

Endeavour Holdings Limited

Financial Statements

30 April 2017

(Expressed in Trinidad and Tobago Dollars)

Endeavour Holdings Limited

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Endeavour Holdings Limited

Statement of Management's Responsibilities

Management is responsible for the following:

- Preparing and fairly presenting the accompanying financial statements of Endeavour Holdings Limited (the Company) which comprise the statement of financial position as at 30 April 2017, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information;
- Ensuring that the Company keeps proper accounting records;
- Selecting appropriate accounting policies and applying them in a consistent manner;
- Implementing, monitoring and evaluating the system of internal control that assures security of the Company's assets, detection/prevention of fraud, and the achievement of company operational efficiencies;
- Ensuring that the system of internal control operated effectively during the reporting period;
- Producing reliable financial reporting that comply with laws and regulations, including the Companies Act; and
- Using reasonable and prudent judgement in the determination of estimates.

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

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

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



CEO
21 May 2018



CFO
21 May 2018



Independent Auditor's Report

To the shareholders of
Endeavour Holdings Limited

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements present fairly, in all material respects the financial position of Endeavour Holdings Limited (the Company) as at 30 April 2017, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

The Company's financial statements comprise:

- the statement of financial position as at 30 April 2017;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

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

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

Independence

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

Responsibilities of management for the financial statements

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

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

Independent Auditor's Report (Continued)

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

PricewaterhouseCoopers
Port of Spain
Trinidad, West Indies
21 May 2018

Endeavour Holdings Limited

Statement of Financial Position


(Expressed in Trinidad and Tobago Dollars)

| | Notes | 2017 \$ | As at 30 April 2016 \$ Restated | 2015 \$ Restated |
|---|-------|--------------------|---|------------------------|
| Assets | | | | |
| <i>Non-current assets</i> | | | | |
| Investment property | 6 | 852,900,000 | 842,300,000 | 831,550,000 |
| Property, plant and equipment | 7 | 4,595,980 | 4,701,505 | 1,033,873 |
| Deferred income tax asset | 14 | -- | -- | 4,399,274 |
| | | <u>857,495,980</u> | <u>847,001,505</u> | <u>836,983,147</u> |
| <i>Current assets</i> | | | | |
| Trade and other receivables | 8 | 10,970,804 | 10,153,206 | 7,714,570 |
| Due from related parties | 9 | 672,540 | 50,762,148 | -- |
| Cash and cash equivalents | 10 | <u>10,894,096</u> | <u>6,548,353</u> | <u>17,134,360</u> |
| | | <u>22,537,440</u> | <u>67,463,707</u> | <u>24,848,930</u> |
| Total assets | | <u>880,033,420</u> | <u>914,465,212</u> | <u>861,832,077</u> |
| Equity and liabilities | | | | |
| <i>Equity attributable to equity holders of the company</i> | | | | |
| Share capital | 13 | 32,003,200 | 32,003,200 | 32,003,200 |
| Retained earnings | | <u>427,901,031</u> | <u>417,411,723</u> | <u>420,340,188</u> |
| Total equity | | <u>459,904,231</u> | <u>449,414,923</u> | <u>452,343,388</u> |
| <i>Non-current liabilities</i> | | | | |
| Deferred income tax liability | 14 | 41,663,242 | 31,836,563 | 28,633,446 |
| Borrowings | | <u>325,630,616</u> | <u>353,464,266</u> | <u>266,006,931</u> |
| | | <u>367,293,858</u> | <u>385,300,829</u> | <u>294,640,377</u> |
| <i>Current liabilities</i> | | | | |
| Due to related parties | 9 | 233,904 | 1,089,955 | 2,407,038 |
| Loans from related parties | 9 | -- | 263,731 | 56,804,989 |
| Maintenance reserve fund | | 4,422,687 | 4,045,515 | 3,640,980 |
| Borrowings | 15 | 28,461,538 | 28,833,044 | 27,228,824 |
| Trade and other payables | 16 | 13,059,800 | 44,325,615 | 23,576,312 |
| Taxation payable | | 6,657,402 | 757,336 | 378,511 |
| Bank overdraft | 10 | -- | 434,264 | 811,658 |
| | | <u>52,835,331</u> | <u>79,749,460</u> | <u>114,848,312</u> |
| Total equity and liabilities | | <u>880,033,420</u> | <u>914,465,212</u> | <u>861,832,077</u> |

The notes on pages 8 to 38 are an integral part of these financial statements.

On 21 May 2018, the Board of Directors of Endeavour Holdings Limited authorised these financial statements for issue.

 Director

 Director

Endeavour Holdings Limited

Statement of Comprehensive Income

(Expressed in Trinidad and Tobago Dollars)

| | | Year ended 30 April | |
|--|-------|------------------------|------------------------|
| | Notes | 2017 \$ | 2016 \$ Restated |
| Rental income | | 78,697,543 | 78,419,555 |
| Rental expenses | 17 | <u>(24,440,321)</u> | <u>(20,375,536)</u> |
| Net rental income | | <u>54,257,222</u> | <u>58,044,019</u> |
| Other income | | | |
| Fair value adjustment on investment property | 6 | 10,508,831 | 6,291,926 |
| Other income | 18 | <u>17,010,418</u> | <u>12,760,215</u> |
| | | <u>27,519,249</u> | <u>19,052,141</u> |
| Expenses | | | |
| Administrative | 19 | (3,234,123) | (4,997,451) |
| Operating | 20 | <u>(2,531,051)</u> | <u>(1,079,431)</u> |
| | | <u>(5,765,174)</u> | <u>(6,076,882)</u> |
| Operating profit | | 76,011,297 | 71,019,278 |
| Finance cost | 21 | <u>(22,840,033)</u> | <u>(23,293,031)</u> |
| Profit before income tax | | <u>53,171,264</u> | <u>47,726,247</u> |
| Taxation | | | |
| Current | 22 | (7,453,911) | (1,311,617) |
| Deferred taxation | 22 | <u>(9,826,679)</u> | <u>(7,602,391)</u> |
| | | <u>(17,280,590)</u> | <u>(8,914,008)</u> |
| Profit for the year | | 35,890,674 | 38,812,239 |
| Other comprehensive income | | <u>--</u> | <u>--</u> |
| Total comprehensive income for the year | | <u>35,890,674</u> | <u>38,812,239</u> |
| Earnings per share | | | |
| Basic earnings per share | 27 | <u>\$1.12</u> | <u>\$1.21</u> |

The notes on pages 8 to 38 are an integral part of these financial statements.

Endeavour Holdings Limited

Statement of Changes in Equity

(Expressed in Trinidad and Tobago Dollars)

| | Notes | Share capital \$ | Retained earnings \$ | Total equity \$ |
|---|-------|------------------------|----------------------------|-----------------------|
| Balance at 1 May 2015 – as previously reported | | 32,003,200 | 366,369,865 | 398,373,065 |
| Effect of restatements | 26 | -- | 53,970,323 | 53,970,323 |
| Balance at 1 May 2015 – restated | | 32,003,200 | 420,340,188 | 452,343,388 |
| Total Comprehensive income for the year - | | | | |
| Profit for the year | | -- | 38,812,239 | 38,812,239 |
| Transactions with owners In their capacity as owners | | | | |
| Dividends for the period | 24 | -- | (41,740,704) | (41,740,704) |
| Balance at 30 April 2016 | | <u>32,003,200</u> | <u>417,411,723</u> | <u>449,414,923</u> |
| Balance at 1 May 2016 | | 32,003,200 | 417,411,723 | 449,414,923 |
| Total Comprehensive income for the year - | | | | |
| Profit for the year | | -- | 35,890,674 | 35,890,674 |
| Transactions with owners In their capacity as owners | | | | |
| Dividends for the period | 24 | -- | (25,401,366) | (25,401,366) |
| Balance at 30 April 2017 | | <u>32,003,200</u> | <u>427,901,031</u> | <u>459,904,231</u> |

The notes on pages 8 to 38 are an integral part of these financial statements.

Endeavour Holdings Limited

Statement of Cash Flows

(Expressed in Trinidad and Tobago Dollars)

| | | Year ended 30 April | |
|--|-------|------------------------|----------------------|
| | Notes | 2017 \$ | 2016 \$ |
| Cash flows from operating activities | | | |
| Profit before income tax | | 53,171,264 | 47,726,247 |
| Adjustments for: | | | |
| Fair value adjustment property | 6 | (10,508,831) | (6,291,926) |
| Finance cost | 21 | 22,840,033 | 23,293,031 |
| Depreciation | 7 | 1,391,467 | 236,276 |
| Operating profit before working capital changes | | <u>66,893,933</u> | <u>64,963,628</u> |
| Increase in trade and other receivables | | (817,599) | (2,438,636) |
| Decrease/(increase) in trade and other payables | | 3,434,182 | (2,618,096) |
| Decrease/(increase) in due from related parties | | 24,688,242 | (50,762,148) |
| Decrease in due to related parties | | <u>(1,119,782)</u> | <u>(57,858,341)</u> |
| Cash generated from/(used in) operations | | <u>26,185,043</u> | <u>(113,677,221)</u> |
| Interest paid | | (22,299,456) | (21,050,286) |
| Tax paid | | <u>(1,466,530)</u> | <u>(932,770)</u> |
| Net cash inflow/(outflow) from operating activities | | <u>69,312,990</u> | <u>(70,696,649)</u> |
| Cashflow from investing activities | | | |
| Purchase of property, plant and equipment | 7 | (1,285,942) | (3,903,908) |
| Additions to investment property | 6 | <u>(91,169)</u> | <u>(4,458,074)</u> |
| Cash used in investing activities | | <u>(1,377,111)</u> | <u>(8,361,982)</u> |
| Cashflow from financing activities | | | |
| Proceeds from borrowings | | -- | 395,815,437 |
| Repayments of borrowings | | (28,833,044) | (306,753,883) |
| Transfer to maintenance reserve fund | | 377,172 | 404,535 |
| Dividend paid | | <u>(34,700,000)</u> | <u>(20,616,071)</u> |
| Cash (used in)/provided by financing activities | | <u>(63,155,872)</u> | <u>68,850,018</u> |
| Increase/(decrease) in cash and cash equivalents | | 4,780,007 | (10,208,613) |
| Cash and cash equivalents at beginning of the year | | <u>6,114,089</u> | <u>16,322,702</u> |
| Cash and cash equivalents at end of the year | 10 | <u>10,894,096</u> | <u>6,114,089</u> |

The notes on pages 8 to 38 are an integral part of these financial statements.

Endeavour Holdings Limited

Notes to the Financial Statements

30 April 2017

(Expressed in Trinidad and Tobago Dollars)

1 General information

Endeavour Holdings Limited ("the Company") was legally amalgamated with the following companies on 22 April 2015 with Endeavour Holdings Limited being the surviving company:

- 2 Kairi Road Limited
- Tumpuna Park Limited
- Aran88 Limited
- Briar Holdings Limited
- Chagend Limited
- Lot 2 Imran Drive Limited
- Lot H Price Plaza Limited
- GNN Services Limited
- Panhandlers Limited

The Company is incorporated in the Republic of Trinidad and Tobago and was re-registered under the Companies Act, 1995 on 1 March 2001. On 22 April 2015, the articles of amalgamation were filed with the Company Registry. The principal activity of the Company is property rental and real estate holdings. Its registered address is Tradezone No.1 El Socorro Extension Road, San Juan.

2 Summary of significant accounting policies

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

a. *Going concern*

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

b. *Basis of preparation*

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations.

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties.

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

c. *Changes in accounting policy and disclosures*

(i) *New and amended standards adopted by the Company*

There were no new standards, amendments and interpretations which are effective for the financial year beginning on 1 May 2016 that are material to the Company.

Notes to the Financial Statements (continued)

30 April 2017

(Expressed in Trinidad and Tobago Dollars)

2 Summary of significant accounting policies (continued)

c. Changes in accounting policy and disclosures (continued)

(ii) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 April 2017 reporting periods and have not been early adopted by the Company. None of these is expected to have a significant effect on the financial statements of the Company, except the following:

- IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income (OCI) and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset.

Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. The Company is yet to assess IFRS 9's full impact.
- IFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. This standard is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted. The Company is assessing the impact of IFRS 15.
- IFRS 16 - Leases (effective 1 January 2019) eliminates the classification of leases as either operating leases or finance leases for a lessee. Instead all leases are treated in a similar way to finance leases applying IAS 17. Leases are 'capitalised' by recognising the present value of the lease payments and showing them either as lease assets (right-of-use assets) or together with property, plant and equipment. If lease payments are made over time, a company also recognises a financial liability representing its obligation to make future lease payments. The most significant effect of the new requirements will be an increase in lease assets and financial liabilities. The Company is yet to assess IFRS 16's full impact.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a significant impact on the Company.

Endeavour Holdings Limited

Notes to the Financial Statements (continued)

30 April 2017

(Expressed in Trinidad and Tobago Dollars)

2 Summary of significant accounting policies (continued)

d. *Foreign currency translation*

(i) *Functional and presentation currency*

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

(ii) *Transactions and balances*

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

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of comprehensive income within finance costs or income. All other foreign exchange gains and losses are presented separately on the statement of comprehensive income.

e. *Investment property*

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Company, is classified as investment property. Investment property also includes property that is being constructed or developed for future use as investment property.

Land held under operating leases is classified and accounted for by the Company as investment property when the rest of the definition of investment property is met. The operating lease is accounted for as if it was a finance lease.

Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs (Note n).

After initial recognition, investment property is carried at fair value. Investment property under construction is measured at fair value if the fair value is considered to be reliably determinable. Investment property under construction for which the fair value cannot be determined reliably, but for which the Company expects that the fair value of the property will be reliably determinable when construction is completed, are measured at cost less impairment until the fair value becomes reliably determinable or construction is completed - whichever is earlier. Fair value is based on active market prices, adjusted, if necessary, for differences in the nature, location or condition of the specific asset. If this information is not available, the Company uses alternative valuation methods, such as recent prices on less active markets or discounted cash flow projections. Valuations are periodically performed by professional valuers who hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment property being valued. Annually, management reviews these valuations and make the necessary amendments to the valuations if key assumptions and inputs have changed.

These valuations form the basis for the carrying amounts in the financial statements. Investment property that is being redeveloped for continuing use as investment property or for which the market has become less active continues to be measured at fair value.

Endeavour Holdings Limited

Notes to the Financial Statements (continued)

30 April 2017

(Expressed in Trinidad and Tobago Dollars)

2 Summary of significant accounting policies (continued)

e. *Investment property (continued)*

It may sometimes be difficult to determine reliably the fair value of the investment property under construction. In order to evaluate whether the fair value of an investment property under construction can be determined reliably, management considers the following factors, among others:

- The provisions of the construction contract.
- The stage of completion.
- Whether the project/property is standard (typical for the market) or non-standard.
- The level of reliability of cash inflows after completion.
- The development risk specific to the property.
- Past experience with similar constructions.
- Status of construction permits.

The fair value of investment property reflects, among other things, rental income from current leases and other assumptions market participants would make when pricing the property under current market conditions.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

If a valuation obtained for a property held under a lease is net of all payments expected to be made, any related lease liability recognised separately in the statement of financial position is added back to arrive at the carrying value of the investment property for accounting purposes.

Changes in fair values are recognised in the statement of comprehensive income. Investment properties are derecognised when they have been disposed.

Where the Company disposes of a property at fair value in an arm's length transaction, the carrying value immediately prior to the sale is adjusted to the transaction price, and the adjustment is recorded in the income statement within net gain from fair value adjustment on investment property.

f. *Property, plant and equipment*

Property, plant and equipment comprise mainly fixtures and fittings and leasehold improvements and is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributed 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 Company and the cost of the item can be reliably measured. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Land and building are not depreciated. Depreciation on other assets is calculated using the reducing balance basis to allocate their cost to their residual values over their estimated useful lives, or in the case of leasehold improvements, the shorter lease term as follows:

| | | |
|-----------------------------------|---|----------|
| Furniture, fixtures and equipment | - | 20% |
| Motor vehicles | - | 25% |
| Leasehold improvements | - | 33 1/3 % |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Endeavour Holdings Limited

Notes to the Financial Statements (continued)

30 April 2017

(Expressed in Trinidad and Tobago Dollars)

2 Summary of significant accounting policies (continued)

g. *Impairment of non-financial assets*

Assets that are subject to amortisation are reviewed for impairment at a minimum on an annual basis or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Non-financial assets that suffer impairment are reviewed for possible reversal of the impairment at each reporting date.

h. *Financial assets*

(i) *Classification*

The Company classifies its financial assets as loans and receivables.

The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

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 date of the statement of financial position. These are classified as non-current. Receivables are classified as 'trade and other receivables' and "due from related parties" in the statement of financial position.

(ii) *Recognition and measurement*

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

i. *Offsetting financial instruments*

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

j. *Impairment of financial assets*

Assets carried at amortised cost

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Notes to the Financial Statements (continued)

30 April 2017

(Expressed in Trinidad and Tobago Dollars)

2 Summary of significant accounting policies (continued)

j *Impairment of financial assets (continued)*

Assets carried at amortised cost (continued)

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the statement of comprehensive income.

As a practical expedient, the Company may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the statement of comprehensive income.

k. *Trade and other receivables*

Trade receivables are amounts due from customers for rental income earned during the ordinary course of business. If receipt of funds is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

A provision for impairment of trade receivables is established when there is objective evidence that the Company 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, default or delinquency in payments, and where observable data indicates that there is a measurable decrease in future cash flows, such as changes in arrears or economic conditions that correlate with defaults, 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 original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the statement of comprehensive income. If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the reversal of the previously recognised impairment loss is recognised in the statement of comprehensive income.

l. *Cash and cash equivalents*

Cash and cash equivalents include cash in hand and at bank and other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

Endeavour Holdings Limited

Notes to the Financial Statements (continued)

30 April 2017

(Expressed in Trinidad and Tobago Dollars)

2 Summary of significant accounting policies (continued)

m. *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 statement of comprehensive income over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facilities will be drawn down. In this case, the fee is deferred until the draw-down occurs.

To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as non-current liabilities in the statement of financial position when the first repayment begins twelve months after statement of financial position date.

n. *Borrowing costs*

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in the statement of comprehensive income in the financial year in which they occurred.

o. *Share capital*

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares, if any, are shown in equity as a deduction, net of tax, from the proceeds.

p. *Provisions*

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is probable 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 expenditure 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 an interest expense.

Notes to the Financial Statements (continued)

30 April 2017

(Expressed in Trinidad and Tobago Dollars)

2 Summary of significant accounting policies (continued)

q. *Trade payables*

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

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

r. *Maintenance reserve*

The purpose of the maintenance reserve fund is to ensure the availability of funds for the major capital expenditure in facilities owned by the Company, as per terms and conditions of the loans held with financial institutions and agreements held with tenants as per lease terms.

The maintenance reserve fund when collected from tenants, is credited to a maintenance reserve liability account with a resulting increase in cash. When such capital expenditure occurs, the amounts are released from the liability account and into the statement of comprehensive income.

s. *Revenue recognition*

Revenue includes rental income, service charges and management charges from properties. Revenue is shown net of value added tax.

Rental income from operating leases is recognised on a straight-line basis over the lease term. When the Company provides incentives to its tenants, the cost of incentives is recognised over the lease term, on a straight-line basis, as a reduction of rental income.

(i) *Rental income*

Revenue from rental of property is recognised in the statement of comprehensive income on an accruals basis. Service and management charges are recognised in the accounting period in which the services are rendered.

(ii) *Electricity and water income*

This revenue is generated from tenant reimbursements for their electricity consumption and water charges on premises they lease. These are recognised when the service has been received from utility providers.

(iii) *Common area maintenance (CAM)*

This is one of the net charges billed to tenants in, and are paid by tenants to the landlord of a commercial property. A CAM charge is an additional rent, charged on top of base rent, and is mainly composed of maintenance fees for work performed on the common area of a property.

The monthly CAM charges a tenant pays as a part of the rent are actually estimates of that tenant's monthly, pro-rated CAM charge for the current fiscal year. The estimate is created from a property's budget by the property manager based on expected works. After the fiscal year ends, an audit is done of the paid CAM charges versus the actual CAM charges, and the difference is either paid to the landlord or the tenant.

(iv) *Reimbursable income*

These are amounts for expenses paid by the landlord on behalf of tenants and rebilled to the tenant. They are recognised when the expense amounts are known and allocated and invoices are generated.

Endeavour Holdings Limited

Notes to the Financial Statements (continued)

30 April 2017

(Expressed in Trinidad and Tobago Dollars)

2 Summary of significant accounting policies (continued)

t. *Interest income*

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

u. *Current and deferred income tax*

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the statement of comprehensive income except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case it is recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the date of the statement of financial position. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It 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 financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or a 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 date of the statement of financial position and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

The Company's business model for investment properties is to hold for rental income until possible sale, although there are no specific plans for sale. The Company's business model is not to substantially consume all economic benefits of the investment property over time through use. As such the presumption of recovery through sale is not rebutted. The deferred tax is then calculated based on the temporary differences and tax consequences arising from recovery through sale.

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

Endeavour Holdings Limited

Notes to the Financial Statements (continued)

30 April 2017

(Expressed in Trinidad and Tobago Dollars)

2 Summary of significant accounting policies (continued)

v. Leases

(a) *Company is the lessee*

(i) *Operating lease*

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

Properties leased under operating leases are included in investment properties. See Note 2(e) for the accounting policy relating to land held on an operating lease and used as investment property.

(ii) *Finance lease*

Leases of assets where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are recognised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in current and non-current borrowings. The interest element of the finance cost is treated as borrowing costs and expensed/capitalised over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Investment properties recognised under finance leases are carried at their fair value.

The lease liabilities are not significant as only peppercorn rents (less than \$10.00 per annum) are paid for these leases.

(b) *Company is the lessor in an operating lease*

Properties leased out under operating leases are included in investment property in the statement of financial position.

(c) *Company is the lessor - fees paid in connection with arranging leases and lease incentives*

The Company makes payments to agents for services in connection with negotiating lease contracts with the Company's lessees. The letting fees are capitalised within the carrying amount of the related investment property and amortised over the lease term.

Lease incentives are recognised as a reduction of rental income on a straight-line basis over the lease term.

w. *Dividend distribution*

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

Endeavour Holdings Limited

Notes to the Financial Statements (continued)

30 April 2017

(Expressed in Trinidad and Tobago Dollars)

2 Summary of significant accounting policies (continued)

x. *Operating Segments*

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is the person or group that allocates resources to and assesses the performance of the operating segments of an entity. The Company has determined that its chief operating decision-maker is the chief executive officer (CEO) of the Company.

y. *Comparatives*

Where necessary, comparative figures have been adjusted to take into account the restatement required for correction of the deferred tax accounting in prior years. Refer to note 26.

3 Financial risk management

a. *Financial risk factors*

The Company's activities expose it to a variety of financial risks: market risk (including currency risk), credit risk and liquidity risk. Risk management is carried out by the finance department under policies approved by the Company's shareholders. There is no exposure to fair value interest rate risk or price risk as there are no financial instruments carried at fair value. There is no exposure to cash flow interest rate risk as there are no financial instruments with variable rates. There have been no changes to policies and procedures compared to prior year.

(i) *Market risk*

Foreign exchange risk

The Company does not operate internationally and is thus not exposed to foreign exchange risk arising from various currency exposures. The majority of the Company's financial assets, financial liabilities and rental income is determined and collected in Trinidad and Tobago dollars.

(ii) *Credit risk*

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions.

For banks and financial institutions, only reputable local institutions are accepted. Customers consist of third parties who are involved in medium to long term contracts and as such risk of default is not considered significant or are long standing customers with no history of default. Credit limits were not exceeded during the reporting period, and management does not expect any losses from non-performance by these counterparties.

(iii) *Liquidity risk*

Prudent liquidity risk management implies maintaining sufficient cash and short term funds and the availability of funding through an adequate amount of committed credit facilities.

The expected collection and repayment dates of assets and liabilities are important factors in assessing the liquidity of this Company.

Endeavour Holdings Limited

Notes to the Financial Statements (continued)

30 April 2017

(Expressed in Trinidad and Tobago Dollars)

3 Financial risk management (continued)

a. Financial risk factors (continued)

(iii) Liquidity risk (continued)

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

| | Less than 1 year \$ | Between 1 and 2 years \$ | Between 2 and 5 years \$ | Over 5 years \$ |
|---|------------------------|--------------------------------|--------------------------------|--------------------|
| As at 30 April 2017 | | | | |
| Borrowings | 48,892,598 | 47,239,213 | 131,843,487 | 249,461,079 |
| Due to related parties | 233,904 | -- | -- | -- |
| Trade and other payables, excluding non-financial liabilities | 12,904,518 | -- | -- | -- |
| | <u>62,031,020</u> | <u>47,239,213</u> | <u>131,843,487</u> | <u>249,461,079</u> |

| | Less than 1 year \$ | Between 1 and 2 years \$ | Between 2 and 5 years \$ | Over 5 years \$ |
|---|------------------------|--------------------------------|--------------------------------|--------------------|
| As at 30 April 2016 | | | | |
| Borrowings | 50,545,983 | 48,892,598 | 136,803,642 | 291,740,139 |
| Due to related parties | 1,089,955 | -- | -- | -- |
| Loan from related parties | 263,731 | -- | -- | -- |
| Trade and other payables, excluding non-financial liabilities | 43,843,214 | -- | -- | -- |
| Bank overdraft | 434,264 | -- | -- | -- |
| | <u>96,177,147</u> | <u>48,892,598</u> | <u>136,803,642</u> | <u>291,740,139</u> |

b. Capital risk management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and other stakeholders and to maintain an optimal capital structure.

The Company monitors capital on the basis of the gearing ratio. The ratio is calculated as net debt divided by total capital. The decrease in this ratio was due to repayment of loans during the fiscal year. There have been no changes to policies and procedures from prior year.

| | 2017 \$ | 2016 \$ |
|---------------------------------|--------------------|--------------------|
| Total borrowings | 354,092,154 | 382,995,305 |
| Less: Cash and cash equivalents | (10,894,096) | (6,548,353) |
| Net debt | <u>343,198,058</u> | <u>376,446,952</u> |
| Total equity | <u>459,904,231</u> | <u>449,414,923</u> |
| Total capital | <u>803,102,289</u> | <u>825,861,875</u> |
| Gearing ratio | <u>43%</u> | <u>46%</u> |

Endeavour Holdings Limited

Notes to the Financial Statements (continued)

30 April 2017

(Expressed in Trinidad and Tobago Dollars)

3 Financial risk management (continued)

b. Capital risk management (continued)

The following are the loan covenants arising from the borrowings (Loan #3 in Note 15):

Covenant

| | | | | |
|-------|--|----------------------|----------------------|------|
| (i) | Minimum debt service coverage ratio of 1.25:1 | EBITDA | <u>\$77,402,764</u> | 1.53 |
| | | Total debt repayment | \$50,684,894 | |
| (ii) | Minimum free cashflow to total debt repayment of 1.0:1 | Free cash flow | <u>\$74,559,123</u> | 1.47 |
| | | Total debt repayment | \$50,684,894 | |
| (iii) | Maximum total financial debt to tangible fixed assets of 50% | Total financial debt | <u>\$354,092,154</u> | 41% |
| | | Tangible fixed asset | \$857,061,426 | |

c. Fair value estimation

The carrying value less impairment provision of trade receivables, cash and cash equivalents and payables are assumed to approximate their fair values.

There were no investments measured at fair value at year end.

Endeavour Holdings Limited

Notes to the Financial Statements (continued)

30 April 2017

(Expressed in Trinidad and Tobago Dollars)

4 Critical accounting estimates and judgments

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

a. *Critical accounting estimates and assumptions*

The Company 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 addressed below.

(i) *Fair value measurement of investment properties*

Fair values of land and buildings

The fair value of investment properties is determined by using valuation techniques. Further details of the judgements and assumptions made are disclosed in Note 6.

(ii) *Property tax*

Property tax has been estimated and accrued for the years 2016 and 2017 as the moratorium under the Property Tax Act 2009 ended at the end of 2015. There is uncertainty surrounding when the tax authorities will commence collection of the tax. Management has accrued for the obligations using their best estimate of the tax according to the provisions of the currently enacted legislation.

b. *Critical judgments in applying the entity's accounting policies*

Deferred tax on investment properties

The Company has not rebutted the presumption contained within IAS 12 Income Taxes that the carrying amount of the investment properties will be recovered through sale.

The Company's business model is based on possible sale, although it currently has no specific plans to sell the investment properties and there is no business model to substantially consume all the economic benefits of the investment property over time. Accordingly, the deferred income tax implications have been calculated based on the tax consequences of sale.

5 Operating segment

The chief operating decision-maker is the person or group that allocates resources to and assesses the performance of the operating segments of an entity. The Company has determined that its chief operating decision-maker is the chief executive officer (CEO) of the Company.

(a) Management has determined there is one operating segment – Investment Property based on the reports reviewed by the CEO in making strategic decisions.

The operating segment derives its revenue primarily from rental income from lessees. The Company's main business activities is reported within the above segment. There is also a corporate office function which carries out support functions in the areas of accounting, information technology and human resources and is not considered an operating segment as its activities and expenses incurred are only incidental to the core business. Although not an operating segment, results for the corporate activities are also presented to show how the segmental information presented below reconciles to the SOCI.

Endeavour Holdings Limited

Notes to the Financial Statements (continued)

30 April 2017

(Expressed in Trinidad and Tobago Dollars)

5 Operating segment (continued)

The segment information provided to the CEO for the operating segment for the year ended 30 April 2017 is as follows:

| | Investment property \$ | Corporate office \$ | Total \$ |
|--|---------------------------|------------------------|-------------|
| Total segment revenue: | | | |
| Revenue from external customers | 94,690,350 | 1,017,611 | 95,707,961 |
| Operating profit/(loss) | 77,874,470 | (1,863,173) | 76,011,297 |
| Included in operating profit: | | | |
| Depreciation | -- | (1,391,467) | (1,391,467) |
| Fair value adjustment on investment property | 10,508,831 | -- | 10,508,831 |
| Not included in operating profit | | | |
| Interest expense | 22,840,033 | -- | 22,840,033 |
| Income tax expense | 17,280,590 | -- | 17,280,590 |

The segment information provided to the CEO for the operating segment for the year ended 30 April 2016 is as follows:

| | Investment property \$ | Corporate office \$ | Total \$ |
|--|---------------------------|------------------------|-------------|
| Total segment revenue: | | | |
| Revenue from external customers | 91,179,770 | -- | 91,179,770 |
| Operating profit/(loss) | 74,911,916 | (3,892,638) | 71,019,278 |
| Included in operating profit: | | | |
| Depreciation | -- | (236,276) | (236,276) |
| Fair value adjustment on investment property | 6,291,926 | -- | 6,291,926 |
| Not included in operating profit | | | |
| Interest expense | 23,293,031 | -- | 23,293,031 |
| Income tax expense | 8,914,008 | -- | 8,914,008 |

The CEO assesses the performance of the operating segment based on a measure of operating profit. The operating profit and profit or loss of the Company's operating segments reported to the CEO are measured in a manner consistent with that in profit or loss. A reconciliation of operating profit to profit before tax is therefore not presented separately.

The amounts provided to the CEO in respect of total assets and total liabilities are measured in a manner consistent with that of the financial statements. These assets and liabilities are allocated based on the operations of the segment and the physical location of the asset. As all assets and liabilities have been allocated to the one operating/reportable segment, reconciliation of the reportable segment's assets to total assets, and of the reportable segment's liabilities to total liabilities, are not presented.

The breakdown of revenue from all services is as follows:

| Analysis of revenue by category | 2017 \$ | 2016 \$ |
|---------------------------------|-------------------|-------------------|
| Rental income | | |
| - shopping mall | 38,440,673 | 37,624,840 |
| - commercial rental | 35,000,517 | 35,559,715 |
| - light industrial | 5,256,353 | 5,235,000 |
| Total rental income | 78,697,543 | 78,419,555 |
| Service and management charges | 17,010,418 | 12,760,215 |
| Total revenue | 95,707,961 | 91,179,770 |

Endeavour Holdings Limited

Notes to the Financial Statements (continued)

30 April 2017

(Expressed in Trinidad and Tobago Dollars)

5 Operating segment (continued)

Revenues are derived from a large number of tenants and in 2017, there were 2 tenants who contributed more than 10% of the company's revenue. Their revenues amounted to \$19,499,408 (2016:\$19,428,640) and are included within the Investment Property segment.

6 Investment property

Year ended 30 April 2017

| | 1 May 2016 \$ | Additions \$ | Fair value adjustment \$ | 30 April 2017 \$ |
|---------------------------|--------------------|-----------------|--------------------------------|------------------------|
| Shopping mall | 413,900,000 | 91,169 | 4,008,831 | 418,000,000 |
| Commercial rental | 386,400,000 | -- | 6,700,000 | 393,100,000 |
| Light industrial property | 42,000,000 | -- | (200,000) | 41,800,000 |
| Total carrying value | <u>842,300,000</u> | <u>91,169</u> | <u>10,508,831</u> | <u>852,900,000</u> |

Year ended 30 April 2016

| | 1 May 2015 \$ | Additions \$ | Fair value adjustment \$ | 30 April 2016 \$ |
|---------------------------|--------------------|------------------|--------------------------------|------------------------|
| Shopping mall | 406,500,000 | 4,458,074 | 2,941,926 | 413,900,000 |
| Commercial rental | 383,050,000 | -- | 3,350,000 | 386,400,000 |
| Light industrial property | 42,000,000 | -- | -- | 42,000,000 |
| Total carrying value | <u>831,550,000</u> | <u>4,458,074</u> | <u>6,291,926</u> | <u>842,300,000</u> |

All investment properties in the current and prior year are classified as Level 3 in the fair value hierarchy as per IFRS 13 Fair Value Measurement as the inputs for the valuations are not based on observable market data.

There were no investment properties measured at cost.

Endeavour Holdings Limited

Notes to the Financial Statements (continued)

30 April 2017

(Expressed in Trinidad and Tobago Dollars)

6 Investment property (continued)

The Company's policy is to recognise transfers into and out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. There were no transfers in fair value hierarchy levels in the current year.

At 30 April 2017, the Company had no unprovided contractual obligations for future repairs and maintenance.

Bank borrowings are secured on investment property valued at \$852,900,000 (2016: \$842,300,000), see Note 15.

Direct operating expenses recognised in the statement of comprehensive income of \$19,835,346 (2016: \$20,395,868) relate to investment properties that were let throughout the year (Note 17).

Sensitivity analysis of investment property for 2017

The properties were sensitised using the capitalisation rates.

| Property | Current valuation \$ | Cap rate % | Impact \$ | Cap rate (.5% higher) % | Impact \$ | Cap rate (.5% lower) % |
|--|----------------------------|------------------|--------------------|-------------------------------|--------------------|------------------------------|
| Lot 17 D to H Garden Road | 89,900,000 | 9.50 | 85,400,000 | 10.00 | 94,900,000 | 9.00 |
| Briar Place, Sweet Briar Road, St Clair | 169,400,000 | 8.00 | 159,500,000 | 8.50 | 180,700,000 | 7.50 |
| Lot 1# Price Plaza Mall | 192,500,000 | 8.25 | 181,500,000 | 8.75 | 204,900,000 | 7.75 |
| Price Plaza North Car Park Area | 84,600,000 | 8.25 | 79,800,000 | 8.75 | 90,100,000 | 7.75 |
| Price Plaza South | 140,900,000 | 8.25 | 132,800,000 | 8.75 | 150,000,000 | 7.75 |
| Lot H Price Plaza - Superpharm Chaguanas | 26,200,000 | 8.25 | 24,700,000 | 8.75 | 27,900,000 | 7.75 |
| #2 Kairi Road , Valsayn - Superpharm Valsayn | 16,700,000 | 8.50 | 15,800,000 | 9.00 | 17,800,000 | 8.00 |
| Lot #2 South Trunk, - Superpharm Gulf View | 67,300,000 | 8.50 | 63,600,000 | 9.00 | 71,500,000 | 8.00 |
| Lot L1A Columbus Boulevard Westmoorings - Superpharm | 23,600,000 | 8.50 | 22,300,000 | 9.00 | 25,000,000 | 8.00 |
| Tumpuna Park Limited | <u>41,800,000</u> | 8.50 | <u>39,500,000</u> | 9.00 | <u>44,400,000</u> | 8.00 |
| | <u>852,900,000</u> | | <u>804,900,000</u> | | <u>907,200,000</u> | |

Endeavour Holdings Limited

Notes to the Financial Statements (continued)

30 April 2017

(Expressed in Trinidad and Tobago Dollars)

6 Investment property (continued)

Sensitivity analysis of investment property for 2016

| Property | Current valuation \$ | Cap rate % | Impact \$ | Cap rate (.5% higher) % | Impact \$ | Cap rate (.5% lower) % |
|--|----------------------------|------------------|--------------------|-------------------------------|--------------------|------------------------------|
| Lot 17 D to H Garden Road | 89,900,000 | 9.50 | 85,400,000 | 10.00 | 94,900,000 | 9.00 |
| Briar Place, Sweet Briar Road, St Clair | 165,300,000 | 8.00 | 155,500,000 | 8.50 | 176,300,000 | 7.50 |
| Lot 1# Price Plaza Mall | 188,400,000 | 8.25 | 177,600,000 | 8.75 | 200,500,000 | 7.75 |
| Price Plaza North Car Park Area | 84,600,000 | 8.25 | 79,800,000 | 8.75 | 90,100,000 | 7.75 |
| Price Plaza South | 140,900,000 | 8.25 | 132,800,000 | 8.75 | 150,000,000 | 7.75 |
| Lot H Price Plaza - Superpharm Chaguanas | 26,200,000 | 8.25 | 24,700,000 | 8.75 | 27,900,000 | 7.75 |
| #2 Kairi Road , Valsayn - Superpharm Valsayn | 16,700,000 | 8.50 | 15,800,000 | 9.00 | 17,800,000 | 8.00 |
| Lot #2 South Trunk, - Superpharm Gulf View | 64,700,000 | 8.50 | 61,100,000 | 9.00 | 68,700,000 | 8.00 |
| Lot L1A Columbus Boulevard Westmoorings - Superpharm | 23,600,000 | 8.50 | 22,300,000 | 9.00 | 25,000,000 | 8.00 |
| Tumpuna Park Limited | <u>42,000,000</u> | * | <u>42,000,000</u> | * | <u>42,000,000</u> | * |
| | <u>842,300,000</u> | | <u>797,000,000</u> | | <u>893,200,000</u> | |

* External valuation was performed by Bent Augustus as at April 2016 and no sensitivity was performed.

Endeavour Holdings Limited

Notes to the Financial Statements (continued)

30 April 2017

(Expressed in Trinidad and Tobago Dollars)

6 Investment property (continued)

Valuation processes of the Company

The Company's management performed the valuation of the investment properties in the current year. This was done by reviewing the last independent valuer's opinion performed in 2014/2015, in addition to considering current market conditions and outlook. For all properties, their current use equates to the highest and best use.

At each financial year end the Management:

- verifies all major inputs to calculate outgoings;
- assesses property income potential via rent rolls; and
- identifies appropriate capitalisation rates to apply to the cash flows.

As part of this assessment, the finance department reviews the reasons for the fair value movements.

For all shopping malls, commercial properties and light industrial properties classified into Level 3, with total carrying amounts of \$852,900,000 (2016: \$842,300,000) the valuations were determined using discounted cash flow (DCF) projections based on significant unobservable inputs. These inputs include:

a. *Future rental cash inflow*

Based on the location, type and quality of the properties and supported by the terms of any existing lease, other contracts or external evidence such as current market rents for similar properties.

b. *Discount rate*

Reflecting current market assessments of the uncertainty in the amount and timing of cashflows.

c. *Maintenance costs*

Including necessary investments to maintain functionality of the property for its expected useful life.

d. *Capitalisation rates*

Based on actual location, size and quality of the properties and taking into account market data at the valuation date.

Endeavour Holdings Limited

Notes to the Financial Statements (continued)

30 April 2017

(Expressed in Trinidad and Tobago Dollars)

7 Property, plant and equipment

| | Furniture, fixtures and equipment \$ | Leasehold improvements \$ | Motor vehicles \$ | Total \$ |
|---------------------------------|---|---------------------------------|-------------------------|------------------|
| At 30 April 2015 | | | | |
| Cost or valuation | 732,767 | -- | 1,481,536 | 2,214,303 |
| Accumulated depreciation | (471,435) | -- | (708,995) | (1,180,430) |
| Net book amount | <u>261,332</u> | <u>--</u> | <u>772,541</u> | <u>1,033,873</u> |
| Year ended 30 April 2016 | | | | |
| Opening net book amount | 261,332 | -- | 772,541 | 1,033,873 |
| Additions - work in progress | -- | 3,903,908 | -- | 3,903,908 |
| Depreciation charge | (43,140) | -- | (193,136) | (236,276) |
| Closing net book amount | <u>218,192</u> | <u>3,903,908</u> | <u>579,405</u> | <u>4,701,505</u> |
| At 30 April 2016 | | | | |
| Cost or valuation | 732,767 | 3,903,908 | 1,481,536 | 6,118,211 |
| Accumulated depreciation | (514,575) | -- | (902,131) | (1,416,706) |
| Net book amount | <u>218,192</u> | <u>3,903,908</u> | <u>579,405</u> | <u>4,701,505</u> |
| Year ended 30 April 2017 | | | | |
| Opening net book amount | 218,192 | 3,903,908 | 579,405 | 4,701,505 |
| Additions | 34,929 | 1,251,013 | -- | 1,285,942 |
| Depreciation charge | (36,053) | (1,210,563) | (144,851) | (1,391,467) |
| Closing net book amount | <u>217,068</u> | <u>3,944,358</u> | <u>434,554</u> | <u>4,595,980</u> |
| At 30 April 2017 | | | | |
| Cost or valuation | 767,696 | 5,154,921 | 1,481,536 | 7,404,153 |
| Accumulated depreciation | (550,628) | (1,210,563) | (1,046,982) | (2,808,173) |
| Net book amount | <u>217,068</u> | <u>3,944,358</u> | <u>434,554</u> | <u>4,595,980</u> |

Leasehold improvements were in progress for the year end 2016 amounting to \$3,903,908.

These works were completed and transferred to leasehold improvements in 2017, total value of works \$4,819,921.

Endeavour Holdings Limited

Notes to the Financial Statements (continued)

30 April 2017

(Expressed in Trinidad and Tobago Dollars)

8 Trade and other receivables

| | 2017 \$ | 2016 \$ |
|-------------------------|-------------------|-------------------|
| Rent and CAM receivable | 10,140,232 | 9,330,116 |
| Prepayments | 241,976 | 165,000 |
| Insurance prepaid | <u>588,596</u> | <u>658,090</u> |
| | <u>10,970,804</u> | <u>10,153,206</u> |

Invoices are considered past due if they have not been paid 30 calendar days after the invoice date. As of 30 April 2017, trade receivables of \$3,846,950 (2016: \$4,657,892) were past due but not impaired. These relate to a number of customers for whom there is no recent history of default.

The ageing analysis of these trade receivables is as follows:

| | | |
|--------------|------------------|------------------|
| 30- 60 days | 1,280,651 | 1,131,834 |
| 60-90 days | 518,311 | 545,109 |
| over 90 days | <u>2,047,988</u> | <u>2,980,949</u> |
| | <u>3,846,950</u> | <u>4,657,892</u> |

The carrying value of trade and other receivables approximates the fair value. The Company does not hold any collateral as security.

The other classes within trade and other receivables do not contain impaired assets.

9 Related party transactions

a. Identity of related parties

The ownership of the company is as follows:

| Company | 2017 | 2016 |
|---------------------------------------|--------|--------|
| Amalgamated Security Services Limited | 3.13% | 3.13% |
| Broadway Properties Limited | 3.13% | 3.13% |
| Pelican Investment Limited | 46.87% | 46.87% |
| Rahael Holdings Limited | 46.87% | 46.87% |

Subsequent to year end, the shares held by Broadway Properties Limited were transferred to Rahael Holdings Limited and the shares held by Amalgamated Security Services Limited were transferred to Pelican Investment Limited.

Endeavour Holdings Limited

Notes to the Financial Statements (continued)

30 April 2017

(Expressed in Trinidad and Tobago Dollars)

9 Related party transactions (continued)

b. Related party transactions and balances (continued)

The following transactions were carried out with related parties:

The balances below are interest free and there are no fixed repayment terms.

| | 1 May 2016 \$ | Purchases \$ | Payment \$ | 30 April 2017 \$ |
|---------------------------------------|---------------------|------------------|--------------------|------------------------|
| <i>Due (from)/to related parties</i> | | | | |
| Amalgamated Security Services Limited | 905,004 | 1,442,771 | (2,122,224) | 225,551 |
| Amera Caribbean Development Limited | 217,315 | 2,698,981 | (2,907,943) | 8,353 |
| Inter co AR | (32,364) | 32,364 | -- | -- |
| | <u>1,089,955</u> | <u>4,174,116</u> | <u>(5,030,167)</u> | <u>233,904</u> |

| | 1 May 2015 \$ | Purchases/ advances \$ | (Payment)/ repayment \$ | 30 April 2016 \$ |
|---------------------------------------|---------------------|------------------------------|-------------------------------|------------------------|
| <i>Due (from)/to related parties</i> | | | | |
| Amalgamated Security Services Limited | 158,888 | 4,598,753 | (3,852,637) | 905,004 |
| Amera Caribbean Development Limited | 135,886 | 3,206,608 | (3,125,179) | 217,315 |
| Rahael Holdings Limited | 1,198,627 | 419,767 | (1,618,394) | -- |
| Pelican Investments Limited | 1,198,637 | 419,767 | (1,618,404) | -- |
| Broadway Properties Limited | (400,000) | 400,000 | -- | -- |
| JMC Entertainment Limited | 100,000 | -- | (100,000) | -- |
| Inter co AR | 15,000 | -- | (47,364) | (32,364) |
| | <u>2,407,038</u> | <u>9,044,895</u> | <u>(10,361,978)</u> | <u>1,089,955</u> |

The balance from Amalgamated Security Services Limited represents security services provided to Endeavour Holdings Limited during the period.

Amera Caribbean Development Limited represents property management services as well as asset management services provided.

Inter co AR represent a related party loan between entities.

A rental agreement was entered into between Endeavour Holdings Limited and Amalgamated Security Services Limited for the rental of property located at Briar Place. No revenue was earned during the period as rent did not commence during the year.

Endeavour Holdings Limited also has a rental agreement with Albertwood Limited for rental of premises of \$702,853 (2016: Nil) (note 17). There was a lease agreement entered into during the period between Endeavour Holdings Limited and Albertwood Limited for office space at this location.

Endeavour Holdings Limited

Notes to the Financial Statements (continued)

30 April 2017

(Expressed in Trinidad and Tobago Dollars)

9 Related party transactions (continued)

b. Related party transactions and balances (continued)

| | 1 May 2016 \$ | Transfer to Due from Related Party \$ | 30 April 2017 \$ |
|--------------------------------|---------------------|---|------------------------|
| <i>Loan from related party</i> | | | |
| Rahael Holdings Limited* | 263,731 | (263,731) | -- |

| | 1 May 2015 \$ | Purchases/ advances \$ | Payments \$ | Loan to related party \$ | 30 April 2016 \$ |
|-----------------------------------|---------------------|------------------------------|---------------------|--------------------------------|------------------------|
| <i>Loans from related parties</i> | | | | | |
| John Aboud | 3,178,763 | -- | (3,178,763) | -- | -- |
| Joseph Rahael | 2,830,226 | -- | (2,830,226) | -- | -- |
| Pelican Investment Limited | 25,398,000 | (336,270) | (25,398,000) | 336,270 | -- |
| Rahael Holdings Limited | 25,398,000 | 263,731 | (25,398,000) | -- | 263,731 |
| | <u>56,804,989</u> | <u>(72,539)</u> | <u>(56,804,989)</u> | <u>336,270</u> | <u>263,731</u> |

The balance at year end which related to Rahael Holdings Limited represents loans received which were repaid during the year.

| | 1 May 2016 \$ | Purchases/ advances/transfer \$ | Payments \$ | 30 April 2017 \$ |
|---------------------------------|---------------------|---------------------------------------|----------------------|------------------------|
| <i>Due from related parties</i> | | | | |
| 18-20 London St | 390,000 | -- | (390,000) | -- |
| Albertwood Limited | 497,817 | 845,567 | (1,343,384) | -- |
| JMC Entertainment Limited | 6,384,122 | 33,797,924 | (40,182,046) | -- |
| Ramsey Gardens Limited | 8,453,939 | 10,687,823 | (19,141,762) | -- |
| Pelican Investments Limited | 336,270 | -- | -- | 336,270 |
| Rahael Holdings Limited * | -- | 5,436,270 | (5,100,000) | 336,270 |
| Milshirv Properties Limited | 34,700,000 | 1,000 | (34,701,000) | -- |
| | <u>50,762,148</u> | <u>50,768,584</u> | <u>(100,858,192)</u> | <u>672,540</u> |

Endeavour Holdings Limited

Notes to the Financial Statements (continued)

30 April 2017

(Expressed in Trinidad and Tobago Dollars)

9 Related party transactions (continued)

b. Related party transactions and balances (continued)

| | 1 May 2015 \$ | Purchases \$ | Loan from related party \$ | 30 April 2016 \$ |
|---------------------------------|---------------------|-----------------|----------------------------------|------------------------|
| <i>Loans to related parties</i> | | | | |
| 18-20 London St | -- | 390,000 | -- | 390,000 |
| Albertwood Limited | -- | 497,817 | -- | 497,817 |
| JMC Entertainment Limited | -- | 6,384,122 | -- | 6,384,122 |
| Ramsey Gardens Limited | -- | 8,453,939 | -- | 8,453,939 |
| Pelican Investments Limited | -- | -- | 336,270 | 336,270 |
| Milshirv Properties Limited | -- | 34,700,000 | -- | 34,700,000 |
| | -- | 50,425,878 | 336,270 | 50,762,148 |

These loans had no fixed repayment terms and were provided interest free.

18-20 London Street loan was repaid at year end.

Albertwood Limited, JMC Entertainment Limited and Ramsey Gardens were distributed as dividend in specie at year end (Note 24).

The 2016 balance for Pelican Investments Limited related to dividend in specie outstanding at year end.

c. Transactions with key management personnel

The employee services of the Company are outsourced to Amera Caribbean Development Limited, who retains staff. The directors are not remunerated for their services to the Company. The management fees paid amounted to \$1,773,853 (2016: \$1,752,819).

There were no guarantees or collateral given to or received from any related party.

10 Cash and cash equivalents

| | 2017 \$ | 2016 \$ |
|--|------------|------------|
| Cash and cash equivalents excluding bank overdraft | 10,894,096 | 6,548,353 |
| Cash and cash equivalents include the following for the purposes of the statement of cash flows: | | |
| Cash and cash equivalents excluding bank overdraft | 10,894,096 | 6,548,353 |
| Less: Bank overdraft | -- | (434,264) |
| | 10,894,096 | 6,114,089 |

Endeavour Holdings Limited

Notes to the Financial Statements (continued)

30 April 2017

(Expressed in Trinidad and Tobago Dollars)

11 Financial instruments by category

The accounting policies for financial instruments have been applied to the line items below:

| Assets as per statement of financial position | 2017 | 2016 |
|---|--------------------|--------------------|
| | \$ | \$ |
| <i>Loans and receivables</i> | | |
| Trade and other receivables excluding prepayments | 10,140,232 | 9,330,116 |
| Due from related parties | 672,540 | 50,762,148 |
| Cash and cash equivalents | <u>10,894,096</u> | <u>6,548,353</u> |
| Total | <u>21,706,868</u> | <u>66,640,617</u> |
| Liabilities as per statement of financial position | | |
| <i>Other financial liabilities measured at amortised cost</i> | | |
| Borrowings | 354,092,154 | 382,297,310 |
| Maintenance reserve fund | 4,422,687 | 4,045,515 |
| Bank overdraft | -- | 434,264 |
| Due to related parties | 233,904 | 1,089,955 |
| Loan from related parties | -- | 263,731 |
| Trade and other payables, excluding non-financial liabilities | <u>12,231,978</u> | <u>43,843,214</u> |
| Total | <u>370,980,723</u> | <u>431,973,989</u> |

Prepayments and non-financial liabilities are excluded from the receivables and payables figures above, as this analysis is only required for financial instruments.

12 Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

Trade receivables

Counterparties without external credit rating:

| | | |
|--|-------------------|------------------|
| Existing customers (more than 6 months) with no defaults in the past | <u>10,010,260</u> | <u>4,672,224</u> |
|--|-------------------|------------------|

Cash at bank and short term bank deposits

Local banks/cash in hand:

| | | |
|--------------|-------------------|------------------|
| Cash in bank | 10,889,096 | 6,538,353 |
| Cash in hand | <u>5,000</u> | <u>10,000</u> |
| | <u>10,894,096</u> | <u>6,548,353</u> |

Cash at bank is held with reputable local financial institutions.

Endeavour Holdings Limited

Notes to the Financial Statements (continued)

30 April 2017

(Expressed in Trinidad and Tobago Dollars)

| 13 | Share capital | 2017 \$ | 2016 \$ |
|----|--|-------------------|-------------------|
| | Issued and fully paid | | |
| | 32,003,200 ordinary shares of no par value | <u>32,003,200</u> | <u>32,003,200</u> |

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

14 Deferred taxation

Deferred income taxes are calculated in full on temporary differences under the liability method. Current and deferred income tax are computed using a rate of 30% (2016: 25%). Under the existing legislation the tax rate is tiered for 2017 with first \$1M of profits taxed at 25% and the remainder at 30%.

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

| | 2017 \$ | 2016 \$ Restated |
|-----------------------|---------------------|------------------------|
| Beginning of the year | (31,836,563) | (24,234,172) |
| Charge for the year | <u>(9,826,679)</u> | <u>(7,602,391)</u> |
| End of year | <u>(41,663,242)</u> | <u>(31,836,563)</u> |

The movement in deferred income tax assets and liabilities during the year, is as follows:

Deferred tax liabilities – investment properties

| | | |
|---|---------------------|---------------------|
| Opening balance (Note 26) | (31,836,563) | (28,633,446) |
| Charge to statement of comprehensive income | <u>(9,826,679)</u> | <u>(3,203,117)</u> |
| Ending balance | <u>(41,663,242)</u> | <u>(31,836,563)</u> |

Deferred tax assets – tax losses

| | | |
|---|---------------------|---------------------|
| Opening balance | -- | 4,399,274 |
| Charge to the statement of comprehensive income | <u>--</u> | <u>(4,399,274)</u> |
| Ending balance | <u>--</u> | <u>--</u> |
| Net deferred tax liability | <u>(41,663,242)</u> | <u>(31,836,563)</u> |

15 Borrowings

| | 2017 | | | 2016 | | |
|----------|-------------------|--------------------|--------------------|-------------------|--------------------|--------------------|
| | Current \$ | Non-current \$ | Total \$ | Current \$ | Non-current \$ | Total \$ |
| Loan #1 | -- | -- | -- | 186,210 | -- | 186,210 |
| Loan #2 | -- | -- | -- | 185,296 | -- | 185,296 |
| Loan # 3 | <u>28,461,538</u> | <u>325,630,616</u> | <u>354,092,154</u> | <u>28,461,538</u> | <u>353,464,266</u> | <u>381,925,804</u> |
| | <u>28,461,538</u> | <u>325,630,616</u> | <u>354,092,154</u> | <u>28,833,044</u> | <u>353,464,266</u> | <u>382,297,310</u> |

The borrowings include amounts secured on investment property to the original value of \$831,550,000 (2016: \$831,550,000) (Note 6). In the prior year, current borrowings as reflected on the statement of financial position includes both short term borrowings as well as the short term portion of non-current borrowings. The fair value of current borrowings equals their carrying amount, as the impact of discounting is not significant.

Endeavour Holdings Limited

Notes to the Financial Statements (continued)

30 April 2017

(Expressed in Trinidad and Tobago Dollars)

15 Borrowings (continued)

Loan #1

This was granted by Republic Bank Limited on 24 April 2013 for the purchase of a motor vehicle. Principal is due monthly and the interest rate is fixed at 7% per annum. The loan was repaid on 24 April 2017. There was a chattel mortgage over the vehicle registered and stamped to cover \$683,000.

Loan #2

This was granted by Republic Bank Limited on 24 April 2013 for the purchase of a motor vehicle. Principal is due monthly and the interest rate is fixed at 7% per annum. The loan was repaid 24 April 2017. There was a chattel mortgage over the vehicle registered and stamped to cover \$680,000.

Loan #3

This bond was granted by First Citizens Trustee Services Limited on 30 September 2015. It is repayable in three tranches.

The security held over this facility is first demand debenture over the fixed and floating assets of the company: the properties located at Price Plaza Chaguanas Lot#1 Price Plaza, Superpharm, Lot H Price Plaza, Chaguanas, Superpharm, #2 Kariri Road Valsayn, Superpharm Lot1 A Columbus Boulevard Westmoorings, Superpharm-Gulf View, Briar Place, #10 Sweet Briar Road St Clair, Ministry of National Security, Lot 17D to H Garden Road, Aranguez and Tumpuna Park LP# 155 Tumpuna Road Guanapo. It is stamped to cover \$400 million, as well as the assignment of all risk insurance.

Tranche A is over seven (7) years, rate of interest is fixed at 5.50% per annum, total value \$240 million. Tranche A - Equal semi-annual payments of principal payable in arrears commencing six months after issue date with a 50% balloon payment due at maturity. The maturity date of this facility is 30 September 2022. The effective interest rate is 2.87%.

Tranche B is over fifteen (15) years, rate of interest is fixed at 6.25% per annum, total value \$120 million. Tranche B - Equal semi-annual payments of principal payable in arrears commencing six months after issue date. The maturity date of this facility is 30 September 2030.

The effective interest rate is 3.22%.

Tranche C is over twenty (20) years, rate of interest is fixed at 6.90% per annum, total value \$40 million. Tranche C - Equal semi-annual payments of principal payable in arrears commencing six months after issue date. The maturity date of this facility is 30 September 2035. The effective interest rate is 3.53%.

16 Trade and other payables

| | 2017 | 2016 |
|----------------------------|-------------------|-------------------|
| | \$ | \$ |
| Tenants deposit | 3,440,981 | 3,017,393 |
| Accruals | 6,931,264 | 2,459,341 |
| Accounts payable | 1,859,733 | 2,716,914 |
| Value - added tax | 155,282 | 482,401 |
| Dividend payable (Note 24) | 672,540 | 35,372,541 |
| Other payables | -- | 277,025 |
| | <u>13,059,800</u> | <u>44,325,615</u> |

The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

Endeavour Holdings Limited

Notes to the Financial Statements (continued)

30 April 2017

(Expressed in Trinidad and Tobago Dollars)

| 17 | Rental expenses | 2017 \$ | 2016 \$ Restated |
|--|----------------------------------|-------------------|------------------------|
| | Electricity | 5,874,049 | 5,634,025 |
| | Repairs and maintenance | 3,904,229 | 4,337,757 |
| | Security | 4,679,460 | 4,937,803 |
| | Insurance | 1,728,304 | 1,878,112 |
| | Janitorial and landscaping | 2,243,977 | 1,614,457 |
| | Rental - premises | 702,853 | -- |
| | Maintenance reserve expense | 336,384 | 311,076 |
| | Rates and taxes | 4,947,701 | 409,772 |
| | Commissions | 23,364 | 652,534 |
| | Security deposit loss | -- | 600,000 |
| | | <u>24,440,321</u> | <u>20,375,536</u> |
| 18 | Other income | | |
| | Common Area Maintenance (CAM) | 10,395,409 | 7,036,631 |
| | Electricity income | 5,081,205 | 5,421,109 |
| | Other income | 1,217,599 | 54,000 |
| | Reimbursable income | 279,657 | 166,860 |
| | Water income | 35,488 | 60,630 |
| | Bank interest | 1,060 | 20,985 |
| | | <u>17,010,418</u> | <u>12,760,215</u> |
| The period of leases whereby the Company leases out its investment property under operating leases is three years or more. | | | |
| Contingent rents in 2017 and 2016 recognised as income were nil. | | | |
| 19 | Administrative expenses | | |
| | Management fees | 2,346,694 | 2,941,410 |
| | Legal and professional | 453,429 | 1,150,548 |
| | Audit fees | 434,000 | 561,688 |
| | Subscriptions | --- | 343,805 |
| | | <u>3,234,123</u> | <u>4,997,451</u> |
| 20 | Operating expenses | | |
| | Depreciation (Note 7) | 1,391,467 | 236,276 |
| | Advertising and public relations | 757,270 | 720,447 |
| | Bad debt | 236,954 | --- |
| | Printing, postage and stationery | 40,817 | 34,902 |
| | License fees | 35,184 | 16,776 |
| | Transport | 20,296 | 7,059 |
| | Entertainment | 19,120 | 18,523 |
| | General | 14,850 | 6,467 |
| | Rental - cable & internet | 9,387 | 21,861 |
| | Telephone | 3,591 | 8,171 |
| | Travel | 2,115 | 8,949 |
| | | <u>2,531,051</u> | <u>1,079,431</u> |

Endeavour Holdings Limited

Notes to the Financial Statements (continued)

30 April 2017

(Expressed in Trinidad and Tobago Dollars)

| | | | |
|----|--|-------------------|-------------------|
| 21 | Finance costs | 2017 | 2016 |
| | | \$ | \$ |
| | Interest on borrowings | 22,724,492 | 23,275,304 |
| | Bank charges and interest | 65,541 | 17,727 |
| | Finance charges | 50,000 | -- |
| | | <u>22,840,033</u> | <u>23,293,031</u> |
| 22 | Income tax expense | 2017 | 2016 |
| | | \$ | \$ |
| | | | Restated |
| | <i>Current taxation</i> | | |
| | Green fund levy | 275,973 | 273,539 |
| | Corporation tax | <u>7,177,938</u> | <u>1,038,078</u> |
| | <i>Total current tax</i> | <u>7,453,911</u> | <u>1,311,617</u> |
| | <i>Deferred tax (Note 14):</i> | | |
| | Utilisation of brought forward tax losses | -- | 4,399,274 |
| | Origination and reversal of temporary differences | <u>9,826,679</u> | <u>3,203,117</u> |
| | <i>Total deferred tax</i> | <u>9,826,679</u> | <u>7,602,391</u> |
| | Tax charge in statement of comprehensive income | <u>17,280,590</u> | <u>8,914,008</u> |
| | The tax on profit before tax differs from the theoretical amount that would arise using the tax rate applicable to profits as follows: | | |
| | Profit before tax | <u>53,171,264</u> | <u>47,726,247</u> |
| | Tax calculated at statutory rate 25% | 250,000 | 11,931,562 |
| | Tax calculated at statutory rate 30% | 15,651,379 | -- |
| | Tax effects of: | | |
| | - Income not subject to tax | (2,346,013) | (4,599,924) |
| | - Other permanent differences | 3,449,251 | 1,308,831 |
| | Green fund levy | <u>275,973</u> | <u>273,539</u> |
| | Tax charge in statement of comprehensive income | <u>17,280,590</u> | <u>8,914,008</u> |

23 Subsequent events

The Company plans to issue new ordinary shares representing about 3.74% of the total issued shares in the Company which will be subject to an IPO within the next few months. Following the Offering, Pelican Investments Limited and Rahael Holdings Limited will remain substantial shareholders of the Company.

The proceeds of the IPO shall be used by the Company to fund its working capital requirements.

Endeavour Holdings Limited

Notes to the Financial Statements (continued)

30 April 2017

(Expressed in Trinidad and Tobago Dollars)

24 Dividends

Total dividends declared for the year amounted \$25,401,366 (2016: \$41,740,704) This was declared as a dividend in specie as non-cash dividend which was represented as follows:

| | |
|-----------------------------------|----------------|
| Ramsey Gardens Limited | - \$5,255,161 |
| JMC Entertainment Company Limited | - \$19,653,491 |
| Albertwood Limited | - \$492,714 |

There were dividends payable at year end of \$672,540 (2016: \$35,372,541).

The dividend per share declared this year is \$0.79 (2016: \$1.30)

25 Commitments and contingencies

There were no capital commitments or contingent liabilities existing at year end 2017 and 2016.

26 Prior year restatements

The appropriate deferred tax on investment properties was not previously recognised in line with the Company's business model, which is to possibly sell the properties in the future, although there are no specific plans to do so, and to hold the properties to earn rental income until such time. Previously, deferred tax was recognised on the basis that the properties' economic benefits will be consumed over time and not through sale.

The effect of these restatements is shown below in accordance with International Accounting Standards (IAS) 8: 'Accounting policies, changes in accounting estimates and errors.'

1 May 2015

Statement of financial position extract

| | Balance as previously reported \$ | Restatement \$ | Restated balance \$ |
|--------------------------|---|-------------------|---------------------------|
| Equity | | | |
| Retained earnings | 366,369,865 | 53,970,323 | 420,340,188 |
| Liabilities | | | |
| Deferred tax liabilities | 82,603,764 | (53,970,323) | 28,633,446 |

30 April 2016

Statement of financial position extract

| | | | |
|--------------------------|-------------|--------------|-------------|
| Equity | | | |
| Retained earnings | 345,551,341 | 71,860,382 | 417,411,723 |
| Deferred tax liabilities | 103,696,945 | (71,860,382) | 31,836,563 |

30 April 2016

Statement of comprehensive income extract

| | | | |
|-------------------------|------------|--------------|------------|
| Expenditure | | | |
| Taxation | 25,492,450 | (17,890,059) | 7,602,391 |
| Net profit for the year | 20,922,180 | 17,890,059 | 38,812,239 |

Endeavour Holdings Limited

Notes to the Financial Statements (continued)

30 April 2017

(Expressed in Trinidad and Tobago Dollars)

27 Earnings per share

| | 2017 \$ | 2016 \$ |
|--|-------------------|-------------------|
| Profit attributable to shareholders | <u>35,890,674</u> | <u>38,812,239</u> |
| Number of common shares in issue during the year | <u>32,003,200</u> | <u>32,003,200</u> |
| Basic earnings per share | <u>\$1.12</u> | <u>\$1.21</u> |