ANGOSTURA®

Ageing to Perfection

ANNUAL REPORT 2018


EST. 1824
ANGOSTURA®
CARIBBEAN RUM
TRINIDAD & TOBAGO
MASTERS OF OUR CRAFT.
For the third edition of The Cask Collection, Angostura® No.1 Oloroso Sherry is a blend of an exquisite selection of our rarest rums, aged up to 22 years which was carefully selected by our Master Blender, this blend was then left to finish in specially chosen Oloroso Sherry Casks for 9 months.
HOUSE OF ANGOSTURA
Since 1824
ANGOSTURA®
TRINIDAD & TOBAGO
CARIBBEAN RUM
CASK COLLECTION
Nº1
FIRST FILL OLOROSO SHERRY CASK
PREMIUM RUM
70cl/700ml
40% Vol./40% Alc./Vol.
EST. 1824
CASK COLLECTION
NO.01
LIMITED EDITION
PREMIUM RUM
CASK COLLECTION
Nº1
"We're sharing The Cask Collection with rum aficionados and enthusiasts worldwide to show the craft of rum-making has no limits," Carol Homer, Master Blender.
ENJOY RESPONSIBLY
WWW.ANGOSTURARUM.COM
#THECASKCOLLECTION

ANNUAL REPORT 2018

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Who We Are

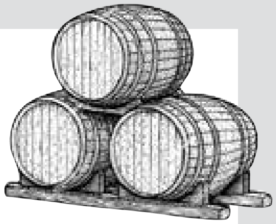
Angostura is one of the Caribbean's leading beverage companies, the world's market leader for bitters, and home to a superb collection of rum brands.

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 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, and have been awarded many prestigious accolades internationally. In addition, both of Angostura's signature bitters were named the *Number One Selling Bitters* and *Number One Trending Bitters* of 2018.

The centuries-old tradition of cooperage is still practiced at Angostura, where skilled coopers make our barrels by hand.



Mission, Vision and Values

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

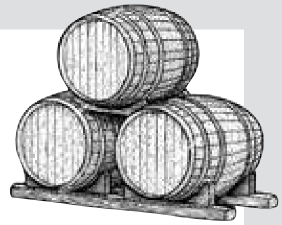
Action: Committed to doing what needs to be done

Collaboration: Leverage relationships to build success

Trust: Be honest and credible

Innovation: Create new, inclusive brands


EST. 1824
ANGOSTURA®
CARIBBEAN RUM
A CLASS ACT
AND ONE OF THE MOST AWARDED RUM RANGES IN THE WORLD. MASTER BLENDED SINCE 1944. MULTIPLE AWARDS. EXCEPTIONAL SMOOTHNESS. ENDLESS OCCASIONS. RAISE A TOAST TO THE HOUSE.
ANGOSTURA CARIBBEAN RUM RESERVA
AGED THREE YEARS
ANGOSTURA CARIBBEAN RUM 5
AGED FIVE YEARS
ANGOSTURA 7
AGED SEVEN YEARS
ANGOSTURA 1919
ANGOSTURA 1824
ANGOSTURA 1787
EST. 1824
TOP TEN BEST SELLING RUM
DRINKS INTERNATIONAL 2019
AS VOTED BY THE WORLD'S BEST BARS
TOP TEN TRENDING RUM
DRINKS INTERNATIONAL 2019
AS VOTED BY THE WORLD'S BEST BARS



Corporate Information

BOARD OF DIRECTORS

Mr. Terrence Bharath (Chairman)
Mr. Ulric Miller
Ms. Ingrid Lashley
Ms. Renée Johncilla
Mrs. Michal Andrews

COMPANY SECRETARY

Mrs. Kathryna Baptiste Assee
LLB (Hons), LEC, EMBA

REGISTERED OFFICE

Corner Eastern Main Road & Trinity Avenue
Laventille, Trinidad & Tobago
E-mail: kbassee@angostura.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

Chairman's Comments

For the year ended December 31, 2018. the Group recorded revenue of $783.7m versus $745m in 2017, an increase of $38.7m or 5.2%. While a change in accounting treatment to reflect gross revenues inclusive of excise taxes was made in 2018 and resulted in the restatement of our 2017 results, revenues net of excise taxes increased from $569.6m in 2017 to $602.8m in 2018, an increase of $33.2m or 5.8%.

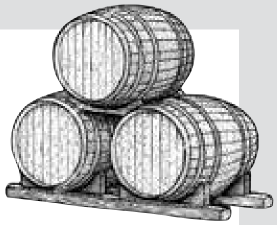
This revenue growth was a direct result of increases in each business segment except bulk business, with notable increases of 8% in Bitters, which represents approximately 26.6% of total sales, and 18% growth in export rum sales, which represents 6.6% of total sales. Local rum sales, which contributes 49% of total revenues, grew by a modest 1.6% in 2018. Our performance on the local market is notable given the challenging economic environment and relative volatility experienced during 2018.

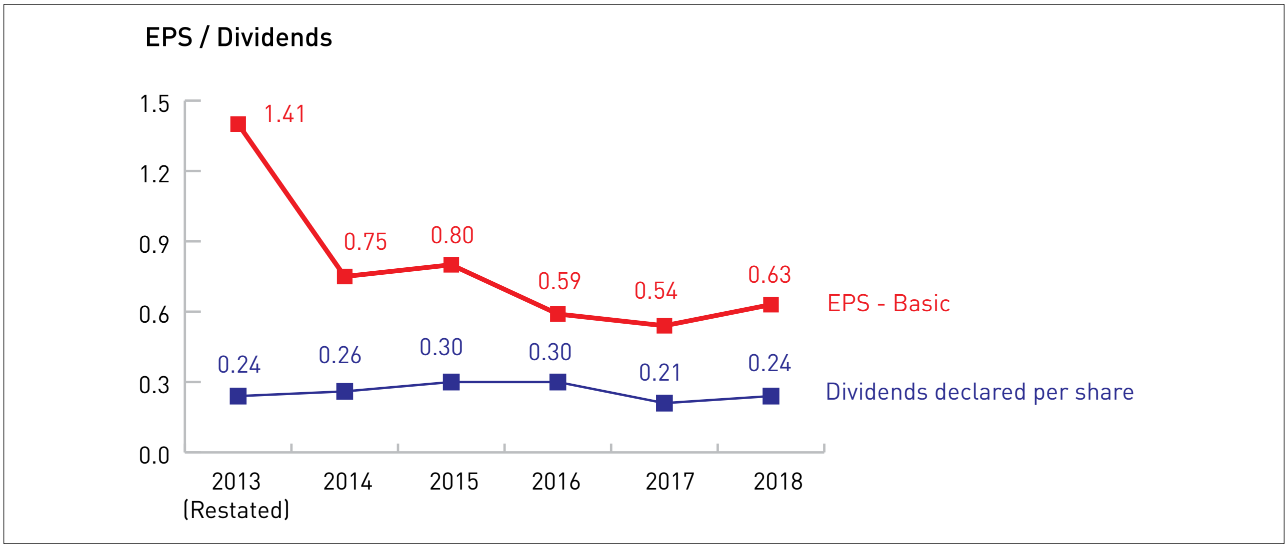
The commodity rum business, or unbranded business, while reduced in revenue from prior year, reported a positive gross profit as we focused on bulk blends and co-packaging contracts instead of bulk base rum sales. The results of the Group's consistent focus on profitability is evident in the 2018 performance and we will continue this focus going forward.

The Group's performance demonstrates the rewards of the strategic decision to continue to provide the local market with the highest quality products while expanding the sale of profitable branded products through brand building internationally. Despite a 3.7% (or $14.1m) increase in the Cost of goods sold, Gross profit increased by 6.7% (or $24.5m), from $367m in 2017 to $391.5m in 2018.

The recognition that significant growth potential lies outside our borders, informed the strategic decision to focus on the advancement of our brands in key international markets. This investment resulted in an increase in Marketing expenses of $27.1m or 52.2% over prior year and is consistent with the Board's acknowledgement of the need for greater

Terrence Bharath (Chairman)





reinvestment of profits in growth markets. Of particular note, for 2018 was the introduction of our rum and bitters brands into China, and our Lemon Lime and Bitters beverage into the USA.

In 2019 we predict that our focused marketing efforts will result in additional growth across the Americas, Europe, Russia, Australia, Asia and Africa. Increased direct targeted marketing efforts, coupled with continuous improvements in supply chain and operational efficiencies will ensure that Angostura Limited stays on the upward profitability growth path witnessed in 2018.

The Board of Directors is proud to report an increase in profit after tax of $18.8 million or 16.9% for the fiscal year ended December 31, 2018 over the comparative period last year. Profit after tax for the fiscal year was $129.9m (2017: TT$111.1m) with Comprehensive Income for the period of $131.6m compared to $105.2m in the prior year.

The strength of our Balance Sheet is undeniable with more efficient use of our large cash reserves for investments, better credit management and the reduction of debt during 2018.

The Directors have recommended a final dividend in respect of the year ended December 31, 2018 of $0.15 per share with a record date of July 12, 2019 and payment date of July 26, 2019. Together with the interim dividend of $0.09 per share paid on September 15, 2018, the total dividend in respect of 2018 will be $0.24 per share (2017: $0.21 per share), based on earnings per share of $0.63 (2017: $0.54 per share).

Our focus continues to be the obligation to our shareholders to grow the Company and to maintain the strength of the brand in an economic environment which is challenging whilst preserving at all times the integrity of the Brand name "Angostura" and its antiquity.

Terrence Bharath
Chairman

Directors' Report

DEAR SHAREHOLDERS,

The Directors present the Annual Report and Financial Statements for the year ended December 31, 2018. The Board of Directors currently comprises five (5) Directors. They are:

Mr. Terrence Bharath - Chairman

Ms. Ingrid Lashley

Mr. Ulric Miller

Ms. Renée Johncilla

Mrs. Michal Andrews

In June 2018, the following persons resigned as Directors of the Board:

Dr. Rolph Balgobin

Mr. Trevor Marshall

Mr. Frederick Gilkes

Mr. Albert Tom Yew

In October 2018, Mr. K. Anthony Hosang resigned as a Director of the Board.

In October 2018, in accordance with the Company's By-laws at Paragraph 4.4.2, Ms. Renée Johncilla and Mrs. Michal Andrews were appointed to the Board, filling two of the casual vacancies created by the resignations of the above-named Directors.

The biographies of the Directors are as follows:

Terrence Bharath

Chairman

Mr. Bharath graduated in the year 1986 in the United Kingdom with an Honours Law Degree from the University of Nottingham. Thereafter, he attended the Council of Legal Education in London and was a member of Lincoln's Inn from the years 1986–1987. He was called to the Bar of England and Wales in the year 1987. Mr. Bharath was also admitted to practice as an Attorney-at-Law in Trinidad and Tobago in 1987. Since his return to Trinidad in the month of October 1987, he has been in practice for a period in excess of twenty-eight (28) years and is currently the Head of Chambers of Carlisle Chambers, Attorneys-at-Law.

Principally, his areas of practice include complex commercial law litigation and commercial non-litigious matters. He has twenty-eight (28) years' experience in advocacy and advisory work. His experience and knowledge span a wide cross section of commercial matters including but not limited to banking matters, security instruments, company law matters, regulation of the financial sector, the Securities Act and matters involving areas of commerce. Mr. Bharath has represented parties at two (2) Commissions of Enquiry. He also has experience in pension, tax, trust, probate, bankruptcy and construction matters, as well as insolvency law.

Mr. Bharath was a Director of the Trinidad and Tobago Unit Trust Corporation for eighteen (18) years. He is a Tutor and also a guest Lecturer at the Hugh Wooding Law School, Trinidad. He is also a Board member of a charity which seeks to rehabilitate children from unfortunate circumstances and to provide housing and protection for them with a view to preparing them for return to society.

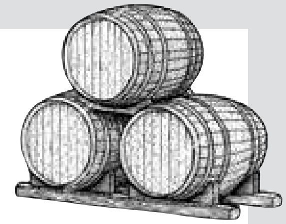
Ulric Miller

Director

Mr. Miller is a Certified Anti-Money Laundering Specialist, Fellow of the Life Management Institute, and Associate of the Insurance Regulatory Compliance.

He has 46 years' experience at various Executive levels and was the Chief Risk Officer with TATIL Life Assurance. He was also an Operations Risk Specialist with the Central Bank of Trinidad and Tobago for one year.

Mr. Miller is an adept Change Manager with special experience in leveraging IT and he also has a highly successful track record in Customer Relationship Management. He is involved in Strategic Management



and Scenario Planning and he has had a progressive and successful IT career in T&T's first indigenous and among the largest insurance companies.

He is well known among the Professional Institutions as the Industry steward and champion of improved standards (Insurance and Finance) and is a past President of the Trinidad and Tobago Insurance Institute, past President of the local LOMA Society of FLMI's and first Vice President of the Association of Insurance Institute of the Caribbean.

Mr. Miller graduated from the ANSA McAL Leadership Development Series, an intensive nine-month (9) programme which was custom designed in collaboration with the University of the West Indies (UWI).

He educated Central Bank examination staff on operational risk and operational loss provisioning practices and is also an Overseer of several AML/CFT training programs for TATIL Life's staff, Credit Unions, Casinos, Legal Firms, Financial Institutions and TTII.

Mrs. Michal Andrews

Director

Mrs. Michal Andrews is a qualified Accountant with more than 30 years' experience in Taxation Law and Policy.

During her career, Mrs. Andrews has served as the Financial Comptroller of Norwood Kitchens in the UK. On her return to Trinidad in 1974, she joined the Inland Revenue in Trinidad and Tobago as a Field Officer; she rose to become a member of the Board of Inland Revenue and was appointed its first Commissioner for the administration of the Value Added Tax (VAT) Regime. She was also a part-time lecturer in VAT systems at the University of the West Indies, St. Augustine.

In 1992 Mrs. Andrews became a Partner at Ernst & Young and headed the firm's tax practice.

Subsequently, in her capacity as an independent consultant, she has advised private sector clients and with her significant expertise in VAT, has assisted the Governments of several Caribbean countries with impact studies and the implementation of their VAT regimes and also advised the Governments of Zimbabwe, Belize and Puerto Rico in this field.

Mrs. Andrews is the Managing Director and co-owner of M & J Services Limited, a Real Estate Company that owns and operates STOR-IT, the first self-storage facility in Trinidad and Tobago.

Mrs. Andrews is an Accredited Director of the Institute of Chartered Secretaries of Canada, a Fellow of the Association of Chartered Certified Accountants (FCCA) UK, and member of the Association of Chartered Certified Accountants (ACCA). She holds a BSc. (Hons.) in Accounting from the University of the West Indies, Mona Campus, Jamaica and a post graduate Diploma in International Taxation from the Harvard Law School.

Mrs. Andrews currently serves as a Director on the Boards of Trinidad and Tobago Insurance Limited (TATIL), TATIL Life Assurance Ltd., L.J. Williams Co. Limited and Republic Financial Holdings Ltd. She is also the Treasurer of the charitable organisation Women in Action for the Needy and Destitute (WAND).

Ms. Ingrid Lashley

Director

Ms. Ingrid L-A Lashley was appointed a Director and Chairman of the Audit Committee in July 2016. An experienced banker and former Managing Director and Chief Executive Officer of Trinidad and Tobago Mortgage Finance Company Limited, Ms. Lashley is the holder of a Masters in Business Administration in Accounting and Finance from McGill University in Montreal, Canada and also carries the designations of Certified Management Accountant, Certified Public Accountant and Chartered Accountant. Ms. Lashley is currently the Chairman of the Bourse Group and National Enterprises Limited, in which capacity she sits on the Board of some of the investee companies. Ms. Lashley serves as a member of the Licensing

Directors' Report - continued

Committee of the Institute of Chartered Accountants of Trinidad and Tobago.

Ms. Renée Johncilla

Director

Ms. Renée Marlene Johncilla is an Attorney-at-Law who was admitted to practice law in Trinidad and Tobago in October 1996. She is currently the Managing Attorney of Rosa Chambers, and an independent practitioner with just over twenty-two years of post-admission practice.

Ms. Johncilla is a commercial Attorney whose experience is deeply embedded in business.

In the early phase of her career, Ms. Johncilla functioned as Senior Corporate Secretarial Services Assistant at Price Waterhouse up to the beginning of 1997, after which she participated in the pilot of the judicial research assistant programme launched in 1997 by the Judiciary. Following this project, she entered into private practice, and thereafter functioned as in-house corporate counsel in the financial, fast goods manufacturing, and energy sectors in the region before returning to private practice.

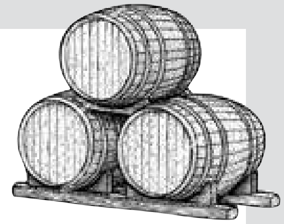
As corporate counsel, Ms. Johncilla worked for a number of large institutions including Trinidad and Tobago National Petroleum Marketing Company (Trinidad), British American Tobacco/West Indian Tobacco Company Limited (Trinidad), Caribbean Development Bank (Barbados), National Gas Company of Trinidad and Tobago Limited (Trinidad), and BP Trinidad and Tobago LLC (Trinidad).

She is the holder of a Bachelor of Laws (Honours) degree (UWI), the Legal Education Certificate (Hugh Wooding Law School), the post graduate diploma in Finance and Financial Law (School of Oriental and African Studies, University of London), a Bachelor of Arts (Honours) degree (UWI), and the post-graduate Diploma in Education (UWI).

Ms. Johncilla practises before the Supreme Court of Trinidad and Tobago (including the Family Division), the Industrial Court in Trinidad, and the Equal Opportunity Tribunal.

She has published the Practical Law Chapter on Trinidad and Tobago entitled *Corporate Governance and Directors' Duties in Trinidad and Tobago: Overview*: 2015, 2016 & 2017 in the *Practical Law Multijurisdictional Guide*. Practical Law is a subsidiary of Thomson Reuters, one of the leading legal publishers in the United Kingdom.

In addition to the Angostura Group of Companies, Ms. Johncilla is also a board member of the Trinidad and Tobago Bureau of Standards, the regulatory authority for standards in Trinidad and Tobago, and (more recently), Capital Markets Elite Group Limited, an investment services and asset management company registered with the SEC in Trinidad and Tobago.



All the Directors are independent Directors with a variety of skills and experience to assist the Company in improving its governance framework. The Skills Matrix provided by these Directors is as follows:

	Terrence Bharath	Ulric Miller	Ingrid Lashley	Renee Johncilla	Michal Andrews
Years on Board	3	3	3	0.5	0.5
Independent Business Owner / Consultant	x	x	x	x	x
C-Level	x	x	x	x	x
Industry Experience					
finance / Accounting		x	x		x
Technology/IT/Cyber		x			
Risk Management		x			
Internal Audit		x	x		
Marketing or PR	x				
Operations		x	x	x	x
Legal	x			x	
Corporate Governance	x	x	x	x	x
Compensation/HR / IR				x	
Ethics & Compliance	x	x	x	x	x
Regional Business	x			x	x
International Business			x		x
Merger & Acquisitions		x	x		
Regulatory	x	x	x	x	x
Change Management		x			

APPOINTMENT AND ROTATION OF DIRECTORS

In accordance with Paragraph 4.6.1 of By-law No. 1 of the Company, at the next Annual Meeting, Ms. Ingrid Lashley, Mr. Terrence Bharath and Mr. Ulric Miller retire from the Board of Directors and being eligible, offer themselves for re-election.

Further, in accordance with Paragraph 4.6.2 of By-law No. 1 of the Company, at the next Annual Meeting, two directors, Ms. Renée Johncilla and Mrs. Michal Andrews, who were appointed by the Directors, will offer themselves for election by the shareholders.

Frequency of Re-election

All directors retire after serving no more than three years and offer themselves for re-election at the next meeting immediately after.

The Board discharges its responsibility for good corporate governance by ensuring a robust governance framework exists. The Board comprises five Directors, all of whom are non-executive and independent in the discharge of their responsibilities to the Company. This robust framework includes frequent Board meetings, Committee meetings and meetings of the Executives with the Board of Directors.

Directors' Report - continued

In order to improve the efficiency of its operations, the Board has delegated certain functions to various Board Committees namely Audit, Human Resource and Sales, Marketing and Operations Committees. Each of these Committees has adopted terms of reference that ensure that all Directors acting on behalf of the Company are aware of their duties and responsibilities as Directors.

All Committees refer their recommendations to the Board at scheduled meetings to be held immediately following these Committee meetings.

The Terms of Reference of these Committees are as follows:

The Audit Committee:

The Audit Committee is appointed by the Board of Directors (or supervisory board) to assist the Board in discharging its oversight responsibilities. The Audit Committee will oversee the financial reporting process to ensure the balance, transparency and integrity of published financial information. The Audit Committee will also review: the effectiveness of the Company's internal financial control and risk management system; the effectiveness of the internal audit function; the independent audit process including recommending the appointment and assessing the performance of the external auditor; the Company's process for monitoring compliance with laws and regulations affecting financial reporting and, if applicable, its code of business conduct. The Internal Auditor will report to the Audit Committee.

Committee members are:

Ms. Ingrid Lashley (Chairman)
Mr. Ulric Miller
Mrs. Michal Andrews

The HR & Governance Committee:

The purpose of the HR & Governance Committee of the Board of Directors is to assist the Board in discharging its responsibilities relating to monitoring Board Performance, Executive Staffing and Executive & Staff Compensation, as well as that of the Internal Auditor. The Committee will also recommend director compensation, nomination of new directors and committee appointments and approve Executive staff and the Internal Auditor compensation.

Committee members are:

Mr. Ulric Miller (Chairman)
Ms. Renée Johncilla

The Sales, Marketing & Operations Committee:

The purpose of the Sales, Marketing & Operations Committee of the Board of Directors is to assist the Board in discharging its responsibilities relating to the:

- Premise that the reality of the future of Angostura Holdings Limited is on the growth and development of the international sales.
- Appropriateness for the sub-committee to review and approve all arrangements relative to the route to market of our products, rums, bitters and LLB.

Committee members are:

Mr. Terrence Bharath (Chairman)
Mr. Ulric Miller
Mrs. Michal Andrews

COMPANY'S ETHICAL FRAMEWORK

The Company has in effect, a Code of Conduct and Ethics to which its employees as well as the Board of Directors subscribe.

The Code outlines the extent to which the private interest of the Directors could be accommodated within the Company's operations. All employees and Directors of the Group attest to reading and adhering to the Code of Conduct and Ethics and agree to abide by its contents during the orientation process.

TRAINING OF DIRECTORS

Because of the significant impact the implementation of IFRS 9 and IFRS 15 was expected to have in the financial statements, the whole Board was provided with training in these standards.

INTERESTS OF DIRECTORS, SENIOR OFFICERS AND CONNECTED PERSONS AS AT DECEMBER 31, 2018

Directors' Shareholdings

Mr. Terrence Bharath	Chairman	Nil
Ms. Ingrid Lashley	Director	Nil
Mr. Ulric Miller	Director	Nil
Ms. Renée Johncilla	Director	Nil
Mrs. Michal Andrews	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. Alejandro Santiago	Executive Manager - Sales	Nil
*Mrs. Jennifer Frederick	Corporate Secretary	Nil

*Mrs. Jennifer Frederick resigned as Corporate Secretary with effect from April 1, 2019. Mrs. Kathryna Baptiste Assee was appointed as Corporate Secretary with effect from April 1, 2019.

Top 10 Shareholders as at December 31, 2018

	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 Co. Ltd.	5,294,866	2.57%
MASA Investments Ltd.	1,993,961	0.97%
Tatil Life Assurance Co. Ltd.	1,800,000	0.87%
First Citizens Trust and Asset Management-PT7	1,704,155	0.83%
Tatil Life Assurance Ltd.	1,623,998	0.79%
Republic Bank Ltd. -1162	1,542,922	0.75%
RBC Trust (Trinidad and Tobago) Ltd.- T534	1,476,360	0.72%

Directors' Report - continued

DISCLOSURE OF INTERESTS OF DIRECTORS AND OFFICERS IN ANY MATERIAL CONTRACTS WITH THE COMPANY (PURSUANT TO SECTION 93 (1) (A) OF THE COMPANIES ACT CHAPTER 81:01)

During the financial year ending December 31, 2018 no Director or 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.

The Directors present this Summary Statement of Account for the year ended December 31, 2018.

FINANCIAL RESULTS FOR THE YEAR

	2018		2017	
	Per Share $	**$Million**	**Per Share $**	**$Millions**
Profit Attributable to Shareholders	0.63	129.9	0.54	111.1
Other Reserve Movements	0.01	1.7	0.03	(6.7)
Dividends on Ordinary Stock	0.24	49.4	0.21	43.2
Interim Dividend	0.09	18.5	0.09	18.5
Final Dividend	0.15	30.9	0.12	24.7
Retained profits from previous year	3.70	762.6	3.47	713.9
Retained profits at end of the year	4.06	835.8	3.70	762.6

DIVIDENDS

The Directors have recommended a final dividend of $ 0.15 per ordinary share for the year.

AUDITORS

To appoint auditors of the Company for the financial year ending December 31, 2019.

By Order of the Board

J. Frederick

Jennifer Frederick
March 15, 2019

Board of Directors


Terrence Bharath
(Chairman)


Michal Andrews


Renée Johncilla


Ingrid Lashley


Ulric Miller

Our Executive Team

Ginelle Lambie
Chief Financial Officer

Ian Forbes
Executive Manager – Operations

Natasha Mustapha-Scott
Executive Manager - Marketing

Alejandro Santiago
Executive Manager – Regional Sales

Rahim Mohammed
Executive Manager – Corporate Services

Management

Back Row (Left to Right): Ricardo Bideshi, Retail Operations; Brian Tom Yew, Export and Business Development; Rita Purdeen-Nandlal, Internal Audit; Sheldon Roach, Sales; Stephen Lai Yim, ICT; Leon Gordon, Materials; Amar Seechan, Finance; Calvin John, Chief Engineer; Ilyas Mohammed, Logistics

Front Row (Left to Right): David Pantin, Sales; Rachael Sudan, Human Resources; Sharon Ramsaran, Plant Bottling Operations; Stacy-Ann Sarwan, Supply Chain; Nikecia Moore-Burrowes, Projects – Finance; Lystra Mahabir-Rampersad, Risk & Compliance; Ann-Marie O'Brien, Blending; Carol Homer, Quality Management & Blending; Leesha Alexander, Commercial; John Georges, Manufacturing Projects

Management - continued

Back Row (Left to Right): Anthony Teixeira, Marketing; Ayanna-Rene De Noon, Maintenance Planning Engineer; Wendell Collymore, Senior Electrical Engineer; Wendell Kipps, Plant Distillery Operations; Marc Paul, Process Operations; Mark Mohammed, Senior Mechanical Engineer

Front Row (Left to Right): Kandice Cunha-Thompson, Administration; Melissa Clarke, Legal; Joy Ali, Corporate Services; Shazara Khan, Accountant; Melinda De Freitas-Peters, Credit Controller

Absent: Anessia Warner, Inventory & Warehouse; Vitra Deonarine, Marketing

Corporate Social Responsibility Review

AGRI Man generates excitement at the Agri Fair

CONTINUOUS SUPPORT FOR FENCELINE COMMUNITY PROJECTS

During the year under review, Angostura continued our partnership with the Heroes Foundation and their Youth Development Programme at the Success/Laventille Secondary School. Now in its second year, the programme seeks to empower students to learn more about their community through a series of activities as well as to develop their leadership and management skills.

Another programme that Angostura supports, the A.R.R.O.W. Foundation's literacy programme, commenced in the Laventille Girls Primary School. An integral part of Prime Minister's Laventille Schools Project, the programme seeks to improve reading and academic skills amongst students at the school.

Laventille Girls Primary School receive tickets for the Act It Out 3 Theatre Festival

Corporate Social Responsibility Review - continued

Recognising that continuous education provides a strong foundation for the development of young minds, Angostura also launched its S.E.A. Awards programme. Book vouchers were presented to the top S.E.A. students from fifteen primary schools in the surrounding communities. Vouchers were also presented to councillors from the Laventille/Morvant area for other students in need of assistance.

The Library Enhancement Project, which Angostura began at the St. Barbs' Primary School in 2017, was extended to the Beetham Government Primary School last year and gave students a warmer and more 'user-friendly' environment to encourage reading and deeper learning.

As a 'follow-on' to the Laventille/Morvant Future Growers Project that began in September 2017, Angostura co-hosted an 'Agri Fair' in the Chinapoo Government Primary School. Students who participated in the project were invited to display and sell produce that they reaped by using the hydroponic systems that had been set up in their schools earlier this year. Visitors to the Fair gained valuable knowledge from our co-sponsors including the University of the West Indies' Food & Agricultural Department, FT Farfan and PCS Nitrogen, learning about ways to grow food at home.

Recipients of the Angostura SEA Top Achiever Awards

Winners of the Angostura Champions Awards

EXPANDING OUR CSR FOOTPRINT

In June, Angostura facilitated students from the Laventille Girls Primary School to attend the "Act It Out 3" Anti-Crime Theatre Festival, hosted by Steven Edwards Production. Now in its third year, the festival seeks to engage 'at risk' youth through theatre and the arts on topics such as crime, bullying and abuse.

Angostura also supported several cultural activities throughout the year in the community, including the Laventille for Laventillians, street parade on Carnival Saturday. We also provided both financial and 'in-kind' assistance to eight unsponsored steel bands from the area to participate in the Panorama competitions. In addition, the Company continued its support for the Laventille Steelband Festival held in August, which is a significant event in the area and one that attracts thousands of patrons every year. Assistance was also provided for the annual Pan in the Rosa festival held in Arima.

In October, many communities throughout the country suffered the ravages of devastating floods after a period of unusually heavy rainfall. Angostura, like many other corporate and private citizens, heeded the call for aid, focusing our efforts in assisting several primary schools in Caroni, Warrenville, Sangre Grande and St. Helena. Furniture, photocopiers, stationery, text books, computers and cleaning supplies were donated to nine schools in these communities in an effort to help students and teachers return to a sense of normalcy.

The inaugural Angostura Champions Awards ceremony was held in December at the House of Angostura. Out of hundreds of persons who were nominated for their outstanding community service, five finalists were announced at the formal dinner and awards function. Christopher Dennis, Elspeth Duncan, Frank Edwards, Koriella Espinoza and Donald McLean James were all recognised for their exceptional contributions to society in areas such as sports, animal welfare, youth development and health care. Koriella Espinoza was subsequently named the "Angostura Champion of the Year 2018" for her work with children diagnosed with cancer through her Korie's Kids Foundation.

Our traditional Christmas hamper distribution also took place in December and was held at the Laventille Community Complex. Assisted by the Member of Parliament for Laventille East/Morvant and some of the councillors from the area, senior citizens from the communities in Laventille, Beetham, Success, St. Barbs, Morvant and Trou Macaque all received grocery hampers to help make their season a little brighter.

Marketing Highlights

ANGOSTURA® GLOBAL COCKTAIL CHALLENGE: TRINIDAD, FEBRUARY 2018

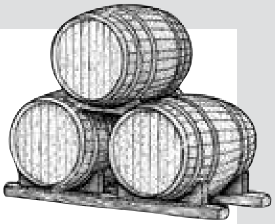
Superstar bartender Ray Letoa of New Zealand won the Grand Finals of the Angostura® Global Cocktail Challenge 2018. Ray was up against 10 other top bartenders from around the world, competing for a two-year contract as Angostura's® Global Brand Ambassador and US$10,000, as well as the prestige of this accolade.

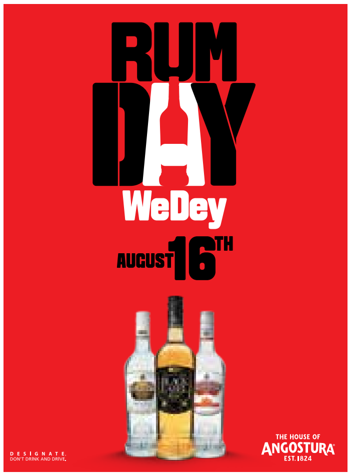
IBA WORLD COCKTAIL CHAMPIONSHIP: ESTONIA, OCTOBER 2018

The International Bartenders Association hosted its annual World Cocktail Championship in Tallinn, Estonia in October. Angostura® was a sponsor at the event and held three Masterclasses with our Global Brand Ambassador and Global Cocktail Challenge winner 2018, Ray Letoa. We also had a brand booth where guests could taste, interact and engage with our products.

LAUNCH OF WHITE OAK 'REIGN' CAMPAIGN: TRINIDAD, JULY 2018

An exciting new advertising campaign for White Oak was introduced in the local market. Taken from our previous tag line, the word 'Reign' is an empowering command that not only speaks to having fun in a party, but to a lifestyle in which you take charge and rule whatever you do. This campaign aims to focus on how we 'Reign' and highlights Trinidad and Tobago's 'New Royalty'. No matter who you are or where you're from, you too can Reign!





RUM DAY: TRINIDAD, AUGUST 2018

International Rum Day is celebrated each year on August 16th. On Rum Day, we celebrate pride for one of Trinidad & Tobago's best products. As the only locally made rum in T&T, Angostura® is the only rum brand that can own Rum Day here, whilst promoting national pride.

As Rum Day falls in between Emancipation Day and Independence Day, we use the national colours of red, white and black to represent our Forres Park, White Oak, and Fernandes Black Label brands, respectively.

BAR CONVENT BERLIN, OCTOBER 2018

Bar Convent Berlin is the world's largest trade show for the bar and spirits industry. Each year, professional bartenders and industry experts gather in the German capital; in 2018, Angostura® treated attendees to delightful Queen's Park Swizzle cocktails. Our team, which included 21 top bartenders from 15 countries, (all advocates of our brands), was able to showcase our iconic bitters, award-winning rums and Amaro to bartenders, bar owners and distributors from 79 countries.

AMARO DI ANGOSTURA® VERSUS: EUROPE AND ASIA, JUNE-NOVEMBER 2018

Amaro di ANGOSTURA® VERSUS is a cocktail competition for bartenders by bartenders, embracing competition, comradery and great drinks, all brought together by Amaro di ANGOSTURA®. The competition toured cities around Europe and Asia, including London, Paris, Milan, Hong Kong and Kuala Lumpur.

Marketing Highlights - continued

BITTER RIVALS: TRINIDAD, JULY 2018

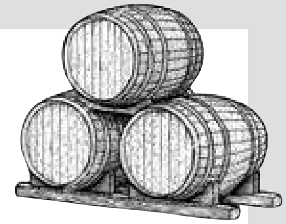
The third annual Bitter Rivals was held on 28th July, 2018 at Lions Cultural Centre. Competitors prepared two dishes – a meat and a seafood dish – as well as a cocktail showcasing the versatility of ANGOSTURA® aromatic bitters and ANGOSTURA® orange bitters. They were judged on taste, originality, presentation and creative use of nutmeg and both ANGOSTURA® aromatic bitters and ANGOSTURA® orange bitters.

TASTE OF THE CARIBBEAN: MIAMI, JUNE 2018

Taste of the Caribbean is the region's premier culinary competition, food and beverage educational exchange and Caribbean cultural showcase, held annually in Miami. Angostura® aromatic bitters sponsored the Bartender of the Year segment of the Taste Competition, including the US$2,500 prize for Bartender of the Year. We hosted a Masterclass for all of the competing bartenders, conducted by Angostura®'s Chief Mixologist, Raymond Edwards. The House of Angostura® was also one of the Trinidad and Tobago Caribbean National Culinary Team's sponsors, who won their seventh consecutive win of the coveted title of Taste of the Caribbean National Team of the Year.

ISLE OF WO: TRINIDAD, JUNE 2018

The third annual Isle of WO party was held on the good ship 'Harbour Master' in June. This year the event was so popular that it sold out two weeks in advance. The cooler cruise is an event that is targeted towards the Most Valued Customer (MVC) crowd and promises to be a day full of vibes, fun, sun and of course, White Oak.



RUM APPÉTIT: TRINIDAD & TOBAGO, EVENTS YEAR ROUND

The Rum Appétit Series ran for the second year in 2018. For five evenings, hosted at a handful of local fine dining establishments, guests were taught the art of pairing gourmet food with premium rums. Events hosted at Krave, Chaud, Jaffa, Josef's, and Seahorse Inn challenged some of T&T's finest chefs to prepare dishes that either used Angostura's premium rums as an ingredient or were designed to pair with them superbly. The series thus educates local foodies on the versatility of our premium rums.

BOROUGH DAY: POINT FORTIN AND ARIMA, MAY AND AUGUST 2018

The Borough Day Festival in Point Fortin celebrates the birth of the oldest borough in T&T. It was originally introduced in the 1980s to stimulate economic activity in the area through culture. Today it is one of the largest festivals in Trinidad and Tobago, with sister festivals springing up in Arima and other towns. Angostura supports these cultural activities by sponsoring events in the two weeks that comprise the Borough Day Festival, with our Forres Park puncheon rum brand.

Marketing Highlights - continued

ANGOSTURA WINS TTMA AWARD FOR MOST SUCCESSFUL MARKET ENTRANT

Angostura has won the Trinidad and Tobago Manufacturing Association's (TTMA) Award for Most Successful Market Entrant at the 2018 Excellence in Manufacturing Awards, which recognises the highest standards in manufacturing excellence and rewards those who have made significant contributions to the development of Trinidad and Tobago.

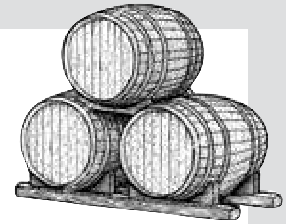
The Award for Most Successful Market Entrant is given to a company that has successfully traded goods to a new export market within the last two years and best demonstrates excellence in the trade and export of products.

Angostura's strategic thrust into new markets has resulted in record-breaking levels of new market penetration into Europe, the Middle East, Africa and Asia (the EMEAA region), with entry into 19 new markets in the last two years — a tremendous achievement and a major stepping stone as Angostura works to secure its position as a world leader in rum and bitters.

In 2017 alone, Angostura penetrated the markets of Kazakhstan, Moldova, Croatia, Hungary, Taiwan, Ghana, Tanzania, Uganda and Poland, topping the company's eight new market launches in 2016.

In the first half of 2018, Angostura launched its brands in two additional new markets, Azerbaijan and Slovenia, and the company plans to enter two more new markets in the near future: Vietnam and China.

With the foundations for export having been laid, the future of Angostura's export business is definitely healthy. Highly motivated distribution partners in the new export markets and at the all-important bar and trade levels have been key to building the support base for Angostura's rum, bitters and Amaro brands.



HR Engagement

An engaged workforce cares about their work and the performance of the Company. It is generally seen as an internal state of mind, physically, mentally and emotionally binding together the work effort, commitment and satisfaction in the employee base. Employee engagement activities at Angostura are geared towards maintaining this connection, some of which are highlighted below:

CARNIVAL STAFF LIME

The employees of Angostura were treated to a Carnival Courtyard Lime in January 2018, which was used as a strategic event to gauge employee engagement and participation levels arising out of the concluded 2017 wage negotiations in December. The event was a success that led the way and set the tone for employee events during 2018.

INTERNATIONAL WOMEN'S DAY

On March 8th, Angostura held an afternoon function for its female employees to celebrate International Women's Day. Several influential women were invited to speak about their path to success and gave advice on how they found different strategies to balance work and family life. The event strengthened Angostura's commitment to supporting our female employees towards success.

ANGOSTURA KIDS CAMP

Building on the Company's family culture, the children of employees were invited to a one-day 'Kid's Camp' where they were exposed to a morning session dedicated to safety, with special emphasis on online safety and bullying. A tour of the butterfly museum and an afternoon with fun-filled activities and lots of prizes rounded off the day.

RUM DAY

Celebrated on August 16th annually, National Rum Day has become a mainstay recognition for employees, serving to keep employees engaged and aware of all our rum brands. For this event, the Company chose to highlight our 7-year-old rum. Two cocktails were created and served by Mixologist Raymond Edwards to employees to enjoy. T-shirts were distributed to all staff to wear on the day.

WOMEN AGAINST BREAST CANCER 5K

Each year employees are eager to participate and support this annual 5K walk, which had become a symbolic event. In 2018, Angostura sponsored 40 female employees to take part in the walk. The Company also partnered with the Cancer Society to offer screenings to both male and female on compound through the Society's mobile unit.

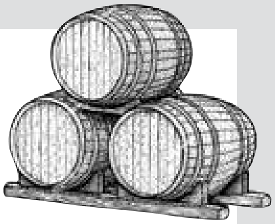
ANNUAL STAFF FUNCTIONS

Angostura's year-end Christmas Party was the highest attended Christmas party in the last five years and employees enjoyed themselves during the relaxed, Luau-themed event. Other events during the year were the Retirees Function and the Long Service Awards, and the Union Christmas Party.

Additionally, the IR function was expanded from internal Union officials to include key external stakeholders, which is in keeping with the Company's efforts to maintain a healthy industrial relations environment.

In 2019, engagement will move beyond participation rates and become more analytical with employee pulse surveys and using the information to create other means by which we can sustain a work environment that is exciting, rewarding, meaningful and, most of all, fun!

HR Engagement - continued



Operations Review

TRINIDAD DISTILLERS LIMITED OPERATIONS DEPARTMENT 2018 MAJOR ACHIEVEMENTS:

Focused on optimisation and improvements in 2018, Trinidad Distillers Limited (TDL) Operations Department embarked on several two-year improvement projects in Blending, Bottling, the Waste Water Treatment Plant (WWTP), the Caramel Plant, Warehousing & Ageing, Quality Assurance and the TDL Chaguaramas Jetty.

WASTE WATER TREATMENT PLANT (WWTP)

The WWTP re-engineering project for improved performance and reliability commenced with the addition of the Dissolved Air Flotation (DAF) unit. The DAF unit was designed for liquid clarification and therefore used to treat TDL's distillery liquid waste generated from molasses alcohol production. Due to this improved process, the volume of liquid waste treated increased by 7% and this DAF unit also gave the operations team added control of the WWTP system.

DISSOLVED AIR FLOTATION UNIT (DAF) PRODUCTION OUTPUTS:

At the end of 2018, the production of alcohol was 17.6% over 2018 targets and an overall 10% increase for both Distillery rectification plants.

In 2018, the Bottling Operations achieved the planned output with a -1% variance for rums and a +1% variance for bitters.

ISO CERTIFICATIONS FOR ANGOSTURA HOLDINGS GROUP OF COMPANIES:

Angostura Holdings Limited attained ISO 9001:2015 and ISO 14001:2015 certifications for the manufacture of alcohol, alcohol related products, Angostura® aromatic bitters and food products in May 2018. This scope of certification includes the operations of Trinidad Distillers Limited, Fernandes Distillers Limited and Angostura Limited. Angostura Holdings Limited's attainment of ISO 9001:2015 Quality management system certification demonstrated our ability to consistently provide products and services that meet customer demands as well as statutory and regulatory requirements.

The accomplishment 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.

In December 2018, Angostura Holdings Limited achieved Food Safety System Certification (FSSC 22000) version 4.1., which provides a framework for effectively managing our organisation's food safety responsibilities, including our Food Fraud Prevention and Food Defense capabilities.

Statement of Management Responsibilities

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, 2018, 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 twelve months from the reporting date, or up to the date the accompanying consolidated financial statements have been authorised for issue, if later.

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

GKLambie

Ginelle Lambie,
CFO

Rahim Mohammed,
Executive Manager – Corporate Services

KPMG
Chartered Accountants
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11 Queen's Park East
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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, 2018, 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, 2018 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.

Emphasis of Matter

We draw attention to note 33 to the consolidated financial statements which describes the effects of the restatement of revenue, cost of sales, marketing selling and administrative expenses as well as certain disclosure notes. Our opinion is not modified in respect of these matters.

KPMG

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 control of products have 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. Under ISAs, there is a presumed risk that revenue may be overstated because fraud resulting from pressure on management to achieve performance targets for the year. 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.

  The Group has adopted IFRS 15 – Revenue from Contracts with Customers (IFRS 15) at January 1, 2018 using the modified retrospective application, with the cumulative effect of initially applying the standard to be adjusted to the opening equity 2018, and therefore the comparative information has not been restated and continues to be reported under IAS 18 - Revenue. Recognition of the Group's revenue while not complex represents a risk due to the time and effort required to extract all the information from the various types of customer contracts. We focused on this area as recognition of revenue involves judgements and estimates made by management.

- ***Our response*** - Our audit procedures included considering the appropriateness of the Group's revenue recognition accounting policies and assessed compliance with the policies in terms of applicable accounting standards. We tested the effectiveness of the Group's controls over recording of sales transactions to ensure the completeness, accuracy and timing of revenue recognition.

  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.

  We reviewed the Group's implementation of IFRS 15, including recognition of the effect on opening equity and changes in procedures, accounting guidelines, disclosures and procedures to support the Group's revenue recognition. We reviewed and discussed the group accounting policy, the effect on opening equity and disclosures with Management, including the key accounting estimates and judgements made by Management. We performed inspection of contracts with customers to determine the terms of trade in particular the transfer of control of the performance obligation to the customer.

KPMG

Key Audit Matters (continued)
Impairment of receivables – Expected Credit Losses

- ***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.

  The Group has adopted IFRS 9 – Financial Instruments at January 1, 2018 using the simplified approach, with the cumulative effect of initially applying the standard to be adjusted to the opening equity 2018, and therefore the comparative information has not been restated and continues to be reported under IAS 39 – Financial Instruments.

  Recognition of the Group's impairment losses while not complex represents a risk due to the time and effort required to extract all the information to generate the provision for expected credit losses. We focused on this area as recognition of impairment losses involves judgements and estimates made by management.

- ***Our response*** - Our audit procedures included the design and implementation of the Group's controls over the expected credit loss process; the Group's implementation of IFRS 9, including recognition of the effect on opening equity and changes in procedures, accounting guidelines, disclosures and procedures to support the Group's expected credit losses recognition. We reviewed and discussed the Group accounting policy, the effect on opening equity and disclosures with management, including the key accounting estimates and judgements made by management. We also tested the receipt of cash after the year end; tested the application of any specific provisions for customers which required one and tested the calculation of the historical loss rate and key assumptions and information used to compile the estimate credit loss.

Accuracy 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.

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.

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.

KPMG

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

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

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

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

- 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.

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

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.

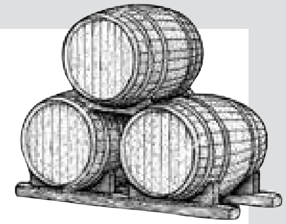
From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law 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 29, 2019



ANGOSTURA HOLDINGS LIMITED
Consolidated Statement of Financial Position
December 31, 2018
(Expressed in Trinidad and Tobago Dollars)

	Note	2018 $'000	2017 $'000
ASSETS			
Non-current assets			
Property, plant and equipment	10	320,215	337,801
Available-for-sale assets	11	-	108
Other Investments	11	108	-
Retirement benefit asset, net	13	60,417	55,194
		380,740	393,103
Current assets			
Inventories	14	245,491	215,151
Assets held-for-sale	15	-	1,136
Trade and other receivables	16	152,119	167,961
Taxation recoverable		24,107	10,898
Short-term investments	11	-	216,682
Other investments	11	294,368	-
Cash and cash equivalents	17	119,075	152,820
		835,160	764,648
Total assets		1,215,900	1,157,751
EQUITY AND LIABILITIES			
Equity			
Share capital	18	118,558	118,558
Other reserves	19	100,796	100,796
Retained earnings		835,814	762,615
Total equity		1,055,168	981,969
Liabilities			
Non-current liabilities			
Retirement benefit obligation	13	8,480	8,798
Deferred tax liability	21	67,225	69,300
		75,705	78,098
Current liabilities			
Borrowings	20	-	20,000
Trade and other payables	22	80,929	73,404
Taxation payable		4,098	4,280
		85,027	97,684
Total liabilities		160,732	175,782
Total equity and liabilities		1,215,900	1,157,751

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

______________ Director ______________ Director

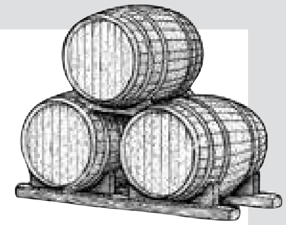
ANGOSTURA HOLDINGS LIMITED

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended December 31, 2018
(Expressed in Trinidad and Tobago Dollars)

	Note	2018	Restated 2017
		$'000	**$'000**
Revenue		783,692	745,046
Cost of goods sold	23	(392,209)	(378,068)
Gross profit		391,483	366,978
Selling and marketing expenses	23	(147,497)	(127,173)
Administrative expenses	23	(69,935)	(80,944)
Results from operating activities		174,051	158,861
Finance costs	24	(312)	(844)
Finance income		5,201	2,342
Results from continuing operations		178,940	160,359
Other expenses	25	(1,961)	(6,625)
Dividend income	26	45	90
Foreign exchange gains	27	548	398
Gain on disposal of investment		31	-
Profit before tax		177,603	154,222
Taxation expense	28	(47,685)	(43,115)
Profit for the year		129,918	111,107
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Re-measurements of defined benefit asset (obligation)	13	2,479	(9,639)
Related tax	21	(744)	2,892
		1,735	(6,747)
Items that are or may be reclassified to profit or loss			
Revaluation of artwork		-	881
Other comprehensive income for the year, net of tax		1,735	(5,866)
Total comprehensive income for the year		131,653	105,241

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



ANGOSTURA HOLDINGS LIMITED

Consolidated Statement of Profit or Loss and Other Comprehensive Income (continued)

Year ended December 31, 2018
(Expressed in Trinidad and Tobago Dollars)

	Note	2018	2017
		$'000	**$'000**
Profit for the year attributable to:			
Owners of the Group		129,918	111,107
Total comprehensive income attributable to:			
Owners of the Group		131,653	105,241
Dividend paid per share		21¢	27¢
Earnings per share - Basic	29	0.63	0.54

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

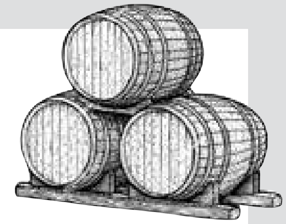
ANGOSTURA HOLDINGS LIMITED

Consolidated Statement of Changes in Equity

Year ended December 31, 2018
(Expressed in Trinidad and Tobago Dollars)

	Share Capital $'000 (Note 18)	Other Reserves $'000 (Note 19)	Retained Earnings $'000	Total Equity $'000
Balance at January 1, 2017	118,558	99,915	713,950	932,423
Profit for the year	-	-	111,107	111,107
Other comprehensive income	-	881	(6,747)	(5,866)
Total comprehensive income for the year	-	881	104,360	105,241
Transactions with equity holders recognised directly in equity				
Dividends to equity holders	-	-	(55,695)	(55,695)
	-	-	(55,695)	(55,695)
Balance at December 31, 2017	118,558	100,796	762,615	981,969
Balance at January 1, 2018	118,558	100,796	762,615	981,969
Adjustment on initial application of IFRS 9	-	-	(14,446)	(14,446)
Adjustment on initial application of IFRS 15	-	-	(690)	(690)
	118,558	100,796	747,479	966,833
Profit for the year	-	-	129,918	129,918
Other comprehensive income	-	-	1,735	1,735
Total comprehensive income for the year	-	-	131,653	131,653
Transactions with equity holders recognised directly in equity				
Dividends to equity holders	-	-	(43,318)	(43,318)
Balance at December 31, 2018	118,558	100,796	835,814	1,055,168

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



ANGOSTURA HOLDINGS LIMITED

Consolidated Statement of Cash Flows

Year ended December 31, 2018
(Expressed in Trinidad and Tobago Dollars)

	Note	2018	2017
		$'000	**$'000**
Profit for the year		129,918	111,107
Adjustments for:			
Depreciation	10	21,499	29,478
Loss on disposal of property, plant and equipment	25	566	941
Gain on disposal of investments		(31)	-
Unrealised foreign exchange gain on cash and cash equivalents		(421)	(398)
Finance costs	24	312	844
Finance income		(5,201)	(2,342)
Dividend income	26	(45)	(90)
Adjustment to property, plant and equipment	10	3,065	716
Pension costs		6,713	7,036
Taxation expense	28	47,685	43,115
Operating profit before working capital changes		204,060	190,407
Change in trade and other receivables		(483)	13,187
Change in inventories		(30,340)	(1,074)
Change in trade and other payables		7,525	7,907
Cash generated from operating activities		180,762	210,427
Interest paid		(312)	(844)
Corporation tax refunds received		-	6,693
Corporation tax paid		(63,895)	(47,106)
Retirement benefits paid		(9,775)	(8,328)
Net cash from operating activities		106,780	160,842
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment		157	45
Proceeds from disposal of assets held-for-sale		1,167	920
Acquisition of property, plant and equipment	10	(7,701)	(10,702)
Additions to investments		(289,598)	(284,654)
Redemptions of investments		216,682	166,485
Dividends received		45	90
Interest received		1,620	2,342
Net cash used in investing activities		(77,628)	(125,474)

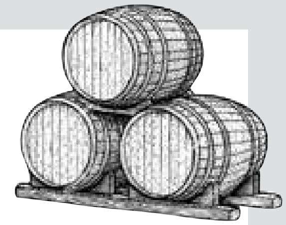
ANGOSTURA HOLDINGS LIMITED

Consolidated Statement of Cash Flows (continued)

Year ended December 31, 2018
(Expressed in Trinidad and Tobago Dollars)

	Note	2018	2017
		$'000	**$'000**
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(43,318)	(55,695)
Proceeds from borrowings		-	40,000
Repayment of borrowings		(20,000)	(50,000)
Net cash used in financing activities		(63,318)	(65,695)
Net decrease in cash and cash equivalents		(34,166)	(30,327)
Cash and cash equivalents at January 1		152,820	182,749
Effect of movement in exchange rate on cash held		421	398
Cash and cash equivalents at December 31	17	119,075	152,820

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



ANGOSTURA HOLDINGS LIMITED

Notes to the Consolidated Financial Statements

December 31, 2018

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, 2018 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) (in Liquidation), 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 28, 2019.

2. Basis of Accounting

(a) Statement of compliance

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

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

This is the first set of the Groups's annual financial statements in which IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments have been applied. Changes to significant accounting policies are described in Note 6.

ANGOSTURA HOLDINGS LIMITED

Notes to the Consolidated Financial Statements

December 31, 2018

2. Basis of Accounting (continued)

(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:

- Equity securities at fair value through other comprehensive income (FVOCI) (2017: available-for-sale financial assets are measured at fair value);
- 2017: assets held-for-sale were 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(i)(ii);
- freehold lands and buildings are measured at fair value less depreciation;
- Corporate debt securities at amortised cost (2017: short term investments were measured at fair value).

3. Functional and Presentation Currency

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

4. Use of Estimates and Judgements

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

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

ANGOSTURA HOLDINGS LIMITED

Notes to the Consolidated Financial Statements

December 31, 2018

4. **Use of Estimates and Judgements** (continued)

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended December 31, 2018 is included in the following notes:

- Note 7 - Determination of fair values
- Note 8 (a) - Measurement of ECL allowance for trade receivables and contract assets: key assumptions in determining the weighed-average loss rate.
- Note 13 - Retirement benefit (asset) obligation - Measurement of defined benefit assets and obligations, key actuarial assumptions.
- Note 14 - Inventories – provision for obsolescence.
- Note 21 - Deferred taxation – timing differences on accounting and tax values of property, plant and equipment.
- Note 32 - Related party transactions – provision for impairment.

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, where applicable.

(a) Basis of consolidation

(i) Business combinations

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

(ii) Subsidiaries

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

ANGOSTURA HOLDINGS LIMITED

Notes to the Consolidated Financial Statements

December 31, 2018

5. Significant Accounting Policies (continued)

(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 comprise interest in associates and joint ventures.

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

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

As at the year end the Group had an interest in one joint venture (Note 12).

(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.

ANGOSTURA HOLDINGS LIMITED

Notes to the Consolidated Financial Statements

December 31, 2018

5. Significant Accounting Policies (continued)

(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 other 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.

(c) Financial instruments

Financial instruments include trade receivables, equity securities at FVOCI, cash and cash equivalents, borrowings, corporate debt securities and trade and other payables.

(i) Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and Subsequent Measurement

Financial assets- Policy applicable from 1 January 2018

On initial recognition, a financial asset is classified as measured at amortised cost; FVOCI-debt investment; FVOCI-equity investment or FVTPL.

ANGOSTURA HOLDINGS LIMITED

Notes to the Consolidated Financial Statements

December 31, 2018

5. Significant Accounting Policies (continued)

(c) Financial Instruments *(continued)*

(i) Classification and Subsequent Measurement *(continued)*

Financial assets- Policy applicable from 1 January 2018 *(continued)*

Financial assets are not classified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Under IFRS 9, financial assets are classified into one of the four categories:

(a) Amortised cost
(b) Debt Instruments at FVOCI (Fair value through other comprehensive income)
(c) Equity Instruments at FVOCI (Fair value through other comprehensive income)
(d) Financial Instruments at FVTPL (Fair value through profit and loss)

Amortised Cost

A financial asset is classified as subsequently measured at amortised cost under IFRS 9 if it meets both of the following criteria: –

-'Hold-to-collect' business model test – The asset is held within a business model whose objective is to hold the financial asset in order to collect contractual cash flows; and

-'SPPI' contractual cash flow characteristics test – The contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding on a specified date.

Debt instruments at FVOCI

A financial asset is measured at fair value through other comprehensive income (FVOCI) under IFRS 9 if it meets both of the following criteria: –

- 'Hold-to-collect and sell' business model test: The asset is held within a business model whose objective is achieved by both holding the financial asset in order to collect contractual cash flows and selling the financial asset, and

- 'SPPI' contractual cash flow characteristics test: The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

ANGOSTURA HOLDINGS LIMITED

Notes to the Consolidated Financial Statements

December 31, 2018

5. Significant Accounting Policies (continued)

(c) Financial Instruments (continued)

(i) Classification and Subsequent Measurement (continued)

Integral to this model is the intention to sell the instruments before the investment matures.

Equity instruments at FVOCI

IFRS 9 requires all equity investments to be measured at fair value.

The default approach is for all changes in fair value to be recognised in profit or loss. However, for equity investments that are not held for trading, entities can make an irrevocable election at initial recognition to classify the instruments as at FVOCI, with all subsequent changes in fair value being recognised in other comprehensive income (OCI). This election is available for each separate investment.

Under this new FVOCI category, fair value changes are recognised in OCI while dividends are recognised in profit or loss. Although it might appear similar to the Available for Sale category in IAS 39, it is important to note that this is a new measurement category which is different. In particular under the new category, on disposal of the investment the cumulative change in fair value is required to remain in OCI and is not recycled to profit or loss. However entities have the ability to transfer amounts between reserves within equity (i.e. between the FVOCI reserve and retained earnings).

Business model Assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level. A business model refers to how an entity manages its financial assets in order to generate cash flows and is determined at a level that reflects how groups of financial assets are managed (rather than on an instrument by instrument basis).

IFRS 9 identifies three types of business models:

- hold to collect
- hold to collect and sell
- other

ANGOSTURA HOLDINGS LIMITED

Notes to the Consolidated Financial Statements

December 31, 2018

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

(c) **Financial Instruments** (continued)

(i) Classification and Subsequent Measurement *(continued)*

SPPI Assessment

IFRS 9 identifies two different types of cash flows that might arise from the contractual terms of a financial asset:

- Those that are solely payments of principal and interest i.e. cash flows that are consistent with a 'basic lending arrangement', and
- All other cash flows.

Unlike the business model test, an entity is required to make this assessment on an instrument by instrument basis. If a non-equity financial asset fails the SPPI test, it will not be possible to classify it as amortised cost or as FVOCI.

Financial instruments at FVTPL

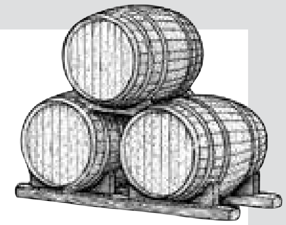
Fair value through profit or loss (FVTPL) is the residual category in IFRS 9. A financial asset is classified and measured at FVTPL if the financial asset is:

- A held-for-trading financial asset
- A debt instrument that does not qualify to be measured at amortised cost or FVOCI
- An equity investment which the entity has not elected to classify as at FVOCI
- A financial asset where the entity has elected to measure the asset at FVTPL under the fair value option (FVO).

Financial assets- Policy applicable before 1 January 2018

The Group classified its financial assets into one of the following categories:-

- Loans and receivables
- Held to maturity
- Available for sale and
- At FVTPL and within this category as:
  - held for trading;
  - derivative hedging instruments
  - designated as at FVTPL



ANGOSTURA HOLDINGS LIMITED

Notes to the Consolidated Financial Statements

December 31, 2018

5. Significant Accounting Policies (continued)

(c) Financial Instruments *(continued)*

(i) Classification and Subsequent Measurement *(continued)*

Financial assets- Subsequent measurement and gains and losses: Policy applicable before 1 January 2018

Financial assets at FVTPL	Measured at fair value and changes therein, including any interest
Held to Maturity financial assets	Measured at amortised cost using the effective interest method
Loans and Receivables	Measured at amortised cost using the effective interest method
Available for Sale Financial assets	Measured at fair value and changes therein other than impairment losses, interest income and foreign currency differences on debt instruments were recognised in OCI and accumulated in the fair value reserve. When these assets were derecognised the gain or loss accumulated in equity was reclassified to profit or loss.

ANGOSTURA HOLDINGS LIMITED

Notes to the Consolidated Financial Statements

December 31, 2018

5. Significant Accounting Policies (continued)

(c) Financial Instruments *(continued)*

(i) Classification and Subsequent Measurement *(continued)*

Financial Liabilities

Financial liabilities are either classified as:

– Financial liabilities at amortised cost; or
– Financial liabilities as at fair value through profit or loss (FVTPL).

Financial liabilities are measured at amortised cost unless either:

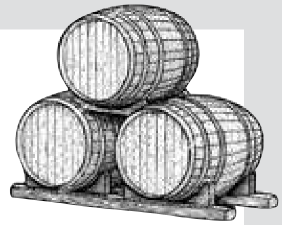
– The financial liability is held for trading and is therefore required to be measured at FVTPL (e.g. derivatives not designated in a hedging relationship), or
– The entity elects to measure the financial liability at FVTPL (using the fair value option).

In contrast to financial assets, the existing requirements in IAS 39 for the separation of embedded derivatives have been continued for financial liabilities, meaning that financial liabilities to be measured at amortised cost would still need to be analysed to determine whether they contain any embedded derivatives that are required to be accounted for separately at FVTPL.

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.

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.



5. Significant Accounting Policies (continued)

(c) Financial Instruments *(continued)*

(i) Classification and Subsequent Measurement *(continued)*

Non-derivative financial assets and financial liabilities - Recognition and derecognition *(continued)*

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.

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 legal right to set off the recognised amounts and it 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.

(d) 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:

ANGOSTURA HOLDINGS LIMITED

Notes to the Consolidated Financial Statements

December 31, 2018

5. Significant Accounting Policies (continued)

(d) Property, plant and equipment *(continued)*

(i) Recognition and measurement *(continued)*

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

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

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

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.

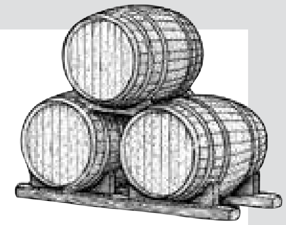
(iii) Depreciation

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.



ANGOSTURA HOLDINGS LIMITED

Notes to the Consolidated Financial Statements

December 31, 2018

5. Significant Accounting Policies (continued)

(d) Property, plant and equipment *(continued)*

(iii) Depreciation *(continued)*

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

	2018	**2017**
Buildings	10 – 50 years	10 – 50 years
Plant, machinery and equipment	5 – 50 years	5 – 50 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.

(e) Intangible assets

(i) Research and development

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

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

(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.

ANGOSTURA HOLDINGS LIMITED

Notes to the Consolidated Financial Statements

December 31, 2018

5. Significant Accounting Policies (continued)

(e) Intangible assets *(continued)*

(iv) Amortisation

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

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

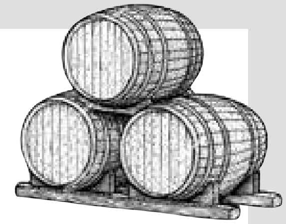
The Group currently has no intangible assets.

(f) Inventories

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

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

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



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

(g) Impairment

Policy applicable from 1 January 2018

(i) Financial instruments and contract assets

The Group recognises loss allowances for Expected Credit Losses (ECL's) on:
- Financial assets measured at amortised cost;
- Debt investments measured at FVOCI; and
- Contract assets.

The Group measures loss allowances for ECL's, except for the following:
- Debt securities that are determined to have low credit risk at the reporting date; and
- Other debt securities and bank balances for which credit risk (i.e the risk of default occurring over the expected life of the financial instruments) has not increased significantly since initial recognition.

(ii) Credit-impairment financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial assets have occurred.

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.

Evidence that a financial asset is credit-impaired includes the following observable data:
- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or being more than 90 days past due;
- The restructuring of a loan or advance to the Group on terms that the Group would not consider otherwise;
- It is possible that the borrower will enter bankruptcy or other similar financial reorganisation; or
- The disappearance of an active market for a security because of financial difficulties.

ANGOSTURA HOLDINGS LIMITED

Notes to the Consolidated Financial Statements

December 31, 2018

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

(g) **Impairment** *(continued)*

(iii) Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognised in OCI.

Policy applicable before 1 January 2018

(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.

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.

ANGOSTURA HOLDINGS LIMITED

Notes to the Consolidated Financial Statements

December 31, 2018

5. Significant Accounting Policies (continued)

(g) Impairment *(continued)*

(i) Non-derivative financial assets *(continued)*

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.

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.

ANGOSTURA HOLDINGS LIMITED

Notes to the Consolidated Financial Statements

December 31, 2018

5. Significant Accounting Policies (continued)

(g) Impairment *(continued)*

(ii) Non-financial assets

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

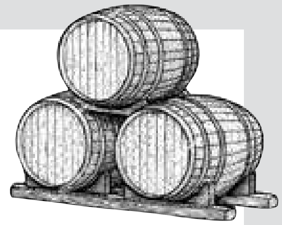
For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets (referred to cash generating units or CGUs). Goodwill arising from a business combination is allocated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

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

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

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

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.



ANGOSTURA HOLDINGS LIMITED

Notes to the Consolidated Financial Statements

December 31, 2018

5. Significant Accounting Policies (continued)

(h) Cash and cash equivalents

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

(i) 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.

ANGOSTURA HOLDINGS LIMITED

Notes to the Consolidated Financial Statements

December 31, 2018

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

(i) **Employee benefits** *(continued)*

(ii) Defined benefit plans *(continued)*

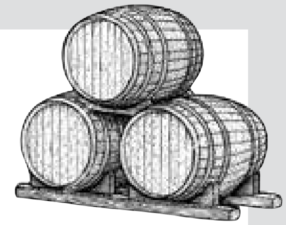
Re-measurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income. The Group determines the net interest 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.



ANGOSTURA HOLDINGS LIMITED

Notes to the Consolidated Financial Statements

December 31, 2018

5. Significant Accounting Policies (continued)

(j) 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.

(k) Revenue

Policy applicable before 1 January 2018

(i) Sale of goods (IAS 18)

During the period 2017, the Group recognized revenue under IAS 18 when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risk 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 control varies depending on the individual terms of the sales agreement.

Policy applicable after 1 January 2018

(ii) Sale of goods (IFRS 15)

Effective January 1, 2018 Revenue is recognised from the satisfaction of the requirements of IFRS 15. A five-step model is applied 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.

ANGOSTURA HOLDINGS LIMITED

Notes to the Consolidated Financial Statements

December 31, 2018

5. Significant Accounting Policies (continued)

(k) Revenue *(continued)*

(ii) Sale of goods (IFRS 15) *(continued)*

<u>Step 1 - Identify the contract(s) with the customer:</u>

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

- Revenue from Local Sales via trade customers, hospitality rentals and 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 Bulk Bitters and Angostura Lemon Lime Bitters® (LLB) Flavour Concentrate.

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.

<u>Step 2 - Identify the performance obligations in the contract:</u>

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.

<u>Step 3 - Determine the transaction price:</u>

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.

<u>Step 4 - Allocate the transaction price to the performance obligations in the contract:</u>

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

ANGOSTURA HOLDINGS LIMITED

Notes to the Consolidated Financial Statements

December 31, 2018

5. Significant Accounting Policies (continued)

(k) Revenue *(continued)*

(ii) Sale of goods (IFRS 15) *(continued)*

Step 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.

Loyalty program and Returns

The Group has a loyalty program for its retail business, Solera. A loyalty point liability is created upon issuing of the points under the program and is thereafter reduced upon the redemption of the points for Company products. As a consequence, revenue is recognised at the point in time when control of the goods is transferred to the customer. 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.

(l) 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.

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.

ANGOSTURA HOLDINGS LIMITED

Notes to the Consolidated Financial Statements

December 31, 2018

5. Significant Accounting Policies (continued)

(m) 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.

(n) Taxation

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

Current tax

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

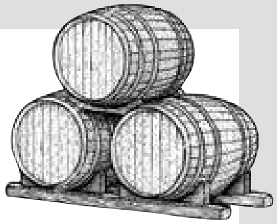
Deferred tax

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

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;

- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

- taxable temporary differences arising on the initial recognition of goodwill.



ANGOSTURA HOLDINGS LIMITED

Notes to the Consolidated Financial Statements

December 31, 2018

5. Significant Accounting Policies (continued)

(n) Taxation *(continued)*

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.

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.

(o) 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.

(p) 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.

ANGOSTURA HOLDINGS LIMITED

Notes to the Consolidated Financial Statements

December 31, 2018

5. Significant Accounting Policies (continued)

(q) New and forthcoming standards and interpretations

A number of new standards are effective for annual periods beginning after January 1, 2019 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements.

Of those standards that are not yet effective, IFRS 16 is expected to have a material impact on the Group's financial statements in the period of initial application.

IFRS 16 Leases

The Group is required to adopt IFRS 16 *Leases* from 1 January 2019. The Group has assessed the estimated impact that initial application of IFRS 16 will have on its financial statements, as described below. The actual impacts of adopting the standard on 1 January 2019 may change because:

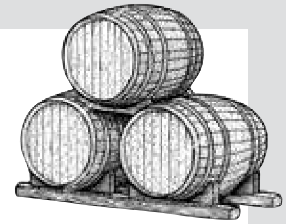
- The Group has not finalised the testing and assessment of controls over its new IT systems; and
- The existing accounting policies are subject to change until the Group presents its first financial statements that include the date of initial application.

IFRS 16 introduces a single, on balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

(i) Leases in which the Group is a lessee

The Group will recognise a new right-to-use assets and new Lease liabilities for its operating leases. The nature of expenses related to those leases will now change because the Group will recognise a depreciation charge for right-to-use assets and interest expense on lease liabilities.

Previously, payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease, and recognised assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised.



ANGOSTURA HOLDINGS LIMITED

Notes to the Consolidated Financial Statements

December 31, 2018

5. Significant Accounting Policies (continued)

(q) New and forthcoming standards and interpretations *(continued)*

IFRS 16 Leases *(continued)*

Based on the information currently available, the Group estimates that it will recognise additional right-to-use assets together with lease liabilities of $6,119 thousand as at January 1, 2019.

(ii) Leases in which the Group is a lessor

The Group currently does not own assets that are leased under an agreement to lease.

(iii) Transition

The Group plans to apply IFRS 16 initially on 1 January 2019, using the modified retrospective approach.

For the purpose of applying the modified retrospective approach to all leases, the Group elects to:

- Recognise a lease liability, measured at the present value of the remaining lease payments, discounted using the Groups applicable interest rate at January 1, 2019;
- Recognize the right-to-use asset at an amount equal to the lease liability at January 1, 2019;
- The Group will apply the practical expedient to apply a single discount rate to a portfolio of leases with similar characteristics;
- Adjust the asset on transition by the amount of any previously recognised onerous lease provision, as an alternative to performing an impairment review;
- Apply the explicit recognition and measurement exemption for leases for which the term ends within 12 months or fewer from January 1, 2019 and account for these leases as short-term leases;
- Apply the explicit recognition and measurement exemption for leases of low value less than USD $5,000;
- Use hindsight in applying the new leases standard, for example, in determining the lease term if the contract contains options to extend or terminate the lease; and
- Exclude initial direct costs in the measurement of the right-of-use asset.

ANGOSTURA HOLDINGS LIMITED

Notes to the Consolidated Financial Statements

December 31, 2018

6. Changes in Significant Accounting Policies

(q) New and forthcoming standards and interpretations *(continued)*

The Group has initially applied IFRS 15 and IFRS 9 from 1 January 2018. A number of other new standards are also effective from 1 January 2018, but they do not have a material effect on the Group's financial statements.

Due to the transition methods chosen by the Group in applying these standards, comparative information throughout these financial statements has not been restated to reflect the requirements of the new standards.

The effect of initially applying these standards is mainly attributed to the following:

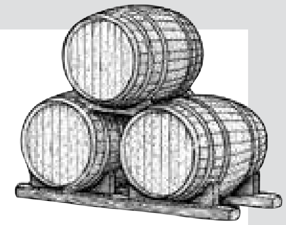
IFRS 15 - derecognition of revenue from prior year and recognition in current year for sale of rum, ANGOSTURA® aromatic bitters and other spirits.

IFRS 9 - an increase in impairment losses recognized on financial assets.

(a) IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. Under IFRS 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time – requires judgement.

The Group has adopted IFRS 15 using cumulative effect method with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 January 2018). Accordingly, the information presented for 2017 has not been restated – i.e. it is presented, as previously reported, under IAS 18, IAS 11 and related interpretations. Additionally, the disclosure requirements in IFRS 15 have not generally been applied to comparative information. IFRS 15 does not have a significant change on revenue recognition for the main revenue streams of the Group.



ANGOSTURA HOLDINGS LIMITED

Notes to the Consolidated Financial Statements

December 31, 2018

6. Changes in Significant Accounting Policies *(continued)*

(a) IFRS 15 Revenue from Contracts with Customers *(continued)*

The following table summarises the impact of transition to IFRS 15 on retained earnings at 1 January 2018.

Retained earnings	Impact of adopting IFRS 15 at 1 January 2018 $‘000
Rum, ANGOSTURA® aromatic bitters and other spirits to Export Customers	(690)

The following tables summarise the impacts of adopting IFRS 15 on the Group’s financial position as at 31 December 2018 and its statement of profit or loss and OCI for the year then ended for each of the line items affected. There was no material impact on the Group’s statement of cash flows for the year ended 31 December 2018.

Impact on the statement of financial position.

31 December 2018	As reported $’000	Adjustments $’000	Amounts without adoption of IFRS 15 $’000
Assets			
Inventories	245,491	(676)	244,815
Trade and other receivables	152,119	1,284	153,403
Others	818,290	-	818,290
Total assets	1,215,900	608	1,216,508
Equity			
Retained earnings	835,814	633	836,447
Others	219,354	-	219,354
Total equity	1,055,168	633	1,055,801
Liabilities			
Taxation payable	4,098	(25)	4,073
Others	156,634	-	156,634
Total Liabilities	160,732	(25)	160,707
Total equity and liabilities	1,215,900	608	1,216,508

ANGOSTURA HOLDINGS LIMITED

Notes to the Consolidated Financial Statements

December 31, 2018

6. Changes in Significant Accounting Policies *(continued)*

(a) IFRS 15 Revenue from Contracts with Customers *(continued)*

Impact on the statement of profit or loss and OCI

For the year ended 31 December 2018	As reported	Adjustments	Amounts without adoption of IFRS 15
	$'000	$'000	$'000
Revenue	783,692	(94)	783,598
Cost of Sales	(392,209)	11	(392,198)
Income Tax expense	(47,685)	26	(47,659)
Others	(213,880)	-	(213,880)
Profit for the period	129,918	(57)	129,861
Total comprehensive income for the period	131,653	(57)	131,596

(b) IFRS 9 Financial Instruments

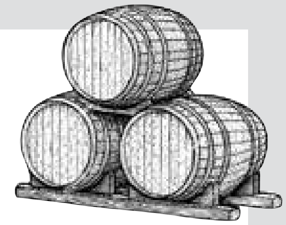
IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

Additionally, the Group has adopted consequential amendments to IFRS 7 Financial Instruments: Disclosures that are applied to disclosures about 2018 but have not been generally applied to comparative information.

Under IAS 39, the Group recognised a provision for Trade Receivables only when a loss event was known. When this was separately identified, an individual provision was recognised at the year end.

IFRS 9 has replaced this approach with an expected credit loss approach. This will result in impairment provisions being recognised earlier, as it is no longer necessary for a loss event to be incurred before a provision is recognised.

Under IFRS 9, expected credit losses (ECL's) are the unbiased probability weighted average credit losses determined by evaluating a range of possible outcomes and future economic conditions.



6. Changes in Significant Accounting Policies *(continued)*

(b) IFRS 9 Financial Instruments *(continued)*

IFRS 9 establishes three separate approaches for measuring and recognizing ECLs:-

1. General Approach
2. Simplified Approach
3. Credit Adjusted Approach

The Group has adopted the simplified approach to recognise Expected Credit Losses.

i. Simplified Approach

IFRS 9 establishes a simplified impairment approach for qualifying trade receivables, contract assets within the scope of IFRS 15 and lease receivables. For these assets an entity can, or in one case must, recognize a loss allowance based on Lifetime ECLs. The simplified approach does not apply to intercompany loans. The simplified approach uses a provision matrix based on historic default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates.

ii. Transition Adjustment- IFRS 9

IFRS 9 must be applied retrospectively in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. Retrospective application results in the most useful information to users because the information presented for all periods is comparable. Under retrospective application, an entity must present its financial statements as if the entity had always applied IFRS 9. IFRS 9 shall not be applied to items that have already been derecognized at the date of initial application.

The following table summarises the impact, net of tax, of transition to IFRS 9 on the opening balance of retained earnings.

Retained earnings	**Impact of adopting IFRS 9 at 1 January 2018 $'000**
Recognition of expected credit losses under IFRS 9	(14,446)

ANGOSTURA HOLDINGS LIMITED

Notes to the Consolidated Financial Statements

December 31, 2018

6. Changes in Significant Accounting Policies *(continued)*

(b) IFRS 9 Financial Instruments *(continued)*

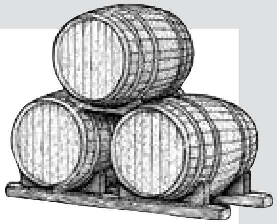
iii. Classification and measurement of financial assets and financial liabilities

IFRS 9 Contains three principal classification categories for financial assets: measured at amortised cost, FVOCI and FVTPL. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale.

iv. Assessment of credit risk for short term investments held by the group

IFRS 9 states that with the exception of purchased or originated credit-impaired financial assets, the loss allowance for financial instruments is measured at an amount equal to lifetime expected losses if the credit risk of a financial instrument has increased significantly since initial recognition, unless the credit risk of the financial instrument is low at the reporting date in which case it can be assumed that credit risk on the financial instrument has not increased significantly since initial recognition. The Group has other investments held with reputable financing institutions that have had no history of default. All contractual terms related to these investment arrangements are currently being adhered to by these parties thus no risk of default is expected in the near future. Due to these favourable conditions the group has opted not to apply a loss allowance against these investments.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. The adoption of IFRS 9 has not had a significant effect on the Group's accounting policies related to financial liabilities.



ANGOSTURA HOLDINGS LIMITED

Notes to the Consolidated Financial Statements

December 31, 2018

6. Changes in Significant Accounting Policies *(continued)*

(b) IFRS 9 Financial Instruments *(continued)*

The effect of adopting IFRS 9 on the carrying amounts of financial assets at 1 January 2018 relates solely to the new impairment requirements.

	Original classification under IAS 39	**New classification under IFRS 9**	**Original carrying amount under IAS 39 $'000**	**New carrying amount under IFRS 9 $'000**
Financial Assets				
Equity securities – at FVOCI	Available for sale assets	Equity securities – at FVOCI	108	108
Trade and other receivables	Loans and receivables	Amortised cost	167,961	153,515
Cash and cash equivalents	Loans and receivables	Amortised cost	152,820	152,820
Corporate Debt Securities	Held-to-maturity investments	Amortised cost	216,682	216,682
Financial Liabilities				
Trade and other payables	Other financial liabilities	Other financial liabilities	73,404	73,404

Trade and other receivables that were classified as loans and receivables under IAS 39 are now classified at amortised cost. An increase of $14,446 thousand for the expected credit loss over these receivables was recognised in opening retained earnings at 1 January 2018 on transition of IFRS 9.

Corporate debt securities that were previously classified as held-to-maturity are now classified at amortised cost. The Group intends to hold the assets to maturity to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding.

ANGOSTURA HOLDINGS LIMITED

Notes to the Consolidated Financial Statements

December 31, 2018

7. 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) Equity securities – at FVOCI

The fair values of investments in equity 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.

(iii) Assets held-for-sale (2017)

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.

ANGOSTURA HOLDINGS LIMITED

Notes to the Consolidated Financial Statements

December 31, 2018

7. Determination of Fair Values (continued)

b) Valuation models

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
2018				
Other Investments	-	-	108	108
2017				
Available-for-sale assets	-	-	108	108
Short-term investments	-	216,682	-	216,682

Short-term investments have now been reclassified at amortised cost in accordance with IFRS 9 (Note 11).

ANGOSTURA HOLDINGS LIMITED

Notes to the Consolidated Financial Statements

December 31, 2018

7. Determination of Fair Values (continued)

d) 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 of 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.

***Fair value measurements as at December 31, 2018 using*:**

	Quoted prices in active markets for identical assets (Level 1) $'000	Significant other observable inputs (Level 2) $'000	Significant unobservable inputs (Level 3) $'000
Recurring fair value measurements			
Land and buildings	-	-	190,629

	Fair value hierarchy	Fair value as at January 1, 2018 $'000	Additions (disposals) $'000	Depreciation/ impairment $'000	Reclassifications $'000	Fair value carried forward $'000
Land and buildings	Level 3	191,945	-	(2,870)	1,554	190,629

ANGOSTURA HOLDINGS LIMITED

Notes to the Consolidated Financial Statements

December 31, 2018

7. **Determination of Fair Values** (continued)

d) **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	-	-	191,945

	Fair value hierarchy	Fair value as at January 1, 2017	Additions	Depreciation/ impairment	Transfers	Disposals	Fair value carried forward
		$	$	$	$	$	$
Land and buildings	Level 3	189,827	99	(2,880)	4,189	710	191,945

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

ANGOSTURA HOLDINGS LIMITED

Notes to the Consolidated Financial Statements

December 31, 2018

7. Determination of Fair Values (continued)

d) Non-financial instruments measured at fair value *(continued)*

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.

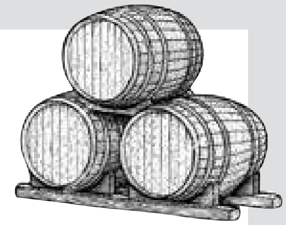
Buildings:

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.

(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.



ANGOSTURA HOLDINGS LIMITED

Notes to the Consolidated Financial Statements

December 31, 2018

7. Determination of Fair Values (continued)

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

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

	2018 $'000	2017 $'000
Cost	148,876	147,335
Accumulated depreciation	(33,405)	(30,548)
Net book amount	115,471	116,787

	2018 $'000	2017 $'000
Depreciation expense is included in profit or loss as follows:		
Amount included in cost of goods sold	15,320	16,561
Amount included in administrative expenses	6,179	12,917
	21,499	29,478

ANGOSTURA HOLDINGS LIMITED

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8. 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.

ANGOSTURA HOLDINGS LIMITED

Notes to the Consolidated Financial Statements

December 31, 2018

8. 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.

ANGOSTURA HOLDINGS LIMITED

Notes to the Consolidated Financial Statements

December 31, 2018

8. Financial Risk Management (continued)

Operational Risk Management *(continued)*

(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.

ANGOSTURA HOLDINGS LIMITED

Notes to the Consolidated Financial Statements

December 31, 2018

8. 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.

Basis for Measurement of Expected Credit Losses for Trade Receivables

The Group applied the IFRS 9 simplified approach to measuring expected credit losses which used a provision matrix based on historic default rates over the expected life of the trade receivables and was adjusted for forward-looking estimates.

According to IFRS 9, for the purpose of measuring ECLs, grouping of trade receivables may be based on geographical region, product type, customer credit rating, the type of collateral or whether covered by trade credit insurance and the type of customer (such as wholesale or retail).

In addition, one of the approaches suggested in the standard is the use of a provision matrix as a practical expedient for measuring ECLs. For the Group's local trade receivables; sales channel was identified as the most accurate representation of the portfolio. While for the Groups's foreign receivables, geographic location was selected as the best representation of the portfolio. These key segments are shown in the below tables.

Based on an assessment of data over a 5 year period (2013-2017) it was determined that the best approach to calculate the Loss Rate was to compute the simple average of the Loss rates per year by sales channel for the local portfolio and geographic location for the foreign portfolio. The Loss rates were determined as follows: (Bad debts written off + Provision accrued) ÷ (Bad debts written off + Total amount outstanding). On this basis, the loss allowance as at 31 December 2018 was determined as follows:

ANGOSTURA HOLDINGS LIMITED

Notes to the Consolidated Financial Statements

December 31, 2018

8. Financial Risk Management (continued)

Operational Risk Management *(continued)*

(a) Credit risk *(continued)*

The following table provides information about exposure to credit risk and ECLs for the Group's local trade and other receivables, as at December 31, 2018

Local Trade Receivables - Sales Channel	Average Loss Rate	Gross carrying amount exclusive of specific provisions	Specific expected credit losses	Total
		$'000	$'000	$'000
December 31, 2018				
Duty Free	1%	14	17	31
Large and Medium supermarkets	1%	452	318	770
Restaurants and night clubs	9%	142	220	362
Telemarketing sales	5%	300	720	1,020
Tobago	4%	247	191	438
Small supermarkets	2%	236	299	535
Bars and Casinos	6%	111	197	308
Wholesaler	5%	841	17,507	18,348
Bulk sales	6%	38	16	54
Other trade	80%	51	375	426
Other	100%	-	7,739	7,739
		2,432	27,599	30,031

Other consist of prior year balances for employee loans, education allowances and non-trade amounts which were fully provided for.

Related Company balances of $6,608 thousand were provided for as at December 31, 2018 (Note 32 (iv))

ANGOSTURA HOLDINGS LIMITED

Notes to the Consolidated Financial Statements

December 31, 2018

8. Financial Risk Management (continued)

Operational Risk Management *(continued)*

(a) Credit risk *(continued)*

The following table provides information about exposure to credit risk and ECLs for the Group's foreign trade receivables, as at December 31, 2018

Foreign Trade Receivables- Geographic Location	Average Loss Rate	Gross carrying amount as exclusive of specific provisions	Specific expected credit losses	Total
		$'000	$'000	$'000
December 31, 2018				
Africa	15%	275	4	279
Asia	40%	357	-	357
Caribbean	10%	382	28	410
Europe	1%	62	-	62
Middle East	40%	215	-	215
North America	1%	150	2	152
South America	79%	251	-	251
United Kingdom	0.3%	15	118	133
Australasia Bulk	27%	61	1,440	1,501
Caribbean Bulk	26%	139	2,173	2,312
Europe Bulk	3%	104	155	259
North America Bulk	4%	386	2,000	2,386
South America Bulk	39%	-	2,152	2,152
United Kingdom Bulk	36%	-	2	2
		2,397	8,074	10,471

ANGOSTURA HOLDINGS LIMITED

Notes to the Consolidated Financial Statements

December 31, 2018

8. 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

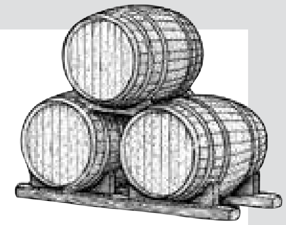
Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable 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 16.



ANGOSTURA HOLDINGS LIMITED

Notes to the Consolidated Financial Statements

December 31, 2018

8. 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 had significant interest-bearing liabilities in the form of revolving term borrowings which were repaid during the year. 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.

ANGOSTURA HOLDINGS LIMITED

Notes to the Consolidated Financial Statements

December 31, 2018

8. 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.

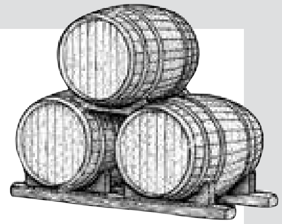
9. Segment Information

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, 2018 are as follows:

	Branded Trade $'000	Commodity Trade $'000	Total $'000
Revenue	**749,054**	**34,638**	**783,692**
Results from operating activities	170,888	3,163	174,051
Finance cost			(312)
Finance income			5,201
Results from continuing operations			178,940
Other (expense)/income			(1,961)
Dividend income			45
Foreign exchange gains			548
Gain on disposal of investment			31
Group profit before tax			177,603
Tax expense			(47,685)
Profit for the year			129,918

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



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Notes to the Consolidated Financial Statements

December 31, 2018

9. Segment Information (continued)

The segment results for the year ended December 31, 2017 are as follows:

	Branded Trade $'000	Commodity Trade $'000	Total $'000
Revenue (Restated)	**706,980**	**38,066**	**745,046**
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
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.

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.

ANGOSTURA HOLDINGS LIMITED

Notes to the Consolidated Financial Statements

December 31, 2018

10. Property, Plant and Equipment

	Land, Buildings $'000	Plant, Machinery & Equipment $'000	Casks and Pallets $'000	Assets in Progress $'000	Total $'000
December 31, 2018					
Cost or revaluation					
Balance as at January 1	204,478	315,612	48,684	1,095	569,869
Reclassification	1,541	(3,294)	-	129	(1,624)
Adjustments	-	(8,079)	-	517	(7,562)
Additions	-	5,851	95	1,755	7,701
Disposals	-	(28,619)	(559)	(129)	(29,307)
Balance as at December 31	206,019	281,471	48,220	3,367	539,077
Accumulated depreciation					
Balance as at January 1	(12,533)	(182,985)	(36,550)	-	(232,068)
Reclassification	13	1,624	-	(13)	1,624
Adjustments	-	4,497	-	-	4,497
Depreciation charge	(2,870)	(13,549)	(5,080)	-	(21,499)
Disposals	-	28,179	392	13	28,584
Balance as at December 31	(15,390)	(162,234)	(41,238)	-	(218,862)
At December 31, 2018					
Cost or valuation	206,019	281,471	48,220	3,367	539,077
Accumulated depreciation	(15,390)	(162,234)	(41,238)	-	(218,862)
Net book value	190,629	119,237	6,982	3,367	320,215

Plant, machinery and equipment include artwork. The net book value of property, plant and equipment, excluding fair value adjustment for land and buildings, is $245,057 thousand (2017: $262,642 thousand).

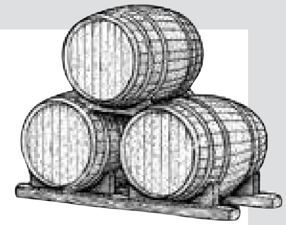
Assets in progress consists of cost to acquire new machinery and equipment for the upgrade of the manufacturing process. These projects are currently ongoing as at year end.

Reclassification represents building $1,670 thousand reclassed from plant, machinery and equipment to land and buildings $1,541 thousand and $129 thousand reclassed to assets under construction. Those assets reclassed to assets under construction, were written off in 2018.

There was also a reclassification of the accumulated depreciation for $1,624 thousand of an Asset disposed of in the prior year. The net book value of the asset was incorrectly recorded as cost within plant machinery and equipment.

Adjustments relates to consumable spares reclassed to inventories.

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 'capital reserves' in other reserves (Note 19).



ANGOSTURA HOLDINGS LIMITED

Notes to the Consolidated Financial Statements

December 31, 2018

10. Property, Plant and Equipment (continued)

	Land and Buildings	Plant, Machinery & Equipment	Casks and Pallets	Assets in Progress	Total
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
December 31, 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
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

ANGOSTURA HOLDINGS LIMITED

Notes to the Consolidated Financial Statements

December 31, 2018

11. Other Investments

The effects of initially applying IFRS 9 in the Group's financial instruments is described in Note 6 (b). Due to the transition method chosen in applying IFRS 9, comparative information has not been restated to reflect the new requirements.

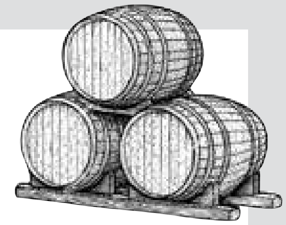
	2018 $'000	2017 $'000
Non-current investments		
Available-for-sale assets	-	108
Equity securities – at FVOCI	108	-
Current investments		
Short-term investments	-	216,682
Corporate debt securities – at amortised cost	294,368	-

Corporate debt securities as at amortised cost (2017: short-term investments) have interest rates ranging from 2.00% to 3.15% and mature in 12 months. These consist of a TTD Fixed Deposit and repurchase agreements supported by US dollar bonds issued by the Government of the Republic of Trinidad and Tobago.

	2018 $'000	2017 $'000
Balance at January 1	216,682	98,513
Additions	287,995	283,271
Redemptions	(216,682)	(166,485)
Interest amortised	4,770	-
Interest capitalised	1,603	1,383
Balance at December 31	294,368	216,682

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

	2018 $'000	2017 $'000
Trinidad and Tobago dollar	19,844	15,000
United States dollar	274,524	201,682
	294,368	216,682



ANGOSTURA HOLDINGS LIMITED

Notes to the Consolidated Financial Statements

December 31, 2018

12. Investment in Joint Venture

Company	Country of incorporation	Percentage Owned 2018	2017
Tobago Plantations Limited	Trinidad and Tobago	50%	50%

The carrying value of the joint venture operation was reduced to nil in 2007 when the Group's share of the operating losses incurred by the joint venture surpassed the carrying value of the investment. 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.

13. 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.

Consolidated Statement of Financial Position

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

	2018 $'000	2017 $'000
Fair value of plan assets (Note 13 (i))	357,709	349,063
Present value of defined benefit obligation (Note 13 (i))	(297,292)	(293,869)
Net defined benefit asset	60,417	55,194

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

Lump sum benefit obligation (Note 13 (ii))	(294)	(274)
Unfunded pension benefit obligation (Note 13 (ii))	(8,186)	(8,524)
Net defined benefit liability	(8,480)	(8,798)

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.

ANGOSTURA HOLDINGS LIMITED

Notes to the Consolidated Financial Statements

December 31, 2018

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

i. Movement in defined benefit net asset

	Pension Plan					
	Defined Benefit Obligation		Fair Value of Plan Assets		Net Defined Benefit Asset	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Balance at January 1	(293,869)	(284,694)	349,063	348,680	55,194	63,986
Included in profit and loss						
Current service cost	(9,337)	(10,065)	-	-	(9,337)	(10,065)
Interest cost (income)	(15,830)	(15,308)	19,192	19,094	3,362	3,786
Administrative expenses	-	-	(280)	(283)	(280)	(283)
	(25,167)	(25,373)	18,912	18,811	(6,255)	(6,562)
Included in other comprehensive income						
Remeasurement (gain) loss:						
– Actuarial (gain) loss arising from experience adjustments	13,160	6,338	-	-	13,160	6,338
– Return on plan assets excluding interest income	-	-	(10,304)	(15,619)	(10,304)	(15,619)
	13,160	6,338	(10,304)	(15,619)	2,856	(9,281)
Other						
Contributions paid by employer and members	(3,695)	(3,022)	12,317	10,073	8,622	7,051
Benefits paid	12,279	12,882	(12,279)	(12,882)	-	-
	8,584	9,860	38	(2,809)	8,622	7,051
Balance as at December 31	(297,292)	(293,869)	357,709	349,063	60,417	55,194

ANGOSTURA HOLDINGS LIMITED

Notes to the Consolidated Financial Statements

December 31, 2018

13. 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**	
	2018 $'000	**2017 $'000**	**2018 $'000**	**2017 $'000**	**2018 $'000**	**2017 $'000**
Balance at January 1	(274)	(380)	(8,524)	(8,863)	(8,798)	(9,243)
Included in profit and loss						
Current service cost	(5)	(4)	-	-	(5)	(4)
Interest cost (income)	(15)	(14)	(438)	(456)	(453)	(470)
	(20)	(18)	(438)	(456)	(458)	(474)
Included in other comprehensive income						
Remeasurement (gain) loss:						
− Actuarial (gain) loss arising from						
• experience adjustments	-	-	(377)	(358)	(377)	(358)
	-	-	(377)	(358)	(377)	(358)
Other						
Benefits paid	-	124	1,153	1,153	1,153	1,277
	-	124	1,153	1,153	1,153	1,277
Balance as at December 31	(294)	(274)	(8,186)	(8,524)	(8,480)	(8,798)

ANGOSTURA HOLDINGS LIMITED

Notes to the Consolidated Financial Statements

December 31, 2018

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

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

	Pension Plan	
	2018	**2017**
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:

	2018	**2017**
Life expectancy at age 60 for current pensioner in years:		
- Male	21.8	21.8
- Female	25.6	25.6

	2018	**2017**
Life expectancy at age 60 for current members age 40 in years:		
- Male	21.8	21.8
- Female	25.6	25.6

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

	2018	**2017**
Discount rate	5.5%	5.5%

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

ANGOSTURA HOLDINGS LIMITED

Notes to the Consolidated Financial Statements

December 31, 2018

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

	Pension Plan	
	2018	2017
	$'000	$'000
iv. Asset allocation		
Insured managed fund contract	355,068	346,286
Immediate annuity policies	2,641	2,777
	357,709	349,063

The value of the Plan's investment in the managed fund contract at December 31, 2018 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.

	2018	2017
	%	%
Plan assets are comprised as follows:		
Equity	-	18.3
Debt securities	92.8	60.7
Other (short-term securities)	7.2	21.0

In 2018, none of the managed fund asset was invested in the Group's ordinary shares (2017: 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, 2018 would have changed as a result of a change in the assumptions used.

	Pension Plan	
	1% pa Increase	1% pa Decrease
	$'000	$'000
Discount rate	(36,970)	46,748
Future salary increases	13,555	(11,778)

An increase of 1 year in the assumed life expectancies shown above would increase the defined benefit obligation at the year-end by $4,040 thousand (2017: $3,933 thousand).

ANGOSTURA HOLDINGS LIMITED

Notes to the Consolidated Financial Statements

December 31, 2018

13. 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, 2018 would have changed as a result of a change in the assumptions used.

	Lump sum Plan	
	1% pa Increase $'000	**1% pa Decrease $'000**
Discount rate	(3)	3

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

	Unfunded Pension Plan	
	1% pa Increase $'000	**1% pa Decrease $'000**
Discount rate	(432)	479

An increase of 1 year in the assumed life expectancies shown above would increase the defined benefit obligation at the year-end by $338 thousand (2017: $340 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 2019:

	$'000
• Pension Plan contribution	7,351
• Lump Sum payments	313
• Medical Plan contribution	150
• Unfunded pension plan	1,092
	8,906

ANGOSTURA HOLDINGS LIMITED

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December 31, 2018

	2018 $'000	2017 $'000
14. Inventories		
Raw and packaging materials	67,481	56,938
Consumable Spares	2,628	-
Work in progress	126,109	113,348
Finished goods	51,580	48,641
	247,798	218,927
Provision for obsolescence	(2,307)	(3,776)
	245,491	215,151

The cost of inventory recognized as an expense in "cost of sales" amounted to $289,669 (2017: 264,894)

	2018 $'000	2017 $'000
15. Assets Held-for-Sale		
Balance at January 1	1,136	2,056
Disposals	(1,136)	(920)
Balance at December 31	-	1,136

During the year the Group sold the last lot of land held for sale located at the Samaan Grove Estate Tobago.

	2018 $'000	Restated 2017 $'000
16. Trade and Other Receivables		
Trade receivables - Gross	179,957	177,764
Expected Credit Loss/Impairment of trade receivables	(40,502)	(25,154)
	139,455	152,612
Receivables from related parties – net (Note 32 (iv))	2,237	2,982
Trade receivables – net	141,692	155,594
Prepayments and other receivables	10,427	12,367
	152,119	167,961

ANGOSTURA HOLDINGS LIMITED

Notes to the Consolidated Financial Statements

December 31, 2018

16. Trade and Other Receivables (continued)

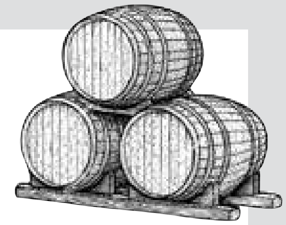
There are no major concentrations of credit risk with respect to trade receivables as the Group has a large number of customers that are internationally dispersed.

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

	Gross 2018 $'000	Restated Gross 2017 $'000
Not past due	112,935	114,067
Past due 0 – 30 days	28,105	23,289
Past due 31 – 60 days	679	2,981
Past due 61 – 90 days	646	960
Past due 91 – 120 days	315	243
Past due more than 120 days	37,277	36,224
	179,957	177,764

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

	2018 $'000	2017 $'000
United States dollar	64,015	65,098
Trinidad and Tobago dollar	109,732	103,694
Canadian dollar	465	-
Euro	1,073	1,028
GBP	4,672	7,944
	179,957	177,764



16. 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, 2018

Currency	**TTD $'000**	**% of Trade receivables**
USD	64,015	36%

Year ended December 31, 2017

Currency	**TTD $'000**	**% of Trade receivables**
USD	65,098	37%

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 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 01, 2018 to March 01, 2019 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.

	2018	**2017**
	$'000	**$'000**
Net impact on profit or loss and trade receivables	192	195

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December 31, 2018

16. Trade and Other Receivables (continued)

Movements during the year in the expected credit loss allowance for trade and other receivables were as follows:

	2018 $'000	Restated 2017 $'000
At January 1	25,154	16,084
Write off against provision	(1,766)	-
Increase in Expected Credit Loss / Provision	17,114	9,070
At December 31	40,502	25,154
Related party provision (Note 32 (iv))	6,608	6,686
Total expected credit loss allowance	47,110	31,840

The movements in expected credit loss allowance for trade and other 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 (2017: NIL).

17. Cash and Cash Equivalents

	2018 $'000	2017 $'000
United States dollar	91,180	90,284
Trinidad and Tobago dollar	26,288	61,484
Euro	1,607	1,052
Cash at bank and in hand	119,075	152,820

The table below sets out the effect on the Group's profit or loss of a shift in the US dollar exchange rate against the Trinidad and Tobago dollar. For the purposes of the analysis, the the rate at January 2019 was assessed, and imputed as the sensitivity range. The sensitivity was a 0.3% depreciation in the rate of exchange.

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17. Cash and Cash Equivalents (continued)

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

	2018 $'000	2017 $'000
Net impact on profit or loss and cash and cash equivalents	273	271

Interest rate risk

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

18. Share Capital

	2018	2017
Authorised		
Number of ordinary shares in issue (000)	205,820	206,277
Treasury shares (000)	-	(457)
	205,820	205,820
Issued and fully paid		
Ordinary shares ($'000)	118,558	119,369
Treasury shares ($'000)	-	(811)
	118,558	118,558

Issued and fully paid up shares comprise 205,820 thousand (2017: 205,820 thousand) ordinary shares of no par value.

During the year a resolution was passed by the Board of Directors, whereby the treasury shares held by Trinidad Distillers Limited were donated back to the ultimate parent and cancelled from issue.

ANGOSTURA HOLDINGS LIMITED

Notes to the Consolidated Financial Statements

December 31, 2018

19. Other Reserves

	Capital Reserves $'000	General Reserves $'000	Total $'000
Balance at December 31, 2018	75,158	25,638	100,796
Balance at December 31, 2017	75,158	25,638	100,796

Capital reserves represents gains on revaluation of land and buildings held by the Group. Land and buildings were revalued on December 31, 2014 by qualified independent experts in accordance with the Group's accounting policies.

20. Borrowings

	2018 $'000	2017 $'000
Unsecured borrowings	-	20,000

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

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

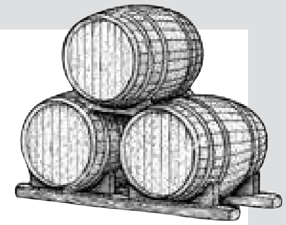
The effective interest rates on debt servicing for the year were as follows:

Type of borrowing	2018	2017
Unsecured borrowings	2.68%	2.68%

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

	2018 $'000	2017 $'000
Trinidad and Tobago dollar	-	20,000

There were no borrowings outstanding as at 31 December 2018 as the Group fully repaid its borrowings during the financial year.



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Notes to the Consolidated Financial Statements

December 31, 2018

20. Borrowings (continued)

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:

	2018 $'000	2017 $'000
6 months or less	-	20,000

Liquidity risk

	2018 $'000	2017 $'000
The undiscounted contractual cash flows are as follows:		
Due in 6 months	-	20,269

Undiscounted cash flows include estimated interest payments.

There were no loans from related parties at the year-end (2017: NIL).

21. Deferred Taxation

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

	2017 $'000	Credit/ (Charge) to Profit or Loss $'000	Charge to OCI $'000	2018 $'000
Deferred tax liabilities				
Accelerated tax depreciation	(55,381)	5,672	-	(49,709)
Pension asset	(13,919)	(918)	(744)	(15,581)
Unrealised profit	-	(1,935)	-	(1,935)
	(69,300)	2,819	(744)	(67,225)

	2016 $'000	Credit/ (Charge) to Profit or Loss $'000	Credit to OCI $'000	2017 $'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)

ANGOSTURA HOLDINGS LIMITED

Notes to the Consolidated Financial Statements

December 31, 2018

21. Deferred Taxation (continued)

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

	2018 $'000	2017 $'000
Balance at January 1	(69,300)	(73,598)
Deferred tax credited to profit or loss (Note 28)	2,819	1,406
OCI	(744)	2,892
Balance at December 31	(67,225)	(69,300)

22. Trade and Other Payables

	2018 $'000	2017 $'000
Trade payables	25,448	24,863
Amounts due to related parties (Note 32(vi))	2,410	2,410
Provisions	16,949	8,200
Accruals	32,589	27,799
Other payables	3,533	10,132
	80,929	73,404

Provisions comprise mainly the estimated marketing costs of the Group for which expenses are expected to be incurred in the future.

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

Other payables comprise amounts due in respect of statutory obligations and operating costs which was incurred by the reporting date.

The table below analyses the Group's contractual obligations based on the remaining period at the financial position date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows. Balances due within one year equal their carrying balances as the impact of discounting is not significant.

	2018 $'000	2017 $'000
Trade and other payables < 1 year	78,519	70,994
Trade and other payables > 1 year	2,410	2,410
	80,929	73,404

Trade and other payables over one year consist of related party liabilities. No interest is charged on these balances.

ANGOSTURA HOLDINGS LIMITED

Notes to the Consolidated Financial Statements

December 31, 2018

23. Expenses by Nature

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

	2018 $'000	2017 $'000
Raw materials & consumables used	(289,669)	(264,894)
Excise duties	(182,557)	(176,789)
Employee benefit expense (Note 30)	(129,806)	(119,352)
Changes in inventories	176,103	147,546
Brand, selling & trade support expenses	(75,953)	(59,788)
Facilities expenses	(35,587)	(33,295)
Depreciation (Note 10)	(21,499)	(29,478)
Technical & advisory services	(20,270)	(19,238)
Corporate services expenses	(17,332)	(13,488)
Travel & related expenses	(5,375)	(3,264)
Transport & handling services	(6,945)	(10,556)
Other expenses	(751)	(3,589)
Total cost of sales, selling & marketing and administrative expenses	(609,641)	(586,185)

24. Finance Costs

Unsecured borrowings	(312)	(844)

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

25. Other Expenses

Loss on disposal of property, plant and equipment	(566)	(941)
Other expense	(1,395)	(5,684)
	(1,961)	(6,625)

26. Dividend Income

Dividend income	45	90

27. Foreign Exchange Gains

Foreign exchange gains	548	398

ANGOSTURA HOLDINGS LIMITED

Notes to the Consolidated Financial Statements

December 31, 2018

28. Taxation Expense

	2018 $'000	2017 $'000
Current charge	(50,504)	(44,521)
Deferred tax credit (Note 21(ii))	2,819	1,406
	(47,685)	(43,115)

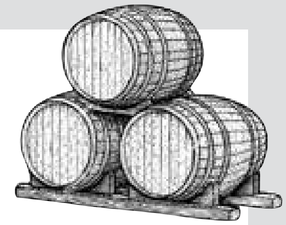
The tax on the Group's profit before tax differs from that calculated at the statutory tax rate applicable to profits of the Group companies as follows:

	2018 $'000	2017 $'000
Profit before tax	177,603	154,222
Tax charge at statutory rate	53,281	46,266
Non-deductible expenses	1,738	3,148
Tax effect on transition adjustments	(4,131)	-
Tax effect on uplift	(4,709)	(3,282)
Income not subject to tax	(14)	(27)
Prior year under / (over) provision	1,520	(2,990)
	47,685	43,115

29. 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.

	2018	2017
Profit attributable to equity holders of the Group ($'000)	129,918	111,107
Number of ordinary shares in issue (000) (Note 18)	205,820	205,820
Basic earnings per share ($)	0.63	0.54



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December 31, 2018

	2018	Restated 2017
	$'000	$'000
30. Employee Benefits		
Wages, salaries and other benefits	123,093	112,316
Pension costs – defined benefit plans (Note 13)	6,713	7,036
	129,806	119,352

31. Leases

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

	2018	Restated 2017
	$'000	$'000
Expense for the year	(3,874)	(2,477)
Future minimum lease payments under these leases at December 31 are as follows:		
Within 1 year	3,514	2,981
Between 2 and 5 years	3,128	3,599
	6,642	6,580

32. Related Party Transactions

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

	2018	2017
	$'000	$'000
i) Sales of goods and services		
Sales of goods:		
- Entities controlled by the Ultimate Parent	5,576	7,141
ii) Purchases of goods and services		
Purchases of services:		
- Entities controlled by the Ultimate Parent	9,773	11,925

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Notes to the Consolidated Financial Statements

December 31, 2018

32. Related Party Transactions (continued)

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

	2018	2017
iii) Key management compensation		
Salaries and other short-term employee benefits	5,614	10,220
Pension contributions	524	538
	6,138	10,758

Key management compensation includes salaries, incentives, medical contributions, non-cash benefits and contributions to a savings plan and defined benefit pension plan (Note 13).

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.

	2018	2017
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)
	-	-

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December 31, 2018

32. Related Party Transactions (continued)

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

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

During 2018, 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.

	2018	2017
- Entities controlled by Ultimate Parent	8,839	8,952
- Provision for impairment of receivables	(6,608)	(6,686)
	2,231	2,266
- Key management	6	716
	2,237	2,982

Analysis of movements in related party impairment provisions:

	2018	2017
Opening balance	6,686	6,686
Write off against provision	(78)	-
Closing provision	6,608	6,686

None of the balances are secured.

v) Loans to related parties

	2018	2017
- Equity-accounted investees	4,989	4,989
- Provision for impairment of receivables	(4,989)	(4,989)
	-	-

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December 31, 2018

32. Related Party Transactions (continued)

vi) Payables and provisions in respect of related parties (Note 22)

- Ultimate Parent	2,410	2,410

vii) Other charges due to related parties

- Entities controlled by Ultimate Parent	1,206	1,378
- Key management	-	4,176
	1,206	5,554

33. Restatement

Restatement – Prior Period Balances

a) Revenue

The restatement was as a result of excise taxes being previously accounted for net of revenue and not part of cost of sales. The inventory and credit risk related to the excise taxes is borne by the Group who is acting as the principal and hence the reason for it being similar to a cost of sale. This resulted in an increase in the reporting value of revenue and cost of goods sold by $175,449 thousand.

b) Promotional Inventory

The restatement was as a result of promotional inventory being previously recorded in revenue and cost of goods sold, as well as in marketing, selling and administrative expenses at the product's selling price. This resulted in an overstatement of revenue by $5,602 thousand, an overstatement of cost of goods sold by $1,729 thousand and an overstatement of expenses by $3,873 thousand.

The restatement was done to ensure that product give-aways are recorded in expenses at cost. There was no impact to the consolidated statement of financial position.

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Notes to the Consolidated Financial Statements

December 31, 2018

33. Restatement (continued)

Impact of Restatement

The following summarises the impact of reclassification on the Group's financial statements:

	As previously reported	Promotional Inventory Restatement	Revenue Restatement	As Restated
	$'000	$'000	$'000	$'000
December 31, 2017				
Revenue	575,199	(5,602)	175,449	745,046
Cost of goods sold	(204,348)	1,729	(175,449)	(378,068)
Selling and Marketing	(130,731)	3,558	-	(127,173)
Administrative Expenses	(81,259)	315	-	(80,944)

There was no impact on profit before tax for the period ending December 31, 2017.

c) Disclosure notes

The following Disclosure notes were restated to ensure accuracy:

(i) Employee benefits (Note 30)

	As previously reported	Restatement	As restated
	$'000	$'000	$'000
December 31, 2017			
Wages, Salaries and other benefits	112,316	-	112,316
Net pension cost – defined benefit plans	15	7,021	7,036
	112,331	7,021	119,352

The restatement was as a result of separating pension cost which were previously netted off against employer's contributions paid.

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December 31, 2018

33. Restatement (continued)

c) Disclosure notes (continued)

(ii) Lease (Note 31)

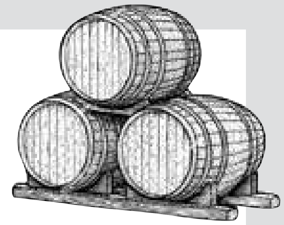
	As previously reported $'000	Restatement $'000	As restated $'000
December 31, 2017			
Expense for the year	(1,238)	(1,239)	(2,477)
Future minimum lease payments under these at December 31 are as follows			
Within 1 year	798	2,183	2,981
Between 2 and 5 years	482	3,117	3,599
	1,280	5,300	6,580

The restatement was as a result of the inclusion of lease expenses of office space and equipment.

(iii) Trade and other receivables (Note 16)

	As previously reported $'000	Restatement $'000	As restated $'000
December 31, 2017			
At January 1	16,084	-	16,084
Write off against provision	-	-	-
Increase in provision	8,008	1,062	9,070
At December 31	24,092	1,062	25,154
Related party provisions (Note 32(iv))	6,686	-	6,686
Total provision for impaired trade and other receivables	30,778	1,062	31,840

The restatement was as a result of correcting the closing values reported for provision for trade and other receivables.



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Notes to the Consolidated Financial Statements

December 31, 2018

33. Restatement (continued)

(iv) The aging of trade receivables (Note 16)

	Gross As previously reported $'000	**Restatement $'000**	**As restated $'000**
December 31, 2017			
Not past due	132,437	(18,370)	114,067
Past due 0 – 30 days	22,855	434	23,289
Past due 31 – 60 days	3,754	(773)	2,981
Past due 61 – 90 days	654	306	960
Past due 91 – 120 days	297	(54)	243
Past due more than 120 days	38,742	(2,518)	36,224
	198,739	(20,975)	177,764

The restatement was due to updating aging categories to only reflect gross trade receivables and to remove other receivables from the aging buckets.

34. Contingencies

The Group was party to certain legal issues at the reporting date for which provisions have been made in these financial statements. Management is satisfied that provisions held at the year-end in respect of legal matters were reasonable, and such amounts are reported within ‘Provisions’ in ‘Trade and Other Payables’ (Note 22) on the statement of financial position. For other legal matters, Management is confident of success and as such have assessed these to be contingent liabilities.

35. Capital Commitments

At the year-end, capital commitments amounted to $1,303 thousand (2017: $3,755 thousand).

36. Events after the Reporting Date

On March 29, 2019 the Board of Directors recommended a final dividend in respect of 2018 of 0.15¢ per share. The total dividend recommended in respect of 2018 was 0.24¢ (2017: 0.21¢) per share.

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December 31, 2018

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.


FROM THE HOUSE OF
ANGOSTURA
CARIBBEAN CLUB
LIMBO DRUMMER
RUM
40% ALC./VOL.
750 mL.