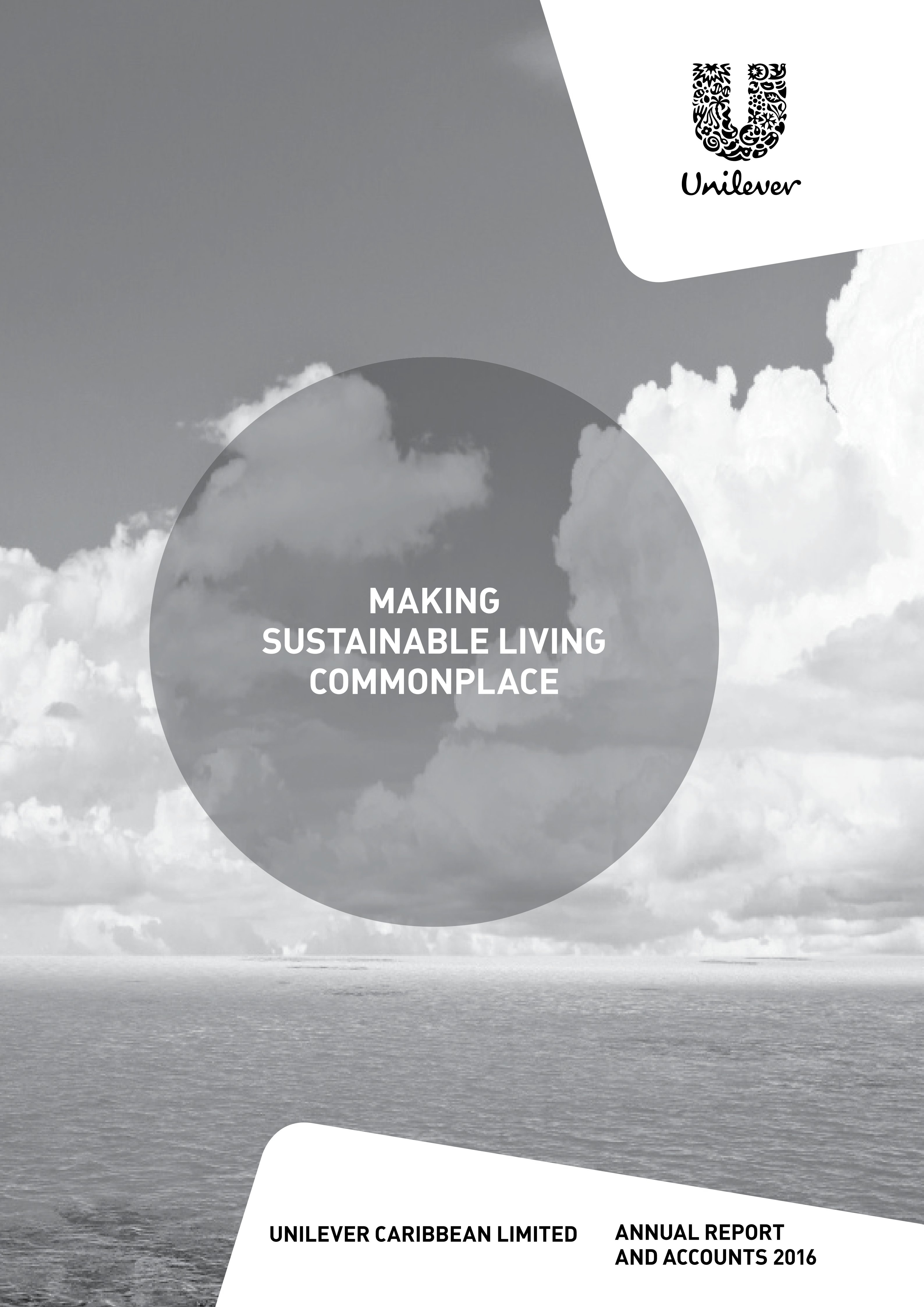


MAKING SUSTAINABLE LIVING COMMONPLACE

UNILEVER CARIBBEAN LIMITED

ANNUAL REPORT AND ACCOUNTS 2016

OUR PURPOSE

UNILEVER HAS A CLEAR PURPOSE – TO MAKE SUSTAINABLE LIVING COMMONPLACE. WE BELIEVE THIS IS THE BEST WAY TO CREATE LONG-TERM VALUE FOR ALL OUR STAKEHOLDERS, ESPECIALLY IN A VOLATILE AND UNCERTAIN WORLD.

Our Purpose inspires our Vision – to accelerate growth in our business, while reducing our environmental footprint and increasing our positive social impact. We want our business to grow but we recognise that growth at the expense of people or the environment is both unacceptable and commercially unsustainable. Sustainable growth is the only acceptable model for our business.

Our Purpose and Vision combine a commercial imperative to succeed against competition globally and locally, with the changing attitudes and expectations of consumers.

CONTENTS

OUR ANNUAL REPORT AND ACCOUNTS 2016:

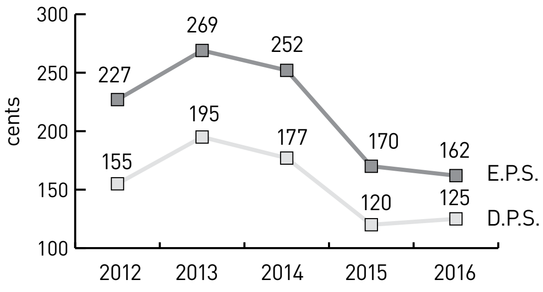
We have chosen a new, simpler format for our 2016 Annual Report and Accounts because we are keen to drive economies through our reporting process, collapsing the previous three-part suite of documents into one that combines the statutory information along with a full narrative to provide a holistic and concise communication about how our strategy, governance, performance and prospects drive value creation for our stakeholders, and consistent, competitive, profitable and responsible growth for Unilever and our shareholders.

ONLINE

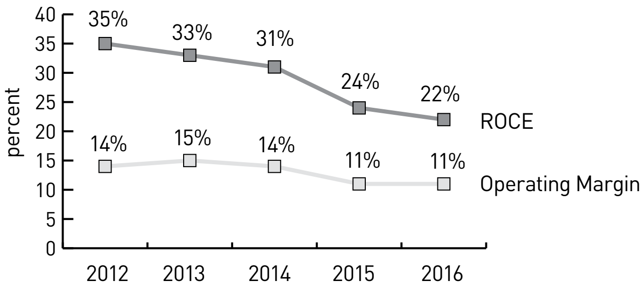
You can find more information about Unilever online at www.unilever.com. For further information on the Unilever Sustainable Living Plan (USLP) visit www.unilever.com/sustainableliving.

This annual report can be downloaded at www.unilever.com.mx/about/annual-reports-of-caribbean/

EARNINGS & DIVIDENDS PER SHARE (CENTS)



OPERATING MARGIN & RETURN ON CAPITAL EMPLOYED (PERCENT)



FIVE - YEAR FINANCIAL REVIEW

	2016	2015	2014	2013	2012
Operating Performance					
Turnover (TT$000)	566,302	548,584	587,774	579,372	567,089
Earnings before interest and tax (TT$000)	61,618	60,163	82,840	85,335	78,029
Profit before Taxation (TT$000)	61,329	59,893	88,429	93,366	78,067
Taxation (TT$000)	18,839	15,332	22,286	22,881	19,858
Profit after Taxation (TT$000)	42,490	44,561	66,143	70,485	58,209
Return on Stockholders' Equity	18.0%	21.0%	30.2%	34.5%	36.3%
Return on Capital Employed	21.5%	23.6%	31.0%	33.5%	37.8%
Operating Margin	10.9%	11.0%	14.1%	14.7%	13.8%
Liquidity Indicators					
Current Ratio	1.7	1.7	1.7	2.1	1.8
Net Current Assets (TT$000)	109,107	121,912	127,174	113,851	81,969
Capital Structure and Long-Term Solvency Ratios					
Share Capital (TT$000)	26,244	26,244	26,244	26,244	26,244
Capital Reserves (TT$000)	35,643	35,284	35,284	35,284	35,284
Dividends (TT$000)	32,805	31,493	46,452	51,176	40,678
Special Dividend (TT$000)			-	-	32,805
Retained Earnings (TT$000)	173,865	150,445	157,590	142,663	98,913
Total Stockholders' Funds (TT$000)	235,752	211,973	219,118	204,191	160,441
Total Liabilities (TT$000)	211,620	218,806	221,109	152,273	152,581
Capital Employed (TT$000)	285,964	255,256	266,885	254,876	206,536
Earnings and Dividends					
EPS (cents)	162	170	252	269	222
DPS (cents)	125	120	177	195	155
Special Dividend (Cents)			-	-	125
Market Indicators					
Price earnings ratio	36.94	40.18	25.60	20.89	21.24
Dividend cover	1.30	1.42	1.42	1.38	1.43
Dividend yield (%)	2.09	1.76	2.74	3.47	3.29
Share price at 31 December ($)	59.84	68.30	64.50	56.20	47.15
Net asset value per share unit	8.98	8.08	8.35	7.78	6.11

FINANCIAL HIGHLIGHTS

TURNOVER (INCREASE %)	OPERATING PROFIT AS % OF TURNOVER	PROFIT BEFORE TAX (INCREASE %)	EARNINGS PER SHARE
3.2%	10.9%	2.4%	TT$1.62
2015: (6.7%)	2015:11%	2015: (32.3)%	2015: TT$1.70

INTERIM DIVIDEND	FINAL DIVIDEND PER SHARE	TOTAL SHAREHOLDERS' RETURNS	RETURN ON CAPITAL EMPLOYED
TT$0.25	TT$1.00	(10.3)%	21.5%
2015: TT$0.20	2015: TT$1.00	2015: 7.6%	2015: 23.6%

OUR STRATEGIC PURPOSE

To realise our vision we have invested in a long-term strategy of categories and brands that deliver growth to the benefit of all stakeholders.

VISION

Growing the business
- Sales
- Margin
- Capital efficiency

Improving health and well-being
- Nutrition
- Health and hygiene

Enhancing livelihoods
- Fairness in the workplace
- Opportunities for women
- Inclusive business

Reducing environmental impact
- Greenhouses gases
- Water
- Waste
- Sustainable sourcing

OUR LONG-TERM STRATEGY

Portfolio choices
- Category choices
- Active portfolio management
- Building a Prestige business

Brands and innovation
- A focused approach to innovation
- Driving efficiency and margins
- Increased investment in digital marketing

Market development
- Routes to market
- Emerging markets
- E-commerce

Agility and cost
- Zero-based budgeting
- Manufacturing base and overheads
- Leveraging scale

People
- Attracting talent
- Developing talent
- Values-led and empowered

GROWTH

Consistent
We deliver consistency in underlying sales growth, core operating margin and free cash flow by continuously investing in our supply chain, our brands and marketing, our people and IT.

Competitive
By investing in innovation we can grow our market share while also seeking to enter new markets and new segments.

Profitable
We seek continuous improvement in our world-class manufacturing to drive cost savings and higher returns, providing extra fuel for growth as cash is redeployed in new strategic opportunities.

Responsible
Growth that's responsible involves having a positive social impact and reduced environmental footprint, which is the essence of the USLP and is essential in protecting and enhancing our reputation.

THE UNILEVER SUSTAINABLE LIVING PLAN

The Unilever Sustainable Living Plan is our blueprint for achieving our vision to grow our business, whilst decoupling our environmental footprint from our growth and increasing our positive social impact. The Plan sets stretching targets, including how we source raw materials and how consumers use our brands. The scale of our ambition means that we are finding new ways to partner with others in business, government and society.

Faced with the challenge of climate change and the need for human development, we want to move towards a world where everyone can live well and within the natural limits of the planet. That's why our purpose is 'to make sustainable living commonplace'.

<table>
<tr><th colspan="2">IMPROVING HEALTH AND WELL-BEING</th><th colspan="3">ENHANCING LIVELIHOODS</th></tr>
<tr><td colspan="2">By 2020 we will help more than a billion people take action to improve their health and hygiene.</td><td colspan="3">By 2020 we will enhance the livelihoods of millions of people as we grow our business.Read more about our big goal</td></tr>
<tr>
<td>HEALTH & HYGIENE
By 2020 we will help more than a billion people to improve their health and hygiene. This will help reduce the incidence of life-threatening diseases like diarrhoea.
• Around 482 million people reached by end 2015
• Reduce diarrhoeal and respiratory disease through handwashing
• Provide safe drinking water
• Improve access to sanitation
• Improve oral health
• Improve self-esteem</td>
<td>NUTRITION
We will continually work to improve the taste and nutritional quality of all our products. The majority of our products meet, or are better than, benchmarks based on national nutritional recommendations. Our commitment goes further: by 2020, we will double the proportion of our portfolio that meets the highest nutritional standards, based on globally recognised dietary guidelines. This will help hundreds of millions of people to achieve a healthier diet.
• 34% of our portfolio by volume met highest nutritional standards in 2015
• Reduce salt levels
• Saturated fat:
• Reduce saturated fat
• Increase essential fatty acids
• Reduce saturated fat in more products
• Remove trans fat
• Reduce sugar
• Reduce calories:
• In children's ice cream
• In more ice cream products</td>
<td>FAIRNESS IN THE WORKPLACE
By 2020 we will advance human rights across our operations and extended supply chain.
• 54% of procurement spend through suppliers meeting our Responsible Sourcing Policy's mandatory requirements; published our first Human Rights Report
• Implement UN Guiding Principles on Business and Human Rights
• Source 100% of procurement spend in line with our Responsible Sourcing Policy
• Create a framework for fair compensation
• Improve employee health, nutrition and well-being
• Reduce workplace injuries and accidents</td>
<td>OPPORTUNITIES FOR WOMEN
By 2020 we will empower 5 million women.
• 800,000 women enabled to access initiatives aiming to develop their skills
• Build a gender-balanced organisation with a focus on management
• Promote safety for women in communities where we operate
• Enhance access to training and skills
• Expand opportunities in our value chain</td>
<td>INCLUSIVE BUSINESS
By 2020 we will have a positive impact on the lives of 5.5 million people.
• 2.4 million smallholder farmers and small-scale retailers enabled to access initiatives aiming to improve agricultural practices or increase sales
• Improve livelihoods of smallholder farmers
• Improve incomes of small-scale retailers
• Increase participation of young entrepreneurs in our value chain</td>
</tr>
</table>

THE UNILEVER SUSTAINABLE LIVING PLAN (CONTINUED)

REDUCING ENVIRONMENTAL IMPACT			
By 2030 our goal is to halve the environmental footprint of the making and use of our products as we grow our business.			
GREENHOUSE GASES	**WATER**	**WASTE**	**SUSTAINABLE SOURCING**
Our products' lifecycle: Halve the greenhouse gas (GHG) impact of our products across the lifecycle by 2030. • Our greenhouse gas impact per consumer use has increased by around 6% since 2010 **Our manufacturing:** By 2020 CO2 emissions from energy from our factories will be at or below 2008 levels despite significantly higher volumes. • 39% reduction of CO2 from energy per tonne of production since 2008 • Become carbon positive in manufacturing: • Source all energy renewably • Source grid electricity renewably • Eliminate coal from energy mix • Make surplus energy available to communities • New factories • Reduce GHG from washing clothes: • Reformulation • Reduce GHG from transport • Reduce GHG from refrigeration • Reduce energy consumption in our offices • Reduce employee travel	**Our products in use:** Halve the water associated with the consumer use of our products by 2020. • Our water impact per consumer use has reduced by around 1% since 2010 **Our manufacturing:** By 2020 water abstraction by our global factory network will be at or below 2008 levels despite significantly higher volumes. • 37% reduction in water abstraction per tonne of production since 2008 **Reduce water use in manufacturing process:** • New factories **Reduce water use in the laundry process:** • Products that use less water • Reduce water use in agriculture	**Our products:** Halve the waste associated with the disposal of our products by 2020. • Our waste impact per consumer use has reduced by around 29% since 2010 **Our manufacturing:** By 2020 total waste sent for disposal will be at or below 2008 levels despite significantly higher volumes. • 97% reduction in total waste per tonne of production since 2008 **Reduce waste from manufacturing:** • Zero non-hazardous waste to landfill • New factories • Reduce packaging **Recycle packaging:** • Increase recycling and recovery rates • Increase recycled content • Tackle sachet waste • Eliminate PVC **Reduce office waste:** • Recycle, reuse, recover • Reduce paper consumption • Eliminate paper in processes	By 2020 we will source 100% of our agricultural raw materials sustainably. • 60% of agricultural raw materials sustainably sourced by end 2015 **Palm oil:** • Sustainable • Traceable • Paper and board • Soy beans and soy oil • Tea • Fruit • Vegetables • Cocoa • Sugar • Sunflower oil • Rapeseed oil • Dairy • Fairtrade Ben & Jerry's • Cage-free eggs • Increase sustainable sourcing of office material

CHAIRMAN'S STATEMENT

OVERVIEW

Unilever Caribbean Limited reported a solid sales growth of 3.2% in 2016, despite the continuing challenges being faced in the local economy in Trinidad and Tobago, as the slow pace of recovery in the oil and gas sector continued to be a drag on overall economic activity. For UCL, this was acutely seen in the latter half of the year as consumer demand and economic activity floundered. This growth was mainly driven by Unilever's strategic direction to expand in our export markets.

Our underlying business operations have remained strong with Gross Margin increasing to 40.3% (2015:39.4%) through a concerted effort to control cost across the business. While we have made strong progress in this regard, one-off items associated with the start-up of the first stage of our Capex programme impacted our Q4 profit delivery.

Profit before tax grew 2.4% vs. the prior year, closing at $61,329 (2015: $59,893). Recognition of one-off items related to tax recoverable balances resulted in a decline in profit after tax of 4.6% with EPS of 1.62¢ (2015: 1.70¢).

Unilever's Capex programme, as mentioned above, continued apace in the year. There were major enhancements to our manufacturing facilities in Home Care, which culminated with a massive engineering change in Q4. I would like to thank the entire operation and staff who have supported this programme to date. The successful implementation of this first stage with no business interruption was a concerted effort by both the local team and a wide array of experts provided by Unilever from its global operations. In 2017, we will complete the final stage of this programme, which will drive improved efficiencies and build world class manufacturing capabilities right here in our Trinidad and Tobago operation.

RETURNS TO SHAREHOLDERS

The Board of Directors has declared a final dividend of $1.00, bringing total dividend for the year to $1.25 (2015: $1.20). This represents a dividend payout of 77% of the year's earnings, which is within the Company's target range of 60–80%.

LOOKING AHEAD

The headwinds we have seen in 2016 are expected to continue in the coming year in Trinidad and Tobago, with the economic environment showing no sign of recovery in the short-term. Regionally, we do expect some strengthening in other Caribbean territories as we continue to push efforts into building in these markets.

The current foreign exchange climate continues to be a key concern. With no foreseeable improvement in the availability of forex in the near future and the gradual depreciation of the TT dollar, we do expect to see sustained cost pressure.

Although trading conditions are expected to remain tough for some time to come, we continue to build the foundation for a stronger business into the future. Unilever remains committed through its Capex programme to invest into technology and manufacturing operations that will yield benefits well into the future. While projections for the year remain guarded, I am optimistic that the shape of our business, the strength of our brands and the resolve of our people will craft the conditions for consistent performance.

BOARD COMPOSITION AND SUCCESSION

During the year, Mr. Emerson Inacio stepped down from the Board to pursue opportunities within Unilever in our European operations. Emerson's strong leadership and advice will be missed and we wish him all the best in his new role. Succeeding Emerson was Mr. Breno Polli, who joined the Board in July 2016. Breno currently holds the post of Finance Director for the Greater Caribbean operations. Prior to this, he served in numerous senior roles across Unilever, most recently as Controller for the Unilever Supply Chain Americas business based in Switzerland.

ACKNOWLEDGEMENT

I am pleased to report that our Managing Director Ms. Lucy Walsh has been able to fully integrate herself into the operations in the year. Her experience and leadership has added considerable value in the face of the many challenges in our markets.

I would like to say my deepest thanks to all our employees and staff who have continued to face the current environment with the utmost resolve and dedication.

Pablo Garrido

Chairman

BOARD OF DIRECTORS

PABLO GARRIDO

Non-Executive Chairman

Nationality: Dominican.

BA in Business, MA Marketing

Joined Unilever in 1999 as Customer Management Director for the North Caribbean region. Appointed as Managing Director of Unilever Caribbean Limited, Trinidad in 2001. In 2006 appointed as Chairman for Unilever Greater Caribbean.In 2008 relocated to Puerto Rico, as part of the New Chairman position responsibilities.

He is currently at the head of his own private companies.

LUCY WALSH

Managing Director

Nationality: British

Joined Unilever UK/Ireland in 2003. Experienced FMCG professional in areas of Marketing, Account Management and Trade Category Management.

SEAMUS CLARKE

Non-Executive Director

Chairman Audit Committee

Nationality: Trinidadian

Chartered Accountant (FCCA, CA, BSc) in private practice in areas of Financial and Business Consulting.

MARK BEEPATH

Finance Director

Nationality: Trinidadian

B.Sc. Economics. Joined Unilever Caribbean in 2002 and has held various finance roles in the Trinidad operation. 2009 moved to Unilever de Puerto Rico with responsibility for the three Caribbean operations. 2012 moved to Unilever USA based in New Jersey. In 2015, he returned to Unilever Trinidad as the current Finance Director.

ROXANE E. DE FREITAS

North Export Director, Unilever Greater Caribbean

Nationality: Trinidadian

B.A., Joined Unilever in 1985 and held various positions in the areas of Marketing and Customer Development. In 2007, she was promoted to the position of Managing Director and in August 2012, she was appointed the Regional Brand Building Director. She is currently holding the position of North Export Director.

JACQUELINE QUAMINA

Non-Executive Director

Nationality: Trinidadian

Attorney at Law (LLB, MA, MBA). Experienced in areas of Banking, Finance and Corporate Law in the Caribbean.

BRENO POLLI

Finance Director Greater Caribbean

Nationality: Brazilian

Joined Unilever in 1999 and has held various senior Financial roles in different Locations.

Masters of Business Administration and B.Sc. Mechatronic Engineering.

ENID BLASINI

GC Supply Chain Manager

Nationality: American

Industrial Engineer with over 20 years experience in all areas of the Supply Chain. Joined Unilever de Puerto Rico in August 2014 as Supply Chain Manager for the Greater Caribbean. Previously worked at Procter & Gamble and Pepsico.

MANAGING DIRECTOR'S REVIEW

In 2016, Unilever Caribbean Limited returned to profitable growth, recording a 3.2% improvement in sales revenue vs prior year and an increase in Profit Before Tax of +2.4%. Guided by our purpose to Make Sustainable Living Commonplace, we remain steadfast in our commitment to build brands people trust, delivering consistent, competitive, profitable and responsible growth. This business model has resulted in another year of strong shareholder returns with EPS at $1.62¢ and Dividend Yield of 2.1%.

Facing varied economic prospects across the region, our strategy of diversification across markets resulted in a strong consolidated performance. Following growth of +11% in 2016, our developing Export markets now account for 43% of our sales revenue. In the mature home market of Trinidad and Tobago, we maintained a market beating flat performance vs. prior year.

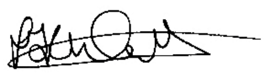
We maintained strong cost control into 2016, and also started to see the benefits of numerous savings programmes impact our performance. This resulted in a strong close on working capital, despite significant Capex investment into our operations.

Having been at the heart of the local manufacturing industry for 88 years, we continue to invest in maintaining a state of the art operation in Trinidad and Tobago. Last year, we announced the start of a major upgrade at our detergents plant. I am pleased to report that this priority project is on track, and due to be completed as scheduled in mid-2017. Not only will this allow us to improve our product quality, but at the same time brings the factory up to speed with the highest Unilever global standard. Our colleagues have also had the opportunity to learn new skills, some of them benefitting from training visits to other factories in Latin America to see the new machinery in action and bring their learnings back to Champs Fleurs.

A key priority in 2016 was to continue to build our talent pipeline. Stronger talent identification and succession planning has allowed us to nurture and promote our current colleagues, and a number of successful new appointments from within the market are bringing a fresh perspective – essential in driving the self-analysis we need to be the best we can be. As well as providing functional training in core skills across Sales, Marketing and Finance, we embarked on a training programme aimed at developing the leadership potential of our colleagues. This has equipped them with tools and techniques to elevate productivity whilst managing personal wellbeing – essential skills in an increasingly complex and constantly changing world.

Indeed, there is no doubt that the world around us continues to evolve rapidly. Whilst economic growth slows, advancements in technology are transforming the way in which we live. We must continuously innovate to stay ahead of the trends, and be agile enough to respond quickly to this dynamic consumer behaviour. In so doing, we are undergoing a significant change programme at Unilever – Connected for Growth (C4G). As Paul Polman, CEO Unilever, describes, this is a global transformation programme which will "simplify the way we are organised, freeing up time, resource and –most importantly- the entrepreneurial instinct needed to seize the opportunities that a more digitally connected world provides...We will complete the implementation of the C4G programme in 2017".

The 2016 results are the reflection of the collective energy, effort and expertise of an extraordinary group of people. It has been a pleasure to work alongside my colleagues at Unilever Caribbean Limited and I am proud of the results we achieved together to deliver another strong year of returns for you, our shareholders. 2017 is already shaping up to be another tough year; we remain conservative in our outlook but confident that our strategy to grow in export markets, drive tighter grip on business controls and costs, and further develop our talent will result in continued success.



Lucy Walsh

Managing Director

EXECUTIVE LEADERSHIP

LUCY WALSH
Managing Director

GLEN ROGERS
National Sales Manager

PAUL WIGGANS
Supply Leader

MARK BEEPATH
Finance Director

FRANCISCO NAVARRETE
Warehouse, Logistics & Customer Service Manager

SHELLY-ANN SIMON-MC KELL
Retail Execution Manager

DONNA HAMEL-SMITH
Brand Crafter

DANIEL GONZALEZ
Greater Caribbean Planning Manager

MOONIERAM MARAJ
Export Manager

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

Unilever Caribbean Ltd. owns and operates a manufacturing and distribution facility located in Trinidad and Tobago. At this facility in Champs Fleurs the Company engages in the manufacturing of Powdered Detergents, Liquid Household Cleaners, Spreads and Margarines. A number of imports in personal care and foods products from other Unilever sites across the globe are also distributed from this site. In addition to managing the local Trinidad and Tobago market, Unilever Caribbean Limited also holds responsibility for a number of export markets in the Southern Caribbean. Sales outside of the Trinidad market accounted for 43% (2015: 40%) of total Unilever Caribbean Limited sales.

FINANCIAL REVIEW HIGHLIGHTS

- Turnover increased 3.2% from $548.6m to $566.3m.
- Gross Margin improved by 91bps moving from 39.4% to 40.3%.
- Operating Profit increased 2.4% from $60.2m in 2015 to $61.7m in 2016.
- Profit after Tax fell by -4.7%, from $44.5m to $42.5 m.
- Total Earnings Per Share (EPS) was $1.62, down from $1.70 in 2015.
- Cash at bank closed at $57.4m.

ECONOMIES AND MARKETS

UCL and its markets faced challenges by the slowdown in the home market of Trinidad. The worsening economic environment in Trinidad saw a wholesale slow down of economic activity, which was particularly pronounced in quarter four.

Regionally, some of our key export markets have fared better than others and remain a key focus for UCL going forward. New discoveries in the energy sector as well increased tourist arrivals are helping to buoy regional economies.

Exchange rate pressure and availability is proving to be a key issue not just in Trinidad but across the region. The acute scarcity of foreign exchange in Trinidad has put an added strain on operations and continue to contribute to increased input cost throughout the value chain.

OPERATING PROFITS

Operating profit in the year increased to $61.6m, driven by a strong recovery in top line growth (3.2%) and a combination of Gross Margin improvement coupled with tighter controlled cost in Administrative operations. These benefits were marginally offset by increased Selling and Distribution cost associated with our Capex programme and an increase in group charges.

BALANCE SHEET

Unilever Caribbean's balance sheet remained healthy to close the year despite a very tough operating environment. Total assets increased by 4% as net pension assets improved in the year while cash remained strong despite the significant Capex investment in the year (32.9m). Working capital balances increased in year mainly from increased Inventory holdings and Trade Receivables. There were no external financing agreements in place to end the year while Interco Liabilities remained generally flat vs. the prior year.

PERFORMANCE OF CATEGORIES

Growth in the year was broad based across all categories with improvements seen in both volume and price driven growth in the year.

Home Care

The Home Care business consists of Powder Detergents, Dishwashing Liquids as well as Fabric Conditioners. Turnover grew by 2.1% vs. prior year as core brands in our Detergent category continued to deliver consistent top line improvement.

Personal Care

The Personal Care category comprises Hair Care, Deodorants, Oral Care, Skin Cleansing and Hand & Body Care. Turnover in this category increased by 1.7% in the year. Core brands again lead the category performance on the heels of strong top line delivery from key brands as Dove, Tresemme and Suave buoyed by new product launches in the year.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Foods

The Foods portfolio of the Company comprises Spreads and Cooking Aids, Dressings and Savoury. This category grew by 4.7% driven by solid growth in our flagship brand Blue Band in the year.

Refreshments

The refreshment category includes Teas and Ice Cream brands. The category grew by 7.4% built on strong growth in Lipton and the turnaround of our Ice cream business after a challenging 2015.

SUMMARY AND OUTLOOK

Expectations for 2017 remain guarded, the current outlook in the Trinidad economy continues to be challenged with recovery not expected to turnaround in the short to medium-term. Regional economies are projected to benefit from stronger macro economic trends in 2017 building on positive trends seen in the past year. Inflationary trends which have ramped up in the second half of 2016 are projected to continue, particularly impacted by commodity and foreign exchange pressures. In the face of these challenges the benefits and efficiencies from our key transformational initiatives in IT and our Capex programme will serve as main drivers in delivering another consistent performance.

DIRECTORS' REPORT

FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2016	$'000
Turnover	566,302
Profit before Taxation	61,329
Taxation	18,839
Profit after Taxation	42,490
Other Comprehensive Income	14,094
Total Comprehensive Income for the Year	56,584
Dividends paid	
Final dividend for 2015	26,244
Interim dividend for 2016	6,561
Profit retained for the year	23,420
Retained earnings brought forward	150,445
Retained earnings carried forward	173,865

Changes to the Board

One Director resigned from the Board in 2016. Mr. Emerson Inacio resigned on 26 July, 2016. To fill the vacancy, Mr. Breno Polli was appointed on 27 July, 2016.

Re-Election of Directors

In accordance with Section 4.4.1 of the Company Bye-Laws whereby Directors shall retire in rotation, Roxane E. de Freitas retires at the Eighty-Eighth Annual General Meeting, and being eligible, offers herself for re-election.

In accordance with Section 4.3.2 of the Company Bye-Laws whereby Directors so appointed shall hold office only until the next following general meeting, Mr. Breno T. Polli, offer himself for election to the Board.

Auditors

The Auditors, KPMG, retire at the Eighty-Eighth Annual General Meeting, and being eligible, offer themselves for re-election.

DIRECTORS' AND SUBSTANTIAL INTERESTS

Directors' Interest	Number of shares as at 31.03.17	Number of shares as at 31.12.16
Mark Beepath	563	563
Enid Blasini	0	0
Seamus Clarke	0	0
Roxane E. de Freitas	1,000	1,000
Pablo Garrido	0	0
Breno Polli	0	0
Lucy Walsh	0	0
Jacqueline Quamina	0	0

Substantial Interest

In accordance with the Listing Agreement of the Trinidad and Tobago Stock Exchange, the following are holders of 5% or more shares as at December 31st, 2016:

	Number of Shares Held	% of Total
Unilever Overseas Holdings AG	13,123,194	50.01
RBC Trust Limited – All accounts	4,237,332	16.15

Capital & Membership

Grouping of shares according to size of shareholding as at December 31st, 2016.

Size of shareholding	Number of shareholders	Size of shareholding	% of Total Shareholding
Up to 100	398	21,392	0.08
101 to 500	906	243,876	0.93
501 to 1,000	366	277,113	1.06
1,001 to 5,000	397	928,594	3.54
5,001 to 10,000	73	536,801	2.05
10,001 to 100,000	116	3,068,013	11.68
100,001 to 1 000,000	20	5,133,714	19.56
Over 1 000,000	3	16,034,329	61.10
TOTAL	2,279	26,243,832	100.00

On behalf of the Board,

Seamus Clarke
Director

Lucy Walsh
Director

NOTICE OF ANNUAL MEETING

TO ALL SHAREHOLDERS

Notice is hereby given that the Eighty-Eighth Annual General Meeting of Shareholders of Unilever Caribbean Limited will be held in the ballroom of the Hyatt Hotel, Wrightson Road, Port of Spain on Thursday 25 May 2017 at 2:00 p.m. for the following purposes:

ORDINARY BUSINESS

1. To receive and consider the Report of the Directors and Auditors, and the Financial Statements for the year ended 31 December 2016.
2. To elect and re-elect Directors.
3. To appoint Auditors, KPMG and authorise the Directors to fix their remuneration for the ensuing year.

By order of the Board

Mark Beepath

Mark Beepath
Company Secretary

NOTES:

1. No service contracts were entered into between the company and any of its Directors.
2. The Transfer Book and Register of Members will be closed on 26 and 29 May, 2017 for payment of dividend due on 9 June, 2017 to all shareholders whose names appear on the Register of Members as at the close of business on 26 May, 2017.
3. A member of the company entitled to attend and vote is entitled to appoint one or more proxies to attend and, on a poll, to vote instead of him. A proxy need not also be a member of the company.

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, 2016, 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, 2016, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the 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.

Impairment of receivables

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

Revenue recognition

- **The risk** - Revenue is measured taking account of discounts, incentives and rebates earned by customers on the Company's sales. Due to the multitude and variety of contractual terms across the Company's markets, the estimation of discounts, incentives and rebates recognised based on sales made during the year is considered to be complex.
  Revenue is recognised when the risks and rewards of the underlying products have been transferred to the customer. There is a risk that revenue may be overstated because of fraud resulting from the pressure on local management to achieve performance targets at the reporting period end. The Company focuses on revenue as a key performance measure which could create an incentive for revenue to be recognised before the risks and rewards have been transferred.

- **Our response** - Our audit procedures included considering the appropriateness of the Company's revenue recognition accounting policies including those relating to discounts, incentives and rebates and assessing compliance with the policies in terms of applicable accounting standards. We tested the effectiveness of the Company's controls over calculation of discounts, incentives and rebates and correct timing of revenue recognition.
  We assessed sales transactions taking place at either side of the reporting date as well as credit notes issued after the year end date to assess whether that revenue was recognised in the correct period. We also developed an expectation of the current year's revenue balance based on volumes sold during the year, standard prices and any discounts given. We then compared this expectation to actual results.
  We also considered the adequacy of the Company's disclosures in respect of revenue.

Other Information

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

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. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. 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 IFRSs, 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.

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.

Auditors' responsibilities for the audit of the financial statements (continued)

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

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

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

KPMG

Chartered Accountants

Port of Spain

Trinidad and Tobago

March 14, 2017

STATEMENT OF FINANCIAL POSITION

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

	Notes	2016 $'000	2015 $'000
ASSETS			
Non-current assets			
Property, plant and equipment	8	121,188	92,920
Retirement benefit asset	10	48,055	33,843
Deferred tax asset	11	7,614	6,581
		176,857	133,344
Current assets			
Inventories	12	60,451	54,811
Trade and other receivables	13	149,201	138,891
Due from related companies	14	1,853	7,114
Taxation recoverable		1,624	4,787
Cash at bank and in hand		57,386	91,832
		270,515	297,435
Total assets		447,372	430,779
EQUITY AND LIABILITIES			
EQUITY			
Stated capital	15	26,244	26,244
Property revaluation surplus		35,643	35,284
Retained earnings		173,865	150,445
Total equity		235,752	211,973
LIABILITIES			
Non-current liabilities			
Retirement benefit obligation	10	25,396	26,325
Deferred tax liabilities	11	24,816	16,958
		50,212	43,283
Current liabilities			
Trade and other payables	16	79,676	91,554
Provisions for other liabilities	17	7,790	10,335
Due to parent and related companies	14	73,942	73,634
		161,408	175,523
Total liabilities		211,620	218,806
Total equity and liabilities		447,372	430,779

The notes on pages 25 to 57 are an integral part of these financial statements.

On March 14, 2017, the Board of Directors of Unilever Caribbean Limited authorised these financial statements for issue.

Director

Director

STATEMENT OF PROFIT OR LOSS

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

	Notes	2016 $'000	2015 $'000
Revenue	18	566,302	548,584
Cost of sales		(337,891)	(332,298)
Gross profit		228,411	216,286
Expenses			
Selling and distribution costs		(137,522)	(124,766)
Administrative expenses		(29,271)	(31,357)
		(166,793)	(156,123)
Operating profit		61,618	60,163
Finance cost – net	20	(289)	(270)
Profit before tax		61,329	59,893
Income tax expense	21	(18,839)	(15,332)
Profit for the year		42,490	44,561
Earnings per share for profit attributable to the equity holders of the Company during the year			
- Basic and diluted earnings per share	22	$1.62	$1.70

The notes on pages 25 to 57 are an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

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

	Notes	2016 $'000	2015 $'000
Profit for the year		42,490	44,561
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit asset/liability	10	19,623	(11,205)
Revaluation of property	8	512	-
Related tax	11	(6,041)	2,801
Other comprehensive income, net of tax		14,094	(8,404)
Total comprehensive income		56,584	36,157

The notes on pages 25 to 57 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

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

	Note	Stated Capital $'000	Property Revaluation Surplus $'000	Retained Earnings $'000	Total Equity $'000
Year ended December 31, 2015					
Balance at January 1, 2015		26,244	35,284	157,590	219,118
Total comprehensive income					
Profit for the year		-	-	44,561	44,561
Other comprehensive income		-	-	(8,404)	(8,404)
Total comprehensive income		-	-	36,157	36,157
Transaction with owners of the Company					
Dividends	23	-	-	(43,302)	(43,302)
Balance at December 31, 2015		26,244	35,284	150,445	211,973
Year ended December 31, 2016					
Balance at January 1, 2016		26,244	35,284	150,445	211,973
Total comprehensive income					
Profit for the year		-	-	42,490	42,490
Other comprehensive income		-	359	13,735	14,094
Total comprehensive income		-	359	56,225	56,584
Transaction with owners of the Company					
Dividends	23	-	-	(32,805)	(32,805)
Balance at December 31, 2016		26,244	35,643	173,865	235,752

The notes on pages 25 to 57 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS

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

	2016 $'000	2015 $'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the year	42,490	44,561
Adjustments for:		
Depreciation	5,070	4,746
Amortisation	-	25
Loss on disposal of plant and equipment	24	224
Net pension cost	9,889	8,912
Contributions paid	(5,407)	(5,031)
Taxation expense	18,839	15,332
Operating profit before working capital changes	70,905	68,769
Changes in:		
- Inventories	(5,640)	9,460
- Trade and other receivables	(10,310)	20,684
- Due from related companies	5,261	(5,079)
- Trade and other payables	(11,878)	(3,428)
- Provisions for other liabilities	(2,545)	1,422
- Due to parent and related companies	308	4,187
Cash generated from operating activities	46,101	96,015
Taxation paid	(14,892)	(16,639)
Net cash from operating activities	31,209	79,376
CASH FLOWS USED IN INVESTING ACTIVITIES		
Purchase of plant and equipment	(32,850)	(13,973)
CASH FLOWS USED IN FINANCING ACTIVITIES		
Dividends paid	(32,805)	(43,302)
Increase in cash and cash equivalents	(34,446)	22,101
Cash and cash equivalents at beginning of year	91,832	69,731
Cash and cash equivalents at end of year	57,386	91,832
Represented by:		
Cash at bank and in hand	57,386	91,832

The notes on pages 25 to 57 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

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

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.

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 recognized 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 29(b).

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, 2016 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.

(ii) Impairment allowance – trade receivables

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

The total allowances for impairment is based upon management's best estimate of the present value of the cash flows that are expected to be received. In estimating these cash flows, management makes judgments about the counterparty's financial situation. Each customer is assessed on its merits.

NOTES TO THE FINANCIAL STATEMENTS (continued)

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

3. USE OF ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

B. Assumptions and estimation uncertainties (continued)

(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.

Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in Note 10.

The following table summarises how the defined benefit obligation as at December 31, 2016 would have changed as a result of a change in the other assumptions used:

	1% pa increase $'000	**1% pa decrease $'000**
Monthly-Rated Pension Plan		
Discount rate	(31,553)	40,232
Future pension increases	32,288	(26,602)
Future salary increase	9,360	(8,132)
An increase of 1 year in the assumed life expectancies shown in Note 10 (vi) would increase the defined benefit obligation at December 31, 2016 by $5.574 million.		
Hourly-Rated Pension Plan		
Discount rate	(2,537)	3,162
An increase of 1 year in the assumed life expectancies shown in Note 10 (vi) would increase the defined benefit obligation at December 31, 2016 by $0.442 million.		
Termination Lump Sum Plan		
Discount rate	(2,143)	2,702
Future salary increase	2,717	(2,190)
Supplementary Pension Plan		
Discount rate	(0.063)	0.071
Future salary increase	0.078	(0.070)

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

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

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 the statement of income. Foreign exchange gains and losses that relate to cash and cash equivalents are presented in the statement of income within 'finance income or costs'.

(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.

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)).

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Property, plant and equipment (continued)

Depreciation (continued)

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.

(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.

(f) Financial instruments

(i) Classification

The Company classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Regular purchases and sales of financial assets are recognised on the trade-date, the date on which the Company commits to purchase or sell the asset.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

The Company's loans and receivables comprise 'trade and other receivables, 'due from related companies' and 'cash and cash equivalents' in the statement of financial position (Notes 4(j) and 4(h)). Impairment testing of trade receivables is described in Note 4(g).

(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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Impairment of financial assets

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Company uses to determine that there is objective evidence of an impairment loss include:

- Significant financial difficulty of the customer;
- A breach of contract, such as a default or delinquency in payments;
- The Company, for economic or legal reasons relating to the customer's financial difficulty, granting to the customer a concession that the Company would not otherwise consider;
- It becomes probable that the customer will enter bankruptcy or other financial reorganisation.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the reversal of the previously recognised impairment loss is recognised in profit or loss.

(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.

(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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

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.

(ii) Post-employment

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 annually by independent qualified actuaries.

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

(iii) Termination benefits

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.

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.

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

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

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. Revenue is 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.

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 and forthcoming standards and interpretations adopted

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.

- IAS 1, *Presentation of Financial Statements,* has been amended to clarify or state the following:
  - Specific single disclosures that are not material do not have to be presented even if they are the minimum requirements of a standard.
  - The order of notes to the financial statements is not prescribed.

5. NEW STANDARDS OR AMENDMENTS AND FORTHCOMING REQUIREMENTS (continued)

(i) New and forthcoming standards and interpretations adopted (continued)

- IAS 1, *Presentation of Financial Statements* (continued)
  - Line items on the statement of financial position and the statement of profit or loss and other comprehensive income (OCI) should be disaggregated if this provides helpful information to users. Line items can be aggregated if they are not material.
  - Specific criteria are now provided for presenting subtotals on the statement of financial position and in the statement of profit or loss and OCI, with additional reconciliation requirements for the statement of profit or loss and OCI.
  - The presentation in the statement of OCI of items of OCI arising from joint ventures and associates accounted for using the equity method follows the IAS 1 approach of splitting items that may, or that will never be, reclassified to profit or loss.

- IAS 16 and IAS 38, *Clarification of Acceptable Methods of Depreciation and Amortisation*, are amended as follows:
  - The amendment to IAS 16, Property, Plant and Equipment explicitly states that revenue-based methods of depreciation cannot be used. This is because such methods reflect factors other than the consumption of economic benefits embodied in the assets.
  - The amendment to IAS 38, Intangible Assets introduces a rebuttable presumption that the use of revenue-based amortisation methods is inappropriate for intangible assets.

Improvements to IFRS 2012-2014 Cycle contain amendments to certain standards and interpretations applicable to the Company as follows:

- IFRS 7, *Financial Instruments: Disclosures*, has been amended to clarify when servicing arrangements are in the scope of its disclosure requirements on continuing involvement in transferred assets in cases when they are derecognised in their entirety. A servicer is deemed to have continuing involvement if it has an interest in the future performance of the transferred asset -e.g. if the servicing fee is dependent on the amount or timing of the cash flows collected from the transferred financial asset; however, the collection and remittance of cash flows from the transferred asset to the transferee is not, in itself, sufficient to be considered 'continuing involvement'.
  IFRS 7 has also been amended to clarify that the additional disclosures required by *Disclosures: Offsetting Financial Assets and Financial Liabilities* (Amendment to IFRS 7) are not specifically required for inclusion in condensed interim financial statements for all interim periods; however, they are required if the general requirements of IAS 34, *Interim Financial Reporting*, require their inclusion.
- IAS 19, *Employee Benefits*, has been amended to clarify that high-quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid. Consequently, the depth of the market for high-quality corporate bonds should be assessed at the currency level and not the country level.
- IAS 34, *Interim Financial Reporting*, has been amended to clarify that certain disclosures, if they are not included in the notes to interim financial statements, may be disclosed "elsewhere in the interim financial report". The interim financial report is incomplete if the interim financial statements and any disclosures incorporated by cross-reference are not made available to users of the interim financial statements on the same terms and at the same time.

The adoption of these amendments did not result in any significant change to the presentation and disclosures in the financial statements.

(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 has assessed the relevance of all such new standards, amendments and interpretations with respect to the Company's operations and has determined that the following are likely to have an effect on the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (continued)

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

5. NEW STANDARDS OR AMENDMENTS AND FORTHCOMING REQUIREMENTS (continued)

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

- Amendments to IAS 7, *Statement of Cash Flows*, effective for accounting periods beginning on or after January 1, 2017, requires an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash flows.
  The Company is assessing the impact that this amendment will have on its 2017 financial statements.
- Amendments to IAS 12, *Income Taxes*, effective for accounting periods beginning on or after January 1, 2017, clarifies the following:
  - The existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset.
  - A deferred tax asset can be recognised if the future bottom line of the tax return is expected to be a loss, if certain conditions are met.
  - Future taxable profits used to establish whether a deferred tax can be recognised should be the amount calculated before the effect of reversing temporary differences.
  - An entity can assume that it will recover an asset for more than its carrying amount if there is sufficient evidence that it is probable that the entity will achieve this.
  - Deductible temporary differences related to unrealised losses should be assessed on a combined basis for recognition unless a tax law restricts the use of losses to deductions against income of a specific type.

The Company is assessing the impact that this amendment will have on its 2017 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*. IFRS 9 includes revised guidance on the classification and measurement of financial assets and liabilities, including a new expected credit loss model for calculating impairment of financial assets and the new general hedge accounting requirements.
  It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. Although the permissible measurement bases for financial assets – amortised cost, fair value through other comprehensive income (FVOCI) and fair value though profit or loss (FVTPL) - are similar to IAS 39, the criteria for classification into the appropriate measurement category are significantly different. IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model, which means that a loss event will no longer need to occur before an impairment allowance is recognised.

The Company is assessing the impact that this amendment will have on its 2018 financial statements.

- IFRS 15, *Revenue From Contracts With Customers*, effective for accounting periods beginning on or after January 1, 2018, replaces IAS 11, *Construction Contracts*, IAS 18, *Revenue*, IFRIC 13, *Customer Loyalty Programmes*, IFRIC 15, *Agreements for the Construction of Real Estate*, IFRIC 18, *Transfer of Assets from Customers* and SIC-31 *Revenue – Barter Transactions Involving Advertising Services*. It does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other IFRSs. It also does not apply if two entities in the same line of business exchange non-monetary assets to facilitate sales to other parties.
  The Company will apply a five-step model to determine when to recognise revenue, and at what amount. The model specifies that revenue should be recognised when (or as) an entity transfers control of goods or services to a customer at the amount to which the entity expects to be entitled. Depending on whether certain criteria are met, revenue is recognised at a point in time, when control of goods or services is transferred to the customer; or over time, in a manner that best reflects the entity's performance.

5. NEW STANDARDS OR AMENDMENTS AND FORTHCOMING REQUIREMENTS (continued)

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

- IFRS 15, *Revenue From Contracts With Customers* (continued)

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

  The Company is assessing the impact that this amendment will have on its 2018 financial statements.

- IFRS 16, *Leases*, which is effective for annual reporting periods beginning on or after January 1, 2019, eliminates the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, there is a single, on-balance sheet accounting model that is similar to current finance lease accounting. 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.

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

  The Company is assessing the impact that this amendment will have on its 2019 financial statements.

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.

At December 31, 2016, if the TT dollar had weakened/strengthened by 5% against the US dollar with all other variables held constant, post tax profit for the year would have been $191,149 (2015: $147,778) lower/higher, mainly as a result of foreign exchange losses/gains on translation of US dollar denominated trade and other receivables, trade and other payables, cash at bank and in hand and due to/from related companies.

(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.

(iii) Price risk

The Company is not exposed to equity securities price risk since there are no investments held as available for sale or at fair value through profit or loss.

(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 13 and 24(b)).

NOTES TO THE FINANCIAL STATEMENTS (continued)

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

6. FINANCIAL RISK MANAGEMENT (continued)

(i) Financial risk factors (continued)

(b) Credit risk (continued)

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 13 and Note 24(b).

(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.

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

	2016 $'000	2015 $'000
Trade and other payables, excluding statutory liabilities	76,439	89,241
Due to parent and related companies	73,942	73,634
Provisions for other liabilities	7,790	10,335

(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 $'000	Freehold Buildings $'000	Plant and Equipment $'000	Work in Progress $'000	Total $'000
Year ended December 31, 2016					
Opening net book amount	30,000	18,263	25,508	19,149	92,920
Revaluation	7,000	(6,488)	-	-	512
Additions	-	-	-	32,850	32,850
Transfers	-	6,707	10,957	(17,664)	-
Disposals	-	-	(24)	-	(24)
Depreciation charge	-	(482)	(4,588)	-	(5,070)
Closing net book amount	37,000	18,000	31,853	34,335	121,188
At December 31, 2016					
Cost or valuation	37,000	27,175	109,625	34,335	208,135
Accumulated depreciation	-	(9,175)	(77,772)	-	(86,947)
Net book amount	37,000	18,000	31,853	34,335	121,188
Year ended December 31, 2015					
Opening net book amount	30,000	18,673	28,558	6,686	83,917
Additions	-	-	-	13,973	13,973
Transfers	-	-	1,510	(1,510)	-
Disposals	-	-	(224)	-	(224)
Depreciation charge	-	(410)	(4,336)	-	(4,746)
Closing net book amount	30,000	18,263	25,508	19,149	92,920
At December 31, 2015					
Cost or valuation	30,000	26,957	96,073	19,149	172,179
Accumulated depreciation	-	(8,694)	(70,565)	-	(79,259)
Net book amount	30,000	18,263	25,508	19,149	92,920

Work in progress represents plant improvement projects which are estimated to be completed during the 2017 financial year.

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, net of applicable deferred income taxes, was credited to other comprehensive income and is shown in "property revaluation surplus" in equity.

Depreciation expense of $3.626 million (2015: $3.405 million) has been charged in cost of sales, $0.775 million (2015: $0.658 million) in distribution costs and $0.669 million (2015: $0.683 million) in administrative expenses.

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

	2016 $'000	2015 $'000
Cost	25,537	18,830
Accumulated depreciation	(8,910)	(8,460)
Net book amount	16,627	10,370

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

9. INTANGIBLE ASSET

	2016 $'000	2015 $'000
Opening net book amount	-	25
Amortisation charge for the year	-	(25)
Closing net book amount	-	-
Cost	-	2,125
Accumulated amortisation	-	(2,125)
Closing net book amount	-	-

This represents amounts paid to IBM Mexico, IBM Brazil and Accenture in respect of expenses related to the Human Resources Transformation (HRT) Project. This is a global project aimed at achieving greater efficiency and enabling Human Resources to play a more strategic role in the Business. Intrinsic to this project is the implementation of an integrated Human Resource Information System.

10. DEFINED BENEFIT PENSION FUND AND POST-EMPLOYMENT LIABILITIES

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 collective referred to as "the Plans".

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

	2016 $'000	2015 $'000
Defined benefit asset (liability)		
(i) Retirement benefit asset:		
Monthly paid staff (a)	50,751	37,346
Hourly paid staff (b)	(2,696)	(3,503)
	48,055	33,843
(ii) Retirement and termination benefit liabilities:		
Supplementary pension scheme (c)	(1,029)	(1,266)
Termination benefits – lump sum plan (d)	(24,367)	(25,059)
	(25,396)	(26,325)

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

10. DEFINED BENEFIT PENSION FUND AND POST-EMPLOYMENT LIABILITIES (CONTINUED)

	2016 $'000	2015 $'000
Defined benefit asset (liability) (continued)		
(iii) Movement in net defined benefit asset:		
Retirement benefit asset	48,055	33,843
Retirement and termination benefit liabilities	(25,396)	(26,325)
	22,659	7,518
Balance at January 1	7,518	22,604
Net pension cost	(9,889)	(8,912)
Re-measurements recognised in OCI	19,623	(11,205)
Contributions paid	5,407	5,031
Balance at December 31	22,659	7,518
(iv) Total amounts recognised in OCI:		
Monthly paid staff	(17,157)	10,262
Hourly paid staff	(1,006)	2,206
Supplementary pension scheme	(174)	757
Termination benefits – lump sum plan	(1,286)	(2,020)
	(19,623)	11,205
(v) Total amounts recognised in profit or loss:		
Current service cost	9,768	9,741
Net interest on net defined benefit asset	(566)	(1,316)
Past service cost	180	-
Administration expenses	507	487
Net pension expense	9,889	8,912
Net pension expense includes:		
Monthly paid staff	5,797	4,876
Hourly paid staff	1,570	1,496
Supplementary pension scheme	60	28
Termination benefits – lump sum plan	2,462	2,512
	9,889	8,912

Pension expense of $6.777 million (2015: $6.105 million) has been charged in cost of sales, $1.847 million (2015: $1.667 million) in distribution costs and $1.265 million (2015: $1.140 million) in administrative expenses.
The actual return on plan assets was $3.772 million (2015: $(3.661) million).

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

10. DEFINED BENEFIT PENSION FUND AND POST-EMPLOYMENT LIABILITIES (CONTINUED)

Defined benefit asset (liability) (continued)

(vi) The principal assumptions are as follows:

	Per annum 2016 %	Per annum 2015 %
Discount rate (all Plans)	5.50	5.00
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:

	2016 Years	2015 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
The weighted average duration of the defined benefit obligation at year end is:		
Monthly	15.6	16.2
Hourly	13.3	13.8

(vii) Sensitivity analysis

Sensitivity analyses are discussed in Note 3.

(viii) Change in Plan assets/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.

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

10. DEFINED BENEFIT PENSION FUND AND POST-EMPLOYMENT LIABILITIES (CONTINUED)

Defined benefit asset (liability) (continued)

(viii) Change in Plan assets/liabilities (continued):

(a) Retirement benefit asset (Monthly paid staff)

		2016 $'000	2015 $'000
(i)	***Amounts recognised in the statement of financial position are as follows:***		
	Fair value of plan assets	290,758	294,190
	Present value of defined benefits obligation	(240,007)	(256,844)
	Retirement benefit asset	50,751	37,346
(ii)	***Movement in the asset recognised in the statement of financial position:***		
	Asset as at January 1	37,346	50,285
	Net pension cost	(5,797)	(4,876)
	Re-measurements recognised in OCI	17,157	(10,262)
	Contributions paid	2,045	2,199
	Asset as at December 31	50,751	37,346
(iii)	***Amounts recognised in profit or loss:***		
	Current service cost	7,252	7,170
	Net interest	(1,956)	(2,614)
	Past service	180	-
	Administration expenses	321	320
	Net pension cost	5,797	4,876
(iv)	***Change in plan assets***		
	Plan assets at start of year	294,190	303,742
	Return on plan assets	(10,813)	(18,297)
	Interest income	14,533	15,032
	Company contributions	2,045	2,199
	Members' contributions	2,045	2,152
	Benefits paid	(10,921)	(10,318)
	Expenses paid	(321)	(320)
	Plan assets at end of year	290,758	294,190

10. DEFINED BENEFIT PENSION FUND AND POST-EMPLOYMENT LIABILITIES (CONTINUED)

Defined benefit asset (liability) (continued)

(viii) Change in Plan assets/liabilities (continued):

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

(iv) Change in plan assets

Plan assets are comprised as follows:

	2016		2015	
	$'000	**%**	**$'000**	**%**
Debt instruments	141,064	49	135,519	46
Equity instruments	144,242	50	151,792	52
Other	5,452	1	6,879	2
Fair value of plan assets	290,758	100	294,190	100

(v) Plan experience

As at December 31	**2016 $'000**	**2015 $'000**	**2014 $'000**	**2013 $'000**	**2012 $'000**
Present value of defined benefit obligation	(240,007)	(256,844)	(253,457)	(246,672)	(240,768)
Fair value of plan assets	290,758	294,190	303,742	302,230	278,955
Surplus	50,751	37,346	50,285	55,558	38,187

	2016 $'000	**2015 $'000**
(vi) Change in defined benefit obligation:		
Defined benefit obligation at start	256,844	253,457
Service cost	7,252	7,170
Interest cost	12,577	12,418
Members' contribution	2,045	2,152
Past service cost	180	-
Experience adjustment	(9,114)	(8,035)
Actuarial gains	(18,856)	-
Benefits paid	(10,921)	(10,318)
Defined benefit obligation at end of year	240,007	256,844

(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 $2,550 million to the Pension Plan during 2017.

10. DEFINED BENEFIT PENSION FUND AND POST-EMPLOYMENT LIABILITIES (CONTINUED)

Defined benefit asset (liability) (continued)

(viii) Change in Plan assets/liabilities (continued):

(b) Retirement benefit obligation (Hourly paid staff)

	2016 $'000	2015 $'000
(i) Amounts recognised in the statement of financial position are as follows:		
Fair value of plan assets	19,630	18,178
Present value of defined benefit obligation	(22,326)	(21,681)
Retirement benefit obligation	(2,696)	(3,503)
(ii) Movement in the obligation recognised in the statement of financial position:		
Obligation as at January 1	(3,503)	(1,160)
Net pension cost	(1,570)	(1,496)
Remeasurements recognised in OCI	1,006	(2,206)
Contributions paid	1,371	1,359
Obligation as at December 31	(2,696)	(3,503)
(iii) Amounts recognised in profit or loss:		
Current service cost	1,261	1,321
Net interest	123	8
Administration expenses	186	167
Net pension cost	1,570	1,496
(iv) Change in plan assets		
Plan assets at start of year	18,178	16,769
Return on plan assets	(998)	(1,279)
Interest income	946	883
Company contributions	1,371	1,359
Members' contributions	929	835
Benefits paid	(893)	(528)
Expense allowance	(186)	(167)
Termination lump sum transferred in	283	306
Plan assets at end of year	19,630	18,178

Plan assets are comprised as follows:

	2016		2015	
	$'000	%	$'000	%
Debt instruments	9,699	49	9,442	52
Equity instruments	8,055	41	7,078	39
Other	1,876	10	1,658	9
Fair value of plan assets	19,630	100	18,178	100

10. DEFINED BENEFIT PENSION FUND AND POST-EMPLOYMENT LIABILITIES (CONTINUED)

Defined benefit asset (liability) (continued)

(viii) Change in Plan assets/liabilities (continued):

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

(v) Plan experience

As at December 31	2016 $'000	2015 $'000	2014 $'000	2013 $'000	2012 $'000
Present value of defined benefit obligation	(22,326)	(21,681)	(17,929)	(15,595)	(11,541)
Fair value of Plan assets	19,630	18,178	16,769	13,549	10,455
Deficit	(2,696)	(3,503)	(1,160)	(2,046)	(1,086)

(vi) Change in defined benefit obligation

	2016 $'000	2015 $'000
Defined benefit obligation at start	21,681	17,929
Service cost	1,261	1,321
Interest cost	1,069	891
Members' contribution	929	835
Experience adjustments	(513)	927
Actuarial gains	(1,491)	-
Benefits paid	(893)	(528)
Termination lump sum transferred in	283	306
Defined benefit obligation at end of year	22,326	21,681

(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 $1.418 million to the Pension Plan during 2017.

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

10. DEFINED BENEFIT PENSION FUND AND POST-EMPLOYMENT LIABILITIES (CONTINUED)

Defined benefit asset (liability) (continued)

(viii) Change in Plan assets/liabilities (continued):

(c) Supplementary pension scheme

	2016 $'000	2015 $'000
(i) Amounts recognised in the statement of financial position are as follows:		
Present value of defined benefit obligation	(1,029)	(1,266)
(ii) Re-measurements recognised in OCI		
Experience (gains) losses	(140)	757
Actuarial gains	(34)	-
	(174)	757
(iii) Amounts recognised in profit or loss:		
Interest on defined benefit obligation	60	28
(iv) Change in defined benefit obligation		
Defined benefit obligation at start	(1,266)	(634)
Interest cost	(60)	(28)
Experience adjustment	140	757
Actuarial gains	34	-
Benefits paid	123	153
Defined benefit obligation at end of year	(1,029)	(1,266)

(v) Plan experience

As at December 31	2016 $'000	2015 $'000	2014 $'000	2013 $'000	2012 $'000
Present value of defined benefit obligation	(1,029)	(1,266)	(634)	(1,484)	(1,483)
Deficit	(1,029)	(1,266)	(634)	(1,484)	(1,483)

(vi) Funding

The Company pays the pension benefits as they fall due.

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

10. DEFINED BENEFIT PENSION FUND AND POST-EMPLOYMENT LIABILITIES (CONTINUED)

Defined benefit asset (liability) (continued)

(viii) Change in Plan assets/liabilities (continued):

(d) Termination benefits lump sum plan

		2016 $'000	2015 $'000
(i)	***Amounts recognised in the statement of financial position are as follows:***		
	Present value of defined benefit obligation	(24,367)	(25,059)
(ii)	***Re-measurements recognised in OCI***		
	Experience gains	15	2,020
	Actuarial gains	1,271	-
		1,286	2,020
(iii)	***Amounts recognised in profit or loss:***		
	Current service cost	1,255	1,250
	Interest on defined benefit obligation	1,207	1,262
	Net pension cost	2,462	2,512
(iv)	***Change in defined benefit obligation:***		
	Defined obligation at start	(25,059)	(25,887)
	Current service cost	(1,255)	(1,250)
	Interest cost	(1,207)	(1,262)
	Experience adjustment	15	2,020
	Actuarial gains	1,271	-
	Benefits paid	1,868	1,320
	Defined benefit obligations at end of year	(24,367)	(25,059)

(v) Plan experience

As at December 31	2016 $'000	2015 $'000	2014 $'000	2013 $'000	2012 $'000
Present value of defined benefit obligation	(24,367)	(25,059)	(25,887)	(26,514)	(26,495)
Deficit	(24,367)	(25,059)	(25,887)	(26,514)	(26,495)

(vi) Funding

The Company pays the termination lump sums as they fall due.

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

11. 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:

	2015 $'000	Charge / (Credit) to Profit or Loss $'000	Charge to OCI $'000	2016 $'000
Deferred tax liabilities				
Accelerated tax depreciation	6,099	1,297	-	7,396
Retirement benefit asset	8,461	74	5,887	14,422
Property revaluation surplus	2,398	-	154	2,552
Accrued intercompany refund	-	446	-	446
	16,958	1,817	6,041	24,816
Deferred tax asset				
Retirement benefit obligation	(6,581)	(1,033)	-	(7,614)
Net deferred tax liability	10,377	784	6,041	17,202

	2014 $'000	Credit to Profit or Loss $'000	Credit to OCI $'000	2015 $'000
Deferred tax liabilities				
Accelerated tax depreciation	6,567	(468)	-	6,099
Retirement benefit asset	12,281	(1,019)	(2,801)	8,461
Property revaluation surplus	2,398	-	-	2,398
	21,246	(1,487)	(2,801)	16,958
Deferred tax asset				
Retirement benefit obligation	(6,644)	63	-	(6,581)
Net deferred tax liability	14,602	(1,424)	(2,801)	10,377

12. INVENTORIES

	2016 $'000	2015 $'000
Finished goods	42,811	36,469
Raw materials and supplies	10,508	10,957
Engineering and general stores	5,541	4,561
Goods in transit	1,303	2,859
Work in progress	2,482	1,959
	62,645	56,805
Impairment allowance	(2,194)	(1,994)
	60,451	54,811
At January 1	1,994	1,948
Impairment charge for the year	1,680	858
Write-offs/reversals	(1,480)	(812)
At December 31	2,194	1,994

The cost of inventories recognised as an expense and included in cost of sales amounted to $231.301 million (2015: $220.149 million). Inventories written off during the year amounted to $2.909 million (2015: $2.511 million).

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

13. TRADE AND OTHER RECEIVABLES

	2016 $'000	2015 $'000
Trade receivables	127,731	108,055
Impairment allowance	(262)	(376)
Trade receivables – net	127,469	107,679
Other receivables	8,602	16,047
Prepayments	13,130	15,165
	149,201	138,891

Included in the other receivables balance is an amount of $8.602 million (2015: $16.047 million) for value added tax recoverable.

Trade receivables that are less than 1 month past due are not considered impaired. The creation and release of provision for impaired receivables have been included in 'selling and distribution costs' in profit or loss. Trade receivables of $53.319 million (2015: $49.056 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:

	2016 $'000	2015 $'000
Less than 1 month	74,412	58,999
Up to 1 month	37,048	34,399
Up to 2 months	8,091	9,276
Over 2 months	8,180	5,381
	127,731	108,055

As of December 31, 2016, trade receivables of $0.591 million (2015: $0.659 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:

	2016 $'000	2015 $'000
Over 6 months	591	659

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

	2016 $'000	2015 $'000
Trinidad and Tobago dollars	89,341	94,265
United States dollars	59,860	44,626
	149,201	138,891

Analysis of movements of impairment allowance is as follows:

	2016 $'000	2015 $'000
At January 1	376	47
Impairment charge for the year	-	329
Write-offs/reversals	(114)	-
At December 31	262	376

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

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

14. 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.

The following transactions were carried out with related parties:

		2016 $'000	2015 $'000
i)	Sales to related companies	13,069	12,870
ii)	Purchases from related companies	122,043	109,830
iii)	Royalties and service fees charged to the Company	31,693	32,135
iv)	Key management compensation:		
	- Short-term employee benefits	7,900	10,364
	- Post-employment benefits	503	572
	- Other short-term employee benefits	-	390

Compensation of the Company's key management personnel includes salaries, non-cash benefits and contributions to a post-employment defined benefit plan (Note 10).

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.

		2016 $'000	2015 $'000
v)	Year end balances arising from sales/purchases of goods/services, royalties and service fees:		
	Due from related companies	1,853	7,114
	Due to parent and related companies	73,942	73,634

All outstanding balances with these related parties are priced on an arm's length basis. None of the balances are secured. No expense has been recognised in the current year or prior year for bad or doubtful debts in respect of amounts owed by related parties. The amounts due to parent and related companies have no fixed repayment terms and represent normal trading activities.

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

15. STATED CAPITAL

	2016 $'000	2015 $'000
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

16. TRADE AND OTHER PAYABLES

	2016 $'000	2015 $'000
Trade payables	54,715	62,351
Other payables and accruals	24,961	29,203
	79,676	91,554

17. PROVISIONS FOR OTHER LIABILITIES

	2016 $'000	2015 $'000
At January 1	10,335	8,913
Additional provisions	5,147	9,016
Unused amounts reversed	(322)	(1,130)
Used during the year	(7,370)	(6,464)
At December 31	7,790	10,335

These provisions relate to short-term employee benefits.

18. REVENUE

	2016 $'000	2015 $'000
Third party sales	553,233	535,714
Sales to related companies (Note 14)	13,069	12,870
	566,302	548,584

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

19. EXPENSES

	2016 $'000	2015 $'000
(a) Expenses by nature		
Cost of imported goods sold	124,935	123,226
Raw materials and packaging materials used	126,780	126,673
Employee benefit expense (Note 19(b))	102,311	104,012
Royalties and service fees (Note 14)	31,693	32,135
Production costs	26,040	24,753
Advertising and promotional costs	21,720	19,042
Distribution costs	25,974	23,145
Human resources costs	4,781	5,340
Depreciation (Note 8)	5,070	4,746
Information technology costs	4,992	4,136
Marketing and sales	14,056	7,164
Merchandising expenses	1,572	5,861
Loss on disposal of plant and equipment	24	224
Buying and planning	6,420	527
Other expenses	8,316	7,412
Amortisation (Note 9)	-	25
Total cost of sales, selling and distribution costs and administrative expenses	504,684	488,421
(b) Employee benefit expense		
Wages and salaries	87,002	86,232
National insurance	4,849	4,228
Pension expense (Note 10)	9,889	8,912
Severance	571	4,640
	102,311	104,012

20. FINANCE INCOME – NET

	2016 $'000	2015 $'000
Net finance expense	(289)	(270)

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

21. INCOME TAX EXPENSE

	2016 $'000	2015 $'000
(a) *Tax expense comprises:*		
Current tax	15,775	16,756
Change in estimates related to prior years	2,280	-
	18,055	16,756
Origination and reversal of temporary differences (Note 11)	179	(1,424)
Increase in tax rate	605	-
	18,839	15,332

In September 2016, an increase in the corporation tax rate from 25% to 30% was substantively enacted, effective January 1, 2017. This change resulted in a charge of $2.6 million related to the re-measurement of deferred tax assets and liabilities.

(b) *Reconciliation of effective tax rate:*

The Company's effective tax rate varies from the statutory rate of 25% as a result of the differences shown below:

	2016		2015	
	$'000	%	$'000	%
Profit before tax	61,329	100.00	59,893	100.00
Tax using the Company's tax rate	15,332	25.00	14,973	25.00
Tax effects of:				
Income not subject to tax	(25)	(0.04)	(6)	(0.01)
Increase in tax rate	605	0.99	-	0.00
Expenses not deductible for tax purposes	647	1.05	205	0.34
Changes in estimates related to prior years	2,280	3.72	160	0.27
Tax charge	18,839	30.72	15,332	25.60

Changes in estimates related to prior years tax positions finalised with the BIR.

(c) *Amounts recognised in OCI:*

	Before Tax $	Tax (Expense) Benefit $	After Tax $
2016			
Revaluation of property	512	(154)	358
Remeasurements of defined benefit asset/liability	19,623	(5,887)	13,736
	20,135	(6,041)	14,094
2015			
Remeasurements of defined benefit asset/liability	(11,205)	2,801	(8,404)

NOTES TO THE FINANCIAL STATEMENTS (continued)

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

22. 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.

	2016	2015
Profit attributable to equity holders ($'000)	42,490	44,561
Weighted average # of ordinary shares in issue ('000) (Note 15)	26,244	26,244
Basic and diluted earnings per share ($)	1.62	1.70

23. DIVIDENDS

On March 14, 2017, the Board of Directors declared a final dividend of $1.00 per share bringing the total dividend in respect of 2016 to $1.25 per share (2015: $1.20 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, 2017.

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

	2016 $'000	2015 $'000
Final dividend for 2015 - $1.00 per share (2014 - $1.45 per share)	26,244	38,053
Interim dividend for 2016 - $0.25 per share (2015 - $0.20 per share)	6,561	5,249
	32,805	43,302

24. FINANCIAL INSTRUMENTS

(a) Financial instruments by category

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

	2016 $'000	2015 $'000
Loans and receivables:		
Assets as per statement of financial position		
Trade and other receivables, excluding prepayments	136,071	123,726
Cash at bank and in hand	57,386	91,832
Due from related parties	1,853	7,114
	195,310	222,672
Financial liabilities at amortised cost:		
Liabilities as per statement of financial position		
Trade and other payables, excluding statutory liabilities	76,439	89,241
Due to parent and related parties	73,942	73,634
Provisions for other liabilities	7,790	10,335
	158,171	173,210

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

24. 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:

	2016 $'000	2015 $'000
Trade receivables		
Counterparties without external credit rating		
Group 1	-	4,155
Group 2	127,469	103,524
Group 3	-	-
Total unimpaired trade receivables	127,469	107,679
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		
Reputable financial institutions:		
Cash at bank	47,130	87,986

25. 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 (2015: TT$12 million) on its TTD denominated accounts, with interest at the commercial prime rate of 9% (2015: 9%).
- Citibank (Trinidad and Tobago) Limited
  - Trade financing facility to a maximum of US$5 million (2015: US$5 million).
  - Working capital financing facility to a maximum of US$2.5 million (2015: US$2.5 million).

26. CONTINGENT LIABILITIES

	2016 $'000	2015 $'000
Custom bonds and other guarantees	7,890	7,870

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.

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

27. LEASE COMMITMENTS

The future aggregate minimum lease payments under the terms of non-cancellable operating leases is $21.772 million (2015: $10.446 million).

	2016 $'000	2015 $'000
Not later than one year	9,556	8,737
Later than one year and not later than five years	12,216	1,709
	21,772	10,446

Lease payments recognised in profit or loss amount to $11.817 million (2015: $10.832 million).

28. 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.
- 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		Total	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Segment Revenue	218,795	213,827	124,428	122,177	223,079	212,583	566,302	548,584
Profit before Taxation	10,916	5,390	17,110	22,160	33,301	32,342	61,327	59,893

(ii) Geographical

	Revenue		Total Assets		Profit before Tax	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Trinidad and Tobago	325,431	329,602	388,417	388,865	44,155	40,458
Other	240,871	218,982	58,955	41,914	17,172	19,345
	566,302	548,584	447,372	430,779	61,327	59,893

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

28. OPERATING SEGMENTS (CONTINUED)

(b) Information about reportable segments (continued)

(ii) Geographical (continued)

Items of property, plant and equipment of $121.188 million (2015: $92.920 million) are located in Trinidad and Tobago.

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

29. 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 $55 million (2015: $48 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.

There were no transfers between levels during the year.

NOTES TO THE FINANCIAL STATEMENTS (continued)

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

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, 2016	Valuation Technique	Significant Unobservable Inputs
Land	$37 million (2015: $30 million)	Investment Method	- Gross monthly rental value
Buildings	$18 million (2015: $18.3 million)		- Outgoings - 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.

30. EVENTS AFTER THE REPORTING DATE

There are no events occurring after the statement of financial position 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.

MANAGEMENT PROXY CIRCULAR

For the year ended December 31st, 2016

REPUBLIC OF TRINIDAD & TOBAGO

THE COMPANIES ACT, 1995

(Section 144)

1. **Name of Company:** UNILEVER CARIBBEAN LIMITED
2. **Company No.** U 464 (C)
3. **Particulars of Meeting:**
   Eighty-Eighth Annual General Meeting of Shareholders of Unilever Caribbean Limited to be held on Thursday 25 May 2017 in the ballroom of the Hyatt Hotel, Wrightson Road, Port of Spain.
4. **Solicitation:**
   It is intended to vote the Proxy hereby solicited by the Management of the Company (unless the Shareholder directs otherwise) in favour of all resolutions specified in the Proxy Form sent to the shareholders with this circular, and, in the absence of a specific direction, in the discretion of the Proxy holder in respect of any other resolution.
5. **Any Director's statement submitted pursuant to Section 76 (2):**
   No statement has been received from any Director pursuant to Section 76 (2) of the Companies Act, 1995.
6. **Any Auditor's statement submitted pursuant to Section 171 (1):**
   No proposal has been received from the Auditors of the Company pursuant to Section 171 (1) of the Companies Act, 1995.
7. **Any Shareholder's proposal and/or statement submitted pursuant to Section 116 (a) and 117 (2):**
   No proposal has been received from any shareholder pursuant to Section 116 (a) and 117 (2) of the Companies Act, 1995.

Date	Name and Title	Signature
14 March 2017	Mark Beepath Company Secretary	Mark Beepath

PROXY FORM

Name of Company: UNILEVER CARIBBEAN LIMITED Company No. U 464 (C)

I/We (Block Capitals, please) ____.

being a member/members of the above Company, hereby appoint Mr. Pablo Garrido, or failing him,
Mr. Mark Beepath, Directors of the Company, or Mr/Ms. ______________________________.
to be my/our proxy to vote for me/us on my/our behalf as indicated below on the Resolutions to be proposed at the Annual General Meeting of the Company to be held on Thursday 25 May 2017. As witness my hand this

______________ day of ______________________ 2017.

Signature of Shareholder/s ____.

Please indicate with an 'X' in the spaces below how you wish your proxy to vote on the Resolutions referred to. If no such indication is given, the proxy will exercise his discretion as to how he votes or whether he abstains from voting.

		FOR	**AGAINST**
Resolution 1:	To receive and consider the Audited Financial Statements of the Company for the year ended 31 December 2016, together with the Reports of the Directors and the Auditors thereon.		
Resolution 2:	To re-elect a Director in accordance with Section 4.4.1. of the Company Bye-Laws whereby directors shall retire in rotation: Roxane E. de Freitas, being eligible, offers herself for re-election until the close of the next third Annual Meeting.		
Resolution 3:	To elect directors to the Board: In Accordance with Section 4.3.2 of the Company Bye Laws whereby directors so appointed shall hold office only until the next following general meeting, the following directors, being eligible, officer themselves for election to the Board. Mr. Breno Polli		
Resolution 4:	To appoint Auditors, KPMG and authorise the Directors to fix their remuneration.		

NOTES:

1. If it is desired to appoint a proxy other than the named Directors, the necessary deletions must be made and initialled and the name inserted in the space provided.
2. If the appointor is a corporation, this form must be under the hand of some officer or attorney duly authorised in that behalf.
3. In the case of joint holders, the signatures of all holders are required.
4. To be valid, the form must be completed and deposited at the office of the Secretary of the Company not less than 48 hours before the time fixed for holding the meeting or adjourned meeting.

Mail to: The Secretary
Unilever Caribbean Limited
Box 295
Port of Spain

Or deposit to: The Secretary
Unilever Caribbean Limited
Eastern Main Road
CHAMPS FLEURS

Design & Layout: Paria Publishing Co. Ltd.

Printing: The Office Authority Ltd.

CORPORATE INFORMATION

Directors:
Pablo Garrido
Lucy Walsh
Seamus Clarke
Mark Beepath
Roxane E. de Freitas
Jacqueline Quamina
Breno Polli
Enid Blasini

Secretary:
Mark Beepath

Registered Office:
Eastern Main Road
Champs Fleurs
Telephone: (868) 663-1787
Facsimile: (868) 663-9211

Registrar and Transfer Office:
RBC Trust (Trinidad & Tobago) Limited
Level 8
55 Independence Square
Port of Spain
Telephone: (868) 625-7288
ext. 4817- 20

Auditors:
KPMG
Trinre Building
69-71 Edward Street
Port of Spain

Bankers:
Citibank (Trinidad & Tobago) Limited
12 Queen's Park East
Port of Spain

RBC Royal Bank (Trinidad & Tobago) Limited
31 Eastern Main Road
San Juan

Attorneys:
J.D. Sellier & Company
129-131 Abercromby Street
Port of Spain

Audit Committee:
Seamus Clarke, Chairman
Lucy Walsh
Pablo Garrido

For further information on our economic, environmental and social performance, please visit our website:

www.unilever.com

PEFC FSC

This report is printed on FSC and PEFC approved, acid-free paper.