tTECH

ACHIEVING GREATNESS TOGETHER

tTech Limited 2019 ANNUAL REPORT

CONTENTS

03 Notice of Annual General Meeting

05 Mission, Vision, Core Values, and Credo

06 tTech's Lines of Business

09 tTech Ranked as Elite MSP

10 CEO's Message to Shareholders

14 Awards: What Greatness Means to Us

16 Board of Directors

19 Directors' Report

20 Senior Management

22 Corporate Data

22 Top 10 Shareholders

22 Directors' & Managers' Interest

23 Corporate Governance

30 Management Discussion & Analysis

32 Five Year Financial Review

34 Human Resources Report

40 Corporate Social Responsibility

42 How to Experience the AR Mural

47 Auditors' Report

53 2019 Audited Financial Statements

104 Form of Proxy

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2020 Annual General Meeting of tTech Limited (the "Company") will be held on Thursday, **September 10, 2020 at 3:30 p.m. at the Knutsford Court Hotel Limited**, 16 Chelsea Avenue, Kingston 5, Jamaica for the following purposes:

1. To receive the Company's Audited Accounts and the Reports of the Directors and the Auditors for the year ended December 31, 2019. To consider and (if thought fit) pass the following resolution:

   Resolution No. 1: "That the Directors' Report, the Auditor's Report and the Statements of Account of the Company for the year ended December 31, 2019 be approved."

2. To appoint Auditors and authorize the Directors to fix the remuneration of the Auditors. To consider and (if thought fit) pass the following resolution:

   Resolution No. 2: "That Ernst & Young, Chartered Accountants be and are hereby appointed Auditors of the Company to hold office until the next Annual General Meeting at a remuneration to be fixed by the Directors of the Company."

3. To ratify interim dividend and declare them final:

   Resolution No. 3: "That as recommended by the Directors, the interim dividend of $0.065 cents paid on 14th day of June 2019, be and are hereby ratified and declared as final, and that no further dividend be paid for the year ended December 31, 2019."

4. The Directors to retire from office pursuant to Article 102 of the Articles of Incorporation are Hugh Allen, U. Philip Alexander and Edward Alexander.

   Resolution No. 4: To approve the election and re-election of Directors recommended for appointment to the Board of Directors of the Company. To consider and (if thought fit) pass the following resolutions:

   a. "That retiring Director Hugh Allen be and is hereby re-elected a Director of the Company."

   b. "That retiring Director U. Philip Alexander be and is hereby re-elected a Director of the Company."

   c. "That retiring Director Edward Alexander be and is hereby re-elected a Director of the Company."

5. Special Business: To fix the remuneration of the Directors. To consider and (if thought fit) pass the following resolution:

   Resolution No. 5: "That the amount of $1,743,000 included in the Audited Accounts of the Company for the year ended December 31, 2019 as fees for their services as Directors be and is hereby approved."

Dated this 5th day of May 2020

BY ORDER OF THE BOARD

G. Murray

Gillian Murray
Secretary

REGISTERED OFFICE
69 ½ Harbour Street
Kingston

A Member entitled to attend and vote at this meeting may appoint a Proxy to attend and vote in his/her stead. A Proxy need not be a Member of the Company. A Proxy Form is enclosed for your convenience. Completed Proxy Forms must be lodged at the Company's Registered Office at least forty-eight hours before the time appointed for holding the meeting. The Proxy Form shall bear the stamp duty of $100.00 before being signed. The stamp duty may be paid by adhesive stamp(s) to be cancelled by the person executing the Proxy.

In light of the COVID-19 Pandemic, the date of the Annual General Meeting on September 10th, 2020 is subject to change as per any laws, regulations, orders and/or guidance proclaimed by the Government of Jamaica and/or its statutory bodies and/or executive agencies.

MISSION
VISION
CORE
VALUES
CREDO

tTech is a Jamaican company that delivers world-class IT services through empowered and engaged team members who provide an insanely-good customer experience.

We help organisations to maximize returns on their IT investments resulting in them providing glowing references.

We provide a positive and honest environment which is underscored by a culture that minimizes bureaucracy, and embraces change.

tTech will impact the markets in which we operate by consistently raising the bar for the industry through innovation and continuous improvement. We contribute to causes that facilitate growth and opportunity for our communities.

To help achieve greatness by delivering insanely-good IT services!

We care about people
We are open and honest
We do what it takes
We got each other's back
We are continuously improving

Purpose: To inspire, achieve and make a difference

tTech Image:
We will uphold the image of tTech through our conduct, appearance and speech.

Teamwork & Communication: Our work environment will foster teamwork and communication so that the needs of our internal and external customers are always met.

Ownership:
We will own and immediately start working to resolve a customer's problem. If not resolved we will always provide timely updates until resolved.

Empowerment:
We are empowered to take initiative and make decisions to always deliver and exceed our customers' expectations.

Personal Development:
We will take every opportunity to grow professionally, financially and realize our maximum potential.

Confidentiality:
We will protect the privacy and security of our clients, colleagues and the Company's confidential information and assets.

Commend:
We will always recognize and encourage the efforts of team members.

Corporate Social Responsibility:
We will support the communities to which we belong.

LINES OF BUSINESS

tTech offers customized IT Solutions for your business. Our objective is to improve the overall efficiencies of your company and reduce your costs. We assess your needs and implement our range of services which will best support and manage your IT needs.

Cloud Services

We have the expertise to design, plan and manage the migration of client's IT Infrastructure to the cloud. We create an integrated solution that reduces the concerns, uncertainty and issues related to decisions around cloud migration.

Consulting

tTech delivers the stable environment, and through its Consulting team provides the expertise necessary to select and implement applications that support the higher value business need.

Service Desk

tTech's highly trained service desk professionals are here to help! We are dedicated to serving our clients by troubleshooting and solving their technology challenges.

Managed Infrastructure

tTech offers a range of Infrastructure Management services that ensures the performance, reliability and availability of the IT infrastructure that supports your business.

IT Security

Today, your business doesn't just rely on IT, it's dependent on secure IT. Against the backdrop of a constantly evolving security threat landscape, increased demands around compliance and the potentially devastating impact of a security breach, businesses are facing significant pressure to keep their information assets secure.

Unified Communications

tTech's communication solutions provide a consistent unified user-interface and user-experience across multiple platforms and devices. You will have seamless, real-time communication using a variety of methods including instant messaging, telephony, video conferencing and desktop sharing among others.

tTech Ranked Among World's Most Elites in MSP 501

tTech was ranked among the world's top elites in IT at the prestigious 12th Annual staging of the Channel Future Managed Service Provider (MSP) 501 rankings. The company was the only Jamaican based awardee and one of two in the Caribbean and Latin America.

The Channel Future MSP 501 Award Gala took place September 9 -12, 2019 in Washington D.C.

The company has been operating as the leading Managed Service Provider (MSP) in Jamaica, so to be recognized among the top globally, was a great accomplishment for us and we continue to play our part in establishing Jamaica as a technology hub. At tTech, we pride ourselves in providing world class services to our customers and benchmark our operations based on international industry standards. This we consider to be essential to raise the level of IT Services in Jamaica and by extension the Caribbean and Latin America.

We are inspired to continue our commitment to improve the customer service experience, and providing thought leadership.

"The 2019 MSP 501 winners are the most elite, innovative and strategic IT service providers on the planet, and they stand as a model of excellence in the industry," stated Kris Blackmon, Content Director of Channel Partners and Channel Futures and lead of the MSP 501 program.

The Channel Future MSP 501 rankings, over the years, has been dominated by US and Canadian based MSPs. As a ranked company, tTech has employed the best practices, strategies and technologies in our operations, which allow us model status for all MSPs.

The company completed an extensive survey and application to report on product offerings, growth rates, annual total and recurring revenues, pricing structures, revenue mix and more.

This award is a testament to the innovation, hard work and dedication of our incredibly talented team of IT professionals at tTech.

CEO'S MESSAGE TO SHAREHOLDERS

GREATNESS THROUGH PARTNERSHIP

G. Christopher Reckord, CEO.

For the reporting period under review, tTech Limited is pleased to report our 4th profitable year since our January 2016 listing on the Junior Market of the Jamaica Stock Exchange with revenues of $340.3 million in the period, an increase of 19.9% above the corresponding period in 2018 ($283.9 million). Total Comprehensive Income of $24.7 million a decrease of 10.1% below 2018 ($27.5 million).

These results are attributed to 3 main things: (1) responding to our customers' requests to becoming a single source for more of their IT needs; (2) growing our customer base and getting more business from existing customers; and (3) our continued investments in adding the technology and processes required to bring tTech up to "world class" Managed IT Service Provider (MSP) standards.

The 2019 Total Comprehensive Income was also affected by tTech's adoption of IFRS 16, Leases as at 1 January 2019. The lease involved is for our main office location on Harbour Street. The accounting treatment is described in notes 2(b) and 10 in the 2019 audited financial statements. Under the new standard, the company is required to treat the lease as a 'right of use' asset which is depreciated over the life of the lease, and also treat the matching outstanding future lease commitments as a liability on which interest is charged. Further details will follow in the management discussion and analysis.

Ranked Among Top 501 Managed Service Providers (MSP) Globally

Moving towards world class MSP status takes time and money. IT environments required by growing profitable businesses are becoming more complex and tTech has had to respond by investing in tools and technology that lead to better execution of our business plan, refocusing and becoming more process driven in all areas of service delivery to our customers, improved documentation of our customers environments, upgraded just-in-time training tools and leveraging our entire toolset to improve the sales process and customer response. Perhaps as an indirect reward for this Continuous Service Improvement, tTech was again

Panel discussion on Cyber Security at TechCon 2019 Conference.

ranked among the world's top elites in IT at the prestigious 12th annual staging of the Channel Future MSP 501 rankings in September.

tTech's success from inception has been based on strategic focus around fundamentals which include among other things: developing a talented highly engaged team of professionals, intense focus on the customer, focus on specific market segments, constantly improving our processes and having a deep understanding how we provide value. Activities around improving these areas never stop.

Growing a highly engaged team

At the end of 2019 the tTech team stood 42 strong, up from 36 members at the end of 2018. Areas of growth included Sales & Marketing, Service Desk, Finance & Admin and Consulting. tTech provides a unique environment for our team members to grow and make lasting contributions to the company. These are discussed in the Human Resources report.

Customer Engagement

Our marketing team continues to find innovate ways to educate our prospective and existing customers on the best digital transformation initiatives on which to focus, and how investment in these IT related initiatives can reap many returns.

To that end, we participated in several activities to spread these messages and share our findings. These included doing presentations or supporting events where we had a physical presence and the opportunity to interact directly with our target market. These events included The annual Jamaica Stock Exchange Investments & Capital Markets Conference, The Cyber Incident Response Team (CIRT) month of activities in October, and our CIO Quarterly Insights where we sit with the IT decision makers from the major corporations in a more intimate setting to share experiences and results of IT initiatives that they have executed. In addition, our major customer touchpoint for the year is our growing technology conference, TechCon by tTech.

TechCon by tTech

TechCon 2019 hosted for the second year in April at the Jamaica Pegasus was another successful event held under the theme "IT: A Business Enabler, Supporting and Driving Growth". The conference addressed the challenges related to how investments in technology can drive business growth. The event brought together business leaders, information technology experts and general users of IT into one forum to discuss the evolving technology landscape, its impact on business, IT Security trends, Data in the Cloud, how to maximize returns from IT Investments, and make IT a business enabler.

Data Privacy and Cyber Security

With the looming Data Protection Act and cybercrime becoming ubiquitous, the day ended with two sessions, the penultimate one being an invigorating presentation on the implications of keeping data in the cloud and how businesses can comply with the Data Protection Act.

The Kingston Creative team along with Minister Fayval Williams enjoying the Artwalk with CEO of tTech, Chis Reckord.

Since our offices are in downtown Kingston, we paid special attention to projects that would positively affect the livelihood of the downtown community.

The final segment urged participants to determine their "risk appetite" and act in a proactive manner rather than a responsive manner to cyber threats/hackers. It was a riveting panel discussion on cybersecurity in the modern age of technology complete with a customer share of the ordeal of being hacked.

Please follow us on our digital platforms including our website ***www.tTech.com.jm***, Facebook, Instagram, Twitter & LinkedIn for continuous updates and valuable IT information.

Constantly improving our processes

Our Continuous Service Improvement in 2019 saw tTech make investments in a range of cloud based tools designed specifically for our Managed IT Services industry. These tools have given us the ability to expand our workforce with team members working remotely or from home. These new tools include (a) software that greatly simplify and automate network monitoring and management; (b) software that collects and organizes all the systems documentation related to a certain customer giving any support personnel full details of the environment with the click of a button and (c) Big Data / Business Intelligence / Enhanced Dashboard tools which allows us to generate data-driven dashboards and reports based on unique data sources. When integrated, these solutions allow us to track progress against Key Performance Indicators in real-time. Transparency is essential to building long-lasting client relationships and nothing builds trust more than accurate client reports.

These software upgrades support our process improvements allowing us to improve our service delivery to our customers and streamlining processes between internal departments.

Improved organizational well-being

Towards the end of 2019, the organization explored other areas for improvement. We looked inward, reviewed the way we ran the business and decided that in this high speed industry and fast-paced world it was time for an upgrade.

We began a multiyear process for the implementation of a comprehensive holistic business management system, a proven process, and a complete set of business tools that aligns and synchronizes all parts of our business starting with:

(1) Getting everyone in the entire organisation on the same page with where we're going & how we are going to get there.

(2) Creating a culture of discipline and accountability so everyone knows who does what and can count on each other to fulfil their role, and

(3) Creating an environment where everyone genuinely enjoys working together.

We believe that these components form the foundation of a healthy organization which is the key to organizational well-being, and organizational well-being is the foundation for long term success.

Corporate Social Responsibility

Our Corporate Social Responsibility continues to centre around providing support for the communities to which tTech and each team member, are a part of. Since our offices are in downtown Kingston, we paid special attention to projects that would positively affect the livelihood of the downtown community. Kingston Creative is one such project, they believe that Kingston is the Creative Capital of the Caribbean and that the cultural and creative industries can be a catalyst for national development. See further details in our CSR report.

We continue to support activities that are hosted by the associations and membership organizations that the company and our team members belong to.

Outlook for 2020

At the time of writing the world is in crisis as a result of the Coronavirus Disease 2019 (COVID-2019) pandemic.

However, tTech intends to survive and thrive in these unprecedented times, and we have been making adjustments to how we operate. One benefit of the technology

Engage and Grow staff activity.

investments made since inception is that the entire staff can operate remotely from home, and tTech is perfectly positioned to help organizations to quickly and securely increase their use of technology because of the COVID-19 crisis.

We will strive to achieve as many 2020 objectives as possible, which include the relevant training for our team and continuously upgrading our technologies - both of which will lead to more efficient business processes and ultimately contribute to an overall improved customer experience.

As more organizations realize the difficulty and increased risks associated with not having the required IT skills within their team, outsourcing will become the preferred option and tTech is poised and ready with years of focused IT services delivery experience.

tTech will continue to differentiate itself from other IT companies in Jamaica with its renewed focus on the strategic execution of its MSP business model. The current set of strategic tools and proven business processes to align and synchronize all components of our business will allow us to continue to deliver insanely good customer experiences.

In 2020, tTech will also be on the lookout for mutually beneficial partnerships, including acquisition opportunities, while continuing to execute on our strategic plans including the exploration of growing revenues outside of Jamaica.

A very special thanks to our Board of Directors, our management and team members for the hard work and dedication in 2019. We also say thanks to our customers for their loyalty and support during the period.

Gordon Christopher Reckord
Chief Executive Officer

WHAT GREATNESS MEANS TO US...

2019 was a year of greatness for tTech and it was a step forward in our vision of achieving greatness. We proudly celebrated each achievement with our team, without them it would not be possible.

Private Sector Organisation of Jamaica: Jamaica Customer Service Association Service Excellence Award

The company was awarded with the Private Sector Organisation of Jamaica/Jamaica Customer Service Association Service Excellence Award for being the overall winner in Service Excellence in the Small Company category and category winner for Training and Capacity building.

We were assessed on criteria and a team of evaluators were sent to conduct interviews and view the operations of tTech. This evaluation criteria provided insights into how the company functions in the following categories:

- *Customer Service Charter & Standards*
- *Leadership Strategy & Governance*
- *Training & Capacity Building*
- *Monitoring & Measurements*
- *Recognition & Rewards*
- *Customer Complaints Management*
- *International Benchmarks*

The Human Resource Management Association of Jamaica HR Innovation Award

As a result of the implementation of an innovative solution developed by Officevibe that helps our managers to enhance performance, analyse engagement metrics and understand their teams, the company was awarded with the Human Resource Management Association of Jamaica 2nd place Silver Star Award – Leader in Innovation 2019.

Jamaica Stock Exchange 5K Run Top Team. 3rd Place Junior Market

Our team is actively engaged in activities that promote health and wellness. The team participated in one of many 5K runs and was awarded with the Jamaica Stock Exchange 5K Run Top Team, 3rd Place Junior Market.

American Chamber of Commerce Excellence in Outstanding Corporate Social Responsibility

tTech was named second place winners for 'Excellence in Outstanding Corporate Social Responsibility' by The American Chamber of Commerce of Jamaica (AMCHAM) at their 33rd annual Business and Civic Leadership Awards for Excellence ceremony. The company was recognized at the event, held at the Jamaica Pegasus Hotel, from among a group of nominees in the small business category. The company was commended for their commitment to community development, empowering youth to optimize their skills, as well as providing opportunities for placing brand Jamaica on the international map.

AMCHAM bestowed the 'Excellence in Outstanding Corporate Social Responsibility' award to tTech on the basis that we demonstrated commitment to corporate citizenship through our business strategy as well as policies, programmes and projects with evidenced improvement of the communities where we operate. AMCHAM, through their awards, aims to showcase businesses, individuals and non-profit organizations that are driving and achieving economic and social progress in Jamaica through ethical leadership, stewardship, and community-building activities.

BOARD OF DIRECTORS

Edward Alexander, B.Sc., M.Sc.

Founder and Executive Chairman

After founding tTech in 2006, the company steadily developed under his leadership and in January 2016, tTech became the first Jamaican information technology company to be listed on the Junior Market of the Jamaica Stock Exchange.

His vision is to assist companies to improve the effectiveness of their investments in information technology by minimizing the cost of ownership of their infrastructure while maximizing the value from their business applications, ultimately leading to systems which contribute to increased competitiveness and profitability.

Mr. Alexander holds a Master of Science degree from the University of Pennsylvania and a Bachelor of Science degree from the University of Windsor.

In addition, he has completed professional courses at the Harvard Business School and the University of Florida.

He serves on the boards of CAC 2000 Ltd and his alma mater, Jamaica College.

G. Christopher Reckord, M.B.A.

Chief Executive Officer

Prior to joining tTech, Mr. Reckord was a founder and Executive Director of Innovative Corporate Solutions in Jamaica and held a number of management positions at Adjoined Consulting in Miami, Florida.

His formal education includes a diploma in Industrial Education (with a specialization in Electrical Technology) from the University of Technology, and a Master's in Business Administration (MBA) from Barry University.

He serves as the Chairman of eLearning Jamaica, and a Director of the Jamaica Computer Society. He is also a member of the PSOJ and is currently the Chairman of its Membership Committee.

Mr. Reckord is an Executive Director of the Company.

Norman Chen, B.Sc.

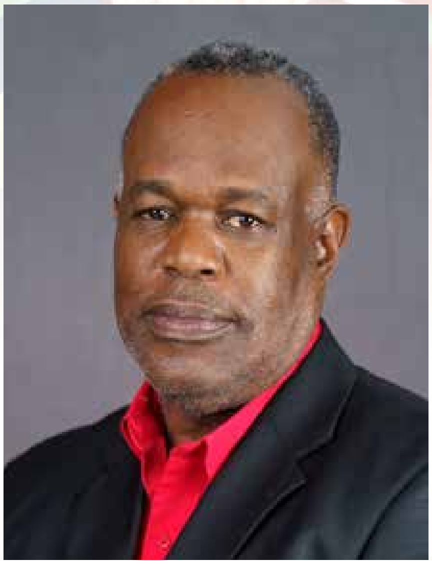
Technical Services Director

Mr. Chen is the Company's Technical Services Director with the ability to apply his vast skill-sets to the singular goal of offering the most comprehensive solutions to clients who rely on the company's innovative services.

He is a highly qualified Information Technology specialist with several years of experience within the IT industry. His exemplary career began when he joined Commnett Caribbean Limited where he worked his way up to Chief Technical Officer over the course of nine years. From there he went on to head Fujitsu's IT Department and then to NC Associates as a Project Manager and IT Consultant.

He is also an accomplished academic who has a Bachelor of Science in Computer Science from the University of the West Indies, a Research Fellowship from Brown University, Rhode Island, USA and several certifications in Information Technology from recognized institutions.

Mr. Chen is an Executive Director of the Company.



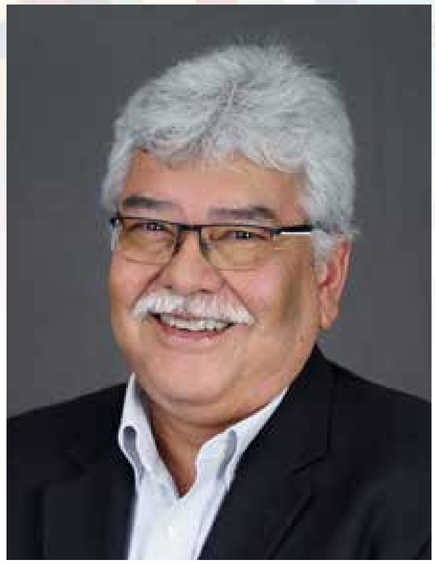
Hugh Allen, B.Sc.

Assistant Technical Services Director

Mr. Allen is the Company's Assistant Technical Services Director responsible for LAN Management, WAN Management, Telecoms Management, Server Management, Infrastructure Management and E-Mail Administration.

After nineteen years of working with GraceKennedy Limited, fifteen of which were spent in different areas of information technology, Mr Allen is wellsuited for this role. He holds a Bachelor of Science double major in the areas of Business Management and Computer Science and a Diploma in Computer Management and System Analysis and Design from the Royal British Computer Society. Mr Allen holds certifications from Microsoft, Cisco, and Asterisk PBX systems.

Mr. Allen is an Executive Director of the Company.



U. Philip Alexander, B.Sc.

Non-Executive Director

Mr. Alexander brings a wealth of experience to the Board of Directors.

With a Bachelor of Science in Mechanical Engineering from North East London Polytechnic, he has honed and shaped his career with various academic endeavours including the MIT Executive Program in Corporate Strategy, Product Development and Manufacturing Strategy at Stanford University Business School, and the Program for Management Development from Harvard University Business School.

He is currently retired and serves as a Director for the GraceKennedy Foundation, and Grace & Staff Community Development Foundation.

Mr. Alexander is the Chairman of the Corporate Governance Committee and a member of the Company's Audit and Remuneration Committees.

Joan-Marie Powell, B.Sc., M.B.A.

Non-Executive Director

Ms. Powell is the former Managing Director of GraceKennedy Money Services Limited (GKMS) until her retirement in December 2013. Powell's technical insight and operational expertise strengthened the company's culture of innovation which saw GKMS expanding into new markets and extending its service portfolio, reaching seven other markets in the Caribbean.

She holds a Bachelor of Science in Management Studies and a Masters in Business Administration, specializing in the management of technology, from the University of the West Indies. She serves as a member of the Board of Directors of the Immaculate Conception High School and the Grace and Staff Community Development Foundation. She is a Justice of the Peace for the Parish of Kingston and a member of the Kiwanis Club of New Kingston.

Ms. Powell is the Chairman of the Remuneration Committee and a member of the Company's Audit and Corporate Governance Committees.

BOARD OF DIRECTORS (CONT.)

Tracy-Ann Spence, B.Sc., M.B.A.

Independent Non- Executive Director

Ms. Spence was appointed to the Board on February 19, 2019 and is the Chief Operating Officer at NCB Capital Markets Limited.

She has been employed to the NCB Financial Group for 15 years and counts a BSc in Applied Mathematics from York University in Toronto, an MBA in Banking and Finance (with distinction) from the University of the West Indies and a Project Management Professional (PMP®) Certification from the Project Management Institute among her educational achievements.

She is an adjunct lecturer at the Mona School of Business, University of the West Indies, where she has lectured in Financial Management for the past 6 years in the MBA and EMBA programmes. She is also a Learning Partner at NCB's Corporate Learning Campus where she teaches Portfolio and Investment Management.

Tracy-Ann currently sits on the boards of the Jamaica Association for the Deaf, tTech Limited, Mailpac Group Limited and SiFi Studios Limited. She also represents her company in various capacities such as: The Primary Dealers' Association, First Angels Jamaica and the Branson Centre for the Caribbean.

Thomas J. Chin, CMA, CPA

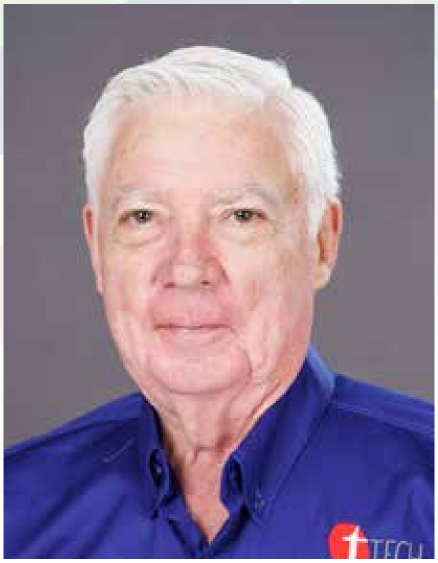
Non-Executive Director

Mr. Chin is a Non-Executive Director of the Company with over forty-five years of experience and knowledge in Accounting/ Finance and Information Systems.

He is a Chartered Professional Accountant and holds a Diploma in Accounting and Finance from Seneca College.

Thomas is currently retired and was the Vice-President of Finance at Columbus Communications Jamaica Limited (FLOW) and Director of Financial Operations at Rogers Communications in Canada.

Mr. Chin is the Chairman of the Audit Committee and a member of the Company's Remuneration and Corporate Governance Committees.



Richard Downer, CD.

Board Mentor

Mr. Downer has responsibility for advising on the implementation of adequate procedures, systems and controls for financial reporting, corporate governance, timely disclosure of information to the market, and general compliance.

He was educated at Eastbourne College, Sussex, England and McGill University in Montreal, Canada and qualified as a Chartered Accountant in Canada. Mr. Downer is a Fellow of the Institute of Chartered Accountants of Jamaica and a recipient of its Distinguished Member Award.

Mr. Downer is a former Senior Partner of PricewaterhouseCoopers in Jamaica. He currently serves as a Director on the Board of Sagicor Group Jamaica Limited and Sagicor Life Jamaica Limited and as Chairman of their Audit Committees and as a member of the Investment Committee.

Mr. Downer is also the Board Mentor and a Director of Dolphin Cove Limited and a member of the Rating Committee of cariCRIS Limited.

He is a Chartered Accountant and Financial Adviser.

Directors' Report

for the Year Ending December 31, 2019

The Directors of tTech Limited are pleased to present their report for the year ended December 31, 2019. The Directors who served during the reporting year were:

Non-Executive Directors

- U. Philip Alexander
- Thomas Chin
- Joan-Marie Powell
- Tracy-Ann Spence

Executive Directors

- Edward Alexander
- G. Christopher Reckord
- Norman Chen
- Hugh Allen

Company Secretary

- Gillian Murray

Registrar

Jamaica Central Securities Depository Limited
40 Harbour Street,
Kingston, Jamaica

Registered Office

69½ Harbour Street,
Kingston, Jamaica

Since the start of this year, Mr. Thomas Chin resigned as a Director and as the Chairman of the Audit Committee for personal reasons. He served as a Director from October 1, 2015 until his resignation on April 17, 2020 and his contributions have helped to establish a foundation that will provide lasting benefits for many years to come. Subsequent to Mr. Chin's resignation, Ms. Tracy-Ann Spence was appointed Chairman of the Audit Committee.

The Company's Activities

These services are explained in more detail on the Company's website (www.ttech.com.jm) but suffice to say the demand for these services are growing as the use of IT increases in organizations across the globe. This increasing demand augurs well for the future of tTech as we are providing services to a growing market. The strategy to increase the Company's market share is provided in the CEO's report.

Dividends

During the year the company paid a dividend of $0.065 per ordinary stock unit on June 14, 2019. The total paid was $6.89 million. On May 7, 2019 the board approved the company's Dividend Policy. The policy can be viewed on the Company's website at ***www.ttech.com.jm***

Company Performance

In 2019 the company recorded revenues of $340.3 million, an increase of 19.9% over 2018 and net profits attributable to owners of $24.7 million, a decrease of 10.1% over 2018. In 2019 the adoption of IFRS 16, Leases, a new standard for leases, resulted in a decrease in net profit of $2.2 million. The 2018 results were not restated, but if the new standard were not applicable the company would have recorded net profits of $27.0 million, a 2% decrease compared to 2018. The Audited Financial Statements provide further details, and the Management Discussion and Analysis provide explanations for the changes in the company's financial performance.

Corporate Governance continued to be a major area of focus for the Board in 2019. During the year 2 Directors completed the Jamaica Stock Exchange e-Campus' course, The Directors Guide to Corporate Governance and Leadership. This brings to 5 the number of Directors who have completed that programme. In 2019 the company met all reporting deadlines of the Jamaica Stock Exchange and the Financial Services Commission. The Corporate Governance report provides more details in this area.

The Directors are satisfied with the Company's performance in 2019. The growth in revenues and the increase in the Company's customer base are positive indicators. The Board also reviewed and approved the strategy for 2020 and beyond developed by the management team.

However, in March 2020 the impact of the COVID-19 pandemic began to be felt in Jamaica and the Company has been forced to make adjustments. The priority has been the safety of our team members and customers, while continuing to provide services to our customers, and this is being achieved. It is recognized that the COVID-19 crisis will not be a short-term problem, but the pandemic is forcing organizations to increase their use of technology and this will be positive for tTech.

Finally the Directors would like to take this opportunity to thank our customers, partners and the management and staff of tTech for their continued support and loyalty, and ask everyone to take all necessary precautions to keep safe in these very unusual times.

Edward Alexander
Executive Chairman

SENIOR MANAGEMENT TEAM

Hortense Gregory-Nelson, ACCA, CFP

Hortense Gregory-Nelson is the Finance & Administrative Manager of the company with several years of experience within the field of accounting and financial auditing.

Her career began at the Ministry of Education, after which she left the Ministry to work with National Commercial Bank for six years. She then worked for Ernst & Young Chartered Accountants, Mother's Enterprises and the Bible Society of the West Indies where she remained for six (6) years.

Mrs. Gregory-Nelson is a Certified Chartered Accountant with ACCA accreditation and holds the Certified Financial Planner (CFP) certification, accredited by the Chartered Banker Institute.

Gillian Murray, B.B.A., M.B.A.

Gillian Murray is the Marketing & Human Resources Manager and Company Secretary. She is responsible for developing the marketing strategy for the company in line with company objectives and leading the HR programs and policies.

Her formal education includes a Bachelor of Business Administration in Marketing & Finance from the University of Technology, and a Master's in Business Administration from the University of the West Indies, Mona School of Business and Management. She has also completed trainings in information technology courses, digital marketing and management courses.

Omar Bell, B.Sc.

Mr. Bell is the Resolution Manager and Lead Engineer for Cloud Services – Special Projects. His responsibilities include the deployment of cloud technologies in a cloud service model, in addition to leading and motivating the Resolution team to deliver the ideal information technology solutions to our customers.

His educational background includes a Bachelor of Science in Electrical & Computer Engineering from the University of West Indies, Saint Augustine, Trinidad as well as training in multiple areas such as Certified Information Systems Auditing, Microsoft Azure, Microsoft System Center, Active Directory and PowerShell.

He is currently pursuing a Masters of Business Administration at Edinburgh Business School.

Lesley Suzanne Cousins, B.Sc., M.Sc.

Mrs. Lesley Cousins is the Project Manager, Project Management Office. Her responsibilities include project portfolio management for Consulting Services and the other services that the Company provides.

Her formal education includes a Bachelor of Science at the University of the West Indies, Mona in Environmental Science (Hons), and later pursued a Masters of Science in Management and Implementation of Development Projects (Hons) at the University of Manchester Institute of Science and Technology (UMIST), United Kingdom. She is a certified Microsoft Projects user.

Nardia Puran

Nardia Puran is the Customer Service Manager with responsibility for delivering an insanely good customer experience to our customers.

An IT Service Management Professional with regional supervisory background that includes over 13 years of progressive experience and a proven track record in end to end Customer Service Management. With a solid knowledge and experience in service desk management, she supervised regionally distributed teams that included but not limited to supporting the process definition and workflows to inform service improvement procedures, the implementation of suitable service desk frame work and reporting, along with service desk training for personnel across business units.

Her educational background includes numerous professional certifications in the areas of Business Management & Analysis, Operations & Communication, Leadership, Service Desk Manager, ITIL and Cisco & Symantec IT Partner certifications.

Corporate Data

Registered and Head Office

tTech Limited
69 ½ Harbour Street,
Kingston, Jamaica
Telephone: (876) 656-8448
Facsimile: (876) 922-0569
Email: info@ttech.com.jm
Website: www.ttech.com.jm

Auditors

Ernst & Young
Chartered Accountants
8 Olivier Road,
Kingston 8,
Jamaica
Telephone: (876) 969-9000
Facsimile: (876) 755-0413
Website: www.ey.com

Bankers

Bank of Nova Scotia Jamaica Limited
Scotiabank Centre
Corner of Duke and
Port Royal Streets
Kingston, Jamaica

First Global Bank Limited
Corner of Duke
and Harbour Streets
2 Duke Street
Kingston, Jamaica

Top Ten Shareholders

As at December 31, 2019

Edward Charles Alexander/Charmaine Dawn Alexander	41,592,834
Auctus Holdings Inc.	15,628,500
Enqueue Inc.	15,391,566
Hugh O'Brian Allen	8,417,479
Mayberry West Indies Limited	4,252,240
Marcelle Smart	2,001,105
GraceKennedy (2009) Pension Plan	1,604,893
Douglas Orane	881,448
Ravers Limited	806,448
Ja. Credit Union Pension Fund	806,448

Shareholdings of Directors & Connected Parties

As at December 31, 2019

Edward Charles Alexander (Charmaine Dawn Alexander)	41,592,834
Gordon Christopher Reckord (Auctus Holdings Inc.)	15,628,500
Norman Abraham Chen (Enqueue Inc.)	15,391,566
Hugh O'Brian Allen	8,417,479
Uriah Philip Alexander	267,965
Thomas J. Chin	100,000
Joan Marie Powell	32,000
Tracy-Ann Spence	nil

Shareholdings of Senior Managers & Connected Parties

As at December 31, 2019

Edward Charles Alexander/Charmaine Dawn Alexander	41,592,834
Gordon Christopher Reckord (Auctus Holdings Inc.)	15,628,500
Norman Abraham Chen (Enqueue Inc.)	15,391,566
Hugh O'Brian Allen	8,417,479
Hortense Althea Gregory-Nelson (Janelle Nelson)	734,523
Omar St. Elmor Bell	240,909
Gillian Juvan Thorpe Murray	240,909
Lesley Cousins	50, 000
Nardia Puran	nil

CORPORATE GOVERNANCE STATEMENT

tTech is a Jamaican company providing world class IT services. This is accomplished by a combination of fostering an ethical work environment that allows team members to strive for excellence and personal growth; while being empowered to represent the company to provide an insanely good customer experience by consistently exceeding all customer expectation.

On January 7, 2016 tTech became the first Jamaican Information Technology company to be listed on the Junior Market of the Jamaica Stock Exchange. As a public listed company, we are committed to providing value to our shareholders, and are governed by a Board of Directors with extensive knowledge and experience in their respective fields.

The company is grounded in the belief that accountability to its stakeholders is a business imperative, and good governance practices that positively impact the company's performance and long-term viability are essential.

These practices guide our transparency and integrity practices that are applicable throughout the company. Additionally, good governance lends itself to good ethical principles which has created a culture of respect and compliance.

This Corporate Governance Statement outlines the key elements of the Company's corporate governance framework as of December 31st, 2019.

Structure of the Board and its Committees

Board Structure

The Board of Directors is committed to ensuring the effective governance of the company. As the body responsible for this, the board establishes broad policies and objectives and ensures that sufficient resources are available to enable the company to meet these objectives. The Board Charter is available on the Company's website ***www.ttech.com.jm.***

The board is chaired by Executive Director, Edward Alexander with Christopher Reckord as the CEO, and Gillian Murray as the Company Secretary.

The Board comprises four Non-Executive Directors and four Executive Directors. Mr. Richard Downer was also appointed Board Mentor in November 2015 and continues to serve in this position.

Independent Non-Executive Director Statement

The board identifies in its annual report each Non-Executive director it considers to be independent taking into account various facts including whether a director has been an employee of the company within five years; or, has had a direct or indirect material business relationship with the company or its officers; or has received remuneration, apart from a director's fee, from the company, or, its employees; or has close family ties with the company's advisors, directors or senior employees; or holds cross directorships or has links with other directors through involvement with other companies or bodies; or represents a significant shareholder; or has served on the board for more than nine years. Any exceptions would have to be justified by the board.

Based on these principles the Board has appointed the following Independent Non-Executive Director effective February 19th, 2019.

- ***Tracy-Ann Spence***

Induction of New Directors

New directors are formally inducted into the company which enables them to transition into Board meetings effortlessly. The induction period ensures an understanding of the company's strategies, financial position and operations. The Board Chairman meets with the new Director to inform them of the structure, rights, duties, responsibilities and roles of the Board and a Director. Additionally, they are invited to meetings with the management team and given a tour of the Company's office.

Board Meetings

The board meets quarterly to discuss and review the performance of the company to ensure that the strategy and key objectives are being satisfactorily pursued by the management team. Two other meetings are held in the year to review the company's long-term strategy along with the budget and operating plans for the upcoming year. The board takes into account the economic, social and regulatory environment and the risks that may exist in the markets in which the company operates.

tTech Limited Board of Directors' Meeting Attendance

January - December 2019

Number of Boards & Committee Meetings	**7**	**4**	**4**	**4**	**1**
Names	**Board**	**Audit**	**Remuneration**	**Corporate Governance**	**Annual General Meeting**
Board of Directors					
Edward Alexander, Chairman	7	4	3	3	1
U. Philip Alexander	6	4	4	4	1
G. Christopher Reckord	7	4	4	4	1
Hugh Allen	6	n/a	n/a	n/a	1
Joan-Marie Powell	7	4	4	4	1
Thomas Chin	3	4	3	2	1
Norman Chen	6	n/a	4	2	1
Tracy-Ann Spence *	6	2	1	1	1
Richard Downer (Mentor)	5	1	1	3	~

** Ms Tracy-Ann Spence was appointed as an Independent Non-Executive Director effective February 19, 2019.*

Board Committees

The Board has established an Audit Committee, a Remuneration Committee and a Corporate Governance Committee. Each committee has its own written charter which is available on the Company's website ***www.ttech.com.jm***. These committees are Chaired by a Non-Executive Director and made up primarily of the Non-Executive Members of the Board and has the right to co-opt members of the executive management team as is deemed necessary.

Audit Committee

The Audit Committee was formed in 2016 and its main functions are oversight of:

1. Financial reporting and compliance with legal and regulatory requirements.
2. Internal controls.
3. Risk management.
4. Internal and external audits.
5. Budgeting and forecasting.

During the year the committee focused on:

1. Assisting the management team with balancing the workload between the accounting team and adjusting responsibilities as required.
2. Oversight of the annual audit.
3. Understanding and getting explanations of the financial results and what it means operationally.
4. Ensuring that the financial reports were completed and checked in a timely manner.
5. Ensuring that all external reporting requirements were completed and filed on time.
6. Identified any additional monthly financial reports that are required from time to time and determine which formats are best suited for the company.
7. Arranged Risk Management training for the directors and senior managers of the company.

In 2020 the main focus will be on:

1. Producing a flash financial report (including revenues, operating income and bank/investment balances) by the end of the fifth working day after month end.
2. Moving to shorter cut-off times for monthly, quarterly and annual reporting, based on the best practice benchmarks for companies of our size and to meet all statutory requirements.
3. Working with operations to educate and build processes and reporting on the new IFRS rules, including how the changes will affect sales and marketing.
4. Working with our external auditors to have the final draft of the audited financial report at least 10 working days before the JSE deadline.
5. Identifying major risks to the company and ways of mitigating those risks.

The Chairman of the Audit Committee is Mr. Thomas Chin and comprises the other Non-Executive Directors. The Board Chairman, CEO, Finance and Administration Manager, and Board Mentor are invitees to this committee.

External Auditor

Ernst and Young is the Company's external auditor, and the Lead Audit Partner was invited by the Chairman of the Audit Committee, to attend a meeting of the Committee to present the Company's audit findings and discuss the draft audited financial statements. The external auditor also attended the Annual General Meeting to make a presentation on the audited financial statements to shareholders and was available to answer shareholder questions about the conduct of the audit and the preparation and content of the audit report.

Remuneration Committee

The Remuneration Committee was formed in 2016 and its main functions are:

1. Oversight of the company's compensation and benefits policies.
2. Oversee and set compensation for the company's Executive Officers, including its Executive Chairman, CEO and Non-Executive Directors.
3. Development of an incentive scheme for the senior executives.
4. Oversee the establishment of appropriate human resource strategies and policies.

During 2019 the committee focused on:

1. Developing an Incentive Scheme for the Executive Officers.
    - Scheme was developed showing an alignment with approved performance targets.
2. Setting of Executive Salaries.
    - The executive salaries were set and approved by the board.
3. Advising on HR policies and procedures.
    - The In Lieu Of Policy was approved and implemented.
4. Implementation of a Succession Plan Framework for critical positions and areas.
5. Employee retention, training and development.

In 2020 the main focus will be on:

1. Development and implementation of policies including Corporate Social Responsibility, Environmental, Health and Safety and Social Media.
2. Continue efforts on employee retention, training and development.
3. Continue the process of executing on the succession plans developed in 2019 for all key positions.
4. Development plans highlighted at the performance appraisals will be executed.
5. Expand the Human Resource (HR) Department to include a full time HR Manager whose sole responsibility will be to manage the welfare of the staff for the successful running of the company.
6. Employee retention, which is an operational risk for companies operating in the technology industry, by continuing to implement measures, including training and adequate compensation, to help to mitigate the risk.

The Chairman of the Remuneration Committee is Ms. Joan-Marie Powell and comprises the other Non-Executive Directors. The Board Chairman, CEO, Technical Services Director, HR Manager and Board Mentor are invitees to this committee.

Corporate Governance Committee

The Corporate Governance Committee was formed in 2017 and its main functions are:

1. Creation and Review of Governance Polices
2. Selection and Recruitment of Board Members
3. Board Training and Education
4. Board Performance and Evaluation

During the year the committee focused on:

1. The implementation of the necessary infrastructure and environment required to support the Whistleblowers Policy which can be found on our website ***www.ttech.com.jm***.
2. Review of the company's Jamaica Stock Exchange/PSOJ Corporate Governance profile.
3. Board Training.
4. Risk Management training for the Board and Senior Managers.
5. Implementation of Code of Conduct and Conflict of Interest Certification for the Directors and Senior Management.
6. Continued development of the annual Board Performance and Evaluation process, in 2019 a Board Peer Review was done.

In 2020 the main focus will be on:

1. Continue Training and Education programs for the Board and Senior Managers.
2. Improving the Corporate Governance profile.
3. Overseeing the Whistleblower Policy.
4. Development of Policies to enhance the Governance of the company.
5. Board Performance and Evaluation.
6. Assisting with the Board Succession Planning and identification of possible candidates for appointment to the Board.

The Chairman of the Corporate Governance Committee is Mr. U. Philip Alexander and comprises the other Non-Executive Directors. The Board Chairman, CEO, Corporate Secretary and Board Mentor are invitees to this committee.

Responsibilities of the Board

The company has attracted a strong and experienced Board of Directors who review and approve key policies and make decisions in relation to:

- Corporate Governance
- Internal Controls
- Fiduciary Oversight
- Compliance with laws and regulations
- Strategy direction and operating plans
- Business development including major investments and divestures
- Appointment or removal of Directors
- Remuneration of Directors
- Risk Management
- Financial reporting and Audit
- Financing
- Corporate Social Responsibility
- Ethics
- Environment
- Succession planning for the Directors and Senior Executives

Responsibilities of the Chairman, Company Secretary and Directors

The Chairman's primary responsibilities are the effective operation of the Board and the dissemination of sufficient information to support decisions. He is also responsible for ensuring that new Directors are inducted into tTech and receive the necessary training.

The Company Secretary is responsible for ensuring that the Board's procedures are effectively followed and supports the decision-making process and governance. All Directors have access to the Company Secretary's advice and services.

Each Board member is expected to allot sufficient time to prepare for and attend meetings of the Board and its Committees.

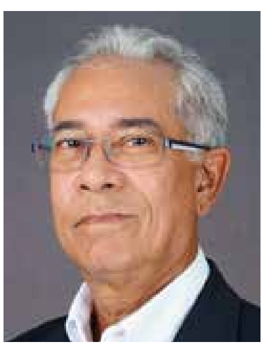
Regular attendance at Board and Committee meetings is required; in the absence of an agreement a Director should not miss two consecutive regular Board meetings. The leadership of the Company is accessible to the Directors via the Executive Chairman.

Directors Skills and Competencies

The Board has a strong mix of expertise, experience and leadership which aids good corporate governance and business practices.

	AREAS OF EXPERTISE						
	Industry	**Strategy & Leadership**	**Finance & Audit**	**Governance**	**Risk Mgmt**	**HR Mgmt**	**Acquisitions & Divestitures**
Board of Directors							
Edward Alexander, Chairman	✓	✓	✓	✓	✓	✓	✓
U. Philip Alexander		✓	✓	✓	✓	✓	✓
G. Christopher Reckord	✓	✓		✓		✓	
Hugh Allen	✓					✓	
Joan-Marie Powell		✓	✓	✓	✓	✓	✓
Thomas Chin	✓	✓	✓		✓	✓	✓
Norman Chen	✓			✓		✓	
Tracy-Ann Spence *		✓	✓	✓	✓	✓	✓
Richard Downer (Mentor)		✓	✓	✓	✓	✓	✓

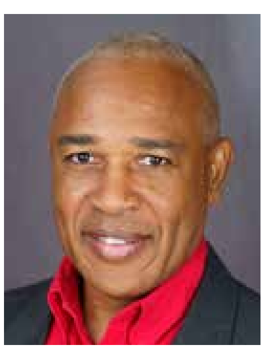
Directors who have completed the JSE/Private Sector Organization of Jamaica Corporate Governance training:

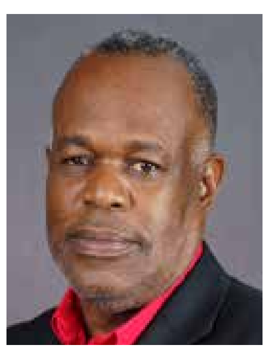

Edward Alexander


Norman Chen


Tracy-Ann Spence


Joan-Marie Powell


G. Christopher Reckord


Hugh Allen

Performance Evaluation of the Board, Committees & Individual Directors

A system for the evaluation of the Board and Director's performance is in place. It evaluates the performance of the Board by the Directors as a whole, and a Self-Assessment by the Directors of their own performance. It is done annually, and a corrective action plan is developed for any areas of concern that are identified.

Board & Executive Compensation

The Non-Executive Directors compensation reflects their contribution, commitment and time taken to improve the Board's performance. It is also built on the premise of attracting and retaining Directors of high standards. This compensation is subject to annual reviews based on comparable conditions and evaluation of the effectiveness of the Board and its committees.

Non-Executive Directors Fees

	Annual Fee (JMD)	Attending Committee Meetings (JMD)
Non-Executive Directors	$250,000	$15,000 per meeting
Board Chairman	$100,000	
Committee Chairman	$50,000	

Non-Executive Directors fees are paid quarterly.
Executive Directors are not paid fees.

Director's Training and Education

The Board has placed emphasis on Director's training and education and recognizes the importance of continuing this path. Some of our Directors have completed the following:

- The Jamaica Stock Exchange (JSE) Corporate Governance Index training
- The JSE/Private Sector Organization of Jamaica Corporate Governance training

In addition:

- All Directors and Senior Managers attended an internal presentation on Enterprise Risk Management and how it impacts tTech Ltd.

Succession Planning

An integral responsibility of the Board is succession planning for all senior executives and the directors. This is done by identifying potential successors for each senior post and providing the necessary exposure for them to function in the business in case of an emergency.

Code of Conduct

The company's code of conduct policy is governed primarily by our vision and mission. All Directors, as well as officers and employees are required to adhere to the Company's code and act ethically at all times.

Disclosure and Transparency

All Directors and Senior Managers are required to complete, annually, a Disclosure of Interest Certificate and in addition all Directors and Senior Managers complete an adherence to the company Code of Conduct Policy certificate, again annually. These are reviewed by the Chairman.

The following policies can be found on our website ***www.ttech.com.jm.***

- Code of Conduct policy
- Whistle Blower policy
- Dividend policy

Meetings

Schedule of meetings

During each financial year, there is a minimum of 4 regular Board and Committee meetings. These meetings are scheduled on a quarterly basis. Two other meetings are scheduled each year to focus on the company's long term strategy, operating plans and annual budget. Special Board or Committee meetings may be convened as required.

Agenda Items for Board Meetings

The Chairman, CEO and Company Secretary establish the agenda for each Board meeting. Each Board member has the option to suggest items for inclusion on the agenda. Information is distributed electronically and or in writing to the Board before the Board meetings.

Invited Attendees

Additionally, the Board invites Senior Managers to join Board and Committee meetings who;

(a) make presentations to the Board on their areas of responsibility.

(b) can provide additional insight into items being discussed due to direct involvement, or

(c) are managers that display attributes that the Executives believe should be given exposure to the Board as a part of their development.

Annual General Meeting (AGM)

The AGM provides the avenue for shareholders to hold the Directors and Executives accountable, provides transparency through the presentation of the company's audited accounts and gives the shareholders a voice to ask questions/raise issues. The AGM is also the forum for decisions; to consider and approve a dividend, appoint auditors and fix their remuneration and the election of Members of the Board.

To view our AGM's in video format; go to our YouTube page tTech Limited or our website ***www.ttech.com.jm.***

Shareholders Communication

The Annual Reports and Financial Statements are available on the Company's and the Jamaica Stock Exchange website for download to ensure shareholders communication. The report is also available in hard copies at each Annual General Meeting in addition to being distributed to all shareholders in electronic format by the Jamaica Central Securities Depositary. Additionally, minutes of the annual general meetings held are available for download on the company's website ***www.ttech.com.jm***.

Avenues for Shareholders Communication

We encourage each shareholder to share with us concerns and suggestions as we value your feedback and support. Communication can be done by email to the Company Secretary at ***company.secretary@ttech.com.jm*** or by writing directly to the Executive Chairman, Edward Alexander, at tTech Limited, 69 ½ Harbour Street, Kingston.

MANAGEMENT DISCUSSION & ANALYSIS

PEOPLE AND PROFITABILITY

tTech operates in an industry of low capitalization as most of the Company's costs for service and support tools are operating expenses and not capital in nature. To maintain the high level of service that differentiates the Company from our competitors, we continually invest in training and tools to increase efficiency and service levels of our operations.

Financial Performance

tTech remained profitable for 2019, amid a mixed performance. The Company recorded revenues of J$340.3 Million, an increase of 19.9% over 2018; while recognizing net profits of $24.7 Million, a decrease of 10.1% over the prior year.

Realized growth

In 2019 the company realized growth in both Managed Services and Security Services. For the year, the cost of sales was 27.9% of revenue versus 22.2% in 2018. This increase over the prior year was as a result of providing equipment to support customer network upgrades at lower margins than normal, along with investments in applications to support the Company's technical services.

Administrative and Other Operating expenses

Administrative and Other Operating expenses as a percentage of sales were lower at 66.3% in 2019 versus 69.7% in 2018, though increasing in real terms by $27.7 Million or 14.0%. Our primary spend was in advertising to maintain brand awareness and offer relevant information to the market. Insurance costs increased per market price changes and increased head count. The spend in staff costs and training increased but was in keeping with our mandate of continuous learning for our staff to meet the demand for the Company's services. Improved efficiencies are anticipated to contain the pace of increase in expenses in the future.

Maintain high levels of service

tTech operates in an industry of low capitalization as most of the Company's costs for service and support tools are operating expenses and not capital in nature. To maintain the high level of service that differentiates the Company from our competitors, we will continually invest in training and tools to increase efficiency and service levels in our operations. This will increase customer satisfaction and ultimately shareholder value over time. Our staff are encouraged to achieve and maintain academic qualifications to remain current and meet the anticipated needs of the business and to manage our portfolio of services. This is achieved by a mix of attendance at seminars, conferences and online training. This is evidenced by an increased spend of 44.5% in training and subscriptions amounting to $4.80 Million. The Company, as part of its marketing program, held it's second Tech Conference (Tech Con), in addition to partnering with other corporate entities throughout the year

An antendee at TechCon by tTech 2019 interacting with speaker.

in conducting seminars and information sessions. The advertising and marketing spend was $2.7 Million over prior year or 21.7% and was carried out to provide information on industry hot topics, enhance market awareness of our products and services, as well as provide a think tank for the IT space in Jamaica.

Liquidity & Asset Position

Total Net Asset

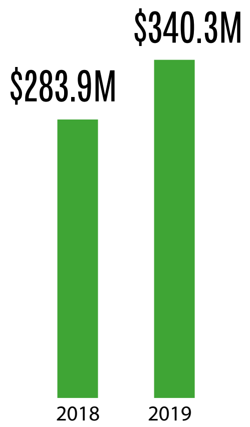
tTech experienced growth in its Total Net Asset value of $17.8 Million, an increase of 8.9% over prior year. This was driven by a mix of growth in our net current assets of $13.3 Million and growth in our net non-current assets of $4.6 Million. This saw increases in our cash and bank balances, other receivables, inventories, investments, property and equipment, accounts

Five-Year Financial Review

J$ '000	Restated 2015	2016	2017	2018	2019
Income Statement					
Revenue	177,976	223,164	217,247	283,923	340,365
Other Income, gains and losses	6,083	10,165	(2,631)	2,734	6,294
Finance Income			2,192	2,013	1,554
Finance Cost					(2,471)
Operating Expense (excl. Investment Financing Cost)	(153,357)	(195,108)	(198,159)	(261,133)	(320,984)
Normalized Net profit before Tax	30,702	38,221	18,649	27,537	24,758
Investment Financing Cost					
Net Profit before Tax	30,702	38,221	18,649	27,537	24,758
Taxation	(5,831)	1,120	-	-	-
Net Profit being Total Comprehensive Income	24,871	39,341	18,649	27,537	24,758
Balance Sheet					
Non-Current Assets	15,610	15,642	38,152	38,429	72,420
Current Assets	156,803	180,406	170,615	211,829	220,317
Total Assets	172,413	196,048	208,767	250,258	292,737
Current Liabilities	42,690	32,079	30,389	51,383	46,558
Non-Current Liabilities	-	-	-	-	29,436
Total Liabilities	42,690	32,079	30,389	51,383	75,994
Net Assets	129,723	163,969	178,378	198,875	216,743
Other Information					
Fixed Assets	14,037	13,615	12,151	10,333	13,102
Working capital	114,113	148,327	140,226	160,446	173,759
Accounts Receivables	26,436	47,151	29,801	51,389	43,136
Operating expenses (less Technical Fees & Investing Finance Cost)	125,523	161,486	170,078	198,048	225,813
Technical Fees/Cost of Sales	27,834	33,622	28,081	63,085	95,171

Revenue

in $J millions



Net Profit

in $J millions

Earnings per Share

payables and balanced by decreases in securities, accounts receivables, and contract liabilities. The adoption of IFRS 16 for period beginning January 01, 2019, resulted in us recognising a right of use asset and long-term lease liability of $29.9 Million and $30.5 Million respectively.

The Company's accumulated surplus grew 12.1% to $165.0 Million at year end resulting in a Total Net Assets position of $216.7 Million compared to $198.8 Million in prior year.

Risk Management

The company employs both internal and external risk management practices. Effective management of these risks is necessary as stronger risk governance ensures stronger corporate governance and the continued success of the company.

While the company's Board of Directors has the overall responsibility for ensuring a robust risk management framework exists, this responsibility is also shared by the executive and management team.

tTech has a strong Corporate Governance structure which supports tTech' s risk management practices, which are designed to mitigate the possibility of loss from the different types of risk exposures. The company has the appropriate insurance coverage in place to mitigate the risk of loss from disruption to business activities, as a result of natural disasters, accidents or equipment/ system failures. Annual reviews are carried out by members of the executive and management teams, to assess the adequacy of coverage and adjustments are made, where necessary to ensure any exposure is kept at an acceptable level.

Market Risk

These risks mainly arise from changes in foreign currency exchange rates, interest rates, political risk and economic risk. To mitigate these risks, under the direction of the Management Committee, the finance team ensures that there is a diversified mix of assets in the portfolio, with at least 70% of the portfolio held in foreign currency. Where possible, the team will also endeavour to maintain a mix of variable and fixed-rate interest-bearing instruments.

The company's revenues were impacted in 2019 by the fluctuations in the JA$:US$ foreign exchange rates which also affected input costs. The impact of foreign exchange rates is closely monitored to determine and manage the business risk and impact.

Credit risk

The Finance team reviews information on companies and governments before deciding to invest in their debt securities and will choose sound financial institutions through which to make these investments, to reduce the exposure to credit risk. Our credit risk also covers our customer sales process to assist in managing and maintaining our accounts receivable portfolio.

Liquidity risk

Through a system of regular cash forecasting, the finance team is kept aware of financial obligations and maintains the maturity profile of investments to ensure adequate liquid assets are available, as required for operational efficiency.

Operational risk

Operational risk is internal and exists in the way The Company carries out its decisions. One of the ways we mitigate operational risk is via our strong corporate governance structure.. The management reviews other risk areas such as staff retention, technology, sales, supply chain, competition and product development, to name a few. We manage these risks with the use of control systems for people failure and also process failure, such as standard operating procedures which staff follow; the use of insurance to protect the business; while for others we have planning for contingencies to reduce downtime, damage to our reputation and loss of revenue.

Outlook

The Board and Management are confident about the future of tTech. In 2020 the Company will continue to benefit from the investment in our people and the increased use of remote monitoring and management systems. We expect growth in revenues resulting from increased uptake in our Consulting and Security Services along with continued growth in our Managed and Infrastructure Services. We continue to explore opportunities for new partnerships in 2020 while seeking revenues from markets outside of Jamaica. We continue to focus on managing our operational expenses and reduce same, while maintaining our service levels. The net effect of these will result in increased profitability for the company and its stakeholders.

HUMAN RESOURCES REPORT

BEATING AS ONE

At the heart of our business is our team. It pumps and beats throughout the company and ensures that everything flows seamlessly. We are a family, and families take care of each other. Throughout the year, we continued with many initiatives and activities. We also took the time to think about how we could do things differently – to improve on the supportive environment we foster.

Team engagement, reward and recognition, health and wellness, utilizing innovative tools and delivering on our strategy of service excellence presented a fulfilling and worthwhile year.

tTech, through continued efforts will effectually impact the staff we employ by consistently raising the bar for employee experience through innovation, dedication, continuous improvement and action, and to this end make tTech the best place to work.

Orientation and Onboarding

tTech's unique onboarding and orientation structure continues to receive positive feedback from new team members who have gone through the process. New team member onboarding, which is typically for one week, is carried out with a goal to orient team members to their new job and the company for a successful integration process. We believe in continuously improving in all aspects, and it's no different when it comes to onboarding, the feedback provided by our new team members at the end of their one-week onboarding helps us to do just that.

We consistently provide a welcoming experience for new team members even before their first day. We know that first days can be very jittery, so we aim to eliminate all the uncertainty that comes with first days. Which means that before a new team member begins, we take care of all/most administrative tasks, as well as early team introductions, to help them feel welcome, relaxed and comfortable right away.

During the one week onboarding process, new team members have the opportunity to meet with various team members and heads of departments to learn about the company, it's culture, the role of each department, key people whom they'll be working with, our tools, policies, processes and much more.

One of the biggest highlights for new team members continues to be their experience of being treated to lunch by our team and managers for the duration of the onboarding week. This allows new team members to build early rapport while

learning of the places around the community that they can purchase lunch and access other services when the need arrives.

What makes us different

'Differently' – that's how we strategize about team building and providing a positive and supportive work environment. The company has supported flexible working hours, remote working, reimbursing staff for internet access at home, personal & birthday days off and paternity leave.

Health and Wellness

Annual Health Fair

This year we sought to increase our commitment to the health and wellness of our team. In brainstorming, our annual health fair took shape and we had our first. The Sagicor Mobile health clinic and the Heart Foundation of Jamaica team was on site for a day at our offices where the team was able to get their blood pressure checks, ECG, eye test, diabetes test and presentations on how to be heart healthy.

Service Excellence week

Our Vision, ***"To help achieve greatness by delivering insanely good IT services"*** drives us to excel in providing service excellence in every interaction with our internal and external customers. So, the team underwent extensive customer service training sessions throughout the year. This year for the first time, we celebrated Service Excellence Week where we treated the team to a week of appreciation including interactive games, surprises, lunch and treats.

In addition, the organisation has made considerable investments in Health and wellness initiatives.

tTech Fit Workout Programme

Including tTech Fit Workout Programme – the provision of a personal trainer to facilitate work out sessions twice weekly. Healthy snacks initiative which is the provision of fruits for the office two to three times weekly. The purchase and installation of yoga balls for ergonomic and posture alignment. The company also provides intervention for team members who are perceived to have physical, mental or wellness related issues and are referred to specialists for treatment.

Training & Development

Our people are and will always be our greatest asset, as such the growth and development of our team is paramount. We continue to invest heavily in training and expanding our succession planning throughout the company.

Through significant investments in staff training, each team member benefits from realising personal and professional growth throughout their careers. This is achieved through the provision of technical training, soft skills training, attendance to conferences locally and overseas and sponsorship for exams, aimed at gaining technical certifications, necessary to support their function.

With training and professional development being high on our agenda, team members are guided through career pathing in choosing the best certifications that match their aspirations and areas of specialization.

As a service organisation, interpersonal skills are essential assets for executing on the service we provide to our customers. As such soft skills training is continually provided to keep our team sharp. Last year, the team benefited in varying capacities from customer service training, supervisory management, project management, and leadership training, just to name a few. An organisation-wide coaching programme also improved communication and engagement.

Engage and Grow

The Engage and Grow programme was a 12-week training system developed to improve and maximise the potential of all employees and increase their performance and productivity alongside the leadership team. We hired an Engagement, Culture and Leadership expert to guide us through the process.

The programme represented an investment in each team member's development. The objectives were to improve the company culture, improve team engagement, improve communication and improve customer service.

We were very excited to get the programme going to help take tTech to the next level. The training covered topics such as:

- Collective buy-in & accountability
- Collective behavioural benchmark
- Peer reward and recognition (daily/ weekly)
- Presenting Best Practice
- Shared stories to ensure human understanding
- Growth of individual behaviours

tTECH'S Mentorship Programme

Our Buddy System

Stemming out of our Engage and Grow training, we embarked on One-on-One sessions and committed to a Buddy System. This was created to encourage the team's overall development and skillset, enhance the team's awareness of the respective customer's environments and to improve the service delivery and customer experience to our very valued clients.

Officevibe

Along with the Engage and Grow programme, Officevibe, a tool for measuring employee engagement was implemented.

Since its implementation, it has been providing a medium of measurement for employee engagement, facilitated through real-time, frequent and timely feedback from staff by way of pulse surveys and suggestions, with the option of participating anonymously.

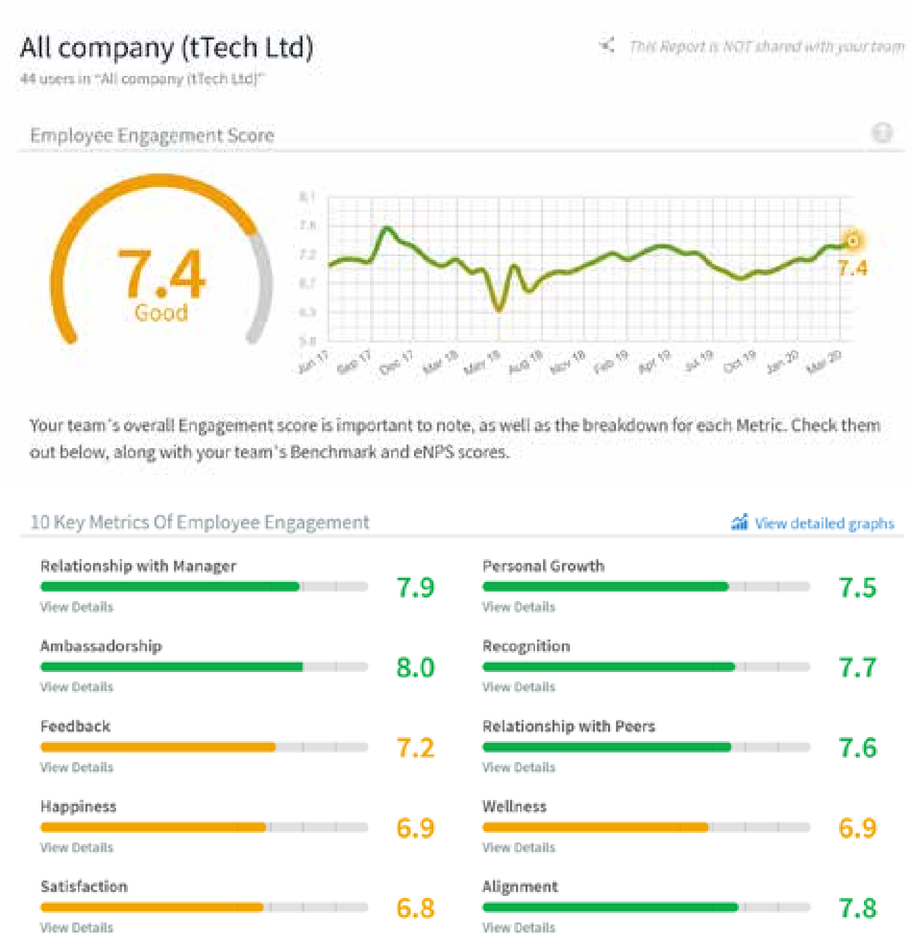
The provision of anonymous, frequent and honest feedback through Officevibe, allows for real time visibility to issues and enables managers to respond quickly and consistently. Managers can drill down into the feedback coming from their specific teams, and are therefore able to make the necessary steps to address same.

The feedback received in Officevibe is probed further during One-to-One's or team meetings to get further insight into team member's concerns.

This improved communication, has strengthened team relations and culture for a better work environment, which is in alignment with our goal to make tTech the best place to work.

Additionally, through the improved process of determining employee well-being, satisfaction, motivation, health & safety needs, this technology has supported improved and effective decision-making, increased internal customer satisfaction, cost reduction and efficiencies with HR activities.

As a result, we have formed and implemented programs/initiatives to improve Team Engagement, Health & Wellness, Team Morale, Performance and Career Development.



The renewed energy and extremely positive internal survey scores on Officevibe indicate that we are moving towards that supportive, responsive, continuously improving team. This, in turn positively affects our culture, customer engagement and ultimately improved profitability and growth.

Engagement Report

Our team is a critical part of our existence and successes, having engaged and empowered team members is the very essence of our Mission. The organisation strategically focuses on team engagement which is the substance of the quality of customer service we provide.

Officevibe helps organizations measure and improve Employee Engagement through a set of 10 indicators or Key Metrics. This is based on decades of studies of the various factors that have the highest impact on Employee Engagement. Importantly the Metrics are backed by prominent organizational development theories and have been endorsed by world-renowned thought leaders including Deloitte, Gallup, Towers Watson and more.

This comprehensive report gives us insight into the overall team engagement. The score is out of 10 and is the overall engagement score based on answers employees have given on their surveys. The score takes into account all ten key metrics which are averaged based on a predetermined calculation and a 90-day rolling average.

Growth in Staff Complement

	2016	2017	2018	2019
Staff Complement	24	31	36	42
Growth in staff complement		7	5	6

Reward & Recognition

Long Service Awards & Special Awards

This year, in addition to our annual employee of the year award, we improved on our reward and recognition programme to include long service & special awards. This was to show appreciation to ten (10) team members including managers, who have served selflessly throughout the years.

The long service category of awards recognized team members who have served the company for five (5) to thirteen (13) years.

While, the special awards category included awards to our CEO- Chris Reckord, Chairman- Edward Alexander and our HR Consultant who have each served in their varying capacities providing leadership and guidance that has contributed to our successes over the years.

Employee of the Year, Damion Richards (left) receives his gift from Chris Reckord, CEO.

Hortense Gregory-Nelson (left): 10 years of service.

Norman Chen (left): 6 years of service.

Matthew Taylor (right): 9 years of service.

Michael Thompson (right):10 years of service.

Christopher Ballentine (right): 7 years of service.

Employee of the year Award

Our employee of the year award each year is given to a team member who demonstrates the true tTech Spirit which is captured by our Credo and guides the way how we should work, both with our customers and partners as well as with each other.

Each employee that meets the criteria for selection is given an equal opportunity to be selected as the Employee of the Year through the voting process.

This year, the recipient for this very noble award was Damion Richards- Service Desk Analyst (II).

Other Rewards & Recognition Activities

We are committed to providing a rewarding, positive and supporting environment for our team to strive and develop.

As such, we continue to recognize and reward our team members throughout the year for delivering insanely good customer experiences in their daily interactions with our internal & external customers by recognizing them publicly in staff meetings and through our internal communication channels and rewarding them with Amazon gift cards, supermarket vouchers and movie tickets. Simply for being a great team, poised to continually deliver on our vision of achieving greatness which they consistently display.

We are excited to continue beating as one with an engaged team. Our culture strategies will continue to evolve dynamically as we look to propel over and beyond in meeting the needs of our team, continuous reward and recognition and to provide a supportive environment, where we will all thrive.

CORPORATE SOCIAL RESPONSIBILITY

UPLIFTING COUNTRY & COMMUNITY

Humanity, at its core, requires us to be socially responsive. It is a natural behaviour to uplift our country, our community, our team, the youth and the customers we serve. At tTech, we are passionate about making a difference in every area we serve – to empower, to uplift.

Community Renewal and Engagement

Our community activities efforts were more intense as one of the cores of sustaining our corporate social responsibility rests with the community.

Labour Day at The Vineyard Town Golden Age Home

The Vineyard Town Golden Age Home was our Labour Day project and it was a labour of love, joy and at times tears. We were assigned to Cluster D which is the cluster at the home with the most need in terms of hands on care. The interaction with the residents was impactful as their needs were great. We listened to some of the stories and learned a lot about the challenges they faced – we felt empowered to do more. We made several visits throughout the year, and each time we went back, the residents were happy to see us and welcomed us.

Redevelopment of Downtown Kingston

Later in the year, we hosted our customers at the unveiling of the very first Augmented Reality Mural at the staging of the Kingston Creative Downtown Culinary Artwalk. ***See instructions to view mural on next page.***

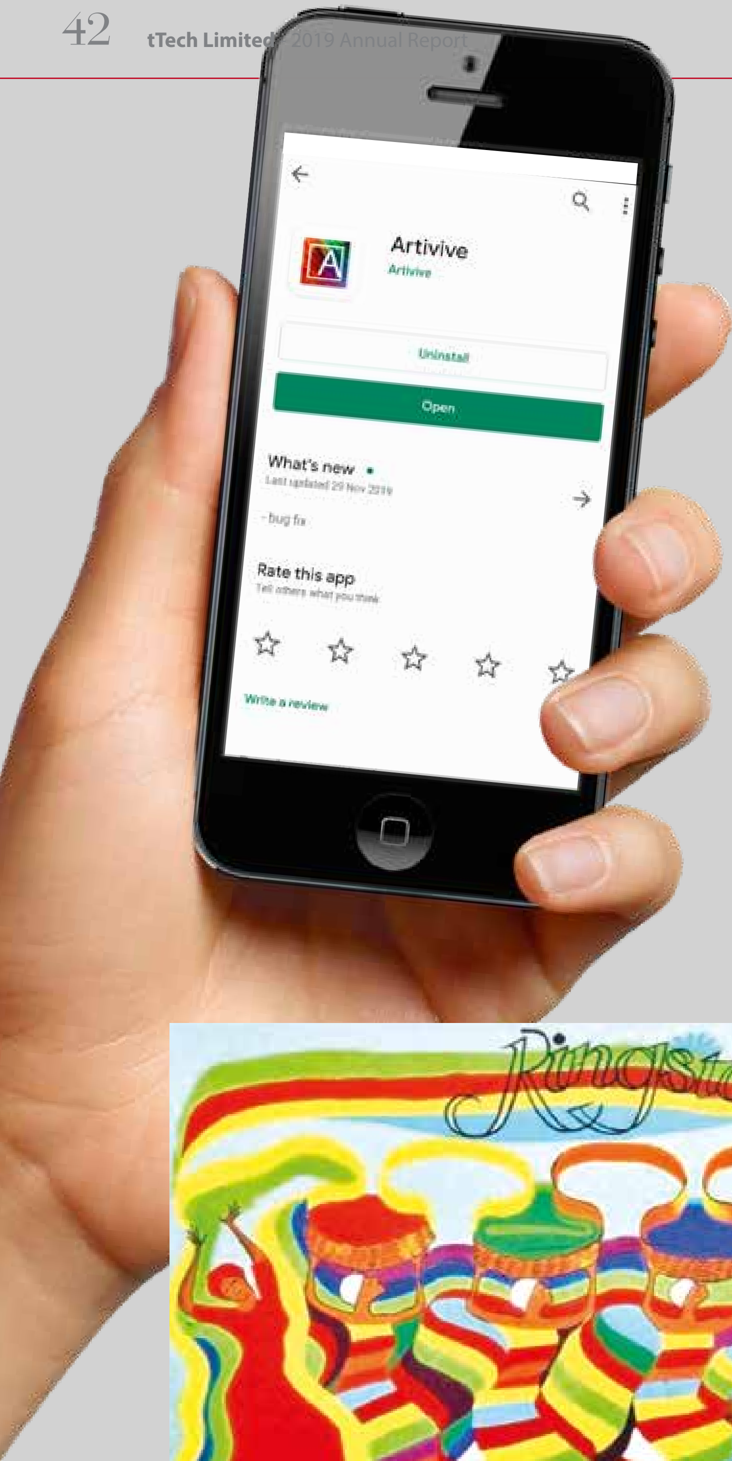
tTech continues to improve the community in which we operate by partnering with Kingston Creative. Not only did this collaboration allow us to give back to the community, but also affords us the opportunity to showcase our downtown community to our customers.

The artistic walk went through the streets of Downtown Kingston to various historic locations including The National Gallery and performances at various stops. The artwalk is also a commercial platform for creatives, with the inclusion of Market Street which showcases the products of creative entrepreneurs. The artwalk which takes place the last Sunday in each month, sees a large number of people in attendance. We are elated to be a part of this venture which subsequently contributes to the redevelopment of Downtown, Kingston.

Partnering with GraceKennedy Foundation

On September 21, International Coastal Clean Up Day, we partnered with the GraceKennedy Foundation to clean the coastline at Buccaneer and Gun Boat Beaches located along the Palisadoes stretch.

We have continued to provide technical support to the various Grace and Staff Homework centres located in Downtown Kingston. Other community beneficiaries include The Sickle Cell Foundation of Jamaica, the Special Olympics Association and the Association of Surgeons in Jamaica.



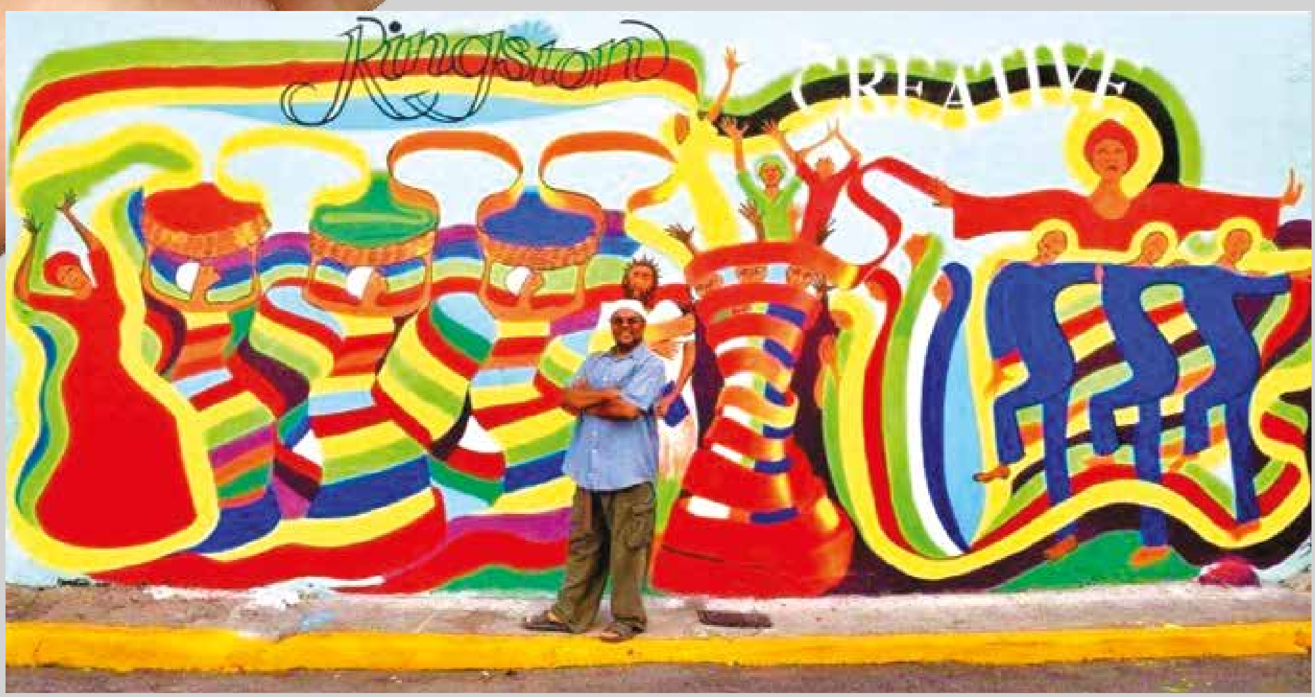
tTech was the first member of Jamaica's business community to have donated an augmented reality mural to the Art District of Downtown Kingston as a part of its redevelopment project. We pride ourselves in doing this, as it has afforded us the opportunity to support the communities in which we operate.

HOW TO VIEW INTERACTIVE MURAL

1. Download Artivive app which is available on Apple App Store and Google Play Store.

2. Open app and hover over image of mural below.

3. The augmented reality mural will "come alive" when viewed through the Artivive app.



ABOUT THE ARTIST

A native of Jamaica, Hoyes currently lives in Los Angeles. He has participated in numerous solo exhibitions here and abroad. He has created murals in the inner city of Los Angeles, and Palm Springs, CA. He has curated exhibitions and held a position on the board at the Museum of African American Art in Los Angeles, CA. Hoyes recent public commission by Kingston Restoration, will be installed at the Port Authority Building on Harbour Street May 2020.

Youth Development

Our future is in the hands of the youth and we must create opportunities for their growth and development. It was a year of youth initiatives through collaborative efforts and partnerships with the Grace and Staff Community Development Foundation, our continued support of the Jamaica College Robotics team and the Mico Practising and Junior High School.

Support of Robotics

Robotics has garnered much interest in Jamaica particularly in high schools, where there is now an annual Tech Robotics competition. tTech has supported the Jamaica College (JC) team for the past five years as they continue to perform well internationally in the field of robotics. It is a natural partnership for us as to enable youth development and robotics is in the field of technology. The JC Robotics team has won several competitions and placed brand Jamaica on the international map.

Annual Essay Competition

For the fourth year, tTech supported the Grace and Staff Community Development Foundation in the staging of their annual essay competition. The competition targets students through homework centres established by the foundation in vulnerable areas. At the awards ceremony, Dr. Curtis Sweeny, coordinator of the essay competition and counselling psychologist with the Grace and Staff Community Development Foundation, said that the quality of the essays continues to improve over the years and that the judges found it challenging to identify the top essays.

The applicants were tasked with developing an essay on the question, 'How can people in my environment help to encourage, enable and include me?' This was in keeping with the theme for Child Month. The entries were from students at the primary and secondary levels across all six homework centres.

We have continued the four-year partnership which is a demonstration of tTech's commitment to nation-building through community renewal and youth development. It was a delight to once again partner with the Grace and Staff Community Development Foundation on this very empowering activity and to see the happy faces of the children as they received their prizes.

Donation of Computer Equipment

Youth development initiatives remained at the forefront and we thought about what else we could do. One of our team members identified a need for computer equipment at the Mico Practising & Junior High School and we subsequently made a visit. We saw a great need in the computer lab and through a partnership with UNICEF we were able to donate some computer equipment and peripherals.

Our Team

Our commitment to the team remains a priority and we continue to support the various charity initiatives they are involved in. Other initiatives are ongoing which includes the healthy fruit snack programme and an after-work exercise programme. See the Human Resources Management Report for more details on how we support and develop the team.

Our Customers

Our customers are our business partners and one of the ways we activate our partnerships with them is to support their charitable activities. We do this by participating in the various 5K runs, this includes the ICWI Pink Run, Jamaica Stock Exchange welcome to Kingston 5K, Run for your Heart 5K and the Digicel Night Run. The funds raised from these charity runs are donated to the less fortunate and we pledge our continued support.

Our humanity starts with a story of commitment, our core values, passion for change, renewal of our community, our team, our youths and our customers.

AUDITED FINANCIAL STATEMENTS

Ernst & Young Chartered Accountants
8 Olivier Road, Kingston 8
Jamaica W.I.

Tel: 876 925 2501
Fax: 876 755 0413
http://www.ey.com

INDEPENDENT AUDITOR'S REPORT

To the Members of tTech Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of tTech Limited (the "Company"), which comprise the statement of financial position as at 31 December 2019, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2019 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") and the Jamaican Companies Act.

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 are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

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

A member firm of Ernst & Young Global Limited
Partners: Winston Robinson, Anura Jayatillake, Kayann Sudlow, Juliette Brown, Kay-Ann Steer

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

To The Members of tTech Limited (Continued)

Report on the Audit of the Financial Statements (continued)

Key Audit Matters (continued)

Key audit matter	*How our audit addressed the key audit matter*
Allowance for expected credit losses	
As described in Note 2 (d) (i), and in accordance with IFRS 9 – 'Financial Instruments', the Company applies the simplified approach to computing expected credit losses ('ECLs') on trade receivables and the general approach for debt instruments. The measurement of ECLs requires Management to consider its historical credit loss experience and current business conditions, adjusted for forward-looking factors such as economic indicators, which may impact a debtor's ability to pay. Where the general approach is applied, judgment is used in determining whether there has been a significant increase in credit risk and estimating the probability of default and the loss given default. The ECLs being recorded are therefore considered to be highly subjective.	Our procedures amongst others included the following: We evaluated the techniques and methodologies developed by the Company in order to estimate the ECLs, and assessed their compliance with the requirements of IFRS 9. We assessed the reasonableness of the methodologies and assumptions applied, by validating the completeness of the inputs used to derive the loss rates, which are integral to the provision matrix used in determining the ECLs for trade receivables. For financial assets classified as debt instruments and cash and cash equivalents, we corroborated management's assumptions with data from external sources, particularly with respect to the determination of whether there has been a significant increase in credit risk, probabilities of default and loss given default rates. We also assessed the adequacy of disclosures in the financial statements.

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INDEPENDENT AUDITOR'S REPORT (CONTINUED)

To The Members of tTech Limited (Continued)

Report on the Audit of the Financial Statements (continued)

Key Audit Matters (continued)

Key audit matter	*How our audit addressed the key audit matter*
Revenue recognition under IFRS 15 - Revenue from Contracts with Customers	
Note 2 (d) ii) Use of estimates and judgements under the section "*Revenue recognition under IFRS 15*", details Management's judgements, when applying the five (5) step approach outlined by the standard, to contracts with their customers, as follows: 1. Identify the contract(s) with a customer 2. Identify the performance obligations in the contract 3. Determine the transaction price 4. Allocate the transaction price to the performance obligations in the contract 5. Recognise revenue when (or as) the entity satisfies a performance obligation. The standard also requires management to identify the performance obligations in a bundled sale of equipment and installation services and determine the timing of satisfaction of the performance obligations. It also requires management to determine whether it acts as a principal or agent in executing the contracts and if there are significant financing components included in the promised payment amounts.	We have obtained and reviewed management's assessment and understood the underlying assumptions used to support the calculations as regards IFRS 15. We also evaluated the appropriateness of the Company's revenue recognition policy in comparison to the requirements of the standard. We reviewed management's computations and independently reviewed a sample of contracts and evaluated them in accordance with the five (5) step approach as follows: 1. We obtained and reviewed established signed contacts to validate that legitimate contracts exist with customers, 2. We identified the relevant performance obligations as stipulated by the contracts. 3. We verified the transaction prices that are explicitly stated in the contracts associated with the relevant performance obligations. 4. We obtained and reviewed invoices on a sample basis, along with supporting reports confirming evidence of work carried out and performance obligations met. Additionally, where bundled services were offered, we assessed whether the transaction price should be allocated to each performance obligation. 5. Based on the above, we verified that revenue was properly recognized in the correct period. We also assessed management's assertion that the Company acts as a principal for the equipment sold as they exercise control over the related assets including warranties and software licenses purchased from third parties and resold to customers.

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INDEPENDENT AUDITOR'S REPORT (CONTINUED)

To The Members of tTech Limited (Continued)

Report on the Audit of the Financial Statements (continued)

Key Audit Matters (continued)

Key audit matter	*How our audit addressed the key audit matter*
Revenue recognition under IFRS 15 - Revenue from Contracts with Customers (continued)	
	Short-term advances received from customers were tested to determine whether any significant financing components were identified. These advances were generally settled within one year. We also reviewed the disclosures for appropriateness in accordance with IFRS 15.

Other information included in the Annual Report

Management is responsible for the other information. The other information comprises of the information included in the Annual Report for the year ended 31 December 2019 but does not include the financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

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

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

Responsibilities of Management and the Board of Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS and the Jamaican Companies Act, 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.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

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INDEPENDENT AUDITOR'S REPORT (CONTINUED)

To The Members of tTech Limited (Continued)

Report on the Audit of the Financial Statements (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 skepticism 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 presents a true and fair view.

We communicate with the Board of Directors 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.

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INDEPENDENT AUDITOR'S REPORT (CONTINUED)

To The Members of tTech Limited (Continued)

Report on the Audit of the Financial Statements (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

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

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

Report on additional requirements of the Jamaican Companies Act

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit. In our opinion, proper accounting records have been maintained, so far as appears from our examination of those records, and the financial statements, which are in agreement therewith, give the information required by the Jamaican Companies Act, in the manner required.

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

Ernst & Young

Ernst & Young
Kingston, Jamaica

February 28, 2020

A member firm of Ernst & Young Global Limited

STATEMENT OF FINANCIAL POSITION

As at 31 December 2019
(Expressed in Jamaican dollars unless otherwise indicated)

	Notes	2019 $'000	2018 $'000
Current assets			
Cash and bank balances	3	40,636	35,886
Government securities purchased under resale agreements	4	81,843	102,866
Accounts receivable	5	43,136	51,389
Other receivables	6	38,546	14,231
Inventories	7	16,156	7,457
		220,317	211,829
Current liabilities			
Accounts payable	8	41,725	36,611
Contract liabilities	9	3,670	14,772
Lease liability (current portion)	10	1,163	-
		46,558	51,383
Net current assets		173,759	160,446
Non-current assets			
Investments	11	29,995	27,781
Right-of-use asset	10	28,369	-
Property and equipment	12	13,102	10,333
Intangibles	13	954	315
		72,420	38,429
Non-current liabilities			
Long-term lease liability	10	29,436	-
Net non-current assets		42,984	38,429
Total net assets		216,743	198,875
Shareholders' equity			
Share capital	14	51,727	51,727
Unappropriated profit		165,016	147,148
		216,743	198,875

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

The financial statements were approved and authorised for issue by the Board of Directors on February 28, 2020 and are signed on its behalf by:

Edward Alexander – Chairman

Gordon Christopher Reckord - Director

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2019
(Expressed in Jamaican dollars unless otherwise indicated)

	Notes	2019 $'000	2018 $'000
Revenue from contracts with customers	15	340,365	283,923
Cost of sales	16	(95,171)	(63,085)
Gross profit		245,194	220,838
Other income, gains and losses	17	6,294	2,734
Administrative expenses	16	(184,882)	(165,863)
Other operating expenses	16	(40,931)	(32,185)
Operating profit		25,675	25,524
Finance income	19	1,554	2,013
Finance cost	20	(2,471)	-
		24,758	27,537
NET PROFIT BEING TOTAL COMPREHENSIVE INCOME FOR THE YEAR	21	24,758	27,537
Net profit attributable to owners		24,758	27,537
Earnings per share	25	0.23	0.26

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

STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2019
(Expressed in Jamaican dollars unless otherwise indicated)

	Note	Share Capital $'000 (Note 14)	Unappropriated Profit $'000	Total $'000
Balance at 1 January 2018		51,727	119,611	171,338
Net profit being total comprehensive income for the year		-	27,537	27,537
Balance at 31 December 2018		51,727	147,148	198,875
Net profit being total comprehensive income for the year		-	24,758	24,758
Dividends	26	-	(6,890)	(6,890)
Balance at 31 December 2019		51,727	165,016	216,743

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

STATEMENT OF CASH FLOWS

Year ended 31 December 2019
(Expressed in Jamaican dollars unless otherwise indicated)

	Notes	2019 $'000	2018 $'000
Cash flows from operating activities			
Net profit for the year		24,758	27,537
Adjustments for:			
Allowance for expected credit losses		205	(3,968)
Reversal of prior year impact of IFRS 15 adoption		-	(3,072)
Depreciation – Right-of-use asset	10	3,067	-
Depreciation	12	4,271	4,229
Amortization	13	403	-
Loss on disposal of equipment	17	113	-
Dividend income	17	(158)	(96)
Foreign exchange gain	17	(4,971)	(1,152)
Appreciation in fair value of equity investments	17	(778)	(1,042)
Interest income	19	(1,554)	(2,013)
Interest expense	20	2,471	-
Operating cash flows before movements in working capital		27,827	20,423
Accounts receivable		8,192	(21,549)
Other receivables		(24,315)	1,094
Inventories		(8,699)	(7,457)
Accounts payable		5,114	6,233
Contract liabilities		(11,102)	14,772
		(2,983)	13,516
Dividend received		158	96
Interest received		1,554	1,974
Interest paid - lease liability		(2,471)	-
Net cash flows (used in)/provided by operating activities		(3,742)	15,586
Cash flows from investing activities			
Additions to property and equipment	12	(7,153)	(2,726)
Additions to intangibles	13	(1,042)	-
Government securities purchased under resale agreements		21,046	(2,117)
Investments		(1,443)	(738)
Cash provided by/(used in) investing activities		11,408	(5,581)
Cash flows from financing activity			
Payment of lease liability- principal portion	10	(837)	-
Dividends paid		(6,855)	(11)
Cash used in financing activities		(7,692)	(11)
(Decrease)/Increase in cash and cash equivalents carried forward		(26)	9,994

STATEMENT OF CASH FLOWS

Year ended 31 December 2019
(Expressed in Jamaican dollars unless otherwise indicated)

	Notes	2019 $'000	2018 $'000
(Decrease)/Increase in cash and cash equivalents brought forward		(26)	9,994
Effect of exchange rate on cash and cash equivalents		4,567	1,152
Cash and cash equivalents at beginning of the year		110,653	99,507
Net cash and cash equivalents at end of the year		115,194	110,653
Comprised of:			
Cash and bank balances	3	40,636	35,886
Short term investments	4	74,558	74,767
Net cash and cash equivalents at end of the year		115,194	110,653

Non-cash transactions

The following are the non- cash transactions which are not reflected in the statement of cash flows:

	2019 $'000	2018 $'000
Investing activities		
Right of Use Asset	31,436	-
Financing activities		
Long term lease liability	31,436	-

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019
(Expressed in Jamaican dollars unless otherwise indicated)

1. IDENTIFICATION

tTech Limited (the "Company") is a limited liability company, which is incorporated under the Jamaican Companies Act and is domiciled in Jamaica with registered office located at 69½ Harbour Street, Kingston, Jamaica.

The principal activity of the Company is that of information technology service providers and consultants.

The Company increased the number of the authorized ordinary shares (shares) from 1,000 to 106,000,000 on 11 November 2015 and on that date the 274 shares, then in issue, were split to 80,348,000 shares. The Company made an Initial Public Offering (IPO) under which 25,652,000 additional shares were issued on 28 December 2015.

On 7 January 2016, the Company's ordinary shares were listed on the Junior Market of the Jamaica Stock Exchange.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

(a) Statement of compliance:

These financial statements have been prepared in accordance and comply with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board, and comply with the provisions of the Jamaican Companies Act ("the Act").

(b) Adoption of new and revised International Financial Reporting Standards:

Standards and interpretations adopted during the year

The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2019. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

IFRS 16 *Leases*
IFRS 16 'Leases' replaces IAS 17 'Leases' along with three Interpretations (IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC 15 'Operating Leases-Incentives' and SIC 27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease').

The adoption of this new Standard has resulted in the Company recognising a right-of-use asset and related lease liability in connection with all former operating lease.

The new standard has been applied using the modified retrospective approach. Prior periods have not been restated.

For contracts in place at the date of initial application, the Company has elected to apply the definition of a lease from IAS 17 and IFRIC 4 and has not applied IFRS 16 to arrangements that were previously not identified as leases under IAS 17 and IFRIC 4.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019
(Expressed in Jamaican dollars unless otherwise indicated)

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (CONTINUED)

(b) Adoption of new and revised International Financial Reporting Standards (continued)

Standards and interpretations adopted during the year (continued)

IFRS 16 *Leases (continued)*
The Company has elected not to include initial direct costs in the measurement of the right-of-use asset for operating leases in existence at the date of initial application of IFRS 16, being 1 January 2019. At this date, the Company has also elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition.

Instead of performing an impairment review on the right-of-use assets at the date of initial application, the Company has relied on its historic assessment as to whether the lease was onerous immediately before the date of initial application of IFRS 16.

On transition to IFRS 16 the weighted average incremental borrowing rate applied to lease liability recognised under IFRS 16 was 7.95%. The Company has benefited from the use of hindsight for determining the lease term when considering options to extend and terminate leases. Refer to Note 2(d) (iv)).

The change in accounting policy had the following impact on the statement of financial position on 1 January 2019 for the Company. Right-of-use assets – increased by $31,436,000 and Lease liability – increased by $31,436,000.

The lease liability as at 1 January 2019 can be reconciled to the operating lease commitments as of 31 December 2018, as follows:

	2019 **$'000**
Operating lease commitments as at 31 December 2018	2,133
Weighted average incremental borrowing rate as at 1 January 2019	7.95%
Discounted operating lease commitments as at 1 January 2019	1,964
Recognition of additional lease liability in respect of options to extend lease	29,472
Lease liability as at 1 January 2019	31,436

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019
(Expressed in Jamaican dollars unless otherwise indicated)

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (CONTINUED)

(b) Adoption of new and revised International Financial Reporting Standards (continued)

Annual Improvements 2015-2017 cycle (issued in December 2017)
Following is a summary of the amendments from the 2015-2017 annual improvements cycle:

IFRS 3 Business Combinations
- The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value.
- In doing so, the acquirer remeasures its entire previously held interest in the joint operation.
- An entity applies those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2019.

IFRS 11 Joint Arrangements
- A party that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in IFRS 3. The amendments clarify that the previously held interests in that joint operation are not remeasured.
- An entity applies those amendments to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after 1 January 2019.

IAS 12 Income Taxes
- The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognises the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.
- An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019. Earlier application is permitted. When an entity first applies those amendments, it applies them to the income tax consequences of dividends recognized on or after the beginning of the earliest comparative period.

IAS 23 Borrowing Costs
- The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.
- An entity applies those amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments.
- An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019.

These amendments are not applicable to the Company.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019
(Expressed in Jamaican dollars unless otherwise indicated)

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (CONTINUED)

(b) Adoption of new and revised International Financial Reporting Standards (continued)

Standards and interpretations adopted during the year (continued)

IFRIC Interpretation 23 *Uncertainty over Income Tax Treatments*
The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 and does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

The Interpretation specifically addresses the following:
- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

An entity must determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed. The interpretation is effective for annual reporting periods beginning on or after 1 January 2019, but certain transition reliefs are available. This amendment is not applicable to the entity. The Company is listed the Junior Market of the Jamaica Stock Exchange and therefore benefits from tax remission currently in place.

Amendments to IFRS 9 - *Prepayment Features with Negative Compensation*
Under IFRS 9, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

The basis for conclusions to the amendments clarified that the early termination can result from a contractual term or from an event outside the control of the parties to the contract, such as a change in law or regulation leading to the early termination of the contract.

The amendments are effective for annual periods beginning on or after 1 January 2019 and are intended to apply where the prepayment amount approximates to unpaid amounts of principal and interest plus or minus an amount that reflects the change in a benchmark interest rate. This implies that prepayments at current fair value or at an amount that includes the fair value of the cost to terminate an associated hedging instrument, will normally satisfy the SPPI criterion only if other elements of the change in fair value, such as the effects of credit risk or liquidity, are small.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019
(Expressed in Jamaican dollars unless otherwise indicated)

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (CONTINUED)

(b) Adoption of new and revised International Financial Reporting Standards (continued)

Standards and interpretations adopted during the year (continued)

Amendments to IFRS 9 - *Prepayment Features with Negative Compensation* (continued)
Most likely, the costs to terminate a 'plain vanilla' interest rate swap that is collateralised, so as to minimise the credit risks for the parties to the swap, will meet this requirement. The adoption of this amendment did not result in any impact on the Company's financial statements.

Amendments to IAS 28 - *Long-term interests in associates and joint ventures*
The amendments clarify that an entity applies IFRS 9 Financial Instruments to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in IFRS 9 applies to such long-term interests.

The Board also clarified that, in applying IFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognised as adjustments to the net investment in the associate or joint venture that arise from applying IAS 28 Investments in Associates and Joint Ventures. To illustrate how entities apply the requirements in IAS 28 and IFRS 9 with respect to long-term interests, the Board also published an illustrative example when it issued the amendments. Entities must apply the amendments retrospectively, with certain exceptions. Early application of the amendments is permitted and must be disclosed. The amendments will eliminate ambiguity in the wording of the standard. The amendments are effective for annual periods beginning on or after 1 January 2019. This amendment is not applicable to the Company.

Amendments to IAS 19: *Plan Amendment, Curtailment or Settlement*
The amendments to IAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to:

- Determine current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event
- Determine net interest for the remainder of the period after the plan amendment, curtailment or settlement using: the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event; and the discount rate used to remeasure that net defined benefit liability (asset).

The amendments also clarify that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019
(Expressed in Jamaican dollars unless otherwise indicated)

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (CONTINUED)

(b) Adoption of new and revised International Financial Reporting Standards (continued)

Standards and interpretations adopted during the year (continued)

Amendments to IAS 19: *Plan Amendment, Curtailment or Settlement (continued)*
This amount is recognised in profit or loss. An entity then determines the effect of the asset ceiling after the plan amendment, curtailment or settlement. Any change in that effect, excluding amounts included in the net interest, is recognised in other comprehensive income.

The amendments apply to plan amendments, curtailments, or settlements occurring on or after the beginning of the first annual reporting period that begins on or after 1 January 2019, with early application permitted.

These amendments did not have an impact on the financial statements of the Company on adoption.

New, revised and amended standards and interpretations that are not yet effective

IFRS 17 *Insurance Contracts*
In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers.

In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts.

IFRS 17 is effective for reporting periods beginning on or after 1 January 2022, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not applicable to the Company.

The IASB is expected to issue the IFRS amendments for the 2018-2020 cycle in April 2020.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019
(Expressed in Jamaican dollars unless otherwise indicated)

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (CONTINUED)

(b) Adoption of new and revised International Financial Reporting Standards (Continued)

New, revised and amended standards and interpretations that are not yet effective (continued)

Amendments to IAS 1 and IAS 8 - Definition of Material
In October 2018, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.'

The amendments clarify that materiality will depend on the nature or magnitude of information, or both. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements.
Although the amendments to the definition of material is not expected to have a significant impact on an entity's financial statements, the introduction of the term 'obscuring information' in the definition could potentially impact how materiality judgements are made in practice, by elevating the importance of how information is communicated and organised in the financial statements. The standard is effective for annual periods beginning on or after 1 January 2020.

Amendments to IFRS 3 - Definition of a Business
The IASB issued amendments to the definition of a business in IFRS 3 Business combinations to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test. New illustrative examples were provided along with the amendments.

Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, most entities will likely not be affected by these amendments on transition. However, entities considering the acquisition of a set of activities and assets after first applying the amendments should update their accounting policies in a timely manner.

The amendments could also be relevant in other areas of IFRS (e.g., they may be relevant where a parent loses control of a subsidiary and has early adopted Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)). The standard is effective for annual periods beginning on or after 1 January 2020). This amendment is not applicable to the Company.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019
(Expressed in Jamaican dollars unless otherwise indicated)

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (CONTINUED)

(b) Adoption of new and revised International Financial Reporting Standards (Continued)

New, revised and amended standards and interpretations that are not yet effective (continued)

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. The IASB has deferred the effective date of these amendments indefinitely, but an entity that early adopts the amendments must apply them prospectively. These amendments are not applicable to the Company.

(c) Basis of preparation:

The Company's financial statements have been prepared on the historical cost basis, except for revaluation of financial assets classified as fair value through profit or loss that are measured at revalued amounts or fair values as explained in the accounting policy at Note 2(f).

Historical cost is generally based on the fair value of the consideration given in exchange for assets. The financial statements are presented Jamaican dollars ($), which is the functional currency of the Company.

(d) Use of estimates and judgements:

The preparation of the financial statements to conform with IFRS, requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, contingent assets and contingent liabilities at the reporting date and the income and expenses for the year then ended. Actual amounts could differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019
(Expressed in Jamaican dollars unless otherwise indicated)

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (CONTINUED)

(d) Use of estimates and judgements (continued):

Judgements made by management in the application of IFRS that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next financial year are discussed below:

(i) Allowance for expected credit losses:

The Company uses a provision matrix to calculate expected credit losses (ECLs) for trade receivables. The provision rates are based on days past due for various ageing buckets and the related loss patterns. The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product, inflation and foreign exchange rates) are expected to deteriorate over the next year which can lead to an increased number of defaults in the technology sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Company's trade receivables is disclosed in Note 5.

The Company recognises an allowance for ECLs for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019
(Expressed in Jamaican dollars unless otherwise indicated)

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (CONTINUED)

(d) Use of estimates and judgements (continued):

(i) Allowance for expected credit losses (continued):

At year end cash and cash equivalents had a gross carrying value of $41.05 million (2018: $36.14 million) with an impairment provision of $0.41 million (2018: $0.25 million) (Note 3). Government securities purchased under resale agreements had a gross carrying amount of $82.74 million (2018: $103.79 million) with an impairment provision of $0.90 million (2018: $0.92 million) (Note 4). Accounts receivable had a gross carrying amount of $45.81 million (2018: $54.00 million) for which an impairment provision of $2.68 million (2018: $2.62 million) was recognised (Note 5).

(ii) Revenue recognition under IFRS 15- Revenue from contracts with customers
The Company applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

- *Identifying performance obligations in a bundled sale of equipment and installation services*
  The Company determined that both the equipment and installation are combined and not sold separately except on rare occasions where a customer only requires either the equipment or installation services alone. The Company also determined that the promises to transfer the equipment and to provide installation are grouped within the context of the contract. The equipment and installation are inputs to a combined item in the contract. The Company is providing a significant integration service because the presence of the equipment and installation together in this contract result in additional or combined functionality. In addition, the equipment and installation are highly interdependent or highly interrelated, because the Company would not be able to transfer the equipment if the customer declined installation.

- *Determining the timing of satisfaction of installation and maintaining equipment services*
  The Company concluded that revenue for installation, maintaining the equipment and information technology system services is to be recognised over time because the customer simultaneously receives and consumes the benefits provided by the Company.

The fact that another entity would not need to re-perform the installation that the Company has provided to date demonstrates that the customer simultaneously receives and consumes the benefits of the Company's performance as it performs. The Company determined that the input method is the best method in measuring progress of the installation services because there is a direct relationship between the Company's effort (i.e., labour hours incurred) and the transfer of service to the customer. The Company recognises revenue on the basis of the labour hours expended relative to the total expected labour hours to complete the service, and the number of equipment units serviced.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019
(Expressed in Jamaican dollars unless otherwise indicated)

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (CONTINUED)

(d) Use of estimates and judgements (continued):

(ii) Revenue recognition under IFRS 15- Revenue from contracts with customers

- *Principal versus agent considerations*
  The Company enters into contracts with its customers to acquire, on their behalf, equipment produced by foreign suppliers. Under these contracts, the Company provides procurement services (i.e., coordinating the selection of suitable suppliers and managing the ordering and delivery of the imported equipment).

  The Company determined that it controls the goods before they are transferred to customers, and has the ability to direct the use of the equipment or obtain benefits from the equipment. The following factors indicate that the Company controls the goods before they are being transferred to customers. Therefore, the Company determined that it is the principal in these contracts.

  - The Company is primarily responsible for fulfilling the promise to provide the specified equipment. i.e., is responsible for ensuring the equipment is acceptable and meets the customers' specification.
  - The Company has inventory risk before the specified equipment has been transferred to the customer.
  - The Company has discretion in establishing the price for the specified equipment or service.

(iii) Fair value of financial instruments:

As described in Note 24(b), management uses its judgment in selecting appropriate valuation techniques to determine fair values of financial assets. Valuation techniques commonly used by market practitioners supported by appropriate assumptions are applied by the Company. The financial assets of the Company at the end of the reporting period stated at fair value determined in this manner amounted to $5.35 million (2018: $4.20 million) (Note 11).

Had the fair value of these securities been 10% (2018: 10%) higher or lower the profit or loss for the Company would increase/decrease by $0.53 million (2018: $0.42 million).

(iv) Leases - Estimating the incremental borrowing rate
The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. Therefore, the IBR used by the Company is the lending rate offered by its banker for similar secured borrowing.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019
(Expressed in Jamaican dollars unless otherwise indicated)

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (CONTINUED)

(e) Current vs. non-current classification:

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification.

An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

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

The Company classifies all other liabilities as non-current.

(f) Fair value measurement:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019
(Expressed in Jamaican dollars unless otherwise indicated)

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (CONTINUED)

(f) Fair value measurement: (continued)

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

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

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

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

(g) Financial instruments:

Financial instruments include transactions that give rise to both financial assets and financial liabilities.

Financial assets and liabilities are recognised on the Company’s statement of financial position when the company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transactions costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities (except for financial assets and financial liabilities at fair value through profit or loss where such costs are recognised immediately in profit or loss), as appropriate, on initial recognition.

The fair values of financial instruments are discussed in Note 24(b). Listed below are the Company’s financial assets and liabilities and the specific accounting policies relating to each:

Financial assets

Financial assets are recognised and derecognised on trade date where the purchase or sale of the instrument is under a contract whose terms require delivery of the instrument within the timeframe established by regulation or convention in the market place.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019
(Expressed in Jamaican dollars unless otherwise indicated)

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (CONTINUED)

(g) Financial instruments: (continued)

Financial assets (continued)

(i) *Financial assets at FVTPL*

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL. A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis: or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 permits the entire combined contract (asset and liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other income', if any. Fair value is based on realisable prices derived by valuation techniques that are quoted by the financial institution at the end of the reporting period.

The Company's portfolio of financial assets FVTPL is comprised of investments in quoted shares.

(ii) *Loans and receivables*

The Company classifies its financial assets in the following measurement categories:
- those to be measured subsequently at fair value through profit or loss; and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019
(Expressed in Jamaican dollars unless otherwise indicated)

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (CONTINUED)

(g) Financial instruments: (continued)

Financial assets (continued)

(ii) *Loans and receivables (continued)*

The Company reclassifies debt instruments only when its business model for managing those assets changes.

(iii) *Impairment of financial assets*

The Company assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL).

For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

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

(iv) *Derecognition of financial assets*

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019
(Expressed in Jamaican dollars unless otherwise indicated)

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (CONTINUED)

(g) Financial instruments: (continued)

Financial assets (continued)

(iv) *Derecognition of financial assets (continued)*

If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the company retains an option to repurchase part of a transferred asset or retains a residual interest that does not result in the retention of substantially all the risks and rewards of ownership and the company retains control), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer.

The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

Financial liabilities and equity instruments

(i) Classification as debt or equity

Debt and equity instruments issued by the Company are classified according to the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

(ii) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019
(Expressed in Jamaican dollars unless otherwise indicated)

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (CONTINUED)

(g) Financial instruments: (continued)

Financial liabilities and equity instruments (continued)

(ii) Equity instruments (continued)

These are classified as “other financial liabilities”.

Financial liabilities are initially measured at fair value, net of transaction costs (where applicable). They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis except for short-term liabilities when the recognition of interest would be immaterial.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums and discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

The Company’s financial liabilities comprise accounts payable balances and contract liabilities.

(iii) Derecognition of financial liabilities:

The Company derecognises financial liabilities when the Company’s obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

(h) Cash and cash equivalents:

Cash and cash equivalents comprise cash and bank balances and highly liquid financial assets with original maturities of 90 days or less, which are subject to an insignificant risk of changes in value.

(i) Government securities purchased under resale agreements:

Securities purchased under resale agreements (“reverse repos”) are short-term transactions whereby an entity buys securities and simultaneously agrees to resell the securities on a specified date and at a specific price. Title to the security is not actually transferred unless the counter-party fails to comply with the terms of the contract.

Reverse repos are accounted for as short-term collateralized lending, classified as debt instruments at amortised cost.

The difference between the sale and repurchase considerations is recognised on an accrual basis over basis over the period of the transaction and is included in interest income.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019
(Expressed in Jamaican dollars unless otherwise indicated)

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (CONTINUED)

(j) Provisions:

A provision is recognised in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the obligation.

(k) Property and equipment:

Property and equipment held for use in the supply of services, or for administrative purposes, are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Depreciation is recognised so as to write off the cost of property and equipment less residual values, over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

(l) Intangible assets:

Intangible assets acquired separately are measured on initial recognition at cost and carried at cost less any accumulated amortisation and accumulated impairment losses. Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives (three to five years).

(m) Impairment of non-current assets:

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019
(Expressed in Jamaican dollars unless otherwise indicated)

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (CONTINUED)

(m) Impairment of non-current assets (continued):

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset maybe be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generated unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

(n) Related party transactions and balances:

A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to in IAS 24 *Related Party Disclosures* as the “reporting entity”, that is, the Company).

(A) A person or a close member of that person’s family is related to the Company if that person:
- (i) has control or joint control over the Company;
- (ii) has significant influence over the Company; or

(iv) is a member of the key management personnel of the company or of a parent of the Company.

(B) An entity is related to the company if any of the following conditions applies:
- (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the company or an entity related to the Company.
- (vi) The entity is controlled, or jointly controlled by a person identified in (A).
- (vii) A person identified in (A)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019
(Expressed in Jamaican dollars unless otherwise indicated)

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (CONTINUED)

(n) Related party transactions and balances: (continued)

(B) An entity is related to the company if any of the following conditions applies (continued):

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

(o) Contract liabilities:

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

(p) Inventories:

Inventories are valued at the lower of cost and net realisable value.

Costs comprise expenses incurred in bringing the equipment to its present location and condition.

(q) Revenue recognition:

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

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 2(d)(ii). Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, and other sales taxes.

Sale of equipment
Revenue from sale of equipment is recognised at the point in time when control of the asset is transferred to the customer, generally due within 10 days from delivery of the equipment. The transaction price is specified in the contract.

Installation services
The Company provides installation services that are either sold separately or bundled together with the sale of equipment to a customer. These are recognized upon delivery of equipment to the customer.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019
(Expressed in Jamaican dollars unless otherwise indicated)

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (CONTINUED)

(q) Revenue recognition (continued):

Contracts for bundled sales of equipment and installation
Installation services are in instances bundled together with the sale of equipment to a customer. The Company accounts for the equipment and installation service as one deliverable within bundled sales with specified transaction prices for equipment and installation services.

Accordingly, the Company allocates the transaction price based on the relative stand-alone selling prices of the equipment and installation services.

The Company recognises revenue from installation services over time, using an input method to measure progress towards complete satisfaction of the service, because the customer simultaneously receives and consumes the benefits provided by the Company. Revenue from the sale of the equipment are recognised at a point in time, generally upon delivery of the equipment.

Procurement services
The Company is a principal and records revenue on a gross basis as it controls the promised goods or services before transferring them to the customer.

Warranty
For all IP phones sold one year warranty is provided to customers for manufacture defects that may have existed at the time of sale. The warranty is not a separate performance obligation on the part of the Company as is directly charged to the manufacturer and not the Company. The extent of the performance obligation for the Company under the warranty service agreement is to transfer the defective part/unit back to the manufacturer and facilitate a transportation of a replacement part/unit.

The performance obligation is satisfied upon delivery of finished goods is generally due before, or at the time of, delivery.

(r) Segment reporting:

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses; whose operating results are regularly reviewed by the Board of Directors which is the entity's Chief Operating Decision Maker (CODM) to make decisions about resources to be allocated to the segment and assess its performance; and for which discrete financial information is available. Based on the information presented to and reviewed by the CODM, the operations of the Company are considered as one operating segment.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019
(Expressed in Jamaican dollars unless otherwise indicated)

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (CONTINUED)

(s) Foreign currencies:

The financial statements are presented in Jamaican dollars, the currency of the primary economic environment in which the Company operates (its functional currency). In preparing the financial statements of the Company, transactions in currencies other than the Company's functional currency, the Jamaican dollar, are recorded at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are re-translated at the rates prevailing at that date.

Non-monetary items carried at fair value that are denominated in foreign currencies are re-translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated.

Exchange differences on monetary items, are recognised in profit or loss in the period in which they arise.

(t) Finance costs:

Finance costs comprise interest payable on borrowings as well as any discount arising from applying the time value of money to current obligations calculated using the effective interest rate (EIR) method. The EIR amortisation is included as finance costs in the statement of comprehensive income.

(u) Leased Assets:

The Company is a lessee under the agreement for the leased premises utilized for its corporate office. On adoption of IFRS 17 as at 1 January 2019, the Company considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Company assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company.
- the Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract.
- The Company must have the right to direct the use of the asset.

i) Right-of use assets:

At lease commencement date, the Company recognises a right-of-use asset and a lease liability on thestatement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019
(Expressed in Jamaican dollars unless otherwise indicated)

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (CONTINUED)

(u) Leased assets: (continued)

i) Right-of use assets: (continued)

The Company has the right to direct the use of the identified asset throughout the period of use. The Company assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

ii) Lease liability
At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments expected to be payable and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

Policy prior to January 1, 2019

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019
(Expressed in Jamaican dollars unless otherwise indicated)

3. CASH AND BANK BALANCES

	2019 $'000	2018 $'000
Current accounts (a)	1,224	680
Saving accounts (b)	39,802	35,436
Cash in hand	20	20
	41,046	36,136
Allowance for expected credit losses	(410)	(250)
	40,636	35,886

(a) The current accounts are JMD accounts which carry an interest rate of 0.1% (2018: 0.25%) per annum.
(b) These include foreign currency bank accounts of US$140,925 (2018: US$231,681). As at 31 December 2019, interest rate on foreign currency bank accounts ranged from 0.02%- 0.05% (2018: 0.01% - 0.15%) per annum.

(i) Movement in provision for expected credit losses:

	2019 $'000	2018 $'000
Balance at beginning of the year	250	306
Provision for expected credit losses recognized/(reversed)	160	(56)
Balance at end of year	410	250

4. GOVERNMENT SECURITIES PURCHASED UNDER RESALE AGREEMENTS

	2019 $'000	2018 $'000
Reverse repurchase agreements – classified as cash and cash equivalents	74,558	74,767
Reverse repurchase agreements – other	8,184	29,021
	82,742	103,788
Allowance for expected credit losses	(899)	(922)
	81,843	102,866

Included in the government securities purchased under resale agreements are foreign currency repurchase agreements of US$576,932 (2018: US$649,432). As at 31 December 2019, the maturity dates on reverse repurchase agreements range from 30 days to 90 days (2018: 30 days to 90 days) and interest rates range from 0.05% - 7.89% (2018: 0.50% - 4.25%).

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019
(Expressed in Jamaican dollars unless otherwise indicated)

4. GOVERNMENT SECURITIES PURCHASED UNDER RESALE AGREEMENTS (CONTINUED)

(i) Movement in provision for expected credit losses:

	2019 $'000	2018 $'000
Balance at beginning of the year	922	990
Provision for expected credit losses reversed	(23)	(68)
Balance at end of year	899	922

5. ACCOUNTS RECEIVABLE

	2019 $'000	2018 $'000
0 - 30 days	27,018	39,004
31- 60 days	7,819	2,057
61 - 90 days	3,282	2,558
91 - 180 days	2,838	8,780
181 - 365 days	2,931	307
Over 365 days	1,924	1,298
	45,812	54,004
Allowance for expected credit losses	(2,676)	(2,615)
	43,136	51,389

Trade receivables are non-interest bearing and are generally on terms of 10 days.

Included in receivables however, are debtors with the carrying amount of $16.87 million (2018: $13.70 million), which are past due at the reporting date for which the Company has included in the allowance for expected credit losses. There has not been a significant change in credit quality and the amounts are still considered recoverable. Management believes that the non-past due receivables are collectable in full.

(i) Movement in provision for expected credit losses:

	2019 $'000	2018 $'000
Balance at beginning of year	2,615	542
Adjustment to impairment provision on adoption of IFRS 9	-	2,447
Provision for expected credit losses reversed on accounts receivable	61	-
Bad debt recovered	-	(374)
Balance at end of year	2,676	2,615

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019
(Expressed in Jamaican dollars unless otherwise indicated)

5. ACCOUNTS RECEIVABLE (CONTINUED)

(ii) Aging of impaired accounts receivable

	2019 $'000	2018 $'000
90+ days	1,924	1,298

(iii) Ageing of receivables that are past due but not impaired:

	2019 $'000	2018 $'000
31 - 90 days	7,819	2,057
61 – 90 days	3,282	2,558
91 - 180 days	2,838	8,780
180 – 365 days	2,931	307
	16,870	13,702

6. OTHER RECEIVABLES

	2019 $'000	2018 $'000
Withholding tax	2,079	1,666
Prepayments	11,192	6,972
Procurement (a)	3,777	783
Other (b)	21,498	4,810
	38,546	14,231

(a) Procurement represents amounts recoverable from customers for purchases of renewal licenses made on their behalf.
(b) Other includes an amount of $15.83 million in transit to a brokerage company for investment at year end.

7. INVENTORY

	2019 $'000	2018 $'000
Equipment for resale	16,156	7,457

Inventory represents purchases of equipment for resale. During 2019, $33,539,000 (2018: $5,586,000) was recognized as an expense for inventories carried at cost. This was recognized in cost of sales.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019
(Expressed in Jamaican dollars unless otherwise indicated)

8. ACCOUNTS PAYABLE

	2019 $'000	2018 $'000
Trade payables	3,213	584
Statutory liabilities	2,801	2,270
Accrued expenses	18,847	23,263
GCT payable	3,002	3,120
Credit card payables	10,399	6,478
Others	3,463	896
	41,725	36,611

Trade payables are non-interest bearing and are normally settled on 60-day terms.
For explanations on the Company's liquidity risk management processes, refer to Note 24(a)(ii).

9. CONTRACT LIABILITIES

Contract liabilities represent short-term customer advances received to deliver equipment and to render installation services.

	2019 $'000	2018 $'000
Customer advances	3,670	14,772

The movement in contract liabilities is shown below:

	2019 $'000	2018 $'000
Balance at beginning of the year	14,772	3,072
Additional customer advance payments	20,249	13,063
Recognised in revenue during the year	(31,351)	(1,363)
Balance at end of the year	3,670	14,772

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019
(Expressed in Jamaican dollars unless otherwise indicated)

10. RIGHT-OF-USE ASSET /LEASE LIABILITY

Right-of-use Asset

	2019 **$'000**
At Cost:	
Balance 1 January 2019 as restated and at 31 December 2019	31,436
Depreciation:	
1 January 2019	-
Charge for year	3,067
Balance 31 December 2019	3,067
Net Book Value December 2019	28,369

The right-of-use asset is being depreciated over a period of 10 years and 3 months (the anticipated lease term including extension options).

Lease Liability

The lease which commenced in 2014 was renewed in 2019 for a term of five years, and the Company has an option to renew the lease for a further 5-year period. The rental is subject to annual increases.

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	2019 **$'000**
As at 1 January as restated	31,436
Interest charged for the year	2,471
Payments made during the year	(3,308)
As at 31 December 2018	30,599
Current	(1,163)
Non-current	(29,436)
	30,599

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019
(Expressed in Jamaican dollars unless otherwise indicated)

10. RIGHT-OF-USE ASSET /LEASE LIABILITY (CONTINUED)

Lease Liability (continued)

The lease liability is secured by the related underlying assets set out above. The maturity of the lease liability at 31 December 2019 is as follows:

31 December 2019	Within 1 Yr $'000	Within 2 yrs $'000	Within 3 yrs $'000	Within 4 yrs $'000	Within 5 yrs $'000	6-10 yrs $'000	Total $'000
Lease payments	(3,556)	(3,822)	(4,109)	(4,417)	(4,749)	(24,447)	(45,100)
Interest expense	2,393	2,287	2,149	1,977	1,763	3,932	14,501
	(1,163)	(1,535)	(1,960)	(2,440)	(2,986)	(20,515)	(30,599)

The following are the amounts recognised in profit or loss:

	2019 $'000	2018 $'000
Depreciation expense of right-of-use assets	3,067	-
Interest expense on lease liabilities	2,471	-
Total recognised in the statement of comprehensive income	5,538	-

11. INVESTMENTS

	2019 $'000	2018 $'000
Certificate of deposits maturing July 2022:		
USD instrument with interest of 4.25% (US$0.101 million)	14,021	13,200
JMD instrument with interest of 3.54%	10,851	10,600
Debt instruments at amortised cost	24,872	23,800
Quoted equity securities at FVTPL	5,351	4,202
	30,223	28,002
Allowance for expected credit losses	(228)	(221)
At December 31	29,995	27,781

Included in the investment balances above is interest receivable in the amount of $0.168 million (2018: $0.168 million).

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019
(Expressed in Jamaican dollars unless otherwise indicated)

11. INVESTMENTS (CONTINUED)

The movement for the year in investments is as follows:

	2019 $'000	2018 $'000
At January 1		
Quoted equity securities at FVTPL	4,202	3,160
Debt instruments at amortised cost	23,800	22,841
	28,002	26,001
Purchases	1,443	959
Movement in fair value on quoted equity securities at FVTPL	778	1,042
	30,223	28,002
Allowance for expected credit losses	(228)	(221)
At December 31	29,995	27,781

(i) Movement in provision for expected credit losses:

	2019 $'000	2018 $'000
Balance at beginning of year	221	225
Provision for expected credit losses recognized(reversed)	7	(4)
Balance at end of year	228	221

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019
(Expressed in Jamaican dollars unless otherwise indicated)

12. PROPERTY AND EQUIPMENT

	Computer Equipment $'000	Furniture & Equipment $'000	Total $'000
At cost:			
1 January 2018	18,141	10,907	29,048
Additions	2,427	299	2,726
Transfers (a)	(4,194)	-	(4,194)
Disposal	(2,919)	-	(2,919)
31 December 2018	13,455	11,206	24,661
Additions	5,225	1,928	7,153
Disposal	-	(234)	(234)
31 December 2019	18,680	12,900	31,580
Depreciation:			
1 January 2018	12,782	4,115	16,897
Charge for the year	3,493	736	4,229
Transfers (a)	(3,879)	-	(3,879)
Disposal	(2,919)	-	(2,919)
31 December 2018	9,477	4,851	14,328
Charge for the year	2,983	1,288	4,271
Relieved on disposal	-	(121)	(121)
31 December 2019	12,460	6,018	18,478
Net book values:			
31 December 2019	6,220	6,882	13,102
31 December 2018	3,978	6,355	10,333

(a) Amounts have been reclassified from computer equipment related to computer software and is now recognized as intangible assets.

The following useful lives are used in the calculation of depreciation:

Furniture and equipment	10%
Computer equipment	33⅓%

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019
(Expressed in Jamaican dollars unless otherwise indicated)

13. INTANGIBLES

	Computer Software $'000
At cost:	
1 January 2018 and 31 December 2018: Transfers from property and equipment	4,194
Additions	1,042
31 December 2019	5,236
Depreciation:	
1 January 2018 and 31 December 2018: Transfers from property and equipment	3,879
Charge for the year	403
31 December 2019	4,282
Net book values:	
31 December 2019	954
31 December 2018	315

In current year, the Company reclassified intangible assets from computer equipment along with the comparative balances.

Intangible assets represent the cost of software development and are amortised over a useful life of 3 years.

14. SHARE CAPITAL

	2019 $'000	2018 $'000
Authorized		
106,000,000 ordinary shares of no par value	106,000	106,000
Issued and fully paid:		
Share capital at beginning of year 106,000,000 ordinary shares of no par value	51,727	51,727

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019
(Expressed in Jamaican dollars unless otherwise indicated)

15. REVENUE FROM CONTRACTS WITH CUSTOMERS

a) This represents fees for technical services rendered less General Consumption Taxes.

b) The following are entity-wide disclosures:

(i) Revenue sources

(ii) Geographical areas

There are no geographical segments as all revenues are attributed to the Company's country of domicile.

(iii) Major customers

Revenues from transactions with one customer, which amounted to $154.00 million (2018: $122.42 million) was greater than 10 per cent of the Company's revenues accounting for 45% of revenue (2018: 43%).

c) Performance obligations

(i) Equipment:
The performance obligation is satisfied upon delivery of the equipment and payment is generally due within 10 days from delivery.

(ii) Warranty:
In some contracts, warranties are provided for one year from the date of purchase. The warranty is accounted for as a separate performance obligation with a specified transaction price. The performance obligation for the warranty service is satisfied over the life of the warranty.

(iii) Installation services:
The performance obligation is satisfied over-time and payment is generally due upon completion of installation and acceptance of the customer. In some contracts, short-term advances are required before the installation service is provided.

(iv) Procurement services
There are contracts with customers to acquire equipment on their behalf. Payment is due within 10 days from delivery after the performance obligation has been satisfied.

Set out below is the amount of revenue recognised from:

	2019 $'000	2018 $'000
Amounts included in contract liabilities at the beginning of the year	14,772	3,072
Performance obligations partially satisfied in previous years	31,351	1,363

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019
(Expressed in Jamaican dollars unless otherwise indicated)

16. EXPENSE BY NATURE

Total direct, administrative & other operating expenses:

	2019 $'000	2018 $'000
Technical fees, services and products	95,171	63,085
Advertising and promotion	15,545	12,764
Professional services	7,844	8,634
Property rental and utilities	8,917	10,406
Staff costs (Note 18)	140,745	126,323
Directors' fees	1,743	1,510
Depreciation (Note 12)	4,271	4,229
Amortization of intangible asset (Note 13)	403	-
Insurance	5,834	5,003
Training and subscription	15,614	10,806
Computer and communications	4,307	5,169
Subsistence and staff expenses	5,371	3,447
Corporate expenses	3,152	2,613
Repairs and maintenance	2,626	2,400
Allowance for expected credit losses	205	(298)
Depreciation – lease ROU (Note 10)	3,067	-
Other	6,169	5,042
	320,984	261,133

	2019 $'000	2018 $'000
Cost of sales	95,171	63,085
Administrative expenses	184,882	165,863
Other operating expenses	40,931	32,185
	320,984	261,133

17. OTHER INCOME, GAINS AND LOSSES

	2019 $'000	2018 $'000
Commission	44	179
Dividend income	158	96
Loss on disposal of equipment	(113)	-
Appreciation in value of investments (quoted equity securities at FVTPL)	778	1,042
Foreign exchange gain	4,971	1,152
Other	456	265
	6,294	2,734

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019
(Expressed in Jamaican dollars unless otherwise indicated)

18. STAFF COSTS

	2019 $'000	2018 $'000
Salaries and other employee benefits	128,634	115,985
Statutory contributions	12,111	10,338
	140,745	126,323

19. FINANCE INCOME

	2019 $'000	2018 $'000
Interest income on debt instruments at amortised cost	1,554	2,013

20. FINANCE COST

	2019 $'000	2018 $'000
Interest expense for leasing arrangements	(2,471)	-

21. DISCLOSURE OF EXPENSES

	2019 $'000	2018 $'000
Profit before taxation is stated after charging/(crediting):		
Directors' emoluments (Included in staff costs)	27,416	24,710
Directors' fees	1,743	1,510
Depreciation (Note 12)	4,271	4,229
Amortization of intangible asset (Note 13)	403	-
Depreciation – lease ROU (Note 10)	3,067	-
Auditor's remuneration	1,309	1,190
Staff costs, inclusive of directors' emoluments (Note 18)	140 745	126,323

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019
(Expressed in Jamaican dollars unless otherwise indicated)

22. TAXATION

The Company was listed on the Junior Market of the Jamaica Stock Exchange in January 2016 and under the Income Tax Act (Jamaica Stock Exchange Junior Market) Remission Notice, 2010, 100% of income taxes will be remitted by the Minister of Finance during the first five years of listing on Junior Market (Phase one) of the Jamaica Stock Exchange and 50% of income taxes will be remitted by the Minister of Finance during the second five years of listing on the Junior Market (Phase two) of the Jamaica Stock Exchange.

The charge for the year is reconciled to the profit as per the statement of comprehensive income as follows:

	2019 $'000	2018 $'000
Profit before tax	24,758	27,537
Computed "expected" tax charge @ 25%	6,190	6,884
Difference between profit for financial statements and tax reporting purposes on:		
Expenses not deducted for tax purposes	1,100	648
Relief given under Junior Stock Exchange Regulation	(7,290)	(7,532)
	-	-

As at 31 December 2019, deferred tax on temporary differences, that are not expected to be reversed during the 100% tax remission period, were not deemed material for reporting in the financial statements.

23. RELATED PARTY TRANSACTIONS

During the year the Company had transactions with related parties in the normal course of business. Related party transactions and balances are detailed below.

	2019 $'000	2018 $'000
(a) Related party transactions:		
Directors' emoluments	27,416	24,710
Directors' fees	1,743	1,510
	29,159	26,220

As at 31 December 2019 and 2018, there are no related party receivable or payable balances.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019
(Expressed in Jamaican dollars unless otherwise indicated)

24. FINANCIAL INSTRUMENTS

(a) Financial risk management:

The Company has exposure to the following risks from its use of financial instruments:

~ Credit risk;
~ Liquidity risk and
~ Market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

(i) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counter-party to a financial instrument fails to meet its contractual obligations.

This arises principally from cash and bank balances, securities purchased under resale agreements and amounts due from customers and related parties.

The maximum exposure to credit risk is reflected in the statement of financial position at the reporting date.

The maximum exposure to credit risk is as follows:

	2019	**2018**
	$'000	**$'000**
Financial assets:		
Cash and bank balances (Note 3)	40,616	35,866
Accounts receivable (Note 5)	43,136	51,389
Short-term investments (Note 4)	81,843	102,866
Long-term investments (Note 11)	24,644	23,579
Other receivables	25,275	5,593
	215,514	219,293

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019
(Expressed in Jamaican dollars unless otherwise indicated)

24. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial risk management (continued):

(i) Credit risk (continued)

Cash and bank balance sand securities purchased under resale agreements:

The Company limits its exposure to credit risk including investments by placing cash resources with substantial counter-parties who are believed to have minimal risk of default.

Accounts receivable and other receivables:

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Accounts receivable mainly consist of amounts owing from corporate customers. As at 31 December 2019, amounts receivable from five customers that individually accounted for greater than 5% of the accounts receivable balance represented 24.2%, 8.9%, 6.6%, 6.2%, 5.1% (2018: 3.8%, 8.6%, 7.6% and 5.0%). There are no other concentrations of credit risk.

The Company does not require collateral in respect of trade and other receivables.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for various customers with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than 90 days and are not subject to enforcement activity. The maximum exposure to credit risk at the reporting date is the carrying value of trade receivables disclosed in Note 5.

Set out below is the information about the credit risk exposure on the Company's trade receivables using a provision matrix.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019
(Expressed in Jamaican dollars unless otherwise indicated)

24. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial risk management (continued):

(i) Credit risk (continued)

Accounts receivable and other receivables (continued):

	Trade receivables						
	Days past due						
2019	**0-30 days Current $'000**	**31 - 60 days $'000**	**61 - 90 days $'000**	**90 - 180 days $'000**	**Over 181 - 365 days $'000**	**Over 365 days $'000**	**Total $'000**
Expected credit loss rate	2.30%	1.10%	16.72%	4.22%	0.00%	67.56%	
Estimated total gross carrying amount at default	27,018	7,819	3,282	2,838	2.931	1,924	45,812
Expected credit loss	621	86	549	120	-	1,300	2,676

		Trade receivables				
		Days past due				
2018	**0-30 days Current $'000**	**31- 60 days $'000**	**61- 90 days $'000**	**90 – 180 days $'000**	**Over 180 days $'000**	**Total $'000**
Expected credit loss rate	1.08%	2.31%	2.99%	5.29%	100.00%	
Estimated total gross carrying amount at default	39,004	2,057	2,558	8,780	1,605	54,004
Expected credit loss	422	48	76	464	1,605	2,615

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019
(Expressed in Jamaican dollars unless otherwise indicated)

24. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial risk management (continued):

(i) Credit risk (continued)

12 Month Expected credit loss	2019 Average Expected Credit Loss Rate	2019 Expected credit loss $'000	2018 Average Expected Credit Loss Rate	2018 Expected credit loss $'000
Financial Assets				
Cash and cash equivalents	1%	410	1%	250
Government securities purchased under resale agreements	0.50%-1%	899	0.59%-1%	922
Investments	0.76%	228	1%	221

There were no changes in the credit ratings of the underlying securities or corporate rating for the debt instruments as at year end.

(ii) Liquidity risk:
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Liquidity risk may result from an inability to sell a financial asset at, or close to its fair value. Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities.

The Company's liquidity management process, as carried out within the Company and monitored by the Finance Department, includes:

~ Monitoring future cash flows and liquidity on a bi-weekly basis.
~ Maintaining a portfolio of short term deposit balances that can easily be liquidated as protection against any unforeseen interruption to cash flow.

The following table details the Company's contractual maturity for its financial financial liabilities. The table below has been drawn up for financial liabilities, based on the earliest date on which the Company can be required to pay. The financial liability below includes; trade payable, contract liability and lease liability.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019
(Expressed in Jamaican dollars unless otherwise indicated)

24. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial risk management (continued):

(ii) Liquidity risk (continued):

	Average Effective Interest rate	Less than 1 Year $'000	1 - 5 Years $'000	Over 5 Years $'000	Total $'000
2019					
Financial liabilities:					
Non-interest bearing	0.00%	6,883	-	-	6,883
Interest bearing liability	7.95%	3,556	17,097	24,447	45,100

	Average Effective Interest rate	Less than 1 Year $'000	1 - 5 Years $'000	Over 5 Years $'000	Total $'000
2018					
Financial liabilities:					
Non-interest bearing	0.00%	25,000	-	-	25,000

(iii) Market risk:

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate as a result of changes in market prices. These arise mainly from changes in interest rates and foreign exchange rates and will affect the Company's income or the value of its holdings of financial instruments.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019
(Expressed in Jamaican dollars unless otherwise indicated)

24. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial risk management (continued):

(iii) Market risk (continued):

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk. The nature of the Company's exposures to market risks and it objectives, policies and processes for managing these risks have not changed significantly over the prior year. For each of the major components of market risks the Company has policies and procedures in place which detail how each risk is managed and monitored. The management of each of these major components of market risks and the exposure of the Company at the reporting date to each major risk are addressed below.

Currency risk

Foreign currency risk is the risk of loss arising from adverse movements in foreign exchange rates. The Company undertakes certain investment transactions denominated in currencies other than the Jamaican dollar. Exchange rate exposures are managed within approved policy parameters and maintaining a manageable balance in the types of investments.

The Company's investment portfolio is exposed to foreign exchange risk primarily with respect to the United States dollar.

Derivative financial instruments are not presently used to reduce exposure to fluctuations in foreign exchange rates.

Concentration of currency risk

The table below summaries the Company's exposure to foreign exchange rate risk as at 31 December 2019.

	2019 $'000	**2018 $'000**
Bank of Jamaica foreign exchange buying rates (JM$ to US$)	129.78	125.89
Financial assets:		
Cash resources	18,289	29,167
Short term investments	74,874	81,757
Long-term investments (Note 11)	14,021	13,200
Total financial assets	107,184	124,124

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019
(Expressed in Jamaican dollars unless otherwise indicated)

24. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial risk management (continued):

(iii) Market risk (continued):

Foreign currency sensitivity

The Company's investment portfolio is exposed to the United States dollar. The Company's sensitivity to a 4% increase and a 6% decrease (2018: 2% increase, and a 4% decrease) in the Jamaican dollar against the United States dollar is the sensitivity rate used when reporting foreign currency risk internally to the key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rate.

The sensitivity of the 4% increase or 6% decrease (2018: 2% increase or 4% decrease) in the Jamaican dollar against the United States dollar exposure would be a decrease in profit by J$4.29 million (2018: J$2.48 million) or increase of net profit by J$6.43 million (2018: J$4.96 million).

The Company's sensitivity to foreign currency has decreased during the year mainly due to increased holdings of foreign cash and short-term investments balances.

Interest rate risk

The Company's interest rate risk arises from deposits, repurchase agreements and lease liability.

Interest rate sensitivity

There is no significant exposure to interest rate risk on short term deposits, as these deposits have a short term to maturity and are constantly reinvested to current market rates. Short and long- term deposits are at fixed rates and are carried at amortised cost.

Price risk management

The Company is exposed to price risks arising from quoted equity instruments.

Price sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to price risks at the reporting date. The analysis is prepared assuming that the number of units at the reporting date remains the same for the whole year. A 10% increase or decrease (2018: 10% increase or decrease) represents management's best estimate of the possible change in equity prices.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019
(Expressed in Jamaican dollars unless otherwise indicated)

24. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial risk management (continued):

(iii) Market risk (continued):

Price risk management (continued)

Price sensitivity analysis (continued)

If bid prices had been 10% higher/lower (2018: 10% higher/lower) and all other variables were held constant, the would result in an increase/decrease in net profit as detailed below:

	2019 $'000 10% increase /decrease	**2018 $'000 10% increase /decrease**
Quoted shares	+/-535	+/- 420

The change in sensitivity is due to the increase in the fair value of quoted shares.

(b) Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The following methods and assumptions have been used to determine the fair values of the Company's financial instruments:

(i) The carrying values of cash and bank balances, receivables (excluding income tax recoverable), accounts payable, securities purchased under resale agreements and investments in short-term fixed interest rate bearing securities approximate their fair values because of the short-term maturity of these instruments.

(ii) Investments represents quoted equities which are valued using the year end closing bid price published by the Jamaica Stock Exchange.

(iii) The carrying value of long-term investments and approximates fair value, as the interest rates are similar to market rates at year end.

(iv) The fair values of the Company's lease liability are determined by using the discounted cashflow method, using discount rate that reflects its bankers borrowing interest rate as at the end of the reporting period.

No significant unobservable inputs were applied in the valuation of the Company's financial instruments classified as fair value through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019
(Expressed in Jamaican dollars unless otherwise indicated)

24. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Fair value of financial instruments (continued)

Fair value measurement recognised in the statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 (See Note 2(f)) based on the degree to which the fair value is observable:

	2019			
	Level 1 $'000	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Equity securities	5,351	-	-	5,351

	2018			
	Level 1 $'000	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Equity securities	4,202	-	-	4,202

There were no transfers between Level 1 and Level 2 during the period.

(c) Capital management:

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders. The directors of the Company seek to maintain a strong capital base so as to maintain shareholder and creditor confidence. The Company defines capital as total shareholders' equity. There were no changes in the Company's approach to capital management during the year.

25. EARNINGS PER STOCK UNIT (EPS) ATTRIBUTABLE TO STOCKHOLDERS OF THE COMPANY

Earning per stock unit is calculated by dividing the net profit attributable to stockholders by the weighted average number of ordinary stock units.

	2019	**2018**
Net profit attributable to stockholders ($'000)	24,758	27,537
Weighted average number of ordinary stock units	106,000,000	106,000,000
Basic earnings per stock unit ($)	0.23	0.26

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019
(Expressed in Jamaican dollars unless otherwise indicated)

26. DIVIDENDS

During 2019 the Company declared a dividend of $6.89 million or $0.065 per share. At 31 December 2019 of the amount declared $6.72 million was paid. No dividend was declared for year ended 31 December 2018. Dividend payable as at 31 December 2019 of $0.167 (2018: $0.132 million) is included in accounts payable.

Form of Proxy

PLACE STAMP

I/We ____of

____(address)

being a shareholder(s) of the above-named Company, hereby appoint:

____ (proxy name)

of ____(address)

or failing him, ____________________________________ ____________(alternate proxy)

of ____(address)

as my/our proxy to vote for me/us on my/our behalf at the 2020 Annual General Meeting of the Company to be held on Thursday, September 10, 2020 at 3:30 p.m. at the Knutsford Court Hotel Limited, 16 Chelsea Avenue, Kingston and at any adjournment thereof.

Signed this _________ day of ___________________________________ 2020:

Signature: __________________________________ (Signature of primary shareholder)

Name: _____________________________________ (Name of primary shareholder)

Signature: __________________________________ (Signature of secondary shareholder)

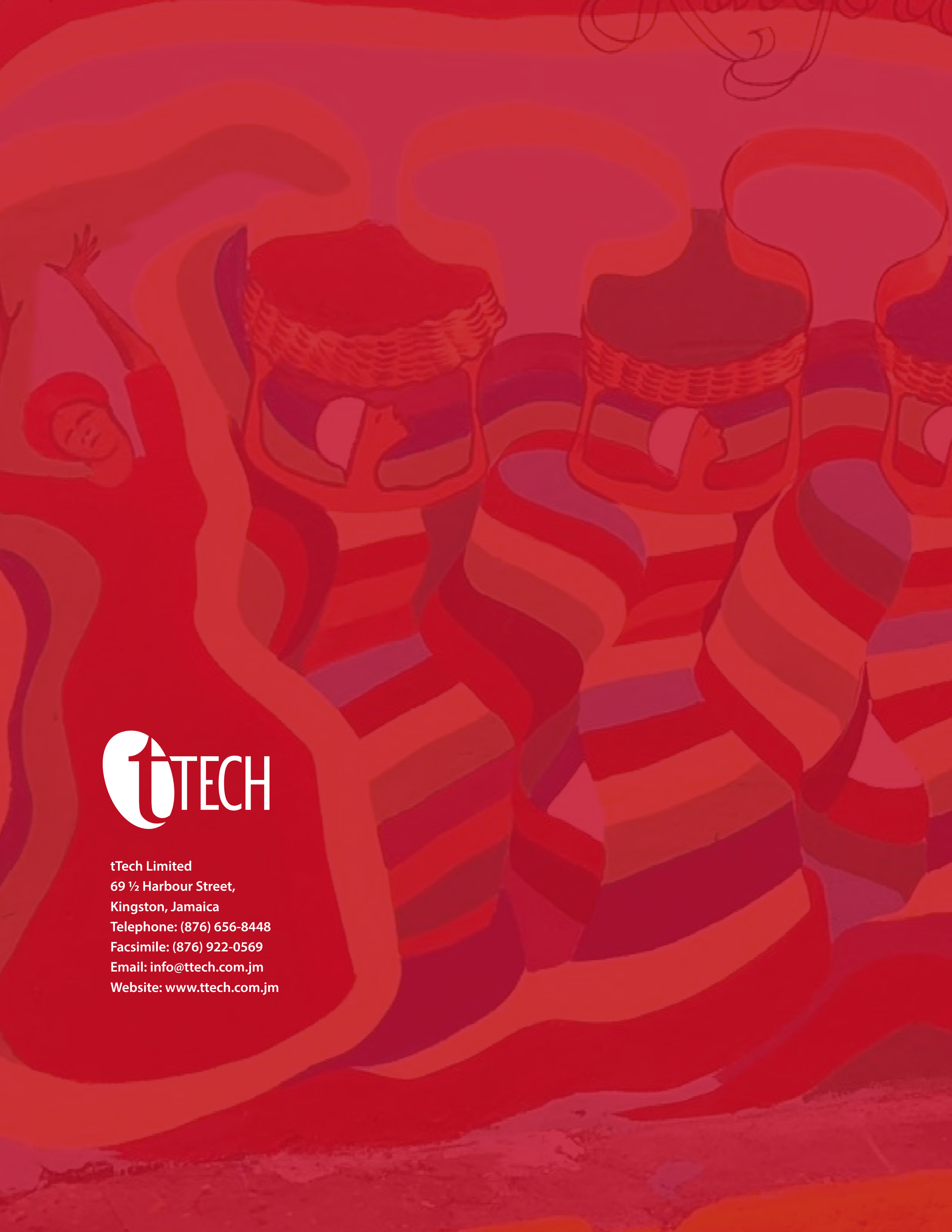
Name: _____________________________________ (Name of secondary shareholder)

Notes:

1. If the appointer is a Corporation, this form must be under its common seal or under the hand of an officer or attorney duly authorised.

2. A Member entitled to attend and vote at this meeting may appoint a Proxy to attend and vote in his/her stead. A Proxy need not be a Member of the Company. A Proxy Form is enclosed for your convenience. Completed Proxy Forms must be lodged at the Company's Registered Office, 69 ½ Harbour Street, Kingston at least forty-eight hours before the time appointed for holding the meeting. The Proxy Form shall bear the stamp duty of $100.00 before being signed. The stamp duty may be paid by adhesive stamp(s) to be cancelled by the person executing the Proxy.

Annual Report designed by Heather Kong-Smith.



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