MAKING SUSTAINABLE LIVING COMMONPLACE

UNILEVER CARIBBEAN LIMITED
ANNUAL REPORT
AND ACCOUNTS 2017

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 2017:

We have chosen a new, simpler format for our 2017 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

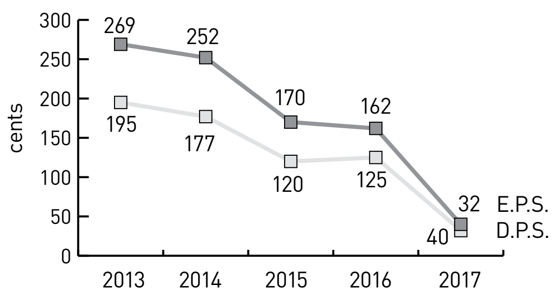
You can find more information about Unilever online at www.unilever.com. For further information on the Unilever Sustainable Living Plan (USLP) visit www.unilever.com/sustainableliving.

This annual report can be downloaded at https://www.unilever.tt/tt/investor-relations/

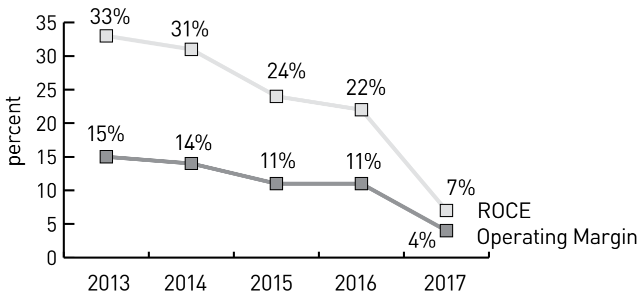
Layout: Paria Publishing Co. Ltd.

Printing: The Office Authority Ltd.

EARNINGS & DIVIDENDS PER SHARE (CENTS)



OPERATING MARGIN & RETURN ON CAPITAL EMPLOYED (PERCENT)



FIVE - YEAR FINANCIAL REVIEW

	2017	2016	2015	2014	2013
Operating Performance					
Turnover (TT$000)	464,042	566,302	548,584	587,774	579,372
Earnings before interest and tax(TT$000)	19,515	61,618	60,163	82,840	85,335
Profit before Taxation (TT$000)	19,163	61,329	59,893	88,429	93,366
Taxation (TT$000)	8,693	18,839	15,332	22,286	22,881
Profit after Taxation (TT$000)	10,470	42,490	44,561	66,143	70,485
Return on Stockholders' Equity	4.5%	18.0%	21.0%	30.2%	34.5%
Return on Capital Employed	6.6%	21.5%	23.6%	31.0%	33.5%
Operating Margin	4.2%	10.9%	11.0%	14.1%	14.7%
Liquidity Indicators					
Current Ratio	1.4	1.7	1.7	1.7	2.1
Net Current Assets (TT$000)	65,383	109,107	121,912	127,174	113,851
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	35,643	35,284	35,284	35,284
Dividends (TT$000)	8,398	32,805	31,493	46,452	51,176
Special Dividend (TT$000)	11,547	-	-	-	-
Retained Earnings (TT$000)	172,433	173,865	150,445	157,590	142,663
Total Stockholders' Funds (TT$000)	234,320	235,752	211,973	219,118	204,191
Total Liabilities (TT$000)	210,570	214,316	218,806	221,109	152,273
Capital Employed (TT$000)	296,096	285,964	255,256	266,885	254,876
Earnings and Dividends					
EPS (cents)	40	162	170	252	269
DPS (cents)	32	125	120	177	195
Special Dividend (Cents)	44	-	-	-	-
Market Indicators					
Price earnings ratio	72.50	36.94	40.18	25.60	20.89
Dividend cover	1.25	1.30	1.42	1.42	1.38
Dividend yield (%)	1.10	2.09	1.76	2.74	3.47
Share price at 31 December ($)	29.00	59.84	68.30	64.50	56.20
Net asset value per share unit	8.93	8.98	8.08	8.35	7.78

FINANCIAL HIGHLIGHTS

TURNOVER (VARIANCE %)	OPERATING PROFIT AS % OF TURNOVER	PROFIT BEFORE TAX (VARIANCE %)	EARNINGS PER SHARE
(18.1)%	4.1%	(68.8)%	TT$0.40
2016: 3.2%	2016:10.9%	2016: 2.4%	2016: TT$1.62

INTERIM DIVIDEND	FINAL DIVIDEND PER SHARE	SPECIAL DIVIDEND PER SHARE	TOTAL DIVIDEND PER SHARE
TT$0.00	TT$0.32	TT$0.44	TT$0.76
2016: TT$0.25	2016: TT$1.00	2016: TT$0.00	2016: TT$1.25

TOTAL SHAREHOLDERS' RETURNS	RETURN ON CAPITAL EMPLOYED
(50.3)%	6.6%
2016: (10.3)%	2016: 21.5%

THE UNILEVER SUSTAINABLE LIVING PLAN

The Unilever Sustainable Living Plan sets out to decouple our growth from our environmental footprint, while increasing our positive social impact.

Our Plan has three big goals to achieve, underpinned by nine commitments and targets spanning our social, environmental and economic performance across the value chain. We will continue to work with others to focus on those areas where we can drive the biggest change.

More detail on our progress can be found in our online Sustainable Living Report 2016 at www.unilever.com/sustainable-living.

IMPROVING HEALTH AND WELL-BEING FOR MORE THAN 1 BILLION

By 2020 we will help more than a billion people take action to improve their health and well-being.

We have helped 538 million people take action to improve their health and well-being.

HEALTH AND 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.

538 MILLION†

people reached by end 2016

- Reduce diarrhoeal and respiratory disease through handwashing
- Provide safe drinking water†
- Improve access to sanitation
- Improve oral health
- Improve self-esteem

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.

35%

of our portfolio by volume met highest nutritional standards in 2016

- Reduce salt levels

Saturated fat:
- 92 Reduce saturated fat
- 92 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

- 86 Provide healthy eating information

REDUCING ENVIRONMENTAL IMPACT BY 1/2

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

Our products' lifecycle:
Halve the greenhouse gas (GHG) impact of our products across the lifecycle by 2030.

+8%

our greenhouse gas impact per consumer use has increased by around 8% since 2010*

Our manufacturing:
By 2020 CO_2 emissions from energy from our factories will be at or below 2008 levels despite significantly higher volumes.

-43%†

reduction in CO_2 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

WATER

Our products in use:
Halve the water associated with the consumer use of our products by 2020.+

-7%

our water impact per consumer use has reduced by around 7% 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

Unilever

Our greenhouse gas impact has increased and our water and waste impacts per consumer use have reduced since 2010.

ENHANCING LIVELIHOODS FOR MILLIONS

By 2020 we will enhance the livelihoods of millions of people as we grow our business.

We have made steady progress across our Enhancing Livelihoods commitments.

WASTE

Our products:
Halve the waste associated with the disposal of our products by 2020.

-28%†

our waste impact per consumer use has reduced by around 28% since 2010*

Our manufacturing:
By 2020 total waste sent for disposal will be at or below 2008 levels despite significantly higher volumes.

-96%†

reduction in total waste per tonne of production since 2008

Reduce waste from manufacturing:
- Zero non-hazardous waste to landfill
- New factories
- Reusable, recyclable or compostable plastic packaging
- Reduce packaging

Recycle packaging:
- Increase recycling and recovery rates
- Increase recycled content
- (66) Tackle sachet waste
- (99) Eliminate PVC

Reduce office waste:
- Recycle, reuse, recover
- Reduce paper consumption
- (73) Eliminate paper in processes

SUSTAINABLE SOURCING

By 2020 we will source 100% of our agricultural raw materials sustainably.

51%

of agricultural raw materials sustainably sourced by end 2016

- Sustainable palm oil
- Paper and board
- Soy beans and soy oil
- Tea
- (67) Fruit †
- (92) Vegetables †
- Cocoa
- Sugar †
- Sunflower oil
- Rapeseed oil
- Dairy
- (77) Fairtrade Ben & Jerry's
- Cage-free eggs
- Increase sustainable sourcing of office materials

FAIRNESS IN THE WORKPLACE

By 2020 we will advance human rights across our operations and extended supply chain.

67%

of procurement spend through suppliers meeting our Responsible Sourcing Policy's mandatory requirements

We continued to embed human rights, focusing on 8 salient issues in our Human Rights Report

Our Total Recordable Frequency Rate for safety improved to 1.01† per million hours worked

- Implement UN Guiding Principles on Business and Human Rights
- Source 100% of procurement spend in line with our Responsible Sourcing Policy
- Create framework for fair compensation
- Improve employee health, nutrition and well-being
- Reduce workplace injuries and accidents †

OPPORTUNITIES FOR WOMEN

By 2020 we will empower 5 million women.

920,000

women enabled to access initiatives aiming to promote their safety, develop their skills or expand their opportunities•

- 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

INCLUSIVE BUSINESS

By 2020 we will have a positive impact on the lives of 5.5 million people.

650,000

smallholder farmers and

1.5 MILLION

small-scale retailers

enabled to access initiatives aiming to improve agricultural practices or increase incomes•

- Improve livelihoods of smallholder farmers
- Improve incomes of small-scale retailers
- Increase participation of young entrepreneurs in our value chain

KEY

- Achieved by target date
- On-plan for target date
- Off-plan for target date
- (%) % achieved by target date

* Our environmental targets are expressed on a 'per consumer use' basis. This means a single use, portion or serving of a product.

\+ In seven water-scarce countries representing around half the world's population.

• In 2016 around 300,000 women accessed initiatives under both Opportunities for Women and Inclusive Business.

† PricewaterhouseCoopers (PwC) assured. For details and the basis of preparation, see www.unilever.com

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.

CHAIRMAN'S STATEMENT

OVERVIEW

In 2017, Trinidad and Tobago and the wider Caribbean were faced with serious challenges to the purchasing power and the overall confidence of consumers. Locally, government revenues from the energy sector stayed low, resulting in reduced consumer spending, increased taxation and a continuing scarcity of foreign exchange. This was not unexpected in view of world energy prices. Not foreseen, however, was the terrible impact on life and property of hurricanes Irma and Maria, which ravaged several islands. We were shocked and dismayed at the destructive power of these storms, which also had repercussions in terms of Unilever Caribbean Limited's results. Some of the territories that were devastated are among our key markets, and projected turnover and cash levels for our Company were negatively affected in the aftermath of the hurricanes.

Against this backdrop, Unilever Caribbean Limited's turnover was impacted and decrease by 18.1% for 2017 to TT$464 million and profit before tax to TT$ 19.2 million. Additionally, the Company managed to improved trade and other receivables by 25% and ended the year in a solid cash position of TT$32 million. Non-current assets increased by 28.5% ($51.1 million), driven by our key Project in our factory and a revaluation of pension assets.

As part of our continues improvement and aiming to best in class standards, Unilever has made a strategic investment of TT$61 million in the upgrade of our manufacturing site at Champs Fleurs in Trinidad, which was completed in the year under review. This capital investment allows us to step up production for our export markets—a key strategic undertaking to increase our foreign exchange earnings. Initial challenges in the changeover to the new technology were solved as the year progressed, and the upgraded factory is now running as expected. In addition to increased operational efficiencies and production capacity, the new machinery allows us to produce phosphate-free detergent formulations. As environmental regulations and consumer sensitivities become more stringent in the marketplace, this will make our home care lines more competitive and reduce the impact of our products on the delicate Caribbean environment.

At the heart of the new production system employed in the upgraded facility is the alignment of our manufacturing to more rigorous safety standards. The safety of our employees is paramount in our operations, and we are pleased that in December 2017, the Company had reached 30 consecutive months with no recordable accidents. Our environmental goal of "Zero Waste to Landfill" was also progressing—all well in line with Unilever's Sustainable Living Plan, a global guiding principle for the Company.

RETURNS TO SHAREHOLDERS

The Directors have declared a total dividend of TT$0.76 comprising of final dividend $TT0.32 and special dividend of $0.44 with earnings per share at TT$0.40. The final dividend represents a dividend payout of 80 % of the year's earnings, the company's target range being between 60 to 80 %.

GLOBALLY

Unilever Caribbean Limited is part of the Unilever Group, a global giant that in 2017, for the seventh consecutive year, topped the Global Scan Sustainability ranking of over 1,000 sustainability experts around the world. Unilever Group again ranked first in the Personal Products sector of the 2017 Dow Jones Sustainability Index, one of the most credible and high-profile markers of corporate sustainability leadership. This confidence can be attributed to the Group's commitment to the Unilever Sustainable Living Plan, to which we in the Caribbean also adhere in order to make our Company more sustainable, regardless of the overall economic ups and downs that affect us.

Also in 2017, Unilever Group announced the intention to divest the spreads business to improve product portfolio and financial flexibility.

LOOKING AHEAD

Looking ahead, we do not expect a significant economic turnaround in Trinidad and Tobago in the year to come. However, Unilever will continue to hold fast to the Global Sustainable Living Plan and will remain committed to investing in the building of our strong brands and in the latest technology, and we will enhance our efforts to develop the talent and skills of our people. Governance is of utmost importance, UCL continues to improve in its overall compliance, risk management and policy implementation through adoption of additional global standards.

Regionally, as the islands recover from the 2017 hurricanes, we expect improved sales in our export categories. Our enhanced manufacturing capacity should also bear fruit and result in higher earnings of foreign exchange, particularly from the sale of our Home Care products.

BOARD COMPOSITION AND SUCCESSION

Ms. Lucy Walsh completed her assignment as Managing Director on October 31, 2017, and our new Managing Director, Mr. John De Silva, was appointed on November 1, 2017. Mr. De Silva has over 20 years' multinational experience in General Management, Operations and Finance positions, having worked in Trinidad and Tobago, Jamaica, Switzerland, the Dominican Republic and Mexico, and we look forward to his leadership in the years to come.

In 2017, Finance Director and Company Secretary Mr. Mark Beepath left, and Ms. Nanda Persad joined the Board as his successor. Ms. Persad, a seasoned senior executive, has prior work experience across diverse industries, which will be an asset to UCL.

Ms. Enid Blasini also stepped down as a Director of Unilever, and her vacancy was filled by Mr. Alejandro Graterol. Mr. Graterol joined Unilever in Mexico in 2013 and has garnered valuable experience in supply chain management and go-to-market.

ACKNOWLEDGEMENT

I would like to extend my thanks to all outgoing Directors for their contribution to Unilever Caribbean Limited, and I look forward to working with those who have joined us during the year. Most of all, I would like to acknowledge and thank our employees and staff who have continued to exhibit such resilience and dedication, and of course our customers, shareholders and stakeholders for their loyalty to our Company.

Pablo Garrido
Chairman

BOARD OF DIRECTORS

PABLO GARRIDO

Non-Executive Chairman

Nationality: Dominican

BA in Business, MA Marketing

Joined Unilever in 1999 as a 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 Caribbean. In 2008 relocated to Puerto Rico, as part of the New Chairman for an expanded territory of Greater Carribbean position responsibilities. He is currently at the head of his own private companies.

JOHN DE SILVA

Managing Director

Nationality: Trinidadian

Experienced FMCG Executive, joined Unilever Caribbean Ltd. in November 2017.

Has over 20 years' Multinational experience in General Management, Supply Chain Operations and Finance, having worked in Trinidad, Jamaica, Switzerland, the Dominican Republic and Mexico. Held senior executive positions including Director of a Food and Beverage business in Jamaica, Caribbean business General Manager, and Head of Supply Chain and Operations for Latin America.

John is a Fellow of the Association of Chartered Certified Accountants of the UK and an alumnus of IMD Business School, Switzerland.

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.

ROXANE E. DE FREITAS

Non-Executive Director

Nationality: Trinidadian

B.A., Joined Unilever Caribbean Limited 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 expatriated to the Caribbean Head office in Puerto Rico and appointed to the position of Regional Brand Building Director. In 2015 she was appointed Regional North Export Director a position she held until she retired from Unilever on 31st July, 2017. Roxane was the first female Managing Director of Unilever Caribbean Ltd and currently sits on the Board of Directors as a Non-Executive Director, she also is a Non Executive Director of Scotia Bank Trinidad and Tobago Limited, appointed in 2008.

ALEJANDRO GRATEROL

Supply Chain Greater Caribbean Director

Nationality: Venezuelan

Joined Unilever in 2013 as Logistics and Distribution Director Mexico and since then has held various senior roles in different locations. MBA and Mechanical Engineer with over 15 years on international experience in several areas of Supply Chain from Manufacturing to Go-to-Market.

NANDA PERSAD

Finance Director

Nationality: Trinidadian

Senior Level Executive with extensive finance, administration, accounting ;internal audit and mergers and acquisition experience in diverse industries and sectors across domestic, international and emerging markets - oil and gas, food and beverages; distribution and pest control and hygiene.

She is a Fellow of ACCA, Chartered Accountant and a Member of Institute of Internal Auditors. Currently pursuing her MBA in Finance.

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.

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.

MANAGING DIRECTOR'S REVIEW

MARKET COMMENTS

Unilever Caribbean Limited faced a difficult 2017 and delivered Turnover of $464 million, an 18.1% decline versus the prior year. Cost containment measures were applied to Selling, Distribution and Marketing Expenses in order to cushion the impact on the bottom line, resulting in a reduction in Profit Before Tax of 68.8%. EPS was $0.40 and the Dividend yield was 1.10%.

The Company faced challenging economic conditions across the Caribbean, particularly in Trinidad and Tobago, Suriname and in Barbados. Some other export markets were also badly impacted by hurricanes, and the rate of recovery has been slower than anticipated. This has adversely and dramatically impacted consumer demand in key markets, with spending habits changing and consumers switching to more affordable product offerings.

Credit controls have been reinforced and careful management of credit exposure and risk management also impacted sales in the latter half of 2017.

MANUFACTURING FACILITY UPGRADE

In the second half of 2017, the Company completed the TT$ 54 million upgrade of its Detergents Manufacturing facilities and commenced production of environmentally friendly formulations of our well-known brands, including the Market Leader, BREEZE. The new installation will allow us to increase our operational efficiencies and offer these new formulations to consumers in the local market as well as across the many export markets we serve.

Focus on the markets outside Trinidad and Tobago continues to be a strategic priority to deliver additional growth, diversification and increased foreign exchange earnings.

SPREADS

In relation to our previous press notice on Unilever's decision to exit Spreads to accelerate sustainable shareholder value creation, Unilever has received a binding offer from KKR to purchase its global Spreads business, which includes brands such as BLUE BAND, FLORA, BECEL, COOKEEN and I CAN'T BELIEVE IT'S NOT BUTTER.

The offer is subject to certain regulatory approvals and employee consultation in certain jurisdictions. Completion of the deal is expected by Q3 2018. The detailed discussions with KKR will also cover the structure to be implemented for each jurisdiction in how to manage manufacturing and supply arrangements once the deal is complete.

OUR PEOPLE

Unilever's sustainable competitive advantage will continue to be our People, and we continue to focus on attracting top talent and inspiring them with a purpose fully aligned to the Company's long-term values.

We strive to create an inclusive workforce that creates the diversity in thinking and perspectives that strengthen our business.

I would like to thank my Unilever colleagues for the tremendous professionalism, commitment and resilience demonstrated despite the challenges faced.

We have emerged stronger, more united and focused on realising our 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.

John De Silva
Managing Director

EXECUTIVE LEADERSHIP

JOHN DE SILVA
Managing Director

NANDA PERSAD
Finance Director

PAUL WIGGANS
Supply Leader

SADIQ ALI
National Sales Manager

FRANCISCO NAVARRETE
Warehouse, Logistics & Customer Service Manager

DONNA HAMEL-SMITH
Marketing Manager Home Care

MOONIERAM MARAJ
Export Manager

DANIEL GONZALEZ
Greater Caribbean Planning Manager

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

Unilever Caribbean Limited 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% (2016: 43%) of total Unilever Caribbean Limited sales.

FINANCIAL REVIEW HIGHLIGHTS

- Turnover declined 18.1% from $566 million to $464 million.
- Gross Margin declined by 453 bps moving from 40.3% to 35.8%.
- Operating Profit decreased 68.3% from $61.6 million in 2016 to $19.5 million in 2017.
- Profit after Tax fell by 75.4% from $42.5 million to $10.5 million.
- Total Earnings Per Share (EPS) was $0.40, down from $1.62 in 2016.
- Cash at bank closed at $32 million.
- Net asset value per share is $8.93.
- Debt to Equity Ratio decreased from 6.11% in 2016 to 7.06% in 2017.

ECONOMIES AND MARKETS

UCL and its markets continue to be vulnerable to economic challenges, compounded by the hurricanes that passed through the Caribbean in September 2017, Irma and Maria. Nominal rebound of oil and gas prices assisted producers like Suriname and Trinidad and Tobago, but fiscal balances in most countries in the region continue to be weak with a worryingly high public sector debt. Growth in Barbados was dampened by introduction of austerity measures to reduce domestic demand and assist fiscal stability. Tourist-dependent economies like St. Vincent & Grenadines experienced a slowdown in tourist arrivals despite the opening of a new airport and compounded by closure of Buccament Bay Resort. Grenada and St. Lucia grew nominally with developments in tourism and construction industries.

Our home market in Trinidad and Tobago had a particularly difficult year, with decline across all major channels as the recession continues and consumers showed increased sensitivity to price increases. While GDP slowed considerably, other key economic indicators also began to show weakness, with unemployment rates gradually rising amid interest rates and inflationary pressures.

Export markets experienced negative growth year-on-year in most territories from continued economic challenges across the region and natural disasters. These markets continue to be an integral part of our business and focus. The outlook for Trinidad and Tobago in 2018 is positive, with economic growth anticipated in conjunction with the government's approach to develop new export opportunity markets in its diversification thrust.

Rising exchange rates continue to be a cause for concern in both local and regional markets, with the scarcity of US dollars compounding the current economic stagnation.

OPERATING PROFITS

Operating Profit in the year declined to $19.5 million, driven by the decline in Turnover. One-off loss of revenues associated with the cessation of payment of our second-largest distributor in Trinidad was pronounced in second half of the year. Gross Margins were reduced due to a decline in volumes and higher per unit conversion costs. Commodity prices were stable or softening for the most part in the year.

All other costs were well managed in the year, with strong management from other parts of business to control expenses through the implementation of Zero Based Budgeting driving savings opportunities.

BALANCE SHEET

Unilever Caribbean maintains a strong financial position despite the challenges in the year. Non-current Assets Values increased by 28.5% ($51.1 million) driven by the intensive Capex investment in 2017 related to the Potter Project (Powders plant upgrade) and the revaluation of Pension assets in Q4 2017 ($17.7 million).

Current assets declined by 20.8% ($56 million), driven by lower trade receivables due to an increased focus on cash collection and stock holding, which lowered the inventory held at year-end. Cash was also impacted due to a reduction in profit and the payments for the Potter Project.

Current liabilities declined by 7.8% ($12.6 million) due to reduction in intercompany balances.

There were no financing commitments at the end of the year, while due to related parties decreased 28%, from $74 million to $54 million.

PERFORMANCE OF CATEGORIES

Home Care

The Home Care business consists of Powdered Detergents, Dishwashing Liquids as well as Fabric Conditioners. Turnover declined by 21% vs. prior year, with declines seen across most categories and brands. A general price increase was implemented across both the local and export markets in March. For export, the major driver was a decline in the economic outlook in our second-largest export Home Care market, Suriname, which resulted in a sharp devaluation of the country's currency and caused our brands to be non-competitive against the local competitors. The performance of all other markets was steady, with the highlight being a +1% growth in Home Care turnover.

Personal Care

The Personal Care category comprises Hair Care, Deodorants, Oral Care, Skin Cleansing, and Hand & Body Care. Turnover in this category declined by 24.7% in the year, mainly due to the prevalence of parallel trade in both local and Caribbean territories.

Foods

The Foods portfolio of the Company comprises Spreads and Cooking Aids, Dressings and Savoury. This category declined by 9.7%, with price increases in March for both local and export channels to compensate for increasing commodity costs. In export, sales have been affected by the economic issues in the Suriname market, specifically regarding the Becel brand. The core brands of Blue Band and Golden Ray have also experienced a decline against 2016 sales, albeit at a lower level.

Refreshments

The refreshment category includes Teas and Ice Cream brands, which declined 11%. However, there was 46.7% improvement in the Ice Cream business, which help the overall performance of the category.

SUMMARY AND OUTLOOK

We remain cautiously optimistic for a stronger year in 2018, as the benefits from the investment in our factory upgrades begin to deliver returns. Improvements and modest growth is anticipated for the Caribbean and Latin America, with protracted recovery in the hurricane-impacted islands.

In addition, there are some risks for countries with upcoming elections, which may impact economic and policy uncertainties.

Foreign exchange depreciation will continue to impact the input costs across the business.

UCL will adopt strategic measures to mitigate these risks whilst improving resilience on multiple levels through improved competitiveness, human development and environment preparedness, building on our foundation and agility.

DIRECTORS' REPORT

FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2017	$'000
Turnover	464,042
Profit before taxation	19,163
Taxation	8,693
Profit after taxation	10,470
Other comprehensive income	14,342
Total comprehensive Income for the year	24,812
Dividends	
Final dividend for 2016	26,244
Profit retained for the year	(1,432)
Retained earning brought forward	173,865
Retained earning carried forward	172,433

Changes to the Board

On 31st October 2017, Ms Lucy Walsh, Managing Director, ended her tenure in Trinidad. We would like to thank Ms. Walsh for her effort and contributions towards the organization and we wish her the very best in her future endeavours. Mr. John De Silva was appointed to the Board on 1st November 2017, filling the vacancy left by Ms. Walsh as Managing Director.

On 18th October 2017, Ms. Nanda Persad was appointed to the Board as Finance Director/Company Secretary, to fill the vacancy of Mark Beepath who resigned on 25th May 2017. Additionally, on 18th October 2017, Mr. Alejandro Graterol was appointed to the Board filling the vacancy left by Ms. Enid Blasini as Regional Supply Chain Director on 31st July 2017.

Re-Election of Directors

To re-elect Mr. John De Silva, Ms. Nanda Persad, Mr. Alejandro Graterol and Mr. Breno Polli under section 4.3.1. of By-Law No 1 for a period ending at the close of the third Annual Meeting of the Shareholders of the Company following their election.

To elect Ms. Nuria Hernandez Crespo under section 4.3.1 of By-Law No 1 for a period ending at the close of the third Annual Meeting of the shareholders of the Company following her election.

Auditors

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

DIRECTORS' AND SUBSTANTIAL INTERESTS

DIRECTORS' SHAREHOLDING AS AT DECEMBER 31, 2017		
Names	**Position**	**Holding**
Nanda Persad	Finance Director	0
Roxane De-Freitas	Non-Executive Director	1,000
Breno Polli	GC Finance Director	0
Alejandro Graterol	GC Supply Chain Director	0
Jacqueline Quamina	Non-Executive Director	0
John De Silva	Managing Director	0
Seamus Joseph Clarke	Non-Executive Director	0
Pablo Garrido	Chairman	0

SUBSTANTIAL INTEREST AS AT DECEMBER 31, 2017		
	Total shares held	**Holding %**
Unilever Overseas Holdings AG	13,123,194	50.01
RBC Trust Limited – All Accounts	4,271,332	16.28

SHAREHOLDING MIX AS AT DECEMBER 31, 2017			
Size of shareholding	**Number of shareholders**	**Total shares held**	**Holding %**
Up to 100	416	22,082	0.08
101 to 500	888	238,382	0.91
501 to 1,000	357	269,323	1.03
1,001 to 5,000	395	926,736	3.53
5,001 to 10,000	74	545,963	2.08
10,001 to 100,000	116	3,036,922	11.57
100,001 to 1 000,000	21	5,133,714	19.56
Over 1 000,000	3	16,070,710	61.24
TOTAL	2,270	26,243,832	100.00

On behalf of the Board,

Seamus Clarke
Director

John De Silva
Director

NOTICE OF ANNUAL MEETING

TO ALL SHAREHOLDERS

Notice is hereby given that the Eighty-Ninth Annual General Meeting of Shareholders of Unilever Caribbean Limited will be held in the Port of Spain ballroom of the Hyatt Regency Hotel, #1 Wrightson Road, Port of Spain on Thursday 24 May, 2018 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, 2017.
2. To elect and re-elect Directors.
3. To appoint Auditors, KPMG and authorise the Directors to fix their remuneration for the ensuing year.

RECORD DATE

The Directors have fixed Friday 27 April, 2018 as the Record Date of shareholders entitled to receive notice of this meeting.

DIVIDEND ANNOUNCEMENT

On 29 March, 2018 the Board of Directors of Unilever Caribbean Limited declared a total dividend of $0.76 per ordinary share comprising of final dividend $0.32 and special dividend of $0.44.

This dividend is payable on Friday 15 June, 2018 to all shareholders whose names appear on the Register of Members as at Friday 25 May, 2018.

The Transfer Book and Register of Ordinary Members will be closed on Thursday 24 May, 2018 and Friday 25 May, 2018 inclusive.

By order of the Board

Nanda Persad

Nanda Persad

Company Secretary

Friday 27 April, 2018

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, 2017, 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, 2017, 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.

Key audit matters (continued)

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; testing the adequacy of the Company's provisions against trade receivables by assessing management's assumptions; and conducting discussions with management regarding customers experiencing financial difficulties and corroborating by review of correspondence between the parties and detailed receivables listings for the subsequent period. We also considered the adequacy of the Company's disclosures on the degree of estimation involved in arriving at the provision.

Timing of revenue recognition

- **The risk** - Revenue is also measured by taking account of discounts, incentives and rebates earned by customers on the Company's sales and is recognised when the risks and rewards of the underlying products have been transferred to the customer. The Company operates in a competitive industry in local and international markets and is publicly traded. Revenue is a key performance measure. There is a risk of misstatement of the financial statements related to transactions occurring close to the year end, as transactions could be recorded in the wrong financial period.
- **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 undertook test of details work through the selection of a statistical sample and vouched those items sampled to supporting documentation such as invoices.

Other Information

Management is responsible for the other information. The other information comprises the information included in the 2017 Annual Report, but does not include the financial statements and our auditors' report thereon. The 2017 Annual Report is expected to be made available to us after the date of this auditors report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. When we read the 2017 Annual Report, if based on the work we have performed, we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance. We have nothing to report in this regard.

Key audit matters (continued)

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 Marissa Quashie.

KPMG

Chartered Accountants

Port of Spain

Trinidad and Tobago

March 29, 2018

STATEMENT OF FINANCIAL POSITION

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

	Notes	2017 $'000	2016 $'000
ASSETS			
Non-current assets			
Property, plant and equipment	8	154,741	121,188
Retirement benefit asset	9	68,432	50,751
Deferred tax asset	10	7,540	7,614
		230,713	179,553
Current assets			
Inventories	11	49,779	60,451
Trade and other receivables	12	111,180	149,201
Due from related companies	13	13,683	1,853
Taxation recoverable		7,815	1,624
Cash at bank and in hand		31,720	57,386
		214,177	270,515
Total assets		444,890	450,068
EQUITY AND LIABILITIES			
EQUITY			
Stated capital	14	26,244	26,244
Property revaluation surplus		35,643	35,643
Retained earnings		172,433	173,865
Total equity		234,320	235,752
LIABILITIES			
Non-current liabilities			
Retirement and termination benefit obligation	9	27,391	28,092
Deferred tax liabilities	10	34,385	24,816
		61,776	52,908
Current liabilities			
Trade and other payables	15	86,367	79,676
Provisions for other liabilities	16	8,903	7,790
Due to parent and related companies	13	53,524	73,942
		148,794	161,408
Total liabilities		210,570	214,316
Total equity and liabilities		444,890	450,068

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

On March 29, 2018, the Board of Directors of Unilever Caribbean Limited authorised these financial statements for issue.

Director

Director

STATEMENT OF PROFIT OR LOSS

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

	Notes	2017 $'000	2016 $'000
Revenue	17	464,042	566,302
Cost of sales		(297,897)	(337,891)
Gross profit		166,145	228,411
Expenses			
Selling and distribution costs		(115,246)	(137,522)
Administrative expenses		(29,474)	(29,247)
Loss on disposal of plant and equipment		(1,910)	(24)
		(146,630)	(166,793)
Operating profit		19,515	61,618
Finance cost – net	19	(352)	(289)
Profit before tax		19,163	61,329
Income tax expense	20	(8,693)	(18,839)
Profit for the year		10,470	42,490
Earnings per share for profit attributable to the equity holders of the Company during the year			
- Basic and diluted earnings per share	21	$0.40	$1.62

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

STATEMENT OF OTHER COMPREHENSIVE INCOME

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

	Notes	2017 $'000	2016 $'000
Profit for the year		10,470	42,490
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit asset/liability	9	20,488	19,623
Revaluation of property	8	-	512
Related tax	10	(6,146)	(6,041)
Other comprehensive income, net of tax		14,342	14,094
Total comprehensive income		24,812	56,584

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

STATEMENT OF CHANGES IN EQUITY

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

	Note	Stated Capital $'000	Property Revaluation Surplus $'000	Retained Earnings $'000	Total Equity $'000
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	22	-	-	(32,805)	(32,805)
Balance at December 31, 2016		**26,244**	**35,643**	**173,865**	**235,752**
Year ended December 31, 2017					
Balance at January 1, 2017		26,244	35,643	173,865	235,752
Total comprehensive income					
Profit for the year		-	-	10,470	10,470
Other comprehensive income		-	-	14,342	14,342
Total comprehensive income		-	-	24,812	24,812
Transaction with owners of the Company					
Dividends	22	-	-	(26,244)	(26,244)
Balance at December 31, 2017		**26,244**	**35,643**	**172,433**	**234,320**

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

STATEMENT OF CASH FLOWS

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

	2017 $'000	2016 $'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the year	10,470	42,490
Adjustments for:		
Depreciation	7,071	5,070
Loss on disposal of plant and equipment	1,910	24
Net pension cost	7,710	9,889
Contributions paid	(5,604)	(5,407)
Taxation expense	8,693	18,839
Operating profit before working capital changes	30,250	70,905
Changes in:		
- Inventories	10,672	(5,640)
- Trade and other receivables	38,021	(10,310)
- Due from related companies	(11,830)	5,261
- Trade and other payables	6,693	(11,878)
- Provisions for other liabilities	1,113	(2,545)
- Due to parent and related companies	(33,542)	308
Cash generated from operating activities	41,377	46,101
Taxation paid	(11,388)	(14,892)
Net cash from operating activities	29,989	31,209
CASH FLOWS USED IN INVESTING ACTIVITIES		
Purchase of plant and equipment	(43,020)	(32,850)
Proceeds from sale of plant and equipment	487	-
Net cash used in investing activities	(42,533)	(32,850)
CASH FLOWS USED IN FINANCING ACTIVITIES		
Dividends paid	(13,121)	(32,805)
Decrease in cash and cash equivalents	(25,666)	(34,446)
Cash and cash equivalents at beginning of year	57,386	91,832
Cash and cash equivalents at end of year	31,720	57,386
Represented by:		
Cash at bank and in hand	31,720	57,386

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

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017
(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 recognised prospectively.

A. Judgments

Carrying value of property, plant and equipment

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

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

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

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, 2017 is included below:

(i) Taxation

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

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

(ii) Impairment allowance – trade receivables

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

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 (see Note 12).

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 9.

The following table summarises how the defined benefit obligation as at December 31, 2017 would have changed as a result of a change in the other assumptions used:

	1% pa increase $'000	**1% pa decrease $'000**
Monthly-Rated Pension Plan		
Discount rate	(30,275)	38,625
Future pension increases	32,218	(26,474)
Future salary increase	8,085	(6,923)
An increase of 1 year in the assumed life expectancies shown in Note 9 (vi) would increase the defined benefit obligation at December 31, 2017 by $5.558 million.		
Hourly-Rated Pension Plan		
Discount rate	(2,724)	3,408
An increase of 1 year in the assumed life expectancies shown in Note 9 (vi) would increase the defined benefit obligation at December 31, 2017 by $0.483 million (2016: $0.442 million).		
Termination Lump Sum Plan		
Discount rate	(2,264)	2,881
Future salary increase	2,896	(2,312)
Supplementary Pension Plan		
Discount rate	(0.055)	0.063
Future salary increase	0.068	(0.062)

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

4. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Foreign currency translation

(i) *Functional and presentation currency*

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

(ii) *Transactions and balances*

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

(b) Segment reporting

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

(c) Property, plant and equipment

Cost or revaluation

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

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)).

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(h) and 4(j)). 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.

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

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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Employee benefits (continued)

(ii) Post-employment (continued)

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

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

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

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

(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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Provisions (continued)

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, revised and amended standards and interpretations that became effective during the year

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

- 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.
- 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.

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

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

- Amendments to IAS 12, *Income Taxes* (continued)
  - 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 adoption of these amendments did not result in any 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.

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

  Financial Assets – Classification

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

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

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

  Financial Assets - Impairment

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

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

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

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

  Trade and other receivables

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

December 31, 2017
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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*, 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 applied a five-step model to determine when to recognise revenue, and at what amount. The model specified 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.

  The Company has completed its review of the requirements of IFRS 15 against our existing accounting policies. As a result of our review we concluded that our current accounting policies are in line with the requirements of the new standard.

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

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

  Other areas:

  Right of return:

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

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

  Accounting for trade terms expenditure (discounts)

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

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

- 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, 2017, if the TT dollar had weakened/strengthened by 5% (2016: 5%) against the US dollar with all other variables held constant, post tax profit for the year would have been $109,120 (2016: $191,149) 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 12 and 23(b)).

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

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

(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.

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

6. FINANCIAL RISK MANAGEMENT (continued)

(i) Financial risk factors (continued)

(c) Liquidity risk (continued)

Less than one year

	2017 $'000	2016 $'000
Trade and other payables, excluding statutory liabilities	82,448	76,439
Due to parent and related companies	53,524	73,942
Provisions for other liabilities	8,903	7,790
	144,875	158,171

(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, 2017					
Opening net book amount	37,000	18,000	31,853	34,335	121,188
Additions	-	-	-	43,020	43,020
Transfers	-	829	60,995	(61,824)	-
Disposals	-	-	(2,397)	-	(2,397)
Depreciation charge	-	(411)	(6,660)	-	(7,071)
Closing net book amount	37,000	18,418	83,791	15,531	154,741
At December 31, 2017					
Cost or valuation	37,000	28,004	156,908	15,531	237,443
Accumulated depreciation	-	(9,586)	(73,117)	-	(82,703)
Net book amount	37,000	18,418	83,791	15,531	154,741
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

Work in progress represents plant improvement projects which are estimated to be completed during the 2018 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, was credited to other comprehensive income and is shown in "property revaluation surplus" in equity.

Depreciation expense of $5.550 million (2016: $3.626 million) has been charged in cost of sales, $0.835 million (2016: $$0.775 million) in distribution costs and $0.685 million (2016: $0.669 million) in administrative expenses.

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

	2017 $'000	2016 $'000
Cost	26,366	25,537
Accumulated depreciation	(9,483)	(8,910)
Net book amount	16,883	16,627

9. POST-EMPLOYMENT AND TERMINATION BENEFITS

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

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

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

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

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

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

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

	2017 $'000	2016 $'000
Defined benefit asset (liability)		
(i) Retirement benefit asset:		
Monthly paid staff (a)	68,432	50,751
(ii) Retirement benefit and termination liabilities:		
Hourly paid staff (b)	(2,257)	(2,696)
Supplementary pension scheme (c)	(923)	(1,029)
Termination benefits – lump sum plan (d)	(24,211)	(24,367)
	(27,391)	(28,092)
(iii) Movement in net defined benefit asset:		
Retirement benefit asset	66,175	48,055
Retirement and termination benefit obligations	(25,134)	(25,396)
	41,041	22,659
Balance at January 1	22,659	7,518
Net pension cost	(7,710)	(9,889)
Re-measurements recognised in OCI	20,488	19,623
Contributions paid	5,604	5,407
Balance at December 31	41,041	22,659
(iv) Total amounts recognised in OCI:		
Monthly paid staff	(19,077)	(17,157)
Hourly paid staff	(406)	(1,006)
Supplementary pension scheme	(56)	(174)
Termination benefits – lump sum plan	(949)	(1,286)
	(20,488)	(19,623)

9. POST-EMPLOYMENT AND TERMINATION BENEFITS (continued)

	2017 $'000	2016 $'000
Defined benefit asset (liability) (continued)		
(v) Total amounts recognised in profit or loss:		
Current service cost	7,960	9,768
Net interest on net defined benefit asset	(1,455)	(566)
Past service cost	717	180
Administration expenses	488	507
Net pension expense (Note 18 (b))	7,710	9,889
Net pension expense includes:		
Monthly paid staff	3,867	5,797
Hourly paid staff	1,362	1,570
Supplementary pension scheme	54	60
Termination benefits – lump sum plan	2,427	2,462
	7,710	9,889

Pension expense of $5.284 million (2016: $6.777 million) has been charged in cost of sales, $1.440 million (2016: $1.847 million) in distribution costs and $0.986 million (2016: $1.265 million) in administrative expenses.

The actual return on plan assets was $ 21.232 million (2016: $3.668 million).

(vi) The principal assumptions are as follows:

	Per annum 2017 %	Per annum 2016 %
Discount rate (all Plans)	5.50	5.50
Salary increases		
- Monthly paid employees	4.50	4.50
- Weekly paid employees	4.00	4.00
- Supplementary pension	2.75	2.75
- Termination/lump sum	4.00	4.00
NIS ceiling/pension increases		
- Future pension increases	2.75	2.75
- Future NIS pension increases	0.00	0.00

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

	2017 Years	2016 Years
Life expectancy at age 60 for current pensioner		
- Male	21.0	21.0
- Female	25.1	25.1
Life expectancy at age 60 for current members age 40		
- Male	21.4	21.4
- Female	25.4	25.4

9. POST-EMPLOYMENT AND TERMINATION BENEFITS (continued)

Defined benefit asset (liability) (continued)

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

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

	2017 Years	2016 Years
Monthly	15.5	15.6
Hourly	13.3	13.3

(vii) Sensitivity analysis

Sensitivity analyses are discussed in Note 3.

(viii) Change in Plan assets and liabilities

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

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

(a) Retirement benefit asset (Monthly paid staff)

	2017 $'000	2016 $'000
(i) Amounts recognised in the statement of financial position are as follows:		
Fair value of plan assets	301,047	290,758
Present value of defined benefits obligation	(232,615)	(240,007)
Retirement benefit asset	68,432	50,751
(ii) Movement in the asset recognised in the statement of financial position:		
Asset as at January 1	50,751	37,346
Net pension cost	(3,867)	(5,797)
Re-measurements recognised in OCI	19,077	17,157
Contributions paid	2,471	2,045
Asset as at December 31	68,432	50,751
(iii) Amounts recognised in profit or loss:		
Current service cost	5,732	7,252
Net interest	(2,896)	(1,956)
Past service	717	180
Administration expenses	314	321
Net pension cost	3,867	5,797

9. POST-EMPLOYMENT AND TERMINATION BENEFITS (continued)

Defined benefit asset (liability) (continued)

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

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

	2017 $'000	2016 $'000
(iv) Change in plan assets		
Plan assets at start of year	290,758	294,190
Return on plan assets	4,127	(10,813)
Interest income	15,732	14,533
Company contributions	2,471	2,045
Members' contributions	2,291	2,045
Benefits paid	(14,018)	(10,921)
Expenses paid	(314)	(321)
Plan assets at end of year	301,047	290,758

Plan assets are comprised as follows:

	2017 $'000	2017 %	2016 $'000	2016 %
Debt instruments	143,197	48	141,064	49
Equity instruments	146,028	49	144,242	50
Other	11,822	3	5,452	1
Fair value of Plan assets	301,047	100	290,758	100

(v) Plan experience

As at December 31	2017 $'000	2016 $'000	2015 $'000	2014 $'000	2013 $'000
Present value of defined benefit obligation	(232,615)	(240,007)	(256,844)	(253,457)	(246,672)
Fair value of Plan assets	301,047	290,758	294,190	303,742	302,230
Surplus	68,432	50,751	37,346	50,285	55,558

	2017 $'000	2016 $'000
(vi) Change in defined benefit obligation:		
Defined benefit obligation at start	240,007	256,844
Service cost	5,732	7,252
Interest cost	12,836	12,577
Members' contribution	2,291	2,045
Past service cost	717	180
Experience adjustment	(14,950)	(9,114)
Actuarial gains	-	(18,856)
Benefits paid	(14,018)	(10,921)
Defined benefit obligation at end of year	232,615	240,007

9. POST-EMPLOYMENT AND TERMINATION BENEFITS (continued)

Defined benefit asset (liability) (continued)

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

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

(vii) Funding

The Company meets the balance of the cost of funding the defined benefit Pension Plan and the Company must pay contributions at least equal to those paid by members, which are fixed. The funding requirements are based on regular (at least every 3 years) actuarial valuations of the Plan and the assumptions used to determine the funding required may differ from those set out above. The Company expects to pay $2 million to the Pension Plan during 2018.

(b) Retirement benefit obligation (Hourly paid staff)

		2017 $'000	2016 $'000
(i)	***Amounts recognised in the statement of financial position are as follows:***		
	Fair value of plan assets	21,886	19,630
	Present value of defined benefit obligation	(24,143)	(22,326)
	Retirement benefit obligation	(2,257)	(2,696)
(ii)	***Movement in the obligation recognised in the statement of financial position:***		
	Obligation as at January 1	(2,696)	(3,503)
	Net pension cost	(1,362)	(1,570)
	Remeasurements recognised in OCI	406	1,006
	Contributions paid	1,395	1,371
	Obligation as at December 31	(2,257)	(2,696)
(iii)	***Amounts recognised in profit or loss:***		
	Current service cost	1,097	1,261
	Net interest	91	123
	Administration expenses	174	186
	Net pension cost	1,362	1,570
(iv)	***Change in plan assets***		
	Plan assets at start of year	19,630	18,178
	Return on plan assets	269	(998)
	Interest income	1,104	946
	Company contributions	1,395	1,371
	Members' contributions	871	929
	Benefits paid	(1,209)	(893)
	Expense allowance	(174)	(186)
	Termination lump sum transferred in	-	283
	Plan assets at end of year	21,886	19,630

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9. POST-EMPLOYMENT AND TERMINATION BENEFITS (continued)

Defined benefit asset (liability) (continued)

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

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

(iv) Change in plan assets (continued)

Plan assets are comprised as follows:

	2017		2016	
	$'000	%	$'000	%
Debt instruments	8,835	40	9,699	49
Equity instruments	9,835	45	8,055	41
Other	3,220	15	1,876	10
Fair value of Plan assets	21,886	100	19,630	100

(v) Plan experience

As at December 31	2017 $'000	2016 $'000	2015 $'000	2014 $'000	2013 $'000
Present value of defined benefit obligation	(24,143)	(22,326)	(21,681)	(17,929)	(15,595)
Fair value of Plan assets	21,886	19,630	18,178	16,769	13,549
Deficit	(2,257)	(2,696)	(3,503)	(1,160)	(2,046)

	2017 $'000	2016 $'000
(vi) Change in defined benefit obligation		
Defined benefit obligation at start	22,326	21,681
Service cost	1,097	1,261
Interest cost	1,195	1,069
Members' contribution	871	929
Experience adjustments	(137)	(513)
Actuarial gains	-	(1,491)
Benefits paid	(1,209)	(893)
Termination lump sum transferred in	-	283
Defined benefit obligation at end of year	24,143	22,326

(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 $1.3 million to the Pension Plan during 2018.

9. POST-EMPLOYMENT AND TERMINATION BENEFITS (continued)

Defined benefit asset (liability) (continued)

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

(c) Supplementary pension scheme

		2017 $'000	2016 $'000
(i)	***Amounts recognised in the statement of financial position are as follows:***		
	Present value of defined benefit obligation	(923)	(1,029)
(ii)	***Re-measurements recognised in OCI***		
	Experience (gains) losses	(56)	(140)
	Actuarial gains	-	(34)
		(56)	(174)
(iii)	***Amounts recognised in profit or loss:***		
	Interest on defined benefit obligation	54	60
(iv)	***Change in defined benefit obligation***		
	Defined benefit obligation at start	(1,029)	(1,266)
	Interest cost	(54)	(60)
	Experience adjustment	56	140
	Actuarial gains	-	34
	Benefits paid	104	123
	Defined benefit obligation at end of year	(923)	(1,029)

(v) Plan experience

As at December 31	2017 $'000	2016 $'000	2015 $'000	2014 $'000	2013 $'000
Present value of defined benefit obligation	(923)	(1,029)	(1,266)	(634)	(1,484)
Deficit	(923)	(1,029)	(1,266)	(634)	(1,484)

(vi) Funding

The Company pays the pension benefits as they fall due.

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9. POST-EMPLOYMENT AND TERMINATION BENEFITS (continued)

Defined benefit asset (liability) (continued)

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

(d) Termination benefits lump sum plan

		2017 $'000	2016 $'000
(i)	***Amounts recognised in the statement of financial position are as follows:***		
	Present value of defined benefit obligation	(24,211)	(24,367)
(ii)	***Re-measurements recognised in OCI***		
	Experience gains	949	15
	Actuarial gains	-	1,271
		949	1,286
(iii)	***Amounts recognised in profit or loss:***		
	Current service cost	1,131	1,255
	Interest on defined benefit obligation	1,296	1,207
	Net pension cost	2,427	2,462
(iv)	***Change in defined benefit obligation:***		
	Defined obligation at start	(24,367)	(25,059)
	Current service cost	(1,131)	(1,255)
	Interest cost	(1,296)	(1,207)
	Experience adjustment	949	15
	Actuarial gains	-	1,271
	Benefits paid	1,634	1,868
	Defined benefit obligations at end of year	(24,211)	(24,367)

(v) Plan experience

As at December 31	2017 $'000	2016 $'000	2015 $'000	2014 $'000	2013 $'000
Present value of defined benefit obligation	(24,211)	(24,367)	(25,059)	(25,887)	(26,514)
Deficit	(24,211)	(24,367)	(25,059)	(25,887)	(26,514)

(vi) Funding

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

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10. DEFERRED TAXATION

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

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

	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

11. INVENTORIES

	2017 $'000	2016 $'000
Finished goods	29,792	42,811
Raw materials and supplies	15,256	10,508
Engineering and general stores	3,970	5,541
Goods in transit	523	1,303
Work in progress	4,425	2,482
	53,966	62,645
Impairment allowance	(4,187)	(2,194)
	49,779	60,451
Analysis of movements of impairment allowance is as follows:		
At January 1	2,194	1,994
Impairment charge for the year	4,322	1,680
Write-offs/reversals	(2,329)	(1,480)
At December 31	4,187	2,194

The cost of inventories recognised as an expense and included in cost of sales amounted to $173.887 million (2016: $231.301 million). Inventories written off during the year amounted to $6.177 million (2016: $2.909 million).

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12. TRADE AND OTHER RECEIVABLES

	2017 $'000	2016 $'000
Trade receivables	89,367	127,731
Impairment allowance	(6,556)	(262)
Trade receivables – net	82,811	127,469
Value Added Tax Recoverable	12,499	8,602
Prepayments	15,870	13,130
	111,180	149,201

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 $39.754 million (2016: $53.319 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:

	2017 $'000	2016 $'000
Less than 1 month	49,613	74,412
Up to 1 month	31,905	37,048
Up to 2 months	935	8,091
Over 2 months	6,914	8,180
	89,367	127,731

As of December 31, 2017, trade receivables of $6.556 million (2016: $0.591 million) were impaired and partially provided for. There was an impairment loss of $6 million related to a customer that was considered not collectable during the year. The individually impaired receivables mainly relate to wholesalers, who are in unexpectedly difficult economic situations. The ageing of these receivables is as follows:

	2017 $'000	2016 $'000
Over 6 months	6,556	591

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

	2017 $'000	2016 $'000
Trinidad and Tobago dollars	65,524	89,341
United States dollars	45,656	59,860
	111,180	149,201

Analysis of movements of impairment allowance is as follows:

	2017 $'000	2016 $'000
At January 1	262	376
Impairment charge for the year	6,396	-
Write-offs/reversals	(102)	(114)
At December 31	6,556	262

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.

13. RELATED PARTY TRANSACTIONS AND BALANCES

A party is related to the Company if:

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

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

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

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

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

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

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

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

The following transactions were carried out with related parties:

		2017 $'000	2016 $'000
i)	Sales to related companies	7,251	13,069
ii)	Purchases from related companies	104,943	122,043
iii)	Royalties and service fees charged to the Company	27,702	31,693
iv)	Key management compensation:		
	- Short-term employee benefits	7,837	7,900
	- Post-employment benefits	275	503
	Compensation of the Company's key management personnel includes salaries, non-cash benefits and contributions to a post-employment defined benefit plan (Note 9).		
	From time to time directors of the Company, or other related entities, may buy goods from the Company. These purchases are on the same terms and conditions as those entered into by other company employees or customers.		
v)	Year end balances arising from sales/purchases of goods/services, royalties and service fees:		
	Due from related companies	13,683	1,853
	Due to parent and related companies	53,524	73,942
	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.		

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14. STATED CAPITAL

	2017 $'000	2016 $'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

15. TRADE AND OTHER PAYABLES

	2017 $'000	2016 $'000
Trade payables	55,372	54,715
Other payables and accruals	30,995	24,961
	86,367	79,676

16. PROVISIONS FOR OTHER LIABILITIES

	2017 $'000	2016 $'000
At January 1	7,790	10,335
Additional provisions	5,536	5,147
Unused amounts reversed	(598)	(322)
Used during the year	(3,825)	(7,370)
At December 31	8,903	7,790

These provisions relate to short-term employee benefits.

17. REVENUE

	2017 $'000	2016 $'000
Third party sales	456,791	553,233
Sales to related companies (Note 13)	7,251	13,069
	464,042	566,302

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18. EXPENSES

	2017 $'000	2016 $'000
(a) Expenses by nature		
Cost of imported goods sold	108,085	108,254
Raw materials and packaging materials used	86,570	108,560
Employee benefit expense (Note 18(b))	93,587	102,311
Royalties and service fees (Note 13)	27,702	31,693
Production costs	44,981	60,941
Advertising and promotional costs	11,837	21,720
Distribution costs	25,052	25,974
Human resources costs	5,582	4,781
Depreciation (Note 8)	7,071	5,070
Information technology costs	3,825	4,992
Marketing and sales	14,640	14,056
Merchandising expenses	6,091	6,420
Buying and planning	1,186	1,572
Other expenses	6,407	8,316
Total cost of sales, selling and distribution costs and administrative expenses	444,526	504,660
(b) Employee benefit expense		
Wages and salaries	78,462	87,002
National insurance	4,698	4,849
Pension expense (Note 9)	7,710	9,889
Severance	2,717	571
	93,587	102,311

19. FINANCE INCOME – NET

	2017 $'000	2016 $'000
Net finance expense	(352)	(289)

20. INCOME TAX EXPENSE

	2017 $'000	2016 $'000
(a) Tax expense comprises:		
Current tax	4,038	15,775
Change in estimates related to prior years	1,158	2,280
	5,196	18,055
Origination and reversal of temporary differences (Note 10)	3,497	179
Increase in tax rate	-	605
	8,693	18,839

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20. INCOME TAX EXPENSE (continued)

(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:

	2017 $'000	2017 %	2016 $'000	2016 %
Profit before tax	19,163	100.00	61,329	100.00
Tax using the Company's tax rate	5,749	30.00	15,332	25.00
Tax effects of:				
Income not subject to tax	-	-	(25)	(0.04)
Increase in tax rate	-	-	605	0.99
Expenses not deductible for tax purposes	546	2.85	647	1.05
Changes in estimates related to prior years	2,398	12.51	2,280	3.72
Tax charge	8,693	45.36	18,839	30.72

(c) Amounts recognised in OCI:

	Before Tax $	Tax Expense $	After Tax $
2017			
Remeasurements of defined benefit asset/liability	20,488	(6,146)	14,342
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

21. EARNINGS PER SHARE – BASIC AND DILUTED

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

	2017	2016
Profit attributable to equity holders ($'000)	10,470	42,490
Weighted average # of ordinary shares in issue ('000) (Note 14)	26,244	26,244
Basic and diluted earnings per share ($)	0.40	1.62

22. DIVIDENDS

On March 29, 2018, the Board of Directors declared a final dividend of $0.32 per share and a special dividend of $0.44 bringing the total dividend in respect of 2017 to $0.76 per share (2016: $1.25 per share). These financial statements do not reflect the total dividend which will be accounted for as an appropriation of retained earnings in the year ending December 31, 2018.

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22. DIVIDENDS (continued)

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

	2017 $'000	2016 $'000
Final dividend for 2016 - $1.00 per share (2015 - $1.00 per share)	26,244	26,244
Interim dividend for 2017 – 0.00 per share (2016 - $0.25 per share)	-	6,561
	26,244	32,805

23. FINANCIAL INSTRUMENTS

(a) Financial instruments by category

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

	2017 $'000	2016 $'000
Loans and receivables:		
Assets as per statement of financial position		
Trade and other receivables, excluding prepayments	95,310	136,071
Cash at bank and in hand	31,720	57,386
Due from related parties	13,683	1,853
	140,713	195,310
Financial liabilities at amortised cost:		
Liabilities as per statement of financial position		
Trade and other payables, excluding statutory liabilities	82,448	76,439
Due to parent and related parties	53,524	73,942
Provisions for other liabilities	8,903	7,790
	144,875	158,171

(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:

	2017 $'000	2016 $'000
Trade receivables		
Counterparties without external credit rating		
Group 1	257	-
Group 2	82,554	127,469
Group 3	-	-
Total unimpaired trade receivables	82,811	127,469

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.

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23. FINANCIAL INSTRUMENTS (continued)

(b) Credit quality of financial assets (continued)

Amounts due from related parties

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

	2017 $'000	2016 $'000
Cash and cash equivalents		
Reputable financial institutions:		
Cash at bank	29,609	47,130

24. BANK FACILITIES

The Company has facilities with the following financial institutions:

- RBC Royal Bank (Trinidad and Tobago) Limited – overdraft facilities to a maximum of TT$12 million (2016: TT$12 million) on its TTD denominated accounts, with interest at the commercial prime rate of 9% (2016: 9%).
- Citibank (Trinidad and Tobago) Limited
  - Trade financing facility to a maximum of US$5 million (2016: US$5 million).
  - Working capital financing facility to a maximum of US$1.250 million (2016: US$2.5 million).
  - Overdraft temporary cash USD$1.25 million (2016: Nil)

25. CONTINGENT LIABILITIES

	2017 $'000	2016 $'000
Custom bonds and other guarantees	8,130	7,890

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

26. LEASE COMMITMENTS

The future aggregate minimum lease payments under the terms of non-cancellable operating leases is $11.743 million (2016: $21.772 million).

	2017 $'000	2016 $'000
Not later than one year	9,646	9,556
Later than one year and not later than five years	2,097	12,216
	11,743	21,772

Lease payments recognised in profit or loss amount to $ 11.709 million (2016: $11.817 million).

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27. OPERATING SEGMENTS

(a) Basis for segmentation

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

The Company is organised into three main business segments:

- Home care - manufacture and sale of a range of laundry detergents and other household products.
- 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	
	2017 $'000	**2016 $'000**	**2017 $'000**	**2016 $'000**	**2017 $'000**	**2016 $'000**	**2017 $'000**	**2016 $'000**
Segment revenue	170,248	218,795	93,251	124,428	200,543	223,079	464,042	566,302
Profit before taxation	(194)	10,916	6,624	17,110	12,733	33,301	19,163	61,329

(ii) Geographical

	Revenue		Total Assets		Profit before Tax	
	2017 $'000	**2016 $'000**	**2017 $'000**	**2016 $'000**	**2017 $'000**	**2016 $'000**
Trinidad and Tobago	265,022	325,431	409,066	388,417	13,448	44,157
Other	199,020	240,871	45,656	58,955	5,715	17,172
	464,042	566,302	454,722	447,372	19,163	61,329

Items of property, plant and equipment of $154.741 million (2016: $121.188 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.

28. DETERMINATION OF FAIR VALUES

(a) Valuation models

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

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

Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

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

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

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

(b) Non-financial instruments measured at fair value

(i) Methodology

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

The fair value for land and buildings of $55 million (2016: $55 million has been classified as Level 3 in the fair value hierarchy.

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

There were no transfers between levels during the year.

(ii) Significant unobservable inputs used in measuring fair value

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

Description	Fair Value at December 31, 2017	Valuation Technique	Significant Unobservable Inputs
Land	$37 million (2016: $37 million)	Investment Method	- Gross monthly rental value
Buildings	$18.4 million (2016: $18 million)		- Outgoings - Capitalisation rate

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

28. DETERMINATION OF FAIR VALUES (continued)

(c) Financial instruments not measured at fair value

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

29. 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 31, 2017

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-Ninth Annual General Meeting of Shareholder of Unilever Caribbean Limited to be held on Thursday 24 May 2018 in the Port of Spain Ballroom of the Hyatt Regency Hotel, #1 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 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.
6. **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
27 April, 2018	Nanda Persad Company Secretary	Nanda Persad

PROXY FORM

Name of Company: **UNILEVER CARIBBEAN LIMITED** Company No. U464(C) (the "Company")

Eighty-Ninth Annual Meeting of the Shareholders of the Company to be held on Thursday, May 24, 2018 at 2.00 p.m. at the Port of Spain Ballroom, Hyatt Regency Hotel, #1 Wrightson Road, Port of Spain.

I/We (Block Capitals, please) ____.

being a member/members and shareholder in the above Company, hereby appoints Mr. Breno Polli, Director, c/o Unilever Caribe, S.A., Ave. Winston Churchill, Torre Acrópolis, Piso 17, Santo Domingo, República Dominicana to be my/our proxy to vote for me/us on my/our behalf at the above meeting and any adjournment thereof as indicated below, on the resolutions to be proposed in the same manner, to the same extent and with the same powers as if I/we were present at the meeting or such adjournment or adjournments thereof.

As witness my hand this ______________. day of ____________________. 2018.

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:	That the Audited Financial Statements of the Company for the fiscal year ended on 31 December 2017 together with the Reports of the Directors and the Auditors be received and adopted.		
Resolution 2:	The retirement of Mr. Pablo Garrido and Seamus Clarke under section 4.4.1 of By-Law No 1 for the expiration for their term of office.		
Resolution 3:	To elect Ms. Nuria Hernandez Crespo under section 4.3.1 of By-Law No 1 for a period ending at the close of the third Annual Meeting of the Shareholders of the Company following her election.		
Resolution 4:	To re-elect Mr. John De Silva, under section 4.3.1 of By-Law No 1 for a period ending at the close of the third Annual Meeting of the Shareholders of the Company following her election.		
Resolution 5:	To re-elect Ms. Nanda Persad under section 4.3.1 of By-Law No 1 for a period ending at the close of the third Annual Meeting of the Shareholders of the Company following her election.		
Resolution 6:	To re-elect Mr. Alejandro Graterol under section 4.3.1 of By-Law No 1 for a period ending at the close of the third Annual Meeting of the Shareholders of the Company following his election.		
Resolution 7:	To re-elect Mr. Breno Polli under section 4.3.1 of By-Law No 1 for a period ending at the close of the third Annual Meeting of the Shareholders of the Company following his election.		
Resolution 8:	To re-appoint Messrs. KPMG as auditors of the Company to hold office until the close of the next Annual Meeting of the Shareholders of the Company.		

NOTES:

1. If it is desired to appoint a proxy other than the named Director, the necessary deletions must be made and initialed and the name inserted in the space provided.
2. If the appointor is a corporation, this form must be under its common seal or under the hand of an officer or attorney duly authorized by the Corporation.
3. In the case of a joint shareholders, the names of all joint shareholders must be stated on the Proxy Form and all joint shareholders must sign the Proxy Form.
4. A shareholder that is a body corporate may, in lieu of appointing a proxy authorize an individual by resolution of its directors or its governing body to represent it at the Annual meeting.
5. To be valid, the form must be completed and deposited at the office of the Registrar Department at the address below not less than 48 hours before the time fixed for holding the meeting or adjourned meeting.

Mail to or Hand deliver :	The Registrar Department
	The Trinidad and Tobago Central Depository
	10th Floor, Nicholas Tower
	63-65 Independence Square
	PORT OF SPAIN

CORPORATE INFORMATION

Directors:
Pablo Garrido
John De Silva
Seamus Clarke
Roxane E. De Freitas
Alejandro Graterol
Nanda Persad
Breno Polli
Jacqueline Quamina

Secretary:
Nanda Persad

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

Registrar and Transfer Office:
Trinidad & Tobago Central Depository
10th Floor, Nicholas Tower
63-65 Independence Square
Port of Spain
Telephone: (868) 625-5107

Auditors:
KPMG
Savannah East
11 Queen's Park East
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
John De Silva
Pablo Garrido

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

www.unilever.com

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