

FINANCIALS

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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF NEAL & MASSY HOLDINGS LIMITED

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the accompanying consolidated financial statements of Neal & Massy Holdings Limited which comprise the consolidated balance sheet as of 30 September 2008 and the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

OPINION

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the group as of 30 September 2008, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.



PricewaterhouseCoopers

30 December 2008

Port of Spain, Trinidad, West Indies

CONSOLIDATED BALANCE SHEET

As at 30 September 2008

Expressed in thousands of Trinidad and Tobago dollars

	Notes	30 September	
		2008 \$	2007 \$
ASSETS			
Non-current assets			
Property, plant and equipment	6	2,880,585	828,680
Goodwill	7	178,091	93,139
Other Intangibles	8	36,550	-
Investments in associated companies	9	440,955	516,130
Long term investments	11	543,118	68,411
Deferred income tax assets	12	60,286	18,691
Installment credit and other loans	13	224,345	188,053
Retirement benefit assets	14	235,255	141,992
		4,599,185	1,855,096
Current assets			
Inventories	15	1,311,983	743,140
Installment credit and other loans	13	76,079	90,528
Trade and other receivables	16	1,738,104	657,195
Cash and cash equivalents	17	568,532	569,344
		3,694,698	2,060,207
Total assets		8,293,883	3,915,303
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	18	517,268	178,809
Dividends	19	99,468	79,987
Reserves		1,946,242	1,507,570
		2,562,978	1,766,366
Minority interests in equity	20	460,805	67,088
Total equity		3,023,783	1,833,454

CONSOLIDATED BALANCE SHEET

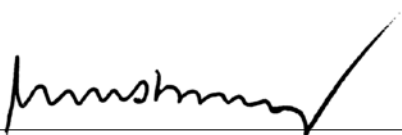
As at 30 September 2008

Expressed in thousands of Trinidad and Tobago dollars

	Notes	30 September	
		2008 \$	2007 \$
LIABILITIES			
Non-current liabilities			
Borrowings	21	1,742,708	515,165
Deferred income tax liabilities	12	142,486	103,002
Customers' deposits	22	888	1,366
Provisions for other liabilities and charges	23	144,180	116,147
		2,030,262	735,680
Current liabilities			
Trade and other payables	24	1,476,204	769,980
Liabilities on insurance contracts	25	655,043	-
Customers' deposits	22	349,119	304,775
Current income tax liabilities		67,750	51,454
Borrowings	21	691,722	219,960
		3,239,838	1,346,169
Total liabilities		5,270,100	2,081,849
Total equity and liabilities		8,293,883	3,915,303

The notes on pages 10 to 102 form an integral part of these consolidated financial statements.

On 30 December 2008, the Board of Directors of Neal & Massy Holdings Limited authorised these consolidated financial statements for issue.



B S Dulal-Whiteway, *Director*



A Lok Jack, *Director*

CONSOLIDATED INCOME STATEMENT

For the year ended 30 September 2008
Expressed in thousands of Trinidad and Tobago dollars

	Notes	30 September	
		2008 \$	2007 \$
Revenue	5	7,703,720	5,085,863
Operating profit before finance costs	26	703,501	503,168
Finance costs - net	28	(71,428)	(29,476)
Share of profit of associated companies		73,449	70,911
Profit before income tax		705,522	544,603
Income tax expense	29	(200,993)	(146,668)
Profit for the year		504,529	397,935
Attributable to:			
Equity holders of the Company		474,834	369,112
Minority interests		29,695	28,823
		504,529	397,935
Earnings per share for profit attributable to the equity holders of the Company during the year (expressed in TT\$ per share)			
- basic	30	5.10	4.15
- diluted	30	5.07	4.14
Dividends per share	19	1.40	1.26
Dividends paid per share	19	1.30	1.10

The notes on pages 10 to 102 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 September 2008

Expressed in thousands of Trinidad and Tobago dollars

	Note	Share Capital \$	Proposed Dividends \$	Other Reserves \$	Retained Earnings \$	Total \$
Balance at 1 October 2006		176,851	65,767	101,797	1,176,426	1,520,841
Currency translation differences		-	-	(7,828)	-	(7,828)
Other reserve movements		-	-	(9,633)	(10,322)	(19,955)
Profit attributable to shareholders		-	-	-	369,112	369,112
Employee share option plan						
-value of employee services		1,958	-	-	-	1,958
Dividends paid		-	(65,767)	-	(31,995)	(97,762)
Dividends proposed	19	-	79,987	-	(79,987)	-
Balance at 30 September 2007		178,809	79,987	84,336	1,423,234	1,766,366
Balance at 1 October 2007		178,809	79,987	84,336	1,423,234	1,766,366
Currency translation differences		-	-	(10,467)	-	(10,467)
Other reserve movements		-	-	(1,207)	1,919	712
Net profit not recognised in						
consolidated income statement		-	-	-	45,379	45,379
Profit attributable to shareholders		-	-	-	474,834	474,834
Employee share option plan						
-value of employee services		2,561	-	-	-	2,561
Issue of shares under stock						
option plan		11,020	-	-	-	11,020
Issue of shares for the						
acquisition of BS&T	33	493,326	-	-	-	493,326
Fair value adjustments in BS&T		-	-	28,208	39,396	67,604
Cost of issuing new shares		(6,210)	-	-	-	(6,210)
Treasury shares held by subsidiaries		(162,238)	-	-	-	(162,238)
Dividends paid		-	(80,132)	-	(39,777)	(119,909)
Additional dividend paid for 2007	19	-	145	-	(145)	-
Dividends proposed	19	-	99,468	-	(99,468)	-
Balance at 30 September 2008		517,268	99,468	100,870	1,845,372	2,562,978

The notes on pages 10 to 102 form an integral part of these consolidated financial statements.

CONSOLIDATED CASH FLOW

For the year ended 30 September 2008
Expressed in thousands of Trinidad and Tobago dollars

	30 September	
	2008 \$	2007 \$
Cash flows from operating activities		
Operating profit before finance costs	703,501	503,168
Adjustments for:		
Dividends received from associated companies	20,403	16,220
Depreciation	184,826	117,683
Negative goodwill net of impairment	(14,249)	3,027
Gain on sale of property, plant and equipment	(19,643)	(15,447)
Gain on sale of an associate	(17,087)	-
Increase in provision for installment credit and other loans	4,059	2,094
Decrease/(increase) in market value of investments	6,941	(1,228)
Employee share option plan - value of employees services	2,561	1,958
Employee retirement and other benefits	(18,207)	(15,730)
Earnings before interest, tax, depreciation and amortisation	853,105	611,745
Other movements	(3,797)	4,309
Changes in working capital:		
Increase in inventories	(230,348)	(126,107)
Increase in trade and other receivables	(347,496)	(49,591)
Increase in installment credit and other loans	(21,843)	(62,206)
Increase in trade and other payables	388,140	18,721
Increase in customers' deposits	43,866	107,429
Cash generated from operations	681,627	504,300
Finance costs	(71,428)	(29,476)
Taxation paid	(179,026)	(104,138)
Net cash generated from operating activities	431,173	370,686

CONSOLIDATED CASH FLOW

For the year ended 30 September 2008
Expressed in thousands of Trinidad and Tobago dollars

	30 September	
	2008 \$	2007 \$
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	61,678	49,497
Proceeds from sale of other investments	11,752	1,710
Proceeds from sale of an associate	22,624	-
Purchase of property, plant and equipment	(239,355)	(185,813)
Purchase of investments	(20,105)	(29,818)
Acquisition of minority interest	(38,890)	-
Acquisition of BS&T	(1,394,570)	(144,448)
Acquisition of Pereira	(23,448)	-
Net cash used in investing activities	(1,620,314)	(308,872)
Cash flows from financing activities		
Net increase in medium and long term borrowings	663,287	147,778
Issue of shares	498,135	-
Dividends paid to shareholders	(119,909)	(97,762)
Dividends paid to minorities	(26,599)	(17,987)
Net cash generated by financing activities	1,014,914	32,029
Net (decrease)/increase in cash, cash equivalents	(174,227)	93,843
Cash, cash equivalents and bank overdrafts		
at beginning of the year	434,558	340,249
Effects of exchange rate changes on cash and bank overdrafts	(1,258)	466
Cash, cash equivalents and bank overdrafts		
at the end of the year	259,073	434,558
Cash and Cash Equivalents		
Cash and short term funds	568,532	569,344
Bank overdrafts and other short term borrowings	(309,459)	(134,786)
	259,073	434,558

The notes on pages 10 to 102 form an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 30 September 2008
Expressed in thousands of Trinidad and Tobago dollars*

1 GENERAL INFORMATION

The parent company, Neal & Massy Holdings Limited (“the Company”), was incorporated in the Republic of Trinidad and Tobago in 1923. The address of its registered office is 63 Park Street, Port of Spain, Trinidad. The Company and its subsidiaries (“the Group”) are engaged in trading, manufacturing, service industries and finance in Trinidad and Tobago, the wider Caribbean region and the United States of America. The Company has a primary listing on the Trinidad and Tobago Stock Exchange. These group consolidated financial statements were authorised for issue by the board of directors on 30 December 2008.

The principal subsidiaries are as follows:

	Country of incorporation	Percentage of equity capital held
AUTOMOTIVE & INDUSTRIAL EQUIPMENT		
Neal & Massy Automotive Limited	Trinidad and Tobago	100%
City Motors (1986) Limited	Trinidad and Tobago	100%
Tracmac Engineering Limited	Trinidad and Tobago	100%
Automotive Components Limited	Trinidad and Tobago	100%
Tobago Services Limited	Trinidad and Tobago	100%
Master Serv Limited	Trinidad and Tobago	100%
Associated Industries Limited	Guyana	100%
Warren Motors (Barbados) Inc	Barbados	100%
ENERGY & INDUSTRIAL GASES		
Neal & Massy Energy Limited	Trinidad and Tobago	100%
Neal & Massy Energy Services Limited	Trinidad and Tobago	100%
Neal & Massy Energy Resources Limited	Trinidad and Tobago	100%
NM Insertech (Caribbean) Limited	Trinidad and Tobago	100%
Neal & Massy Supply Chain Integrators	Trinidad and Tobago	51%
Industrial Gases Limited	Trinidad and Tobago	57.3%
Trintogas Carbonics Limited	Trinidad and Tobago	100%
NM Petrochemicals Services Limited	Trinidad and Tobago	100%
Gas Products Limited	Jamaica	100%
Demerara Oxygen Company Limited	Guyana	100%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2008
Expressed in thousands of Trinidad and Tobago dollars

1 GENERAL INFORMATION (continued)

The principal subsidiaries are as follows: (continued)

	Country of incorporation	Percentage of equity capital held
FOOD RETAILING		
Trading and Distribution Limited – Retail Division	Trinidad and Tobago	100%
Arvee Food Master Limited	Trinidad and Tobago	100%
Athabasca Limited	Trinidad and Tobago	100%
Super Centre Limited	Barbados	100%
Peronne Manufacturing Company Limited	Barbados	100%
Knights Pharmacies Limited	Barbados	100%
INFORMATION TECHNOLOGYN & COMMUNICATIONS / OTHER SERVICES		
Illuminat Trinidad and Tobago Limited	Trinidad and Tobago	100%
Illuminat (Antigua) Limited	Antigua	100%
Illuminat (Barbados) Limited	Barbados	100%
Illuminat (Jamaica) Limited	Jamaica	100%
CCS Guyana Limited	Guyana	100%
Three Sixty Communications Limited	Trinidad and Tobago	75%
Nealco Datalink Limited	Trinidad and Tobago	100%
Pereira & Company Limited	Trinidad and Tobago	100%
NM Security Solutions Limited	Guyana	100%
Seawell Air Services Limited	Barbados	100%
BCB Communications Inc	Barbados	51%
Dacosta Manning Inc	Barbados	100%
DISTRIBUTION, FOOD MANUFACTURING & LOGISTICS		
Trading and Distribution		
Marketing & Distribution Division	Trinidad and Tobago	100%
Huggins Shipping and Customs Brokerage Limited	Trinidad and Tobago	100%
Melville Shipping Limited	Trinidad and Tobago	100%
Neal & Massy Inc	USA	100%
HD Hopwood & Company Limited	Jamaica	100%
T. Geddes Grant (Barbados) Limited	Barbados	100%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2008
Expressed in thousands of Trinidad and Tobago dollars

1 GENERAL INFORMATION *(continued)*

The principal subsidiaries are as follows: *(continued)*

	Country of incorporation	Percentage of equity capital held
DISTRIBUTION, FOOD MANUFACTURING & LOGISTICS <i>(continued)</i>		
Trading & Distribution Inc	Guyana	100%
Neal & Massy Guyana Limited	Guyana	93%
TDL Head Office	Trinidad and Tobago	100%
Trident Forwarding Limited	USA	100%
SBI Distribution Inc	Barbados	100%
Agro Chemicals Inc	Barbados	100%
Roberts Manufacturing	Barbados	100%
Booth Steamship (Barbados) Limited	Barbados	100%
Cargo Handlers Limited	Barbados	66%
Retail & Distribution International Inc	St. Lucia	100%
BS&T International Inc	Barbados	100%
Knights Limited	Barbados	99.7%
FINANCIAL SERVICES		
NM Remittance Services Limited	Trinidad and Tobago	100%
NM Services Limited	Guyana	100%
General Finance Corporation Limited	Trinidad and Tobago	100%
United Insurance Company Limited	Barbados	100%
Magna Rewards Inc	Barbados	90%
Magna Rewards (Jamaica) Inc	Jamaica	51.3%
Magna Rewards (St Lucia) Inc	St Lucia	51.3%
Magna Rewards (Trinidad) Inc	Trinidad and Tobago	51.3%
Magna Rewards Caribbean Inc	Barbados	51.3%
TOURISM / HOSPITALITY		
Almond Resorts Inc	Barbados	52%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2008
Expressed in thousands of Trinidad and Tobago dollars

1 GENERAL INFORMATION (continued)

The principal subsidiaries are as follows: (continued)

	Country of incorporation	Percentage of equity capital held
PROPERTY / CONSTRUCTION SERVICES		
Nealco Real Estate Limited	Trinidad and Tobago	100%
Arrow Developers Limited	Barbados	100%
Nealco Properties Limited	Trinidad and Tobago	100%
Pres-T-Con Limited	Trinidad and Tobago	63.1%
PEL Enterprises Limited	Barbados	100%
Neal & Massy (Barbados) Limited	Barbados	100%
Inter Regional Reinsurance Company Limited	Cayman	100%
The Auto Dome Inc	Barbados	100%
S.P. Musson Son & Company Limited	Barbados	100%
Sunset Crest Holdings Inc	Barbados	100%
Wimcal Limited	Barbados	100%
Warrens Realty	Barbados	100%
HEAD OFFICE		
Neal & Massy Limited	Trinidad and Tobago	100%
The Barbados Shipping & Trading Company Limited	Barbados	97.1%
Tyres Sales Limited	Jamaica	100%
Laurentine	Barbados	100%
Daymor Manufacturing Company Limited	Jamaica	100%

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 30 September 2008
Expressed in thousands of Trinidad and Tobago dollars*

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”). The consolidated financial statements have been prepared under the historical cost convention as modified by the revaluation of available-for-sale financial assets.

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

(a) Standards, amendments and interpretations effective in 2008

IFRS 7, Financial Instruments: Disclosures and the complementary Amendments to IAS 1, Presentation of Financial Statements – Capital Disclosures. IFRS 7 introduces new disclosures relating to the financial instruments. This standard does not have any impact on the classification and valuation of the Group’s financial instruments, or the disclosures relating to taxation and trade and other payables.

(b) Standards, amendments and interpretations effective in 2008 but not relevant

The following standards, amendments and interpretations to published standards are mandatory for the Group’s accounting periods beginning on or after 1 January 2007 but they are not relevant to the Group’s operations:

- IFRIC 10, Interim Financial reporting and Impairment.
- IFRIC 11, ‘IFRS 2 – Group and treasury share transactions’.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 30 September 2008
Expressed in thousands of Trinidad and Tobago dollars*

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.1 Basis of preparation *(continued)*

- (c) *Standards, amendments and interpretations that are not yet effective and have not been early adopted by the Group:*

The following standards, amendments and interpretations to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2008 or later periods, but the Group has not early adopted them:

- IFRIC 13, 'Customer loyalty programmes' (effective from 1 July 2008). IFRIC 13 clarifies that where goods or services are sold together with a customer loyalty incentive (for example, loyalty points or free products), the arrangement is a multiple element arrangement, and the consideration receivable from the customer is allocated between the components of the arrangement using fair values. The Group will apply IFRIC 13 from 1 October 2008.
- IAS 23 (Amendment), "Borrowing costs" (effective from 1 January 2009). It requires an entity to capitalise borrowing cost directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs will be removed. The definition of borrowing costs has been amended so that interest expense is calculated using the effective interest method defined in IAS 39 'Financial instruments: Recognition and measurement'. This eliminates the inconsistency of terms between IAS 39 and IAS 23. The Group will apply the IAS 23 (Amendment) prospectively from 1 October 2009.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 30 September 2008
Expressed in thousands of Trinidad and Tobago dollars*

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.1 Basis of preparation *(continued)*

(c) *Standards, amendments and interpretations that are not yet effective and have not been early adopted by the Group: (continued)*

- IAS 1 (Revised), 'Presentation of financial statements' (effective from 1 January 2009). The revised standard will prohibit the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All non-owner changes in equity will be required to be shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). Where entities restate or reclassify comparative information, they will be required to present a restated balance sheet as at the beginning comparative period in addition to the current requirement to present balance sheets at the end of the current period and comparative period. The Group will apply IAS 1 (Revised) from 1 October 2009.
- IFRS 2 (Amendment), 'Share-based payment' (effective from 1 January 2009). The amended standard deals with vesting conditions and cancellations. It clarifies that vesting conditions are service conditions and performance conditions only. Other features of a share-based payment are not vesting conditions. These features would need to be included in the grant date fair value for transactions with employees and others providing similar services; they would not impact the number of awards expected to vest or valuation thereof subsequent to grant date. All cancellations, whether by the entity or by other parties, should receive the same accounting treatment. The Group will apply IFRS 2 (Amendment) from 1 October 2009.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 30 September 2008
Expressed in thousands of Trinidad and Tobago dollars*

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.1 Basis of preparation *(continued)*

(c) *Standards, amendments and interpretations that are not yet effective and have not been early adopted by the Group: (continued)*

- IAS 32 (Amendment), 'Financial instruments: Presentation', and IAS 1 (Amendment), 'Presentation of financial statements' – 'Puttable financial instruments and obligations arising on liquidation' (effective from 1 January 2009). The amended standards require entities to classify puttable financial instruments and instruments, or components of instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation as equity, provided the financial instruments have particular features and meet specific conditions. The Group will apply the IAS 32 and IAS 1(Amendment) from 1 October 2009. It is not expected to have any impact on the Group's financial statements.
- IAS 27 (Revised), 'Consolidated and separate financial statements', (effective from 1 July 2009). The revised standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss. The Group will apply IAS 27 (Revised) prospectively to transactions with non-controlling interests from 1 October 2009.
- IFRS 3 (Revised), 'Business combinations' (effective from 1 July 2009). The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice on an acquisition-by-acquisition basis

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2008
Expressed in thousands of Trinidad and Tobago dollars

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

(c) *Standards, amendments and interpretations that are not yet effective and have not been early adopted by the Group: (continued)*

- IFRS 3 (Revised) (continued)
to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed. The Group will apply IFRS 3 (Revised) prospectively to all business combinations from 1 October 2009.
- IAS 28 (Amendment), 'Investments in associates' (and consequential amendments to IAS 32, 'Financial Instruments: Presentation', and IFRS 7, 'Financial instruments: Disclosures') (effective from 1 January 2009). The amendment is part of the IASB's annual improvements project published in May 2008. An investment in associate is treated as a single asset for the purposes of impairment testing. Any impairment loss is not allocated to specific assets included within the investment, for example, goodwill. Reversals of impairment are recorded as an adjustment to the investment balance to the extent that the recoverable amount of the associate increases. The Group will apply the IAS 28 (Amendment) to impairment tests related to investments in subsidiaries and any related impairment losses from 1 October 2009.
- IAS 38 (Amendment), 'Intangible assets' (effective from 1 January 2009). The amendment is part of the IASB's annual improvements project published in May 2008. A prepayment may only be recognised in the event that payment has been made in advance of obtaining right of access to goods or receipt of services. The Group will apply the IAS 38 (Amendment) from 1 October 2009.
- IAS 19 (Amendment), 'Employee benefits' (effective from 1 January 2009). The amendment is part of the IASB's annual improvements project published in May 2008:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 30 September 2008
Expressed in thousands of Trinidad and Tobago dollars*

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.1 Basis of preparation *(continued)*

(c) *Standards, amendments and interpretations that are not yet effective and have not been early adopted by the Group: (continued)*

- IAS 19 (Amendment)*(continued)*
 - The amendment clarifies that a plan amendment that results in a change in the extent to which benefit promises are affected by future salary increases is a curtailment, while an amendment that changes benefits attributable to past service gives rise to a negative past service cost if it results in a reduction in the present value of the defined benefit obligation.
 - The definition of return on plan assets has been amended to state that plan administration costs are deducted in the calculation of return on plan assets only to the extent that such costs have been excluded from measurement of the defined benefit obligation.
 - The distinction between short term and long term employee benefits will be based on whether benefits are due to be settled within or after 12 months of employee service being rendered.
 - IAS 37, 'Provisions, contingent liabilities and contingent assets, requires contingent liabilities to be disclosed, not recognised. IAS 19 has been amended to be consistent.

The Group will apply the IAS 19 (Amendment) from 1 October 2009.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2008
Expressed in thousands of Trinidad and Tobago dollars

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

(c) *Standards, amendments and interpretations that are not yet effective and have not been early adopted by the Group: (continued)*

- IAS 39 (Amendment), 'Financial instruments: Recognition and measurement' (effective from 1 January 2009). The amendment is part of the IASB's annual improvements project published in May 2008.
 - This amendment clarifies that it is possible for there to be movements into and out of the fair value through profit or loss category where a derivative commences or ceases to qualify as a hedging instrument in cash flow or net investment hedge.
 - The definition of financial asset or financial liability at fair value through profit or loss as it relates to items that are held for trading is also amended. This clarifies that a financial asset or liability that is part of a portfolio of financial instruments managed together with evidence of an actual recent pattern of short-term profit taking is included in such a portfolio on initial recognition.
 - The current guidance on designating and documenting hedges states that a hedging instrument needs to involve a party external to the reporting entity and cites a segment as an example of a reporting entity. This means that in order for hedge accounting to be applied at segment level, the requirements for hedge accounting are currently required to be met by the applicable segment. The amendment removes the example of a segment so that the guidance is consistent with IFRS 8, 'Operating segments', which requires disclosure for segments to be based on information reported to the chief operating decision-maker.
 - When remeasuring the carrying amount of a debt instrument on cessation of fair value hedge accounting, the amendment clarifies that a revised effective interest rate (calculated at the date fair value hedge accounting ceases) are used.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.1 Basis of preparation *(continued)*

(c) *Standards, amendments and interpretations that are not yet effective and have not been early adopted by the Group: (continued)*

- IAS 39 (Amendment), *(continued)*

The Group will apply the IAS 39 (Amendment) from 1 October 2009. It is not expected to have an impact on the Group's consolidated income statement.

- IAS 31 (Amendment), 'Interests in joint ventures' (and consequential amendments to IAS 32 and IFRS 7) (effective from 1 January 2009). The amendment is part of the IASB's annual improvements project published in May 2008. Where an investment in joint venture is accounted for in accordance with IAS 39, only certain rather than all disclosure requirements in IAS 31 need to be made in addition to disclosures required by IAS 32, 'Financial instruments: Presentation', and IFRS 7 'Financial instruments: Disclosures'. The Group will apply the IAS 31 (Amendment) from 1 October 2009. It is not expected to have an impact on the Group's financial statements.
- IAS 1 (Amendment), 'Presentation of financial statements' (effective from 1 January 2009). The amendment is part of the IASB's annual improvements project published in May 2008. The amendment clarifies that some rather than all financial assets and liabilities classified as held for trading in accordance with IAS 39, 'Financial instruments: Recognition and measurement' are examples of current assets and liabilities respectively. The Group will apply the IAS 39 (Amendment) from 1 October 2009. It is not expected to have an impact on the Group's financial statements.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.1 Basis of preparation *(continued)*

(c) *Standards, amendments and interpretations that are not yet effective and have not been early adopted by the Group: (continued)*

- There are a number of minor amendments to IFRS 7, 'Financial instruments: Disclosures', IAS 8, 'Accounting policies, changes in accounting estimates and errors', IAS 10, 'Events after the reporting period', IAS 18, 'Revenue' and IAS 34, 'Interim financial reporting', which are part of the IASB's annual improvements project published in May 2008 (not addressed above). These amendments are unlikely to have an impact on the Group's accounts and have therefore not been analysed in detail.

IFRS 8 replaces IAS 14, 'Segment reporting', and aligns segment reporting with the requirements of the US standard SFAS 131, 'Disclosures about segments of an enterprise and related information'. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. In addition, the segments are reported in a manner that is more consistent with the internal reporting provided to the chief operating decision-maker. It is not expected to have an impact on the Group's consolidated financial statements.

(d) *Standards, amendments and interpretations to existing standards that are not yet effective and are not relevant for the Group's operations:*

The following interpretations and amendments to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2009 or later periods but are not relevant for the Group's operations:

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.1 Basis of preparation *(continued)*

(d) *Standards, amendments and interpretations to existing standards that are not yet effective and are not relevant for the Group's operations: (continued)*

- IFRIC 16, 'Hedges of a net investment in a foreign operation' (effective from 1 October 2008)
- IFRS 5 (Amendment), 'Non-current assets held-for-sale and discontinued operations' (and consequential amendment to IFRS 1, 'First-time adoption') (effective from 1 July 2009).
- IAS 16 (Amendment), 'Property, plant and equipment' (and consequential amendment to IAS 7, 'Statement of cash flows') (effective from 1 January 2009);
- IAS 27 (Amendment), 'Consolidated and separate financial statements' (effective from 1 January 2009).
- IAS 28 (Amendment), 'Investments in associates' (and consequential amendments to IAS 32, 'Financial Instruments: Presentation' and IFRS 7, 'Financial instruments: Disclosures') (effective from 1 January 2009).
- IAS 29 (Amendment), 'Financial reporting in hyperinflationary economies' (effective from 1 January 2009).
- IAS 38 (Amendment), 'Intangible assets' (effective from 1 January 2009). The amendment is part of the IASB's annual improvements project published in May 2008.
- IAS 40 (Amendment), 'Investment property' (and consequential amendments to IAS 16) (effective from 1 January 2009).

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.1 Basis of preparation *(continued)*

(d) Standards, amendments and interpretations to existing standards that are not yet effective and are not relevant for the Group's operations: (continued)

- IAS 41 (Amendment), 'Agriculture' (effective from 1 January 2009). The amendment is part of the IASB's annual improvements project published in May 2008.
- IAS 20 (Amendment), 'Accounting for government grants and disclosure of government assistance' (effective from 1 January 2009).
- IFRIC 15, 'Agreements for construction of real estates' (effective from 1 January 2009).

2.2 Consolidation

(a) Subsidiaries

Subsidiaries are all entities over which the Group has power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The Group uses the purchase method of accounting to account for the acquisition of subsidiaries. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.2 Consolidation *(continued)*

(a) Subsidiaries *(continued)*

the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised in the consolidated income statement.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unless cost cannot be recovered unrealised losses are also eliminated and considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(b) Transactions and minority interests

The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group. Disposals to minority interests result in gains and losses for the Group that are recorded in the consolidated income statement. Purchases from minority interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary.

(c) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.2 Consolidation *(continued)*

(c) Associates *(continued)*

The Group's share of its associates' post acquisition profits or losses is recognised in the consolidated income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.3 Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that is subject to risks and returns that are different from those of segments operating in other economic environments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.4 Foreign currency translation

a) 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 Company's functional and presentation currency.

b) Transactions and balances

Foreign currency transactions are translated into the functional and presentation 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 income statement.

Translation differences on non-monetary items, such as equities held at fair value through profit or loss are reported as part of the fair value gain or loss. Translation differences on non-monetary items such as equities classified as available-for-sale financial assets are included in reserves in equity.

Translation differences on debt securities and other monetary financial assets measured at fair value are included in foreign exchange gains and losses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 30 September 2008
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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.4 Foreign currency translation *(continued)*

(c) Group companies

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

- i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions);
and
- iii) all resulting exchange differences are recognised as a separate component of equity.

When a foreign operation is sold, exchange differences that were recorded in equity are recognised in the consolidated income statement as part of the gain or loss on sale.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Property, plant and equipment

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

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

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

Land is not depreciated.

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

Current rates of depreciation are:

Freehold and leasehold properties	-	2% to 20%
Plant and equipment	-	5% to 33.3%
Furniture, fixtures and motor vehicles	-	10% to 25%
Rental assets	-	25%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 30 September 2008
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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.5 Property, plant and equipment *(continued)*

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are included in the consolidated income statement.

2.6 Intangible assets

a) Goodwill

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 30 September 2008
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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.6 Intangible assets *(continued)*

b) Research and development

Costs associated with the maintenance of existing computer software programmes are expensed as incurred.

Expenditure which enhances and extends the benefits of computer software programmes beyond their original specifications and lives is recognised as a capital improvement. Computer software development costs recognised as assets are amortised using the straight-line method over their useful lives, not exceeding a period of three years.

Development assets are tested for impairment annually, in accordance with IAS 36.

c) Other intangible assets

Other intangibles are recorded at cost and are amortised on a straight-line basis over their estimated useful lives not exceeding twenty years.

2.7 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment losses 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 to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 30 September 2008
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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.8 Financial assets

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

a) Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance sheet date.

b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are classified as 'trade and other receivables' and 'installment credit and other loans' in the consolidated balance sheet.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.8 Financial assets *(continued)*

c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Regular purchases and sales of investments are recognised on the trade-date - the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the consolidated income statement. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets are subsequently carried at fair value. Unlisted equity securities for which fair values cannot be reliably measured have been recognised at cost less impairment. Loans and receivables are carried at amortised cost using the effective interest method.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences are recognised in the consolidated income statement, and other changes in carrying amount are recognised in equity. Changes in the fair value of monetary securities classified as available-for-sale and non-monetary securities classified as available-for-sale are recognised in equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.8 Financial assets *(continued)*

c) Available-for-sale financial assets *(continued)*

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the consolidated income statement as 'gains and losses from investment securities'. Interest on available-for-sale securities calculated using the effective interest method is recognised in the consolidated income statement. Dividends on available-for-sale equity instruments are recognised in the consolidated income statement when the Group's right to receive payments is established.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, applicable price/earnings or price/cash flow ratios refined to reflect the specific circumstances of the issuer and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the consolidated income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the consolidated income statement. Impairment testing of trade receivables is described in Note 2.10.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.9 Inventories

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

2.10 Trade receivables

Trade receivables are recognised at fair value less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset’s carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the consolidated income statement within ‘selling, general and administration expenses’.

2.11 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the consolidated balance sheet.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.12 Share capital

Ordinary shares with discretionary dividends are classified as equity.

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

Where any Group company purchases the Company's equity share capital, the consideration paid including any attributable incremental external costs net of income taxes is deducted from total shareholders' equity as treasury shares until they are cancelled. Where such shares are subsequently sold or reissued, any consideration received is included in shareholders' equity.

2.13 Trade payables

Trade payables are measured at amortised cost using the effective interest rate method.

2.14 Insurance

(i) Insurance and reinsurance contracts

Insurance and reinsurance contracts are defined as those containing significant insurance risk at the inception of the contract, or those where at the inception of the contract there is a scenario with commercial substance where the level of insurance risk may be significant. The significance of insurance risk is dependent on both the probability of an insured event and the magnitude of its potential effect. Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during the period.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.14 Insurance *(continued)*

(i) Insurance and reinsurance contracts *(continued)*

In the normal course of business, the company seeks to reduce the losses to which it is exposed that may cause unfavorable underwriting results by reinsuring a certain level of risk with reinsurance companies. Reinsurance premiums are accounted for on a basis consistent with that used in accounting for the original policies issued and the terms of the reinsurance contracts. The company may receive a ceding commission in connection with ceded reinsurance, which is earned as incurred.

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

(ii) Amounts receivable for reinsurance companies

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

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

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.15 Borrowings

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

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

2.16 Current and Deferred income tax

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

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

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

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.16 Current and Deferred income tax *(continued)*

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

2.17 Employee benefits

(a) Pension obligations

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

The Neal & Massy Group Pension Fund Plan, contributions to which were frozen on 31 January 1990, is a defined contribution plan whose assets are held separately from those of the group in an independently administered fund. The most recent actuarial valuation, at 31 March 2005, revealed that the plan is adequately funded. There are certain benefits payable by the Neal & Massy Group Pension Fund Plan which fall within the scope of IAS 19 (revised) – Employee Benefits.

The Retirement Income Security Plan incorporates an employee stock ownership plan which is funded by contributions made by the employer, and a deferred annuity savings plan which is funded by the employees. Contributions to the Plan are accounted for on the accruals basis and the assets are held separately from those of the Group in independently administered funds.

The T. Geddes Grant Limited Pension Fund Plan is a defined contribution plan whose assets are held separately from those of the Group in an independently administered fund. Contributions to the plan are accounted for on the accruals basis and are

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.17 Employee benefits *(continued)*

(a) Pension obligations *(continued)*

reviewed by independent actuaries on the basis of triennial valuations. The actuarial valuation as at 31 December 2006 revealed that the plan is adequately funded. The next actuarial valuation is due 31 December 2009.

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

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

The liability recognised in the consolidated balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government securities that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments, changes in actuarial assumptions and amendments to pension plans are charged or credited to Retained Earnings immediately.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.17 Employee benefits *(continued)*

(a) Pension obligations *(continued)*

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

(b) Other post-employment obligations

Some Group companies provide post-retirement healthcare benefits to their retirees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans. Actuarial gains and losses arising from experience adjustments, and changes in actuarial assumptions are recognised immediately in Retained Earnings. These obligations are valued annually by independent qualified actuaries.

(c) Share-based compensation

The Group operates an equity-settled, share-based compensation plan. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the entity revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the consolidated income statement, with a corresponding adjustment to equity. The proceeds received net of any directly attributable transaction costs are credited to share capital when the options are exercised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 30 September 2008
Expressed in thousands of Trinidad and Tobago dollars*

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.17 Employee benefits *(continued)*

(d) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the balance sheet date are discounted to present value.

(e) Bonus plans

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

- there is a formal plan and the amounts to be paid are determined before the time of issuing the financial statements; or
- past practice has created a valid expectation by employees that they will receive a bonus/profit sharing and the amount can be determined before the time of issuing the financial statements.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.18 Provisions

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

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

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

2.19 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group. Revenue from the sale of goods is recognised when significant risks and rewards of ownership of the goods are transferred to the buyer. Revenue from rendering of services is based on the stage of completion determined by reference to services performed to date as a percentage of total services to be performed.

Other revenues earned by the Group are recognised on the following bases:

Interest income – as it accrues unless collectibility is in doubt.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.20 Leases

Group is the lessee

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

Group is the lessor

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

2.21 Dividend distribution

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 30 September 2008
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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.22 Installment credit and other loans

Installment credit and other loans are stated at principal outstanding net of unearned finance charges and specific allowance for loan losses. An allowance for loan impairment is established if there is objective evidence that the Group will not be able to collect all amounts due according to the original contractual terms of loans.

The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of expected cash flows, including amounts recoverable from guarantees and collateral, discounted at the original effective interest rate of loans.

If the amount of the impairment subsequently decreases due to an event occurring after the write-down, the release of the provision is credited as a reduction of the provision for loan losses.

Interest from installment credit is recognised as it accrues on the sum of the digits method. Interest earned on other forms of financing is calculated as is appropriate to individual transactions.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks. The Group's aim therefore is to achieve an appropriate balance between risk and return and minimize potentially adverse effects on the Group's financial performance. This is achieved by the analysis, evaluation, acceptance and management of the Group's risk exposure.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 30 September 2008
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3 FINANCIAL RISK MANAGEMENT *(continued)*

3.1 Financial risk factors *(continued)*

The Board of Directors is ultimately responsible for the establishment and oversight of the Group's risk management framework. The main financial risks of the Group relate to the availability of funds to meet business needs, the risk of default by counterparties to financial transactions, and fluctuations in interest and foreign exchange rates. The treasury function manages the financial risks that arise in relation to underlying business needs and operates within clear policies and stringent parameters. The function does not operate as a profit center and the undertaking of speculative transactions is not permitted.

The Group's principal financial liabilities comprise bank loans, operating overdrafts and trade payables, which are used to finance Group operations. There are various financial assets such as trade receivables, investments, loans receivable, cash and short term deposits which emanate from its operations. The main risks arising from the Group's financial instruments are credit risk, liquidity risk, foreign currency risk and interest rate risk.

The following contains information relative to the Group's exposure to each of the above risks, including quantitative disclosures.

(a) Market risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 30 September 2008
Expressed in thousands of Trinidad and Tobago dollars*

3 FINANCIAL RISK MANAGEMENT *(continued)*

3.1 Financial risk factors *(continued)*

(a) Market risk *(continued)*

(i) Currency risk

The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar. The Group manages its foreign exchange risk by ensuring that the net exposure in foreign assets and liabilities is kept to an acceptable level by monitoring currency positions as well as holding foreign currency balances.

The values of debt, investments and other financial liabilities, denominated in currencies other than the functional currency of the entities holding them, are subject to exchange rate movements. The foreign exchange positions at 30 September 2008 relate mainly to USD loans. The single largest USD loan as at year end amounted to US\$102,000 (2007: US\$ 5,400). A 2% change in USD rates would lead to a TT\$19,700 (2007: TT\$3,200) loss in the consolidated income statement.

(ii) Interest rate risk

The Group's exposure to changes in market interest rates relates primarily to the long term debt obligations, with floating interest rates. The exposure to interest rate risk on cash held on deposit is not significant.

At the end of 2008, interest rates were fixed on approximately 42% of the borrowings and 88% in 2007. The impact on the consolidated income statement to a 50bps change in floating interest rates are \$3,200 in 2008 and \$600 in 2007.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 30 September 2008
Expressed in thousands of Trinidad and Tobago dollars*

3 FINANCIAL RISK MANAGEMENT *(continued)*

3.1 Financial risk factors *(continued)*

(a) Market risk *(continued)*

(iii) Price risk

The Group is exposed to equity securities price risk because of investments held by the Group and classified on the consolidated balance sheet as available-for-sale.

The Group is not exposed to commodity price risk.

(b) Credit risk

The Group is exposed to credit risk, which is the risk that may arise from its customers, clients and counterparties failing to discharge their contractual obligations. The credit exposures arise primarily from the Group's receivables on sales, investments and cash held on deposit at various financial institutions.

The Group has no significant concentrations of credit risk and trades mainly with recognized, creditworthy third parties. It is the Group's policy that all customers trading on credit terms are subject to credit verification procedures. The procedures are elements of a structured credit control system and include an analysis of each customer's creditworthiness and the establishments of limits before credit terms are set. In addition, receivables balances are monitored on an ongoing basis with the result, that the Group's exposure to bad debts is not significant. The maximum exposure is the carrying amount as disclosed below.

With respect to credit risk arising from the other financial assets of the Group, namely cash and cash equivalents and available-for-sale financial investments, the Group's exposure to credit risk arises principally from default of the counterparty.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2008
Expressed in thousands of Trinidad and Tobago dollars

3 FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(c) Liquidity risk

Liquidity risk is the risk which may arise if the Group is unable to meet the obligations associated with its financial liabilities when they fall due.

The Group's liquidity risk management process is measured and monitored by senior management. This process includes monitoring current cash flows on a frequent basis, assessing the expected cash inflows as well as ensuring that the Group has adequate committed lines of credit to meet its obligations.

Following is an analysis of the undiscounted contractual cash flows payable under financial liabilities. Undiscounted cash flows will differ from both the carrying values and the fair values.

Maturity analysis of financial liabilities (\$'000)

	< 1 year	1 – 5 yrs	More than 5 yrs	Contractual cash flows	Carrying Amount
2008					
Financial Liabilities:					
Bank overdraft and other short term borrowings	309,459	-	-	309,459	309,459
Other borrowings	501,323	1,096,728	1,253,658	2,851,709	2,124,971
Customer deposits	393,235	3,693	3,370	400,297	350,007
Trade payables	911,722	-	-	911,722	911,722
Liabilities under insurance contract	655,043	-	-	655,043	655,043
Total	2,770,782	1,100,421	1,257,028	5,128,230	4,351,202

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2008
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3 FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(c) Liquidity risk (continued)

	< 1 year	1 – 5 yrs	More than 5 yrs	Contractual cash flows	Carrying Amount
2007					
Financial Liabilities:					
Bank overdraft and other					
short term borrowings	112,786	22,000	-	134,786	134,786
Other borrowings	118,193	373,493	326,453	818,139	600,339
Customer deposits	327,633	4,677	2,857	335,167	306,141
Trade payables	449,219	-	-	449,219	449,219
Liabilities under insurance contract	-	-	-	-	-
Total	1,007,831	400,170	329,310	1,737,311	1,490,485

3.2 Capital Risk Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may vary the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. The ratio is calculated as net debt divided by Total capital. Net debt is calculated as total borrowings (current and non current borrowings) less cash and cash equivalents. Total Capital is calculated as total equity as shown in the consolidated balance sheet plus net debt.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2008
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3 FINANCIAL RISK MANAGEMENT (continued)

3.2 Capital Risk Management (continued)

	2008 \$	2007 \$
Total borrowings (Note 21)	2,434,430	735,125
Less Cash & Cash Equivalents (Note 17)	(568,532)	(569,344)
Net Debt	1,865,898	165,781
Total Equity	3,023,783	1,833,454
Total Capital	4,889,681	1,999,235
Gearing Ratio	38%	8%

The increase in the gearing ratio during 2008 resulted primarily from loans taken to acquire the controlling interest in The Barbados Shipping & Trading Company Limited. Additionally \$1.1 billion of additional debt relates to The Barbados Shipping & Trading Company Limited and the Almond Group.

3.3 Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 30 September 2008
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3 FINANCIAL RISK MANAGEMENT *(continued)*

3.3 Fair value estimation *(continued)*

The nominal value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2.6. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(continued)*

4.1 Critical accounting estimates and assumptions *(continued)*

(b) Income taxes

The Group is subject to income taxes in several jurisdictions. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(c) Fair value of financial instruments

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at each balance sheet date. The Group has used discounted cash flow analysis for various available-for-sale financial assets that were not traded in active markets.

(d) Revenue recognition

The Group uses the percentage-of-completion method in accounting for its sales of services. Use of the percentage-of-completion method requires the Group to estimate the services performed to date as a proportion of the total services to be performed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

4.2 Critical judgements in applying the entity's accounting policies

Defined benefit pension plan

- (a) Certain actuarial and economic assumptions used in determining defined benefit pension obligations and pension plan assets include: discount rates, long-term rates of return for plan assets, market estimates and rates of future compensation increases. Material changes in overall financial performance and the carrying amount of the pension obligations may arise because of revised assumptions to reflect updated historical information and updated economic conditions, in the material assumptions underlying this estimate.
- (b) The Company determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of the estimated future cash outflows, expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Company considers the interest rates of high quality bonds that are denominated in the currency in which the benefits will be paid, and that have the terms to maturity approximating the terms of the related pension liability.
- (c) Provision for decommissioning

The decommissioning cost would be significantly affected by changes in technology, laws and regulations and the actual cost to remove the facility at a future date.

- (d) Liabilities on insurance contracts

The estimation of the ultimate liability arising from claims made under insurance contracts is a critical accounting estimate. There are several sources of uncertainty that need to be considered in the estimate of the liability that the Group will ultimately pay for such claims.

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5 SEGMENT INFORMATION

Primary reporting format – business segments

At 30 September 2008, the Group is organised into nine main business segments:

1. Automotive & Industrial Equipment
2. Industrial Gases & Energy
3. Food Retailing
4. Distribution, Food Manufacturing & Logistics
5. Information Technology & Communications (ITC) / Other Services
6. Tourism / Hospitality
7. Property / Construction Services
8. Financial Services
9. Head Office

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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5 SEGMENT INFORMATION (continued)

Primary reporting format – business segments (continued)

The segment results for the year ended 30 September 2008 are as follows:

	Distribution										Grand Total
	Automotive & Industrial Equipment	Industrial Gases & Energy	Food Retailing	Food Manufacturing	Logistics & Other	ITC	Tourism/ Hospitality	Property/ Construction Services	Financial Services	Head Office	
Sales	1,609,337	802,916	1,947,393	1,931,565	765,728	170,973	205,583	262,803	7,422	7,703,720	
Operating profit/segment result	168,068	132,113	80,810	161,846	64,508	3,040	57,150	31,762	4,204	703,501	
Finance costs – Net (Note 28)	(14,144)	(10,256)	(5,938)	(10,786)	(2,487)	(18,776)	(1,600)	753	(8,194)	(71,428)	
Share of results of associates before tax (Note 8)	1,137	41,870	1,151	7,305	967	(7,186)	-	826	27,379	73,449	
Profit before income taxation	155,061	163,727	76,023	158,365	62,988	(22,922)	55,550	33,341	23,389	705,522	
Taxation	(41,597)	(39,216)	(14,727)	(36,506)	(15,145)	(964)	(13,931)	(9,986)	(28,921)	(200,993)	
Profit / (loss) for the year	113,464	124,511	61,296	121,859	47,843	(23,886)	41,619	23,355	(5,532)	504,529	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2008

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5 SEGMENT INFORMATION (continued)

Primary reporting format – business segments (continued)

The segment assets and liabilities at 30 September 2008 and capital expenditure for the year then ended are as follows:

	Distribution										Grand Total	
	Automotive & Industrial Equipment	Industrial Gases & Energy	Food Retailing	Food & Manufacturing	Logistics	ITC Other	Tourism/ Hospitality	Property/ Construction Services	Financial Services	Head Office		
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Assets												
Total assets	968,291	616,467	550,531	1,313,881	768,192	800,558	812,452	1,615,484	848,027	8,293,883		
Associates	3,204	92,702	-	27,165	12,054	25,821	-	11,381	268,628	440,955		
Total liabilities	555,381	270,250	153,003	689,463	277,937	655,797	342,580	1,159,261	1,166,426	5,270,100		
Capital expenditure	89,875	20,774	25,750	15,671	32,260	31,967	10,481	9,719	2,858	239,355		
Other segment items included in the consolidated income statement are as follows:												
Depreciation (Note 6)	56,834	19,176	22,554	14,101	39,051	12,973	8,624	9,139	2,373	184,826		
Impairment of goodwill (Note 7)	819	11,778	1,431	2,479	-	-	-	295	-	16,802		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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5 SEGMENT INFORMATION (continued)

Primary reporting format – business segments (continued)

The segment results for the year ended 30 September 2007 are as follows:

	Automotive		Industrial		Distribution		Property/		Grand	
	Equipment	& Industrial	Energy	Gases & Food	Logistics	& Food	Construction	Services		
	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Sales	1,303,973	634,005	1,239,986	1,312,041	398,289	-	152,090	40,019	5,460	5,085,863
Operating profit/ segment result	142,417	127,368	71,130	102,071	31,565	-	40,076	10,641	(22,100)	503,168
Finance costs – Net	(8,790)	(18,463)	(4,834)	(7,097)	1,483	-	(4,025)	(973)	13,223	(29,476)
Share of results of associates before tax	395	34,472	-	3,362	-	-	-	2,475	30,207	70,911
Profit before income taxation	134,022	143,377	66,296	98,336	33,048	-	36,051	12,143	21,330	544,603
Taxation	(32,669)	(29,318)	(15,041)	(28,523)	(9,116)	-	(6,104)	(2,332)	(23,565)	(146,668)
Profit / (loss) for the year	101,353	114,059	51,255	69,813	23,932	-	29,947	9,811	(2,235)	397,935

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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5 SEGMENT INFORMATION (continued)

Primary reporting format – business segments (continued)

The segment assets and liabilities at 30 September 2007 and capital expenditure for the year then ended are as follows:

	Distribution										Grand Total
	Automotive & Industrial Equipment	Industrial Gases & Energy	Food Retailing	Logistics & Food Manufacturing	ITC Other	Tourism/ Hospitality	Property/ Construction Services	Financial Services	Head Office		
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Assets											
Total assets	695,545	606,349	291,970	565,211	212,832	-	338,241	324,648	880,507	3,915,303	
Associates	2,376	39,877	-	5,544	-	-	-	23,270	445,063	516,130	
Total liabilities	364,423	351,565	165,520	464,138	113,908	-	233,515	277,885	110,895	2,081,849	
Capital expenditure	80,497	38,238	9,108	8,510	17,847	-	8,250	13,642	9,721	185,813	
Other segment items included in the consolidated income statement are as follows:											
Depreciation	58,498	15,054	-	20,873	7,171	-	14,788	-	1,299	117,683	
Impairment of goodwill	794	802	1,431	-	-	-	-	-	-	3,027	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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5 SEGMENT INFORMATION (continued)

Primary reporting format – business segments (continued)

Inter-segment transfers or transactions are entered into under the normal commercial terms and conditions that would also be available to unrelated third parties.

Capital expenditure comprises additions to property, plant and equipment (Note 6).

Secondary reporting format – geographical segments

The Group's nine business segments operate in two main geographical areas, even though they are managed on a regional basis.

The main operations occur in the home country of the Company. The areas of operation are principally trading, manufacturing, service industries and finance.

	Sales		Total Assets		Capital Expenditure	
	2008	2007	2008	2007	2008	2007
Trinidad and Tobago	4,523,114	3,899,496	3,340,559	3,041,680	153,635	156,874
Overseas	3,180,606	1,186,367	4,953,324	873,623	85,720	28,939
	7,703,720	5,085,863	8,293,883	3,915,303	239,355	185,813

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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6 PROPERTY, PLANT AND EQUIPMENT

	Freehold Property	Investment Property	Leasehold Property	Plant & Equipment	Rental Assets	Furniture, Fixtures & Motor Vehicles	Capital Work in Progress	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Year ended 30 September 2007								
Opening net book amount	256,575	32,791	92,786	251,212	115,058	39,132	16,920	804,474
Additions	14,427	456	2,275	63,798	73,602	22,580	8,675	185,813
Reversal of revaluation surplus	(5,770)	-	(4,104)	-	-	-	-	(9,874)
Disposals and adjustments	1,068	(2,061)	(182)	(12,236)	(10,866)	1,375	(11,148)	(34,050)
Depreciation charge	(4,516)	(696)	(4,136)	(47,147)	(48,201)	(12,987)	-	(117,683)
Closing net book amount	261,784	30,490	86,639	255,627	129,593	50,100	14,447	828,680
At 30 September 2007								
Cost	301,987	38,868	126,444	580,310	230,539	130,473	14,447	1,423,068
Accumulated depreciation	(40,203)	(8,378)	(39,805)	(324,683)	(100,946)	(80,373)	-	(594,388)
Net book amount	261,784	30,490	86,639	255,627	129,593	50,100	14,447	828,680

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6 PROPERTY, PLANT AND EQUIPMENT (continued)

	Freehold Property		Leasehold Property		Plant & Equipment		Rental Assets		Furniture Fixtures & Motor Vehicles		Capital Work in Progress		Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Year ended 30 September 2008													
Opening net book amount	261,784	30,490	86,639	255,627	129,593	50,100	14,447	828,680					
Additions	5,685	1,017	2,088	65,537	89,843	31,488	43,697	239,355					
Acquisition of subsidiaries	1,019,400	338,049	121,347	140,230	20,507	45,857	162,900	1,848,290					
Transfer from capital work in progress	2,070	-	155,242	8,892	-	27,314	(193,518)	-					
Fair value adjustments in BS&T (Note 33)	180,902	10,231	-	-	-	-	-	191,133					
Disposals and adjustments	4,747	(11,171)	2,519	(13,241)	(14,970)	595	(10,526)	(42,047)					
Depreciation charge	(10,709)	(859)	(6,327)	(72,216)	(66,692)	(28,023)	-	(184,826)					
Closing net book amount	1,463,879	367,757	361,508	384,829	158,281	127,331	17,000	2,880,585					
At 30 September 2008													
Cost	1,515,101	376,954	416,307	1,075,516	290,473	305,259	17,000	3,996,610					
Accumulated depreciation	(51,222)	(9,197)	(54,799)	(690,687)	(132,192)	(177,928)	-	(1,116,025)					
Net book amount	1,463,879	367,757	361,508	384,829	158,281	127,331	17,000	2,880,585					

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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6 PROPERTY, PLANT AND EQUIPMENT *(continued)*

The fair value of the investment property amounted to \$620,048 (2007:\$252,284) and is valued by an independent, professionally qualified valuer.

Depreciation expense of \$93,683 (2007: \$59,451) has been charged in cost of goods sold and \$91,143 (2007: \$58,232) in 'selling, general and administration expenses'.

Bank borrowings are secured on land and buildings for the value of \$506,168 (2007: \$73,541).

7 GOODWILL

	2008 \$	2007 \$
At 1 October		
Cost	216,623	114,869
Accumulated impairment	(38,532)	(21,730)
Net book amount	178,091	93,139
Year ended 30 September		
Opening net book amount	93,139	94,075
Adjustments	-	1,221
Acquisition of subsidiary (Note 33)	31,381	870
Acquisition of minority interest	19,741	-
Acquisition of BS&T (Note 33)	50,632	-
Impairment charge (Note 26)	(16,802)	(3,027)
Closing net book amount	178,091	93,139

Goodwill is allocated to the Group's cash-generating units ("CGUs") identified according to country of operation and business segment.

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7 GOODWILL (continued)

Included in the impairment charge is \$11,247 which relates to the impairment of the goodwill for Insertech Aruba N.V. which closed operations in 2008.

A segment-level summary of the goodwill allocation is presented below.

	2008		2007	
	Trinidad & Tobago	Overseas	Trinidad & Tobago	Overseas
Automotive & Industrial Equipment	3,223	-	4,042	-
Energy Industrial & Gases	32,671	2,485	33,175	13,865
Food Retailing	15,146	52,699	16,577	-
Distribution, Food Manufacturing & Logistics	-	4,051	-	-
Property/Construction Services	24,610	-	24,610	-
Financial Services	-	42,231	-	-
Head Office and Other	-	975	-	870
Group Total	75,650	102,441	78,404	14,735

The recoverable amount of CGUs is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period.

Key assumptions used for value-in-use calculations:

	Trinidad & Tobago	Overseas
Growth rate ¹	3 – 8%	5%
Discount rate ²	10%	12%

¹ Weighted average growth rate used to extrapolate cash flows beyond the budget period

² Pre-tax discount rate applied to the cash flow projections

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7 GOODWILL (continued)

These assumptions have been used for the analysis of each CGU within the business segment. Management determined budgeted gross margin based on past performance and its expectations for the market development. The weighted average growth rates used are consistent with the forecasts included in industry reports. The discount rates used are pre-tax and reflect specific risk relating to the relevant segments.

8 OTHER INTANGIBLES

Intangible assets acquired in 2008 resulted from the purchase of an additional 69.1% in The Barbados Shipping & Trading Company Limited. Amounts shown under other intangibles represent brands and have been recognised at fair value at the acquisition date. These assets are expected to have an indefinite life and no impairment has been recorded during the period presented.

Year ended 30 September 2008

	Brands \$	Total \$
Acquisition of a subsidiary (Note 33)	36,550	36,550
Impairment charge	-	-
Closing net book amount	36,550	36,550
At 30 September 2008		
Cost	36,550	36,550
Accumulated impairment	-	-
Net book amount	36,550	36,550

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9 INVESTMENTS IN ASSOCIATED COMPANIES

	2008	2007
	\$	\$
Investment and advances	339,771	375,284
Share of post acquisition reserves	101,184	140,846
	440,955	516,130
Balance at beginning of year	516,130	330,087
Acquisition of BS&T (Note 33)	308,701	-
Additional investments	25	144,448
Fair value adjustment	9,237	-
Share of results before tax	73,449	70,911
Share of tax	(3,855)	(4,312)
Dividends received	(20,403)	(16,220)
Loans and advances	14,879	(2,989)
Disposal of associates	(626)	-
BS&T transferred from an associate to a subsidiary	(454,284)	-
Exchange differences	(2,763)	1,804
Other	465	(7,599)
Balance at end of year	440,955	516,130

In the prior year the principal associate was Barbados Shipping & Trading Company Limited, which is incorporated in Barbados (27.9% interest held).

Cost of investment	-	314,260
Share of post-acquisition reserves	-	89,889
Negative goodwill arising on acquisition	-	37,416
	-	441,565

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9 INVESTMENTS IN ASSOCIATED COMPANIES (continued)

The share of results before tax includes \$766 (2007 – \$766) representing the impairment charge for goodwill in respect of acquisition of associates. Investments in associates at 30 September 2008 include goodwill of \$12,410 (2007 - \$13,176), net of accumulated impairment of \$4,394 (2007– \$3,628).

10 CREDIT QUALITY OF FINANCIAL ASSETS

Credit quality – investments (\$'000)

	Low Risk \$	Standard Risk \$	Sub- Standard Risk \$	Impaired \$
Investments – available for sale				
2008	304,146	238,972	-	-
2007	68,411	-	-	-

Credit quality – other financial assets

	Fully Performing \$	Past due but not Impaired \$	Provision For Impaired \$	Provision For Impairment \$
2008				
Installment credit and other loans	301,661	5,240	12,633	(19,110)
Trade receivables	635,544	270,134	28,526	(64,233)
	937,205	275,374	41,159	(83,343)

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10 CREDIT QUALITY OF FINANCIAL ASSETS (continued)

Credit quality – other financial assets (continued)

	Fully Performing \$	Past due but not Impaired \$	Impaired \$	Provision For Impairment \$
2007				
Installment credit and other loans	275,252	5,544	12,836	(15,051)
Trade receivables	333,736	111,213	10,312	(23,049)
	608,988	116,756	23,148	(38,100)

The provision for impairment amounts comprise specific and portfolio provisions and as such may exceed the value of the impaired assets.

The credit quality of other investments has been analysed into the following categories:

Low Risk - These comprise of Sovereign Debt Investments where there has been no history of default.

Standard - These financial assets are current and have been serviced in accordance with the terms and conditions of the underlying agreements.

Sub-Standard - These financial assets are either greater than 90 days in arrears but are not considered to be impaired or have been restructured in the past year.

Impaired - These financial assets are non-performing.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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11 LONG TERM INVESTMENTS

	2008 \$	2007 \$
Beginning of the year	68,411	38,720
Exchange differences	(571)	(14)
Change in market value	(2,245)	1,228
Acquisition of BS&T (Note 33)	483,293	-
Additions	5,201	30,187
Gains on disposal	-	-
Proceeds from disposal	(11,752)	(1,710)
Transfers to subsidiaries	781	-
End of the year	543,118	68,411
Available-for-sale financial assets include the following:		
Bonds and treasury bills	147,747	43,804
Quoted securities	121,277	23,881
Unquoted securities	262,071	481
Other	12,023	245
	543,118	68,411

The maximum exposure to credit risk at the reporting date is the carrying value of the debt securities classified as available for sale.

12 DEFERRED INCOME TAX

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

Deferred income taxes are calculated in full on temporary differences under the liability method using a principal tax rate of 25% (2007: 25%).

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12 DEFERRED INCOME TAX (continued)

The movement in the deferred income tax account is as follows:

Deferred income tax liabilities	2008 \$	2007 \$
Balance at beginning of year	103,002	70,000
Acquisition of subsidiaries (Note 33)	1,630	-
Fair value adjustment (Note 33)	1,859	-
Charge for the year	21,885	24,911
Exchange adjustment	664	(512)
Other movements	13,446	8,603
Balance at end of year	142,486	103,002

The movement in the deferred tax liabilities during the year ended 30 September, 2008 is as follows:

	Charged to			
	Income Statement	Other Movements		
	30.09.07 \$	(Note 29) \$	\$	30.09.08 \$
Accelerated tax depreciation	44,209	6,513	(3)	50,719
Pension plan surplus	29,645	5,372	14,091	49,108
Other	29,148	10,000	3,511	42,659
	103,002	21,885	17,599	142,486

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12 DEFERRED INCOME TAX (continued)

Deferred income tax liabilities (continued)

The movement in the deferred tax liabilities during the year ended 30 September 2007 is as follows:

	30.09.07	Charged to Income Statement (Note 29)	Other Movements	30.09.08
	\$	\$	\$	\$
Accelerated tax depreciation	34,529	10,653	(973)	44,209
Pension plan surplus	25,576	4,258	(189)	29,645
Other	9,895	10,000	9,253	29,148
	70,000	24,911	8,091	103,002

Deferred income tax assets

The movement in the deferred tax assets during the year ended 30 September 2008 is as follows:

	2008	2007
	\$	\$
Balance at beginning of year	18,691	13,924
Acquisition of subsidiary (Note 33)	37,599	-
Charge for the year	3,996	1,425
Other movements	-	3,342
Balance at end of year	60,286	18,691

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12 DEFERRED INCOME TAX (continued)

Deferred income tax assets (continued)

The movement in the deferred tax assets during the year ended 30 September 2008 is as follows:

	30.09.07	Credited/ (Charged) to Consolidated Income Statement (Note 29)	Other Movements	30.09.08
	\$	\$	\$	\$
Accelerated depreciation	10,034	(2,571)	3,059	10,522
Tax losses carried forward	8,657	6,567	34,540	49,764
	18,691	3,996	37,599	60,286

Other movements comprise:

	2008	2007
	\$	\$
Acquisition of subsidiary (Note 33)	37,836	-
Group loss relief	-	104
Foreign exchange differences	220	(160)
Other	(457)	3,398
	37,599	3,342

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12 DEFERRED INCOME TAX (continued)

Deferred income tax assets (continued)

The movement in the deferred tax liabilities during the year ended 30 September 2007 is as follows:

	30.09.07	Credited/ (Charged) to Consolidated Income Statement	Other Movements	30.09.08
	\$	\$	\$	\$
Accelerated depreciation	4,916	1,775	3,343	10,034
Tax losses carried forward	9,008	(350)	(1)	8,657
	13,924	1,425	3,342	18,691

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through the future taxable profits is probable.

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13 INSTALLMENT CREDIT AND OTHER LOANS

These represent the installment credit and other loans granted mainly by General Finance Corporation Limited.

	2008	2007
	\$	\$
Amounts due within one year	95,189	105,579
Between two and five years	214,179	176,431
Over five years	10,166	11,622
	319,534	293,632
Provision for losses	(19,110)	(15,051)
	300,424	278,581
Due within one year	(76,079)	(90,528)
	224,345	188,053

13.1 Sectoral analysis of installment credit and other loans

Consumer	113,133	83,755
Manufacturing	12,548	13,303
Distribution	42,732	33,884
Construction	50,426	70,604
Transport	40,109	37,946
Agriculture	1,541	1,099
Petroleum	804	1,035
Residential mortgages	531	595
Other	57,710	51,411
	319,534	293,632

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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13 INSTALLMENT CREDIT AND OTHER LOANS (continued)

13.2 Provision for losses

	2008 \$	2007 \$
Balance at beginning of year	15,051	6,059
Provision for interest on impaired loans	-	6,898
Charge for the year	4,059	2,094
Balance at end of year	19,110	15,051

The maximum exposure to credit risk at the reporting date is the carrying value of the installment credit and other loans. The group holds \$354,908 (2007: \$289,034) of collateral as security.

14 RETIREMENT BENEFIT ASSETS

	2008 \$	2007 \$
Neal & Massy Group Pension Fund Plan	186,541	116,058
Overseas plans	48,714	25,934
	235,255	141,992

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

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14 RETIREMENT BENEFIT ASSETS (continued)

Neal & Massy Group Pension Fund Plan

The amounts recognised in the balance sheet are as follows:

	2008 \$	2007 \$
Fair value of plan assets	1,106,472	1,024,355
Present value of obligation	(781,301)	(812,160)
	325,171	212,195
Unutilisable asset	(138,630)	(96,137)
Asset in the balance sheet	186,541	116,058

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

Current service cost	11,025	9,081
Interest cost	68,299	66,024
Expected return on plan assets	(93,445)	(90,304)
Total included in other income	(14,121)	(15,199)
Actual return on plan assets	110,387	64,554

Movement in the asset recognised in the balance sheet:

Asset at beginning of year	116,058	96,666
Net pension income	14,121	15,199
Income recognised in retained earnings	56,311	4,139
Contributions paid	51	54
Asset at end of year	186,541	116,058

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14 RETIREMENT BENEFIT ASSETS (continued)

Neal & Massy Group Pension Fund Plan (continued)

The principal actuarial assumptions used were:

	Per annum	Per annum
Discount rate	8.5%	8.5%
Future salary increases	7%	7%
Expected return on plan assets	9.25%	9.25%
Pre and post retirement indexing of pensions	2.5%-5%	2.5 - 5%

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

The average life expectancy in years of a pensioner retiring at age 60 is as follows:

	2008	2007
Male	81	81
Female	85	85

Overseas plans

	2008	2007
	\$	\$
The amounts recognised in the balance sheet are as follows:		
Fair value of plan assets	632,738	158,486
Present value of funded obligations	(549,406)	(88,872)
	83,332	69,614
Unutilisable asset	(34,618)	(43,680)
Asset in the balance sheet	48,714	25,934

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14 RETIREMENT BENEFIT ASSETS (continued)

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

	2008	2007
	\$	\$
Current service cost	7,795	2,576
Interest cost	28,195	7,869
Expected return on plan assets	(35,380)	(11,767)
Net actuarial losses	1,114	-
Past service benefit	80	-
Losses on curtailments/settlements	129	-
	1,933	(1,322)
Actual return on plan assets	10,986	25,824
Movement in the asset recognised in the consolidated balance sheet:		
Asset at beginning of year	25,934	21,209
Acquisition of BS&T (Note 33)	46,827	-
Increase in unutilisable asset	8,902	(11,149)
Income recognised in retained earnings	(37,425)	14,284
Net pension income	(1,933)	1,322
Contributions paid	7,230	1,817
Exchange adjustment	(821)	(1,549)
Asset at end of year	48,714	25,934

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14 RETIREMENT BENEFIT ASSETS (continued)

	2008	2007
The principal actuarial assumptions used were:		
	Per annum	Per annum
Discount rates	7-13%	7% - 12.5%
Future salary increases	4 - 10%	4% - 10%
Expected return on plan assets	7 - 12%	7%- 12.5%
Pre and post retirement indexing of pensions	0 - 6%	0% - 6%

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

The average life expectancy in years of a pensioner retiring at age 65 is as follows:

Male	82	82
Female	86	86

15 INVENTORIES

	2008	2007
	\$	\$
Finished goods and goods for resale	985,180	411,539
Goods in transit	188,914	219,418
Raw materials and consumables	113,597	75,310
Work in progress	24,292	36,873
	1,311,983	743,140

The cost of inventories recognized as expense and included in "cost of sales" amounted to \$5,222,401 (2007: \$3,571,711).

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16 TRADE AND OTHER RECEIVABLES

	2008 \$	2007 \$
Trade receivables	934,204	455,261
Less: provision for impairment of receivables	(64,233)	(23,049)
Trade receivables - net	869,971	432,212
Other debtors and prepayments	868,133	224,983
	1,738,104	657,195

Given the short-term nature of the trade and other receivables, the fair value approximates the carrying amount of these assets.

There is no concentration of credit risk with respect to trade receivables, as the Group has a large number of customers, regionally dispersed.

Aging analysis – financial assets (\$'000)

	Past Due But Not Impaired			Total
	31 – 60 days	61 – 90 days	>90 days	
2008				
Installment credit and other loans	3,705	9,212	18,865	31,782
Trade receivables	137,539	75,832	123,197	336,568
Total	141,244	85,044	142,062	368,350
	Past Due But Not Impaired			Total
	31 – 60 days	61 – 90 days	>90 days	
2007				
Installment credit and other loans	2,288	674	15,499	18,461
Trade receivables	71,159	19,436	37,388	127,983
Total	73,447	20,110	52,887	146,444

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16 TRADE AND OTHER RECEIVABLES (continued)

Provision for Impairment (\$'000)

	Opening Balance	Acquisition of subsidiary	Provision for Impairment	Written off during the year	Unused provisions reversed	Closing balance
2008						
Installment credit and other loans	15,051	1	4,058	-	-	19,110
Trade receivables	23,049	37,007	14,430	(5,836)	(4,417)	64,233
Other debtors and prepayments	23,920	(13,345)	764	(1,199)	1	10,141
	62,020	23,663	19,252	(7,035)	(4,416)	93,484
2007						
Installment credit and other loans	13,790	-	3,408	(2,147)	-	15,051
Trade receivables	20,986	-	5,920	(2,876)	(981)	23,049
Other debtors and prepayments	23,920	-	-	-	-	23,920
	58,696	-	9,328	(5,023)	(981)	62,020

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The group does not hold any collateral as security.

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17 CASH AND CASH EQUIVALENTS

	2008	2007
	\$	\$
Cash at bank and in hand	315,355	286,634
Short-term bank deposits	253,177	282,710
	568,532	569,344

The effective interest rate on short-term bank deposits was 7% (2007: 7%); these deposits have an average maturity of 90 days.

Cash, cash equivalents and bank overdrafts include the following for the purposes of the cash flow statement:

Cash and cash equivalents	568,532	569,344
Bank overdrafts	(149,621)	(30,986)
Other short term borrowings	(159,838)	(103,800)
	259,073	434,558

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18 SHARE CAPITAL

	Number of Shares \$	Ordinary Shares \$	Total
At 1 October 2006	88,874	176,851	176,851
Employee share option scheme - value of services provided	-	1,958	1,958
At 30 September 2007	88,874	178,809	178,809
Employee share option scheme - value of services provided	-	2,561	2,561
Share option exercised	316	11,020	11,020
Acquisition of subsidiary (Note 33)	10,278	493,326	493,326
Cost of issuing new shares	-	(6,210)	(6,210)
	99,468	679,506	679,506
Shares held by subsidiary	(3,500)	(162,238)	(162,238)
At 30 September 2008	95,968	517,268	517,268

The total authorised number of ordinary shares is unlimited with no par value. All issued shares are fully paid.

The number of issued shares at 30 September 2008 includes 3,500,000 treasury shares held by The Barbados Shipping & Trading Company Limited. These shares were acquired with the acquisition of The Barbados Shipping & Trading Company Limited. The value of these shares as at 1 March 2008 has been deducted from shareholders equity.

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18 SHARE CAPITAL (continued)

Share options

Effective 1 October 2004, the Parent company introduced an executive share option plan. Share options will be granted to individuals employed by the Parent company or its subsidiaries in a senior capacity including directors holding any executive office with the company or any of its subsidiaries. Options are granted at the average market price of the shares in the calendar month prior to the beginning of the applicable performance period and are exercisable at that price. Options are exercisable beginning three years from the date of grant and have a contractual option term of three years. When the options are exercised, the proceeds received net of any transaction costs are credited to share capital.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	2008		2007	
	Average Exercise Price in \$	Options	Average Exercise price in \$	Options
At 1 October		1,774	34.90	1,152
Granted	47.52	748	37.03	729
Forfeited		(18)		(107)
Exercised		(316)		-
At 30 September		2,188		1,774

Out of the 2,188 thousand outstanding options, 246 options were exercisable.

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18 SHARE CAPITAL (continued)

Share options (continued)

Share options outstanding at the end of the year have the following expiry date and exercise prices:

Expiry date – 1 October	Exercise Price \$	Options	
		2008	2007
2007	34.90	246	562
2008	49.39	483	483
2009	37.03	711	729
2010	47.52	748	

The fair value of options granted during the period determined using the Binomial valuation model was \$5.85 (2007: \$4.34). The significant inputs into the model were share price of \$48.00 (2006: \$37.00) at the grant date, exercise price shown above, standard deviation of expected share price returns of 6% (2007: 8%), option life disclosed above, and annual risk-free interest rate of 6.5% (2007: 6%).

19 DIVIDENDS PER SHARE

	2008	2007
	\$	\$
Interim paid – 40 cents per share (2007 – 36 cents)	39,777	31,995
Final paid – 90 cents per share (2007 – 74 cents)	80,132	65,767
	119,909	97,762

On 30th December 2008, the Board of Directors of Neal and Massy Holdings Limited declared a final dividend per share of \$1.00, bringing the total dividends per share for the financial year ended 30 September 2008 to \$1.40.

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20 MINORITY INTERESTS

	2008 \$	2007 \$
Balance at beginning of year	67,088	57,710
Acquisition of BS&T (Note 33)	390,621	-
Disposals	-	(983)
Share of net profit of subsidiaries	29,695	28,823
Dividends paid/proposed	(26,599)	(17,987)
Other movements	-	(475)
Balance at end of year	460,805	67,088

21 BORROWINGS

	2008 \$	2007 \$
Fixed interest mortgage loans	473,501	103,857
Secured Floating Rate Bonds 2007	-	171
Other secured advances	298,105	221,180
Unsecured advances	1,353,365	275,131
Bank overdrafts and other short term borrowings	309,459	134,786
Total borrowings	2,434,430	735,125
Less short term borrowings	(691,722)	(219,960)
Medium and long term borrowings	1,742,708	515,165
Short-term borrowings comprise:		
Bank overdrafts and other short term borrowings	309,459	134,786
Current loan instalments	382,263	85,174
	691,722	219,960

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21 BORROWINGS (continued)

Total borrowings include secured liabilities (bank and collateralised borrowings) of \$634,309 (2007: \$230,851). Bank borrowings are secured by the land and buildings of the Group (Note 6).

The exposure of the Group's borrowings to interest rate changes and the contractual repricing dates at the balance sheet dates are as follows:

	2008 \$	2007 \$
6 months or less	309,459	134,786
6-12 months	514,970	85,174
1-5 years	1,206,809	260,156
Over 5 years	403,192	255,009
	2,434,430	735,125
The maturity of borrowings is as follows:		
Payable within one year	382,264	85,174
Payable between two and five years	786,349	260,156
Payable between six and ten years	336,825	231,068
Payable over ten years	616,536	23,941
	2,124,974	600,339

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21 BORROWINGS (continued)

Interest charges on secured and unsecured loans vary from 5% to 12.5% (2007 - 4% to 12.5%) per annum.

The effective interest rates in 2008 were as follows:

	2008			2007		
	US\$ %	TT\$ %	Other %	US\$ %	TT\$ %	Other %
Fixed interest mortgage loans	-	8-10	-	-	8-10	4-5.5
Secured floating rate bonds 2007	-	-	-	5	-	-
Other mortgage loans	-	8-11	-	-	8-11	-
Other secured advances	7-9	6-12	5-5	7-9	6-12	5.5
Unsecured advances	5-8	8.75	-	6-8.5	8.75	-
Bank overdrafts and other short term borrowings	8.7-10.5	9-12	12.20	8.7-10.5	9-12	12-20

The carrying amounts of short-term borrowings and current borrowings approximate their fair value.

The carrying amounts of the Group's borrowings are denominated in the following currencies:

	2008 \$	2007 \$
US dollar	990,087	204,138
Trinidad and Tobago dollars	791,271	349,101
Barbados dollars	343,616	47,100
	2,124,974	600,339

The Group has the undrawn borrowing facilities amounting to \$385,815 (2007 – \$259,750).

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22 CUSTOMERS' DEPOSITS

These represent the deposits for fixed terms accepted mainly by General Finance Corporation Limited.

	2008	2007
	\$	\$
Payable within one year	349,119	304,775
Payable between one and five years	888	1,366
	350,007	306,141
Sectorial analysis of deposit balances		
Private sector	72,817	51,057
Consumers	277,190	255,084
	350,007	306,141

23 PROVISIONS FOR OTHER LIABILITIES AND CHARGES

The Company maintains a self-insured program covering portions of Group life and consequential loss insurance. The amounts in excess of the self-insured levels are fully insured; subject to certain limitations and exclusions. The Company accrues its estimated liability for these self insured programs, including estimates for insured but not reported claims, based on known claims and past claims history. The remaining balance for provisions for other liabilities and charges stem from accruals for outstanding tax claims or assessments.

24 TRADE AND OTHER PAYABLES

	2008	2007
	\$	\$
Trade creditors	911,722	449,219
Other creditors and accruals	564,482	320,761
	1,476,204	769,980

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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25 LIABILITIES ON INSURANCE CONTRACTS

The major classes of general insurance written by the Group's insurance operations include motor, property, and other miscellaneous types of general insurance. Risks under these policies usually cover a twelve month duration. Liabilities are comprised as follows:

	2008
	\$
Outstanding claims	402,799
Unearned premiums	252,244
Balance Sheet	655,043

Movement in outstanding claims reserve may be analyzed as follows:

	Insurance liabilities	Reinsurers' share
	2008	2008
	\$	\$
Acquisition of Subsidiaries	372,673	112,833
Claims incurred	187,224	138,784
Claims paid	(157,098)	(49,429)
	402,799	202,188

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25 LIABILITIES ON INSURANCE CONTRACTS (continued)

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

	Insurance liabilities 2008 \$	Reinsurers' share 2008 \$
Acquisition of Subsidiaries	119,554	70,347
Premiums written in the year	384,530	213,663
Premiums earned in the year	(251,840)	(131,732)
	252,244	152,278

The reinsurers' share of outstanding claims and unearned premium reserves are included in accounts receivable. Claims reserves comprise provisions for claims reported by policyholders and claims incurred but not yet reported and are established to cover the ultimate cost of settling the liabilities in respect of claims that have occurred and are estimated based on known facts at the balance sheet date. Outstanding claims reserves are not discounted for the time value of money.

The principal assumption underlying the estimates is past claims development experience. This includes assumptions in respect of average claims costs and claims numbers for each accident year. In addition, larger claims are separately assessed by loss adjusters. Judgment is used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates. The ultimate liabilities will vary as a result of subsequent developments. Difference resulting from reassessment of the ultimate liabilities are recognized in subsequent periods.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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26 OPERATING PROFIT BEFORE FINANCE COSTS

	2008	2007
	\$	\$
Revenue	7,703,720	5,085,863
Cost of sales	(5,665,849)	(3,776,292)
Gross profit	2,037,871	1,309,571
Selling, general and admin expenses	(1,490,132)	(922,297)
Other income	155,762	115,894
	703,501	503,168
Selling, general and administration expenses include the following:		
Administration staff costs	591,677	344,928
Depreciation	91,143	58,232
Impairment of goodwill	16,802	3,027
Directors' fees	1,426	1,687
Operating lease rentals	26,841	20,218

27 STAFF COSTS

Wages and salaries and termination benefits	743,153	450,348
Share options granted to directors and employees	2,561	1,958
Pension costs	21,086	4,396
Employment Retirement Benefit	9,011	9,869
	775,811	466,571
Average number of persons employed by the Group during the year:		
Full time	8,363	4,847
Part time	2,553	1,795
	10,916	6,642

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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28 FINANCE COSTS - NET

	2008 \$	2007 \$
Interest expense:		
Bank borrowings	71,428	29,476

29 INCOME TAX EXPENSE

Trinidad and Tobago subsidiaries	130,029	99,543
Overseas subsidiaries	49,220	19,327
Associated companies	3,855	4,312
Deferred taxation (Note 12)	17,889	23,486
	200,993	146,668
<p>The Group's effective tax rate of 28% (2007 – 27%) differs from the statutory Trinidad and Tobago tax rate of 25% as follows:</p>		
Profit before taxation	705,522	544,603
Tax calculated at a tax rate of 25%	176,380	136,151
Effect of different tax rates in other countries	18,840	13,121
Income not subject to tax	(36,839)	(16,047)
Expenses not deductible for tax purposes	26,996	8,968
Business levy/green fund levy/withholding taxes	11,075	6,226
Other adjustments	5,805	-
Adjustments to prior year tax provisions	(1,264)	(1,751)
Tax charge	200,993	146,668

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30 EARNINGS PER SHARE

Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	2008	2007
	\$	\$
Profit attributable to shareholders	474,834	369,112
Weighted average number of ordinary shares in issue	93,019	88,875
Basic earnings per share	5.10	4.15
Weighted average number of ordinary shares for diluted earnings per share	93,515	89,112
Diluted earnings per share (\$ per share)	5.07	4.14

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. The Company has one category of dilutive potential ordinary shares: share options. For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

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30 EARNINGS PER SHARE (continued)

Basic (continued)

	2008	2007
Profit attributable to equity holders of the Company	474,834	369,112
Weighted average number of ordinary shares in issue (thousands)	93,019	88,875
Adjustments for:		
share options (thousands)	496	237
Weighted average number of ordinary shares for diluted earnings per share (thousands)	93,515	89,112
Diluted earnings per share (\$ per share)	5.07	4.14

31 CONTINGENCIES

At 30 September 2008 the Group had contingent liabilities in respect of bank and other guarantees and other matters arising in the ordinary course of business from which it is anticipated that no material liabilities will arise. In the ordinary course of business the Group has given guarantees amounting to \$272,506 (2007 – \$357,294) to third parties of which \$134,500 (2007: \$226,800) amount relates to Cool Petroleum Limited.

Group companies are defendants in various legal actions. In the opinion of the directors, after taking appropriate legal advice, the outcome of such actions will not give rise to any significant loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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32 COMMITMENTS

Capital commitments

Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	2008	2007
	\$	\$
Property, plant and equipment	27,655	13,480

Operating lease commitments - where a Group Company is the lessee

The Group leases various retail outlets, offices and warehouses under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

The Group also leases various plant and machinery under cancellable operating lease agreements. The Group is required to give a six-month notice for the termination of these agreements.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

No later than 1 year	85,136	21,363
Later than 1 year and no later than 5 years	89,301	49,644
Later than 5 years	69,901	53,088
	244,338	124,095

Operating lease commitments - where a Group company is the lessor are as follows:

Less than one year	12,238	42,623
One year to five years	19,423	36,707
	31,661	79,330

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33 BUSINESS COMBINATIONS

The Group made two acquisitions in 2008, details of which are disclosed separately. The net assets and results of the acquired businesses are included in the consolidated accounts of the Group from the date of the acquisitions. The fair value currently established for acquisitions made in the year are provisional. Acquisition accounting has been applied and the goodwill arising, where applicable, has been capitalised and is subject to annual impairment testing.

(i) The Barbados Shipping & Trading Company Limited (“BS&T”)

As at 18 February 2008, the Group acquired a further 69.1% in BS&T, a diversified public corporation listed on the Barbados and Trinidad & Tobago stock exchanges. BS&T’s main activities involve food retailing, insurance and property. Many of its principal businesses are market leaders in their respective sectors. Goodwill arising from this acquisition is attributable mainly to synergies which would be derived from the combination of Neal & Massy’s and BS&T’s operations. For 2008 The Barbados Shipping & Trading Company Limited contributed \$1.5 billion in revenue and \$70.6 million in profit before tax from the date of acquisition.

The fair value of the identifiable assets and liabilities of BS&T as at the date of the acquisition is as follows:

	Book Value	Fair Value adjustments	Fair value
Property, Plant and Equipment	1,503,473	191,133	1,694,606
Goodwill	34,703	(3,322)	31,381
Other Intangibles	-	36,550	36,550
Investment in Associates	405,505	9,237	414,742
Other assets and Investments	692,428	(60,734)	631,694
Inventories	321,949	(7,002)	314,947
Trade and other Receivables	788,666	(28,473)	760,193
Cash & Cash Equivalent	629,561	37	629,598
Borrowings	(932,819)	-	(932,819)
Unearned Premiums & Outstanding Claims	(492,227)	-	(492,227)
Other long term liabilities and charges	(418,756)	(13,608)	(432,364)
Trade and other payables	(768,965)	(23,432)	(792,397)
Net assets	1,763,518	100,386	1,863,904

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33 BUSINESS COMBINATIONS (continued)

(i) The Barbados Shipping & Trading Company Limited ("BS&T") (continued)

	Book Value	Fair Value	Fair value
		adjustments	
	<hr/>		
Fair value of net assets acquired (69.1%)			1,287,960
Purchase Price			1,338,592
Goodwill arising on acquisition (Note 7)			50,632
Purchase price allocation			
Cash			807,983
Shares issued under the take over bid (Note 17)			493,326
Costs associated with the acquisition			37,283
Total purchase price			1,338,592

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33 BUSINESS COMBINATIONS (continued)

(ii) Pereira & Company Limited

On 17 October 2007, the Group acquired a 100% shareholding in Pereira & Company Limited through the purchase of the Company's assets including its subsidiary, Pereira Finance Corporation. Pereira & Company Limited is a major supplier in Trinidad & Tobago of office equipment and furnishings.

The fair value of the identifiable assets and liabilities of Pereira & Company Ltd as at the date of the acquisition is as follows:

	Book Value	Fair Value adjustments	Fair value
Property, plant and other net current assets	22,002	26,062	48,054
Consideration – cash			23,448
Negative goodwill arising on consolidation			(24,606)

The trading results of Pereira & Company Limited during the period since the date of acquisition have not been disclosed because it is not material.

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34 RELATED PARTY TRANSACTIONS

The ultimate parent of the Group is Neal and Massy Holdings Limited (incorporated in Trinidad and Tobago).

The following transactions were carried out with related parties:

	2008 \$	2007 \$
i) Sales of goods and services:		
Sales of goods:		
- Associates	11,457	9,571
Goods are sold on the basis of the price lists in force with non-related parties.		
ii) Purchases of goods and services:		
Purchases of goods:		
- Associates	1,284	2,678
Goods are bought on the basis of the price lists in force with non-related parties.		
iii) Key management compensation:		
Salaries and other short-term employee benefits	50,416	46,450
Post-employment benefits	3,906	3,599
Share-based payments	2,561	1,958
	56,883	52,007

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34 RELATED PARTY TRANSACTIONS (continued)

	2008 \$	2007 \$
iv) Year-end balances arising from sales/purchases of goods/services:		
Receivables from related parties:		
Associate	7,295	6,880
Payables to related parties:		
Associates	4,797	1,466
v) Loans to associates:		
Beginning of year	13,871	22,949
Acquisition of subsidiary	12,901	-
Loans advanced during year	9,576	-
Loans repayments	(13,412)	(9,184)
Interest charged	1,443	438
Interest received	-	(375)
Other movements	(3,857)	43
End of the year	20,522	13,871
vi) Loans from associates:		
Beginning of year	25,227	25,366
Loans repayments	(18,713)	-
Interest charged	-	-
Interest received	-	-
Other movements	(238)	(139)
End of the year	6,276	25,227

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34 RELATED PARTY TRANSACTIONS (continued)

	2008	2007
	\$	\$
vii) Total loans to other related parties:		
Beginning of year	15,729	14,531
Loans advanced during year	-	-
Loan repayments received	(1,410)	-
Interest charged	1,382	1,198
Interest received	(930)	-
Other movements	-	-
End of the year	14,771	15,729

The loans to associates are due on demand and carry interest rates between 4.2 % – 12.5%. No provision has been required in 2008 and 2007 for the loans made to associates.

viii) Goods are purchased from entities controlled by non-executive directors of the Company on normal commercial terms and conditions. The purchases during the current year amounted to \$53,537 (2007: \$59,675).

ix) Commitments and contingencies

The related party guarantee in relation to Cool Petroleum Limited is described in Note 31.

