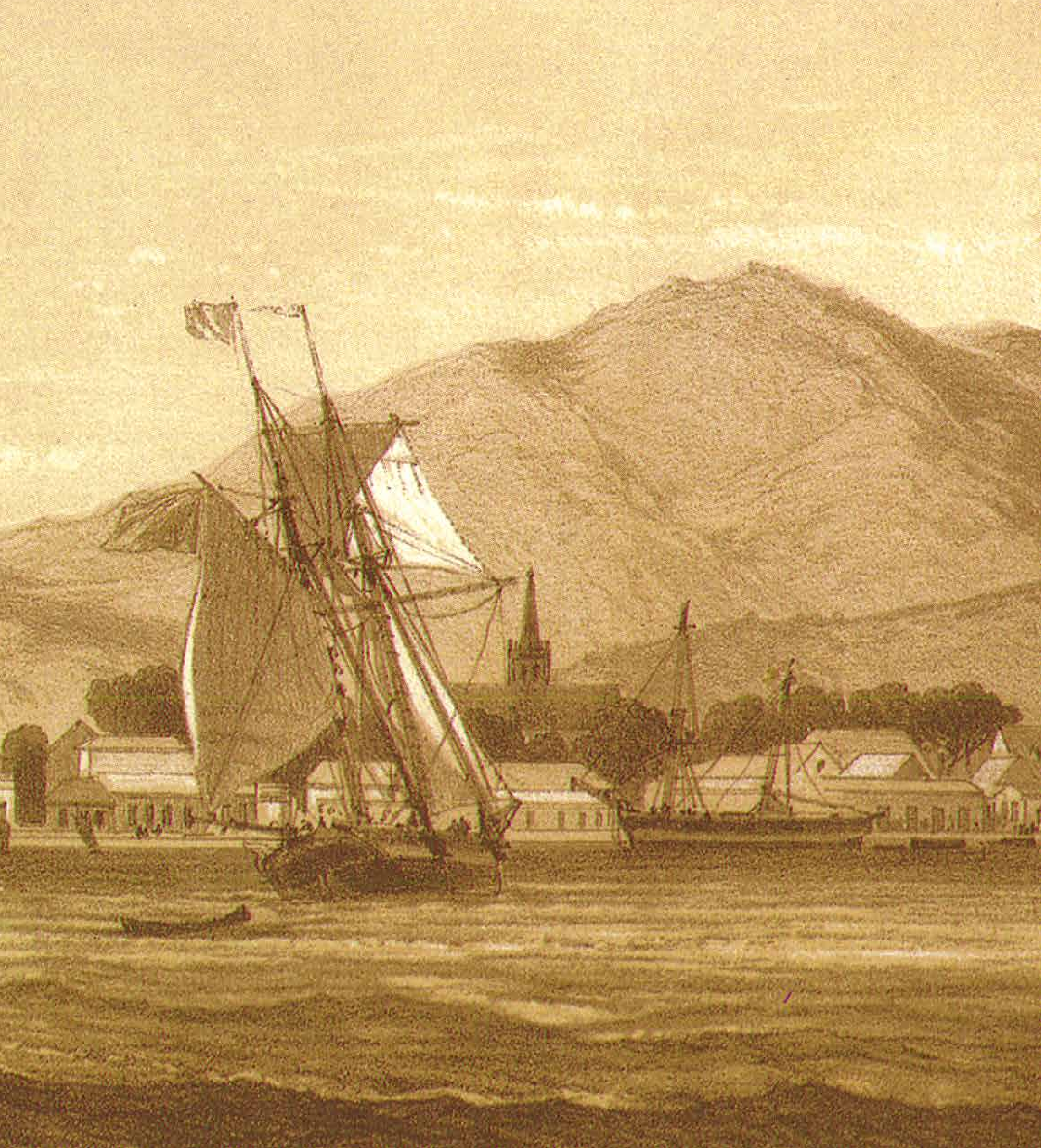
ANGOSTURA®

Annual Report 2016



ANNUAL REPORT 2016

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Windmill: detail after a drawing by J. Johnson, engraved by T. Fielding.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN, that the Thirty-fifth Annual General Meeting of Angostura Holdings Limited, (the "Company") will be held at the House of Angostura, Eastern Main Road, Laventille, Trinidad and Tobago, on Friday June 2, 2017 at 10:00 am for the following purposes:

1. To receive, consider and approve the Report of the Directors, the Audited Financial Statements of the Company for the financial year ended December 31, 2016, together with the report of the Auditors thereon, and
2. To appoint Messrs. KPMG as auditors of the Company for the financial year ending December 31, 2017, and authorise the Directors to fix their remuneration therefore.

BY ORDER OF THE BOARD

Jennifer H Frederick
Secretary
April 16, 2017

Notes

1. Every member who is entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and on a poll to vote in that member's place. A proxy need not be a member of the company. Where a proxy is appointed by a corporate member, the form of proxy should be executed under seal or be signed by its attorney
2. No service contracts not expiring or determinable within 10 years have been entered into between the company and any of its directors
3. To obtain a soft copy of the consolidated financial statements for the year ended December 31, 2016, please log on to our website (www.angostura.com)
4. Queries may be directed to the Company Secretary at 623 1841 ext. 123 or jfrederick@clfinancial.com

Corporate Information

Board of Directors [1]

Dr. Rolph N.S. Balgobin (Chairman)
Marlon Holder
Frederick Gilkes
Terrence Bharath
Ulric Miller
Ingrid Lashley
Kirby Anthony Hosang
Albert George Tom Yew
Trevor Marshall

Company Secretary

Jennifer H Frederick, FCCA, CA, BSc

Registered Office

Corner Eastern Main Road & Trinity Avenue
Laventille, Trinidad & Tobago
E-mail: jfrederick@clfinancial.com
Website: www.angostura.com

Registrar & Transfer Office

Trinidad and Tobago Central Depository Limited
10th Floor, Nicholas Towers
63–65 Independence Square
Port of Spain, Trinidad & Tobago

Auditors

KPMG
TRINRE Building
69–71 Edward Street
PO Box 1328 Port-of-Spain
Trinidad & Tobago

Bankers

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

First Citizens Bank Limited
Corporate Banking Unit, 2nd floor
Corporate Centre
9 Queen's Park East
Port-of-Spain, Trinidad & Tobago

Scotiabank Limited
Scotia Centre Branch, 56–58 Richmond Street
Port of Spain, Trinidad & Tobago

Republic Bank Limited
Promenade Centre, 72 Independence Square
Port-of-Spain, Trinidad & Tobago

Attorneys-at-law

J.D. Sellier & Company
129-131 Abercromby Street
Port-of-Spain, Trinidad & Tobago

Lex Caribbean
First Floor, 5–7 Sweet Briar Road
Port-of-Spain, Trinidad & Tobago

[1] Krishna Boodhai tendered his resignation as a director with effect from April 24th 2017

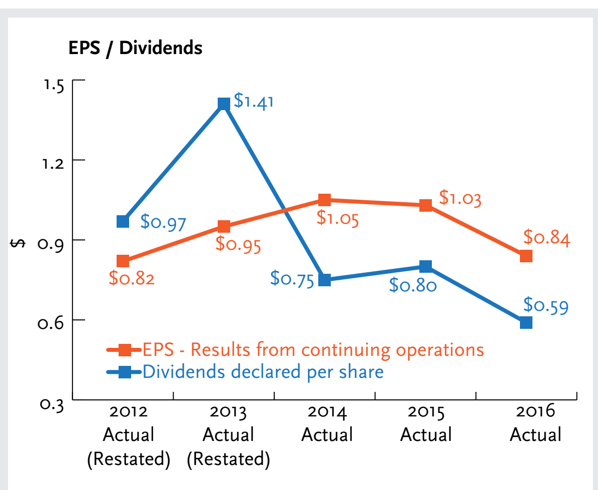
Message from the Chairman

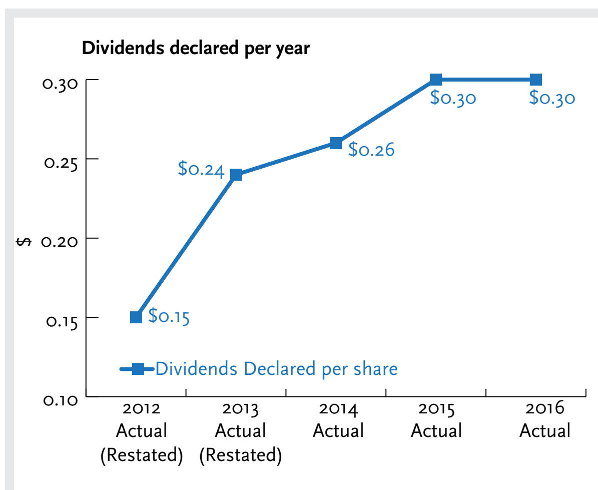
Dear Shareholder,

For the year ended December 31, 2016, the Group recorded revenue of $620.5m versus $649.4m in 2015, a decrease of $28.9m (4.5%). Of this decease, $25.0m related to the commodity rum trade while $3.9m related to the sale of branded products. Domestic rum sales were affected by the local economic climate, while export rum and bitters experienced growth. The Group is reviewing all business lines to support future growth and innovation objectives.

Profit after tax of $121.9m was $41.7m below the prior year, and resulting EPS was $0.59 versus $0.80 in 2016. The Directors have approved a final dividend in respect of the year ended December 31, 2016 of $0.18 per share, with a record date of April 7, 2017 and payment date of April 21, 2017. Together with the interim dividend of $0.12 per share paid on September 5, 2016, the total dividend in respect of 2016 will be $0.30.

Dr. Rolph Balgobin





Dr Rolph Balgobin FRSA
Chairman
March 27, 2017

Message from the CEO

Dear Shareholder,

We have, I believe, successfully navigated a challenging year for the Group. The key priorities during the year have been the turnaround of the bulk commodity business and adjusting the Group's focus to deliver the 5-year growth strategy agreed at the end of 2016.

This year, we have focussed attention on the turnaround of our commodity rum sales. In addition, we implemented initiatives designed to enable Growth, Alignment, Innovation and Measurement to accelerate change across the entire Group. These included reviewing our business and people capability, organisation structure and management processes, the markets we operate in, our aged stock and cost base, waste reduction strategies and revenue growth in key international markets.

These projects have yielded positive results during 2016, and we expect continued performance improvement in accordance with our plan going forward.

Genevieve Jodhan

2016 Group financial performance

Full year net sales revenue has recorded a 4.5% decrease over 2015 to $620.4m (on a constant currency basis). Group EBITDA adjusted for the effect of non-recurring items is $191.9m in 2016 ($232.8m in 2015).

The profit for the year is $121.9m, a decrease versus 2015 of $163.6m and reflects the effects of economic slowdown locally and increased competition, regional economic uncertainty and regulatory hurdles in export markets.

The segment information as described in Note 8 shows a 25% decrease in our bulk sales and 3.9% decline in our branded sales. The contraction in branded sales arose as a result of a 14% decline in the T & T market combined with a 6% increase in international rum sales and a 4.7% increase in global bitters sales.

Our cash flow generation is a key focus area for the business and remains strong. This will result in dividends totalling $61.9m being paid to shareholders in respect of 2016.

Our year end net debt was $30.0m, versus $50.6m at the end of 2015. The Group retains very strong liquidity, significant headroom in our borrowings and a robust balance sheet, providing us with the financial strength to take the business forward.

Message from the CEO - continued

In reviewing lines of business as set out in the Chairman's statement on page 4, we continue our focus on the tenets of the strategic review undertaken in 2016 (see box).

The strategy for growth that we are pursuing has six pillars:

1. Develop the Group's strong brand portfolio in current markets
2. Invest in attractive export markets with strong growth potential
3. Align supply chain and production capabilities to deliver quality products with a competitive cost advantage
4. Innovate and market commercially viable new products faster
5. Continue to invest in people and develop management talent
6. Pursue the significant opportunities for retail expansion in Trinidad and Tobago

Bulk commodity review

In 2016 as a result of the bulk commodity business review, we:

- reduced our customer base for bulk rums to focus on more profitable customers;
- rationalised our receivables and improved our credit management;
- focused on blended aged rum sales and improved our margins;

T & T overview

Our local market remains very important to us and in 2016 we:.

- refocused the sales force to concentrate on the customer relationships with the wholesalers who supply the Traditional Trade channel by using more effective promotional tools and time and territory management;
- adapted our route to market by aligning the sales force with the smaller wholesalers/grocers for the Traditional Trade which are growing in importance in this market;
- altered sales force incentives to better align the sales force activity with the financial performance of the Group;

Message from the CEO - continued

International distribution overview

A significant amount of work was done in 2016 to advance the potential for more global sales.

- We appointed 24 importers and distributors in Europe, Middle East and Asia.
- We reviewed our route to market and changed importers in Greece and the Netherlands. We expect more changes in 2017 from Latin America.
- We signed a new distribution agreement in the Ukraine and extended the agreements in the USA and Russia increasing our presence in the important premium segments.
- We strengthened the position of our Lemon Lime and Bitters brand in Australia and signed a new bottling and distribution agreement.

Business development of our brands within the Caribbean, North America and Europe remains key to our strategy of growth. All the synergies generated from a renewed focus on supply chain efficiencies will be reinvested in the international spirits brands.

I look forward to working with Team Angostura to meet expectations of the stakeholders of Angostura Holdings Limited in 2017.

Genevieve Jodhan
CEO
March 27, 2017

Directors' Report

The Directors present their Report and Statement of Account for the year ended December 31, 2016.

Financial Results for the Year	2016		2015	
	Per share	$millions	Per share	$millions
Profit attributable to shareholders		122.0		163.7
Other reserve movements		(4.4)		(4.3)
Dividends on ordinary stock				
Prior year final dividend paid	20¢	(41.2)	16¢	(33.0)
Current year interim dividend paid	12¢	(24.8)	10¢	(20.6)
Retained profits from the previous year		662.3		556.5
Retained profits at the end of the year		**713.9**		**662.3**

Dividends

The Directors have declared a final dividend of $0.18 per ordinary share for the year.

Auditors

To appoint Messrs. KPMG, as auditors of the Company for the financial year ending December 31, 2017, who offer themselves for re-election.

BY ORDER OF THE BOARD

J. Frederick

Jennifer Frederick
Secretary

16 April, 2017
Corner Eastern Main Road and
Trinity Avenue
Laventille
Trinidad and Tobago

Board of Directors[1]

Dr. Rolph Balgobin (Chairman)

Marlon Holder

Frederick Gilkes

Trevor Marshall

Terrence Bharath

Ulric Miller

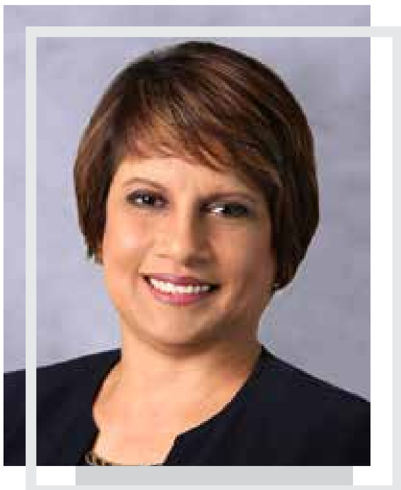
Ingrid Lashley

Kirby Anthony Hosang

Albert Tom Yew

[1]Krishna Boodhai tendered his resignation as a director with effect from April 24th 2017

Our Executive Team

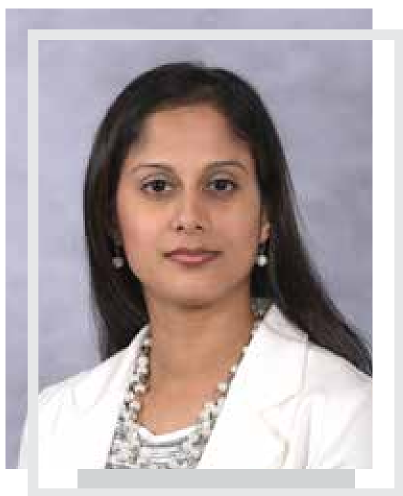


Genevieve Jodhan
Chief Executive Officer

Lyn Lopez
Executive Manager - Legal Services

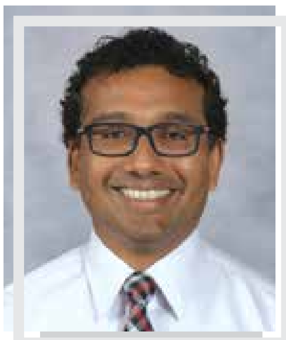
R. Douglas Henderson
Executive Manager - Regional Sales and Marketing

Shane Ram
Executive Manager - HR & Administration



Bernadette Sammy
Chief Financial Officer

Our Senior Management



Aleem Baksh
IT

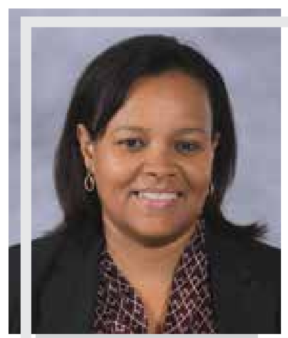
Ricardo Bideshi
Marketing

Ginelle Lambie
Internal Audit

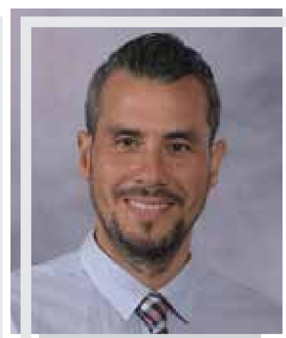
Leon Gordon
Purchasing

John Georges
Master Distiller

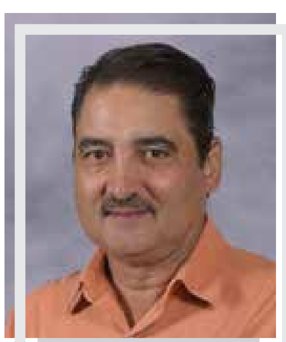
Carol Homer-Caesar
Blending and Quality Assurance



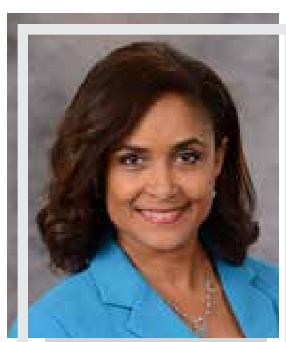
Ann Marie O'Brien
Blending



Brian Tom Yew
Bulk Sales



David Pantin
Trade Marketing



Giselle Laronde West
Hospitality and Communications

Rajiv Ragoonanan
Distillery Operations

Corporate Governance

Corporate Governance continues to be an area of significant focus for the Company. In 2016, the Company continued the development and strengthening of its risk management framework to support its transition to the revised ISO 9001 and 14001 standards. These revised standards place emphasis on greening initiatives, sustainability, product cycle, risk mitigation and contingency planning, with intense focus on strategic positioning and planning, as demonstrated by leadership and overall employee culture.

Board of Directors:

The Board of Directors currently comprises 9 Directors. The following changes to the Board of Directors are noted:

Resignations:

- Mr Joseph Teixeira with effect from March 31, 2016
- Mr Maurice Suite with effect from April 11, 2016
- Mr. Krishna Boodhai with effect from April 24, 2017

Appointments with effect from May 12, 2016:

- Dr Rolph Balgobin as Chairman of the Board
- Mr Anthony Hosang

Appointments with effect from June 17, 2016, the date of the last Annual Meeting of the Company:

- Mrs Ingrid Lashley
- Mr Terrence Bharath
- Mr Frederick Gilkes
- Mr Trevor Marshall
- Mr Ulric Miller

The roles and responsibilities of the Board and key officers, Board Code of Conduct and Committee Charters are all documented in the Board of Directors' Manual. The Board of Directors held eleven (11) meetings in 2016 with an attendance rate of 90%.

Board Committee reports

In 2016, the Committees of the Board were the Audit Committee and the Human Resources and Governance Committee. During 2016 the following changes to Committees of the Board occurred:

- Discontinuation of the Marketing and Operations Committee (formerly the International Distribution Committee)
- Change of the Human Resource and Compensation Committee to the Human Resource and Governance Committee

Corporate Governance - continued

Each Committee discharges its specific functions and objectives pursuant to its respective Committee Charters and/or Board Mandates.

Audit Committee Report

The Audit Committee comprises the following members: Ingrid Lashley (Committee Chairman); Krishna Boodhai[1], Trevor Marshall. The Audit Committee's areas of responsibility relate to the financial statements, internal and external audit functions, internal controls and risk management. The Audit Committee held nine (9) meetings in 2016.

Internal Control and the Internal Audit Function

The continual assessment of the Company's internal control systems is a high priority of Internal Audit. Management has also established a separate risk management team, whose risk assessment reports and operations are reported to and reviewed by the Audit Committee and a third party quality management auditor (under ISO 9001 Quality Management audits and re-certification exercises). Continuous updates of the Company's Risk Register are performed to ensure that emerging risks are identified and assessed as soon as practicable. External consultants are engaged as required to provide additional support to this process and to ensure that the Enterprise Risk Management ("ERM") framework satisfactorily meets governance and ISO standards.

The Audit Committee is satisfied that an adequate system of internal control exists to properly address identified risks, and that continuous monitoring of processes is satisfactory towards the maintenance of a proper system of internal controls.

Internal Audit

The Head of the Internal Audit unit reports functionally to the Audit Committee and administratively to the Chief Executive Officer. The Internal Audit unit operates in accordance with the International Standards for the Professional Practice of Internal Auditing, the Internal Audit Charter and pursuant to an Annual Internal Audit Plan (reviewed bi-annually) that is approved by the Audit Committee.

In 2016 the Board approved a project to strengthen the Internal Audit function. An Audit Firm was engaged to conduct a Risk Assessment and an Audit Plan which was approved by the board. The Approved Audit Plan is being effected by utilizing external consultants in a co-sourcing relationship from which the company's employees are expected to obtain training.

External Audit

The Audit Committee has reviewed and approved the External Auditor's scope and methodology of their assessment of the consolidated financial statements for the year ended 2016. The Audit Committee is satisfied that the External Auditor has planned and conducted the audit to derive reasonable assurance that the financial statements are free of material misstatement and present

[1]Krishna Boodhai tendered his resignation as a director with effect from April 24th 2017

a true and fair view of the financial position of the Company, as at 31st December 2016 and that the corresponding results of its operations and its cash flows are in accordance with International Financial Reporting Standards.

Financial Statements

During 2016, the Interim unaudited financial statements were presented to the Audit Committee at its quarterly meetings for review and recommendation for adoption by the Board. The Audit Committee is satisfied that the audited consolidated financial statements set out in this Annual Report are complete, consistent with information known to the Committee and conform to applicable, consistently applied accounting principles.

Human Resource and Governance Committee Report

The Human Resource and Governance Committee comprises the following members: Anthony Hosang (Committee Chairman); Frederick Gilkes; Terrence Bharath; Ulric Miller and Genevieve Jodhan (ex-officio). The HRG areas of responsibilities relate to:

(a) evaluating Board Performance, Executive Management performance and Executive & Staff compensation

(b) recommending director compensation for shareholder approval, nomination of new directors and appointments to Committees, and

(c) working with Management to assess and improve policies related to business conduct (including, trade and other required disclosures, insider trading and conflict of interest issues), and ethics.

The HRG has held three (3) meetings in 2016.

Key Management:

The Company appointed a new Group Chief Executive Officer (CEO), Mrs Genevieve Jodhan, with effect from February 14, 2017 consequent on the resignation of the former CEO in December 2016.

Directors' & Substantial Shareholdings

Directors' Shareholdings:	18 April 2017
Terrence Bharath	Nil
Krishna Boodhai[1]	Nil
Marlon Holder	Nil
Kirby Anthony Hosang	Nil
Frederick Gilkes	Nil
Ingrid Lashley	Nil
Ulric Miller	Nil
Trevor Marshall	Nil
Albert Tom Yew	Nil
Dr. Rolph N.S Balgobin (Chairman)	Nil

Substantial Shareholdings:	18 April 2017
Rumpro Company Limited	92,551,212
Colonial Life Insurance Company (T&T) Limited	66,971,877

A substantial interest means 5% or more of the issued share capital of the company.

[1]Krishna Boodhai tendered his resignation as a director with effect from April 24th 2017

Corporate Social Responsibility Review

Angostura's mission is to bring the spirt of Trinidad and Tobago to every customer experience by providing preferred products and excellent customer service. While carefully managing its core business, the company lays emphasis on environmental ethics, responsible consumption, employee engagement and community investment. The sustainability of our legacy and growth as a company depends, not only on the profits we make, but the social footprints we leave behind. Here are some of the things that we have done this year in our areas of focus.

Alcohol Awareness week

Stephen Edwards play 'Rum till I Die'

Athenians Pre-Secondary School Student Singing We-GO Green' during the Easter break hosted by the F.A.C.R.P. in St. Ann's

Alcohol Awareness and Responsible Consumption

During the Carnival season, Angostura ran several 'Designate...Don't Drink and Drive' newspaper advertisements, as well as spread knowledge of its Phone-a-Taxi app, which was launched in 2015.

In June, the Company once again sponsored two persons from the Morvant/Laventille district to attend the annual CARIAD symposium in Tobago, which focuses on alcohol and addiction studies.

We also assisted several schools to attend the Stephen Edwards Productions' play 'Rum Till I Die', which featured various skits about the ills of over-consumption.

In September, the company hosted a "Staff Rum Awareness Week", where facts on alcohol and drinking in moderation were presented daily to staff. They were encouraged to then share the information on their social media pages with friends and family. Our "Don't Drink and Drive" ads were also run on internal screens and other media.

Environmental Ethics

The House of Angostura has always ensured that we operate ethically when it comes to the environment. The company attained ISO 14001 certification in 1999, the only distillery in the Caribbean to achieve this.

Support was given to the Fondes Amandes Community Reforestation Project (F.A.C.R.P.) and their annual GAYAP held in March at the St. Ann's headquarters.

Corporate Social Responsibility Review - continued

Celebrating World Environment Day

Their fire prevention programme, involving a number of schools and other interested groups, provides a "hands-on learning experience about environmental issues, including watershed protection".

To celebrate World Environment Day (W.E.D.) in June, staff participated in several activities, which were geared towards engaging them in a fun and informative environment:

- Primary schools from the area were invited to participate in our first ever 'Market Day'. The schools' 4H clubs brought produce or items made from food they had grown, which they sold to staff on the courtyard.
- Several organisations, including the Forestry Division, F.A.C.R.P. and the UWI Zoology Museum, set up displays and interacted with staff on the 2016 theme 'Go Wild For Life'. Employees learned about local conservation and preservation efforts and how they could help prevent the illegal trade of wildlife.
- Staff also assisted in planting ornamental shrubs in an area designated to begin our own butterfly garden. Two lucky employees who wore green that day also won a 'Zookeeper for the Day' gift certificate.

Students of Cocorite Government Primary receiving their award

Junior Business Fair

Corporate Social Responsibility Review - continued

Employees participating in the Scotiabank 5K

Cheque presentation to Cyril Ross

International Women's Day

In September, a group of staff and their families joined with students of the Barataria North Secondary School and journeyed to '3 pools' in Blanchisseuse, to participate in the annual International Coastal Cleanup campaign.

Employee Engagement

In February, the Company hosted its 2nd annual Junior Business Fair. Over 250 form 3 students from three schools in the Laventille/Morvant area and one from Barataria, engaged with staff and learned about pursuing a career in professions including, coopering, security, information technology, marketing, finance and law. Staff also participated in the Chinapoo Government Primary School's Career Fair in December.

To celebrate International Women's Day on March 8, Angostura hosted its first panel discussion and luncheon for female staff. Moderated by Judette Coward of Mango Media, the panel featured three dynamic women who spoke of their experiences striving to excel in

Corporate Social Responsibility Review - continued

male-dominated industries. The speakers were Julie Morton of Morton's Publishing, Maria Daniel of Ernst and Young and Lisa Wickham of Imagine Media International Ltd. All women in charge of their own destinies.

September 17 to October 17 was declared Staff Volunteer Month and Angostura employees showed their giving spirit by raising approximately $8,700.00 in two separate events for charity. On October 07, the Trinidad & Tobago Cancer Society had a sale in the canteen of some of their promotional items, to raise funds for and provide awareness of breast and other types of cancer. Employees purchased bags, pins, chains and bookmarks, raising approximately $2,200 to support the cause.

The following week, staff held a 'Cake Sale' on the Courtyard, this time to raise funds for a charity of their choosing. Several departments set up 'booths', which employees in turn visited. In the end $6,490.00 was raised and the proceeds were donated to the Cyril Ross Home for children afflicted with HIV/AIDS, located in Tunapuna.

Also during the Volunteer Month, several female employees participated in Scotiabank's 'Women Against Breast Cancer 5K Run/Walk'.

Community Investment

'Community' means a great deal to Angostura and in 2016 the Company undertook several new initiatives, as well as continued its support for some long-established programmes:

Laventille/Morvant youth games

Chinapoo Police Youth Club Back to School Programme

Corporate Social Responsibility Review - continued

Barataria North Sec performs for guests at the Children's and Elders' Christmas Party

Our 3rd annual Laventille/Morvant Youth Games had the largest turnout of primary schools from the community to-date, with 13 schools in the area participating in a day full of fun, teamwork and camaraderie.

For the 2nd year Angostura provided financial support to the Heroes Foundation and their Youth Development Program at the Barataria North Secondary school. Activities which students participated in under this program included an Annual Cheerleading Competition, several workshops, our own Junior Business Fair & a Christmas 'Drive'.

Other areas of community investment included assistance to the Russell Latapy High school and Laventille Girls' Primary school for various sporting events during the period. Over the last seventeen years we have assisted The Laventille Steelband Festival Foundation with the 8 of Hearts concert and Laventille Steelband Street Parade.

Together with the assistance of staff, Angostura Limited was able to share the spirit of Christmas through our annual toy drive and provided toys for over 150 children and food hampers to 80 senior citizens from the Morvant/Laventille district, at a function held in the Laventille Community Complex on December 14.

Corporate Social Responsibility Review - continued

Culture, Sport & Youth Development

Angostura has always been a strong supporter of local culture, sports and the development of young people.

We continued our investment in Carnival by sponsoring over 26 unsponsored steel bands of varying sizes in the Panorama competitions. We also supported the Uptown Carnival Bomb Competition, the inaugural Laventille for Laventillians' Children's Carnival parade & sponsored a Youth Rally and Walk coordinated by the Malik Folk Performing Company.

Outside of Carnival, the Company also provided assistance to both the European Union and the UWI Film Festivals, as well as JCS Entertainment's production of 'Altar Boys' and Lester Efebo Wilkinson's play 'Bitter Cassava'.

In the area of Youth Development, Angostura presented six students from the UWI with bursaries towards their continued education, a three-year commitment made between Angostura Limited and the UWI Endowment Development Fund. Angostura also continued its assistance with the Chinapoo Police Youth Club for their Back to School programme, which help outfit twenty-five children with supplies for the start of the new school year.

Support for unsponsored steelbands

UWI Bursaries

Marketing Highlights

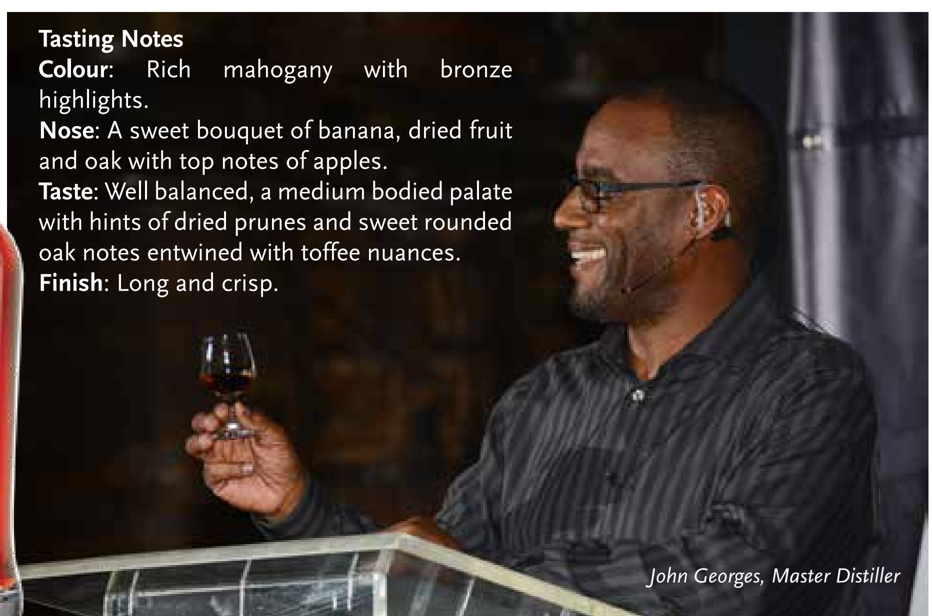
Launch of 1787 super premium rum

In 2016, Angostura launched a new rum in select markets worldwide – Angostura® 1787, a super-premium blend of rums aged for a minimum of 15 years.It is the newest addition to the House of Angostura's family of premium rums, a range which includes Angostura® 7 Year Old Rum, Angostura® 1919 and Angostura® 1824.

An exquisite sipping rum, Angostura® 1787 commemorates the establishment of the first sugar mill in Trinidad, at the famous Lapeyrouse sugar plantation, in 1787. It is made from a selection of rums carefully chosen from the House of Angostura's vast ageing warehouses, each of which has been ageing for 15 years in charred oak barrels.

"Angostura® 1787 celebrates the history of a quintessentially Caribbean spirit, highlights the importance of rum in our history, and promotes the awareness of rum as the true spirit of Trinidad and Tobago," says Chief Executive Officer, Genevieve Jodhan.

Launch Date	Market	City
September 8th	Denmark	Copenhagen
September 12th	Sweden	Stockholm
September 14th	Estonia	Tallinn
September 15th	Finland	Helsinki
September 20th	Netherlands	Amsterdam
September 22nd	Belgium	Ghent
October 1st	UK	Cardiff
October 2nd	France	Paris
October 5th	Czech Republic	Prague
October 10th	Germany	Berlin
October 14th	Romania	Bucharest
October 17th	Russia	Moscow
October 20th	Ukraine	Kiev
October 24th	Ireland	Dublin
November 2nd	Trinidad	Port of Spain
November 8th	Greece	Athens



Tasting Notes
Colour: Rich mahogany with bronze highlights.
Nose: A sweet bouquet of banana, dried fruit and oak with top notes of apples.
Taste: Well balanced, a medium bodied palate with hints of dried prunes and sweet rounded oak notes entwined with toffee nuances.
Finish: Long and crisp.

John Georges, Master Distiller

Marketing Highlights - continued

Rum Repackaging

The packaging for all our premium rums, was completely redesigned, with new labels and closures. Angostura 1824 and 1919 will now be available in exquisite boxes and tubes that reflect their first-class premium nature.

Angostura's goal was to redefine its rum packaging in line with the heritage and history of the brand, while centering it geographically in its Caribbean birthplace, Trinidad and Tobago and reflecting the unique nature of the brand's journey. In addition to the new aesthetic, the packaging is now also more user friendly, in line with current mixology trends: bottles are ergonomically balanced and shaped to facilitate easy storage and usage at the bar.

Marketing Highlights - continued

International Awards

Yet again in 2016, Angostura's rums were recipients of a number of prestigious international awards:

Angostura 5yo	San Francisco World Spirits Competition	Double Gold
Angostura 1824	San Francisco World Spirits Competition	Gold
Angostura 1919	San Francisco World Spirits Competition	Silver
Angostura White Oak	San Francisco World Spirits Competition	Bronze
Angostura 7yo	The Spirits Business- Rum Masters	Silver
Angostura 1824	The Spirits Business- Rum Masters	Silver
Angostura 7yo	Asian Spirits Masters	Silver
Angostura 1919	Asian Spirits Masters	Silver

Angostura 1824	Asian Spirits Masters	Silver
Angostura 1824	International Spirits Challenge- Design & Packaging	Silver
Angostura 1919	International Spirits Challenge- Design & Packaging	Silver
Angostura 7yo	International Spirits Challenge- Design & Packaging	Silver
Angostura 5yo	International Spirits Challenge- Design & Packaging	Silver
Angostura Reserva	International Spirits Challenge- Design & Packaging	Silver

Success for Lemon, Lime and Bitters (LLB)

LLB sponsors several sporting activities. Here is one of the teams (St. Mary's College) from the secondary school tennis tournament which took place during the year.

In 2016, Angostura® Lemon Lime and Bitters (LLB) experienced tremendous growth in the local market; Trinidad and Tobago. With the introduction of its sleek design in 2013, Angostura® Lemon Lime and Bitters sales grew by 24% versus prior year. The brand's increasing acceptance has remained positive over the past five years, recording a double-digit growth continuously, supported by a strong distribution partner and key tactical measures taken by the Marketing and Sales team. With a key focus on innovation, the future looks bright for this brand and continued growth is expected.

Marketing Highlights - continued

Angostura Global Cocktail Challenge

Trinidad and Tobago's competitor Neal Ramdhan is the new Angostura Global cocktail champion of 2016. He took away the US$10,000 and the title of "Angostura Ambassador" for two years.

900 entrants from 36 countries competed in their individual countries and this number was whittled down to just 12 finalists. They travelled to our twin island republic to compete in the competition held on Carnival Sunday, at the House of Angostura, which was judged by several international industry professionals including Angostura's senior manager laboratory operations and quality systems, Carol Homer-Caesar.

Second place overall went to Dino Batista of South Africa, and third place to Jonathan Strokowski Ross of Canada. Neal also won the 'best freestyle cocktail' while the 'best rum cocktail' prize went to Dino Batista.

Above: The three winners: Dino Batista of South africa, Neal Ramdhan of Trinidad and Tobago, and Jonathan Strokowski of Canada.

Top right: A proud Neal Ramdhan.

At right: The judges' panel.

Marketing Highlights - continued

Full Moon Party with Black Label

Fernandes Black Label decided to host a Full Moon party in July 2016, the aim of the event was to connect and interact with the consumers. Coming out of the various focus groups that were conducted in 2016 one common message that came through was that consumers to do see the relevance of the brand to their current lifestyles. Therefore Full Moon came about as an avenue to bill an event that would focus solely on the brand.

It was a free rum event with only Fernandes black label rum being served – with chasers, in cocktails and as shots. As it was a first time event, the numbers were not realised. However, the reviews post event were promising and therefore we will be proceeding with second edition in 2017.

Marketing Highlights - continued

Bar Convent Berlin Booth

Bar Convent Berlin was launched by the bar and beverages experts Jens Hasenbein, Bastian Heuser and Helmut Adam, and was held for the tenth time on October 11th and 12th 2016. The trade show attracted more than 9,000 visitors over the two days. Each year the "Who's Who" of this industry's German and European representatives gather in Berlin to make new contacts, find out about new product innovations and attend seminars to deepen their expertise.

Angostura presented a unique booth design which displayed the Brand Essence, which allowed the Brand to stand out amongst other brands participating in the Trade Show.

It provided a platform from which 8 bartenders of varying markets, demonstrated the usage of our brands in cocktails which were served to over 1700 booth visitors.

The company also held a private training session for Incentive Bartenders and introduced our new product Angostura® 1787. We held an Amaro night where Amaro cocktails were served with a demonstration by one of our 8 Brand Ambassadors who served the booth.

White Oak Carnival Campaign

The concept idea for the campaign was to commemorate some of the main aspects of Panorama, while still in keeping with the essence of the brand – the party, the high energy mixed with deep seeded culture.

After much deliberation, and long hours in the art room, the winning designs were: The Tenor Pan, The Bass Pan, The North Stand, The Drag, The Flag Woman and The Engine room.

The concept was supported by a carefully selected mix of media, including a digital promotional campaign. A total of 8,500 cases or 102,000 bottles were sleeved and distributed to the trade in January and February 2016.

What's new in Operations

Unscrambler for Miniature Bottles 1

There were two noteworthy improvements to the packaging lines in 2016; an automatic bottle Unscrambler for Line 1B (50ml PET Line) and a new Carton Erector on Line 1.

Line 1B Unscrambler

Bottles are delivered from the suppliers in the boxes shown on the right, in the picture above. The bottles are manually loaded into the bin to the left and the bottles are transported into a sorter which feeds them upright onto a conveyor. Previously, bottles were placed on the conveyor manually. This restricted the operating speed of the line to 50 – 55 bottles per minute. The new machine, installed and commissioned in November, allows a significant increase in operating speed of 70 – 75 bottles per minute.

Carton erector

Line 1 Carton Erector

The previous machine was built in 1995 and hence, was obsolete. The new machine was installed and commissioned in June, at which time, we immediately experienced an increase in reliability and speed. The previous machine was limited to an operating speed of 12 cases per minute, due to over 20 years of wear and tear. The newer version is currently operating at 25 cases per minute, and uses modern control systems and motor technology.

Statement of Management Responsibilities

Angostura Holdings Limited

Management is responsible for the following:

- Preparing and fairly presenting the accompanying financial statements of Angostura Holdings Limited (the Company), which comprise the consolidated statement of financial position as at December 31, 2016, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information;
- Ensuring that the Company keeps proper accounting records;
- Selecting appropriate accounting policies and applying them in a consistent manner;
- Implementing, monitoring and evaluating the system of internal control that assures security of the Company's assets, detection/prevention of fraud, and the achievement of the Company's operational efficiencies;
- Ensuring that the system of internal control operated effectively during the reporting period;
- Producing reliable financial reporting that comply with laws and regulations, including the Companies Act; and
- Using reasonable and prudent judgement in the determination of estimates.

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

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

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

Genevieve Jodhan, CEO
Date: March 27, 2017

Bernadette Sammy, CFO
Date: March 27, 2017

Independent Auditors' Report

To the Shareholders of Angostura Holdings Limited

Opinion

We have audited the consolidated financial statements of ("the Company"), which comprise the consolidated statement of financial position as at December 31, 2016, the consolidated statements of profit or loss and other 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 consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2016 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated 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) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Republic of Trinidad and Tobago, and we have fulfilled our other ethical responsibilities in accordance with these requirements and with 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 consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue Recognition

- **The risk** - Revenue is recognised when the risks and rewards of products have been transferred to the customer. The Company operates in a competitive industry in local and international markets. The Company is publicly traded and revenue is a key performance measure. There is a risk that revenue may be overstated because of fraud resulting from the pressure management may feel to achieve performance targets at the reporting period end. Management bonuses is partially based on the year end profit. Therefore, there is a risk for management to overstate profit as it has a direct correlation to their bonuses.

Independent Auditors' Report - continued

Key Audit Matters - continued

- **Our response** - Our audit procedures included considering the appropriateness of the Company's revenue recognition accounting policies and assessing compliance with the policies in terms of applicable accounting standards. We tested the effectiveness of the Company's controls over recording of sales transactions.

  We assessed sales transactions taking place at either side of the reporting date as well as credit notes issued after the year end date to assess whether that revenue was recognised in the correct period. We also developed an expectation of the current year's revenue based on trend analysis information taking into account historical monthly sales and returns information and other understanding of each market. We then compared this expectation to actual results.

Impairment of receivables

- **The risk** - The Company has significant trade receivables with distributors and customers in the retail industry. A number of companies in this industry are under financial stress and, therefore, there is a risk over the recoverability of these balances.
- **Our response** - Our audit procedures included the design and implementation of the Company's controls over the receivables impairment process; testing the receipt of cash after the year end; and testing the adequacy of the Company's provisions against trade receivables by assessing the director's assumptions, taking account of externally available data on trade credit exposures and our own knowledge of recent bad debt experience in this industry. We also considered the adequacy of the Company's disclosures about the degree of estimation involved in arriving at the provision.

Valuation of inventory

- **The risk** - The Company's inventory is carried in the consolidated financial statements at the lower of cost and net realisable value. International sales in the industry can be volatile with consumer demand changing significantly based on current trends. As a result there is a risk that the carrying value of inventory may exceed its net realisable value.
- **Our response** - We tested sales information for finished goods and consumption reports for raw materials, and used these to identify any items which may be slow-moving, or may have a net realisable value of lower than cost. We also considered the adequacy of the Company's disclosures about the degree of estimation involved in arriving at the provision.

Independent Auditors' Report - continued

Other Information

Management is responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the consolidated financial statements and our auditors' report thereon. The Company's annual report is expected to be made available to us after the date of this auditors' report.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. When we read the Company's annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the 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.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

Independent Auditors' Report - continued

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements - continued

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Independent Auditors' Report - continued

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements - continued

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

The engagement partner on the audit resulting in this independent auditors' report is Dushyant Sookram.

KPMG

Port of Spain
Trinidad and Tobago
March 27, 2017

Consolidated Statement of Financial Position

December 31, 2016
(Expressed in Trinidad and Tobago Dollars)

	Notes	2016 $'000	2015 $'000
ASSETS			
Non-current assets			
Property, plant and equipment	9	357,398	359,638
Available-for-sale assets	10	109	109
Retirement benefit asset	12	348,680	355,237
		706,187	714,984
Current assets			
Inventories	13	214,077	227,077
Assets held-for-sale	14	2,056	3,439
Trade and other receivables	15	191,873	274,365
Short-term investments	16	98,513	29,297
Cash and cash equivalents	17	182,749	125,302
		689,268	659,480
Total assets		1,395,455	1,374,464
EQUITY AND LIABILITIES			
Equity			
Share capital	18	118,558	118,558
Other reserves	19	99,915	99,915
Retained earnings		713,950	662,274
Total equity		932,423	880,747
Liabilities			
Non-current liabilities			
Retirement benefit obligation	12	293,937	294,595
Deferred tax liability	21	73,598	61,284
		367,535	355,879
Current liabilities			
Borrowings	20	30,000	50,600
Trade and other payables	22	65,497	87,238
		95,497	137,838
Total liabilities		463,032	493,717
Total equity and liabilities		1,395,455	1,374,464

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

Director

Director

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended December 31, 2016
(Expressed in Trinidad and Tobago Dollars)

	Notes	2016 $'000	2015 $'000
Revenue		620,469	649,409
Cost of goods sold		(249,123)	(266,025)
Gross profit		371,346	383,384
Selling and marketing expenses		(135,888)	(116,455)
Administrative expenses		(62,476)	(54,211)
Results from operating activities		172,982	212,718
Finance costs	24	(1,181)	(1,402)
Finance income		642	154
Results from continuing operations		172,443	211,470
Other income	25	1,888	2,047
Dividend income	26	220	1,108
Foreign exchange gains	27	12,802	620
Legal claim expense	28	(15,948)	-
Fair value gain on assets held-for-sale	14	-	2,745
Profit before tax		171,405	217,990
Taxation expense	29	(49,448)	(54,318)
Profit for the year		121,957	163,672
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Re-measurements of defined benefit (liability) asset	12	(5,836)	(5,778)
Related tax	21	1,459	1,444
Other comprehensive income for the year, net of tax		(4,377)	(4,334)
Total comprehensive income for the year		117,580	159,338
Profit for the year attributable to:			
Owners of the Company		121,957	163,672
Total comprehensive income attributable to:			
Owners of the Company		117,580	159,338
Dividend paid per share		22¢	26¢
Earnings per share - Basic and Diluted	30	$0.59	$0.80

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

Consolidated Statement of Changes in Equity

Year ended December 31, 2016
(Expressed in Trinidad and Tobago Dollars)

	Share Capital $'000 (Note 18)	Other Reserves $'000 (Note 19)	Retained Earnings $'000	Total Equity $'000
Balance at January 1, 2015	118,558	99,915	556,573	775,046
Profit for the year	-	-	163,672	163,672
Other comprehensive income	-	-	(4,334)	(4,334)
Total comprehensive income for the year	-	-	159,338	159,338
Transactions with equity holders recognised directly in equity				
Dividends to equity holders	-	-	(53,637)	(53,637)
Balance at December 31, 2015	118,558	99,915	662,274	880,747
Balance at January 1, 2016	118,558	99,915	662,274	880,747
Profit for the year	-	-	121,957	121,957
Other comprehensive income	-	-	(4,377)	(4,377)
Total comprehensive income for the year	-	-	117,580	117,580
Transactions with equity holders recognised directly in equity				
Dividends to equity holders	-	-	(65,904)	(65,904)
Balance at December 31, 2016	118,558	99,915	713,950	932,423

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

Consolidated Statement of Cash Flows

Year ended December 31, 2016
(Expressed in Trinidad and Tobago Dollars)

	Notes	2016 $'000	2015 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		121,957	163,672
Adjustments for:			
Depreciation	9	15,717	15,365
Loss (gain) on disposal of property, plant and equipment	25	389	(72)
Gain on settlement of financial liability		-	(138)
Gain on disposal of investments		-	(1,480)
Foreign exchange gain	27	(12,802)	(620)
Fair value gain on assets held-for-sale	14	-	(2,745)
Finance costs	24	1,181	1,402
Finance income		(642)	(154)
Dividend income	26	(220)	(1,108)
Adjustment to property, plant and equipment	9	526	2,053
Taxation expense		49,448	54,318
Operating profit before working capital changes		175,554	230,493
Change in employee benefits		2,223	(140)
Change in trade and other receivables		84,172	(32,618)
Change in inventories		13,001	(7,152)
Change in trade and other payables		(21,741)	(18,735)
Cash generated from operating activities		253,209	171,848
Interest paid		(1,309)	(1,573)
Corporation tax refunds received		11,157	-
Corporation tax paid		(48,511)	(43,689)
Retirement benefits paid – severance payments		(644)	(1,661)
Net cash from operating activities		213,902	124,925
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment		139	365
Proceeds from disposal of investments		-	1,480
Proceeds from disposal of assets held-for-sale		-	936
Acquisition of property, plant and equipment	9	(14,392)	(30,091)
Additions to investments		(67,276)	(29,297)
Dividends received		220	1,108
Interest received		642	154
Net cash used in investing activities		(80,667)	(55,345)

Consolidated Statement of Cash Flows - continued

Year ended December 31, 2016
(Expressed in Trinidad and Tobago Dollars)

	Notes	2016 $'000	2015 $'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(65,904)	(53,637)
Proceeds from borrowings		30,000	50,600
Repayment of borrowings		(50,600)	(114,628)
Net cash used in financing activities		(86,504)	(117,665)
Net increase (decrease) in cash and cash equivalents		46,731	(48,085)
Cash and cash equivalents at January 1		125,302	173,387
Effect of movement in exchange rate on cash held		10,716	-
Cash and cash equivalents at December 31	17	182,749	125,302

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

Notes to the Financial Statements

Year ended December 31, 2016

1. Reporting Entity

Angostura Holdings Limited (the Company) is a limited liability company incorporated and domiciled in the Republic of Trinidad and Tobago. The Company's registered office is Corner Eastern Main Road and Trinity Avenue, Laventille, Trinidad and Tobago. The Company has its primary listing on the Trinidad and Tobago Stock Exchange. It is a holding company whose subsidiaries are engaged in the manufacture and sale of rum, ANGOSTURA® aromatic bitters and other spirits, the bottling of beverage alcohol and other beverages on a contract basis, and the production and sale of food products. The consolidated financial statements of the Company as at and for the year ended December 31, 2016 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as the "Group companies").

The principal subsidiaries are:

Company	Country of Incorporation	Percentage Owned
Angostura Limited	Trinidad and Tobago	100%
Trinidad Distillers Limited	Trinidad and Tobago	100%

The Company's ultimate parent entity is C L Financial Limited (CLF), a company incorporated in the Republic of Trinidad and Tobago.

These consolidated financial statements were approved for issue by the Board of Directors on March 27, 2017.

2. Basis of Accounting

(a) Statement of compliance

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

Details of the Group's accounting policies, including changes during the year, are included in Notes 5 and 6.

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following items, which are measured on an alternative basis on each reporting date:

- non-derivative financial instruments at fair value through profit or loss are measured at fair value;
- available-for-sale financial assets are measured at fair value;

Notes to the Financial Statements - continued

December 31, 2016

2. Basis of Accounting - continued

(b) Basis of measurement - continued

- assets held-for-sale are measured at fair value;
- net defined benefit asset (obligation) is recognised as fair value of plan assets, adjusted by re-measurements through other comprehensive income, less the present value of the defined benefit obligation adjusted by experience gains (losses) on revaluation, limited as explained in Note 5(j)(ii);
- investments in equity-accounted investees are measured using the equity method;
- certain freehold/leasehold land and buildings which are measured at fair value less depreciation.

(c) Reclassification of prior year presentation

Certain prior year amounts have been reclassified for consistency with the current year's presentation. These reclassifications had no effect on the reported results of operations.

3. Functional and Presentation Currency

These consolidated financial statements are presented in Trinidad and Tobago dollars, which is the Group's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

4. Use of Estimates and Judgements

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively, unless those revisions are the result of a change in accounting policy or a correction of a significant error, in which case the revision is required retrospectively, in the earliest reporting period.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended December 31, 2016 is included in the following notes:

- Note 12 - Retirement benefit (asset) obligation - Measurement of defined benefit assets and obligations, key actuarial assumptions

Notes to the Financial Statements - continued

December 31, 2016

4. Use of Estimates and Judgements - continued

- Note 13 - Inventories – provision for obsolescence
- Note 15 - Trade and other receivables – provision for impairment
- Note 21 - Deferred taxation – timing differences on accounting and tax values of property, plant and equipment
- Note 33 - Related party transactions – provision for impairment.

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements is included in the following notes:

- Note 6 - Determination of fair values
- Note 32 - Leases – Determination of the lease classification.

5. Significant Accounting Policies

The Group has consistently applied the following accounting policies as set out in Note 5 to all periods presented in these consolidated financial statements.

(a) Basis of consolidation

(i) Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if they are related to the issue of debt or equity securities. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group 'controls' an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

(iii) Non-controlling interest

Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the Group's interest in the subsidiary that do not result in a loss of control are accounted for as equity transactions.

Notes to the Financial Statements - continued

December 31, 2016

5. Significant Accounting Policies - continued

(a) Basis of consolidation - continued

(iv) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interest and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

(v) Interest in equity-accounted investees

The Group's interest in equity-accounted investees comprise interest in associates and joint ventures.

Associates are those entities in which the Group has significant influence, but not control or joint control over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and joint ventures are accounted for using the equity method. They are recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence or joint control ceases.

As at the year end the Group had an interest in one joint venture (Note 11).

(vi) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated on consolidation. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date

Notes to the Financial Statements - continued
December 31, 2016

5. Significant Accounting Policies - continued

(b) Foreign currency - continued

(i) Foreign currency transactions - continued

of the transaction. However, foreign currency differences arising from the translation of available-for-sale equity investments (except on impairment in which case foreign currency differences that have been recognised in other comprehensive income are reclassified to profit or loss) are recognised in other comprehensive income. Foreign currency differences are generally recognised in profit or loss.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the functional currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated to the functional currency at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income (OCI) and accumulated in the retained earnings, except to the extent that the translation difference is allocated to non-controlling interests.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in retained earnings related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(c) Financial instruments

Financial instruments include available-for-sale assets, trade receivables, short-term investments, cash and cash equivalents, borrowings and trade and other payables.

(i) Classification

The Group classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables and available-for-sale assets.

Loans are created when the Group provides assets other than trading goods and services to a debtor, and is entitled to payment for the same on the agreed terms. Receivables are created when the Group provides trading goods and services to a debtor and is entitled to payment for same on the terms generally offered for such

Notes to the Financial Statements - continued

December 31, 2016

5. Significant Accounting Policies - continued

(c) Financial instruments - continued

(i) Classification - continued

transactions. Receivables are generally created with the intention of short term profit taking. Loans and receivables include trade receivables.

Financial assets at fair value through profit or loss are securities which are either acquired for generating a profit from short-term fluctuations in price, or are securities included in a portfolio in which a pattern of short-term profit taking exists.

Held-to-maturity assets are financial assets with fixed or determinable payments and fixed maturity that the Group has the intent and ability to hold to maturity. These include certain debt investments.

Available-for-sale financial assets are those non-derivative financial assets that are designated as such, or are not financial assets at fair value through profit or loss, loans and receivables, or held-to-maturity. Available-for-sale instruments include certain equity investments.

The Group classifies non-derivative financial liabilities into the following categories: financial liabilities at fair value through profit or loss and other financial liabilities.

A financial instrument is classified as a financial liability if it is (1) a contractual obligation to deliver cash or another asset to another entity, or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the reporting entity; or (2) a contract that will or may be settled in the reporting entity's own equity instruments under certain circumstances.

(ii) Non-derivative financial assets and financial liabilities - Recognition and derecognition

The Group initially recognises loans and receivables and debt securities issued, on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date when the entity becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Group is recognised as a separate asset or liability.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

Notes to the Financial Statements - continued

December 31, 2016

5. Significant Accounting Policies - continued

(c) Financial instruments - continued

(iii) Non-derivative financial assets - Measurement

Financial assets at fair value through profit or loss

A financial asset is classified as at fair value through profit or loss if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes therein, including any interest or dividend income, are recognised in profit or loss.

Held-to-maturity financial assets

These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

Loans and receivables

These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

Available-for-sale assets

These assets are initially recognised at fair value plus any directly attributable transaction costs.

Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on debt instruments, are recognised in other comprehensive income and accumulated in the investment revaluation reserve. When these assets are derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

(iv) Non-derivative financial liabilities - Measurement

A financial liability is classified as at fair value through profit or loss if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognised in profit or loss as incurred. Financial liabilities at fair value through profit or loss are measured at fair value and changes therein, including any interest expense, are recognised in profit or loss.

Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

Notes to the Financial Statements - continued

December 31, 2016

5. Significant Accounting Policies - continued

(c) Financial instruments - continued

(v) Offsetting

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a current legally enforceable right to offset the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRS, or for gains and losses arising from a group of similar transactions such as in the Group's trading activities.

(vi) Amortised cost measurement

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method, of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

(vii) 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 in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Group determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability, nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

Notes to the Financial Statements - continued

December 31, 2016

5. Significant Accounting Policies - continued

(c) Financial instruments - continued

(vii) Fair value measurement - continued

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

(viii) Designation at fair value through profit or loss

The Group has designated financial assets and financial liabilities at fair value through profit or loss in either of the following circumstances:

- The assets or liabilities are managed, evaluated and reported internally on a fair value basis.
- The designation eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Note 6 sets out the amount of each class of financial asset or financial liability that has been designated at fair value through profit or loss. A description of the basis for each designation is set out in the note for the relevant asset or liability class.

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment, other than land and buildings, are measured at cost, which includes capitalised borrowing cost, less accumulated depreciation and any accumulated impairment losses.

Land and buildings are measured at revalued amount less accumulated depreciation on buildings.

Land and buildings are revalued by qualified independent experts every five years and gains and losses are treated as follows:

- Gains are recorded in the revaluation reserve except where a gain directly offsets previous losses, in which case the gain is recognised in profit or loss to the extent that it offsets previous losses. Any additional gains are recognised within the revaluation reserve.
- Losses are recognised directly in profit or loss except to the extent that a loss offsets previous gains, in which case the loss is recognised against the revaluation reserve to the extent that it offsets previous gains. Any additional loss is recognised in profit or loss.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Notes to the Financial Statements - continued

December 31, 2016

5. Significant Accounting Policies - continued

(d) Property, plant and equipment - continued

(i) Recognition and measurement - continued

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group.

(iii) Depreciation

Depreciation is based on the market value or cost of an asset less its estimated residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method for buildings and reducing balance method for all other assets, to allocate their cost or revalued amounts less their residual values over their estimated useful lives.

Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

The estimated useful lives for the current and comparative years informed depreciation rates on assets are as follows:

- Buildings	25 - 50 years
- Plant, machinery and equipment	3 - 15 years
- Casks and pallets	6 years.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(e) Intangible assets

(i) Research and development

Expenditure on research activities is recognised in profit or loss as incurred.

Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses.

Notes to the Financial Statements - continued

December 31, 2016

5. Significant Accounting Policies - continued

(e) Intangible assets - continued

(ii) Other intangible assets

Other intangible assets, including customer relationships, patents and trademarks, which are acquired by the Group and have finite useful lives, are measured at cost less accumulated amortisation and any accumulated impairment losses.

(iii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

(iv) Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss. Goodwill is not amortised.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

The Group currently has no intangible assets.

(f) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on average cost, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Conversion costs include losses sustained in the alcohol aging process for the conversion of current distillate to aged distillate, as inventory is prepared for further blending and processing.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

(g) Impairment

(i) Non-derivative financial assets

Financial assets not classified as at fair value through profit or loss, including any interest in equity-accounted investees, are assessed at each reporting date to determine whether there is objective evidence of impairment.

Notes to the Financial Statements - continued

December 31, 2016

5. Significant Accounting Policies - continued

(g) Impairment - continued

(i) Non-derivative financial assets - continued

Objective evidence that financial assets are impaired includes:

- default or delinquency by a debtor
- restructuring of an amount due to the Group on terms that the Group would not otherwise consider
- indications that a debtor or issuer will enter bankruptcy
- adverse changes in the payment status of borrowers or issuers
- the disappearance of an active market for a security because of financial difficulties
- observable data indicating that there is a measurable decrease in expected cash flows from a group of financial assets

For an investment in an equity security, objective evidence of impairment includes a significant or prolonged decline in its fair value below its cost. The Group considers a decline of 20% to be significant and a period of nine months to be prolonged.

Financial assets measured at amortised cost

The Group considers evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Group uses historical information on the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account.

When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

Notes to the Financial Statements - continued

December 31, 2016

5. Significant Accounting Policies - continued

(g) Impairment - continued

(i) Non-derivative financial assets - continued

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve to profit or loss. The amount reclassified is the difference between the acquisition cost (net of any principal repayment and amortisation) and the current fair value, less any impairment loss previously recognised in profit or loss. If the fair value of an impaired available-for-sale debt security subsequently increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed through profit or loss. Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available-for-sale are not reversed through profit or loss.

Equity-accounted investees

An impairment loss in respect of an equity-accounted investee is measured by comparing the recoverable amount of the investment with its carrying amount. An impairment loss is recognised in profit or loss, and is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

(ii) Non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than biological assets, investment property, inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets (referred to cash generating units or CGUs). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, 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 or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro-rata basis.

Notes to the Financial Statements - continued

December 31, 2016

5. Significant Accounting Policies - continued

(g) Impairment - continued

(ii) Non-financial assets - continued

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(h) Cash and cash equivalents

Cash comprise cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value.

(i) Assets held-for-sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro-rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property or biological assets, which continue to be measured in accordance with the Group's other accounting policies.

Impairment losses on initial classification as held-for-sale or held-for-distribution and subsequent gains and losses on re-measurement are recognised in profit or loss. Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity-accounted investee is no longer equity accounted.

(j) Employee benefits

Retirement benefits for employees are provided by defined benefit schemes. The Group operates two defined benefit schemes, one trustee-administered and the other self-administered. The assets of the trustee-administered scheme are held in a consolidated fund and the plan is funded by contributions from the Group and its employees. The self-administered scheme is funded entirely by the Group out of cash resources, with no underlying assets. Both schemes are subject to annual valuations by independent qualified actuaries.

Notes to the Financial Statements - continued

December 31, 2016

5. Significant Accounting Policies - continued

(j) Employee benefits - continued

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. The Group currently has a defined contribution plan for post-retirement medical benefits. None of the Group's pension plans are defined contribution plans.

(ii) Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount, and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Re-measurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income. The Group determines the net interest expense or income on the net defined benefit asset or liability for the period, by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period, to the net defined benefit asset or liability, taking into account any changes in the net defined benefit asset or liability during the period resulting from contributions and benefit payments.

Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Notes to the Financial Statements - continued

December 31, 2016

5. Significant Accounting Policies - continued

(j) Employee benefits - continued

(iii) Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Re-measurements are recognised in profit or loss in the period in which they arise.

(iv) Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

(v) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(k) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. 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 the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

Warranties

A provision for warranties is recognised when the underlying products or services are sold, based on historical warranty data and a weighting of possible outcomes against their associated probabilities.

Restructuring

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating losses are not provided for.

Site restoration

A provision for site restoration in respect of contaminated land, and the related expense, is recognised when the land is contaminated.

Notes to the Financial Statements - continued

December 31, 2016

5. Significant Accounting Policies - continued

(k) Provisions - continued

Onerous contracts

A provision for onerous contracts is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

(l) Revenue

(i) Sale of goods

Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of excise taxes, returns, trade discounts and volume rebates.

If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised. The timing of the transfer of risks and rewards varies depending on the individual terms of the sales agreement.

Loyalty programme

Revenue is allocated between the loyalty programme and the other components of the sale. The amount allocated to the loyalty programme is deferred, and is recognised as revenue when the Group has fulfilled its obligations to supply the discounted products under the terms of the programme, or when it is no longer probable that the points under the programme will be redeemed.

(ii) Rendering of services

If the services under a single arrangement are rendered in different reporting periods, then the consideration is allocated on a relative fair value basis between the different services, across the reporting periods.

The Group recognises revenue from rendering of services in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed based on surveys of work performed.

Notes to the Financial Statements - continued

December 31, 2016

5. Significant Accounting Policies - continued

(m) Leases

(i) Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether the arrangement is or contains a lease.

At inception or on reassessment of an arrangement that contains a lease, the Group separates payments and other consideration required by the arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset; subsequently, the liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the Group's incremental borrowing rate.

(ii) Leased assets

Leases of property, plant and equipment that transfer to the Group substantially all of the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases are classified as operating leases and are not recognised in the Group's consolidated statement of financial position.

(iii) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(n) Finance income, finance costs and dividend income

The Group's finance income and finance costs include:

- interest income
- interest expense
- dividend income

Interest income or expense is recognised using the effective interest method. Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established.

Notes to the Financial Statements - continued

December 31, 2016

5. Significant Accounting Policies - continued

(o) Taxation

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items are recognised directly in equity or in other comprehensive income.

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year, and any adjustment to tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends. Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on business plans for individual subsidiaries in the Group and the reversal of temporary differences. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Notes to the Financial Statements - continued

December 31, 2016

5. Significant Accounting Policies - continued

(o) Taxation - continued

Deferred tax - continued

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Group has not rebutted this presumption.

Deferred tax assets and liabilities are offset only if certain criteria are met.

(p) Segment reporting

Segment results that are reported to the Chief Executive Officer, Executive Management team, and those charged with Governance include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise assets and liabilities, finance costs and income, other income and expenses, dividend income, impairment charges, foreign exchange gains and losses, legal claim expense and tax expenses and income.

(q) Share capital

Ordinary shares

Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity. Income tax relating to transaction costs of an equity transaction are accounted for in accordance with IAS 12 Income Tax.

Repurchase and reissue of share capital (treasury shares)

When shares recognised as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are classified within share capital as a deduction. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is presented within share premium.

(r) New and forthcoming standards and interpretations

(i) New standards, amendments and interpretations adopted by the Company

A number of new, revised and amended standards and interpretations came into effect for annual periods beginning on or after January 1, 2016. The Group has assessed them and has adopted those which are relevant to its financial statements.

Notes to the Financial Statements - continued

December 31, 2016

5. Significant Accounting Policies - continued

(r) New and forthcoming standards and interpretations - continued

(i) New standards, amendments and interpretations adopted by the Company - continued

- *IFRS 5 Non-current assets held for sale and Discontinued Operations*

  The standard has been amended to clarify that if an entity changes the method of disposal of an asset (or disposal group) i.e. reclassifies from held-for-distribution to owners to held-for-sale (or vice versa) without any time lag, then the change in classification is considered a continuation of the original plan of disposal, and the entity continues to apply held-for-distribution or held-for-sale accounting. At the time of the change method, the entity measures the carrying amount of the asset (or disposal group) and recognises any written down impairment loss or subsequent increase in the fair value less cost to sell/distribute the asset (or disposal group). If the entity determines that an asset (or disposal group) no longer meets the criteria to be classified as held-for-distribution, then it ceases held-for-distribution accounting in the same way as it would cease held-for-sale accounting.

  The amendment did not impact the Group's consolidated financial statements.

- *IFRS 7 Financial instruments: Disclosures*

  This standard has been amended to clarify when servicing arrangements are in the scope of disclosure requirements on continuing involvement in transferred financial assets in cases when they are derecognised in their entirety. A servicer is deemed to have continuing involvement if it has an interest in the future performance of the transferred asset e.g. if the servicing fee is dependent on the amount or timing of the cash flows collected from the transferred financial asset however, the collection and remittance of cash flows from the transferred asset to the transferee is not, in itself, sufficient to be considered 'continuing involvement'.

  IFRS 7 has also been amended to clarify that the additional disclosures required by Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendment to IFRS 7) are not specifically required for inclusion in condensed interim financial statements for all interim periods; however, they are required if the general requirements of IAS 34, Interim Financial Reporting, require their inclusion.

  The amendment did not impact the Group's consolidated financial statements.

Notes to the Financial Statements - continued

December 31, 2016

5. Significant Accounting Policies - continued

(r) New and forthcoming standards and interpretations - continued

(i) New standards, amendments and interpretations adopted by the Company - continued

- *IAS 19 Employee Benefits*

  The standard has been amended to clarify that high-quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid. Consequently, the depth of the market for high-quality corporate bonds should be assessed at the currency level and not the country level.

  The amendment did not impact the Group's consolidated financial statements.

- *IAS 34 Interim Financial Reporting*

  The amendments clarify that certain disclosures, if they are not included in the notes to interim financial statements, may be disclosed elsewhere in the interim financial report. The interim financial report is incomplete if the interim financial statements and any disclosure incorporated by cross-reference are not made available to the users of the interim financial statements on the same terms and at the same time.

  The amendment did not impact the Group's consolidated financial statements.

- *IAS 1, Presentation of Financial Statements, has been amended to clarify or state the following:*

  - specific single disclosures that are not material do not have to be presented even if they are minimum requirements of a standard;
  - the order of notes to the financial statements is not prescribed;
  - line items on the statement of financial position and the statement of profit or loss and other comprehensive income (OCI) should be disaggregated if this provides helpful information to users. Line items can be aggregated if they are not material.
  - specific criteria is now provided for presenting subtotals on the statement of financial position and in the statement of profit or loss and OCI, with additional reconciliation requirements for the statement of profit or loss and OCI; and
  - the presentation in the statement of OCI of items of other comprehensive income arising from joint ventures and equity-accounted investees accounted for using the equity method follows the IAS 1 approach of splitting items that may, or that will never, be reclassified to profit or loss.

  None of the amendments noted impacted the Group's consolidated financial statements.

Notes to the Financial Statements - continued

December 31, 2016

5. Significant Accounting Policies - continued

(r) New and forthcoming standards and interpretations - continued

(i) New standards, amendments and interpretations adopted by the Company - continued

- *IAS 16 and IAS 38, Clarification of Acceptable Methods of Depreciation and Amortisation, are amended as follows:*

  The amendment to IAS 16, Property, Plant and Equipment explicitly states that revenue-based methods of depreciation cannot be used. This is because such methods reflect factors other than the consumption of economic benefits embodied in the assets.

  The amendment to IAS 38, Intangible Assets introduces a rebuttable presumption that the use of revenue-based amortisation methods is inappropriate for intangible assets.

  The amendments did not impact the Group's consolidated financial statements.

- *IAS 16, Property, Plant and Equipment, and IAS 41, Biological Assets,* require a bearer plant, defined as a living plant, to be accounted for as property, plant and equipment and included in the scope of IAS 16 instead of IAS 41. Therefore, a company can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less costs to sell under IAS 41.

  The amendment did not impact the Group's consolidated financial statements

- *IAS 27, Equity Method in Separate Financial Statements* allow the use of the equity method in separate financial statements, and apply to the accounting for subsidiaries, equity-accounted investees, and joint ventures.

  The amendment did not impact the Group's consolidated financial statements

- *IFRS 10, Consolidated Financial Statements, and IAS 28, Investments in Associates and Joint Ventures, in respect of Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* require that when a parent loses control of a subsidiary in a transaction with an equity-accounted investee or joint venture, the full gain be recognised when the assets transferred meet the definition of a 'business' under IFRS 3, Business Combinations.

  The amendment did not impact the Group's consolidated financial statements.

- *IFRS 11, Accounting for Acquisitions of Interests in Joint Operations,* require business combination accounting to be applied to acquisitions of interests in a joint operation that constitutes a business. Business combination accounting also applies to the additional interests in a joint operation while the joint operator retains control. The additional interest acquired will be measured at fair value but previously held interests will not be remeasured.

  The amendment did not impact the Group's consolidated financial statements.

Notes to the Financial Statements - continued

December 31, 2016

5. Significant Accounting Policies - continued

(r) New and forthcoming standards and interpretations - continued

(i) New standards, amendments and interpretations adopted by the Company - continued

- *IFRS 10, Consolidated Financial Statements, IFRS 12, Disclosure of Interests in Other Entities and IAS 28, Investments in Associates and Joint Ventures* have been amended to introduce clarifications on which subsidiaries of an investment entity are consolidated instead of being measured at fair value through profit or loss. IFRS 10 was amended to confirm that the exemption from preparing consolidated financial statements is available to a parent entity that is a subsidiary of an investment entity. An investment entity shall measure at fair value through profit or loss all of its subsidiaries that are themselves investment entities. IAS 28 was amended to provide an exemption from applying the equity method for investment entities that are subsidiaries and that hold interests in equity-accounted investees and joint ventures. IFRS 12 was amended to clarify that the relevant disclosure requirements in the standard apply to an investment entity in which all of its subsidiaries are measured at fair value through profit or loss.

  The amendment did not impact the Group's consolidated financial statements

(ii) New standards, amendments and interpretations not yet adopted

Certain new, revised and amended standards and interpretations have been issued which are not yet effective for the reporting period and which the Group has not early-adopted. The Group has assessed the relevance of all such new standards, amendments and interpretations with respect to the Group's operations and has determined that the following are likely to have an effect on the consolidated financial statements:

- *IAS 7, Statement of Cash flow disclosure amendment* is effective for annual periods beginning on or after January 1, 2017 with early adoption permitted. The disclosures enable users of the financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash and non-cash changes.

  To satisfy the new disclosure requirement, the Group intends to present a reconciliation between opening and closing balances of liabilities with changes arising from financing activities.

- *IAS 12, Deferred Tax Assets amendments* are effective for annual periods beginning on or after January 1, 2017 with early adoption permitted. The amendments clarify the following:

  - The existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end

Notes to the Financial Statements - continued

December 31, 2016

5. Significant Accounting Policies - continued

(r) New and forthcoming standards and interpretations - continued

(ii) New standards, amendments and interpretations not yet adopted - continued

- *IAS 12, Deferred Tax Assets amendments - continued*

  of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset.

  - A deferred tax asset can be recognised if the future bottom line of the tax return is expected to be a loss, if certain conditions are met.
  - Future taxable profits used to establish whether a deferred tax can be recognised should be the amount calculated before the effect of reversing temporary differences.
  - An entity can assume that it will recover an asset for more than its carrying amount if there is sufficient evidence that it is probable that the entity will achieve this.
  - Deductible temporary differences related to unrealised losses should be assessed on a combined basis for recognition unless a tax law restricts the use of losses to deductions against income of a specific type.

  The amendment when effective, is not expected to impact the Group's consolidated financial statements.

- *IFRS 15, Revenue from Contracts with Customers,* effective for accounting periods beginning on or after January 1, 2018, replaces IAS 11, *Construction Contracts*, IAS 18, Revenue, IFRIC 13, *Customer Loyalty Programmes*, IFRIC 15, *Agreements for the Construction of Real Estate*, IFRIC 18, *Transfer of Assets from Customers and SIC-31 Revenue – Barter Transactions Involving Advertising Services*. It does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other IFRSs. It also does not apply if two companies in the same line of business exchange non-monetary assets to facilitate sales to other parties.

  The Group will apply a five-step model to determine when to recognise revenue, and at what amount. The model specifies that revenue should be recognised when (or as) an entity transfers control of goods or services to a customer at the amount to which the entity expects to be entitled. Depending on whether certain criteria are met, revenue is recognised at a point in time, when control of goods or services is transferred to the customer; or over time, in a manner that best reflects the entity's performance.

  There will be new qualitative and quantitative disclosure requirements to describe the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

  The Group is assessing the impact that this amendment will have on its consolidated financial statements.

Notes to the Financial Statements - continued

December 31, 2016

5. Significant Accounting Policies - continued

(r) New and forthcoming standards and interpretations - continued

(ii) New standards, amendments and interpretations not yet adopted - continued

- *IFRS 9, Financial Instruments*, which is effective for annual reporting periods beginning on or after January 1, 2018, replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial assets and liabilities, including a new expected credit loss model for calculating impairment of financial assets and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. Although the permissible measurement bases for financial assets – amortised cost, fair value through other comprehensive income, and fair value though profit or loss are similar to IAS 39, the criteria for classification into the appropriate measurement category are significantly different. IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model, which means that a loss event will no longer need to occur before an impairment allowance is recognised.

  The Group is assessing the impact that this amendment will have on its consolidated financial statements.

- *IFRS 2, Classification and Measurement Shared-based payment Transactions*, amendments are effective for annual periods beginning on or after January 1, 2018. The amendments to IFRS 2, cover three accounting areas as follows:

  - Cash-settled share-based payments are measured using the same approach as for equity-settled share-based payments i.e. the modified grant date method. The new requirements do not change the cumulative amount of expense that is ultimately recognised, because the total consideration for cash-settled share-based payments is still equal to the cash paid on settlement.
  - For classification purposes, an exception is made for a share-based payment transaction with employees to be accounted for as equity-settled if:
    - the terms of the arrangement permit or require a company to settle the transaction net by withholding a specified portion of equity instruments to meet the statutory tax withholding requirement and;
    - the entire share-based payment transaction would otherwise be classified as equity-settled if there were no net settlement feature.
  - The approach in accounting for a modification of a share-based payment from cash-settled to equity-settled.

Notes to the Financial Statements - continued

December 31, 2016

5. Significant Accounting Policies - continued

(r) New and forthcoming standards and interpretations - continued

(ii) New standards, amendments and interpretations not yet adopted - continued

IFRS 2, Classification and Measurement Shared-based payment Transactions, - continued

The new requirements could affect the classification and/or measurement of these arrangements and potentially the timing and amount of expense recognised for new and outstanding awards.

The amendments are not expected to impact the Group's consolidated financial statements.

- *IFRS 16, Leases*, which is effective for annual reporting periods beginning on or after January 1, 2019, eliminates the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, there is a single, on-balance sheet accounting model that is similar to current finance lease accounting. Companies will be required to bring all major leases on-balance sheet, recognising new assets and liabilities. The on-balance sheet liability will attract interest; the total lease expense will be higher in the early years of a lease even if a lease has fixed regular rental expenses. Optional lessee exemption will apply to short-term leases and for low-value items to be assessed by the Group.

  Lessor accounting remains similar to current practice as the lessor will continue to classify leases as finance and operating leases.

  Early adoption of IFRS 16, Leases is permitted if *IFRS 15, Revenue from Contracts with Customers* is also early adopted.

  The Group is assessing the impact that this amendment will have on its consolidated financial statements.

Notes to the Financial Statements - continued

December 31, 2016

6. Determination of Fair Values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the methods described below. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

a) Fair value measurement

(i) Property, plant and equipment

The fair value of property, plant and equipment is the estimated amount for which property could be exchanged on the acquisition date between a willing buyer and a willing seller in an arm's length transaction after proper marketing, wherein the parties had each acted knowledgeably. The fair value of items of property is based on the market approach and cost approaches using quoted market prices for similar items when available and depreciated replacement cost when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence.

(ii) Intangible assets

The fair value of patents and trademarks acquired in a business combination is based on the discounted estimated royalty payments that are expected to be avoided as a result of the patents or trademarks being owned.

The fair value of customer relationships acquired in a business combination is determined using the multi-period excess earnings method, whereby the subject asset is valued after deducting a fair return on all other assets that are part of creating the related cash flows. The fair value of other intangible assets is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

(iii) Inventories

The fair value of inventories acquired is determined based on the estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

(iv) Available-for-sale assets

The fair values of investments in equity and debt securities are determined with reference to their quoted closing bid price at the measurement date, or if unquoted, determined using a valuation technique. Valuation techniques employed include market multiples and discounted cash flow analysis using expected future cash flows and a market-related discount rate. Subsequent to initial recognition, the fair values of held-to-maturity investments are determined for disclosure purposes only.

Notes to the Financial Statements - continued

December 31, 2016

6. Determination of Fair Values - continued

(v) Assets held-for-sale

The fair value of assets held-for-sale is determined by market valuations performed by independent experts, where all significant inputs of the valuation technique are directly or indirectly observable from market data.

(vi) Trade and other receivables

The fair values of trade and other receivables are estimated at the present value of future cash flows, discounted at the market rate of interest at the measurement date. Short-term receivables with no stated interest rate are measured at the original invoice amount if the effect of discounting is immaterial. Fair value is determined at initial recognition and, for disclosure purposes, at each annual reporting date.

(vii) Other non-derivative financial liabilities

Other non-derivative financial liabilities are measured at fair value, at initial recognition and for disclosure purposes, at each annual reporting date. Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the measurement date.

In respect of the liability component of convertible notes, the market rate of interest is determined with reference to similar liabilities that do not have a conversion option. For finance leases the market rate of interest is determined with reference to similar lease agreements.

(viii) Contingent consideration

The fair value of contingent consideration arising in a business combination is calculated using the income approach based on the expected payment amounts and their associated probabilities. When appropriate, it is discounted to present value.

b) Valuation models

The Group's accounting policy on fair value measurements is discussed in accounting policy 5(c) (vii) and (viii).

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.

Level 2: Valuation techniques based on observable inputs, either directly (i.e. prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Notes to the Financial Statements - continued

December 31, 2016

6. Determination of Fair Values - continued

b) Valuation models - continued

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

c) Financial instruments measured at fair value – fair value hierarchy

At year end, the following financial instruments were measured at fair value.

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Value $'000
2016				
Available-for-sale assets	1	-	108	109
Short-term investments	-	98,513	-	98,513
2015				
Available-for-sale assets	1	-	108	109
Short-term investments	-	29,297	-	29,297

Notes to the Financial Statements - continued

December 31, 2016

6. Determination of Fair Values - continued

d) Financial instruments not measured at fair value

The table below is an analysis of financial instruments not measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorised.

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Fair Value $'000	Total Carrying Amount $'000
As at December 31, 2016					
Trade receivables	-	180,166	-	180,166	180,166
Trade and other payables	-	65,497	-	65,497	65,497
Borrowings	-	30,000	-	30,000	30,000
As at December 31, 2015					
Trade receivables	-	264,502	-	264,502	264,502
Trade and other payables	-	87,238	-	87,238	87,238
Borrowings	-	50,600	-	50,600	50,600

The fair value of borrowings is estimated using discounted cash flow techniques, applying the rates that are offered for debt securities of similar maturities and terms. The repayment date for borrowings is March 10, 2017.

Notes to the Financial Statements - continued

December 31, 2016

6. Determination of Fair Values - continued

e) Non-financial instruments measured at fair value

The Group's freehold land and buildings were last revalued on December 31, 2014 by Linden Scott Valuation Limited, Chartered Valuation Surveyors. The valuation surveyors used the market approach to determine the values of land and buildings respectively.

This basis of valuation was used due to the specialised nature of the properties, derived from the exigencies of the operations. The surplus thus arising was credited to revaluation surplus in shareholders' equity.

Fair value measurements as at December 31, 2016 using:

	Quoted prices in active markets for identical assets (Level 1) $'000	Significant other observable inputs (Level 2) $'000	Significant unobservable inputs (Level 3) $'000
Recurring fair value measurements			
Land and buildings	-	-	189,827

	Fair value hierarchy	Fair value as at January 1, 2016 $'000	Additions $'000	Depreciation/ impair-ment $'000	Transfers $'000	Adjustment $'000	Fair value carried forward $'000
Land and buildings	Level 3	189,681	663	(1,817)	1,909	(609)	189,827

Notes to the Financial Statements - continued

December 31, 2016

6. Determination of Fair Values - continued

e) Non-financial instruments measured at fair value - continued

Fair value measurements as at December 31, 2015 using:

	Quoted prices in active markets for identical assets (Level 1) $'000	Significant other observable inputs (Level 2) $'000	Significant unobservable inputs (Level 3) $'000
Recurring fair value measurements			
Land and buildings	-	-	189,681

	Fair value hierarchy	Fair value as at January 1, 2015 $'000	Additions $'000	Depreciation/ impair-ment $'000	Transfers $'000	Adjustment $'000	Fair value carried forward $'000
Land and buildings	Level 3	189,472	2,441	(1,682)	4,245	(4,795)	189,681

There were no transfers between levels 1 and 2 during the year.

Transfers between levels 2 and 3

The Company's management annually reviews the latest valuations performed by the independent valuator for financial reporting purposes.

At each financial year end, the finance department:

- verifies all major inputs to the independent valuation report;
- assesses property valuation movements when compared to the most recent valuation report;
- holds discussions with the independent valuator.

The Group's recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

The main level 3 inputs used by the Group are derived and evaluated as follows:

Land:

The direct comparable method was used. In using this method, evidence of arm's length open market transactions of similar lands are analysed and the results applied to the subject lands after taking into consideration appropriate adjustments for location, size and other relevant factors.

Notes to the Financial Statements - continued

December 31, 2016

6. Determination of Fair Values - continued

e) Non-financial instruments measured at fair value - continued

Buildings:

Buildings are valued using the depreciated replacement cost method. Under this method the gross replacement cost of the buildings and other sites works are then estimated from which appropriate deductions are then made to allow for the age, condition and obsolescence (economic and functional) of the buildings in site works. The total net replacement cost is then added to the estimated value of the land.

Inputs considered in the valuation:

(i) Most of the properties are located in an old and well-established industrial area located immediately east of Port of Spain, and is well serviced by transportation routes and a pool of both skilled and unskilled labour.

(ii) Measurements and condition – The square footage of the site is taken into consideration in the valuation. Based on the valuation, the buildings appear to be in good structural and decorative repair.

The inputs above have not varied significantly in the past, and as such the impact of movements in the variables are not considered significant.

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

	2016 $'000	2015 $'000
Cost	554,064	561,575
Accumulated depreciation	(205,819)	(207,592)
Net book amount	348,245	353,983
Depreciation expense is included in profit or loss as follows:		
Amount included in cost of sales	11,610	13,273
Amount included in other operating expenses	4,107	2,092
	15,717	15,365

Notes to the Financial Statements - continued

December 31, 2016

7. Financial Risk Management

Risk Management Framework

The Executive Management has set up a Risk Management Committee (RMC) to institute a formal Enterprise Risk Management (ERM) program to ensure that key risks are actively and continuously identified, managed, monitored and reported. The aim is to establish a risk management culture and communicate the importance of risk management activities to all staff, and specify the responsibilities and accountability for risk management throughout operations. Input is obtained from all key stakeholders including management, those charged with Governance, legal counsel, internal and external auditors.

The Risk Management Committee also considers the emergence of new risks, and operational management is required to report on such risks and assist in the development of mitigating strategies to address them. The Risk Management Committee is guided by the Group's Risk Leader.

The Group's Audit Committee oversees how management monitors compliance with the Group's policies and procedures. The Group's Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and *ad hoc* reviews of controls and procedures, the results of which are reported to the Audit Committee.

As part of the overall risk management process, the Risk Management Committee has reviewed the activities of the Group in consideration of its natural and commercial operating environments and has identified the major risks faced by the Group.

In order to better focus the risk management efforts, risks have been classified into the following major categories and assessed on the basis of residual exposure after consideration of the level of management and control activities designed and implemented to specifically mitigate against them:

- Financial and reporting
- Operational
- Compliance
- Strategic

The inherent risk levels (defined by their potential impact, and likelihood of occurrence in the absence of controls) are compared to management control levels to determine the appropriate risk response specifically, whether risks should be monitored or accepted or conversely, whether controls should be monitored or improved.

The Risk Management Committee manages and updates the Risk Register which details for each core functional area, the major risks identified, key drivers and metrics related to each risk, risk owner (with direct responsibility for managing the risk), the response adopted, type and frequency of monitoring, and action plan for implementation of the documented risk response.

Updates to the Risk Register are performed at least twice per year with the input from all functional areas to ensure that documented risks and related ratings, responses and actions plans are relevant in the context of the Group's operations. The Group's insurance structures

Notes to the Financial Statements - continued

December 31, 2016

7. Financial Risk Management - continued

Risk Management Framework - continued

are influenced by the findings of the risk management reviews. The Group's risk management methodology are underpinned by the principles of ISO 31000: 2009 Risk Management, with certain elements of the COSO Enterprise Risk Management-Integrated Framework also adopted.

The risk management process is dynamic and requires ongoing review and revision to enable the Group to maintain a position of strength in relation to inherent and residual risks. The process is continuously refined in response to environmental changes from both a natural and operating perspective.

Operational Risk Management

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

- credit risk
- liquidity risk
- capital risk.

This Note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

(a) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

The carrying amount of financial assets represents the maximum credit exposure.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers factors which may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate.

The Group has identified certain concentrations of credit risk related to the geographic dispersion of export customers. It has instituted policies and procedures to ensure that credit sales of products are made to customers with an appropriate credit history. The Group's Credit Committee has established a revised credit policy under which each new customer is analysed for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings when available, and in some cases bank references. Sales limits are established for each customer and are reviewed on an ongoing basis. Any sales exceeding those limits require approval in accordance with the credit approval hierarchy as set out in the Group's credit policy. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a cash or advance payment basis.

Notes to the Financial Statements - continued

December 31, 2016

7. Financial Risk Management - continued

Risk Management Framework - continued

(a) Credit risk - continued

For the purposes of credit risk assessment, customers are segregated into categories and reviews take account of the specific trading relationship of each category of debtor with the Company. Credit risk assessment presents significant implications for two major categories of debtors: trade receivables and related party receivables.

Trade receivables – Management assesses the creditworthiness of major trade customers on an ongoing basis and revises credit limits based on the findings of analyses performed. Discretionary allowances are made for individual customers where temporary breaches in credit limits are deemed acceptable. Preferred customers who trade in high volumes typically benefit from adjustments to their credit terms at the year-end.

Related party receivables – Trade with related parties occurs on terms comparable with those offered to third parties. Significant transactions falling outside the scope of regular trade require approval by the Board of Directors. Transactions undertaken with related parties are monitored during the year to ensure agreement of balances by relevant parties.

In 2015, the Group adopted a new model for export trading with EMEAA (Europe, Middle East, Asia, and Africa) countries. As a result, the Group now trades directly with approximately sixty (60) overseas distributors where in prior periods, a master distributor managed these distributors. This model has exposed the Group to increased credit and market risks (market risk in the form of currency risk, discussed below in Note 7(c)(i)).

Credit risk in this respect has been managed through the credit review process, as all new distributors are verified using external ratings (and bank and other references where necessary), to determine the extent of credit facilities to be offered. New distributors have presented significant payment issues since trading commenced.

The Group is closely monitoring the economic environment in the Eurozone and is taking actions to limit its exposure to customers in countries experiencing particular economic volatility. Measures adopted in relation to high risk customers include the establishment of standby letters of credit for certain sales, and requirement for advance payments from certain customers in regions where availability of currency is challenging.

Credit risk with banks and financial institutions is managed through the purchase and sale of foreign currency, transfer of balances between financial institutions to take advantage of interest rates, and where beneficial to the Company, investment in short term, easily convertible, liquid assets and maintenance of flexible lines of credit. The Group's policy on short term investments is that underlying instruments must comprise Trinidad and Tobago Government bonds with bonds held directly in the Group.

Where qualifying underlying assets are unavailable, the Group can consider other low risk products such as mutual funds.

Notes to the Financial Statements - continued

December 31, 2016

7. Financial Risk Management - continued

Risk Management Framework - continued

(a) Credit risk - continued

In addition, the Group maintains banking relationships with prominent local and foreign banks with a proven history of stability and corporate resilience. The financial results of banking institutions are monitored by Management and frequent liaison with representatives of banks ensures early warnings are received in the event that banks encounter the risk of financial or operational difficulties.

The table below shows the carrying values at the reporting date of major categories of debtors and financial institutions.

	2016 $'000	2015 $'000
Trade receivables:		
Third party – net (Note 15)	178,898	260,371
Related party – net (Note 33(iv)	3,268	4,131
	180,166	264,502
Short-term investments (Note 16)	98,513	29,297
	278,679	293,799

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. Unimpaired amounts that are past due by more than 30 days are considered collectible in full, based on historical payment behaviour and extensive analysis of customer credit risk, including underlying customers' credit ratings where available. Information on the exposures to credit risk is provided in Note 15.

(b) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. Due to the dynamic nature of the underlying businesses, the Group aims to maintain flexibility in funding by keeping committed credit lines available.

The Group uses activity-based standard costing to cost its products and services, which assists it in monitoring cash flow requirements and optimizing its cash return on investments. Typically the Group ensures that it has sufficient cash on hand to meet

Notes to the Financial Statements - continued

December 31, 2016

7. Financial Risk Management - continued

Risk Management Framework - continued

(b) Liquidity risk - continued

expected working capital requirements and operational expenses including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. Information on the maturity profile of significant contractual obligations is provided in Notes 20 and 22.

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return to the Group.

(i) Currency risk

The Group operates internationally and is exposed to foreign exchange currency risk arising from various currency exposures, primarily with respect to the US dollar, Euro and Pound Sterling. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

As at the year end all debt carried by the Group was held in the functional currency of the Group and as such, no currency exposure was noted in respect of borrowings.

The Group considers revenue and receivables in US dollars to be the greatest source of currency risk, especially where customers are domiciled in non-US territories. Sales to EMEAA countries are invoiced in US dollars as is the case for all export customers. The primary mitigating factor against currency exposure from sales and receivables is the Group's US dollar denominated purchases and payables. The Group is a net earner of US dollars. Information on the exposures to currency risk is provided in Note 15.

(ii) Price risk

The Group does not have a policy for managing price risk arising from the investments held in foreign currencies. No significant price risk in respect of such investments has been identified at the year-end since all investments in foreign currencies have been fair valued and foreign operations are not significant to the Group.

(iii) Interest rate risk

The Group has significant interest-bearing liabilities in the form of revolving term borrowings. There are no significant interest-bearing assets. Revolving term borrowings at variable rates expose the Group to interest rate risk.

Notes to the Financial Statements - continued

December 31, 2016

7. Financial Risk Management - continued

Risk Management Framework - continued

(c) Market risk - continued

Differences in contractual re-pricing or maturity dates and changes in interest rates expose the Group to interest rate risk. The Group's exposure to interest rate risks on its financial liabilities are disclosed in Note 19.

The Group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the Group calculates the impact on profit and loss of a defined interest rate shift. For each simulation, the interest rate shift is determined based on expected market movements and anticipated changes arising from ongoing negotiations. The scenarios are run only for liabilities that represent major interest-bearing positions.

The Group assesses its interest burden and ranks its debt from high to low in relation to the demands placed on working capital for servicing. High interest facilities and facilities denominated in volatile currencies are considered first for refinancing, followed by lower interest rate borrowings and borrowings denominated in stable currencies or the functional currency of the Group.

(d) Capital risk

The Group's policy is to maintain a strong capital base in order to ensure investor, creditor and market confidence, and to sustain future development of the business. Management monitors the return on capital as well as the level of dividends to ordinary shareholders. The Board of Directors seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings, and the advantages and security afforded by a sound capital position.

In managing capital, the Group aims to safeguard its going concern status; provide returns for shareholders and benefits for other stakeholders; and maintain an optimal structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated statement of financial position) less cash and cash equivalents.

Notes to the Financial Statements - continued

December 31, 2016

8. Segment Information

Management has determined the operating segments based on the reports reviewed by Executive Management to make strategic decisions.

The segment results for the year ended December 31, 2016 are as follows:

	Branded Trade $'000	Commodity Trade $'000	Total $'000
Revenue	507,540	112,929	620,469
Results from operating activities	163,982	9,000	172,982
Finance cost	-	-	(1,181)
Finance income	-	-	642
Results from continuing operations	-	-	172,443
Other Income	-	-	1,888
Dividend income	-	-	220
Foreign exchange gains	-	-	12,802
Legal expense	-	-	(15,948)
Group profit before tax	-	-	171,405
Tax expense	-	-	(49,448)
Profit for the year			121,957

The assets and liabilities of the Group are not allocated by segment.

Notes to the Financial Statements - continued

December 31, 2016

8. Segment Information - continued

The segment results for the year ended December 31, 2015 are as follows:

	Branded Trade $'000	Commodity Trade $'000	Total $'000
Revenue	511,515	137,894	649,409
Results from operating activities	199,055	13,663	212,718
Finance cost	-	-	(1,402)
Finance income	-	-	154
Results from continuing operations	-	-	211,470
Other Income	-	-	2,047
Dividend income	-	-	1,108
Foreign exchange gains	-	-	620
Fair value gains on asset held-for-sale	-	-	2,745
Group profit before tax	-	-	217,990
Tax expense	-	-	(54,318)
Profit for the year			163,672

Segments are aggregated on the basis of product nature, as this quality has been assessed as having the greatest impact on trading criteria. Specifically, the following characteristics of trade are influenced by the nature of products:

- Geographical location of customer
- Type of customer
- Extent of marketing investment
- Treatment of selling and logistics expenses.

Branded trade refers to products that carry specific differentiating characteristics, which make them unique to the Group and distinguishable from competitor products. These products are marketed in accordance with approved brand plans. Commodity trade refers to products that possess characteristics which can reasonably be attained by comparable producers in the spirits industry. These products are generally not heavily marketed, and provide strategic benefits to the Group apart from outright contribution to profits.

Notes to the Financial Statements - continued

December 31, 2016

9. Property, Plant and Equipment

	Land and Buildings	Plant, Machinery & Equipment	Casks and Pallets	Assets in Progress	Total
	$'000	$'000	$'000	$'000	$'000
December 31, 2016					
Cost or revaluation					
Balance as at January 1	198,227	313,624	44,125	9,702	565,678
Additions	663	6,443	4,308	2,978	14,392
Transfers	1,909	480	-	(2,389)	-
Disposals	-	(16,589)	(1,203)	(87)	(17,879)
Adjustments	(609)	83	-	-	(526)
Balance as at December 31	200,190	304,041	47,230	10,204	561,665
Accumulated depreciation					
Balance as at January 1	(8,546)	(166,596)	(30,898)	-	(206,040)
Depreciation charge	(1,817)	(10,904)	(2,996)	-	(15,717)
Disposals	-	16,434	1,056	-	17,490
Balance as at December 31	(10,363)	(161,066)	(32,838)	-	(204,267)
At December 31, 2016					
Cost or valuation	200,190	304,041	47,230	10,204	561,665
Accumulated depreciation	(10,363)	(161,066)	(32,838)	-	(204,267)
Net book value	189,827	142,975	14,392	10,204	357,398

The net book value of property, plant and equipment, excluding fair value adjustment for land and buildings, is $348,245 (2015: $353,983).

Notes to the Financial Statements - continued

December 31, 2016

9. Property, Plant and Equipment - continued

	Land and Buildings	Plant, Machinery & Equipment	Casks and Pallets	Assets in Progress	Total
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
December 31, 2015					
Cost or revaluation					
Balance as at January 1	193,052	268,085	36,262	34,265	531,664
Additions	2,441	20,710	2,694	4,246	30,091
Transfers	4,245	26,881	-	(31,126)	-
Disposals	-	(547)	(1,150)	-	(1,697)
Adjustments	(1,511)	(1,505)	6,319	2,317	5,620
Balance as at December 31	198,227	313,624	44,125	9,702	565,678
Accumulated depreciation					
Balance as at January 1	(3,580)	(159,794)	(21,032)	-	(184,406)
Depreciation charge	(1,682)	(10,699)	(2,984)	-	(15,365)
Disposals	-	495	909	-	1,404
Adjustments	(3,284)	3,402	(7,791)	-	(7,673)
Balance as at December 31	(8,546)	(166,596)	(30,898)	-	(206,040)
At December 31, 2015					
Cost or valuation	198,227	313,624	44,125	9,702	565,678
Accumulated depreciation	(8,546)	(166,596)	(30,898)	-	(206,040)
Net book value	189,681	147,028	13,227	9,702	359,638

The net book value of property, plant and equipment, excluding fair value adjustment for land and buildings, is $353,983 (2014: $345,530).

The Group's land and buildings are subject to revaluation every five years and were last revalued on December 31, 2014 by qualified independent experts. Valuations were done on the basis of market value. Revaluation surpluses and losses were recognised within 'revaluation surpluses' in other reserves (Note 18) or 'other expenses' in profit or loss, as described in Note 5(d)(i).

Notes to the Financial Statements - continued

December 31, 2016

10. Available-for-Sale Assets

	2016 $'000	2015 $'000
Balance at January 1 and December 31	109	109
Available-for-sale assets include the following:		
Listed equity securities – English speaking Caribbean	1	1
Unlisted securities	108	108
	109	109

11. Investment in Joint Venture

Company	Country of incorporation	Percentage Owned 2016	2015
Tobago Plantations Limited	Trinidad and Tobago	50%	50%

The carrying value of the joint venture operation was reduced to nil in 2007 when the Group's share of the operating losses incurred by the joint venture surpassed the carrying value of the investment. It is the Group's policy to recognise a share of losses only to the extent of its investment in the joint venture operation.

12. Retirement Benefit (Asset) Obligation

The Group's pension fund plans are funded by the Group and employees. The funding requirements are based on the pension fund's actuarial measurement performed by an independent qualified actuary.

The plan exposes the Company to actuarial risks such as longevity risk, currency risk, interest rate risk and market risk.

Notes to the Financial Statements - continued

December 31, 2016

12. Retirement Benefit (Asset) Obligation - continued

i. Consolidated Statement of Financial Position

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

	2016 $'000	2015 $'000
Fair value of plan assets	(348,680)	(355,237)
Deferred benefit obligation	293,937	294,595
	(54,743)	(60,642)

The amounts recognised in the consolidated statement of financial position are represented by:

	2016 $'000	2015 $'000
Net defined benefit asset	(63,986)	(69,561)
Net defined benefit liability:		
- Asset-backed post-retirement benefit obligation	380	1,191
- Cash funded post-retirement benefit obligation	8,863	7,728
	(54,743)	(60,642)

Notes to the Financial Statements - continued

December 31, 2016

12. Retirement Benefit (Asset) Obligation - continued

ii. Movement in net defined benefit (asset) liability

	Defined Benefit Obligation		Fair Value of Plan Assets		Net Defined Benefit (Asset) Liability	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Balance at January 1	294,595	275,250	(355,237)	(339,964)	(60,642)	(64,714)
Included in profit and loss						
Current service cost	11,638	11,375	-	-	11,638	11,375
Past service cost	1,790	-	-	-	1,790	-
Interest cost (income)	14,475	13,437	(17,754)	(16,995)	(3,279)	(3,558)
Administrative expenses	-	-	295	290	295	290
	27,903	24,812	(17,459)	(16,705)	10,444	8,107
Included in other comprehensive income						
Remeasurement (gain) loss:						
- Adjustment	(4)	-	-	-	(4)	-
- Actuarial (gain)/loss arising from						
• financial assumptions	(22,257)	-	-	-	(22,257)	-
• experience adjustments	4,095	4,176	-	-	4,095	4,176
- Return on plan assets excluding interest income	-	-	24,002	1,602	24,002	1,602
	(18,166)	4,176	24,002	1,602	5,836	5,778
Other						
Contributions paid by employer and members	3,524	3,532	(11,745)	(11,774)	(8,221)	(8,242)
Benefits paid	(13,919)	(13,175)	11,759	11,604	(2,160)	(1,571)
	(10,395)	(9,643)	14	(170)	(10,381)	(9,813)
Balance as at December 31	293,937	294,595	(348,680)	(355,237)	(54,743)	(60,642)

Notes to the Financial Statements - continued

December 31, 2016

12. Retirement Benefit (Asset) Obligation - continued

iii. Summary of principal actuarial assumptions as at 31 December

	2016	2015
Discount rate	5.5%	5.0%
Average individual salary increase	4.5%	4.5%
Future pension increases	0.0%	0.0%

Assumptions regarding future mortality rates are based on the published mortality tables.

The life expectancies underlying the value of the defined benefit obligation as at December 31 are as follows:

	2016	2015
Life expectancy at age 60 for current pensioner in years:		
- Male	21.8	21.8
- Female	25.6	25.6
Life expectancy at age 60 for current members age 40 in years:		
- Male	21.8	21.8
- Female	25.6	25.6

iv. Asset allocation

	2016 $'000	2015 $'000
Insured managed fund contract	345,764	352,104
Immediate annuity policies	2,916	3,133
	348,680	355,237

The value of the Plan's investment in the managed fund contract at December 31, 2016 was provided by the insurer (CLICO) but is based on unit prices as at June 30, 2016.

The Plan's assets are mostly invested in an insured managed fund contract with CLICO. The value of this policy is reliant on the financial strength of CLICO. Other than the purchase of immediate annuity polices for some of the Plan's pensioners, there are no asset/liability matching strategies used by the Plan.

Notes to the Financial Statements - continued

December 31, 2016

12. Retirement Benefit (Asset) Obligation - continued

iv. Asset allocation - continued

	2016 %	2015 %
Plan assets are comprised as follows:		
Equity	26.0	50.0
Debt securities	58.5	41.8
Other (short-term securities)	15.5	8.2

In 2016 no percentage of the managed fund asset was invested in the Company's ordinary shares (2015: 11.7%).

v. Sensitivity Analysis

The calculation of the defined benefit obligation is sensitive to the assumptions used. The following table summarises how the defined benefit obligation as at December 31, 2016 would have changed as a result of a change in the assumptions used.

	1% pa Decrease $'000	1% pa Increase $'000
Discount rate	47,430	(37,307)
Future salary	(13,499)	15,666

An increase of 1 year in the assumed life expectancies shown above would increase the defined benefit obligation at the year-end by $4,073 (2015: $4,249).

vi. Funding

The Group meets the balance of the cost of funding the defined benefit plan and must pay contributions at least equal to those paid by the members, which are fixed. The funding requirements are based on the regular (at least every 3 years) actuarial valuations of the Plan and the assumptions used to determine the funding required may differ from those set out above.

The Group expects to pay the following in 2017:

	$'000
• Pension Plan contribution	8,170
• Lump Sum payments	124
• Unfunded pension plan	1,103
	9,397

Notes to the Financial Statements - continued

December 31, 2016

13. Inventories

	2016 $'000	2015 $'000
Raw and packaging materials	65,493	69,961
Work in progress	106,712	117,418
Finished goods	45,338	41,829
	217,543	229,208
Provision for obsolescence	(3,466)	(2,131)
	214,077	227,077

14. Assets Held-for-Sale

	2016 $'000	2015 $'000
Balance at January 1	3,439	1,423
Fair value gains	-	2,745
Disposals	(1,383)	(729)
Balance at December 31	2,056	3,439

There were no impairment provisions on assets held-for-sale at the year-end (2015: $NIL).

15. Trade and Other Receivables

	2016 $'000	2015 $'000
Trade receivables	192,982	278,129
Provision for impairment of trade receivables	(16,084)	(17,758)
	176,898	260,371
Receivables from related parties – net (Note 33 (iv))	3,268	4,131
Trade receivables – net	180,166	264,502
Prepayments and other receivables	982	824
Taxation recoverable	10,725	9,039
	191,873	274,365

Notes to the Financial Statements - continued

December 31, 2016

15. Trade and Other Receivables - continued

There are no major concentrations of credit risk with respect to trade receivables as the Group has a large number of customers that are internationally dispersed. The Group has identified receivables from EMEAA customers as a potential source of credit risk and has taken appropriate steps to manage this exposure as explained in Note 7(a).

The aging of trade and other receivables at the year-end was:

	Gross 2016 $'000	Impairment 2016 $'000	Gross 2015 $'000	Impairment 2015 $'000
Not past due	130,035	-	162,192	-
Past due 0 – 30 days	32,593	-	66,021	-
Past due 31 – 60 days	10,857	-	13,076	-
Past due 61 – 90 days	7,937	-	9,883	-
Past due 90 – 120 days	1,031	-	4,253	-
Past due more than 120 days	32,190	(22,770)	43,412	(24,472)
	214,643	(22,770)	298,837	(24,472)

As of December 31, 2016, trade receivables of $9,420 (2015: $18,940) were more than 120 days past due but not impaired. This balance related to a number of third party customers for whom there was no history of default and management held the opinion that these amounts were collectible. The ageing of these receivables is as disclosed above.

Impaired receivables of $22,770 (2015: $24,472) relate primarily to wholesalers and retailers that have defaulted on payments.

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

	2016 $'000	2015 $'000
United States dollar	67,679	107,706
Trinidad and Tobago dollar	123,264	165,243
Canadian dollar	26	143
Euro	904	1,273
	191,873	274,365

Notes to the Financial Statements - continued

December 31, 2016

15. Trade and Other Receivables - continued

Exposure to currency risk

The Group analyses the exposure of its major export receivables to fluctuations in the United States (US) dollar exchange rate. The US dollar exchange rate has been assessed as presenting the greatest exposure to market risk in the form of currency risk, since the majority of export sales are invoiced and collected in US dollars.

Currency	**TTD**	**% of Trade receivables**
Year ended December 31, 2016		
USD	67,679	35%
Year ended December 31, 2015		
USD	107,706	39.3%

The management of foreign currency risk against exchange gap limits is further supplemented by monitoring the sensitivity of the possible impact on net profits before tax and on equity of fluctuations of the US dollar foreign exchange rate relative to the Trinidad and Tobago dollar.

The table below sets out the effect on the Group's profit or loss and 'Trade and other receivables' of a shift in the US dollar exchange rate against the Trinidad and Tobago dollar. For the purposes of the analysis, the movement in the rate from the year end to March 15, 2017 was assessed, and imputed as the sensitivity range. The sensitivity was a 0.9% depreciation in the rate of exchange.

The analysis assumes that all other variables, in particular interest rates, remain constant.

	2016 $'000	**2015 $'000**
Net impact on profit or loss and trade and other receivables	200	984
	2016	**2015**
Resulting % of trade and other receivables	35.1%	39.6%

Notes to the Financial Statements - continued

December 31, 2016

15. Trade and Other Receivables - continued

Movements during the year in the provision for impaired trade receivables were as follows:

	2016 $'000	2015 $'000
At January 1	17,758	14,688
Write off against provision	(4,278)	-
Increase in provision	2,604	3,070
At December 31	16,084	17,758
Related party provision (Note 33(iv))	6,686	6,714
Total provision for impaired trade and other receivables	22,770	24,472

The creation and release of provision for impaired receivables have been included in 'selling and marketing expenses' in profit or loss. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash. None of the classes within trade and other receivables contain impaired assets other than as disclosed above.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. None of the trade and other receivables of the Group are pledged as collateral for borrowings (2015: NIL).

16. Short-Term Investments

	2016 $'000	2015 $'000
Balance at January	29,297	-
Additions	66,809	29,297
Interest capitalised	470	-
Foreign exchange gains	1,937	-
Balance at December 31	98,513	29,297

Short term investments include Repurchase agreements supported by the US dollar bonds issued by the Government of the Republic of Trinidad and Tobago.

Notes to the Financial Statements - continued

December 31, 2016

17. Cash and Cash Equivalents

	2016 $'000	2015 $'000
Cash at bank and in hand	182,749	125,302

The Group had no material exposure to interest rate risk arising from cash and cash equivalents held at the year-end.

18. Share Capital

	2016	2015
Authorised		
Number of ordinary shares in issue (000)	206,277	206,277
Treasury shares (000)	(457)	(457)
	205,820	205,820
Issued and fully paid		
Ordinary shares ($'000)	119,369	119,369
Treasury shares ($'000)	(811)	(811)
	118,558	118,558

Issued and fully paid up shares comprise 119,369 (2015: 119,369) ordinary shares of no par value.

19. Other Reserves

	Revaluation Surplus $'000	Capital Reserves $'000	Total $'000
Balance at January 1, 2016 and December 31, 2016	91,069	8,846	99,915
Balance at January 1, 2015 and December 31, 2015	91,069	8,846	99,915

Capital reserves represent general reserves as well as accumulated net revaluation gains held on land and buildings.

Notes to the Financial Statements - continued

December 31, 2016

20. Borrowings

	2016 $'000	2015 $'000
Unsecured borrowings	30,000	50,600

The Group's borrowings comprise amounts drawn against trade revolver facilities.

The trade revolver is subject to floating interest, payable quarterly and re-set every six months. Principal payments are due six months after each drawdown.

The effective interest rates on debt servicing for the year were as follows:

	2016	2015
Type of borrowing		
Unsecured borrowings	2.4%	2.4%

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

	2016 $'000	2015 $'000
Trinidad and Tobago dollar	30,000	50,600

Interest rate risk

The exposure of the Group's borrowings to interest rate changes and the contractual re-pricing dates at the reporting date are as follows:

	2016 $'000	2015 $'000
6 months or less	30,000	50,600

None of the Group's borrowings were subject to fixed interest rates (2015: $NIL)

Liquidity risk

	2016 $'000	2015 $'000
The undiscounted contractual cash flows are as follows:		
Due in 6 months	30,171	50,794

Undiscounted cash flows include estimated interest payments.
There were no loans from related parties at the year-end (2015: NIL).

Notes to the Financial Statements - continued

December 31, 2016

21. Deferred Taxation

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis. The Group does not offset deferred tax assets and deferred tax liabilities within the consolidated statement of financial position.

i. The movement in deferred tax assets and liabilities during the year is as follows:

	2015 $'000	Charged to Profit or Loss $'000	Charged to OCI $'000	2016 $'000
Deferred tax liabilities				
Accelerated tax depreciation	(46,123)	(11,052)	-	(57,175)
Pension asset	(15,161)	(2,721)	1,459	(16,423)
	(61,284)	(13,773)	1,459	(73,598)

	2014 $'000	Charged to Profit or Loss $'000	Charged to OCI $'000	2015 $'000
Deferred tax liabilities				
Accelerated tax depreciation	(35,783)	(10,340)	-	(46,123)
Pension asset	(16,179)	(426)	1,444	(15,161)
	(51,962)	(10,766)	1,444	(61,284)

ii. The gross movement on the deferred tax account is as follows:

	2016 $'000	2015 $'000
Balance at January 1	(61,284)	(51,962)
Deferred tax charged to profit or loss (Note 29)	(13,773)	(10,766)
OCI	1,459	1,444
Balance at December 31	(73,598)	(61,284)

Notes to the Financial Statements - continued

December 31, 2016

22. Trade and Other Payables

	2016 $'000	2015 $'000
Trade payables	25,203	30,047
Amounts due to related parties (Note 33(vi))	2,410	2,410
Provisions	4,769	31,255
Accruals	24,612	19,841
Other payables	8,503	3,685
	65,497	87,238

Provisions comprise mainly the estimated costs related to legal matters and other amounts for which expenses are expected to be incurred in the future.

Accruals comprise amounts due in respect of known obligations of the Group at the year-end.

The maturity profile of trade and other payables is stated below:

	2016 $'000	2015 $'000
< 1 year	65,497	87,238

23. Operating Profit

Included in operating profit are the following operating expense items:

	2016 $'000	2015 $'000
Depreciation (Note 9)	15,717	(15,365)
Employee benefits (Note 31)	(121,974)	(144,803)
Operating lease payments (Note 32)	(2,307)	(3,034)
Research and development	(736)	(414)
Repairs and maintenance	(12,173)	(12,503)

24. Finance Costs

	2016 $'000	2015 $'000
Unsecured borrowings	1,181	1,402

The effective rates of interest on debt servicing for the year are included in Note 20.

Notes to the Financial Statements - continued

December 31, 2016

25. Other Income

	2016 $'000	2015 $'000
(Loss) gain on disposal of property, plant and equipment	(389)	72
Other income	2,277	495
Gain on disposal of investment	-	1,480
	1,888	2,047

26. Dividend Income

	2016 $'000	2015 $'000
Dividend income	220	1,108

27. Foreign Exchange Gains

	2016 $'000	2015 $'000
Foreign exchange gains	12,802	620

Foreign exchange gains and losses represent amounts arising on the settlement of foreign currency transactions at arm's length, in the normal course of business, as well as the translation of foreign currency cash and cash equivalents at the reporting date.

28. Legal Claim Expense

Legal claim expense related to the settlement of a matter during the year. An amount of $17,012 was previously provided for in respect of the matter. The total claim was settled at $32,960 in 2016.

29. Taxation Expense

	2016 $'000	2015 $'000
Current charge	(32,409)	(42,419)
Deferred tax expense (Note 21(ii))	(13,773)	(10,766)
Revenue based taxes – Green Fund levy	(3,266)	(1,133)
Net expense	(49,448)	(54,318)

Notes to the Financial Statements - continued

December 31, 2016

29. Taxation Expense - continued

The tax on the Group's profit before tax differs from that calculated at the statutory tax rate applicable to profits of the Group companies as follows:

	2016 $'000	2015 $'000
Profit before tax	171,405	217,990
Tax charge at statutory rate of 25%	42,851	54,498
Non-deductible expenses	5,619	1,355
Income not subject to tax	(2,288)	(2,668)
Revenue based taxes – Green Fund levy	3,266	1,133
	49,448	54,318

30. Earnings per Share

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Group by the number of ordinary shares in issue during the year, excluding ordinary shares purchased by the Group and held as treasury shares.

	2016	2015
Profit attributable to equity holders of the Company ($'000)	121,957	163,672
Number of ordinary shares in issue (000) (Note 18)	205,820	205,820
Basic and diluted earnings per share ($)	0.59	0.80

31. Employee Benefits

	2016 $'000	2015 $'000
Wages, salaries and other benefits	119,755	114,668
Pension costs – defined benefit plans	2,219	135
	121,974	114,803

Notes to the Financial Statements - continued

December 31, 2016

32. Leases

The Group has non-cancellable operating leases for vehicles and office space.

	2016 $'000	2015 $'000
Expense for the year	(2,307)	(3,034)
Future minimum lease payments under these leases at December 31 are as follows:		
Within 1 year	1,449	2,307
Between 2 and 5 years	1,119	2,648
	2,568	4,955

33. Related Party Transactions

The following transactions were carried out with related parties during the year:

	2016 $'000	2015 $'000
i) Sales of goods and services		
Sales of goods:		
- Entities controlled by Parent	7,450	7,541
Interest, dividends and other income:		
- Entities controlled by Parent	-	77
- Key management	-	65
	-	142
	7,450	7,683
ii) Purchases of goods and services		
Purchases of goods:		
- Entities controlled by Parent	182	526
Purchases of services and interest charges:		
- Entities controlled by Parent	11,950	12,112
	12,132	12,638

Notes to the Financial Statements - continued

December 31, 2016

33. Related Party Transactions - continued

	2016 $'000	2015 $'000
iii) Key management compensation		
Salaries and other short-term employee benefits	11,047	15,327
Pension contributions	797	842
	11,844	16,169

Key management compensation includes salaries, incentives, non-cash benefits and contributions to a savings plan and defined benefit pension plan (Note 12).

From time to time directors of the Group, or other related entities, may buy goods from the Group. These purchases are on the same terms and conditions as those entered into by other company employees or customers.

	2016 $'000	2015 $'000
iv) Year-end balances arising from sales/purchases of goods/services		
Current receivables from related parties:		
- Parent	984,559	984,559
- Provision for impairment of receivable	(984,559)	(984,559)
	-	-

There were no movements in the provision related to the Group's parent company receivable during the year.

During the year, negotiations commenced between the management of the Group and its parent company, with respect to settlement of the intercompany receivable. An expert consultant was engaged to assist with developing a settlement structure. As at year end and date of approval of these consolidated financial statements there were no indications that the provision for impairment related to the receivable should be revised.

Notes to the Financial Statements - continued

December 31, 2016

33. Related Party Transactions - continued

	2016 $'000	2015 $'000
iv) Year-end balances arising from sales/purchases of goods/services - continued		
- Entities controlled by Parent	9,238	10,209
- Provision for impairment of receivables	(6,686)	(6,714)
	2,552	3,495
- Key management	716	636
	3,268	4,131
Analysis of movements in related party impairment provisions:		
Opening balance	6,714	6,932
Amounts written off against provision	(28)	(218)
Closing provision	6,686	6,714
All outstanding balances with these related parties are conducted on an arm's length basis. None of the balances are secured.		
v) Loans to related parties		
- Equity-accounted investees	4,989	4,989
- Provision for impairment of receivables	(4,989)	(4,989)
	-	-
vi) Payables and provisions in respect of related parties (Note 20)		
- Parent	2,410	2,410
vii) Other charges due to related parties		
- Entities controlled by Parent	1,438	1,634
- Key management	4,176	3,258
	5,614	4,892

Notes to the Financial Statements - continued

December 31, 2016

34. Capital Commitments

At the year-end, capital commitments amounted to $25,816 (2015: $59,711).

35. Events after the Reporting Date

On March 27, 2017 the Board of Directors declared a final dividend in respect of 2016 of 18¢ per share. The total dividend declared in respect of 2016 was 30¢ (2015: 30¢) per share.

There were no events occurring after the reporting date and before the date of approval of the consolidated financial statements by the Board of Directors that require adjustment to or disclosure in the consolidated financial statements.

Management Proxy Circular

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

1. **Name of Company:**
   ANGOSTURA HOLDINGS LIMITED. Company No. A-719(C).

2. **Particulars of Meeting:**
   Thirty-fifth Annual Meeting of the Company to be held on the 2nd day of June, 2017 at 10.00 a.m. at the House of Angostura, Angostura Complex, Eastern Main Road, Laventille, Trinidad.

3. **Solicitation:**
   It is intended to vote the Proxy solicited hereby (unless the Shareholder directs otherwise) in favour of all resolutions specified therein.

4. **Any Director's statement submitted pursuant to Section 76 (2):**
   No statement has been received from any Director pursuant to Section 76 (2) of the Companies Act, 1995.

5. **Any Auditor's statement submitted pursuant to Section 171 (1):**
   No statement has been received from the Auditors of the Company pursuant to Section 171 (1) of the Companies Act, 1995.

6. **Any Shareholder's proposal submitted pursuant to Sections 116 (a) and 117 (2):**
   No statement has been received from Shareholder pursuant to Sections 116 (a) and 117 (2) of the Companies Act, 1995.

Date	Name and Title	Signature
18 April, 2017	Jennifer Frederick Company Secretary	J Frederick

Notes

Proxy Form

I/We the undersigned, being a shareholder (s) of Angostura Holdings Limited, hereby appoint

.... of ....

or failing him/her, the Chairman of the meeting, as my proxy to vote for me and on my behalf at the Annual General Meeting of the Company, to be held on the 2nd day of June, 2017 at 10:00 am and any adjournment thereof.

ORDINARY BUSINESS

Item	Resolution	For	Against
Resolution 1	To receive, consider and approve the Report of the Directors, the Audited Financial Statements of the Company for the financial year ended 31st December 2016, together with the report of the Auditors thereon.		
Resolution 2	To appoint KPMG as auditors of the Company for the financial year ending 31st December 2017 and to authorise the Directors to fix their Remuneration thereon.		

Signed this .... day of 2017

Signed:... Name:..

Address:...

Notes:

1. Proxies should be deposited at the registered office of the company not less than forty eight (48) hours before the meeting.
2. In the case of a Corporation, this proxy should be under its common seal or under the hand of an officer or attorney so authorized in that behalf.
3. In the case of joint holders, the signature of any one of them will suffice, but all names of all holders must be named.

Return to:

The Secretary

Angostura Holdings Limited

P.O. Box 62

Port of Spain

TRINIDAD AND TOBAGO


Live.
Love. Be.
SINCE
1824
ANGOSTURA
Lemon
Lime
AND
Bitters