changes in accounting policies and adjustments to the amounts previously recognized in the consolidated financial statements. As permitted by the provisions of IFRS 9, the Group elected not to restate comparative figures. Any adjustments to the carrying amounts of financial assets and liabilities at the date of transition were recognised in the opening retained earnings and non-controlling interest of the current period.

The adoption of IFRS 9 has resulted in changes in the accounting policies for recognition, classification and measurement of financial assets and financial liabilities and impairment of financial assets, the details of which are outlined in Note 2(j).

The quantitative impact of applying IFRS 9 as at 1 October 2018 is disclosed below:



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

(Continued)

### 2. Summary of significant accounting policies (continued)

#### a) Basis of preparation (continued)

#### iii) Changes in accounting policies and disclosures (continued)

#### a) New and amended standards (continued)

#### IFRS 9 'Financial Instruments' (continued)

##### Transition disclosures

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

Set out below is the reconciliation of the ending impairment allowances in accordance with IAS 39 to the opening loss allowances determined in accordance with IFRS 9.

|                             | Per IAS 39 at<br>September 2018 | Re-measurement | Impact per<br>IFRS 9 at<br>1 October 2018 |
|-----------------------------|---------------------------------|----------------|---|
|                             | \$'000                          | \$'000         | \$'000                                    |
| Trade and other receivables | 29,270                          | 3,030          | 32,300                                    |
| Equity                      | 1,371,638                       | (3,030)        | 1,368,608                                 |
| Retained earnings           | 554,614                         | (3,030)        | 551,584                                   |

(Continued)

## 2. Summary of significant accounting policies (continued)

### a) Basis of preparation (continued)

#### iii) Changes in accounting policies and disclosures (continued)

##### a) New and amended standards (continued)

#### IFRIC 22 – ‘Foreign Currency Transactions and Advance Consideration’

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

#### Amendments to IAS 40, ‘Investment Property’ – Transfers of Investment Property

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

#### Amendments to IFRS 2, ‘Share-based Payments’ – Classification and Measurement of Share-based Payment Transactions

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

#### Amendments to IFRS 4, ‘Insurance Contracts’ – Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts

The amendments address concerns arising from implementing the new financial instrument standard, IFRS 9, before implementing IFRS 17 Insurance Contracts, which replaces IFRS 4. The amendments introduce two options for entities issuing insurance contracts: a temporary exemption from applying IFRS 9 and an overlay approach. This amendment does not have any impact on the Group's consolidated financial statements.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

(Continued)

### 2. Summary of significant accounting policies (continued)

#### a) Basis of preparation (continued)

##### iii) Changes in accounting policies and disclosures (continued)

#### a) New and amended standards (continued)

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

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

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

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

#### b) Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective at the reporting date are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

##### **IFRS 16 'Leases' – Effective from 1 January 2019**

IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

(Continued)

### 2. Summary of significant accounting policies (continued)

#### a) Basis of preparation (continued)

##### iii) Changes in accounting policies and disclosures (continued)

##### b) Standards issued but not yet effective (continued)

#### IFRS 16 'Leases' – Effective from 1 January 2019 (continued)

Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

IFRS 16 also requires lessees and lessors to make more extensive disclosures than under IAS 17. IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted, but not before an entity applies IFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs.

In 2020, the Group will assess the potential effect of IFRS 16 on its consolidated financial statements. In addition the Group is currently assessing the impact of the following new standards and interpretations and will adopt them if applicable and when effective:

- Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – effective on a date to be determined by the International Accounting Standards Board.
- Amendments to IAS 28 – Long-term Interests in Associates and Joint Ventures – Effective 1 January 2019
- IFRS 17, 'Insurance Contracts' – Effective 1 January 2022
- IFRIC 23, 'Uncertainty over Income Tax Treatments - Effective 1 January 2019

In addition, the Group is currently assessing the impact of the following new standards and interpretations and will adopt them if applicable and when effective (continued):

- Amendments to References in the Conceptual Framework in IFRS Standards – Effective 1 January 2020
- Amendments to IFRS 3 – Definition of Business – Effective 1 January 2020
- Amendments to IAS 1 and IAS 8 – Definition of Material – Effective 1 January 2020
- Amendments to IAS19 – Plan Amendment, Curtailment or Settlement – Effective 1 January 2019
- Amendments to References in the Conceptual Framework in IFRS Standards – Effective 1 January 2020

#### b) Consolidation

##### i) Subsidiaries

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

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

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



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

*(Continued)*

### 2. Summary of significant accounting policies *(continued)*

#### b) Consolidation *(continued)*

##### i) Subsidiaries *(continued)*

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

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

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

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

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

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

Non-controlling interests represent the interests not held by the Group, in Rosco Petroavance Limited, Caribbean Distribution Partners Limited, Desinco Limited and Independence Agencies Limited.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

*(Continued)*

### 2. Summary of significant accounting policies *(continued)*

#### b) Consolidation *(continued)*

##### i) *Subsidiaries (continued)*

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions - that is, as transactions with the owners in their capacity as owners. The difference between fair value of 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.

A listing of the Group's subsidiaries is set out in Note 24.

##### ii) *Business combinations and goodwill*

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

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree. If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date through profit or loss.

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

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

Following a business combination, the Group has a period of not more than twelve months from the date of acquisition to finalize the acquisition fair values of assets acquired and liabilities assumed including the valuations of identifiable intangible assets and other long lived assets.

##### iii) *Investment in associate*

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

*(Continued)*

### 2. Summary of significant accounting policies *(continued)*

#### b) Consolidation *(continued)*

##### *iii) Investment in associate (continued)*

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

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

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

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the consolidated statement of income outside operating profit.

The financial statements of the associate are prepared for the same reporting period as that of the Group. When necessary, adjustments are also made to bring the accounting policies in line with those of the Group.

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

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

#### c) Segment reporting

An operating segment is a group of assets, liabilities and operations which are included in the measures that are used by 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 Group's Board of Directors, who are also responsible for making strategic decisions.

#### d) Foreign currency translation

##### *i) Functional and presentation currency*

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

*(Continued)*

### 2. Summary of significant accounting policies *(continued)*

#### d) Foreign currency translation *(continued)*

##### ii) 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 income.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary assets and liabilities measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss on translation of non-monetary assets and liabilities measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (that is translation differences on items whose fair value gain or loss is recognized in OCI or profit or loss are also recognized in OCI or profit or loss respectively).

Monetary assets and liabilities denominated in foreign currencies are translated into Trinidad and Tobago dollars at the rate of exchange existing at the reporting date.

##### iii) Foreign entities

On consolidation the assets and liabilities of foreign operations are translated into Trinidad and Tobago dollars at the rate of exchange prevailing at the reporting date and their consolidated statements of income are translated at the average rate for the financial period. The exchange differences arising on translation for consolidation are recognized in other comprehensive income. On disposal of a foreign operation the component of other comprehensive income relating to that particular foreign operation is recognised in the consolidated statement of income.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the rate of exchange at the reporting date.

#### e) Property, plant and equipment

Freehold properties (land and buildings) comprise mainly warehouses, retail outlets and offices occupied by the Group and are measured at fair value less subsequent accumulated depreciation for buildings and impairment losses recognised at the date of the revaluation. Management valuations are performed with sufficient frequency to ensure that the carrying amount of a revalued asset does not differ materially from its fair value. Valuations are performed every five years by qualified independent professional valuers. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment 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. All other repairs and maintenance are charged to the consolidated statement of income during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of land and buildings are credited to the revaluation reserve included in the equity section of the consolidated statement of financial position. Decreases that offset previous increases of the same asset are charged against revaluation reserve directly in equity; all other decreases are charged to the consolidated statement of income.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

(Continued)

### 2. Summary of significant accounting policies (continued)

#### e) Property, plant and equipment (continued)

The freehold buildings are depreciated on a straight-line basis at 1.5% - 2% per annum on the depreciable balance. Leasehold improvements are amortised over the lives of the leases which include options to renew for further terms ranging from 6 years to 10 years which the Group intends to exercise. Land and capital work-in-progress are not depreciated. Depreciation is provided on plant and other assets on the straight-line basis at rates as follows:

##### **Machinery and equipment**

- 10% - 33 1/3% per annum

##### **Motor vehicles**

- 12 1/2% - 25% per annum

##### **Furniture and office equipment**

- 10% - 25% per annum

The estimated useful lives of property, plant and equipment is reviewed and adjusted if appropriate, at each financial year end.

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 proceeds with carrying amounts. These are included in the consolidated statement of income. When revalued assets are sold, the amounts included in the revaluation surplus account are transferred to retained earnings.

#### f) Investment properties

Investment properties principally comprising freehold land and buildings not occupied by the Group, are held for long-term rental yields and capital appreciation. Investment properties are measured at fair value, representing market conditions at the reporting date.

Fair value is determined annually based on the valuation methodology applied consistently by management. Similar to property, plant and equipment, valuations are performed every five years by an independent professional valuator. Investment properties are not subject to depreciation. Changes in fair value are recorded in the consolidated statement of income.

If an investment property becomes owner - occupied, it is reclassified as property, plant and equipment, and its fair value at the date of reclassification becomes its carrying value for subsequent accounting purposes.

Investment properties are derecognised when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefits are expected. Any gain or loss arising on disposal is recognised in the consolidated statement of income.

#### g) Intangible assets

##### **Goodwill**

Goodwill represents the excess of the cost of the consideration transferred over the fair value of the Group's share of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest of the acquiree. Goodwill on acquisition of associates is included in investments in associates and is tested for impairment as part of the overall balance. 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 of those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

(Continued)

## 2. Summary of significant accounting policies (continued)

### g) Intangible assets (continued)

#### *Software*

Software assets which have been acquired directly are recorded initially at cost. On acquisition the useful life of the asset is estimated and the cost amortised over its life and tested for impairment when there is evidence of same. The current estimated useful life of the software asset is three years.

The amortisation period and the amortisation method for these intangible assets are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on these intangible assets is recognised in the consolidated statement of income in the expense category that is consistent with the function of the intangible assets.

#### *Other intangibles – Customer relationships, brands, rights and other trade names*

The cost of other intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. The useful lives of other intangible assets are assessed as finite or infinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the consolidated statement of income in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually to determine whether the indefinite lives continue to be supportable. If not, the change from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated statement of income when the asset is derecognised.

### h) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position, only where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

### i) Inventories

Inventories are stated at the lower of cost and net realisable value, cost being landed value determined on the weighted average basis. The cost of finished goods and work-in-progress comprises raw materials, direct labour, other direct costs and related production expenses. Net realisable value is the estimate of the selling price in the ordinary course of business, less the cost of completion and selling expenses.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

(Continued)

### 2. Summary of significant accounting policies (continued)

#### j) Financial assets

##### *Initial recognition and measurement*

The Group's financial assets include cash at bank and trade and other receivables. The Group determines the classification of its financial assets at initial recognition. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

##### *Subsequent measurement*

The subsequent measurement of financial assets depends on their classification as follows:

##### **Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and in hand, deposits held on call with banks with an original maturity of three months or less, net of bank overdrafts and short-term borrowings. Bank overdrafts and short-term borrowings are included within borrowings in current liabilities in the consolidated statement of financial position.

##### **Trade and other receivables**

Trade receivables, which generally have 30-90 day terms, are recognised at original invoice amount less an allowance for any uncollectible amounts. An estimate for doubtful debts is established when there is objective evidence that the amount will not be collected according to the original terms of the invoice. When a trade receivable is uncollectible, it is written off against the allowance accounts for trade receivables.

##### **Impairment of financial assets**

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

The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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

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

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

(Continued)

## 2. Summary of significant accounting policies (continued)

### j) Financial assets (continued)

#### *De-recognition of financial assets*

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On de-recognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in the consolidated statement of income.

### k) Financial liabilities

#### *Initial recognition and measurement*

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, net of directly attributable transaction costs. The Group's financial liabilities include borrowings as well as trade and other payables and are recognised initially at fair value.

#### *Subsequent measurement*

The measurement of financial liabilities depends on their classification as follows:

#### **Loans and borrowings**

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate (EIR) method. Gains and losses are recognised in the consolidated statement of income when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the consolidated statement of comprehensive income.

#### **Trade and other payables**

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

#### *De-recognition*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the consolidated statement of income.

### l) Stated capital

Ordinary shares are classified as equity and is recognised at the fair value of the consideration received by the Group. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

(Continued)

### 2. Summary of significant accounting policies (continued)

#### m) Current and deferred income taxes

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

The current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the consolidated statement of financial position date.

Deferred income tax is provided 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. Deferred income tax is determined using tax rates and tax laws that have been enacted or substantially enacted by the consolidated statement of financial position date and are expected to apply when the related income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets relating to carry forward of unused tax losses are recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax to be recovered.

#### n) Employee benefits

##### *Pension*

Retirement benefits for Group's employees are provided by various defined benefit plans. These plans are funded by contributions from the Group and qualified employees. Payments are made to pension trusts, which are financially separate from the Group, in accordance with periodic calculations by actuaries.

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

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

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

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation within "employee benefit expense" (Note 22):

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



(Continued)

## 2. Summary of significant accounting policies (continued)

### n) Employee benefits (continued)

#### *Pension (continued)*

The employees of Smith Robertson & Company Limited and the Vemco division (operating in Trinidad and Tobago) are members of the Victor E. Mouttet Limited defined benefit plan, the assets of which are held in separate trustee administered funds. The pension plan is funded by payments from employees and by the Company taking account of the recommendations of independent qualified actuaries. The Company's contributions are included in the employee benefit expense of these consolidated financial statements. Any assets and liabilities in relation to this defined benefit plan in accordance with International Accounting Standard 19 - Employee Benefits, are recorded by the Victor E. Mouttet Limited.

Hanschell Inniss Limited and Peter & Company Limited (operating in Barbados and St. Lucia respectively) participate in a defined benefit and defined contribution plan respectively operated by Goddard Enterprises Limited for the Group employees under segregated fund policies with Sagicor Life Inc. The schemes are funded through payments from the employees and the Group determined by periodic actuarial calculations.

Independence Agencies Limited (operating in Grenada) operates a defined contribution plan which is administered by a registered Insurance Company. Independence Agencies Limited pays fixed contributions into the fund and has no legal or constructive obligation to pay further contributions. The contributions are recorded as an expense in the consolidated statement of income.

#### *Profit-sharing bonus plans*

The Group recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the equity holders of the parent shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

### o) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

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

### p) Revenue from contracts with customers

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

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 4.

### i) Sales of products to third parties

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

(Continued)

### 2. Summary of significant accounting policies (continued)

#### p) Revenue from contracts with customers (continued)

##### i) Sales of products to third parties (continued)

###### Variable consideration

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

##### ii) Contract balances

###### Contract assets

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

###### Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in Note 2 (j).

###### Contract liabilities

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

##### iii) Rental income

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

##### iv) Other income

All other income is recognized on an accrual basis.

#### q) Dividend distribution

Dividend distribution on ordinary shares to the Parent's shareholders is recognised as a liability and deducted from equity in the consolidated financial statements in the period in which the dividends are approved by the Board of Directors. Interim dividends are distributed from equity when they are paid. Dividends for the year that are approved after the reporting date are dealt with as an event after the reporting date.

#### r) Leases

##### *Operating leases*

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the consolidated statement of income on a straight-line basis over the period of the lease.

The Group has entered into commercial property leases (as Lessor) on its investment property portfolio. The Group has determined, based on evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a substantial portion of the economic life of the commercial property, that it retains all the significant risks and rewards of ownership of these properties and accounts for contracts as operating leases.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

(Continued)

### 2. Summary of significant accounting policies (continued)

#### r) Leases (continued)

##### *Finance leases*

Leases of property, plant and equipment where the Group assumes substantially all the benefits and risks of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the estimated present value of the underlying lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the liability balance outstanding. The corresponding rental obligations, net of finance charges, are included in borrowings. The interest element of the finance cost is charged to the consolidated statement of income 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 are depreciated over the shorter of the useful life of the asset or the lease term.

#### s) Borrowing costs

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

#### t) Fair value measurement

The Group measures freehold properties and investment properties at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

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

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

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

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

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

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

**Level 1** - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;

**Level 2** - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and

**Level 3** - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

(Continued)

### 2. Summary of significant accounting policies (continued)

#### t) Fair value measurement (continued)

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

#### u) Impairment of non-financial assets

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

#### v) Current versus non-current distinction

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

- Expected to be realised or intended to be sold or consumed in a normal operating cycle;

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

All other assets are classified as non-current.

A liability is current when:

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

The Group classifies all other liabilities as non-current.

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

#### w) Non-current assets held for sale and discontinued operations

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

*(Continued)*

### 2. Summary of significant accounting policies *(continued)*

#### w) Non-current assets held for sale and discontinued operations *(continued)*

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of income.

Additional disclosures are provided in Note 23. All other notes to the consolidated financial statements include amounts for continuing operations, unless indicated otherwise.

#### x) Comparative balances

Changes in presentation were made to the comparative information of the previous year (2018) for administration expenses and other operating expenses in the consolidated financial statements to allow consistent presentation with the current year. These changes had no effect on the operating result, profit after taxation, earnings per share, net cash flows or net asset of the Group for the previous year (2018).

### 3. Financial risk management and fair value estimation

#### a) Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and cash flow interest rate risk), credit risk and liquidity risk. Risk is managed through a process of ongoing identification, measurement and monitoring. The process of risk management is critical to the Group's continuing profitability and each individual company within the Group is accountable for the risk exposures relating to their responsibilities.

The Board of Directors is responsible for the overall risk management approach and for approving the risk strategies and principles. Day to day adherence to risk principles is carried out by the Executive Management of the Group.

##### *i) Market risk*

Market Risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk for the Group companies comprises currency risk and cash flow interest rate risks.

##### *a) Currency risk*

Currency risk is the risk that the value of a recognised asset or liability will fluctuate due to changes in foreign exchange rates. Such exposure arises from sales or purchases in a currency other than the Group's functional currency and net investments in foreign operations. The Group's primary exposure is primarily with respect to the US dollar. Management monitors its exposure to foreign currency fluctuations and employs appropriate strategies to mitigate any potential losses.



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

*(Continued)*

**3. Financial risk management and fair value estimation *(continued)***

**a) Financial risk factors (continued)**

*i) Market risk (continued)*

**a) Currency risk (continued)**

*For the year ended 30 September 2019*

|  | TTD<br>\$'000 | USD<br>\$'000 | ECD<br>\$'000 | BDS<br>\$'000 | Euro<br>\$'000 | GUY<br>\$'000 | CAD<br>\$'000 | Total<br>\$'000 |
|--|---------------|---------------|---------------|---------------|----------------|---------------|---------------|-----------------|
| <b>ASSETS</b>  |               |               |               |               |                |               |               |                 |
| Cash at bank   | 177,009       | 24,444        | 18,343        | 4,740         | 575            | 3,884         | 5,042         | 234,037         |
| Trade and other receivables                                    | 366,465       | 39,914        | 60,184        | 43,087        | 493            | 6,432         | -             | 516,575         |
| <b>Total financial assets</b>                                  | 543,474       | 64,358        | 78,527        | 47,827        | 1,068          | 10,316        | 5,042         | 750,612         |
| <b>LIABILITIES</b>   |               |               |               |               |                |               |               |                 |
| Borrowings   | 313,354       | 62,743        | 46,018        | 19,571        | -              | -             | -             | 441,686         |
| Trade and other payables                                       | 243,738       | 215,599       | 17,098        | 35,374        | 833            | 2,419         | -             | 515,061         |
| <b>Total financial liabilities</b>                             | 557,092       | 278,342       | 63,116        | 54,945        | 833            | 2,419         | -             | 956,747         |
| <b>Net currency risk exposure</b>                              | (13,618)      | (213,984)     | 15,411        | (7,118)       | 235            | 7,897         | 5,042         | (206,135)       |
| <b>Reasonably possible change<br/>in foreign exchange rate</b> |               | 5%            | 5%            | 5%            | 5%             | 5%            | 5%            |                 |
| <b>Effect on profit before tax</b>                             |               | (10,699)      | 771           | (356)         | 12             | 395           | 252           | (9,625)         |

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

*(Continued)*

**3. Financial risk management and fair value estimation *(continued)***

**a) Financial risk factors (continued)**

*i) Market risk (continued)*

**a) Currency risk (continued)**

*For the year ended 30 September 2018*

|  | TTD<br>\$'000 | USD<br>\$'000 | ECD<br>\$'000 | BDS<br>\$'000 | Euro<br>\$'000 | GUY<br>\$'000 | CAD<br>\$'000 | Total<br>\$'000 |
|--|---------------|---------------|---------------|---------------|----------------|---------------|---------------|-----------------|
| <b>ASSETS</b>  |               |               |               |               |                |               |               |                 |
| Cash at bank   | 138,283       | 22,734        | 9,041         | 16,560        | 8,913          | 16,992        | 4,865         | 217,388         |
| Trade and other receivables                                    | 360,051       | 53,548        | 72,018        | 47,595        | 900            | 5,577         | -             | 539,689         |
| <b>Total financial assets</b>                                  | 498,334       | 76,282        | 81,059        | 64,155        | 9,813          | 22,569        | 4,865         | 757,077         |
| <b>LIABILITIES</b>   |               |               |               |               |                |               |               |                 |
| Borrowings   | 346,068       | 74,193        | 58,098        | 18,345        | -              | -             | -             | 496,704         |
| Trade and other payables                                       | 228,298       | 143,994       | 45,928        | 87,276        | 8,134          | 1,905         | -             | 515,535         |
| <b>Total financial liabilities</b>                             | 574,366       | 218,187       | 104,026       | 105,621       | 8,134          | 1,905         | -             | 1,012,239       |
| <b>Net currency risk exposure</b>                              | (76,032)      | (141,905)     | (22,967)      | (41,466)      | 1,679          | 20,664        | 4,865         | (255,162)       |
| <b>Reasonably possible change<br/>in foreign exchange rate</b> |               | 5%            | 5%            | 5%            | 5%             | 5%            | 5%            |                 |
| <b>Effect on profit before tax</b>                             |               | (7,095)       | (1,148)       | (2,073)       | 84             | 1,033         | 243           | (8,956)         |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

(Continued)

### 3. Financial risk management and fair value estimation (continued)

#### a) Financial risk factors (continued)

##### i) Market risk (continued)

##### b) Cash flow interest rate risk

As the Group has no significant variable rate interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

Borrowings issued at variable rates expose the Group to cash flow interest-rate risk. The Group manages its interest rate exposure by maintaining a significant percentage of the long-term borrowings in fixed rate instruments.

The Group has calculated the impact on profit and loss of a change in interest rates of 100 basis points, based on the average variable borrowings for the financial year. Based on these calculations, the impact would be an increase or decrease of \$889,676 (2018: \$794,805).

##### ii) Credit risk

The Group takes on exposure to credit risk, which is the potential for loss due to a debtor's failure to pay amounts when due. Credit risk arises from cash and outstanding receivables. Impairment provisions are established for losses that have been incurred at the consolidated statement of financial position date.

The Group trades only with recognised, credit worthy third parties, who are subject to credit verification procedures, which take into account their financial position and past experience. Individual risk limits are set based on internal ratings. Exposure to credit risk is further managed through regular analysis of the ability of debtors to settle their outstanding balances. Cash is deposited with reputable financial institutions.

The following table shows the maximum exposure to credit risk which represents a worst case scenario of credit risk exposure, without taking account of any collateral held or other credit enhancements attached.

| Gross maximum exposure                      | 2019<br>\$'000 | 2018<br>\$'000 |
|---|----------------|----------------|
| Trade and other receivables – net (Note 11) | 495,820        | 523,230        |
| Cash at bank and in hand (Note 21)          | 234,037        | 217,388        |
| Total                                       | 729,857        | 740,618        |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

(Continued)

### 3. Financial risk management and fair value estimation (continued)

#### a) Financial risk factors (continued)

##### iii) Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its payment obligations when they fall due under normal and stress circumstances. The Group manages its liquidity risk by monitoring its projected inflows and outflows from operations. Where possible the Group utilises surplus internal funds to finance its operations and ongoing projects.

The Group also utilises available credit facilities such as long-term borrowings, overdrafts and other financial options where required.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the consolidated statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

|                            | Less<br>than<br>1 year<br>\$'000 | 1 to<br>2 years<br>\$'000 | 2 to<br>5 years<br>\$'000 | Greater<br>than<br>5 years<br>\$'000 | Total<br>\$'000 |
|----------------------------|----------------------------------|---------------------------|---------------------------|--------------------------------------|-----------------|
| <b>2019</b>                |                                  |                           |                           |                                      |                 |
| Bank overdraft/acceptances | 71,594                           | -                         | -                         | -                                    | 71,594          |
| Borrowings                 | 104,754                          | 70,320                    | 149,856                   | 160,041                              | 484,971         |
| Trade and other payables   | 378,048                          | -                         | -                         | -                                    | 378,048         |
|                            | 554,396                          | 70,320                    | 149,856                   | 160,041                              | 934,613         |
| <b>2018</b>                |                                  |                           |                           |                                      |                 |
| Bank overdraft/acceptances | 90,341                           | -                         | -                         | -                                    | 90,341          |
| Borrowing                  | 117,995                          | 79,624                    | 169,104                   | 178,974                              | 545,697         |
| Trade and other payables   | 386,732                          | -                         | -                         | -                                    | 386,732         |
|                            | 595,068                          | 79,624                    | 169,104                   | 178,974                              | 1,022,770       |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

(Continued)

### 3. Financial risk management and fair value estimation (continued)

#### b) Capital risk management

The Group's objective when managing capital is 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 adjust 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, which is calculated as total borrowings, both current and non-current, less cash divided by total capital (debt and equity), as presented below:

|                                 | 2019<br>\$'000 | 2018<br>\$'000 |
|---------------------------------|----------------|----------------|
| Total borrowings<br>(Note 13)   | 441,686        | 496,704        |
| Less: cash at bank<br>(Note 21) | (234,037)      | (217,338)      |
| Net debt                        | 207,649        | 279,366        |
| Total equity                    | 1,481,410      | 1,371,638      |
| Total capital                   | 1,689,059      | 1,651,004      |
| Gearing ratio                   | 12%            | 17%            |

For 2019, the Group complied with all of the externally imposed capital requirements to which they are subject.

#### c) Fair value estimation

The carrying amount of short-term financial assets and liabilities comprising cash at bank, accounts receivable, accounts payable and the current portion of borrowings are a reasonable estimate of their fair values because of the short maturity of these instruments.

The fair value of the long-term portion of the fixed rate financing as at 30 September 2019 is estimated to be \$314.1 million (2018: \$344.7 million) which is similar to its carrying value of \$314.1 million (2018: \$344.7 million). For all other financial assets and liabilities, the carrying value is considered a reasonable approximation of fair value.

At the end of each reporting period, the Group updates their assessment of the fair value of investment properties and freehold properties (classified within property, plant and equipment) taking into account the most recent independent valuations. During the year, the Group obtained independent valuations for its freehold properties and investment properties, based on valuations performed by qualified external valuers.

These fair value amounts were determined mainly on the basis of level 3 inputs. Main inputs used in the determination of fair value for these assets include the location, square footage, the overall condition of each property and the potential usage of the property.



(Continued)

#### 4. Significant accounting estimates, assumptions and judgements

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

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

##### *i) Impairment of goodwill and intangibles*

The Group determines whether goodwill or other indefinite life intangibles are impaired at least on an annual basis. This requires an estimation of recoverable amount which is the higher of the 'value in use' or 'fair value less costs of disposal' of the cash-generating units to which the goodwill or other intangibles are allocated. Estimating a recoverable amount requires management to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate and the growth rate used for extrapolation purposes.

##### *ii) Expected credit losses of trade receivables*

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

##### *iii) Revenue from contracts with customers*

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

##### *Determining the timing of satisfaction of construction contracts*

The Group concluded that revenue for some construction contracts is to be recognised over time because the customer simultaneously receives and consumes the benefits provided by the Group. The fact that another entity would not need to re-perform the projects that the Group has provided to date demonstrates that the customer simultaneously receives and consumes the benefits of the Group's performance as it performs.

The Group applies the input method of measuring progress of construction contracts depending on how management measures progress towards completion for project management purposes. Where the input method is applied, the Group recognises revenue on the basis of the cost incurred relative to the total expected cost to complete the service.

(Continued)

4. Significant accounting estimates, assumptions and judgements (continued)

*iv) Revaluation of freehold properties  
and investment properties*

The Group carries its investment properties at fair value, with changes in fair value being recognised in the consolidated statement of income. In addition, it measures freehold properties at revalued amounts with changes in fair value being recognised in equity. Management performed an external assessment of the valuation of the freehold properties and investment properties. The resultant changes were included in the revaluation reserves or profit and loss, as a gain in valuation respectively. Valuations are sensitive to the underlying assumptions utilized by management in the valuation methodology applied in determining fair value.

*v) Taxes*

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

Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Group Company's domicile. Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

*vi) Pension benefits*

The cost of defined benefit pension plans and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

(Continued)

**5. Property, plant and equipment**

| <b>Year ended<br/>30 September 2019</b>            | <b>Land,<br/>building and<br/>improvements<br/>\$'000</b> | <b>Furniture<br/>and office<br/>equipment<br/>\$'000</b> | <b>Motor<br/>vehicles<br/>\$'000</b> | <b>Machinery<br/>and<br/>equipment<br/>\$'000</b> | <b>Capital<br/>work in<br/>progress<br/>\$'000</b> | <b>Total<br/>\$'000</b> |
|--|---|--|--------------------------------------|---|--|-------------------------|
| Opening net book amount                            | 642,856   | 56,118   | 28,816                               | 54,957  | 2,377  | 785,124                 |
| Additions  | 42,729  | 15,138   | 8,086                                | 5,710   | 30,328   | 101,991                 |
| Disposals  | (11)  | (51)   | (553)                                | (1)   | -  | (616)                   |
| Transfers  | 7,227   | 615  | 197                                  | 102   | (8,141)  | -                       |
| Transfer to asset held for sale<br>(Note 23)       | (12,712)  | -  | -                                    | -   | -  | (12,712)                |
| Write-offs   | -   | (1,256)  | -                                    | (1,793)   | 146  | (2,903)                 |
| Foreign exchange translation                       | (1,141)   | (439)  | (187)                                | (7)   | (5)  | (1,779)                 |
| Depreciation charge                                | (17,435)  | (13,122)   | (9,216)                              | (8,708)   | -  | (48,481)                |
| Closing net book amount                            | 661,513   | 57,003   | 27,143                               | 50,260  | 24,705   | 820,624                 |
| <b>At 30 September 2019</b>                        |   |  |                                      |   |  |                         |
| Cost or valuation                                  | 753,934   | 203,905  | 116,206                              | 227,480   | 24,705   | 1,326,230               |
| Accumulated depreciation                           | (92,421)  | (146,902)  | (89,063)                             | (177,220)   | -  | (505,606)               |
| Net book amount                                    | 661,513   | 57,003   | 27,143                               | 50,260  | 24,705   | 820,624                 |
| <b>Year ended<br/>30 September 2018</b>            |   |  |                                      |   |  |                         |
| Opening net book amount                            | 461,025   | 47,110   | 24,359                               | 44,322  | 35,653   | 612,469                 |
| Additions  | 36,249  | 15,191   | 13,428                               | 6,648   | 6,598  | 78,114                  |
| Disposals  | -   | (165)  | (1,445)                              | (1,335)   | -  | (2,945)                 |
| Changes in composition<br>of Group (Note 32 a & b) | 544   | 110  | 982                                  | 567   | 90   | 2,293                   |
| Transfers  | 21,459  | 5,658  | 20                                   | 12,002  | (39,139)   | -                       |
| Write-offs   | (4,614)   | (241)  | -                                    | -   | (825)  | (5,680)                 |
| Revaluation surplus                                | 140,978   | -  | -                                    | -   | -  | 140,978                 |
| Foreign exchange translation                       | 665   | (118)  | (13)                                 | -   | -  | 534                     |
| Depreciation charge                                | (13,450)  | (11,427)   | (8,515)                              | (7,247)   | -  | (40,639)                |
| Closing net book amount                            | 642,856   | 56,118   | 28,816                               | 54,957  | 2,377  | 785,124                 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

(Continued)

## 5. Property, plant and equipment (continued)

| At 30 September 2018     | Land,<br>building and<br>improvements<br>\$'000 | Furniture<br>and office<br>equipment<br>\$'000 | Motor<br>vehicles<br>\$'000 | Machinery<br>and<br>equipment<br>\$'000 | Capital<br>work in<br>progress<br>\$'000 | Total<br>\$'000 |
|--------------------------|---|--|-----------------------------|---|--|-----------------|
| Cost or valuation        | 720,727   | 173,454  | 91,953                      | 76,771                                  | 2,377                                    | 1,065,282       |
| Accumulated depreciation | (77,871)  | (117,336)                                      | (63,137)                    | (21,814)                                | -  | (280,158)       |
| Net book amount          | 642,856   | 56,118   | 28,816                      | 54,957                                  | 2,377                                    | 785,124         |

An independent professional valuation was conducted on freehold properties as at 31 July 2018 by Brent Augustus and Associates, for the properties belonging to the subsidiaries in Trinidad.

In Grenada, a valuation was performed by T.M. Williamson Consulting Architects for properties belonging to Independence Agencies Limited as at 30 June 2018. Peter and Company Limited in St. Lucia used Terrence St. Clair, Quality Surveyor for the valuation on its property as at 31 July 2018.

|   | 2019<br>\$'000 | 2018<br>\$'000 |
|---|----------------|----------------|
| Depreciation expense charged in administration expenses | 40,084         | 32,075         |
| Depreciation expense charged in cost of sales           | 8,397          | 8,564          |

If land and buildings were stated on the historical cost basis, the amounts would be as follows:

|                          | 2019<br>\$'000 | 2018<br>\$'000 |
|--------------------------|----------------|----------------|
| Cost                     | 273,832        | 241,983        |
| Accumulated depreciation | (30,928)       | (28,362)       |
| Net book amount          | 242,904        | 213,621        |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

(Continued)

### 6. Investment properties

|                                    | 2019<br>\$'000 | 2018<br>\$'000 |
|------------------------------------|----------------|----------------|
| Beginning of year                  | 31,187         | 21,702         |
| Revaluation on investment property | (2,022)        | 9,485          |
| End of year                        | 29,165         | 31,187         |

Management valued the existing investment properties in August 2019 at \$29,165,178 on the open market value basis.

| The following amounts have been recognised in the consolidated statement of comprehensive income: | 2019<br>\$'000 | 2018<br>\$'000 |
|---|----------------|----------------|
| Rental income   | 300            | 1,125          |
| Direct operating expenses   | 40             | 283            |

The Group has no restrictions on the realisability of its investment properties and contractual commitment at year-end to purchase, construct or develop investment properties for repairs or enhancements.

### 7. Intangible assets

| As at 30 September 2019   | Goodwill<br>\$'000 | Customer relationships<br>brands, rights<br>& trade name<br>\$'000 | Software<br>\$'000 | Total<br>\$'000 |
|---|--------------------|--|--------------------|-----------------|
| Gross carrying amounts as at 1 October 2018                     | 160,820            | 122,687  | 8,202              | 291,709         |
| Additions   | -                  | 1,360  | 819                | 2,179           |
| Gross carrying amounts as at 30 September 2019                  | 160,820            | 124,047  | 9,021              | 293,888         |
| Accumulated impairment and amortisation as at 1 October 2018    | (563)              | (10,336)   | (6,004)            | (16,903)        |
| Impairment  | (342)              | -  | -                  | (342)           |
| Amortisation  | -                  | (3,224)  | (794)              | (4,018)         |
| Accumulated impairment and amortisation as at 30 September 2019 | (905)              | (13,560)   | (6,798)            | (21,263)        |
| Net carrying amounts as at 30 September 2019                    | 159,915            | 110,487  | 2,223              | 272,625         |



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

(Continued)

### 7. Intangible assets (continued)

| As at 30 September 2018  | Goodwill<br>\$'000 | Customer<br>relationships<br>brands, rights<br>& trade name<br>\$'000 | Software<br>\$'000 | Total<br>\$'000 |
|--|--------------------|---|--------------------|-----------------|
| <b>Gross carrying amounts as at 1 October 2017</b>                         | 151,073            | 51,222  | 7,343              | 209,638         |
| Additions  | -                  | 71,465  | 988                | 72,453          |
| Changes in composition of the Group  | 9,747              | -   | -                  | 9,747           |
| Disposal   | -                  | -   | (129)              | (129)           |
| <b>Gross carrying amounts as at 30 September 2018</b>                      | 160,820            | 122,687   | 8,202              | 291,709         |
| <b>Accumulated impairment and amortisation<br/>as at 1 October 2017</b>    | (563)              | (6,909)   | (5,320)            | (12,792)        |
| Amortisation   | -                  | (3,427)   | (684)              | (4,111)         |
| <b>Accumulated impairment and amortisation<br/>as at 30 September 2018</b> | (563)              | (10,336)  | (6,004)            | (16,903)        |
| <b>Net carrying amounts as at 30 September 2018</b>                        | 160,257            | 112,351   | 2,198              | 274,806         |

#### Goodwill

In accordance with IFRS 3, 'Business Combinations', goodwill acquired through business combinations has been allocated to the Group's cash-generating units that are expected to benefit from the synergies of the combination. Impairment is determined by assessing the recoverable amount of the cash-generating units to which goodwill relates.

The following table highlights the goodwill and impairment testing information for each cash-generating unit at year end:

| Cash-Generating Unit                        | Carrying<br>amount of<br>goodwill<br>\$'000 | Discount rate | Growth rate<br>(extrapolation<br>period) | Year of<br>acquisition |
|---|---|---------------|--|------------------------|
| Rosco Petroavance Limited                   | 216   | -             | -  | 2000                   |
| CDP Trinidad Limited (Hand Arnold division) | 48,147                                      | 8.58%         | 2.50%                                    | 2008                   |
| CDP Trinidad Limited (Vemco division)       | 25,496                                      | 8.86%         | 2.50%                                    | 2017                   |
| Superpharm Limited                          | 20,888                                      | 8.71%         | 2.90%                                    | 2010                   |
| Smith Robertson & Company Limited           | 11,845                                      | 10.03%        | 3.00%                                    | 2010                   |
| Agostini Building Solutions (Interchem)     | 3,080                                       | -             | -  | 2008                   |
| Peter and Company Limited                   | 130   | -             | -  | 2015                   |
| Hanschell Inniss Limited                    | 20,895                                      | 15.11%        | 3.00%                                    | 2015                   |
| Coreas Distribution Limited                 | 19,471                                      | 11.46%        | 3.00%                                    | 2015                   |
| Desinco Limited                             | 4,355                                       | 9.87%         | 3.50%                                    | 2018                   |
| Curis Technologies Limited                  | 5,392                                       | 8.87%         | 3.00%                                    | 2018                   |
| <b>Total</b>                                | 159,915                                     |               |  |                        |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

(Continued)

### 7. Intangible assets (continued)

#### Customer relationships, brands, rights and trade names

Subsequent to initial recognition, the customer relationships, brands, rights and trade names were assessed to determine whether their useful lives were finite or indefinite. Those with finite useful lives were assessed to have lives ranging from 10 to 20 years. Impairment

tests were performed on the customer relationships, brands and trade names at year end and there were no impairment charges arising. In 2016, the Group acquired exclusive distribution rights for a drink brand at a cost of \$3.1 million which is being amortised on a straight-line basis over a finite period of ten years.

The following table highlights the impairment testing information for each other intangibles at year end:

| Cash-Generating Unit                        | Carrying amount<br>of relationships,<br>brands, rights<br>and trade names<br>\$'000 | Discount rate | Growth rate<br>(extrapolation<br>period) |
|---|---|---------------|--|
| Hanschell Inniss Limited                    | 3,420   | 15.11%        | 3%                                       |
| Coreas Distribution Limited                 | 2,664   | 11.46%        | 3%                                       |
| Peter and Company Limited                   | 1,623   | -             | -  |
| CDP Trinidad Limited<br>(Vemco division)    | 25,601  | 8.86%         | 3%                                       |
| CDP Trinidad Limited (Hand Arnold division) | 4,355   | 8.58%         | 3%                                       |
| CDP Brand Holdings                          | 71,464  | 8.58%         | 3%                                       |
| <b>Total</b>                                | <b>109,127</b>  |               |  |

For all of the above impairment tests, the recoverable amount of the relevant business units was determined based on value in use calculations using pre-tax cash flow projections. These projections are based on financial budgets approved by the Board of Directors of the respective companies. In assessing value in use, some budgets were adjusted to deliver an adequate balance between historic performance and likely future

outcomes. Growth rates are based on published industry research where available or on the historic average of real GDP for the local economy.

During the year, the EVE trademark for Guyana and Suriname was acquired by the Group. The trademark has been recognised with an indefinite useful life in accordance with IAS 38 - Intangible Assets with a carrying value of \$1,359,860.

|  | 2019<br>\$'000 | 2018<br>\$'000 |
|--|----------------|----------------|
| Total carrying value of customer relationships, brands, rights and trademarks as at 30 September | 110,487        | 112,351        |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

(Continued)

### 7. Intangible assets (continued)

#### Customer relationships, brands, rights and trade names (continued)

##### *Key assumptions used in value in use calculations*

The calculation of value in use for the respective cash generating units is most sensitive to the following assumptions:

- Gross margins
- Discount rates
- Growth rate used to extrapolate cash flows beyond the forecast period

Gross margins – are impacted by the cost of goods for resale/manufactured at the respective cash generating units. The Group has some discretion in setting selling prices which also impacts gross margin. Factors such as increased competition or decreased consumer spending/demand may negatively impact gross margin.

Discount rates – this represents the current market assessment of the risks specific to each cash generating unit, taking into consideration the time value of money and individual risks of the underlying assets that have

not been incorporated into the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and are derived from its weighted average cost of capital (WACC). The WACC takes into account both equity and debt. Adjustments to the discount rate are made to factor in the specific amounts and timing of the future tax flows in order to reflect a pre-tax discount rate.

Growth rate – is based on industry research and is used to extrapolate cash flows beyond the forecast period.

Software - Intangible assets also include the purchase of a software system known as Syspro System which was recognized at fair value at the capitalization date. Subsequent to initial recognition, computer software was carried at cost, less amortization and is expected to have a finite useful life of 3 years.

### 8. Retirement benefits

The Group has defined benefit and defined contribution plans in Trinidad and Tobago, Barbados, St. Lucia, St. Vincent and Grenada. These plans are governed by the deeds and rules of the specific plan and the employment laws relevant to the jurisdictions in which they operate.

Contributions recognised in the consolidated statement of income with respect to defined contribution plans are as follows:

|  | 2019<br>\$'000 | 2018<br>\$'000 |
|--|----------------|----------------|
| Contribution expense – Trinidad and Tobago plans | 4,321          | 3,761          |
| Contribution expense – Overseas plans            | 1,279          | 2,007          |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

(Continued)

### 8. Retirement benefits (continued)

The level of pension benefits provided under the defined benefit plans depends on the member's length of service and salary at retirement age. The defined benefit pension plan requires contributions to be made to a separately administered fund. The fund has a separate legal form and is governed by the Board of Trustees. The Board of Trustees is responsible for the administration of the plan assets and for the definition of the investment strategy.

The Board of Trustees periodically reviews the level of funding in the pension plan. Such a review includes the asset-liability matching strategy and investment risk management policy which considers the term of the pension obligation while simultaneously remaining compliant with the requirements of the Pension Act. The pension plans are exposed to inflation, interest rate risks and changes in the life expectancy for pensioners in the relevant jurisdictions. As the plan assets include significant investments in quoted equity shares, the Group is also exposed to equity market risk.

|  | 2019<br>\$'000 | 2018<br>\$'000 |
|--|----------------|----------------|
| <b>Retirement benefits asset:</b>          |                |                |
| Trinidad and Tobago plans (See Note 8 (a)) | 17,988         | 16,134         |
| Overseas plans (See Note 8 (b))            | 6,403          | 5,997          |
| <b>Retirement benefits liability:</b>      |                |                |
| Overseas plans (See Note 8 (b))            | 24,391         | 22,131         |
|  | 2,656          | 2,479          |

#### a) Trinidad and Tobago plans

| Changes in present value of defined benefit obligation | Defined benefit pension plan |                |
|--|------------------------------|----------------|
|  | 2019<br>\$'000               | 2018<br>\$'000 |
| Defined benefit obligation at start of year            | 174,286                      | 163,850        |
| Interest cost  | 8,272                        | 7,849          |
| Current service cost – employer's portion              | 5,152                        | 4,592          |
| Employee additional voluntary contributions            | 4,548                        | 3,938          |
| Actuarial (loss)/gains                                 | (1,932)                      | 1,221          |
| Transfer in  | 45                           | -              |
| Benefits paid  | (10,819)                     | (7,164)        |
| Defined benefit obligation at end of year              | 179,552                      | 174,286        |

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

*(Continued)*

**8. Retirement benefits (continued)**

|   | <b>Defined benefit<br/>pension plan</b> |                        |
|---|---|------------------------|
| <b>a) Trinidad and Tobago plans (continued)</b>                                   | <b>2019<br/>\$'000</b>                  | <b>2018<br/>\$'000</b> |
| <b>Change in fair value of plan assets</b>  |   |                        |
| Plan assets at start of year  | 190,420                                 | 181,951                |
| Administration expense  | (373)                                   | (432)                  |
| Expected return on plan assets  | 9,476                                   | 9,112                  |
| Actuarial loss  | (305)                                   | (923)                  |
| Employee additional voluntary contributions                                       | 4,548                                   | 3,938                  |
| Transfer in   | 45                                      | -                      |
| Benefits paid   | (10,819)                                | (7,164)                |
| Company contributions   | 4,548                                   | 3,938                  |
| Plan assets at end of year  | 197,540                                 | 190,420                |
| <b>Amounts recognised in the consolidated statement<br/>of financial position</b> |   |                        |
| Present value of pension obligations  | (179,552)                               | (174,286)              |
| Fair value of plan assets   | 197,540                                 | 190,420                |
| Net benefit asset   | 17,988                                  | 16,134                 |
| Represented by:   |   |                        |
| Retirement benefit asset  | 17,988                                  | 16,134                 |
| Retirement benefit liability  | -                                       | -                      |
|   | 17,988                                  | 16,134                 |



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

(Continued)

**8. Retirement benefits (continued)**

|  | Defined benefit pension plan |             |
|--|------------------------------|-------------|
|  | 2019                         | 2018        |
|  | \$'000                       | \$'000      |
| <b>a) Trinidad and Tobago plans (continued)</b>  |                              |             |
| <b>Amounts recognised in the consolidated statement of income</b>                                |                              |             |
| Current service cost   | 5,152                        | 4,592       |
| Interest on obligation   | 8,272                        | 7,849       |
| Expected return on plan assets   | (9,476)                      | (9,112)     |
| Administration cost  | 373                          | 432         |
| Net pension expense recognised during the year   | 4,321                        | 3,761       |
| <b>Movements in the net asset recognised in the consolidated statement of financial position</b> |                              |             |
| Net asset at 1 October   | 16,134                       | 18,101      |
| Net pension expense recognised in the consolidated statement of income                           | (4,321)                      | (3,761)     |
| Actuarial gains/(losses) recognized in consolidated other comprehensive income                   | 1,627                        | (2,144)     |
| Employer contributions   | 4,548                        | 3,938       |
| Net asset at 30 September  | 17,988                       | 16,134      |
| <b>The major categories of plan assets as a percentage of total plan assets are as follows:</b>  | <b>2019</b>                  | <b>2018</b> |
| Government securities  | 37%                          | 45%         |
| Local equities   | 30%                          | 25%         |
| Foreign assets   | 19%                          | 20%         |
| Short-term   | 14%                          | 10%         |
| <b>Principal actuarial assumptions at the consolidated statement of financial position date</b>  |                              |             |
| Discount rate  | 5%                           | 5%          |
| Future salary escalation   | 3%                           | 3%          |
| Expected return on plan assets   | 3% - 4.5%                    | 2.5% - 4.5% |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

(Continued)

### 8. Retirement benefits (continued)

#### a) Trinidad and Tobago plans (continued)

A quantitative sensitivity analysis for significant assumptions as at 30 September is as shown below for Agostini's Limited and CDP Trinidad Limited:

| Assumptions<br>2019                      | Discount rate            |                          | Future salary            |                          |
|--|--------------------------|--------------------------|--------------------------|--------------------------|
|  | 1%<br>increase<br>\$'000 | 1%<br>decrease<br>\$'000 | 1%<br>increase<br>\$'000 | 1%<br>decrease<br>\$'000 |
| Impact on the defined benefit obligation | (10,068)                 | 13,043                   | 3,113                    | (2,147)                  |
| <b>2018</b>                              |                          |                          |                          |                          |
| Impact on the defined benefit obligation | (9,112)                  | 14,708                   | 3,006                    | (1,991)                  |
|  |                          |                          | <b>2019</b>              | <b>2018</b>              |
| Group contributions for 2020 (\$ '000)   |                          |                          | 4,800                    | -                        |
| Average duration of DBO (years)          |                          |                          | 14                       | 17                       |
| Weighted average DBO (years)             |                          |                          | 16                       | 16                       |

Both the Agostini's Limited and CDP Trinidad Limited pension plans are maintained at significant surpluses. The Group has chosen not to take any contribution holidays to ensure the continued health of the plans in

the changing economic circumstances. Members of both pension plans, are required to contribute to the plans at the rate of 6% of their earnings for the foreseeable future.

#### b) Overseas plans

|   | Defined benefit<br>pension plan |                |
|---|---------------------------------|----------------|
|   | 2019<br>\$'000                  | 2018<br>\$'000 |
| <b>Employee benefit asset</b>                                 |                                 |                |
| <b>Changes in present value of defined benefit obligation</b> |                                 |                |
| Defined benefit obligation at start of year                   | 64,056                          | 68,398         |
| Foreign exchange translation                                  | (1,677)                         | (409)          |
| Interest cost   | 4,719                           | 5,269          |
| Current service cost – employer's portion                     | 1,266                           | 1,627          |
| Employee additional voluntary contributions                   | 493                             | 519            |
| Actuarial gains   | (3,063)                         | (8,895)        |
| Benefits paid   | (2,219)                         | (2,453)        |
| Defined benefit obligation at end of year                     | 63,575                          | 64,056         |

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

(Continued)

**8. Retirement benefits (continued)**

|   | <b>Defined benefit<br/>pension plan</b> |               |
|---|---|---------------|
|   | <b>2019</b>                             | <b>2018</b>   |
|   | <b>\$'000</b>                           | <b>\$'000</b> |
| <b>b) Overseas plans (continued)</b>  |   |               |
| <b>Change in fair value of plan assets</b>  |   |               |
| Plan assets at start of year  | 67,574                                  | 68,170        |
| Foreign exchange translation  | (4,181)                                 | (4,977)       |
| Administration expense  | (250)                                   | (162)         |
| Expected return on plan assets  | 4,956                                   | 5,051         |
| Employee additional voluntary contributions                                       | 493                                     | 519           |
| Company contributions   | 949                                     | 1,426         |
| Benefits paid   | (2,219)                                 | (2,453)       |
| Plan assets at end of year  | 67,322                                  | 67,574        |
| <b>Amounts recognised in the consolidated statement<br/>of financial position</b> |   |               |
| Present value of pension obligations  | (63,575)                                | (64,056)      |
| Fair value of plan assets   | 67,322                                  | 67,574        |
| Net benefit asset   | 3,747                                   | 3,518         |
| Represented by:   |   |               |
| Retirement benefit asset  | 6,403                                   | 5,997         |
| Retirement benefit liability  | (2,656)                                 | (2,479)       |
|   | 3,747                                   | 3,518         |
| <b>Amounts recognised in the consolidated statement<br/>of income</b>             |   |               |
| Current service cost  | 1,266                                   | 1,627         |
| Interest on obligation  | 4,719                                   | 5,269         |
| Administration cost/unrecognised asset ceiling                                    | 250                                     | 162           |
| Expected return on plan assets  | (4,956)                                 | (5,051)       |
| Net pension expense recognised during the year                                    | 1,279                                   | 2,007         |

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

(Continued)

**8. Retirement benefits (continued)**

|  | <b>Defined benefit pension plan</b> |               |
|--|-------------------------------------|---------------|
|  | <b>2019</b>                         | <b>2018</b>   |
|  | <b>\$'000</b>                       | <b>\$'000</b> |
| <b>b) Overseas plans (continued)</b>   |                                     |               |
| <b>Movements in the net liability recognised in the consolidated statement of financial position</b> |                                     |               |
| Net asset/ (liability) at 1 October  | 3,518                               | (2,118)       |
| Foreign exchange   | (150)                               | (122)         |
| Net pension expense recognised in the consolidated statement of income                               | (1,279)                             | (2,007)       |
| Actuarial gains recognized in consolidated other comprehensive income                                | 709                                 | 6,339         |
| Employer contributions   | 949                                 | 1,426         |
| Net asset at 30 September  | 3,747                               | 3,518         |
| <b>The major categories of plan assets as a percentage of total plan assets are as follows:</b>      | <b>2019</b>                         | <b>2018</b>   |
| Government securities  | 4%                                  | 18%           |
| Local equities   | 33%                                 | 31%           |
| Foreign assets   | 45%                                 | 25%           |
| Short-term   | 18%                                 | 26%           |
| <b>Principal actuarial assumptions at the consolidated statement of financial position date</b>      |                                     |               |
| Discount rate  | 7.5% - 7.75%                        | 7.5% - 7.75%  |
| Future salary escalation   | 6.5% - 6.75%                        | 6.5% - 6.75%  |
| Expected return on plan assets   | 7.5% - 7.75%                        | 7.5% - 7.75%  |
| Future pension increases (current retirees only)   | 3.5% - 3.75%                        | 3.5% - 3.75%  |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

(Continued)

### 8. Retirement benefits (continued)

A quantitative sensitivity analysis for significant assumptions as at 30 September is as shown below for Agostini's Limited and CDP Trinidad Limited:

| b) Overseas plans (continued)            | Discount rate            |                          | Future salary            |                          |
|--|--------------------------|--------------------------|--------------------------|--------------------------|
|  | 1%<br>increase<br>\$'000 | 1%<br>decrease<br>\$'000 | 1%<br>increase<br>\$'000 | 1%<br>decrease<br>\$'000 |
| <b>Assumptions 2019</b>                  |                          |                          |                          |                          |
| Impact on the defined benefit obligation | (1,142)                  | 6,584                    | 2,484                    | (198)                    |
| <b>2018</b>                              |                          |                          |                          |                          |
| Impact on the defined benefit obligation | (29,139)                 | 36,954                   | 27,519                   | (23,274)                 |
| Weighted average DBO (years)             |                          |                          | <b>2019</b><br>16        | <b>2018</b><br>22        |

The sensitivity analyses above have been determined based on a method that extrapolates the impact on net defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The pension plan is maintained at a significant surplus. The Group has chosen not to take any contribution

holidays to ensure the continued health of the plan in changing economic circumstances. The Group's contribution rate of up to 5% of pensionable salaries will continue into the foreseeable future.

The Group is expected to contribute \$1.1 million to its overseas defined benefit plans in 2020.

### 9. Inventories

|  | <b>2019<br/>\$'000</b> | <b>2018<br/>\$'000</b> |
|--|------------------------|------------------------|
| Finished goods and goods for resale  | 456,467                | 449,329                |
| Raw materials  | 33,694                 | 30,595                 |
|  | 490,161                | 479,924                |
| Provision for obsolescence   | (10,394)               | (9,690)                |
|  | 479,767                | 470,234                |
| Goods in transit   | 135,608                | 123,664                |
| Work-in-progress   | 651                    | 294                    |
|  | 616,026                | 594,192                |
| The cost of inventories recognised as an expense and included in cost of sales amounted to | 2,438                  | 2,415                  |



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

(Continued)

### 10. Construction contract work-in-progress

|   | 2019<br>\$'000 | 2018<br>\$'000 |
|---|----------------|----------------|
| Contract costs incurred in the year                                     | 49,956         | 58,597         |
| Contract expenses recognised in the year                                | (48,404)       | (57,314)       |
|   | 1,552          | 1,283          |
| Contract costs incurred and recognised profits<br>(less losses) to date | 9,972          | 12,664         |

Amounts due from customers for construction contracts are shown in Note 11.

### 11. Trade and other receivables

|   | 2019<br>\$'000 | 2018<br>\$'000 |
|---|----------------|----------------|
| Trade receivables   | 442,470        | 441,220        |
| Less: Provision for expected credit losses  | (34,685)       | (29,270)       |
| Trade receivables - net   | 407,785        | 411,950        |
| Prepayments   | 20,755         | 16,459         |
| Other receivables   | 54,179         | 79,199         |
| Receivables from GEL group (Note 25)  | 5,856          | 3,351          |
| Receivables from VEML group (Note 25)   | 7,171          | 8,773          |
|   | 495,746        | 519,732        |
| Amounts due from customers for construction contracts   | 21,059         | 19,957         |
| Less: Provision for expected credit losses for<br>construction contracts  | (230)          | -              |
|   | 20,829         | 19,957         |
|   | 516,575        | 539,689        |
| As at 30 September 2019, trade receivables and amounts due<br>from construction customers that were impaired and fully<br>provided for: | 34,915         | 29,270         |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

(Continued)

### 11. Trade and other receivables (continued)

Movements in the expected credit losses for impairment of trade receivables were as follows:

|   | 2019<br>\$'000 | 2018<br>\$'000 |
|---|----------------|----------------|
| Balance at 1 October                          | 29,270         | 26,241         |
| Impact of IFRS 9 adoption (Note 2 a) iii) (a) | 3,030          | -              |
| Balance at 1 October (restated)               | 32,300         | 26,241         |
| Charge for the year                           | 7,254          | 10,339         |
| Write backs/ collections                      | (4,639)        | (7,310)        |
|   | 34,915         | 29,270         |

As at 30 September 2019 and 2018, the ageing analysis of trade receivables is as follows:

| Assumptions | Neither<br>past due<br>nor<br>impaired<br>\$'000 | Past due<br>but not<br>impaired<br>30-90 dys<br>\$'000 | Past due<br>but not<br>impaired<br>over 90 dys<br>\$'000 | Total<br>\$'000 |
|-------------|--|--|--|-----------------|
| 2019        | 269,667  | 112,915  | 25,203   | 407,785         |
| 2018        | 231,312  | 152,858  | 27,780   | 411,950         |

### 12. Stated and capital reserves

|  | 2019<br>\$'000 | 2018<br>\$'000 |
|--|----------------|----------------|
| Authorised   |                |                |
| An unlimited number of ordinary shares of no par value           |                |                |
| Issued and fully paid  |                |                |
| 69,103,779 (2018: 69,103,779) ordinary shares of no<br>par value | 364,716        | 364,716        |

Other reserves consists of foreign exchange differences arising on the translation of the financial statements of foreign subsidiaries into Trinidad and Tobago dollars (the Group's presentation currency).

Revaluation reserves arises from the revaluation of freehold properties.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

(Continued)

### 13. Borrowings

|                                   | 2019<br>\$'000 | 2018<br>\$'000 |
|-----------------------------------|----------------|----------------|
| <b>Current</b>                    |                |                |
| i) Bankers' acceptances (Note 21) | 53,238         | 73,120         |
| ii) Bank overdraft (Note 21)      | 18,356         | 17,221         |
| iii) Bank borrowings              | 56,013         | 61,627         |
|                                   | 127,607        | 151,968        |
| <b>Non-current</b>                |                |                |
| iv) Bank borrowings               | 314,079        | 344,736        |
| <b>Total borrowings</b>           | <b>441,686</b> | <b>496,704</b> |

i) Bankers' acceptances are unsecured with a maturity period of 1–3 months. Interest rates on these borrowings are 2.9% - 5% per annum (2018: 2.9% - 5% per annum).

ii) The Bank overdraft is secured by a debenture over the fixed and floating assets of the Group stamped to cover \$50,000,000 with Scotiabank Trinidad and Tobago Limited ranking pari passu with Republic Bank Limited. Certain subsidiaries' bank borrowings and bank overdrafts are secured by guarantees stamped to cover \$50,800,000. The bank overdrafts incur interest at the rate of 3.7% - 7.25% per annum (2018: 3.25% - 7.5% per annum).

iii)

& Bank borrowings include the following loans:

iv)

- On 2 October 2015, the Group entered into a refinancing arrangement with Scotiabank Trinidad and Tobago Limited to refinance all term debts and the Fixed Rate Bonds issued by RBC Trust Limited, Republic Bank Limited and First Citizens Trust Services Limited.

This loan of \$170,000,000 is secured by a first mortgage debenture over the fixed and floating assets of the Group, stamped to cover \$275,000,000. The principal amount of the loan was \$170,000,000 repayable via 28 equal principal payments of \$4,250,000 plus interest beginning January 2015. A

bullet payment of the remaining balance of \$51,000,000 will be due at maturity or subject to refinancing for a further 3 years at the bank's option. It has a fixed interest rate of 4.2% per annum.

- A loan of \$60,000,000 which is secured by a second debenture over the fixed and floating assets of Agostini's Limited ranking pari passu with Republic Bank Limited and a specific first demand legal mortgage over additional real estate assets. This loan is repayable in monthly instalments of \$658,615 which began on 31 October 2016 over a period of 10 years with a fixed interest rate of 5.75% per annum.
- In December 2015, Agostini's Limited secured a \$38,000,000 non-revolving loan with Scotiabank Trinidad and Tobago Limited. This loan is repayable via sixty (60) equal quarterly principal payments of \$633,333 plus interest beginning in March 2016 at a rate of 5% per annum and is secured by first demand on property located at #3 Chootoo Road, Aranguez.
- In November 2016, Caribbean Distribution Partners Limited secured a \$43,000,000 non-revolving loan with Scotiabank Trinidad and Tobago Limited. This loan is repayable via thirty-two (32) equal quarterly principal payments of \$1,075,000. A bullet payment of the remaining balance of \$12,900,000 is due on the date of maturity. Interest on this facility was 6.25% per annum and it is secured by the fixed and floating assets of the borrower.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

(Continued)

### 13. Borrowings (continued)

#### iii) & iv) Bank borrowings include the following loans: (continued)

- A subsidiary's loan with Republic Bank Limited obtained in July 2014 which bears an interest rate of 5% per annum, payable in equal monthly instalments of \$485,410 inclusive of interest commencing 2 July 2014. This loan is secured by the fixed assets of CDP Trinidad Limited (Vemco division) stamped to cover \$85,000,000.
- A subsidiary's loan with Republic Bank Limited secured by a first mortgage over properties at Lot 9A and Lot 9B Diamond Vale Industrial Estate, Diego Martin stamped to cover \$13,464,000. The loan commenced on 1 August 2014 and bears an interest of 4.85% per annum with monthly instalments of \$117,941 inclusive of interest.
- A loan of \$19,500,000 to refinance existing CIBC First Caribbean International Bank obtained from The Bank of Nova Scotia (Barbados) at an interest of 5.25% per annum. This facility is repayable in 59 equal monthly principal payments of \$162,406 per month.
- In December 2017, Caribbean Distribution Partners Limited (CDPL) acquired a \$35,670,000 non-revolving term loan from Scotiabank Trinidad and Tobago Limited. This loan is repayable in twenty-four (24) equal quarterly principal instalments of \$990,833. The bullet payment of the balance of the loan of \$11,890,000 shall be payable on the day which is the sixth anniversary from the date of advance or subject to refinance for a further three (3) years at the Bank's sole option. It has a fixed interest rate of 4.69% per annum and is secured by registered debenture over the fixed and floating assets of the Borrower and a deed of properties executed by the Bank, CDPL and Republic Bank Limited.
- A subsidiary's loan of \$79,000,000 with a first charge over the fixed and floating assets of Peter and Company Limited secured at a rate of 5.2% per annum. The loan is repayable in 59 equal consecutive monthly principal payments of \$167,320 each plus interest. The balance of the facility will be paid on or before 21 December 2021.
- In May 2019, Agostini's Limited secured a \$15,000,000 non-revolving loan with Republic Bank Limited to assist with the construction and installation of a cold storage facility. The loan is repayable via 120 equal monthly instalments of \$164,654 inclusive of interest of 5.75% commencing 15 June 2019.

|  | 2019<br>\$'000 | 2018<br>\$'000 |
|--|----------------|----------------|
| <b>Maturity of non-current borrowings:</b> |                |                |
| Between 1 and 2 years                      | 66,747         | 56,224         |
| Between 2 and 5 years                      | 137,953        | 139,508        |
| Over 5 years                               | 109,379        | 149,004        |
|  | 314,079        | 344,736        |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

(Continued)

### 14. Deferred income tax

The movement on the deferred tax account is as follows:

|   | Accumulated<br>tax<br>depreciation<br>\$'000 | Fair<br>value gains<br>\$'000 | Retirement<br>benefit<br>obligation<br>\$'000 | Tax<br>losses<br>\$'000 | Intangible<br>assets<br>\$'000 | Total<br>\$'000 |
|---|--|-------------------------------|---|-------------------------|--------------------------------|-----------------|
| <b>As at 1 October 2018</b>                             | 36,204                                       | 25,636                        | 8,006   | (1,415)                 | 9,392                          | 77,823          |
| Charge to consolidated<br>statement of income (Note 19) | 2,258  | (487)                         | (385)   | 128                     | (2,205)                        | (691)           |
| Credit to consolidated OCI                              | -  | -                             | 1,352   | -                       | -                              | 1,352           |
| Other movements   | 112  | 30                            | 286   | 7                       | (51)                           | 384             |
| <b>As at 30 September 2019</b>                          | 38,574                                       | 25,179                        | 9,259   | (1,280)                 | 7,136                          | 78,868          |
| <b>As at 1 October 2017</b>                             | 36,359                                       | 9,411                         | 6,457   | (10,756)                | 18,117                         | 59,588          |
| Charge to consolidated<br>statement of income (Note 19) | 1,597  | (425)                         | 239   | 7,075                   | (2,337)                        | 6,149           |
| Changes in composition<br>of Group                      | (17)   | -                             | -   | (100)                   | -                              | (117)           |
| Credit to consolidated OCI                              | -  | 21,438                        | 1,310   | -                       | -                              | 22,748          |
| Other movements   | (1,735)                                      | (4,788)                       | -   | 2,366                   | (6,388)                        | (10,545)        |
| <b>As at 30 September 2018</b>                          | 36,204                                       | 25,636                        | 8,006   | (1,415)                 | 9,392                          | 77,823          |

|                        | 2019<br>\$'000 | 2018<br>\$'000 |
|------------------------|----------------|----------------|
| Deferred tax liability | 79,661         | 83,223         |
| Deferred tax asset     | (793)          | (5,400)        |
|                        | 78,868         | 77,823         |

Tax losses of Hanschell Inniss Limited which are available for set off against future taxable income for corporation tax purposes are as follows:

| Income | Amount<br>brought<br>forward<br>\$'000 | Amount<br>utilised<br>\$'000 | Amount<br>carried<br>forward<br>\$'000 | Expiry<br>date |
|--------|--|------------------------------|--|----------------|
| 2015   | 5,167                                  | (4,982)                      | 185                                    | 2022           |
| 2016   | 1,250                                  | -                            | 1,250                                  | 2023           |
|        | 6,417                                  | (4,982)                      | 1,435                                  |                |



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

(Continued)

### 14. Deferred income tax (continued)

These losses are as computed by the Company in its corporation tax returns and have as yet neither been confirmed nor disputed by the Commissioner of Inland Revenue.

Tax losses of Facey's Trading Limited which are available for set off against future taxable income for corporation tax purposes are as follows:

| Income | Amount brought forward<br>\$'000 | Amount utilised<br>\$'000 | Amount carried forward<br>\$'000 | Expiry date |
|--------|----------------------------------|---------------------------|----------------------------------|-------------|
| 2010   | 1,831                            | (1,831)                   | -                                | 2019        |
| 2011   | 5,681                            | -                         | 5,681                            | 2020        |
| 2012   | 2,543                            | -                         | 2,543                            | 2021        |
| 2013   | 762                              | -                         | 762                              | 2022        |
| 2015   | 3,388                            | -                         | 3,388                            | 2024        |
|        | 14,205                           | (1,831)                   | 12,374                           |             |

### 15. Trade and other payables

|                                  | 2019<br>\$'000 | 2018<br>\$'000 |
|----------------------------------|----------------|----------------|
| Trade payables                   | 331,238        | 308,439        |
| Accrued expenses                 | 101,930        | 79,332         |
| Amounts due to contractors       | 245            | 8,774          |
| Other payables                   | 35,083         | 49,471         |
| Payables to GEL Group (Note 25)  | 46,555         | 69,519         |
| Payables to VEML Group (Note 25) | 10             | -              |
|                                  | 515,061        | 515,535        |

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are normally settled on 60 day terms.
- Other payables are non-interest bearing and have an average term of six months.
- For terms and conditions with related parties, refer to Note 25.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

(Continued)

### 16. Other operating income

|   | 2019<br>\$'000 | 2018<br>\$'000 |
|---|----------------|----------------|
| Foreign exchange gains                        | 7,372          | 4,397          |
| Rental income                                 | 1,186          | 6,826          |
| Commissions                                   | 17,436         | 11,133         |
| Gain on sale of property, plant and equipment | 1,159          | 944            |
| Miscellaneous income                          | 10,238         | 6,244          |
|   | 37,391         | 29,544         |

### 17. Expenses by nature

Expenses incurred during the year in arriving at operating profit is presented below by nature of expenses:

|  | 2019<br>\$'000 | 2018<br>\$'000 |
|--|----------------|----------------|
| Depreciation and amortisation (Notes 5 and 7)  | 52,499         | 44,750         |
| Impairment (Note 7)  | 342            | -              |
| Employee benefit expense (Note 22)   | 330,105        | 336,922        |
| Changes in inventories of finished goods and work in progress                                      | 1,613,919      | 1,272,095      |
| Raw materials and consumables  | 795,116        | 1,067,470      |
| Transportation   | 25,700         | 28,377         |
| Advertising costs  | 37,460         | 44,093         |
| Net creation of provision for expected credit losses   | 6,023          | 5,517          |
| Insurance  | 11,994         | 11,735         |
| Repairs and Maintenance – vehicles   | 9,448          | 8,612          |
| Repairs and Maintenance – property   | 21,143         | 9,685          |
| Legal and professional fees  | 10,400         | 9,693          |
| Green fund levy  | 7,171          | 6,839          |
| Directors fees   | 1,857          | 1,275          |
| Operating lease payments   | 14,445         | 25,141         |
| Other expenses   | 125,326        | 191,592        |
| Total cost of goods sold, other operating, administration, and marketing and distribution expenses | 3,062,948      | 3,063,796      |

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

*(Continued)*

**18. Finance costs - net**

|  | <b>2019<br/>\$'000</b> | <b>2018<br/>\$'000</b> |
|--|------------------------|------------------------|
| Interest income                                    | (1,614)                | (1,935)                |
| Interest expense - bank borrowings and acceptances | 27,592                 | 29,234                 |
|  | <b>25,978</b>          | <b>27,299</b>          |

**19. Taxation**

|                             | <b>2019<br/>\$'000</b> | <b>2018<br/>\$'000</b> |
|-----------------------------|------------------------|------------------------|
| Current tax                 | 49,703                 | 42,031                 |
| Deferred tax (Note 14)      | (691)                  | 6,149                  |
| Business levy               | 6,446                  | 6,587                  |
| Prior years under provision | 217                    | 698                    |
|                             | <b>55,675</b>          | <b>55,465</b>          |

The tax on profit before tax differs from the theoretical amount that would arise using the basic rate of tax as follows:

|  | <b>2019<br/>\$'000</b> | <b>2018<br/>\$'000</b> |
|--|------------------------|------------------------|
| Profit before taxation                                       | 218,578                | 200,862                |
| Taxes at aggregate statutory tax rates of all jurisdictions: | 72,809                 | 62,352                 |
| Differences resulting from:                                  |                        |                        |
| Expenses not deductible for tax purposes                     | 3,296                  | 2,961                  |
| Change in tax rate   | 2,802                  | -                      |
| Income not subject to tax                                    | (6,389)                | (2,696)                |
| Movement in deferred tax assets not recognized               | (22,737)               | (13,396)               |
| Prior years under provision                                  | 217                    | 698                    |
| Business levy  | 6,446                  | 6,587                  |
| Other permanent differences                                  | (769)                  | (1,041)                |
|  | <b>55,675</b>          | <b>55,465</b>          |
| Tax losses of available for set off against future profits   | 13,809                 | 20,600                 |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

(Continued)

### 20. Earnings per share

#### Basic and diluted

Basic earnings per share is calculated by dividing the profit attributable to ordinary shareholders of the Parent by the weighted average number of ordinary shares in issue during the year. Diluted earnings per

share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. There are no dilutive potential ordinary shares in existence.

|  | 2019    | 2018    |
|--|---------|---------|
| Profit attributable to shareholders of the Parent (\$'000) | 122,018 | 114,707 |
| Weighted average number of ordinary shares in issue ('000) | 69,104  | 69,104  |
| Basic and diluted earnings per share (\$ per share)        | \$1.76  | \$1.66  |

### 21. Cash and cash equivalents

|                                | 2019<br>\$'000 | 2018<br>\$'000 |
|--------------------------------|----------------|----------------|
| Cash at bank and in hand       | 234,037        | 217,388        |
| Bank overdraft (Note 13)       | (18,356)       | (17,221)       |
| Bankers' acceptances (Note 13) | (53,238)       | (73,120)       |
|                                | 162,443        | 127,047        |

### 22. Employee benefit expense

|                    | 2019<br>\$'000 | 2018<br>\$'000 |
|--------------------|----------------|----------------|
| Wages and salaries | 279,802        | 276,367        |
| National insurance | 19,958         | 19,208         |
| Other benefits     | 22,429         | 33,924         |
| Pension costs      | 5,600          | 5,768          |
| Termination costs  | 2,316          | 1,655          |
|                    | 330,105        | 336,922        |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

(Continued)

### 23. Asset held for sale

|  | 2019<br>\$'000 | 2018<br>\$'000 |
|--|----------------|----------------|
| Transfer from property, plant and equipment (Note 5) | 12,712         | -              |

In August 2018, the administrative building of a subsidiary (Vemco – A Division of CDP Trinidad Limited), relocated to Aranguez from Diego Martin. This was for logistical reasons as it was closer in proximity to the Distribution Centre which was already located in Aranguez.

As a result, the building that previously housed the administrative staff was no longer needed for the business. It was listed for sale in March 2019 and has met the criteria of non-current assets held for sale as stated in accounting policy Note 2 w).

### 24. Subsidiaries

| Subsidiaries                            | Principal activities   | Country of incorporation | 2019<br>Percentage of equity held | 2018<br>Percentage of equity held |
|---|--|--------------------------|-----------------------------------|-----------------------------------|
| Smith Robertson & Company Limited       | Wholesale distribution of pharmaceutical and personal care items   | Trinidad & Tobago        | 100%                              | 100%                              |
| SuperPharm Limited                      | Sale of pharmaceutical and convenience items                       | Trinidad & Tobago        | 100%                              | 100%                              |
| Rosco Petroavance Limited               | Marketing of equipment and services to petroleum related companies | Trinidad & Tobago        | 92%                               | 92%                               |
| Ponderosa Pine Consultancy Limited      | Rental of properties   | Trinidad & Tobago        | 100%                              | 100%                              |
| Caribbean Distribution Partners Limited | Holding company  | Trinidad & Tobago        | 50%                               | 50%                               |
| CDP Trinidad Limited                    | Wholesale distribution of food, beverage and grocery products      | Trinidad & Tobago        | 50%                               | 50%                               |



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

*(Continued)*

**24. Subsidiaries (continued)**

| Subsidiaries                    | Principal activities  | Country of incorporation | 2019<br>Percentage of equity held | 2018<br>Percentage of equity held |
|---------------------------------|---|--------------------------|-----------------------------------|-----------------------------------|
| Peter and Company Limited       | Wholesale distribution of food, beverage and grocery products | St. Lucia                | 50%                               | 50%                               |
| Coreas Distribution Limited     | Wholesale distribution of food, beverage and grocery products | St. Vincent              | 50%                               | 50%                               |
| Independence Agencies Limited   | Wholesale distribution of food, beverage and grocery products | Grenada                  | 27.50%                            | 27.50%                            |
| Hanschell Inniss Limited        | Wholesale distribution of food, beverage and grocery products | Barbados                 | 50%                               | 50%                               |
| Facey's Limited                 | Wholesale distribution of food, beverage and grocery products | Barbados                 | 50%                               | 50%                               |
| Desinco Limited                 | Wholesale distribution of food, beverage and grocery products | Guyana                   | 25.50%                            | 25.50%                            |
| Curis Technologies Limited      | Sale and service of medical equipment                         | Trinidad & Tobago        | 100%                              | 100%                              |
| CDP Brands Holdings Limited IBC | Holding of Peardrax brand                                     | St. Lucia                | 50%                               | 50%                               |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

(Continued)

### 24. Subsidiaries (continued)

CDP Trinidad Limited consisted of three (3) divisions involved in the fast-moving consumer goods and food manufacturing segment. As at 31 July 2019, CDP Trinidad Limited ceased operations in one of its divisions with the assets of that division either disposed or allocated between the two other divisions.

Caribbean Distribution Partners Limited ("CDP") is primarily a holding company which has ownership of share capital in the following companies:

- 1) CDP Trinidad Limited (100%)
- 2) CDP Brands Holding Limited (100%)
- 3) Hanschell Inniss Limited (100%)
- 4) Peter and Company Limited (100%)
- 5) Coreas Distribution Limited (100%)
- 6) Independence Agencies Limited (55.12%)
- 7) Facey's Limited (100%)
- 8) Desinco Limited (51%)

In accordance with IFRS 10 – Consolidated Financial Statements, Agostini's Limited was assessed as having control of CDP on the basis of the criteria for control as described in Note 2(b) (i). When an investor determines that it controls an investee, the investor (the parent) consolidates the investee (the subsidiary). A parent consolidates a subsidiary from the date on which the parent first obtains control, and continues consolidating that subsidiary until the date on which control is lost.

### 25. Related party transactions

The total amount of transactions that have been entered into with related parties are as follows:

|   | 2019<br>\$'000 | 2018<br>\$'000 |
|---|----------------|----------------|
| i) Amounts due by related parties:          |                |                |
| Victor E. Mouttet Limited Group (Note 11)   | 7,171          | 8,773          |
| Goddard Enterprises Limited Group (Note 11) | 5,856          | 3,351          |
|   | 13,027         | 12,124         |
| ii) Amounts due to related parties:         |                |                |
| Victor E. Mouttet Limited Group (Note 15)   | 10             | -              |
| Goddard Enterprises Limited Group (Note 15) | 46,555         | 69,519         |
|   | 46,565         | 69,519         |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

(Continued)

### 25. Related party transactions (continued)

|   | 2019<br>\$'000 | 2018<br>\$'000 |
|---|----------------|----------------|
| iii) Transactions with related parties:         |                |                |
| Sales and services to related companies         | 80,686         | 76,441         |
| Purchases and services from related companies   | 20,123         | 29,518         |
| iv) Compensation of key management personnel:   |                |                |
| Salaries and other short-term employee benefits | 47,035         | 47,384         |

#### v) Related party transactions:

Note 24 provides the information about the Group's structure including the details of the subsidiaries and the holding company.

#### *Terms and conditions of transactions with related parties*

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions.

Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 30 September 2019, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (2018: Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

### 26. Material partly owned subsidiary

Financial information of subsidiaries that have material non-controlling interest is provided below:

#### Proportion of equity interest held by non-controlling interest:

| Company name                                  | Country of<br>Incorporation<br>and<br>Operation | %<br>Interest<br>2019 | %<br>Interest<br>2018 |
|---|---|-----------------------|-----------------------|
| Caribbean Distribution Partners Limited Group | Republic of<br>Trinidad and<br>Tobago           | 50                    | 50                    |

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

*(Continued)*

**26. Material partly owned subsidiary (continued)**

|   | <b>2019<br/>\$'000</b> | <b>2018<br/>\$'000</b> |
|---|------------------------|------------------------|
| <b>Accumulated balances of material non-controlling interest:</b> |                        |                        |
| Caribbean Distribution Partners Limited Group                     | 302,124                | 267,647                |
| <b>Profit allocated to material non-controlling interest:</b>     |                        |                        |
| Caribbean Distribution Partners Limited Group                     | 36,653                 | 27,237                 |

The summarised financial information of this subsidiary is provided below.

This information is based on amounts before inter-company eliminations (where applicable):

**Caribbean Distribution  
Partners Limited Group**

|   | <b>2019<br/>\$'000</b> | <b>2018<br/>\$'000</b> |
|---|------------------------|------------------------|
| <b>Summarised consolidated statement of income:</b> |                        |                        |
| Revenue   | 2,147,267              | 2,131,096              |
| Cost of sales                                       | (1,644,082)            | (1,642,732)            |
| Administrative expenses                             | (176,195)              | (176,001)              |
| Other expenses - net                                | (219,381)              | (220,750)              |
| Finance cost  | (14,576)               | (15,852)               |
| Share of profit in associate                        | -                      | 481                    |
| Profit before tax                                   | 93,033                 | 76,242                 |
| Taxation  | (16,260)               | (20,629)               |
| Profit after tax                                    | 76,773                 | 55,613                 |
| Total other comprehensive income                    | 72,737                 | 54,056                 |
| Attributable to non-controlling interest            | 36,785                 | 27,237                 |
| Dividends paid to non-controlling interests         | 2,740                  | 585                    |

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

(Continued)

**26. Material partly owned subsidiary (continued)**

**Caribbean Distribution  
Partners Limited Group**

|   | <b>2019<br/>\$'000</b> | <b>2018<br/>\$'000</b> |
|---|------------------------|------------------------|
| <b>Summarised consolidated statement of financial position:</b> |                        |                        |
| Non-current assets  | 621,871                | 685,324                |
| Current assets  | 842,121                | 801,798                |
| Non-current liabilities   | 229,630                | 258,981                |
| Current liabilities   | 416,590                | 420,116                |
| Total equity attributable to:<br>Equity holders of parent       | 515,299                | 540,378                |
| Non-controlling interests                                       | 302,481                | 267,647                |
| <b>Summarised consolidated cash flow information:</b>           |                        |                        |
| Operating   | 97,744                 | 86,436                 |
| Investing   | (43,693)               | (120,371)              |
| Financing   | (33,116)               | 26,762                 |
| <b>Net increase/(decrease) in cash and cash equivalents</b>     | <b>20,935</b>          | <b>(7,173)</b>         |

**27. Commitments**

**a) Operating lease commitments – Group as lessee**

The Group has entered into commercial leases on certain properties. These leases have an average life of between one to fifteen years, with renewal options

included in the contracts. There are no restrictions placed upon the Group entering into these leases.

Future minimum rentals payable under non-cancellable operating leases as at 30 September are as follows:

|   | <b>2019<br/>\$'000</b> | <b>2018<br/>\$'000</b> |
|---|------------------------|------------------------|
| Within one year                             | 12,497                 | 8,237                  |
| After one year but not more than five years | 69,057                 | 43,081                 |
| More than five years                        | 60,428                 | 30,835                 |
|   | 141,982                | 82,153                 |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

(Continued)

### 27. Commitments (continued)

The Group has entered into commercial leases on its investment property portfolio consisting of the Group's surplus office buildings. These non-cancellable leases have remaining terms of between one to five years. All leases include a clause to enable upward revision of the rental charge every three years according to prevailing market conditions.

Future minimum rentals receivable by the term under non-cancellable operating leases as at 30 September are as follows:

|   | 2019<br>\$'000 | 2018<br>\$'000 |
|---|----------------|----------------|
| Within one year                             | 141            | 259            |
| After one year but not more than five years | 585            | 55             |
|   | 726            | 314            |

### 28. Contingencies

|                         |        |        |
|-------------------------|--------|--------|
| (i) Customs bonds       | 21,003 | 25,414 |
| (ii) Bank guarantees    | 15,051 | 11,218 |
| (iii) Letter of credits | 77,387 | 78,483 |
| (iv) Performance bonds  | 10,196 | -      |

The Group's subsidiaries are involved in proceedings which are at various stages of litigation and their outcomes are difficult to predict. The information usually required by IAS 37 – *Provisions, Contingent Liabilities and Contingent Assets* is not disclosed on the grounds.

that it can be expected to prejudice seriously the outcome of these matter. In the Board of Directors' opinion, however, the disposition of these matters is not likely to have a materially adverse effect on the Group's financial condition or results of operations.

### 29. Dividends

The dividends paid and declared in 2019 and 2018 were \$43,535,381 (\$0.61 per share) and \$39,389,154 (\$0.57 per share) respectively. The final dividend for 2018 of \$26,259,436 (\$0.38 per share) was paid and charged against 2019 retained earnings.

Subsequent to year end on 27 November 2019, the Group proposed and approved a final dividend for 2019 of \$37,316,040 (\$0.54 per share). This 2019 final dividend will be charged against retained earnings in 2020.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

(Continued)

### 30. Revenue from contracts with customers

#### a) Disaggregated revenue information

Set out below is the disaggregation of the Group's revenue from contracts with customers:

For the year ended 30 September 2019

| Segments   | Pharmaceutical<br>& personal care<br>distribution<br>\$'000 | Fast moving<br>consumer<br>goods & food<br>manufacturing<br>\$'000 | Industrial<br>construction<br>and holdings<br>\$'000 | Total<br>\$'000  |
|--|---|--|--|------------------|
| <b>Type of goods or service</b>                    |   |  |  |                  |
| Sale of beverages                                  | -   | 317,856  | -  | 317,856          |
| Sale of consumer goods                             | 270,073   | 1,824,277  | -  | 2,094,350        |
| Sale of pharmaceutical & personal care products    | 650,820   | -  | -  | 650,820          |
| Sale of medical equipment                          | 22,219  | -  | -  | 22,219           |
| Sale of industrial products & mobil lubricants     | -   | -  | 134,961  | 134,961          |
| Construction services                              | -   | -  | 51,928   | 51,928           |
| <b>Total revenue from contracts with customers</b> | <b>943,112</b>  | <b>2,142,134</b>   | <b>186,889</b>                                       | <b>3,272,135</b> |

For the year ended 30 September 2018

|  |                |                  |                |                  |
|--|----------------|------------------|----------------|------------------|
| Type of goods or service                           |                |                  |                |                  |
| Sale of beverages                                  | -              | 324,395          | -              | 324,395          |
| Sale of consumer goods                             | 261,660        | 1,801,297        | -              | 2,062,957        |
| Sale of pharmaceutical & personal care products    | 661,361        | -                | -              | 661,361          |
| Sale of medical equipment                          | 25,699         | -                | -              | 25,699           |
| Sale of industrial products & mobil lubricants     | -              | -                | 125,680        | 125,680          |
| Construction services                              | -              | -                | 52,355         | 52,355           |
| <b>Total revenue from contracts with customers</b> | <b>948,720</b> | <b>2,125,692</b> | <b>178,035</b> | <b>3,252,447</b> |

#### b) Timing of revenue recognition

|  | 30<br>September<br>2019<br>\$'000 | 30<br>September<br>2018<br>\$'000 |
|--|-----------------------------------|-----------------------------------|
| Goods transferred at a point in time               | 3,206,581                         | 3,178,264                         |
| Services transferred over time                     | 65,554                            | 74,183                            |
| <b>Total revenue from contracts with customers</b> | <b>3,272,135</b>                  | <b>3,252,447</b>                  |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

*(Continued)*

### 30. Revenue from contracts with customers (continued)

#### c) Performance obligations

##### Sale of products

The performance obligation is satisfied upon delivery of the items. The terms of payment are determined by prior approval and can be cash, cash on delivery, or credit for a period of 30 days. Returns due to damaged or faulty products or sales errors are entitled to full refunds within one month. Warranty can vary from one year to seven years based on the brand and the functional parts and component and are provided for manufacturers' defects only.

##### Rendering of services

Performance obligations for rendering of services are generally satisfied over time. In some cases, installation services are provided to customers who purchase manufactured products or equipment purchased for resale. This performance obligation is separate from that for

the supply of the relevant item and is satisfied over-time. Payment terms vary depending on the contract terms. In the case of short-term contracts, payment is generally due within 30 days of the completion of the installation. In the case of long-term contracts, payment is due according to a schedule of specific milestones.

The performance obligation for the servicing of equipment as-and-when required is satisfied when the servicing is completed. The terms of payment are determined by prior approval and can be cash, cash on delivery, or credit for a period of 30 days.

Equipment servicing packages are also sold to customers. These performance obligations are satisfied over time.

### 31. Segment information

For management purposes, the Group's operating segments are organised and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products.

The pharmaceutical and personal care segment is a diversified supplier of pharmaceutical related items. The fast moving goods segment is a supplier and manufacturer of food and household related products. The industrial, construction and holdings segment provides services relating to interior modelling and other construction

related services. Transfer prices amongst operating segments are set on an arm's length basis under normal commercial terms and conditions, similar to transactions with unrelated third parties. Segment revenue, expenses and results include transfers amongst operating segments. Those transfers are eliminated upon consolidation.

The Group's Board of Directors monitors the operating result of its business units and operating segments for the purpose of making decisions about resource allocations and performance assessments.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

(Continued)

## 31. Segment information (continued)

|  | Pharmaceutical<br>& personal care<br>distribution |                  | Fast moving consumer<br>goods & food<br>manufacturing |                  | Industrial<br>construction and<br>holdings |                | Total            |                  |
|--|---|------------------|---|------------------|--|----------------|------------------|------------------|
| Business segments  | 2019<br>\$'000                                    | 2018<br>\$'000   | 2019<br>\$'000  | 2018<br>\$'000   | 2019<br>\$'000                             | 2018<br>\$'000 | 2019<br>\$'000   | 2018<br>\$'000   |
| <b>Revenue</b>   |   |                  |   |                  |  |                |                  |                  |
| Revenue from contracts<br>with customers                           | 943,112   | 948,720          | 2,142,134   | 2,125,692        | 186,889                                    | 178,035        | 3,272,135        | 3,252,447        |
| Inter segment sales  | 56,107  | 52,465           | 5,133   | 5,962            | 5,043                                      | 10,213         | 66,283           | 68,640           |
| <b>Total revenue</b>   | <b>999,219</b>                                    | <b>1,001,185</b> | <b>2,147,267</b>                                      | <b>2,131,654</b> | <b>191,932</b>                             | <b>188,248</b> | <b>3,338,418</b> | <b>3,321,087</b> |
| <b>Results</b>   |   |                  |   |                  |  |                |                  |                  |
| Operating profit   | 109,585   | 98,566           | 113,072   | 94,415           | 23,921                                     | 25,214         | 246,578          | 218,195          |
| Gain/(loss) on revaluation<br>of investment property               | -   | -                | -   | -                | (2,022)                                    | 9,485          | (2,022)          | 9,485            |
| Share of profit of an associate                                    | -   | -                | -   | 481              | -  | -              | -                | 481              |
| Finance costs - net  | (7,325)   | (7,427)          | (14,576)  | (15,851)         | (4,077)                                    | (4,021)        | (25,978)         | (27,299)         |
| <b>Profit before taxation</b>                                      | <b>102,260</b>                                    | <b>91,139</b>    | <b>98,496</b>   | <b>79,045</b>    | <b>17,822</b>                              | <b>30,678</b>  | <b>218,578</b>   | <b>200,862</b>   |
| Taxation   | (30,239)  | (29,467)         | (18,464)  | (19,902)         | (6,972)                                    | (6,096)        | (55,675)         | (55,465)         |
| <b>Profit for the year</b>   | <b>72,021</b>                                     | <b>61,672</b>    | <b>80,032</b>   | <b>59,143</b>    | <b>10,850</b>                              | <b>24,582</b>  | <b>162,903</b>   | <b>145,397</b>   |
| Non-controlling interests  |   |                  |   |                  |  |                | (40,885)         | (30,690)         |
| <b>Net profit attributable to<br/>equity holders of the parent</b> |   |                  |   |                  |  |                | <b>122,018</b>   | <b>114,707</b>   |
| <b>Consolidated total assets</b>                                   |   |                  |   |                  |  |                |                  |                  |
| Segment assets   | 632,736   | 629,185          | 1,379,488   | 1,343,631        | 525,212                                    | 507,974        | 2,537,436        | 2,480,790        |
| <b>Consolidated total liabilities</b>                              |   |                  |   |                  |  |                |                  |                  |
| Segment liabilities  | 251,970   | 258,234          | 559,297   | 598,579          | 244,759                                    | 252,339        | 1,056,026        | 1,109,152        |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

(Continued)

### 31. Segment information (continued)

|                                  | Pharmaceutical<br>& personal care<br>distribution |                | Fast moving consumer<br>goods & food<br>manufacturing |                | Industrial<br>construction and<br>holdings |                | Total          |                |
|----------------------------------|---|----------------|---|----------------|--|----------------|----------------|----------------|
| Business segments<br>(continued) | 2019<br>\$'000                                    | 2018<br>\$'000 | 2019<br>\$'000  | 2018<br>\$'000 | 2019<br>\$'000                             | 2018<br>\$'000 | 2019<br>\$'000 | 2018<br>\$'000 |
| Other information                |   |                |   |                |  |                |                |                |
| Capital expenditure              | 13,075  | 18,811         | 44,484  | 51,958         | 44,432                                     | 7,345          | 101,991        | 78,114         |
| Depreciation & amortization      | 15,134  | 14,047         | 32,771  | 26,698         | 4,594                                      | 4,005          | 52,499         | 44,750         |

No revenue from transactions with a single external customer or counterparty amounted to 5% or more of the Group's total revenue in 2019 or 2018.

|                          | Trinidad & Tobago |                | Barbados       |                | Other countries |                | Total          |                |
|--------------------------|-------------------|----------------|----------------|----------------|-----------------|----------------|----------------|----------------|
| Geographical information | 2019<br>\$'000    | 2018<br>\$'000 | 2019<br>\$'000 | 2018<br>\$'000 | 2019<br>\$'000  | 2018<br>\$'000 | 2019<br>\$'000 | 2018<br>\$'000 |
| Third party revenue      | 2,064,409         | 2,053,424      | 398,310        | 408,539        | 809,416         | 790,484        | 3,272,135      | 3,252,447      |
| Non-current assets       | 955,106           | 941,280        | 28,254         | 14,194         | 139,054         | 135,643        | 1,122,414      | 1,091,117      |

Other countries include Grenada, Guyana, St. Lucia, and St. Vincent. The revenue information is based on the relevant subsidiaries' principal place of business. Non-current assets include property, plant and equipment, investment properties and intangible assets.

### 32. Business combinations

#### a) Desinco Limited

On 1 January 2018, the Group acquired an additional 11% interest in Desinco Limited, a company involved in the fast moving consumer goods sector in Guyana, for cash consideration of US\$573,381, thereby increasing its shareholding from 40% to 51% in the prior financial year. Prior to the acquisition of the additional interest, Desinco Limited was accounted for as an associate company in the consolidated financial statements.

At the acquisition date, the Group re-measured its previously held equity investment at fair value and recognised the resulting loss of \$1.4m in the consolidated statement of income. The fair value of the previously held equity interest was determined based on the fair value of the purchase price for the additional interest acquired.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

(Continued)

### 32. Business combinations (continued)

#### a) Desinco Limited (continued)

|   | Year ended<br>30 Sept 2018<br>\$'000 |
|---|--------------------------------------|
| Consideration transferred for additional 11% interest   | 3,888                                |
| Non-controlling interest - share of fair values<br>of identifiable net assets as at the date of acquisition | 9,210                                |
| Acquisition-date fair value of initial 40% interest   | 14,409                               |
|   | 27,507                               |
| Acquisition-date fair values of identifiable net assets acquired  | (18,797)                             |
| Goodwill  | 8,710                                |
| Group's share   | 4,355                                |

From the date of acquisition, Desinco Limited contributed \$53 million to revenue and \$5 million to profit before tax for the year ended 30 September 2018. If the acquisition had taken place at the beginning of the year, revenue recognised would have been \$72 million and profit before tax \$6.9 million for the Group in 2018.

|  | Fair value<br>\$'000 |
|--|----------------------|
| The assessment of fair values for net assets acquired were as follows: |                      |
| Property, plant and equipment  | 2,288                |
| Inventories  | 12,562               |
| Trade and other receivables  | 8,910                |
| Cash and cash equivalents  | 1,990                |
| Total current assets   | 23,462               |
| <b>Total identifiable assets acquired</b>                              | 25,750               |
| Trade and other payables   | 4,634                |
| Other current liabilities  | 2,319                |
| Total current liabilities  | 6,953                |
| <b>Total identifiable liabilities assumed</b>                          | 6,953                |
| <b>Net identifiable assets acquired</b>                                | 18,797               |
| <b>Share of net identifiable assets acquired</b>                       | 9,586                |

The fair value of trade and other receivables amounted to \$9 million at acquisition. This amount represents

the contractual amount less provision for impairment and therefore reflects the amount that can be collected.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

(Continued)

### 32. Business combinations (continued)

#### a) Desinco Limited (continued)

|  | At the<br>acquisition<br>date |
|--|-------------------------------|
|  | 2018<br>\$'000                |
| Consideration paid                     | (3,888)                       |
| Cash and cash equivalents acquired     | 1,990                         |
| <b>Net cash outflow on acquisition</b> | <b>(1,898)</b>                |

#### b) Curis Technologies Limited

In October 2017, the Group through one of its subsidiaries assumed control of Curis Technologies Limited (formally MiaTrin Medical Limited) having acquired 58% of the issued share capital for cash consideration of \$5,703,750. Curis Technologies Limited is incorporated and operating in the Republic of Trinidad and Tobago.

The fair values of the identifiable assets acquired and liabilities assumed at the date of acquisition as disclosed in the 2018 consolidated financial statements are provisional.

The assessment of the fair values was completed in the year ended 30 September, 2019 as follows:

|   | Final<br>fair value<br>\$'000 | Provisional<br>fair value<br>\$'000 |
|---|-------------------------------|-------------------------------------|
| Property, plant and equipment                 | 10                            | 10                                  |
| Equipment and vehicles                        | 2                             | 2                                   |
| Deferred tax assets                           | 14                            | 14                                  |
| <b>Total non-current assets</b>               | <b>26</b>                     | <b>26</b>                           |
| Inventories                                   | 2,349                         | 2,349                               |
| Taxation                                      | 33                            | 33                                  |
| Trade and other receivables                   | 1,328                         | 1,328                               |
| Cash and cash equivalents                     | 603                           | 603                                 |
| <b>Total current assets</b>                   | <b>4,313</b>                  | <b>4,313</b>                        |
| <b>Total identifiable assets acquired</b>     | <b>4,339</b>                  | <b>4,339</b>                        |
| Trade and other payables                      | 3,772                         | 3,772                               |
| Taxation payable                              | 33                            | 33                                  |
| <b>Total identifiable liabilities assumed</b> | <b>3,805</b>                  | <b>3,805</b>                        |



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

(Continued)

### 32. Business combinations (continued)

#### b) Curis Technologies Limited (continued)

|  | Final<br>fair value<br>\$'000 | Provisional<br>fair value<br>\$'000 |
|--|-------------------------------|-------------------------------------|
| <b>Net identifiable assets acquired</b>          | 534                           | 534                                 |
| <b>Share of net identifiable assets acquired</b> | 312                           | 312                                 |

Goodwill as at the acquisition date was determined at the end of the measurement period as follows:

|   | Fair value<br>recognised on<br>acquisition<br>\$'000 |
|---|--|
| Consideration paid for the acquisition                          | 5,704  |
| Group's share of fair value of net identifiable assets acquired | (312)  |
| <b>Goodwill</b>   | <b>5,392</b>   |

The net cash outflow on the acquisition was as follows:

|  | At the<br>acquisition<br>date<br>\$'000 |
|--|---|
| Consideration paid                     | (5,704)                                 |
| Cash and cash equivalents acquired     | 603                                     |
| <b>Net cash outflow on acquisition</b> | <b>(5,101)</b>                          |

#### Acquisition of additional interest in Curis Technologies Limited

As at 1 January 2018, the Group acquired the remaining the 42% equity interest of Curis Technologies for \$3,736,000.

|   | \$'000       |
|---|--------------|
| Cash consideration paid to non-controlling shareholders | 3,736        |
| Carrying value of non-controlling interest              | (221)        |
| <b>Net difference recognised in retained earnings</b>   | <b>3,515</b> |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

(Continued)

### 33. Investment in associate

The Group previously owned a 40% interest in Desinco Limited, a company involved in the fast moving consumer goods sector in Guyana. Prior to the acquisition date, the Group's interest in Desinco Limited was accounted for using the equity method in the consolidated financial statements.

|                  | 2018<br>\$'000 |
|------------------|----------------|
| Share of results | 481            |

|  | 2018<br>3 months<br>\$'000 |
|--|----------------------------|
| Revenue  | 19,406                     |
| Cost of sales                                  | (15,127)                   |
| Gross profit                                   | 4,279                      |
| Other operating expense                        | (310)                      |
| Administration                                 | (1,530)                    |
| Marketing and distribution                     | (430)                      |
| Operating profit                               | (2,270)                    |
| Finance cost                                   | 2,009                      |
| Profit before tax                              | (17)                       |
| Taxation                                       | 1,992                      |
| Profit for the parent/year                     | (788)                      |
| Total comprehensive income for the parent/year | 1,204                      |
|  | 1,204                      |
| Group's share of profit for the year:          |                            |
| 40% of profit after tax                        | 481                        |

During 2018 the Group assumed control of Desinco Limited and therefore consolidated the assets/liabilities, cashflows and results of the entity from the date of acquisition.

# MANAGEMENT PROXY CIRCULAR

Republic of Trinidad & Tobago  
The Companies Act,  
1995 (Section 144)

## 1. NAME OF COMPANY:

Agostini's Limited Company No. A-5907 (A)

## 2. PARTICULARS OF MEETING:

Seventy-sixth Annual Shareholders Meeting of Agostini's Limited, will be held at the Ballroom, Hilton Hotel, Lady Young Road, Port-of-Spain, Trinidad on Monday January 27, 2020 at 10am

## 3. SOLICITATION:

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

## 4. ANY DIRECTOR'S STATEMENT SUBMITTED PURSUANT TO SECTION 76 (2):

No statement has been received from any Director pursuant to Section 76 (2) of the Companies Act, 1995.

## 5. ANY AUDITOR'S STATEMENT SUBMITTED PURSUANT TO SECTION 171 (I):

No statement has been received from the Auditors of the Company pursuant to Section 171 (I) of the Companies Act, 1995.

## 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 1995.

### DATE

December 6, 2019

### NAME AND TITLE

Nadia James-Reyes Tineo  
*Secretary*  
Agostini's Limited

### SIGNATURE





AGOSTINI'S

**NAME OF COMPANY:**

Agostini's Limited Company No. A-5907 (A)

**PARTICULARS OF MEETING:**

Seventy-sixth Annual Shareholders Meeting of Agostini's Limited, will be held at the Ballroom, Hilton Hotel, Lady Young Road, Port-of-Spain, Trinidad on Monday January 27, 2020 at 10am

\_\_\_\_\_ of \_\_\_\_\_  
*Name (capital letters)* *Address (capital letters)*

I/We, being a shareholder (s) of Agostini's Limited, hereby appoint Mr. Christian Mouttet or failing him, Mr. Anthony Agostini, Directors of the Company or

\_\_\_\_\_ of \_\_\_\_\_  
*Name (capital letters)* *Address (capital letters)*

as my/our proxy to vote for me/us on my/our behalf on the Resolutions to be proposed at the meeting and at any adjournment thereof in the same manner, to the same extent and with the same powers as if the undersigned were present or such adjournment or adjournments thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2019 / 2020 \_\_\_\_\_  
*Signature of Shareholder(s)*

Please indicate with a tick in the appropriated box below how you wish your proxy to vote on the Resolutions referred to.

If no such indication is given, the proxy will exercise his/her discretion as to how he/she votes or whether he/she abstains from voting.

**RESOLUTIONS**

|  | FOR  | AGAINST  |
|--|--|--|
| 1. To receive the Financial Statements for the year ended September 30, 2019 and reports of the Directors and Auditors thereon.  | <input type="checkbox"/>   | <input type="checkbox"/>   |
| 2. To appoint the following Director appointed during the year, and who being eligible offers himself for re-election.<br><b>Mr. T. Nicholas Gomez</b>   | <input type="checkbox"/>   | <input type="checkbox"/>   |
| 3. To re-elect the following Directors who retire by rotation, and who being eligible, offer themselves for re-election.<br><b>Mr. Roger Farah</b><br><b>Ms Lisa MacKenzie</b><br><b>Mr. Christian Mouttet</b><br><b>Mr. Francois Mouttet</b><br><b>Mr. Rajesh Rajkumarsingh</b> | <input type="checkbox"/><br><input type="checkbox"/><br><input type="checkbox"/><br><input type="checkbox"/><br><input type="checkbox"/> | <input type="checkbox"/><br><input type="checkbox"/><br><input type="checkbox"/><br><input type="checkbox"/><br><input type="checkbox"/> |
| 4. To appoint the Company's Auditors, and to authorise the Directors to fix their remuneration.  | <input type="checkbox"/>   | <input type="checkbox"/>   |
| 5. To transact any other ordinary business of the Company.   | <input type="checkbox"/>   | <input type="checkbox"/>   |

**NOTES:**

- 1) If it is desired to appoint a proxy other than the named Directors, the necessary deletions must be made and initialed and the name inserted in the space provided.
- 2) In the case of joint holders, the signature of any holder is sufficient but the names of all joint holders should be stated.
- 3) If the appointer is a Corporation, this form must be under its Common Seal or under the name of an officer of the Corporation duly authorised in this behalf.
- 4) To be valid, the proxy form must be completed signed and deposited with the Secretary, Agostini's Limited, #18 Victoria Avenue, Port-of-Spain at least 48 hours before the time appointed for holding the meeting or adjourned meeting.