Independent Auditors' Report
To the Shareholders of Unilever Caribbean Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Unilever Caribbean Limited ("the Company"), which comprise the statement of financial position as at December 31, 2018, the statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

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 Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the Republic of Trinidad and Tobago, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters (continued)

<table>
<tr><td colspan="2">Allowance for impairment of trade receivables</td></tr>
<tr><td colspan="2">See Note 12 to the financial statements and accounting policy Note 4(g).</td></tr>
<tr><td>The key audit matter</td><td>How the matter was addressed in our audit</td></tr>
<tr><td>Gross trade receivables amounted to $71 million (net - $63 million). The valuation of trade receivables requires management judgement due to the credit risks associated with each individual trade receivable.

Management assesses the recoverability of trade receivables by reviewing customers' aging profile, credit history and status of subsequent settlement, and determines whether an impairment provision is required.

Our audit effort considered the judgement and assumptions used in management's impairment assessment, including the credit risks of customers, the timing and amount of realisation of these receivables, the identification of impairment events, forward looking factors and disclosure of the accounting change.</td><td>Our audit procedures in relation to the recoverability of trade receivables included:

• obtaining an understanding of and testing the Company's credit control procedures and testing key controls over granting of credits to customers;
• comparing recorded balances to customer confirmations, subsequent payments or delivery documents on a sample basis;
• inspecting the Expected Credit Loss model, including methodology, underlying assumptions and data inputs; and
• evaluating and testing the Company's policy for provisioning against trade receivables, including management assumptions.

In addition, we evaluated the adequacy of the Company's disclosures regarding trade receivables.</td></tr>
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Key Audit Matters (continued)

Timing of revenue recognition	
See accounting policy Note 4(p).	
The key audit matter	**How the matter was addressed in our audit**
Revenue is recognised when the risks and rewards of products have been transferred to the customer. The Company operates in an industry in which sales growth is constrained as a result of reduced infrastructure spending, lower disposable incomes and increased competition in the market. Furthermore, given an environment in which maintaining market share is challenging, we considered there to be a risk of misstatement of the financial statements related to the recognition of sales transactions occurring close to the reporting date in the wrong financial period (ie before the risks and rewards have been transferred.)	Our audit procedures in relation to the recording of sales transactions included testing the Company's controls around revenue recognition and testing individual transactions occurring on either side of the reporting date. Our testing of the Company's manual and automated controls focused on controls around the timely and accurate recording of sales transactions. Our detailed testing focused on sales transactions on either side of the reporting date, obtaining evidence to support the appropriate timing of revenue recognition, based on terms and conditions set out in sales contracts and delivery documents or system generated reports. We also reviewed credit notes issued after the reporting date to assess whether the related revenue was recognised in the correct accounting period.

Impairment testing of property, plant and equipment	
See Notes 3 A and 8 to the financial statements.	
The key audit matter	**How the matter was addressed in our audit**
Management's impairment tests on assets involve significant estimation and the application of a high level of judgment relative to key assumptions such as the applicable discount rate and future cash-flows. We consider this a key audit matter because it involves complex and subjective judgements by the Company regarding long-term sales growth, costs and projected gross margins as well as discount rates used to discount future cash flows and expected market share. The outcome of the impairment testing performed by management is sensitive to these assumptions and estimates, such that changes in these assumptions/estimates may result in different impairment test conclusions.	Our audit procedures included testing the Company's methodology and assumptions used in preparing discounted cash flow models and through the involvement of our valuation specialists and the determination of Cash Generating Unit (CGU). We also evaluated whether the impairment test was performed by management in accordance with the applicable accounting standard. We compared the Company's assumptions to data obtained from external sources in relation to key inputs such as discount rates, other key data used by management and projected economic growth and compared the latter with reference to historical forecasting accuracy, considering the potential risk of management bias. We reviewed the overall results of the calculations and performed our own sensitivity analysis, including a reasonably probable reduction in assumed growth rates and cash flows. We assessed the Company's disclosures about the sensitivity of the outcome of the impairment assessment to key assumptions such as discount rates and growth rates which cause the carrying amount of the CGU to exceed its recoverable amount. We also assessed the appropriateness of the disclosures in the notes to the financial statements, with reference to applicable accounting standards.

Other Information

Management is responsible for the other information. The other information comprises the information included in the 2018 Annual Report, but does not include the financial statements and our auditors' report thereon. The 2018 Annual Report is expected to be made available to us after the date of this auditors report.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. When we read the 2018 Annual Report, if based on the work we have performed, we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance. We have nothing to report in this regard.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 financial statements.

Auditors’ Responsibilities for the Audit of the Financial Statements (continued)

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

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

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

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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 Robert Alleyne.

KPMG

Chartered Accountants
Port of Spain
Trinidad and Tobago
March 27, 2019

UNILEVER CARIBBEAN LIMITED
Statement of Financial Position
December 31, 2018
(Expressed in Trinidad and Tobago Dollars)

	Notes	2018	2017
		$'000	$'000
ASSETS			
Non-current assets			
Property, plant and equipment	8	129,511	154,741
Retirement benefit asset	9	56,115	68,432
Deferred tax asset	10	8,311	7,540
		193,937	230,713
Current assets			
Inventories	11	40,994	49,779
Trade and other receivables	12	87,436	111,180
Due from related companies	13	169,901	13,683
Taxation recoverable		9,582	7,815
Cash at bank and in hand		63,593	31,720
		371,506	214,177
Total assets		565,443	444,890
EQUITY AND LIABILITIES			
EQUITY			
Stated capital	14	26,244	26,244
Property revaluation surplus		35,643	35,643
Retained earnings		309,722	172,433
Total equity		371,609	234,320
LIABILITIES			
Non-current liabilities			
Retirement and termination benefit obligation	9	26,666	27,391
Deferred tax liabilities	10	34,676	34,385
		61,342	61,776
Current liabilities			
Trade and other payables	15	80,450	86,367
Provisions for other liabilities	16	26,793	8,903
Due to parent and related companies	13	25,249	53,524
		132,492	148,794
Total liabilities		193,834	210,570
Total equity and liabilities		565,443	444,890

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

On March 25, 2019 the Board of Directors of Unilever Caribbean Limited authorised these financial statements for issue.

Nicholas Gomez, Director

John De Silva, Managing Director

UNILEVER CARIBBEAN LIMITED

Statement of Profit or Loss

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

	Notes	2018 $'000	2017 $'000
Continuing operations			
Revenue	17	317,815	464,042
Cost of sales		(210,373)	(297,897)
Gross profit		107,442	166,145
Expenses			
Selling and distribution costs		(76,058)	(108,850)
Administrative expenses		(25,559)	(29,474)
Impairment loss on trade receivables	12	(1,291)	(6,396)
Loss on disposal of plant and equipment		-	(1,910)
		(102,908)	(146,630)
Operating profit		4,534	19,515
Finance income/ cost – net	19	2,008	(352)
Other income		1,305	-
Profit before tax		7,847	19,163
Income tax expense	20	(1,490)	(8,693)
Profit from continuing operations		6,357	10,470
Profit from discontinued operations, net of tax	29	162,167	-
Profit for the year		168,524	10,470
Earnings per share for profit attributable to the equity holders of the Company during the year			
Basic and diluted earnings per share			
Continuing operations		$ 0.24	0.40
Discontinued operations		$ 6.18	-
Total basic and diluted earnings per share	21	$ 6.42	0.40

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

UNILEVER CARIBBEAN LIMITED

Statement of Comprehensive Income

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

	Notes	2018 $'000	2017 $'000
Profit for the year		168,524	10,470
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit asset/liability	9	(12,664)	20,488
Related tax	10	3,799	(6,146)
Other comprehensive income, net of tax		(8,865)	14,342
Total comprehensive income		159,659	24,812

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

UNILEVER CARIBBEAN LIMITED

Statement of Changes in Equity

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

	Note	Stated Capital $'000	Property Revaluation Surplus $'000	Retained Earnings $'000	Total Equity $'000
Year ended December 31, 2017					
Balance at January 1, 2017		26,244	35,643	173,865	235,752
Total comprehensive income					
Profit for the year		-	-	10,470	10,470
Other comprehensive income		-	-	14,342	14,342
Total comprehensive income		-	-	24,812	24,812
Transaction with owners of the Company					
Dividends	22	-	-	(26,244)	(26,244)
Balance at December 31, 2017		**26,244**	**35,643**	**172,433**	**234,320**
Year ended December 31, 2018					
Balance at January 1, 2018		26,244	35,643	172,433	234,320
Adjustment on initial application of IFRS 9		-	-	(326)	(326)
Total comprehensive income					
Profit for the year		-	-	168,524	164,524
Other comprehensive income		-	-	(8,865)	(8,865)
Total comprehensive income		-	-	159,659	159,659
Transaction with owners of the Company					
Dividends	22	-	-	(22,044)	(22,044)
Balance at December 31, 2018		**26,244**	**35,643**	**309,722**	**371,609**

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

UNILEVER CARIBBEAN LIMITED

Statement of Cash Flows

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

	2018 $'000	2017 $'000
CASH FLOWS (USED IN)/FROM OPERATING ACTIVITIES		
Profit for the year	168,524	10,470
Adjustments for:		
Depreciation	8,474	7,071
Loss on disposal of plant	-	1,910
Gain on spreads disposal	(169,478)	-
Net pension cost	5,126	7,710
Contributions paid	(6,198)	(5,604)
Taxation expense	5,616	8,693
Operating profit before working capital changes	12,064	30,250
Changes in:		
- Inventories	8,785	10,672
- Trade and other receivables	23,419	38,021
- Due from related companies	(143,096)	(11,830)
- Trade and other payables	(5,917)	6,693
- Provisions for other liabilities	17,890	1,113
- Due to parent and related companies	(28,275)	(33,542)
Cash generated from operating activities	(115,130)	41,377
Taxation paid	(4,064)	(11,388)
Net cash generated (used in)/from operating activities	(119,194)	29,989
CASH FLOWS FROM/USED IN INVESTING ACTIVITIES		
Purchase of plant and equipment	(6,623)	(43,020)
Proceeds from sale of spreads	192,857	487
Net cash generated from/(used in) investing activities	186,234	(42,533)
CASH FLOWS USED IN FINANCING ACTIVITIES		
Dividends paid	(35,167)	(13,121)
Increase/(decrease) in cash and cash equivalents	31,873	(25,666)
Cash and cash equivalents at beginning of year	31,720	57,386
Cash and cash equivalents at end of year	63,593	31,720
Represented By:		
Cash at bank and in hand	63,593	31,720

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

1. General Information

Unilever Caribbean Limited ('the Company') was incorporated in the Republic of Trinidad and Tobago in 1929, and its registered office is located at Eastern Main Road, Champs Fleurs. The Company is a public limited liability company and is listed on the Trinidad and Tobago Stock Exchange. The principal business activities are the manufacture and sale of homecare, personal care and food products. The Company is a subsidiary of Unilever Overseas Holdings AG (50.01% of shares held), which is a wholly owned subsidiary of Unilever PLC, a company incorporated in the United Kingdom.

Discontinued operations are excluded from the results of the continuing operations and presented as profit and loss from discontinued operations (Note 29).

2. Basis of Accounting

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRIC) applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of freehold properties.

3. Use of Accounting Estimates and Judgements

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

A. Judgments

Carrying value of property, plant and equipment

The determination of fair value at the time of the revaluation requires estimates and assumptions based on market conditions at that time. Changes to estimates, assumptions or market conditions subsequent to a revaluation will result in changes to the fair value of property, plant and equipment.

Remaining useful lives and residual values are estimated based on management's judgement and previous experience. Changes in those estimates affect the carrying value and the depreciation expense in profit or loss.

The carrying value of property, plant and equipment and the valuation methodologies and assumptions are disclosed in Note 8 and Note 28(b).

3. Use of Accounting Estimates and Judgements (continued)

B. Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the next financial year to amounts reported as at and for the year ended December 31, 2018 is included below:

(i) Taxation

Estimates are required in determining the provision for income taxes. There are some transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business.

The Company recognises liabilities for possible tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made (see Note 20).

(ii) Impairment allowance – trade receivables

Trade receivables are evaluated for impairment on the basis described in accounting policy 4(g).

Management exercises judgment in determining the adequacy of provisions established for accounts receivable balances. Judgement is used in the measurement of ECL allowance for trade receivables: key assumptions in determining the weighted-average loss rate.

(iii) Measurement of defined benefit obligations

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost/income for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

The Company determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Company considers the interest rates of medium term government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension obligation.

3. Use of Accounting Estimates and Judgements (continued)

B. Assumptions and estimation uncertainties (continued)

(iii) Measurement of defined benefit obligations (continued)

Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in Note 9.

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 other assumptions used:

	1% pa increase $'000	1% pa decrease $'000
Monthly-Rated Pension Plan		
Discount rate	(30,250)	38,613
Future pension increases	31,580	(26,011)
Future salary increase	8,597	(7,366)

An increase of 1 year in the assumed life expectancies shown in Note 9(vi) would increase the defined benefit obligation at December 31, 2018 by $5,558,000

	1% pa increase $'000	1% pa decrease $'000
Hourly-Rated Pension Plan		
Discount rate	(2,905)	3,648

An increase of 1 year in the assumed life expectancies shown in Note 9(vi) would increase the defined benefit obligation at December 31, 2018 by $527,000 (2017: $483,000).

	1% pa increase $'000	1% pa decrease $'000
Termination Lump Sum Plan		
Discount rate	(1,993)	2,533
Future salary increase	2,547	(2,036)
Supplementary Pension Plan		
Discount rate	(45)	50
Future salary increase	50	(55)

These sensitivities were calculated by recalculating the defined benefit obligations using the revised assumptions.

4. Significant Accounting Policies

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

(a) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of the Company are presented in Trinidad and Tobago dollars, which is the Company's functional currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. Foreign exchange gains and losses that relate to cash and cash equivalents are presented in profit or loss within administration expenses.

(b) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the management committee that makes strategic decisions.

(c) Property, plant and equipment

Cost or revaluation

Freehold land and buildings are shown at fair value, based on valuations by external independent valuers periodically, but at least every five years, less subsequent depreciation for buildings. Additions to freehold land and buildings subsequent to the date of revaluation are shown at cost. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of items.

4. Significant Accounting Policies (continued)

(c) Property, plant and equipment (continued)

Cost or revaluation (continued)

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of freehold land and buildings are credited to other comprehensive income (OCI) and shown as 'property revaluation surplus' in shareholders' equity. This reserve is non-distributable. Decreases that offset previous increases in the same asset are charged in other comprehensive income and debited against 'property revaluation surplus' directly in equity; all other decreases are charged to profit or loss.

Depreciation

Land and capital work in progress are not depreciated.

Depreciation is calculated on the straight line basis using the following rates:

Freehold buildings	-	2.5% per annum
Plant and equipment	-	7% to 33 1/3% per annum.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down to its recoverable amount (Note 4(e)).

Gains and losses on disposal of property, plant and equipment are determined by reference to the proceeds and their carrying amounts and are taken into account in determining operating profit. On disposal of revalued assets, amounts in the revaluation reserve relating to that asset are transferred to retained earnings.

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

(d) Intangible assets

Computer software acquisition costs are recognised as assets at the cost incurred to acquire and bring to use the specific software. These assets are amortised over their useful lives, which do not exceed five years.

4. Significant Accounting Policies (continued)

(e) Impairment of non-financial assets

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

The Company has estimated the recoverable amount of the CGU on its value in use. The assumptions used in the estimation represents management's assessment of future trends in the relevant industry encompassing both internal and external source references. The discount-rate was a post-tax measure and based on the historical industry average weighted-average cost of capital. The cash flow projections included estimates over the life of the asset and a terminal growth rate thereafter. The terminal growth rate was determined based on management's estimate of the long-term compound annual EBITDA growth rate, consistent with the assumptions that a market participant would make.

Budgeted EBITDA was estimated taking into account past experience and adjusted as follows:

- Revenue growth was projected considering conservative growth rates and benchmarked against the past 3 years and the estimated sales volume and price growth. It was assumed that the sales the sales price would increase in line with forecast inflation.
- Capital Injection was included and have been factored into the EBITDA, reflecting replacement assets in line with maintenance of the asset.

The Company is of the opinion that the assets are not impaired at this time. However, this is subject to both internal and external factors which may change in the future. In accordance with IAS 36 and 16, an independent appraisal of same by professionally qualified valuers will be performed within the 5- year period.

(f) Financial instruments

(i) Classification

IFRS 9 Financial Instruments sets out requirements for recognizing 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.

4. Significant Accounting Policies (continued)

(f) Financial instruments (continued)

(i) Classification (continued)

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

(ii) Offsetting

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

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

(g) Impairment of financial assets

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

(h) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand.

(i) Inventories

Inventories are stated at the lower of weighted average cost or net realisable value. The cost of raw and packaging materials and finished goods are determined on a weighted average cost basis. Finished goods include a proportion of attributable production overheads. Work in progress comprises direct costs of raw and packaging materials and related production overheads. The cost of inventories excludes borrowing costs.

Engineering and general stores are valued at weighted average cost.

Goods in transit are valued at suppliers' invoice cost.

Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

4. Significant Accounting Policies (continued)

(j) Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets. Other receivables consist mainly of Value Added Tax (VAT) recoverable. Trade receivables are initially recognised at fair value and subsequently measured at amortised cost less provision for impairment.

(k) Share capital

Ordinary shares are classified as equity.

(l) Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Other payables comprise outstanding statutory liabilities as well as accruals for advertising and promotion. Trade payables are initially recognised at fair value and subsequently measured at amortised cost.

(m) Taxation

The tax expense for the period comprises current and deferred income tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income.

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

4. Significant Accounting Policies (continued)

(m) Taxation (continued)

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

The principal temporary differences arise from depreciation on property, plant and equipment, revaluation of freehold building and post-retirement benefits.

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

(n) Employee benefits

(i) Short-term

Employee benefits are all forms of consideration given by the Company in exchange for service rendered by employees. These include current or short-term benefits such as salaries, bonuses, NIS contributions, annual leave, and non-monetary benefits such as medical care; post-employment benefits such as pensions; and other long-term employee benefits such as termination benefits.

Employee benefits that are earned as a result of past or current service are recognised in the following manner: short-term employee benefits are recognised as a liability, net of payments made, and charged as an expense. Post-employment benefits are accounted for as described below.

A defined benefit plan is a pension plan that is not a defined contribution plan.

Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The Company operates defined benefit pension plans covering the majority of its employees. The pension plan is generally funded by payments from the Company and the employees, taking into account the recommendations of independent qualified actuaries.

4. Significant Accounting Policies (continued)

(n) Employee benefits (continued)

(ii) Post-employment (continued)

The Company's net pension obligation 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 defined benefit obligation is calculated annually by independent qualified actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. In countries where there is no deep market in such bonds, the market rates on Government bonds are used.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income in the period in which they arise. Past-service costs are recognised immediately in profit or loss.

The Company also operates a supplementary pension scheme. This is a closed scheme providing ex-gratia pensions for which no additional employees are expected to qualify. The expected costs of these benefits are accrued over the period of employment, using an accounting methodology similar to that for defined benefit pension plans. Valuations of these obligations are carried out by annually independent qualified actuaries.

The funds of the Plan are administered by the trustee and are separate from the Company's assets.

The industrial agreement covering the hourly rated employees provides for a termination benefit which functions as a retirement benefit for those employees who are not in the pension plan.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income in the period in which they arise. These obligations are valued annually by independent qualified actuaries.

4. Significant Accounting Policies (continued)

(n) Employee benefits (continued)

(iii) Termination benefits

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. These benefits are payable in accordance with the Industrial Agreement between the Company and the Trade Union. The Company recognises termination benefits at the earlier of the following dates: (a) when the Company can no longer withdraw the offer of those benefits; and (b) when the Company recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

(iv) Profit-sharing and bonus plans

The Company recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Company recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(o) Provisions

Provisions are recognised when: the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

4. Significant Accounting Policies (continued)

(o) Provisions (continued)

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date.

(p) Revenue recognition

The Company's policies under IFRS 15 are as follows:

Revenue is recognized at a point in time or over time in the amount of the price, before tax on sales, expected to be received for goods and services supplied as a result of their ordinary activities, as contractual performance obligations are fulfilled, and control of goods and services passes to the customer. Revenues are decreased by any trade discounts or volume rebates granted to customers.

Variable consideration is recognized when it is highly probable that a significant reversal in the amount of cumulative revenue recognized for the contract will not occur and is measured using the expected value or the most likely amount method, whichever is expected to better predict the amount based on the terms and conditions of the contract.

Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Company's activities. Revenue is shown net of value-added tax, rebates and discounts. Specific revenue streams are recognised as follows:

Sales of goods

Sales of goods are recognised when the Company has delivered products to the customer and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery does not occur until the products have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract or the Company has objective evidence that all criteria for acceptance have been satisfied.

4. Significant Accounting Policies (continued)

(p) Revenue recognition (continued)

Interest income

Interest income is recognised when it is determined that such income will accrue to the Company. Interest income is recognised using the effective interest method.

Other income

Other income is recognised when the right to receive payment is established.

(q) Accounting for leases - where the company is the lessee

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

(r) Dividend distribution

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

5. New Standards or Amendments and Forthcoming Requirements

(i) New, revised and amended standards and interpretations that became effective during the year

Certain new, revised and amended standards and interpretations came into effect during the current financial year. The Company has assessed them and has adopted those which are relevant to its financial statements.

- IFRS 9, *Financial Instruments*, which is effective for annual reporting periods beginning on or after January 1, 2018, replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement.

  Financial assets – Classification

  IFRS 9 Financial Instruments sets out requirements for recognizing 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.

5. New Standards or Amendments and Forthcoming Requirements

(i) New, revised and amended standards and interpretations that became effective during the year (continued)

Financial assets – Classification (continued)

- *IFRS 9, Financial Instruments (continued)*

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

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

Due to the transition methods chosen by the Company in applying these standards, comparative information throughout these financial statements has not been restated to reflect the requirements of the new standards, except for separately presenting impairment loss on trade receivables.

The effect of initially applying these standards is mainly attributable to an increase in impairment losses recognised on trade receivables. For assets in the scope of IFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile. The Company has determined that the application of IFRS 9's impairment requirements at January 1, 2018 results in an additional allowance for impairment on trade receivables alone of $326,000. As a result, of the adoption IFRS 9, the amendments to IAS 1 *Presentation of Financial Statements*, requires impairment of financial assets to be presented against the opening balance of the retained earnings (Note 12).

Previously, the Company's approach included the impairment of trade receivables; and creation and release in "Selling and distribution costs" in the statement of profit or loss. However, in accordance with IAS 1, *Presentation of Financial Statements*, impairment related to trade receivables is presented separately in the statement of profit or loss.

5. New Standards or Amendments and Forthcoming Requirements

(i) New, revised and amended standards and interpretations that became effective during the year (continued)

- IFRS 9, *Financial Instruments* (continued)

Additionally, the Company had adopted consequential amendments to IFRS 7 *Financial Instruments: Disclosures*; that the Company does not hold any collateral as security.

Financial assets – Impairment

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

The 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 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 Company's accounting policies related to financial liabilities.

The following table below explains the original measurement categories under IAS 39 (refer to *Financial assets – Impairment)* and the new measurement categories under IFRS 9 for each class of the Company's financial assets and liabilities as at January 1, 2018.

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

5. New Standards or Amendments and Forthcoming Requirements

(i) New, revised and amended standards and interpretations that became effective during the year (continued)

- IFRS 9, *Financial Instruments* (continued)

Financial assets – Impairment (continued)

Original Classification	Original Classification under IAS 39	New Classification under IFRS 9	Carrying Amount $'000	New Carrying Amount $'000
Financial assets				
Trade receivables	Loans and receivables	Amortised cost	82,811	82,485
Cash and cash equivalents	Loans and receivables	Amortised cost	31,720	31,720
Financial liabilities				
Payables	Other financial liabilities	Other financial liabilities	144,875	144,875

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

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since initial recognition and 12-month ECL measurement applies if it has not. An entity may determine that a financial asset's credit risk has not increased significantly if the asset has low credit risk at the reporting date. However, lifetime ECL measurement always applies for trade receivables and contract assets without a significant financing component.

Trade and other receivables

Based on the assessment completed by the Company, the application of IFRS 9 did not have a material impact on the financial statements.

5. New Standards or Amendments and Forthcoming Requirements

(i) New, revised and amended standards and interpretations that became effective during the year (continued)

- IFRS 15, *Revenue From Contracts With Customers* establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces IAS 18 *Revenue*, IAS 11 *Construction Contracts* IFRIC 13, Customer Loyalty Programmes, IFRIC 15, Agreements for the Construction of Real Estate, IFRIC 18, Transfer of Assets from Customers and SIC-31 Revenue – Barter Transactions Involving Advertising Services. It does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other IFRSs. It also does not apply if two entities in the same line of business exchange non-monetary assets to facilitate sales to other parties.

  Under IFRS 15, revenue is recognised when the customer obtains control of the goods and services. Determining the timing of the transfer of control – at a point in time or over time – requires judgement. The Company's adoption of IFRS 15 had no impact on revenue recognition.

  Under IFRS 15, an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services, following a five step model: Step 1: Identify the contract(s) with a customer (agreement that creates enforceable rights and obligations); Step 2: Identify the different performance obligations (promises) in the contract and account for those separately; Step 3: Determine the transaction price (amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services); Step 4: Allocate the transaction price to each performance obligation based on the relative stand-alone selling prices of each distinct good or service; and Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation by transferring control of a promised good or service to the customer.

  A performance obligation may be satisfied at a point in time (typically for the sale of goods) or over time (typically for the sale of services and construction contracts). IFRS 15 also includes disclosure requirements to provide comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

  The Company has completed its review of the requirements of IFRS 15 against our existing contracts. Following our review, we have concluded that our policies are consistent with IFRS 15 and that any differences are immaterial. Therefore, there is no financial impact to the revenue numbers for 2018 and the prior year.

5. New Standards or Amendments and Forthcoming Requirements

(i) New, revised and amended standards and interpretations that became effective during the year (continued)

- IFRS 15, *Revenue From Contracts With Customers*

The Company's revenue is split into two streams- domestic and export.

- For the domestic market, control passes at the point of delivery and revenue is recognised simultaneously with trade returns considered in the financial statements.
- Export market, revenue is recognised only when control passes to the customer and aligned to the agreed international commercial terms.

Other areas:

Right of return

Under IFRS 15, the Company is required to estimate the likelihood and estimated value of goods that may be returned, and instead of a sale recognise a return asset and refund liability, (with corresponding adjustment to COGS and revenue).

From the work we have performed, we concluded that the Company does not receive significant returns of our products. As a result, the Company does not need to record a return asset and refund liability.

Accounting for trade terms expenditure (discounts)

Where there are variable elements included in revenue that arise from incentive schemes such as volume based discounts, the most likely outcome should be estimated and reflected in the recognition of revenue, and adjusted over time in the event that there are changes in the most likely outcome.

Based on the Company's assessment, this did not have a material impact on revenue.

(ii) New, revised and amended standards and interpretations not yet effective

Certain new, revised and amended standards and interpretations have been issued which are not yet effective for the current year and which the Company has not early-adopted. The Company is assessing the impact of those new standards, amendments and interpretations on its financial statements.

5. New Standards or Amendments and Forthcoming Requirements (continued)

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

The Company is required to adopt IFRS 16, *Lease*s from January 1, 2019, and 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 January 1, 2019 may change.

The new accounting policies are subject to change until the Company presents its first financial statements that include the date of initial application.

- IFRS 16, *Leases*, which is effective for annual reporting periods beginning on or after January 1, 2019, eliminates the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, there is a single, on-balance sheet accounting model that is similar to current finance lease accounting. Entities will be required to bring all major leases on-balance sheet, recognising new assets and liabilities. The on-balance sheet liability will attract interest; the total lease expense will be higher in the early years of a lease even if a lease has fixed regular cash rentals. Optional lessee exemption will apply to short- term leases and for low-value items with value of US$5,000 or less.

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

  Based on the information currently available, the Company estimates that it will recognise additional lease liabilities of $2,484,000 ($1,304,000 current and $1,180,000 long term) and additional assets of $2,484,000 at January, 2019.

  Early adoption is permitted if IFRS 15, *Revenue from Contracts with Customers* is also adopted

5. New Standards or Amendments and Forthcoming Requirements (continued)

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

- IFRIC 23, *Uncertainty over Tax Treatments*, which is effective for annual reporting periods beginning on or after January 1, 2019, clarifies the accounting for income tax treatments that have yet to be accepted by tax authorities, whilst aiming to enhance transparency. IFRIC 23 does not introduce any new disclosures but reinforces the need to comply with existing disclosure requirements about:

    - judgements made;
    - assumptions and other estimates used; and
    - the potential impact of uncertainties that are not reflected.

- Amendments to IFRS 9, *Prepayment Features with Negative Compensation*, which is effective for annual reporting periods beginning on or after January 1, 2019, removes the word "additional" so that negative compensation may be regarded as "reasonable compensation" irrespective of the cause of the early termination. Financial assets with these prepayment features can therefore be measured at amortised cost or at FVOCI if they meet the other relevant requirements of IFRS 9. Retrospective application is required, subject to relevant transitional reliefs.

    The Board clarified that IFRS 9 (as issued in 2014) requires entities to:

    - recalculate the amortised cost of the modified financial liability by discounting the modified contractual cash flows using the original effective interest rate (EIR); and
    - recognize any adjustment to profit or loss.

    The accounting treatment is therefore consistent with that required for modifications of financial assets that do not result in derecognition. If the initial application of IFRS 9 results in a change in accounting policy for these modifications or exchanges, then retrospective application is required, subject to transitional reliefs.

5. New Standards or Amendments and Forthcoming Requirements (continued)

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

- Amendments to IAS 19, *Plan Amendment, Curtailment or Settlement*, which is effective for annual reporting periods beginning on or after January 1, 2019, clarifies that:

  - on amendment, curtailment or settlement of a defined benefit plan, the Company can now use updated actuarial assumptions to determine its current service cost and net interest for the period; and
  - the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income (OCI).

  Annual Improvements to IFRS Standards 2015-2017 Cycle, which is effective for annual reporting periods beginning on or after January 1, 2019:

  - Amendments to IFRS 3, *Business Combinations and* IFRS 11, *Joint Arrangements*, clarifies how a company accounts for increasing its interest in a joint operation that meets the definition of a business. The amendments also provide further guidance on what constitutes the previously held interest. This is the entire previously held interest in the joint operation.

  - Amendments to IAS 12, *Income Taxes,* clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transactions that generated the distributable profits – i.e. in profit or loss, OCI or equity.

  - Amendments to IAS 23, *Borrowing Costs,* clarify that the general borrowings pool used to calculate eligible borrowing costs excludes only borrowings that specifically finance qualifying assets that are still under development or construction. Borrowings that are intended to specifically finance qualifying assets that are now ready for their intended use or sale – or any non-qualifying assets – are included in that general pool. The changes are to be applied prospectively to borrowing costs incurred on or after the date an entity adopts the amendments.

5. New Standards or Amendments and Forthcoming Requirements (continued)

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

- Amendments to Reference to Conceptual Framework in IFRS Standards, which is effective for annual reporting periods beginning on or after January 1, 2020, is a comprehensive revision of the existing framework. It covers all aspects of standard setting from the objective of financial reporting, to presentation and disclosures. Most of the concepts are not new, the revised framework codifies the IASB's thinking adopted in recent standards. Some areas such as the distinction between liabilities and equity have been removed from the revised Framework, and are being dealt with in separate projects.

6. Financial Risk Management

(i) Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. Risk management is carried out in line with policies approved by the Board of Directors.

(a) Market risk

(i) Foreign exchange risk

The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the United States dollar. Foreign exchange risk arises from commercial transactions when recognised assets or liabilities are denominated in a currency that is not the Company's functional currency.

A 1% weakening of the TT dollar against US dollar with all other variables held constant, would have led to approximately $1,864,133 (2017:109,120) after tax profit gain in the Statement of the Profit or Loss. A 1% strengthening of the TT dollar would have led to an equal but opposite effect.

(ii) Cash flow and fair value interest rate risk

As the Company has no significant interest-bearing assets and liabilities other than deposits held at banks, the Company's income and operating cash flows are substantially independent of changes in market interest rates.

6. Financial Risk Management (continued)

(i) Financial risk factors (continued)

(a) Market risk (continued)

(iii) Price risk

The Company is not exposed to equity securities price risk since there are no investments held as fair value through profit or loss or as fair value through other comprehensive income.

(b) Credit risk

Credit risk arises from cash and cash equivalents as well as credit exposures to customers. The Company has credit risk, however the Company has policies in place to ensure that sales of products are made to customers with an appropriate credit history. Credit risk arises primarily from credit exposures from sales to distributors and retail customers, including outstanding receivables (See Notes 12 and 23(b)).

The credit quality of customers, their financial position, past experience and other factors are taken into consideration in assessing credit risk and are regularly monitored through the use of credit terms. Management does not expect any losses from non-performance by counterparties in excess of the provision made.

Cash and deposits are held with reputable financial institutions. The maximum exposure to credit risk at the reporting date is the fair value of cash and cash equivalents as well as each class of receivables mentioned in Note 12 and Note 23(b).

The income from the Disposal was deposited in an intercompany interest bearing current account managed by Group Treasury and reported under due from related companies.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and short-term funds and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the Company aims at maintaining flexibility in funding by keeping committed credit lines available.

6. Financial Risk Management (continued)

(i) Financial risk factors (continued)

(c) Liquidity risk (continued)

The table below analyses the Company's non-derivative financial liabilities based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows. Balances due within one year equal their carrying balances.

Less than one year

	2018	2017
	$'000	$'000
Trade and other payables, excluding statutory liabilities	77,416	82,448
Due to parent and related companies	25,249	53,524
Provisions for other liabilities	26,793	8,903
	129,458	144,875

(ii) Fair value estimation

The carrying amount of short-term financial assets and liabilities comprising: cash at bank and in hand, due from related companies, trade and other receivables, trade and other payables, and due to parent and related companies are a reasonable estimate of its fair values because of the short-term maturity of these instruments.

7. Capital Risk Management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern, in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt. The Company currently has no borrowings to constitute net debt.

8. Property, Plant and Equipment

	Freehold Land	Freehold Buildings	Plant and Equipment	Work in Progress	Total
	$'000	$'000	$'000	$'000	$'000
Year ended December 31, 2018					
Opening net book amount	37,000	18,418	83,791	15,531	154,741
Additions	-	-	-	6,623	6,623
Transfers	-	2,452	12,555	(15,007)	-
Disposals	-	(6,540)	(14,677)	(2,162)	(23,379)
Depreciation charge	-	(357)	(8,117)	-	(8,474)
Closing net book amount	37,000	13,973	73,552	4,986	129,511
At December 31, 2018					
Cost or valuation	37,000	21,473	137,270	4,986	200,729
Accumulated depreciation	-	(7,500)	(63,718)	-	(71,218)
Net book amount	37,000	13,973	73,552	4,986	129,511
Year ended December 31, 2017					
Opening net book amount	37,000	18,000	31,853	34,335	121,188
Additions	-	-	-	43,020	43,020
Transfers	-	829	60,995	(61,824)	-
Disposals	-	-	(2,397)	-	(2,397)
Depreciation charge	-	(411)	(6,660)	-	(7,071)
Closing net book amount	37,000	18,418	83,791	15,531	154,741
At December 31, 2017					
Cost or valuation	37,000	28,004	156,908	15,531	237,443
Accumulated depreciation	-	(9,586)	(73,117)	-	(82,703)
Net book amount	37,000	18,418	83,791	15,531	154,741

Work in progress represents plant improvement projects which are estimated to be completed during the 2019 financial year.

Depreciation expense of $7,049,000 (2017: $5,550,000) has been charged in cost of sales, $782,000 (2017: $835,000) in distribution costs and $643,000 (2017: $685,000) in administrative expenses.

8. Property, Plant and Equipment (continued)

An independent valuation of land and buildings was performed by Linden Scott & Associates, professional valuers on January 9, 2017. This valuation, which conforms to International Valuation Standards, was determined by reference to recent market transactions on an arm's length basis. The revaluation surplus, was credited to other comprehensive income and is shown in "property revaluation surplus" in equity.

The Company has tested its "Powders" product line for impairment and estimated that its value in use (VIU) exceeds the carrying amount by $6,418,000. A 1% decrease in projected gross profit margins from the line is estimated to reduce the difference between the VIU and carry amount by $3,512,000.

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

	2018 $'000	2017 $'000
Cost	19,833	26,366
Accumulated depreciation	(7,560)	(9,483)
Net book amount	12,273	16,883

9. Post-Employment and Termination Benefits

The Company contributes to defined benefit pension plans (the Pension Plans), for its monthly paid and permanent hourly paid employees, which entitles a retired employee to receive an annual pension payment. Employees may retire at age 60-65 and are entitled to receive annual payments based on a percentage of their final salary. Employees may retire earlier under certain conditions.

The Company's Pension Plans are funded by the Company and employees, the assets of the Pension Plans being managed separately by the Trustee. The funding requirements are based on the pension fund's actuarial measurement performed by an independent qualified actuary.

The Company also has two other post-retirement employee benefits arrangements.

(1) An unfunded pension plan for persons who retired prior to the establishment of the two pension plans mentioned above.

(2) A termination lump sum plan for hourly-paid employees as part of its 2007 – 2010 Collective Labour Agreement.

All four of the Company's post-retirement employee benefits arrangements are collectively referred to as "the Plans".

9. Post-Employment and Termination Benefits (continued)

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

	2018 $'000	2017 $'000
Defined benefit asset (liability)		
(i) Retirement benefit asset:		
Monthly paid staff (a)	56,115	68,432
(ii) Retirement benefit and termination liabilities:		
Hourly paid staff (b)	(4,168)	(2,257)
Supplementary pension scheme (c)	(854)	(923)
Termination benefits – lump sum plan (d)	(21,644)	(24,211)
	(26,666)	(27,391)
(iii) Movement in net defined benefit asset:		
Retirement benefit asset	56,115	68,432
Retirement and termination benefit obligations	(26,666)	(27,391)
	29,449	41,041
Balance at January 1	41,041	22,659
Net pension cost	(5,126)	(7,710)
Re-measurements recognised in OCI	(12,664)	20,488
Contributions paid	6,198	5,604
Balance at December 31	29,449	41,041

9. Post-Employment and Termination Benefits (continued)

Defined benefit asset (liability) (continued)

	2018 $'000	2017 $'000
(iv) Total amounts recognised in OCI:		
Monthly paid staff	12,447	(19,077)
Hourly paid staff	1,843	(406)
Supplementary pension scheme	(4)	(56)
Termination benefits – lump sum plan	(1,622)	(949)
	12,664	(20,488)
(v) Total amounts recognised in profit or loss:		
Current service cost	7,131	7,960
Net interest on net defined benefit asset	(2,494)	(1,455)
Past service cost	-	717
Administration expenses	489	488
Net pension expense (Note 18 (b))	5,126	7,710
Net pension expense includes:		
Monthly paid staff	2,008	3,867
Hourly paid staff	1,345	1,362
Supplementary pension scheme	48	54
Termination benefits – lump sum plan	1,725	2,427
	5,126	7,710

Pension expense of $3,509,000 (2017: $5,284,000) has been charged in cost of sales, $960,000 (2017: $1,440,000) in distribution costs and $657,000 (2017: $986,000) in administrative expenses.

9. Post-Employment and Termination Benefits (continued)

Defined benefit asset (liability) (continued)

(vi) The principal assumptions are as follows:

	Per annum 2018 %	Per annum 2017 %
Discount rate (all Plans)	5.50	5.50
Salary increases		
- Monthly paid employees	4.50	4.50
- Weekly paid employees	4.00	4.00
- Supplementary pension	2.75	2.75
- Termination/lump sum	4.00	4.00
NIS ceiling/pension increases		
- Future pension increases	2.75	2.75
- Future NIS pension increases	0.00	0.00

Assumptions regarding future mortality are based on published mortality tables. The life expectancies underlying the value of the defined benefit obligation as at December 31, are as follows:

	2018 Years	2017 Years
Life expectancy at age 60 for current pensioner		
- Male	21.0	21.0
- Female	25.1	25.1
Life expectancy at age 60 for current members age 40		
- Male	21.4	21.4
- Female	25.4	25.4

9. Post-Employment and Termination Benefits (continued)

Defined benefit asset (liability) (continued)

(vi) The principal assumptions are as follows: (continued)

The weighted average duration of the defined benefit obligation at year end is:

	2018 Years	2017 Years
Monthly	15.5	15.5
Hourly	13.3	13.3

(vii) Sensitivity analysis

Sensitivity analyses are discussed in Note 3.

(viii) Change in Plan assets and liabilities

Overseas equities have quoted prices in active markets. Local equities also have quoted prices but the market is relatively illiquid. The Investment Manager calculates the fair value of the Government bonds and corporate bonds by discounting expected future proceeds using a constructed yield curve. The majority of the Plan's TT$ bonds were either issued or guaranteed by the Government of Trinidad and Tobago.

The Plan's assets are invested in a strategy agreed with the Plan's Trustee and Management Committee. This strategy is largely dictated by statutory constraints (at least 80% of the assets must be invested in Trinidad and Tobago and no more than 50% in equities) and the availability of suitable investments. There are no asset-liability matching strategies used by the various Plans.

(a) Retirement benefit asset (Monthly paid staff)

	2018 $'000	2017 $'000
(i) Amounts recognised in the statement of financial position are as follows:		
Fair value of plan assets	288,096	301,047
Present value of defined benefits obligation	(231,981)	(232,615)
Retirement benefit asset	56,115	68,432

9. Post-Employment and Termination Benefits (continued)

(viii) Change in Plan assets and liabilities (continued)

(a) Retirement benefit asset (Monthly paid staff) (continued)

	2018 $'000	2017 $'000
(ii) Movement in the asset recognised in the statement of financial position:		
Asset as at January 1	68,432	50,751
Net pension cost	(2008)	(3,867)
Re-measurements recognised in OCI	(12,447)	19,077
Contributions paid	2,138	2,471
Asset as at December 31	56,115	68,432
(iii) Amounts recognised in profit or loss:		
Current service cost	5,566	5,732
Net interest	(3,871)	(2,896)
Past service	-	717
Administration expenses	313	314
Net pension cost	2,008	3,867
(iv) Change in plan assets		
Plan assets at start of year	301,047	290,758
Return on plan assets	(21,357)	4,127
Interest income	16,342	15,732
Company contributions	2,138	2,471
Members' contributions	2,138	2,291
Benefits paid	(11,899)	(14,018)
Expenses paid	(313)	(314)
Plan assets at end of year	288,096	301,047

9. Post-Employment and Termination Benefits (continued)

(viii) Change in Plan assets and liabilities (continued)

(a) Retirement benefit asset (Monthly paid staff) (continued)

(iv) ***Change in plan assets*** (continued)

Plan assets are comprised as follows:

	2018		2017	
	$'000	**%**	**$'000**	**%**
Debt instruments	143,326	50	143,197	48
Equity instruments	129,942	45	146,028	49
Other	14,828	5	11,822	3
Fair value of Plan assets	288,096	100	301,047	100

(v) ***Plan experience***

As at December 31	**2018**	**2017**	**2016**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Present value of defined benefit obligation	(231,981)	(232,615)	(240,007)	(256,844)	(253,457)
Fair value of Plan assets	288,096	301,047	290,758	294,190	303,742
Surplus	56,115	68,432	50,751	37,346	50,285

	2018	**2017**
	$'000	**$'000**
(vi) ***Change in defined benefit obligation:***		
Defined benefit obligation at start	232,615	240,007
Service cost	5,566	5,732
Interest cost	12,471	12,836
Members' contribution	2,138	2,291
Past service cost	-	717
Experience adjustment	(8,910)	(14,950)
Benefits paid	(11,899)	(14,018)
Defined benefit obligation at end of year	231,981	232,615

9. Post-Employment and Termination Benefits (continued)

(viii) Change in Plan assets and liabilities (continued)

(a) Retirement benefit asset (Monthly paid staff) (continued)

(vii) Funding

The Company meets the balance of the cost of funding the defined benefit Pension Plan and the Company must pay contributions at least equal to those paid by members, which are fixed. The funding requirements are based on 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 Company expects to pay $2.2 million to the Pension Plan during 2019.

(b) Retirement benefit obligation (Hourly paid staff)

	2018 $'000	2017 $'000
(i) Amounts recognised in the statement of financial position are as follows:		
Fair value of plan assets	21,597	21,886
Present value of defined benefit obligation	(25,765)	(24,143)
Retirement benefit obligation	(4,168)	(2,257)
(ii) Movement in the obligation recognised in the statement of financial position:		
Obligation as at January 1	(2,257)	(2,696)
Net pension cost	(1,345)	(1,362)
Remeasurements recognised in OCI	(1,843)	406
Contributions paid	1,277	1,395
Obligation as at December 31	(4,168)	(2,257)

9. Post-Employment and Termination Benefits (continued)

(viii) Change in Plan assets and liabilities (continued)

(b) Retirement benefit obligation (Hourly paid staff) (continued)

	2018 $'000	2017 $'000
(iii) Amounts recognised in profit or loss:		
Current service cost	1,099	1,097
Net interest	70	91
Administration expenses	176	174
Net pension cost	1,345	1,362
(iv) Change in plan assets		
Plan assets at start of year	21,886	19,630
Return on plan assets	(1,740)	269
Interest income	1,210	1,104
Company contributions	1,277	1,395
Members' contributions	893	871
Benefits paid	(1,827)	(1,209)
Expense allowance	(176)	(174)
Termination lump sum transferred in	74	-
Plan assets at end of year	21,597	21,886

Plan assets are comprised as follows:

	2018		2017	
	$'000	**%**	**$'000**	**%**
Debt instruments	9,893	46	8,835	40
Equity instruments	8,806	41	9,835	45
Other	2,898	13	3,220	15
Fair value of Plan assets	21,597	100	21,886	100

9. Post-Employment and Termination Benefits (continued)

(viii) Change in Plan assets and liabilities (continued)

(b) Retirement benefit obligation (Hourly paid staff) (continued)

(v) Plan experience

As at December 31	2018	2017	2016	2015	2014
	$'000	$'000	$'000	$'000	$'000
Present value of defined benefit obligation	(25,765)	(24,143)	(22,326)	(21,681)	(17,929)
Fair value of Plan assets	21,597	21,886	19,630	18,178	16,769
Deficit	(4,168)	(2,257)	(2,696)	(3,503)	(1,160)

	2018	2017
	$'000	$'000
(vi) Change in defined benefit obligation		
Defined benefit obligation at start	24,143	22,326
Service cost	1,099	1,097
Interest cost	1,280	1,195
Members' contribution	893	871
Experience adjustments	103	(137)
Actuarial gains	-	-
Benefits paid	(1,827)	(1,209)
Termination lump sum transferred in	74	-
Defined benefit obligation at end of year	25,765	24,143

9. Post-Employment and Termination Benefits (continued)

(viii) Change in Plan assets and liabilities (continued)

(b) Retirement benefit obligation (Hourly paid staff) (continued)

(vii) Funding

The Company meets the balance of the cost of funding the defined benefit Pension Plan and the Company must pay contributions at least equal to those paid by members, which are fixed. The funding requirements are based on 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 Company expects to pay $1.5 million to the Pension Plan during 2019.

(c) Supplementary pension scheme

(i) Amounts recognised in the statement of financial position are as follows:

	2018	**2017**
	$'000	**$'000**
Present value of defined benefit obligation	(854)	(923)

(ii) Re-measurements recognised in OCI

Experience (gains) losses	(4)	(56)

(iii) Amounts recognised in profit or loss:

Interest on defined benefit obligation	48	54

(iv) Change in defined benefit obligation

Defined benefit obligation at start	(923)	(1,029)
Interest cost	(48)	(54)
Actuarial gains	4	56
Benefits paid	113	104
Defined benefit obligation at end of year	(854)	(923)

9. Post-Employment and Termination Benefits (continued)

(viii) Change in Plan assets and liabilities (continued)

(c) Supplementary pension scheme (continued)

(v) Plan experience

As at December 31	**2018**	**2017**	**2016**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Present value of defined benefit obligation	(854)	(923)	(1,029)	(1,266)	(634)
Deficit	(854)	(923)	(1,029)	(1,266)	(634)

(vi) Funding

The Company pays the pension benefits as they fall due.

(d) Termination benefits lump sum plan

(i) Amounts recognised in the statement of financial position are as follows:

	2018	**2017**
	$'000	**$'000**
Present value of defined benefit obligation	(21,644)	(24,211)

(ii) Re-measurements recognised in OCI

Experience gains	1,622	949

9. Post-Employment and Termination Benefits (continued)

(viii) Change in Plan assets and liabilities (continued)

(d) Termination benefits lump sum plan (continued)

(iii) Amounts recognised in profit or loss:

	2018 $'000	2017 $'000
Current service cost	466	1,131
Interest on defined benefit obligation	1,259	1,296
Net pension cost	1,725	2,427

(iv) Change in defined benefit obligation:

	2018	2017
Defined obligation at start	(24,211)	(24,367)
Current service cost	(466)	(1,131)
Interest cost	(1,259)	(1,296)
Experience adjustment	1,622	949
Actuarial gains	-	-
Benefits paid	2,670	1,634
Defined benefit obligations at end of year	(21,644)	(24,211)

(v) Plan experience

As at December 31	**2018** **$'000**	**2017** **$'000**	**2016** **$'000**	**2015** **$'000**	**2014** **$'000**
Present value of defined benefit obligation	(21,644)	(24,211)	(24,367)	(25,059)	(25,887)
Deficit	(21,644)	(24,211)	(24,367)	(25,059)	(25,887)

(vi) Funding

The Company pays the termination lump sums as they fall due

10. Deferred Taxation

Deferred tax asset and liabilities in the statement of financial position and the deferred tax (credit) charge in profit or loss and other comprehensive income (OCI) are attributable to the following items:

	2017	Charge (Credit) to Profit or Loss	Charge to OCI	2018
	$'000	$'000	$'000	$'000
Deferred tax liabilities				
Accelerated tax depreciation	11,534	3,755	-	15,289
Retirement benefit asset	19,853	781	(3,799)	16,835
Property revaluation surplus	2,552	-	-	2,552
Accrued intercompany refund	446	(446)	-	-
	34,385	4,090	(3,799)	34,676
Deferred tax asset				
Accumulated tax losses	-	(311)	-	(311)
Retirement benefit obligation	(7,540)	(460)	-	(8,000)
	(7,540)	(771)	-	(8,311)
Net deferred tax liability	26,845	3,319	(3,799)	26,365

	2016	Charge (Credit) to Profit or Loss	Charge to OCI	2017
	$'000	$'000	$'000	$'000
Deferred tax liabilities				
Accelerated tax depreciation	7,396	4,138	-	11,534
Retirement benefit asset	14,422	(716)	6,146	19,853
Property revaluation surplus	2,552	-	-	2,552
Accrued intercompany refund	446	-	-	446
	24,816	3,423	6,146	34,385
Deferred tax asset				
Retirement benefit obligation	(7,614)	74	-	(7,540)
Net deferred tax liability	17,202	3,497	6,146	26,845

	2018 $'000	2017 $'000

11. Inventories

	2018 $'000	2017 $'000
Finished goods	19,147	29,792
Raw materials and supplies	13,201	15,256
Engineering and general stores	3,916	3,970
Goods in transit	6,588	523
Work in progress	1,086	4,425
	43,938	53,966
Impairment allowance	(2,944)	(4,187)
	40,994	49,779

Analysis of movements of impairment allowance is as follows:

	2018 $'000	2017 $'000
At January 1	4,187	2,194
Impairment charge for the year	-	4,322
Write-offs/reversals	(1,243)	(2,329)
At December 31	2,944	4,187

The cost of inventories recognised as an expense and included in cost of sales of continued and discontinued operations, amounted to $142,797,000 (2017: $173,887,000). Inventories written off during the year amounted to $3,402,000 (2017: $6,177,000).

12. Trade and Other Receivables

	2018 $'000	2017 $'000
Trade receivables	70,657	89,367
Impairment allowance	(7,769)	(6,556)
Trade receivables – net	62,888	82,811
Value Added Tax Recoverable	17,663	12,499
Prepayments	6,885	15,870
	87,436	111,180

12. Trade and Other Receivables (continued)

Trade receivables that are less than 1 month past due are not considered impaired. Trade receivables of $32.844 million (2017: $39.754 million) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of trade receivables in arrears is as follows:

	2018 $'000	2017 $'000
Less than 1 month	40,104	49,613
Up to 1 month	22,426	31,905
Up to 2 months	1,628	935
Over 2 months	6,499	6,914
	70,657	89,367

As of December 31, 2018, trade receivables of $1.522 million (2017: $6.556 million) were impaired and partially provided for. The individually impaired receivables mainly relate to wholesalers, who are in unexpectedly difficult economic situations. The ageing of these receivables is as follows:

	2018 $'000	2017 $'000
Not over due	250	52
Overdue by less than 3 months	875	69
Overdue by 3 to 6 months	84	39
Over 6 months	6,560	6,396
Total	7,769	6,556

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

	2018 $'000	2017 $'000
Trinidad and Tobago dollars	56,914	65,524
United States dollars	30,522	45,656
	87,436	111,180

12. Trade and Other Receivables (continued)

Analysis of movements of impairment allowance is as follows:

	2018	2017
	$'000	$'000
At January 1	6,556	262
Impairment:		
- Transition adjustment charged to retained earnings	326	-
- Charge to profit or loss	1,291	6,396
Write-offs/reversals	(404)	(102)
At December 31	7,769	6,556

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivables mentioned above. The Company does not hold any collateral as security.

13. Related Party Transactions and Balances

A party is related to the Company if:

(a) The party is a subsidiary or an associate of the Company;

(b) The party is, directly or indirectly, either under common control or subject to significant influence with the Company, or has significant influence over or joint control of the Company.

(c) The party is a close family member of a person who is part of key management personnel or who controls the Company;

(d) The party is controlled or significantly influenced by a member of key management personnel or by a person who controls the Company;

(e) The party is a joint venture in which the Company is a venture partner;

(f) The party is a member of the Company's or its parent's key management personnel;

(g) The party is a post-employment benefit plan for the Company's employees.

(h) The party, or any member of a group of which it is a part, provides key management personnel services to the Company or its Parent.

13. Related Party Transactions and Balances (continued)

The following transactions were carried out with related parties:

		2018 $'000	2017 $'000
(i)	Sales to related companies	10,217	7,251
(ii)	Purchases from related companies	93,191	104,943
(iii)	Royalties and service fees charged to the Company	20,664	27,702
(iv)	Key management compensation:		
	- Short-term employee benefits	6,648	7,837
	- Post-employment benefits	650	275

Compensation of the Company's key management personnel includes salaries, non-cash benefits and contributions to a post-employment defined benefit plan (Note 9).

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

(v) Year end balances arising from sales/purchases of goods/services, royalties and service fees:

	2018 $'000	2017 $'000
Due from related companies	169,901	13,683
Due to parent and related companies	25,249	53,524

All other outstanding balances with these related parties are priced on an arm's length basis. . (The amounts due from related companies included 169,901,000 which is held in a Group Treasury account). No expense has been recognised in the current year or prior year for bad or doubtful debts in respect of amounts due from related parties. The amounts due to parent and related companies have no fixed repayment terms and represent normal trading activities.

	2018 $'000	2017 $'000
14. Stated Capital		
Authorised		
An unlimited number of ordinary shares of no par value		
Issued and fully paid		
26,243,832 ordinary shares of no par value	26,244	26,244

15. Trade and Other Payables

	2018 $'000	2017 $'000
Trade payables	39,555	55,372
Other payables and accruals	40,895	30,995
	80,450	86,367

16. Provisions for Other Liabilities

	2018 $'000	2017 $'000
At January 1	8,903	7,790
Additional provisions	21,680	5,536
Unused amounts reversed	(109)	(598)
Used during the year	(3,681)	(3,825)
At December 31	26,793	8,903

These provisions relate to short-term employee benefits incurred for profit sharing and back pay ($19,000,000 estimated) in accordance with the collective bargaining agreement for the period 2016 to 2019.

	2018 $'000	2017 $'000
17. Revenue		
Third party sales	307,598	456,791
Sales to related companies (Note 13)	10,217	7,251
	317,815	464,042

18. Expenses (Continuing and Discontinued Operations)

(a) *Expenses by nature*

	2018 $'000	2017 $'000
Cost of imported goods sold	85,620	108,085
Raw materials and packaging materials used	68,233	86,570
Employee benefit expense (Note 18(b))	83,428	93,587
Royalties and service fees (Note 13)	20,664	27,702
Production costs	34,981	44,981
Advertising and promotional costs	10,647	11,837
Distribution costs	20,531	25,052
Human resources costs	4,343	5,582
Depreciation (Note 8)	8,474	7,071
Information technology costs	4,542	3,825
Marketing and sales	10,932	14,640
Merchandising expenses	6,098	6,091
Buying and planning	688	1,186
TSA- Administration, selling and distribution *	(5,764)	-
Other expenses	6,299	6,407
Total cost of sales, selling and distribution costs and administrative expenses	359,716	444,526

Discontinued Operations (Note 29)

	2018 $'000
Raw materials and packaging materials used	16,691
Production costs	12,004
Other Supply Chain costs	3,166
Distribution costs	3,552
Royalties and service fees	3,274
Marketing and sales	819
Merchandising expenses	985
Other expenses	5,945
Total cost of sales, selling and distribution and administrative expenses	46,436

*Transactional Sales Agreement (TSA) relates to the cost recovery of management of the discontinued operations.

18. Expenses (Continuing and Discontinued Operations)

(b) Employee benefit expense

	2018 $'000	2017 $'000
Wages and salaries	74,075	78,462
National insurance	4,227	4,698
Pension expense (Note 9)	5,126	7,710
Severance	-	2,717
	83,428	93,587

19. Finance Income/(Expenses) – Net

	2018 $'000	2017 $'000
Net finance income (expense)	2,008	(352)

20. Income Tax Expense

(a) Tax expense comprises:

	2018 $'000	2017 $'000
Current tax	2,264	4,038
Change in estimates related to prior years	33	1,158
	2,297	5,196
Origination and reversal of temporary differences (Note 10)	3,319	3,497
	5,616	8,693
Continued Operations	1,490	
Discontinued Operations (Note 29)	4,126	
	5,616	

20. Income Tax Expense (continued)

(b) Reconciliation of effective tax rate:

The Company's effective tax rate varies from the statutory rate of 30% as a result of the differences shown below:

	2018		2017	
	$'000	**%**	**$'000**	**%**
Profit before tax	174,141	100	19,163	100
Tax using the Company's tax rate	52,242	30.00	5,749	30.00
Tax effects of:				
Income not subject to tax	(48,994)	(28.13)	-	-
Business Levy	2,264	1.30	-	-
Expenses not deductible for tax purposes	-	-	546	2.85
Changes in estimates related to prior years	104	0.06	2,398	12.51
Tax charge	5,616	3.23	8,693	45.36

(c) Amounts recognised in OCI:

	Before Tax	Tax Expense	After Tax
	$	**$**	**$**
2018			
Remeasurements of defined benefit asset/liability	(12,664)	3,799	(8,865)
2017			
Remeasurements of defined benefit asset/liability	20,488	(6,146)	14,342

21. Earnings Per Share – Basic and Diluted

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	2018	2017
Profit attributable to equity holders ($'000)	168,524	10,470
Weighted average # of ordinary shares in issue ('000) (Note 14)	26,244	26,244
Basic and diluted earnings per share ($)	6.42	0.40

22. Dividends

On March 27, 2019, the Board of Directors declared a final dividend of $2.17 bringing the total dividend in respect of 2018 to $2.25 per share (2017: $0.76 per share). These financial statements do not reflect the final dividend which will be accounted for as an appropriation of retained earnings in the year ending December 31, 2019.

Dividends accounted for as an appropriation of retained earnings are as follows:

	2018 $'000	2017 $'000
Final dividend for 2017 – $0.76 per share (2016 - $1.00 per share)	19,944	26,244
Interim dividend for 2018 – 0.08 per share (2017 - $0.00 per share)	2,100	-
	22,044	26,244

23. Financial Instruments

As mentioned in Note 5, IFRS 9 was adopted prospectively by the Company for the period starting January 1, 2018. The accounting policies under IFRS 9 are described as follows:

Financial instruments carried on the statement of financial position include cash at bank and short-term deposits, accounts payables and accounts receivables.

The financial assets that meet both of the following conditions and are not designated as at fair value through profit or loss: a) are held within a business model whose objective is to hold assets to collect contractual cash flows, and b) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are classified as "Held to collect" and measured at amortized cost.

23. Financial Instruments (continued)

Classification and measurement of financial instruments

Amortized cost represents the net present value ("NPV") of the consideration receivable or payable as of the transaction date. This classification of financial assets comprises the following captions:

- Cash and cash equivalents.
- Trade receivables, other current accounts receivable and other current assets. Due to their short-term nature, The Company initially recognizes these assets at the original invoiced or transaction amount less expected credit losses.

The Company's financial liabilities include accounts payable and accruals which are recognised initially at fair value.

Impairment losses of financial assets, including trade accounts receivable, are recognized using the expected credit loss model for the entire lifetime of such financial assets on initial recognition, and at each subsequent reporting period, even in the absence of a credit event or if a loss has not yet been incurred, considering for their measurement past events and current conditions, as well as reasonable and supportable forecasts affecting collectability

(a) Financial instruments by category

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

	2018 $'000	2017 $'000
Loans and receivables:		
Assets as per statement of financial position		
Trade and other receivables, excluding prepayments	80,551	95,310
Cash at bank and in hand	63,593	31,720
Due from related parties	169,901	13,683
	314,045	140,713
Financial liabilities at amortised cost:		
Liabilities as per statement of financial position		
Trade and other payables, excluding statutory liabilities	77,416	82,448
Due to parent and related parties	25,249	53,524
Provisions for other liabilities	26,793	8,903
	129,458	144,875

23. Financial Instruments (continued)

(b) Credit quality of financial assets

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

	2018 $'000	2017 $'000
Trade receivables		
Counterparties without external credit rating		
Group 1	343	257
Group 2	62,545	82,554
Group 3	-	-
Total unimpaired trade receivables	62,888	82,811

Group 1 - new customers
Group 2 - existing customers with no default in the past year.
Group 3 - existing customers with some defaults in the past year. All defaults were fully recovered.

Amounts due from related parties

Balances due from related parties are fully performing and there have been no defaults in the past.

Cash and cash equivalents

	2018 $'000	2017 $'000
Reputable financial institutions:		
Cash at bank	63,593	29,609

24. Bank Facilities

The Company has facilities with the following financial institutions:

- RBC Royal Bank (Trinidad and Tobago) Limited – overdraft facilities to a maximum of TT$12 million (2017: TT$12 million) on its TTD denominated accounts, with interest at the commercial prime rate of 9.25% (2017: 9%).

24. Bank Facilities (continued)

- Citibank (Trinidad and Tobago) Limited
  - Trade financing facility to a maximum of US$5 million (2017: US$5 million).
  - Working capital financing facility to a maximum of US$1.25 million (2017: US$1.25 million).
  - Overdraft temporary cash US$1.25 million (2017: US$1.25)

25. Contingent Liabilities

	2018	2017
	$'000	$'000
Custom bonds and other guarantees	9,995	8,130

The Company is a defendant in various Industrial Relations matters and also was party to certain other matters at the reporting date. In the opinion of management, after taking appropriate legal advice, the outcome of such actions will not give rise to any significant loss.

26. Lease Commitments

The future aggregate minimum lease payments under the terms of non-cancellable operating leases is $19.934 million (2017: $11.743 million).

	2018	2017
	$'000	$'000
Not later than one year	9,770	9,646
Later than one year and not later than five years	10,164	2,097
	19,934	11,743

Lease payments recognised in profit or loss amount to $11.224 million (2017: $11.709 million).

27. Operating Segments

(a) Basis for segmentation

Management has determined the operating segments based on the reports reviewed by the management committee that are used to make strategic decisions.

The Company is organised into three main business segments:

- Home care - manufacture and sale of a range of laundry detergents and other household products.

27. Operating Segments (continued)

(a) Basis for segmentation (continued)

- Personal care - sale of a range of skin care, oral care and personal hygiene products.
- Foods - manufacture and sale of a wide range of general food items.

There are no sales or other transactions between the business segments.

(b) Information about reportable segments

Information related to each reportable segment is set out below. Segment profit before tax is used to measure performance because management believes that this information is the most relevant in evaluating the results of the respective segments relative to other entities that operate in the same industries.

(i) Business

	Home Care		**Personal Care**		**Foods & Refreshments**		**Discontinued Operations**		**Total**	
									Cont.	**Discont. Operations.**
	2018	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**		
	\$'000	**\$'000**	**\$'000**	**\$'000**	**\$'000**	**\$'000**	**\$'000**	**\$'000**	**\$'000**	**\$'000**
Segment revenue	145,804	170,248	88,855	93,251	83,156	200,543	59,533	-	317,815	59,533
Profit (loss) before taxation	(2,703)	(194)	5,875	6,624	4,675	12,733	166,293	-	7,847	166,293

(ii) Geographical - Continued Operations

	Revenue		**Profit before Tax**	
	2018	**2017**	**2017**	**2018**
	\$'000	**\$'000**	**\$'000**	**\$'000**
Trinidad and Tobago	181,921	265,022	5,528	13,448
Other	135,894	199,020	2,319	5,715
	317,815	464,042	7,847	19,163

The "other" segment includes revenue and receivables from sales to other Caribbean countries including CARICOM, Aruba and the Netherlands Antilles.

28. Determination of Fair Values

(a) Valuation models

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

Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.

Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as 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 in which all significant inputs are directly or indirectly observable from market data.

Level 3: Inputs that are unobservable. This category includes all instruments for which 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 but for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Valuation techniques include net present value and discounted cash flow models, comparison with similar instruments for which observable market prices exist and other valuation models.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

(b) Non-financial instruments measured at fair value

(i) Methodology

The Company's freehold land and buildings were last valued on January 9, 2017 by Linden Scott and Associates Limited. The valuation surveyors used the Investment Method to determine the value of land and buildings. The surplus arising was credited to the property revaluation surplus in equity.

The fair value for land and buildings of $50.9 million (2017: $55 million) has been classified as Level 3 in the fair value hierarchy.

The movement in land and buildings – Level 3 hierarchy is disclosed in Note 8.

28. Determination of Fair Values (continued)

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

(i) Methodology (continued)

There were no transfers between levels during the year.

(ii) Significant unobservable inputs used in measuring fair value

The table below sets out information about significant unobservable inputs used in measuring items categorised as Level 3 in the fair value hierarchy.

Description	Fair Value at December 31, 2018	Valuation Technique	Significant Unobservable Inputs
Land	$37 million (2017: $37 million)	Investment Method	- Gross monthly rental value
Buildings	$13.9 million		- Outgoings
	(2017: $18 million)		- Capitalisation rate

The inputs were based on the current prices being paid for comparable properties in the open market.

(c) Financial instruments not measured at fair value

The financial instruments not measured at FVTPL include cash and cash equivalents, accounts receivable, due from related companies, trade and other payables and due to parent and related companies. These are short-term financial assets and financial liabilities whose carrying amounts approximate fair value because of their short-term nature and the high credit quality of counterparties.

29. Discontinued Operations

	2018 $'000
Revenue	59,533
Cost of sales	(31,861)
Gross profit	27,672
Expenses	
Selling and distribution costs	(14,079)
Administrative expenses	(496)
	(14,575)
Operating profit	13,097
Other income	153,196
Profit before tax	166,293
Income tax expense	(4,126)
Profit from discontinued operations	162,167

Effective April 26 2018, Unilever Caribbean Limited`s Board of Directors agreed to the sale of the Company`s Spreads Business, which includes the margarine brands "Flora, Becel, I Can`t Believe Its Not Butter, Blue Band, Cookeen and Golden Ray". The move came subsequent to Unilever Global`s Sale of its Spreads portfolio to Kohlberg Kravis Roberts LP (KKR). Its wholly owned subsidiary Upfield Trinidad and Tobago Limited, acquired the Trinidad and Tobago Spreads Business from Unilever Caribbean Limited.

The sale of the Spreads Business to Upfield was completed on July 2, 2018. The assets sold by the Company included production assets and other tangible assets used primarily in relation to spreads Business; distribution rights to spreads products in Trinidad & Tobago and Export markets and locally owned intellectual property rights, including the Golden Ray Margarine trademark.

As previously announced, Unilever completed the sale of its Spreads business in July 2018, the impact of which was reflected in our Q3 results. The income from the disposal and services provided are reported as Other Income of $153.2 million. The proceeds from the Disposal are deposited within an interest-bearing account managed by Group Treasury and reported under Due from related companies.

Unilever is providing certain services to the Spreads Business for a transitional period.

30. Events after the Reporting Date

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