ANGOSTURA HOLDINGS LIMITED

ANNUAL REPORT 2017

Leading *the* Rumway

2017 Award Wins

Cheers to another year where Elegance meets Glass.

Sip

PLATINUM: Angostura® 1787 | Angostura® 7 Year Old | Amaro di Angostura®
GOLD: Angostura® 1919 | Angostura® 1824
SILVER: Angostura® 5 Year Old
BRONZE: Angostura® Reserva

World Spirits Award

GOLD: Angostura® 1824 | Angostura® 1919 | Angostura® 7 Year Old | Angostura® 5 Year Old
Angostura® Reserva | Amaro di Angostura®
SILVER: Angostura® 1787

The Spirits Business Rum Masters

GOLD: Angostura® 1787 | Angostura® 1824 | Angostura® 1919
SILVER: Angostura® 7 Year Old | Angostura® Reserva

San Francisco World Spirits Competition

SILVER: Angostura® 1824 | Angostura® 7 Year Old | Angostura® 5 Year Old

ISC

BRONZE: Angostura® 1787 | Angostura® 1824 | Angostura® 5 Year Old

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Who we are

Angostura is one of the Caribbean's leading beverage companies, the world's market leader for bitters, and home to a superb collection of rum brands. Our iconic drinks include Angostura® 1824, Angostura® 1787, Angostura® 1919, Angostura® 7 Year Old Rum, Angostura® 5 Year Old Rum, Angostura® Reserva, Angostura® Single Barrel, White Oak, Forres Park Puncheon, Black Label, and Royal Oak, as well as the Amaro di Angostura®, Angostura® orange bitters, Angostura® aromatic bitters, and our signature beverage, Angostura® Lemon, Lime and Bitters.

Along with being a Royal Warrant holder to the Queen of England for our Angostura® aromatic bitters, we have successfully marketed our iconic bitters globally and have a geographic reach into 170 markets. The recipe for Angostura® aromatic bitters has not been changed since the first bottle was introduced to the world in 1824.

Many of our brands have been bringing joy for generations in Trinidad and Tobago, our core rum market. Meanwhile, our premium rums have been causing a stir at countless international competitions over the past decade. In the last year alone, our rum range has been rewarded with over 25 prestigious accolades internationally. In addition, both of Angostura's signature bitters were named the Number One Selling Bitters and Number One Trending Bitters of 2017.

ANGOSTURA HOLDINGS LIMITED
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Our Mission

To craft unique beverage brands, enrich lives and create moments that bring joy and laughter. The value we create uplifts the lives of our people and brings the spirit of Trinidad and Tobago to the world.

Our Vision

To be the world's best-performing bitters brand, and the most trusted and admired beverage company in the region.

Our Values

Leadership:
The courage to shape a better future

Action:
Committed to doing what needs to be done

Collaboration:
Leverage relationships to build success

Trust:
Be honest and credible

Innovation:
Create new, inclusive brands

Notice of Annual Meeting

NOTICE IS HEREBY GIVEN, that the Thirty-Sixth Annual Meeting of Angostura Holdings Limited (the "Company") will be held at the House of Angostura, Eastern Main Road, Laventille, Trinidad and Tobago, on Thursday 21st June 2018, at 10:00 am to consider and if thought fit, pass resolutions for the following purposes:

1. To approve the Report of the Directors, the Audited Financial Statements of the Company for the financial year ended December 31, 2017, together with the report of the Auditors thereon.
2. To declare a Final Dividend for the financial year ended December 31, 2017.
3. To elect Directors.
4. To appoint Messrs. KPMG as auditors of the Company for the financial year ending December 31, 2018 and authorise the Directors to fix their remuneration therefore.
5. To transact any other business as may be properly brought before the meeting.

BY ORDER OF THE BOARD

J. Frederick

Jennifer H. Frederick
Secretary
April 19, 2018

1. A shareholder entitled to attend and vote at the Annual Meeting may appoint a proxy holder or one or more alternate proxy holders to attend and act at the meeting in the manner and to the extent authorised by the proxy and with the authority conferred by the proxy. Where the shareholder is a body corporate, the company shall recognise any individual authorised by resolution of the directors of the body corporate to represent it at the Annual Meeting.

2. A proxy holder need not be a shareholder.

3. Any instrument appointing a proxy holder must be received by the Secretary of the Company at the Registered Office of the Company at least forty-eight (48 hours) before the time appointed for the Annual Meeting. Shareholders who return completed proxy forms are not precluded, if subsequently they so wish, from attending the Meeting instead of their proxies and voting in person.

4. The Directors of the Company have not fixed a record date for the determination of shareholders who are entitled to receive notice of the Annual Meeting. In accordance with Section 111(a)(i) of the Companies Act, Ch.81:01 the statutory date applies. Only shareholders on record at the close of business on the date immediately preceding the date on which the Notice is given, are therefore entitled to receive Notice of the Annual Meeting.

Corporate Information

Board of Directors
Dr. Rolph N.S. Balgobin (Chairman)
Mr. Frederick Gilkes
Mr. Terrence Bharath
Mr. Ulric Miller
Ms. Ingrid Lashley
Mr. Kirby Anthony Hosang
Mr. Albert George Tom Yew
Mr. Trevor Marshall

Company Secretary
Mrs. 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 & Tobago Central
Depository Limited
10th Floor, Nicholas Towers
63-65 Independence Square
Port of Spain, Trinidad & Tobago

Auditors
KPMG
Savannah East
11 Queen's Park East
Port of Spain
Trinidad and Tobago. W.I

Bankers
Citibank (Trinidad & 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

Message from the Chairman

Dr. Rolph Balgobin - *Chairman*

Annual Report 2017

For the year ended December 31, 2017, the Group recorded revenue of $575.2m versus $620.5m in 2016, a decrease of $45.3m (7.3%). This anticipated decline in revenue was due to the strategic decision to downsize the unprofitable export commodity rum business and focus on building the global profile of our brands. Although continuing difficulties with our waste water treatment plant contributed to higher production costs, this was countered by price increases in commodity rum exports and significant improvements in distillery operations, ensuring that acceptable gross profit levels were maintained.

The commodity rum business, i.e. unbranded product revenue, represented 6.5% of the Group's revenue in 2017 compared to 18% in 2016, a reduction of $74.8m in line with our strategic repositioning of the company's export offerings. (Refer to Diagram 1 for 5-year history).

The rum brands and signature Angostura® aromatic bitters brand performed favourably with revenue growth of 6%, to $537m, and increased operating profit of $5.7m, or 3.6%, in 2017, reflecting the changing focus of the business.

Given the economic volatility in all major markets (inclusive of Trinidad and Tobago), the business performed creditably, surpassing the average financial performance in the local non-energy manufacturing sector in 2017.

In keeping with our GAIM strategy – Growth, Alignment, Innovation and Measurement - during 2017 the company focussed on operational efficiencies to make the supply chain lean and agile with many process improvement initiatives aligned around attaining ISO 9001: 2015 and 14001: 2015 recertification. The restructuring of the organisation and in particular the Executive team during the year reduced costs and increased efficiencies in pursuit of improved financial fitness as we prepare for an increased global thrust.

Message from the Chairman

To focus on international growth of the branded business and improve shareholder value, the Board recognises the need for greater reinvestment of profits in the development of export markets.

The Directors have therefore recommended a final dividend in respect of the year ended December 31, 2017 of $0.12 per share with a record date of June 15, 2018 and payment date of June 30, 2018.

Together with the interim dividend of $0.09 per share paid on September 15, 2017, the total dividend in respect of 2017 will be $0.21 per share (Refer to Diagram 2).

Dr. Rolph Balgobin

Chairman
29th March 2018

Diagram 1
Branded and Unbranded Business

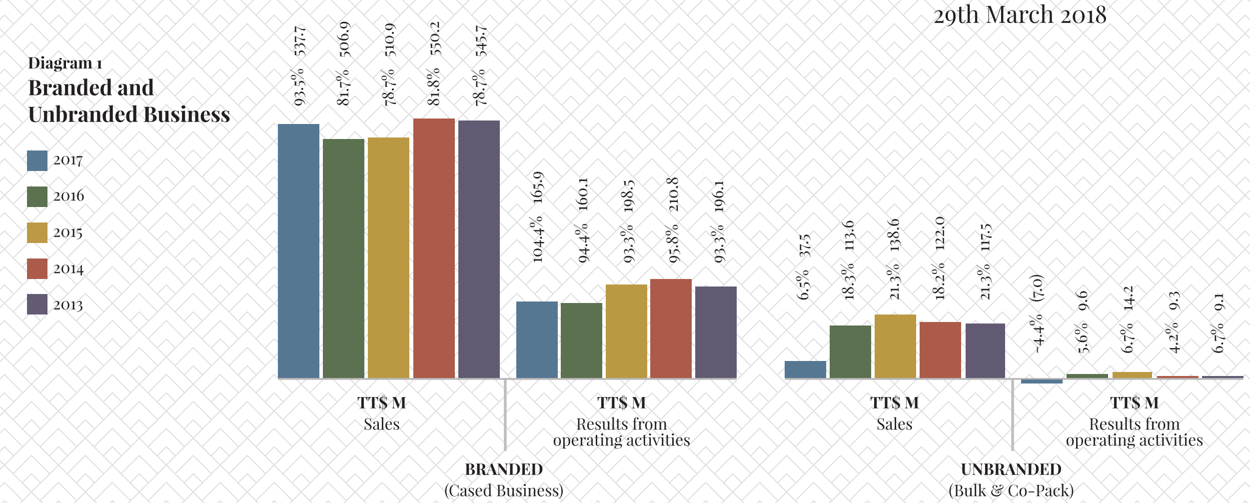
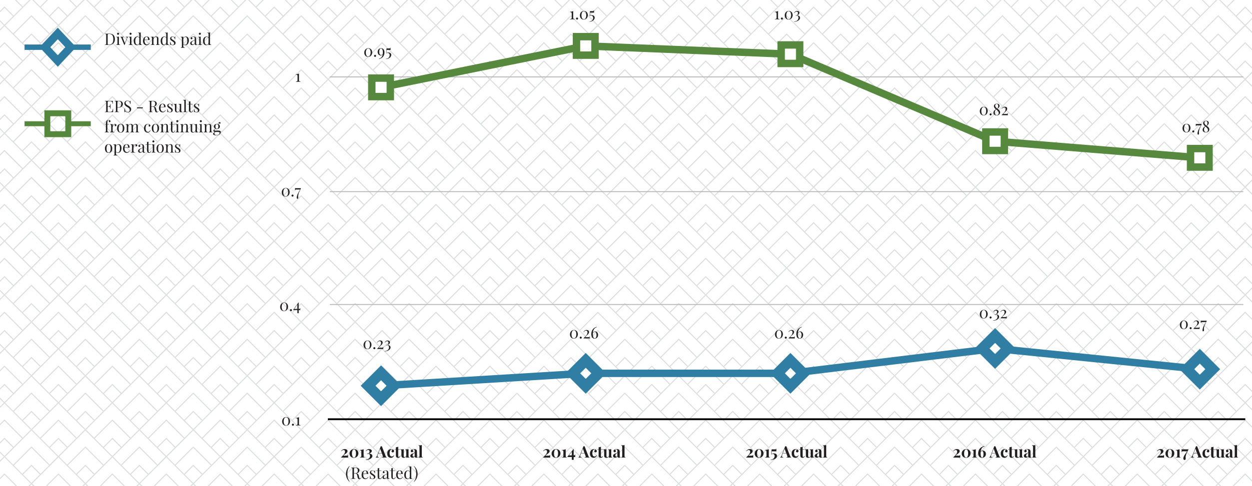


Diagram 2
EPS/Dividends



Message from the CEO

Genevieve Jodhan - *Chief Executive Officer*

Dear Shareholder,

The last year brought with it new challenges and development opportunities for the Group. Despite these challenges, during 2017 we streamlined the business, restructured the organisation and had the courage to change the business model, thus laying the foundation for continued success.

Performance

Despite the 7.3% decline in revenue, the strong balance sheet reflects the impact of better management of credit and collections, inventory controls and process improvements. The resulting improvement in cash holdings and short term investment of $369.5m was $88m more than 2016. These endeavours form part of the GAIM framework for growth which will ensure a strong future for the Group.

The alcohol industry in Trinidad and Tobago is currently in a volatile state, given persistent economic challenges, alcohol regulations, and the continued challenge of operating within a market with declining export earnings. In light of these factors, the Group's performance in the Trinidad and Tobago market during 2017 has been laudable (Refer to Diagram 1 for Branded Sales By Region).

Moving forward, continued success in this market will be won through improved focus on distribution and availability, along with successful engagement with millennials. Customer loyalty is evident and we aim to improve our marketing thrust to existing consumers while recruiting new ones.

Message from the CEO (continued)

Our Bitters growth in all export markets was encouraging. Continued alignment of our international distribution network is key to long term growth of our export brands – Angostura® Bitters, Angostura premium rums, Lemon, Lime and Bitters, and Amaro di Angostura®. On the rum front, our goal is sustainable growth. Our focus is on identifying the right rums for the right markets, in a hugely competitive environment which includes more than 400 rum brands. The cost to serve our customers is high. So, to get to where we want to go we must curate our portfolio so that it is aligned to our strengths. We will seek growth in carefully selected and targeted segments and markets.

Many demand/supply alignment projects commenced in 2017, as we navigated through production challenges arising as a result of an underperforming waste water treatment plant and packaging supply quality issues. Through operational efficiency programs, cross-functional team work and key process improvements, we set the stage for recertification under ISO 2015.

The last year has shown us that the local market demonstrates both loyalty and stability. As we proceed into 2018, our aim is to consolidate our gains locally and push for advancement in key international markets. In so doing, our ambition is to innovate faster to secure a strong place for the Group in the industry globally, as we build a better future.

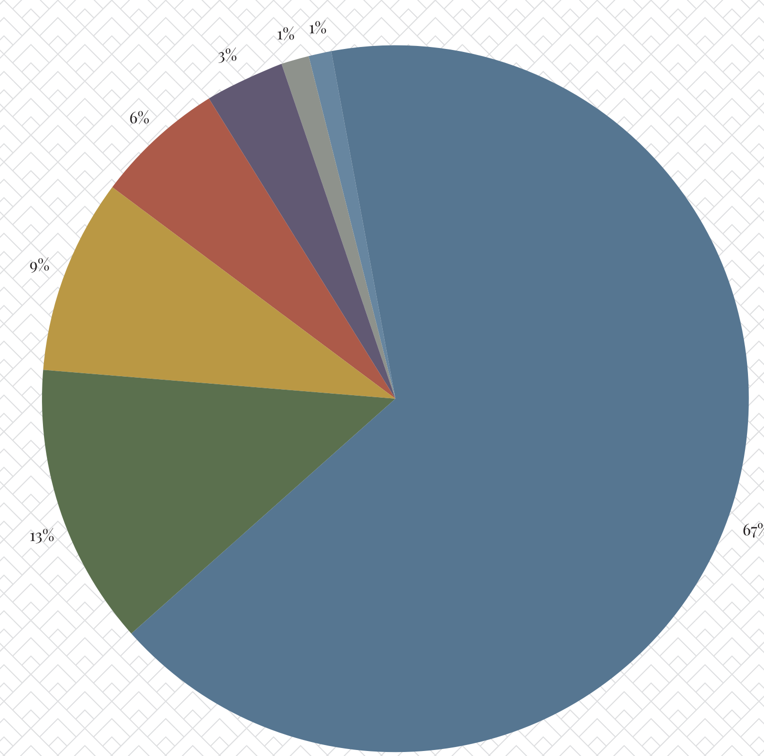


Diagram 1
Branded Sales By Region

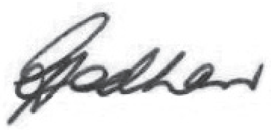
- Trinidad & Tobago
- North America
- Europe
- Asia & Australia
- Caribbean
- Middle East & Africa
- South & Central America

Message from the CEO (continued)

In 2018, our goal is to develop using insights gained in the last year, to measure our successes, to learn from our failures and to reap the rewards of hard work done in 2017. The House of Angostura remains at the forefront of the alcohol beverage industry in Trinidad and Tobago, and a key stakeholder in the market globally – and we intend to build to greater heights in the forthcoming year.

I thank you for having faith in me, and our Executives, and look forward to working with Team Angostura to meet the expectations of the stakeholders of Angostura Holdings Limited in 2018.

Genevieve Jodhan



CEO
29th March 2018

To achieve our mission, we aim to collaborate with our alliance partners to deliver:

Growth: Becoming a highly efficient and global beverage business whilst responsibly maximising long term return to shareholders

Alignment: Streamlining our business processes internally to develop supply chain agility, and externally to continuously build a network of alliance partners with shared values

Innovation: Enriching the lives of our people by providing the best workplace environment that stimulates creativity to offer a portfolio of drink brands that cater to people's aspirations and needs

Measurement: Being a responsible corporate citizen that develops talent and measures results whilst building and supporting sustainable communities

Directors' Report

The Board of Directors currently comprises eight (8) directors following the resignations of Mr. Marlon Holder with effect from October 17, 2017 and Mr. Krishna Boodhai with effect from April 24, 2017.

Board of Directors:

Dr. Rolph Balgobin *(Chairman)*

Mr. Kirby Anthony Hosang

Mr. Terrence Bharath

Mr. Frederick Gilkes

Mr. Trevor Marshall

Mr. Ulric Miller

Mr. Albert Tom Yew

Ms. Ingrid Lashley

Mrs. Jennifer Frederick *(Corporate Secretary)*

The roles and responsibilities of the Directors and Key Officers, the Board Code of Conduct and Committee Charters are all documented in the Board of Directors' Manual and are governed by the Companies Act 81:01.

All the Directors are independent directors.

The Board is responsible for formulating the strategy and framework of policies to ensure effective governance of the company. To facilitate the discharge of its responsibilities and to monitor its own performance, the Board has established three (3) committees comprising Directors with the appropriate skills and experience. These committees are:

- The Audit Committee
- The HR and Governance Committee
- The Marketing and Operations Committee

The Board receives reports from Chairpersons of these Committees at the Board meetings.

The Audit Committee

This committee comprises the following members:

Ms. Ingrid Lashley – *Chairperson*

Mr. Trevor Marshall

Mr. Ulric Miller

Mr. Terrence Bharath

Directors' Report (continued)

During the year, two members of the Audit Committee, Mr. Krishna Boodhai and Mr. Marlon Holder resigned effective April 24, 2017 and October 17, 2017 respectively. The Audit Committee held four (4) meetings in fiscal 2017 during which it reviewed the quarterly interim financial statements as well as the annual audited financial statements to ensure their integrity and compliance with the International Financial Reporting Standards.

The Audit Committee met with the Internal and External auditors to identify and discuss any weaknesses in the control environment and recommendations for improvement. The Internal Audit Unit operated in accordance with the International Standards for the Professional Practice of Internal Auditing, the Internal Audit Charter and an Internal Audit Plan approved by the Audit Committee.

The HR and Governance Committee

This committee comprises the following members:

Mr. Kirby Anthony Hosang – *Chairman*

Mr. Frederick Gilkes

Mr. Terrence Bharath

Mr. Ulric Miller

The areas of responsibility relate to:
(a) Evaluating Board and Executive management performance as well as Executive and Staff Compensation
(b) Recommending Director compensation for shareholder approval; nomination of new Directors and appointments to committees
(c) Working with management to assess and improve policies related to business conduct and ethics

This Committee has held six (6) meetings during the year.

The Marketing and Operations Committee

This committee comprises the following members:

Dr. Rolph Balgobin – *Chairman*

Mr. Kirby Anthony Hosang

Mr. Ulric Miller

The former Marketing and Operations Committee has been expanded to include Sales. This allows for a complete review of the Supply Chain function of the Company. This Committee held two (2) meetings during the year.

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Directors' Report (continued)

In addition, the Risk and Compliance Management Committee, although not comprising board members but with an independent oversight function provided by its ISO certification, provides assurance to the board of the efficiency of the risk management function of the company.

The Risk and Compliance Management Committee:

Mrs. Genevieve Jodhan - *Risk and Compliance Management Leader*

The risk management structure is in place and is led by the Chief Executive Officer (CEO). The Risk Committee, which is a cross-functional unit, has been established and is fully functional. Risk assessments have been executed by process owners and driven by guidance from the Risk Management Committee. The top twenty strategic risks have been identified, reviewed and endorsed by the Chief Executive Officer and the Executive Team.

Angostura Holdings Group achieved ISO 9001:2015 and ISO 14001:2015 certifications for the manufacture of alcohol, alcohol-related products, Angostura® Bitters and food products. This includes the operations of Trinidad Distillers Limited, Fernandes Distillers Limited and Angostura Limited. Angostura Holdings Group's attainment of ISO 9001:2015 Quality Management System certification demonstrated its ability to consistently provide products and services that meet customer and applicable statutory and regulatory requirements.

The achievement of ISO 14001:2015 Environmental Management System certification defined our framework to protect the environment and respond to changing environmental conditions in balance with socio-economic needs.

Directors', Executives' & Substantial Shareholdings
Top 10 Shareholders as at December 31, 2017

Name	Shareholdings	Percentage
Rumpro Company Limited (Formerly Bacardi)	92,551,212	44.87%
Corporation Sole	61,677,011	29.90%
National Insurance Board	9,665,190	4.69%
Colonial Life Insurance	5,294,866	2.57%
MASA Investments Limited	1,993,961	0.97%
Tatil Life Assurance Co Ltd A/CC	1,800,00	0.87%
First Citizens Trust & Asset MGMT – PT7	1,704,155	0.83%
Tatil Life Assurance Limited	1,623,998	0.79%
Republic Bank Limited – 1162	1,542,922	0.75%
RBC Trust (Trinidad & Tobago) Limited – T534	1,476,360	0.72%

Directors' Report (continued)

Interests of Directors, Senior Officers and Connected Persons as at 31 December, 2017

Directors' Shareholdings		
Dr. Rolph Balgobin	Chairman	Nil
Ms. Ingrid Lashley	Director	Nil
Mr. Terrence Bharath	Director	Nil
Mr. Kirby Anthony Hosang	Director	Nil
Mr. Ulric Miller	Director	Nil
Mr. Albert Tom Yew	Director	Nil
Mr. Frederick Gilkes	Director	Nil
Mr. Trevor Marshall	Director	Nil

Executives' Shareholdings		
Mrs. Genevieve Jodhan	Chief Executive Officer	4463
Ms. Ginelle Lambie	Chief Financial Officer	Nil
Mr. Ian Forbes	Executive Manager – Operations	Nil
Mrs. Natasha Mustapha-Scott	Executive Manager – Marketing	Nil
Mr. Rahim Mohammed	Executive Manager – Corporate Services	Nil
Mrs. Jennifer Frederick	Corporate Secretary	Nil

Disclosure of Interests of Directors and Officers in any material contracts with the Company (pursuant to Sec. 93(1)(a) of the Companies Act Ch 81:01).

During the financial year ending December 31, 2017 no director/officer has been a party to a material contract with the company nor was any director/officer of the company an officer of any body, or had a material interest in any body, that was a party to a material contract or proposed material contract with the company.

Directors' Report (continued)

The Directors present this Summary Statement of Account for the year ended December 31, 2017.

Financial Results for the Year	2017		2016	
	Per Share	$millions	Per Share	$millions
Profit attributable to shareholders	54 cents	111.1	59 cents	122.0
Other reserve movements	3 cents	(6.7)	2 cents	(4.4)
Dividends on ordinary stock	27 cents	55.6	32 cents	66.0
Interim dividend	9 cents	18.5	12 cents	24.8
Final dividend	18 cents	37.1	20 cents	41.2
Retained profits from the previous year	3.47	713.9	3.22	662.3
Retained profits at the end of the year	3.70	762.6	3.47	713.9

Dividends
The Directors have recommended a final dividend of $0.12 per ordinary share for the year.

Auditors
To appoint Messrs KPMG who offer themselves for re-election as auditors of the Company for the financial year ending December 31, 2018.

BY ORDER OF THE BOARD

J. Frederick

Jennifer Frederick
Secretary

March 4, 2018
Corner Eastern Main Road and Trinity Avenue
Laventille
Trinidad and Tobago

Board of Directors


Dr. Rolph Balgobin - *Chairman*


Mr. Frederick Gilkes


Mr. Trevor Marshall


Mr. Terrence Bharath


Mr. Ulric Miller


Ms. Ingrid Lashley


Mr. Kirby Anthony Hosang


Mr. Albert Tom Yew


Mrs. Jennifer Frederick - *Corporate Secretary*

Executive Management Team


Left to right:
Genevieve Jodhan, *Chief Executive Officer;*
Rahim Mohammed, *Executive Manager – Corporate Services;*
Ginelle Lambie, *Chief Financial Officer;*
Ian Forbes, *Executive Manager – Operations;*
Natasha Mustapha-Scott, *Executive Manager – Marketing.*

The Executive Management team collectively oversees all aspects of the business. The team works within two (2) divisions of leadership: one that creates demand – sales and marketing; one that meets demand – operations, corporate services and finance.

Each Executive Manager is responsible for leading the employees within his/her respective function to achieve the company's objectives whilst aligning the processes to build the future and develop the brands.

Management Teams – Create Demand, Meet Demand

Management Team: Create Demand
Left to right:
Ricardo Bideshi, *Retail Operations*;
Giselle Laronde-West, *PR and Hospitality*;
David Pantin, *Sales*;
Brian Tom Yew, *Export and Business Development*;
Leesha Alexander, *Regional Export*;
Sheldon Roach, *Sales*.

This is our "forward facing" management team. They serve as the interface with our customers and other stakeholders and ensure that our products and service are aligned to current demands and evolving market trends. This group includes the Regional and International Sales teams, Marketing, Business Development, Public Relations and Retail Operations.

Management Team: Meet Demand
Front row, left to right:
Malika Crichton, *Quality Control*; Sharon Ramsaran, *Bottling Operations*; Lystra Mahabir-Rampersad, *Risk and Compliance*; Nikecia Moore-Burrowes, *Finance*; Carol Homer-Caesar, *Quality Assurance and Blending*; Stacy-Ann Sarwan, *Supply Chain*; Ann Marie O'Brien, *Blending*.

Back row, left to right:
Leon Gordon, *Materials*; Ilyas Mohammed, *Logistics*; Mark Mohammed, *Mechanical Engineer*; Wendell Kipps, *Distillery Operations*; Deon Walker, *Security*; Aleem Baksh, *IT*.

Absent: John Georges, *Master Distiller*; Calvin John, *Operations*.

These are the supporting management team members that work behind the scenes to meet our market demand through: operational efficiencies in effective supply chain, procurement, blending, production, bottling, distillery operations, logistics and quality control. They provide the enabling frameworks of Information Technology, Finance, Health, Safety and Security, and Human Resources.

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The Rooms Within the House of Angostura

Trinidad Jewels

Our standard rum range are our Trinidadian Jewels – a collection of well-loved brands that are available regionally. With this segment, we are the market leaders locally for white rum, with our signature White Oak, and in the overproof category, with Forres Park Puncheon Rum. Other cherished brands in our collection include: Fernandes Black Label, Single Barrel, VAT 19 and Royal Oak.

Angostura® Aromatic Bitters & Angostura® Orange Bitters

Made with the same original secret recipe since 1824, our world-famous Angostura® aromatic bitters is an essential ingredient for classic and contemporary cocktails, and is becoming a staple for professional and home cooks alike. Both of our bitters brands are available in over 170 markets globally, with an ever-growing geographic reach. We continue to receive international acclaim for our bitters, which remains the indisputable leader in this field, and our signature brand is found in every respectable bar.

Premium Rums

Our premium rums comprise a superb range of the finest quality spirits. The collection includes multiple-award winning rums such as the alluring Angostura® 7 year old, with its notes of maple, chocolate, honey and toffee, to the luxurious Angostura® 1787, a super-premium blend of rums aged for a minimum of 15 years. These gems are emblematic of the House of Angostura's rich tradition of creating exceptional products, which continue to win acclaim globally today.

Amaro di Angostura®

A well-kept house secret at Angostura is our bold step to venture into the herbal liqueur segment. Our Amaro di Angostura® is a rich, amber, herbal liqueur made with Angostura® aromatic bitters. Amaro di Angostura® was awarded the Best New Market Entrant at Tales of The Cocktail in 2014 and has received recognition each year since its launch. This year was no exception: Amaro di Angostura® was awarded Gold in the World Spirits Awards and Platinum in the SIP Awards in the Liqueur category.

Lemon, Lime & Bitters

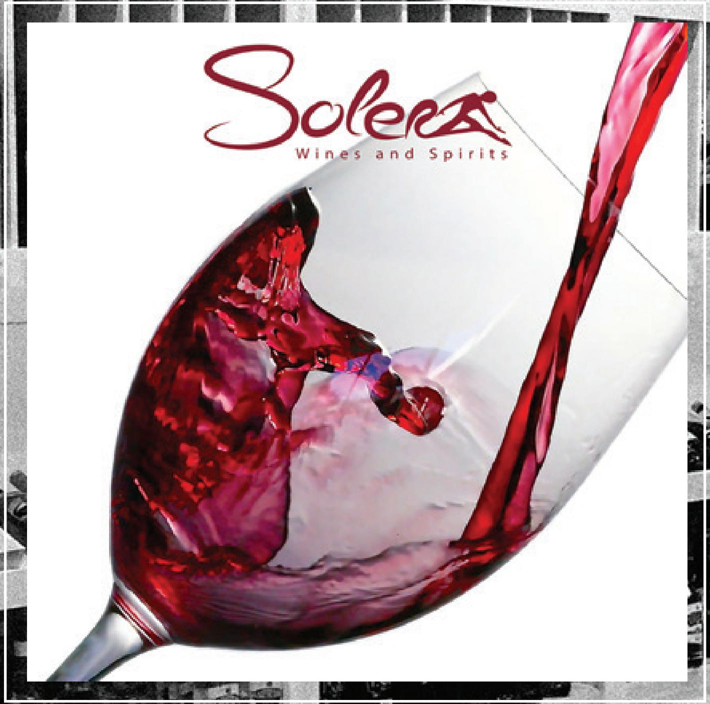
LLB is our unique carbonated soft drink, made with the authentic Angostura® aromatic bitters. LLB creates moments of joy and togetherness wherever it is enjoyed. Customers across the Caribbean and Australia were treated to a new look for LLB in 2017, as we repackaged and relaunched the product in June.

More Than Rum

Another of our house secrets may be the fact that we manufacture other spirits and liqueurs such as Blu Vodka, Mokatika and Correia's Hard Wine. These gems among our portfolio provide diversity of choice at excellent value for our local consumers.

Our Wider Portfolio

We continue to complement our locally-made selection of beverages with a comprehensive range of imported wines and spirits such as Tito's Vodka, Luc Belaire, Norton's wine, Voga wines, Macallan Scotch Whisky and The Famous Grouse Scotch Whisky. These brands add depth and variety to our customers' experiences and bring the spirit of the world to this proudly Trinidadian company.



Solera Stores

The Solera stores are an expression and extension of the House of Angostura and allow us to offer a unique shopping experience by housing our entire beverage portfolio in one place. The first Solera store was opened in 2014 in Port of Spain and was met with success. In 2017, we opened our second Solera outlet in C3 Centre, San Fernando. Solera provides our growing clientele a specialized and informed shopping experience at convenient locations. To find out more about what's new in our stores visit our Facebook page at www.facebook.com/SoleraTT/

Marketing Highlights

Right:
Angostura® Bitter Rivals, Trinidad, November 2017
Welcoming six (6) teams of competitors in both the Home Chef and Professional categories, this culinary competition showcased the versatility of Angostura® bitters in cooking.

Below:
Cochon, 14 cities across the USA, February-October, 2017
Angostura® aromatic bitters partnered with Cochon555, a culinary tour dedicated to creating theatre for innovative food and drink experiences.

Left:
Taste of the Caribbean: Miami, June 2017
Taste of the Caribbean is a culinary competition that attracts among the best representatives in both the bartending and culinary arenas from 15 countries across the region.

Marketing Highlights

Above:
Amaro di Angostura® Versus; Rome, July 2017
Amaro di Angostura® Versus is a cocktail competition which took place last summer in Italy's capital. Versus embraces competition, camaraderie and great drinks, brought together by Amaro di Angostura®.

Above:
Bar Convent Berlin, October 2017
BCB is a leading international trade show that draws droves of innovative bar pros and beverage experts to the German capital, offering a terrific platform for engagement with Angostura's portfolio.

Above:
Rum Appetit Series
The Rum Appetit Series was the first of its kind to be held in Trinidad. Attendees at Chaud Restaurant were taught the art of pairing rum with food by Angostura's Master Distiller, John Georges.

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Marketing Highlights

Right:
Launch of Angostura® 1787; Antigua, July 2017
We launched our super-premium rum, Angostura® 1787 in Antigua in 2017. Attendees at the launch were able to have their inaugural bottles signed by our Master Distiller, John Georges.

Below:
Queen's Park Swizzle Launch; Trinidad, June 2017
The Queen's Park Swizzle Launch was held at the BPTT building, formerly the Queen's Park Hotel, where the QPS, the quintessential Angostura cocktail, was first created.

Above:
Angostura® Global Cocktail Challenge (photograph taken at the Australian Finals, Sydney, October 2017)
The Angostura® Global Cocktail Challenge saw 22 National and Regional events executed globally in 2017. 11 finalists were selected from 260 participants from 47 countries. In the finals, held in 2018 in Trinidad, the winner received a chance to represent the company for two years as a Brand Ambassador and won $10,000 US.

Employee Engagement Review

Employee engagement is key to our competitive performance and is at the heart of our vision; we aim to promote the best work environment for people who share our passion. Engaged employees are emotionally committed to and proud of our company, they help us meet our business goals, and they contribute to making our workplace the best it can be. To this end, Angostura hosted several key initiatives in 2017, some of which are highlighted below:

1. **Health and Wellness (Gym, Aerobics, Zumba and Yoga)**
   Angostura cares deeply about their staff and their well-being. We have a fully functioning gym as well as various wellness activities to keep staff active and engaged. During 2017, many employees participated in our in-house yoga, aerobics and Zumba sessions.

2. **Trinidad & Tobago International Coastal Clean Up Drive**
   This global activity is held annually, and Angostura continues to be a part of the initiative. It was held on Saturday 16th September 2017 and employees participated in cleaning up the Foreshore, Audrey Jeffers Highway where over 3,439.50 lbs. of trash was collected. This continues to be a highly engaging event for staff and an important corporate social responsibility initiative for Angostura.

3. **Hurricane Relief Drive**
   Continuing with the Company's corporate social responsibility mandate, Angostura was able to send over three pallets of supplies to Dominica through a collaboration with Trinidad and Tobago Manufacturer's Association (TTMA) via Cargo Consolidators Limited. Employees donated food and personal items as well as cases of water to the victims of Hurricane Maria.

4. **Personal Financial Training**
   During the latter half of 2017, Angostura hosted several Personal Financial Planning Workshops for employees. The purpose of these workshops was to create awareness on personal financial management. Topics covered included short term and long term savings, budgeting, and preparing for emergency life situations.

5. **Employee Safety Survival Training**
   Personal Safety and Security on and off the job is of great concern to Angostura. As a result, the Company began an awareness campaign to highlight personal safety and survival techniques to staff. The Company organised a one-day Survival Safety Workshop, which targeted its female base for its inaugural session.

   The workshop was designed to teach individuals how to survive a violent confrontation through psychological and tactical empowerment. The second installment of this workshop is scheduled for May 2018.

6. **Annual Staff Functions**
   Every year Angostura hosts key functions to foster relationship-building and to recognise long-standing employees and retirees who have contributed to the Company's success. 2017 was no different and the following events were a hit with all who attended:
   - Retirees Function
   - Long Service Awards
   - Christmas Party

In 2018, Angostura will continue to innovate on how we engage our workforce and ensure that we build an environment and organisation that is exciting, fulfilling, meaningful and fun.

Community Impact Review

Laventille Morvant Youth Games
Every year we invite 15 primary schools to send a team of students to participate in this day of fun and teamwork. In 2017 the Games were won by Success Laventille Primary School.

Junior Career Fair
Each year, form three students from the four (4) secondary schools in the Laventille/Morvant area are invited to attend a Career Fair held at Angostura in March.

Laventille Morvant Future Growers Project
The Laventille Morvant Future Growers Project aims to promote the importance of home gardening as a valuable source of nutrition and revenue.

Heroes Foundation Youth Development Programme
In 2017 Angostura partnered with the Heroes Foundation, a local NGO which aims to "nurture the next generation of heroes." This initiative provides youth mentorship to the students of Success Laventille Secondary School.

A.R.R.O.W. Learning Foundation
Angostura has taken on a three-year commitment to the A.R.R.O.W. approach for the improvement of literacy and communication skills for schools in the local area.

Primary Schools' Library Enhancement Project
We support the Library Enhancement Project which seeks to improve literacy and encourage reading among primary school students, by building infrastructure and providing books and supplies to local libraries.

Commercial Partnerships Review

Right:
Distributor Conference; Milan, July 2017
The Distributor Conference, held every other year in a different city, provides a space for us to meet and spend time with our business partners and allows us to share with them our global strategy and direction. In 2017, the conference was attended by 74 guests from 36 countries.

Left:
New Packaging for Lemon, Lime & Bitters, June 2017
New LLB packaging was introduced throughout the Caribbean. In doing this, we revitalised our marketing efforts for LLB and solidified our distributing partnerships across the region.

Commercial Partnerships Review (continued)

Right:
Tales on Tour: Edinburgh, April 2017
Tales on Tour is a reprise of Tales of the Cocktail, a trade show held annually in New Orleans. At this unique event, we held seminars to introduce the Queen's Park Swizzle to key trade influencers in the U.K. This event allowed us to strengthen our distributor relationships in this key market.

Left:
U.S. Final of Angostura® Global Cocktail Challenge: Chicago, September 2017
During the U.S. final of the Angostura® Global Cocktail Challenge, we held training sessions for bartenders, distributors and sales people. This event provided the perfect chance to further educate our U.S. team about our brands.

We also took the opportunity to introduce our U.S. distributors to our new and improved packaging.

For our comprehensive Distributor Listings, visit **angostura.com/contact-us/**

Statement of Management Responsibilities

Angostura Holdings Limited

Management is responsible for the following:

- Preparing and fairly presenting the accompanying consolidated financial statements of Angostura Holdings Limited ("the Group"), which comprise the consolidated statement of financial position as at December 31, 2017, 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 Group 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 Group's assets, detection/prevention of fraud, and the achievement of the Group'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 consolidated 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 Group will not remain a going concern for the next 12 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	Ginelle Lambie, CFO
Date: 27 March 2018	Date: 27 March 2018

Independent Auditors' Report

To the Shareholders of Angostura Holdings Limited

Independent Auditors' Report

To the Shareholders of Angostura Holdings Limited

Opinion

We have audited the consolidated financial statements of Angostura Holdings Limited and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at December 31, 2017, 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 Group as at December 31, 2017 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 Group 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 Group operates in a competitive industry in local and international markets. Angostura Holdings Limited 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)

To the Shareholders of Angostura Holdings Limited

Key Audit Matters (continued)

- **Our response** – Our audit procedures included considering the appropriateness of the Group's revenue recognition accounting policies and assessing compliance with the policies in terms of applicable accounting standards. We tested the effectiveness of the Group'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 undertook test of details work through the selection of a statistical sample and vouched those items sampled to supporting documentation such as invoices, goods delivered notes, receipts and bank statements.

Impairment of receivables

- **The risk** – The Group 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 Group's controls over the receivables impairment process; testing the receipt of cash after the year end; and testing the adequacy of the Group's provisions against trade receivables by assessing Management's judgments and assumptions applied in determining the provision. We also considered the adequacy of the Group's disclosures about the degree of estimation involved in arriving at the provision.

Valuation of inventory

- **The risk** – The costing of manufactured inventories and work in progress involves expenditure incurred in acquiring raw materials, production or conversion costs, and other costs incurred in bringing them to their existing location and condition. It also includes an appropriate share of production overheads based on normal operating capacity. The allocation of these costs involves subjective judgments, which requires special audit consideration because of the likelihood and potential magnitude of misstatements to the accuracy of inventory.

- **Our response** – Our audit procedures included the design and implementation of the Group's controls over the inventories costing process; substantive testing was also done on a statistical sample of manufactured inventories and work in progress to ensure that these items were costed accurately and in accordance with the Group's accounting policy for inventories.

Independent Auditors' Report (continued)

To the Shareholders of Angostura Holdings Limited

Other Information

Management is responsible for the other information. The other information comprises the information included in the Group's annual report, but does not include the consolidated financial statements and our auditors' report thereon. The Group'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.

When we read the Group'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 Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

Independent Auditors' Report (continued)

To the Shareholders of Angostura Holdings Limited

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.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 Group 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.

Independent Auditors' Report (continued)

To the Shareholders of Angostura Holdings Limited

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with 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.

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 Nigel Panchoo.

KPMG

Chartered Accountants
Port of Spain
Trinidad and Tobago
March 27, 2018

Consolidated Statement of Financial Position

Financial Statements

December 31, 2017
(Expressed in Trinidad and Tobago Dollars)

	Notes	2017	2016
		$'000	$'000
ASSETS			
Non-current assets			
Property, plant and equipment	9	337,801	357,398
Available-for-sale assets	10	108	109
Retirement benefit net asset	12	55,194	63,986
		393,103	421,493
Current assets			
Inventories	13	215,151	214,077
Assets held-for-sale	14	1,136	2,056
Trade and other receivables	15	167,961	181,148
Taxation recoverable		10,898	10,725
Short-term investments	16	216,682	98,513
Cash and cash equivalents	17	152,820	182,749
		764,648	689,268
Total assets		1,157,751	1,110,761
EQUITY AND LIABILITIES			
Equity			
Share capital	18	118,558	118,558
Other reserves	19	100,796	99,915
Retained earnings		762,615	713,950
Total equity		981,969	932,423
Liabilities			
Non-current liabilities			
Retirement benefit obligation	12	8,798	9,243
Deferred tax liability	21	69,300	73,598
		78,098	82,841
Current liabilities			
Borrowings	20	20,000	30,000
Trade and other payables	22	73,404	65,497
Taxation payable		4,280	-
		97,684	95,947
Total liabilities		175,782	178,338
Total equity and liabilities		1,157,751	1,110,761

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

Director

Director

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Financial Statements

December 31, 2017
(Expressed in Trinidad and Tobago Dollars)

	Notes	2017	2016
		$'000	$'000
Revenue		575,199	620,469
Cost of goods sold		(204,348)	(249,123)
Gross profit		370,851	371,346
Selling and marketing expenses		(130,731)	(135,888)
Administrative expenses		(81,259)	(65,742)
Results from operating activities		158,861	169,716
Finance costs	24	(844)	(1,181)
Finance income		2,342	642
Results from continuing operations		160,359	169,177
Other (expenses)/income	25	(6,625)	1888
Dividend income	26	90	220
Foreign exchange gains	27	398	12,802
Legal claim expense	28	-	(15,948)
Profit before tax		154,222	168,139
Taxation expense	29	(43,115)	(46,182)
Profit for the year		111,107	121,957
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Re-measurements of defined benefit (liability) asset	12	(9,639)	(5,836)
Related tax	21	2,892	1,459
		(6,747)	(4,377)
Items that are or may be reclassified to profit or loss			
Revaluation of artwork		881	-
Other comprehensive income for the year, net of tax		(5,866)	(4,377)
Total comprehensive income for the year		105,241	117,580
Profit for the year attributable to:			
Owners of the Group		111,107	121,957
Total comprehensive income attributable to:			
Owners of the Group		105,241	117,580
Dividend paid per share		27¢	32¢
Earnings per share - Basic and Diluted	30	$ 0.54	0.59

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

Consolidated Statement of Changes in Equity

Financial Statements

December 31, 2017
(Expressed in Trinidad and Tobago Dollars)

	Share Capital	Other Reserves	Retained Earnings	Total Equity
	$'000	$'000	$'000	$'000
	(Note 18)	(Note 19)		
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
Balance at January 1, 2017	118,558	99,915	713,950	932,423
Profit for the year	–	–	111,107	111,107
Other comprehensive income	–	–	(6,747)	(6,747)
Total comprehensive income for the year	–	–	104,360	104,360
Transactions with equity holders recognised directly in equity				
Other reserve movement	–	881	–	881
Dividends to equity holders	–	–	(55,695)	(55,695)
	–	881	(55,695)	(54,814)
Balance at December 31, 2017	118,558	100,796	762,615	981,969

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

Consolidated Statement of Cash Flows

Financial Statements

December 31, 2017
(Expressed in Trinidad and Tobago Dollars)

	Notes	2017	2016
		$'000	$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		111,107	121,957
Adjustments for			
Depreciation	9	29,478	15,717
Loss on disposal of property, plant and equipment	25	941	250
Foreign exchange gain	27	(398)	(12,802)
Finance costs	24	844	1,181
Finance income		(2,342)	(642)
Dividend income	26	(90)	(220)
Adjustment to property, plant and equipment	9	716	526
Pension costs		7,036	10,444
Taxation expense		43,115	46,182
Operating profit before working capital changes		190,407	182,593
Change in trade and other receivables		13,187	84,172
Change in inventories		(1,074)	13,001
Change in trade and other payables		7,907	(21,741)
Cash generated from operating activities		210,427	258,025
Interest paid		(844)	(1,309)
Corporation tax refunds received		6,693	11,157
Corporation tax paid		(47,106)	(45,287)
Retirement benefits paid		(8,328)	(10,381)
Net cash from operating activities		160,842	212,205
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment		45	139
Proceeds from disposal of assets held-for-sale		920	-
Acquisition of property, plant and equipment	9	(10,702)	(14,392)
Additions to investments		(284,654)	(96,570)
Redemptions to investments		166,485	29,294
Dividends received		90	220
Interest received		2,342	642
Net cash used in investing activities		(125,474)	(80,667)

Consolidated Statement of Cash Flows (continued)

December 31, 2017
(Expressed in Trinidad and Tobago Dollars)

	Notes	2017	2016
		$'000	$'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(55,695)	(65,904)
Proceeds from borrowings		40,000	30,000
Repayment of borrowings		(50,000)	(50,600)
Net cash used in financing activities		(65,695)	(86,504)
Net (decrease) increase in cash and cash equivalents		(30,327)	45,034
Cash and cash equivalents at January 1		182,749	125,302
Effect of movement in exchange rate on cash held		398	12,413
Cash and cash equivalents at December 31		152,820	182,749

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

Notes to the Consolidated Financial Statements

December 31, 2017

1. Reporting Entity

Angostura Holdings Limited (the Group) is a limited liability company incorporated and domiciled in the Republic of Trinidad and Tobago. The Group's registered office is Corner Eastern Main Road and Trinity Avenue, Laventille, Trinidad and Tobago. The Group 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, and the bottling of beverage alcohol and other beverages on a contract basis. The consolidated financial statements of the Group as at and for the year ended December 31, 2017 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 Group's ultimate parent entity is CL 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, 2018.

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.

(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:

- available-for-sale financial assets are measured at fair value;

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(k)(ii);
- freehold/leasehold land and buildings are measured at fair value less depreciation.
- short term investments are measured at fair value

(c) Reclassification of prior year presentation

Certain prior year amounts have been reclassified for consistency with the current year's presentation:

	As previously stated 2016	Reclassification 2016	Reclassified balance 2016
	$'000	$'000	$'000
Retirement benefit asset	348,680	(348,680)	-
Retirement benefit obligation	(293,937)	293,937	-
Retirement benefit asset, net	-	54,743	54,743

This reclassification had no effect on the consolidated statement of profit or loss and other comprehensive income and the consolidated statement of cash flows. The reclassification was required to show a net position of the retirement benefit asset instead of presenting the asset and obligation separately.

Dividend paid per share as disclosed in the consolidated statement of other comprehensive income was 32 cents per share for the year ended December 31, 2016, as opposed to the amount previously reported. This had no impact on the current year financial statements.

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.

ANGOSTURA HOLDINGS LIMITED
ANNUAL REPORT 2017

Notes to the Consolidated Financial Statements
December 31, 2017
Financial Statements

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, 2017 is included in the following notes:

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

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.

5. **Significant Accounting Policies (continued)**

(a) Basis of consolidation (continued)

(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.

(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 comprises 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).

5. **Significant Accounting Policies (continued)**

(a) Basis of consolidation (continued)

(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 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.

5. **Significant Accounting Policies (continued)**

(b) Foreign Currency (continued)

(ii) Foreign operations (continued)

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 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.

5. **Significant Accounting Policies (continued)**

(c) Financial instruments (continued)

(i) Classification (continued)

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.

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.

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.

5. **Significant Accounting Policies (continued)**

(c) Financial instruments (continued)

(vii) Fair value measurement (continued)

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.

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.

5. **Significant Accounting Policies (continued)**

(d) Changes in estimates

During 2017, the Group conducted a review of the depreciation method and useful lives of all of its property, plant and equipment. As a result, the remaining useful lives of most of the property, plant and equipment increased (whilst some remained constant) and its estimated residual value decreased. Additionally, the depreciation method was changed from reducing balance method to straight-line method for all assets, except land and buildings. These changes in estimate were made to more accurately reflect an equal and consistent cost of fixed asset usage each year, and to reassess the useful lives of all machinery and equipment based on a technical evaluation of each asset. In accordance with IAS 8, the change in estimate is accounted for by adjusting the depreciation in the current and future periods. The effects of these changes on actual and expected depreciation expense were included in 'cost of goods sold' and 'administrative expenses' as follows:

	2017	2018
	$'000	$'000
Increase in depreciation expense:		
Cost of goods sold	10,703	14,044
Administrative expenses	967	1,268
	11,670	15,312

(e) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment, other than land and buildings, are measured at 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.

5. Significant Accounting Policies (continued)

(e) Property, plant and equipment (continued)

(i) Recognition and measurement (continued)

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.

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 calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is recognised in profit or loss.

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.

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 which informed depreciation rates are as follows:

	2017	2016
Buildings	10 – 50 years	25 – 50 years
Plant, machinery and equipment	5 – 50 years	3 – 15 years
Casks and pallets	6 years	6 years

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

5. Significant Accounting Policies (continued)

(f) 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.

(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.

5. Significant Accounting Policies (continued)

(g) 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.

(h) 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.

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.

5. Significant Accounting Policies (continued)

(h) Impairment (continued)

(i) Non-derivative financial assets (continued)

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.

5. **Significant Accounting Policies (continued)**

(h) 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.

5. **Significant Accounting Policies (continued)**

(h) Impairment (continued)

(ii) Non-financial assets (continued)

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.

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.

(i) 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.

(j) 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.

On initial recognition, such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Subsequent measurement would be at fair value subject to a limit on the amount of any gain that can be recognized as a result of an increase in fair value less cost to sell before disposal. 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.

5. Significant Accounting Policies (continued)

(j) Assets held-for-sale (continued)

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.

(k) 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.

(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.

(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.

5. Significant Accounting Policies (continued)

(k) Employee benefits (continued)

(ii) Defined benefit plans (continued)

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.

(iii) 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.

5. Significant Accounting Policies (continued)

(l) 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.

(m) 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.

(n) Leases

(i) 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.

5. Significant Accounting Policies (continued)

(n) Leases (continued)

(i) Leased assets

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

(ii) 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.

(o) 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.

(p) 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 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.

5. Significant Accounting Policies (continued)

(p) Taxation (continued)

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.

5. Significant Accounting Policies (continued)

(p) Taxation (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.

(q) 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.

(r) 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.

5. Significant Accounting Policies (continued)

(s) New and forthcoming standards and interpretations

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

Several new standards are effective for annual periods beginning on or after January 1, 2017 and earlier adoption is permitted. The Group has assessed these standards and has adopted those which are relevant to its financial statements.

- Disclosure Initiative (Amendment to IAS 7, Statement of Cash Flows)
  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.

- Recognition of Deferred Tax Assets for Unrealised Losses (Amendment to IAS 12, Income Taxes)

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 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.

5. Significant Accounting Policies (continued)

(s) New and forthcoming standards and interpretations (continued)

(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 periods beginning on or after January 1, 2018 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:

- 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 a 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.

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.

5. Significant Accounting Policies (continued)

(s) New and forthcoming standards and interpretations (continued)

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

• 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.

Financial Assets – Classification

IFRS 9 Financial Instruments sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost, FVOCI and FVTPL. The standard eliminates the existing IAS 39 categories of held to maturity, loans and receivables and available for sale.

Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never bifurcated. Instead, the hybrid financial instrument as a whole is assessed for classification.

Financial Assets - Impairment

IFRS 9 replaces the 'incurred loss' model in IAS 39 with a forward-looking 'expected credit loss' (ECL) model. This will require considerable judgement about how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis.

The new impairment model will apply to financial assets as trade receivables. Under IFRS 9, loss allowances will be measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and

- lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

5. Significant Accounting Policies (continued)

(s) New and forthcoming standards and interpretations (continued)

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

IFRS 9, Financial Instruments (continued)

Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since initial recognition and 12-month ECL measurement applies if it has not. An entity may determine that a financial asset's credit risk has not increased significantly if the asset has low credit risk at the reporting date. However, lifetime ECL measurement always applies for trade receivables and contract assets without a significant financing component; the Group has chosen to apply this policy also for trade receivables. The following analysis provides further detail about this estimated impact at January 1, 2018.

Trade and other receivables

The estimated ECLs were calculated based on actual credit loss experience for a historical period of one year. The Group performed an initial calculation of ECL rates separately for corporates and individuals.

The following table provides information about the estimated exposure to credit risk and ECLs for trade and other receivables, as at January 1, 2018.

	Established Gross Carrying Amount	**Expected Credit Loss Rate**	**Estimated Loss Allowance**
	$'000s		**$'000s**
Current (not past due)	114,043	1%	702
1-30 days past due	22,534	2%	495
31-60 days past due	2,851	7%	212
61-90 days past due	1,394	9%	124
More than 90 days past due	22,354	53%	11,739
Total	163,176		13,272

5. **Significant Accounting Policies (continued)**

(s) New and forthcoming standards and interpretations (continued)

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

IFRS 9, Financial Instruments (continued)

Financial Liabilities - Classification

IFRS 9 largely retains the existing requirements in IAS 39 for the classification of financial liabilities. However, under IAS 39 all fair value changes of liabilities designated as at FVTPL are recognised in profit or loss, whereas under IFRS 9 these fair value changes are generally presented as follows:

- The amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in OCI; and

- The remaining amount of change in the fair value is presented in profit or loss.

- The Group has not designated any financial liabilities at FVTPL and it has no current intention to do so. The Group's assessment did not indicate any material impact regarding the classification of financial liabilities at January 1, 2018.

IFRS 9 will require extensive new disclosures, in particular about, credit risk and ECLs. The Group's initial assessment included an analysis to identify data gaps against current processes and the Group is in the process of implementing the system and controls changes that it believes will be necessary to capture the required data.

The Group will take advantage of the exemption allowing it not to restate comparative information for prior periods with respect to classification and measurement (including impairment) changes. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 will generally be recognised in retained earnings and reserves as at January 1, 2018.

5. **Significant Accounting Policies (continued)**

(s) New and forthcoming standards and interpretations (continued)

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

- ***IFRS 15, Revenue from Contracts with Customers***

The Group is required to adopt IFRS 15 Revenue from Contracts with Customers from January 1, 2018. The Group has assessed the estimated impact that the initial application of IFRS 15 will have on its consolidated financial statements. The impact of the adoption of these standards on the Group's entity as at January 1, 2018 will be assessed during the subsequent reporting period ended December 31, 2018, where the Group will present its first financial statements after having fully implemented the new standard.

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty programs.

Status of Management's Understanding/Implementation of IFRS 15

With IFRS 15 becoming effective January 1, 2018, the Group is currently in the process of understanding and interpreting the impact on the business' operations and its application to the Financial Statements, by assessing the nature of all contracts (formal and implied), the performance obligation of each customer's contract, the transaction price allocated per contract and how/when revenue is recognised from the satisfaction of a performance obligation within each contract.

Five-Step Model

The Group will apply the five-step model to determine the nature, timing and amount of revenue to be recognised, as revenue is recognised at a point in time when control of the goods is transferred to the customer.

1. Identify the contract(s) with the customer:

The Group has various contracts, both formal and implied, which generate various revenue streams, including the following:

- Revenue from Local Sales including retail sales at Solera
- Revenue from International Sales to customers and distributors in the Caribbean, North America, Canada, Latin America and the EMEAA (Europe, Middle East, Asia and Africa) Region
- Revenue from Co-Pack Manufacturing agreements for the manufacture and sale of bulk blends made to the customers' specification
- Revenue related to the production and supply of Angostura Lemon, Lime Bitters® (LLB) Flavour Concentrate

5. Significant Accounting Policies (continued)

(s) New and forthcoming standards and interpretations (continued)

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

Each contract whether formal or implied, identifies each party's rights regarding the transfer of goods, payment terms and expected future cash flows required for the exchange of goods and services.

2. Identify the performance obligations in the contract:

The Group has identified the performance obligations of each contract to be the promised goods based on the specific sale. These performance obligations are usually satisfied at a point in time (as opposed to over time), when the Group transfers the promised goods to the customer, whereby control is transferred as the customer obtains the asset transferred.

3. Determine the transaction price:

For each revenue stream, the Group determines the transaction price, which is the amount of consideration exchanged by the customer in return for the promised goods.

4. Allocate the transaction price to the performance obligations in the contract:

As denoted above, the selling price may vary based on a customer type or customer contract, however this standalone selling price is determined at the inception of the contract, and is specific to the performance obligation.

5. Recognise revenue as/when the entity satisfies the performance obligation:

Once the contract, performance obligation and transaction price have been determined, the Group will recognise revenue when the performance obligation to the customer is fulfilled, there is an exchange of consideration, and control is passed from the Group to the customer.

5. Significant Accounting Policies (continued)

(s) New and forthcoming standards and interpretations (continued)

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

- IFRS 15, Revenue from Contracts with Customers (continued)

  Loyalty program and Returns

  The Group has a loyalty program for its retail business, Solera, and under IFRS 15, consideration will be allocated between the loyalty program and the products sold based on relative standalone selling prices. As a consequence, a lower proportion of the consideration will be allocated to the loyalty program and therefore less revenue is likely to be deferred. The Group allows customers to return goods for quality reasons, however to date these are not significant. Customer returns will be recorded as required by IFRS 15.

  Transition

  The Group plans to adopt IFRS 15 using the cumulative effect method, with the effect of initially applying this standard recognised at the date of initial application, January 1, 2018. As a result, the Group will not apply the requirements of IFRS 15 to the comparative period presented.

- 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.

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) 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.

(iii) 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.

6. Determination of Fair Values (continued)

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.

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	Level 2	Level 3	Fair Value
	$'000	$'000	$'000	$'000
2017				
Available-for-sale assets	–	–	108	108
Short term investments	–	216,682	–	216,682
2016				
Available-for-sale assets	1	–	108	109
Short term investments	–	98,513	–	98,513

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	Level 2	Level 3	Fair Value	Total Carrying Amount
	$'000	$'000	$'000	$'000	$'000
As at December 31, 2017					
Trade receivables	-	166,138	-	166,138	166,138
Trade and other payables	-	73,404	-	73,404	73,404
Borrowings	-	20,000	-	20,000	20,000
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

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 April 6, 2018.

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 & Associates Limited, and revaluations are done every five years in accordance with the Group's policy, or more frequently if there are any indicators of significant volatility in the market. 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 equity.

6. Determination of Fair Values (continued)

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

Fair value measurements as at December 31, 2017 using:

	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	$'000	$'000	$'000
Recurring fair value measurements			
Land and buildings	-	-	188,154

	Fair value hierarchy	Fair value as at January 1, 2017	Additions	Depreciation/ impairment	Transfers	Adjustments	Fair value carried forward
		$'000	$'000	$'000	$'000	$'000	$'000
Land and buildings	Level 3	189,827	99	(2,170)	4,188	-	191,944

Fair value measurements as at December 31, 2016 using:

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

	Fair value hierarchy	Fair value as at January 1, 2017	Additions	Depreciation/ impairment	Transfers	Adjustments	Fair value carried forward
		$'000	$'000	$'000	$'000	$'000	$'000
Land and buildings	Level 3	189,681	663	(1,817)	1,909	(609)	189,827

6. Determination of Fair Values (continued)

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

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

Transfers between levels 2 and 3
The Group'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 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.

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.

6. Determination of Fair Values (continued)

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

Inputs considered in the valuation: (continued)

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

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

	2017	2016
	$'000	$'000
Cost	566,652	554,064
Accumulated depreciation	(237,415)	(205,819)
Net book amount	329,237	348,245

	2017	2016
	$'000	$'000
Depreciation expense is included in profit or loss as follows:		
Amount included in cost of goods sold	16,561	11,610
Amount included in administrative expenses	12,917	4,107
	29,478	15,717

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.

7. Financial Risk Management (continued)

Risk Management Framework (continued)

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 by 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 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 and/or distributor. 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.

7. **Financial Risk Management (continued)**

Operational Risk Management

(a) Credit risk (continued)

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 are made to customers with an appropriate credit history. The Group's Credit Committee continues to enforce its 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/distributor 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.

For the purpose 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 Group. 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. Eligible local customers who trade in high volumes may benefit from adjustments to their credit terms at the year-end.

The Group is closely monitoring the economic environment internationally in various markets and is taking actions to limit its exposure to customers in countries experiencing 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, 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 by the Group. Where qualifying underlying assets are unavailable, the Group can consider other low risk products such as mutual funds.

7. **Financial Risk Management (continued)**

Operational Risk Management (continued)

(a) Credit risk (continued)

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 if banks encounter the risk of financial or operational difficulties.

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.

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

	2017	2016
	$'000	$'000
Trade receivables:		
Third party – net (Note 15)	163,156	176,898
Related party – net (Note 33 (iv))	2,982	3,268
	166,138	180,166
Short-term investments (Note 16)	216,682	98,513
	382,820	278,679

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.

7. **Financial Risk Management (continued)**

Operational Risk Management (continued)

(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 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.

7. **Financial Risk Management (continued)**

Operational Risk Management (continued)

(c) Market risk (continued)

(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.

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 20.

The Group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions and alternative financing. 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.

7. **Financial Risk Management (continued)**

Operational Risk Management (continued)

(d) Capital risk

The Group's policy is to maintain a strong capital base 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.

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, 2017 are as follows:

	Branded Trade	Commodity Trade	Total
	$'000	**$'000**	**$'000**
Revenue	**537,071**	**38,128**	**575,199**
Results from operating activities	165,877	(7,016)	158,861
Finance cost			(844)
Finance income			2,342
Results from continuing operations			160,359
Other (expense)/income			(6,625)
Dividend income			90
Foreign exchange gains			398
Legal expense			-
Group profit before tax			154,222
Tax expense			(43,115)
Profit for the year			111,107

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

8. **Segment Information (continued)**

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

	Branded Trade	Commodity Trade	Total
	$'000	**$'000**	**$'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 (expense)/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.

Segments are aggregated based on 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.

9. Property, Plant and Equipment

	Land Buildings	Plant, Machinery & Equipment	Casks & Pallets	Assets in Progress	Total
	$'000	$'000	$'000	$'000	$'000
December 31, 2017					
Cost or revaluation					
Balance as at January 1	200,190	304,041	47,230	10,204	561,665
Additions	99	6,796	2,214	1,593	10,702
Transfers	4,189	5,863	–	(10,052)	–
Disposals	–	(1,253)	(760)	(650)	(2,663)
Adjustments	–	(716)	–	–	(716)
Revaluation	–	881	–	–	881
Balance as at December 31	204,478	315,612	48,684	1,095	569,869
Accumulated depreciation					
Balance as at January 1	(10,363)	(161,066)	(32,838)	–	(204,267)
Depreciation charge	(2,880)	(22,218)	(4,380)	–	(29,478)
Disposals	710	299	668	–	1,677
Adjustments	–	–	–	–	–
Balance as at December 31	(12,533)	(182,985)	(36,550)	–	(232,068)
At December 31, 2017					
Cost or valuation	204,478	315,612	48,684	1,095	569,869
Accumulated depreciation	(12,533)	(182,985)	(36,550)	–	(232,068)
Net book value	191,945	132,627	12,134	1,095	337,801

Plant, equipment and machinery include artwork. The net book value of property, plant and equipment, excluding fair value adjustment for land and buildings, is $329,237 thousand (2016: $348,245 thousand).

9. Property, Plant and Equipment (continued)

	Land Buildings	Plant, Machinery & Equipment	Casks & 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

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

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 based on market value. Revaluation surpluses and losses were recognised within 'revaluation surpluses' in other reserves (Note 19) or 'other expenses' in profit or loss, as described in Note 5(e)(i).

10. Available-for-Sale Assets

	2017	2016
	$'000	$'000
Balance at January 1	108	109
Available-for-sale assets include the following:		
Listed equity securities – English speaking Caribbean	–	1
Unlisted securities	108	108
Balance at December 31	108	109

11. Investment in Joint Venture

Company	Country of incorporation	Percentage Owned 2017	Percentage Owned 2016
Tobago Plantations Limited	Trinidad and Tobago	50%	60%

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. This position has not since reversed and the accumulated losses still exceed the 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 Net Asset and Defined Benefit Obligation

The Group's pension fund plan is funded by the Group and employees. The lump sum arrangement and unfunded pension benefit obligation plan are funded by the Group. The funding requirements are based on the pension fund's actuarial measurement performed by an independent qualified actuary.

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

12. Retirement Benefit Net Asset and Defined Benefit Obligation (continued)

Consolidated Statement of Financial Position

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

	2017	2016
	$'000	$'000
Fair value of plan assets (Note 12 (i))	349,063	348,680
Present value of defined benefit obligation (Note 12 (i))	(293,869)	(284,694)
Net defined benefit asset	55,194	63,986

This approved pension plan will provide/provides pension payments to the current and former employees of the Group.

	2017	2016
Lump sum benefit obligation (Note 12 (ii))	(274)	(380)
Unfunded pension benefit obligation (Note 12 (ii))	(8,524)	(8,863)
Net defined benefit liability	(8,798)	(9,243)

The lump sum plan provides a lump sum benefit to employees based on service. The unfunded pension plan provides pension payments to certain former employees. Both these plans are serviced by the Group.

12. Retirement Benefit Net Asset and Defined Benefit Obligation (continued)

i. *Movement in defined benefit net asset*

	Pension					
	Defined Benefit Obligation		Fair Value of Plan Assets		Net Defined Benefit Asset/ (Liability)	
	2017	2016	2017	2016	2017	2016
	(284,694)	(285,676)	348,680	355,237	63,986	69,561
Included in profit and loss						
Current service cost	(10,065)	(11,624)	-	-	(10,065)	(11,624)
Interest cost (income)	(15,308)	(13,993)	19,094	17,754	3,786	3,761
Administrative expenses	-	-	(283)	(295)	(283)	(295)
	(25,373)	(25,617)	18,811	17,459	(6,562)	(8,158)
Included in other comprehensive income						
Remeasurement (gain) loss: - Actuarial (gain) loss arising from						
• financial assumptions	-	21,986	-	-	-	21,986
• experience adjustments	6,338	(3,622)	-	-	6,338	(3,622)
- Return on plan assets excluding interest income	-	-	(15,619)	(24,002)	(15,619)	(24,002)
	6,338	18,364	(15,619)	(24,002)	(9,281)	(5,638)
Other Contributions paid by employer and members	(3,022)	(3,524)	10,073	11,745	7,051	8,221
Benefits paid	12,882	11,759	(12,882)	(11,759)	-	-
	9,860	8,235	(2,809)	(14)	7,051	8,221
Balance as at December 31	(293,869)	(284,694)	349,063	348,680	55,194	63,986

12. Retirement Benefit Net Asset and Defined Benefit Obligation (continued)

ii. *Movement in defined benefit liability*

	Defined Benefit Obligation Plans					
	Lump sum Plan		Unfunded Pension Plan		Total Liability	
	2017	2016	2017	2016	2017	2016
	$'000	$'000	$'000	$'000	$'000	$'000
Balance as at January 1	(380)	(1,191)	(8,863)	(7,728)	(9,243)	(8,919)
Included in profit and loss						
Current service cost	(4)	(14)	-	-	(4)	(14)
Past service cost	-	-	-	(1790)	-	(1790)
Interest cost (income)	(14)	(35)	(456)	(447)	(470)	(482)
	(18)	(49)	(456)	(2,237)	(474)	(2,286)
Included in other comprehensive income						
Remeasurement (gain) loss:						
Actuarial (gain) loss arising from						
• financial assumptions	-	4	-	271	-	275
• experience adjustments	-	(128)	(358)	(345)	(358)	(473)
	-	(124)	(358)	(74)	(358)	(198)
Other						
Benefits paid	124	984	1,153	1,176	1,277	2,160
	124	984	1,153	1,176	1,277	2,160
Balance as at December 31	(274)	(380)	(8,524)	(8,863)	(8,798)	(9,243)

12. Retirement Benefit Net Asset and Defined Benefit Obligation (continued)

iii. Summary of principal actuarial assumptions as at December 31 for the Defined Benefit Net Asset

	Pension Plan 2017	Pension Plan 2016
Discount rate	5.5%	5.5%
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:

	2017	2016
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

	2017	2016

Summary of principal actuarial assumptions as at December 31 for the Defined Benefit Obligation Plans

	2017	2016
Discount rate	5.5%	5.5%

The discount rate relates to both the lump sum and unfunded pension plan.

12. Retirement Benefit Net Asset and Defined Benefit Obligation (continued)

	Pension Plan 2017	Pension Plan 2016
iv. Asset allocation		
Insured managed fund contract	346,286	345,764
Immediate annuity policies	2,777	2,916
	349,063	348,680

The value of the Plan's investment in the managed fund contract at December 31, 2017 was provided by the insurer Colonial Life Insurance Company (CLICO).

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.

	2017	2016
	%	%
Plan assets are comprised as follows:		
Equity	18.3	26.0
Debt securities	60.7	58.5
Other (short-term securities)	21.0	15.5

In 2017, none of the managed fund asset was invested in the Group's ordinary shares (2016: NIL).

v. Sensitivity Analysis Benefit Net Asset
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, 2017 would have changed as a result of a change in the assumptions used.

	Pension Plan	
	1% pa Decrease	1% pa Decrease
	$'000	$'000
Discount rate	47,663	(37,484)
Future salary increases	(12,557)	14,484

An increase of 1 year in the assumed life expectancies shown above would increase the defined benefit obligation at the year-end by $3,933 thousand (2016: $3,732 thousand).

12. Retirement Benefit Net Asset and Defined Benefit Obligation (continued)

Sensitivity Analysis Defined Benefit Obligation

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, 2017 would have changed as a result of a change in the assumptions used

	Lump Sum Plan	
	1% pa Decrease	1% pa Decrease
	$'000	$'000
Discount rate	5	(5)

The sensitivity was calculated by re-calculating the defined benefit obligation using the revised assumptions.

	Unfunded Pension Plan	
	1% pa Decrease	1% pa Decrease
	$'000	$'000
Discount rate	517	(465)

An increase of 1 year in the assumed life expectancies shown above would increase the defined benefit obligation at the year-end by $340 thousand (2016: $341 thousand).

vi. Funding

The Group meets the balance of the cost of funding the defined benefit plan and must pay contributions as 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 2018:

	$'000
Pension Plan contribution	**7,752**
Lump Sum payments	-
Medical Plan contribution	136
Unfunded Pension Plan	1,097
	8,985

	2017	2016
	$'000	$'000
13. Inventories		
Raw and packaging materials	56,938	65,493
Work in progress	113,348	106,712
Finished goods	48,641	45,338
	218,927	217,543
Provision for obsolescence	(3,776)	(3,466)
	215,151	214,077
14. Assets Held-for-Sale		
Balance at January 1	2,056	3,439
Disposals	(920)	(1,383)
Balance at December 31	1,136	2,056

There were no impairment provisions on assets held-for-sale at the year-end (2016: NIL).

	2017	2016
	$'000	$'000
15. Trade and Other Receivables		
Trade receivables	187,248	192,982
Provision for impairment of trade receivables	(24,092)	(16,084)
	163,156	176,898
Receivables from related parties – net (Note 33 (iv))	2,982	3,268
Trade receivables – net	166,138	180,166
Prepayments and other receivables	1,823	982
	167,961	181,148

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

	Gross 2017 $'000	Impairment 2017 $'000	Gross 2016 $'000	Impairment 2016 $'000
Not past due	132,437	-	119,310	-
Past due 0 – 30 days	22,855	-	32,593	-
Past due 31 – 60 days	3,754	-	10,857	-
Past due 61 – 90 days	654	-	7,937	-
Past due 90 – 120 days	297	-	1,031	-
Past due more than 120 days	38,742	(30,778)	32,190	(22,770)
	198,739	(30,778)	203,918	(22,770)

As of December 31, 2017, trade and other receivables of $7,964 (2016: $9,420) 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 trade and other receivables of $30,778 (2016: $22,770) 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:

	2017 $'000	2016 $'000
United States dollar	71,049	67,679
Trinidad and Tobago dollar	95,855	112,539
Canadian dollar	26	26
Euro	1,031	904
	167,961	181,148

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.

Year ended December 31, 2017

Currency	TTD	% of Trade receivables
USD	71,049	41%

Year ended December 31, 2016

Currency	TTD	% of Trade receivables
USD	67,679	35%

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 January 1, 2017 to March 1, 2018 was assessed, and imputed as the sensitivity range. The sensitivity was a 0.3% depreciation in the rate of exchange.

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

	2017 $'000	2016 $'000
Net impact on profit or loss and trade and other receivables	213	200
Resulting % of trade and other receivables	42%	35.1%

15. Trade and Other Receivables (continued)

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

	2017	2016
	$'000	$'000
At January 1	16,084	17,758
Write off against provision	-	(4,278)
Increase in provision	8,008	2,604
At December 31	24,092	16,084
Related party provision (Note 33(iv))	6,686	6,686
Total provision for impaired trade and other receivables	30,778	22,770

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 (2016: NIL).

	2017	2016
	$'000	$'000
16. Short-Term Investments		
Balance at January 1	98,513	29,297
Additions	283,271	96,103
Redemptions	(166,485)	(29,294)
Interest capitalised	1,383	470
Foreign exchange gains	-	1,937
Balance at December 31	216,682	98,513

Short term investments includes a TTD fixed deposit and repurchase agreements supported by the US dollar bonds issued by the Government of the Republic of Trinidad and Tobago, Commonwealth of Bahamas and the Government of Bermuda, with interest rates ranging from 1.25% - 1.75%.

	2017	2016
	$'000	$'000
17. Cash and Cash Equivalents		
Cash at bank and in hand	152,820	182,749

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

18. Share Capital

	2017	2016
Authorised	(920)	(1,383)
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 206,277 thousand (2016: 206,277 thousand) ordinary shares of no par value.

19. Other Reserves

	Revaluation Surplus	Capital Reserves	Total
	$'000	$'000	$'000
Balance at January 1, 2017	91,069	8,846	99,915
Revaluation of artwork	-	881	881
Balance at December 31, 2017	**91,069**	**9,727**	**100,796**
Balance at January 1, 2016 and December 31, 2016	91,069	8,846	99,915

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

	2017	2016
	$'000	$'000

20. Borrowings

Unsecured borrowings	20,000	30,000

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

The trade revolver is subject to floating interest, payable quarterly and reset every six (6) months. Principal payments are due six (6) months after each drawdown.

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

	2017	2016
Type of borrowing		
Unsecured borrowings	2.68%	2.4%

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

	2017	2016
	$'000	$'000
Trinidad and Tobago dollar	20,000	30,000

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:

	2017	2016
	$'000	$'000
Six (6) months or less	20,000	30,000

None of the Group's borrowings were subject to fixed interest rates (2016: $NIL)

Liquidity risk

	2017	2016
	$'000	$'000
The undiscounted contractual cash flows are as follows:		
Due in six (6) months	20,269	30,171

Undiscounted cash flows include estimated interest payments.

There were no loans from related parties at the year-end (2016: NIL).

21. Deferred Taxation

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

	2016	Credited/ (Charged) to Profit or Loss	Credit to OCI	2017
	$'000	$'000	$'000	$'000
Deferred tax liabilities				
Accelerated tax depreciation	(57,175)	1,794	–	(55,381)
Pension asset	(16,423)	(388)	2,892	(13,919)
	(73,598)	1,406	2,892	(69,300)

	2015	Charged to Profit or Loss	Credit to OCI	2016
	$'000	$'000	$'000	$'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)

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

	2017	2016
	$'000	$'000
Balance at January 1	(73,598)	(61,284)
Deferred tax credited/(charged) to profit or loss (Note 29)	1,406	(13,773)
OCI	2,892	1,459
Balance at December 31	(69,300)	(73,598)

	2017	2016
	$'000	$'000
22. Trade and Other Payables		
Trade payables	24,863	25,203
Amounts due to related parties (Note 33(vi))	2,410	2,410
Provisions	8,200	4,769
Accruals	27,799	24,612
Other payables	10,132	8,503
	73,404	65,497

Provisions comprise mainly the estimated selling and marketing costs of the Group at the year-end.

Accruals comprise amounts due in respect of known obligations of the Group at the year-end. These include statutory obligations, administrative and selling and marketing costs.

Other payables comprise amounts due in respect of statutory obligations and operating costs which are expected to be incurred in the future.

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

	2017	2016
	$'000	$'000
< 1 year	**73,404**	**65,497**

23. Results from Operating Activities

Included in results from operating activities are the following operating expense items:

	2017	2016
	$'000	$'000
Depreciation (Note 9)	(29,478)	(15,717)
Employee benefits (Note 31)	(112,331)	(121,974)
Operating lease payments (Note 32)	(1,238)	(2,307)
Research and development	(352)	(736)
Repairs and maintenance	(13,374)	(12,173)

24. Finance Costs

Unsecured borrowings	(844)	(1,181)

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

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	2017	2016
	$'000	$'000
25. Other (Expenses)/Income		
Loss on disposal of property, plant and equipment	(941)	(250)
Other (expense)/income	(5,684)	2,138
	(6,625)	1,888
26. Dividend Income		
Dividend income	90	220
27. Foreign Exchange Gains		
Foreign exchange gains	398	12,802

28. Legal Claim Expense

There was no legal claim expense for 2017. The prior year balance related to the settlement of a matter during 2016, for which an amount of $17,012 thousand was previously provided in 2015. The total claim was settled as $32,960 thousand in 2016.

	2017	2016
	$'000	$'000
29. Taxation Expense		
Current charge	(44,521)	(32,409)
Deferred tax credit/(expense) (Note 21(ii))	1,406	(13,773)
	(43,115)	(46,182)

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:

	2017	2016
	$'000	$'000
Profit before tax	154,222	168,139
Tax charge at statutory rate of 30%/25%	46,266	42,035
Non-deductible expenses	3,148	5,098
Tax effect on uplift	(3,282)	(4,967)
Income not subject to tax	(27)	(1,990)
Prior year over provision	(2,990)	(6,251)
Effect of change in tax rate	–	12,257
	43,115	46,182

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.

	2017	2016
Profit attributable to equity holders of the Group ($'000)	111,107	121,957
Number of ordinary shares in issue (000) (Note 18)	205,820	205,820
Basic and diluted earnings per share ($)	0.54	0.59

31. Employee Benefits

	2017	2016
	$'000	$'000
Wages, salaries and other benefits	112,316	119,755
Pension costs – defined benefit plans	15	2,219
	112,331	121,974

32. Leases

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

	2017	2016
	$'000	$'000
Expense for the year	(1,238)	(2,307)
Future minimum lease payments under these leases at December 31 are as follows:		
Within 1 year	798	1,449
Between 2 and 5 years	482	1,119
	1,280	2,568

33. Related Party Transactions

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

	2017	2016
	$'000	$'000
i) Sales of goods and services		
Sales of goods: - Entities controlled by the Ultimate Parent	7,141	7,450
ii) Purchases of goods and services		
Purchases of goods: - Entities controlled by the Ultimate Parent	–	182
Purchases of services and interest charges: - Entities controlled by the Ultimate Parent	11,925	11,950
	11,925	12,132

The group purchases of services relates to group life, health and pension plans.

	2017	2016
	$'000	$'000

33. Related Party Transactions (continued)

iii) Key management compensation

	2017	2016
Salaries and other short term employee benefits	10,220	11,166
Pension contributions	538	797
	10,758	11,963

Key management compensation includes salaries, incentives, medical contributions, 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.

	2017	2016
	$'000	$'000
iv) Year-end balances arising from sales/purchases of goods/services		
Current receivables from related parties:		
- Ultimate 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 ultimate parent company receivable during the year.

During 2017, negotiations continued between management of the Group and its parent company, with respect to the settlement of the intercompany receivable. In July 2017, provisional liquidators were appointed to the parent company, and management submitted the claim to the liquidators requesting settlement of the intercompany receivable. 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.

	2017	2016
	$'000	$'000

33. Related Party Transactions (continued)

iv) Year-end balances arising from sales/purchases of goods/services (continued)

	2017	2016
- Entities controlled by Ultimate Parent	8,952	9,238
- Provision for impairment of receivables	(6,686)	(6,686)
	2,266	2,552
- Key Management	716	716
	2,982	3,268
Analysis of movements in related party impairment provisions:		
Opening balance	6,686	6,714
Amounts written off against provision	-	(28)
Closing provision	6,686	6,686

None of the balances are secured.

	2017	2016
	$'000	$'000
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 22)		
- Ultimate Parent	2,410	2,410
vii) Other charges due to related parties	1,378	1,438
- Entities controlled by Ultimate Parent	4,176	4,176
- Key management	5,554	5,614

34. Capital Commitments

At the year-end, capital commitments amounted to $3,898 thousand (2016: $25,816 thousand).

35. Events after the Reporting Date

On March 27, 2018 the Board of Directors recommended a final dividend in respect of 2017 of 12¢ per share. The total dividend recommended in respect of 2017 was 21¢ (2016: 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-Sixth Annual Meeting of the Company to be held on the 22nd day of June, 2018 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
25 April, 2018	Jennifer Frederick, Company Secretary	J Frederick

ANGOSTURA

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 22nd day of June 2018 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 2017, together with the report of the Auditors thereon.		
Resolution 2	To approve a final dividend of $0.12 per share.		
Resolution 3	To appoint KPMG as auditors of the Company for the financial year ending 31st December 2018, and to authorise the Directors to fix their Remuneration thereon.		

Signed this .... day of 2018

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


ANGOSTURA