

Angostura

Holdings Limited

Annual Report 2011



PRIDE IN OUR BRANDS

THE WORLD'S MOST AWARDED RUM RANGE





TRINIDAD AND TOBAGO'S FAVOURITE BRANDS

Winners of many Advertising awards, Angostura's five key local brands have been the jewels of the company for many years. These highly favoured brands have been appreciated by our people for centuries and have truly stood the test of time. Great taste helps us to sustain our lead in the beverage industry, a rum for every occasion, a brand for every palate, truly a part of our nation's culture!



Angostura® aromatic bitters

Angostura® aromatic bitters, is the most popular bitters since it was first introduced to the world in the 19th century. It is the bitters of choice for bartenders and mixologists around the globe.

This iconic brand is now sold in over 160 markets and is well respected not only by cocktail enthusiasts, but by chefs and cooks in the food and beverage industry.

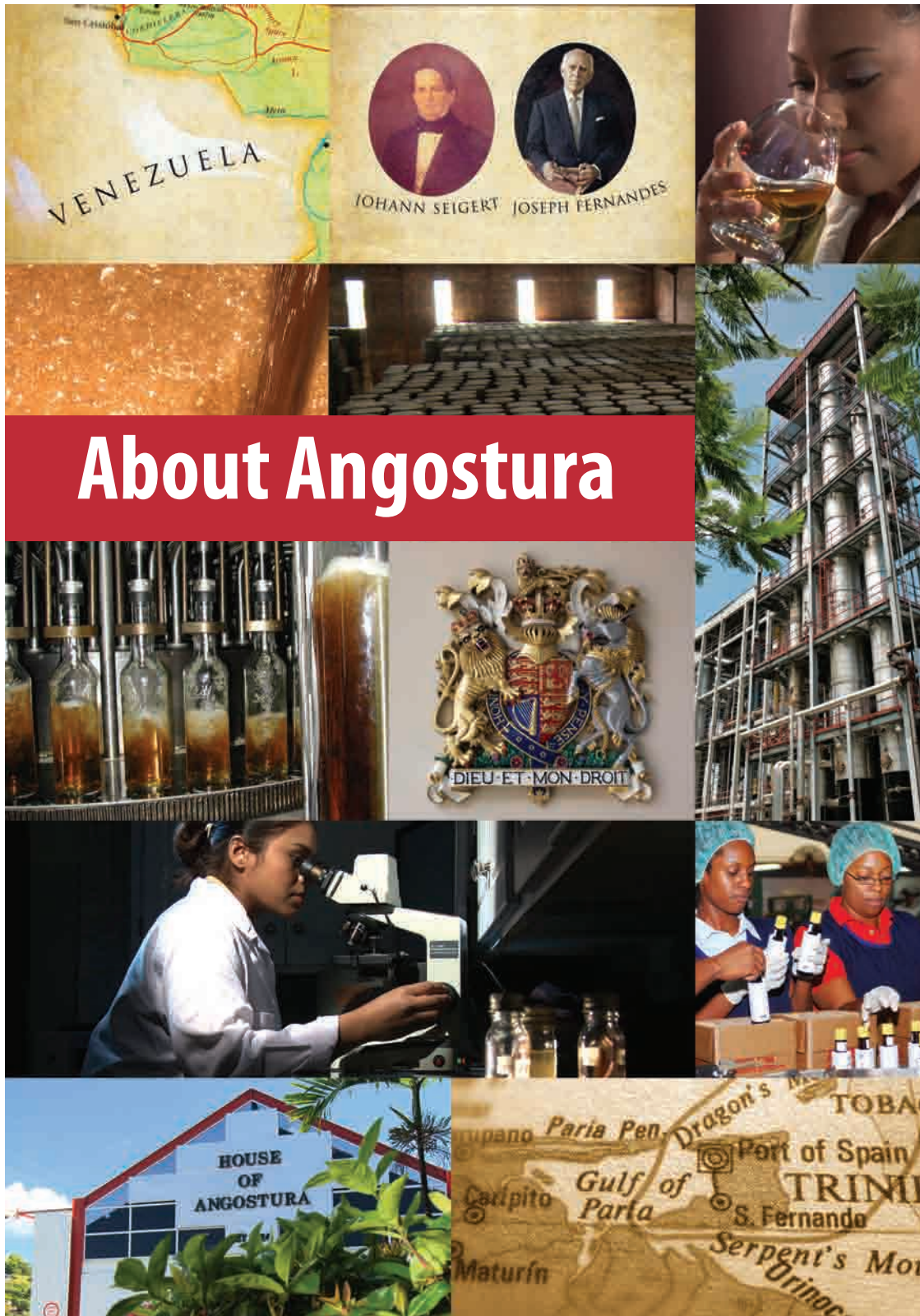
Always mix bitters with pleasure!





Table of Contents

01	About Angostura
03	Message from the Chairman
05	Message from the CEO
11	Notice of Annual General Meeting
13	Board of Directors
13	Directors' & Substantial Shareholdings
14	Directors' Report
15	The Executive Team
17	Corporate Information
19	Strength of our Brands
21	International Brands
23	A Year of Achievements
25	Celebration and Appreciation
27	Pride in our People
29	In the Community
31	Consolidated Financial Statements
97	Supplementary Information



About Angostura

Angostura Holdings Limited is one of the Caribbean's leading rum producers with a superb collection of rum brands and is the world's market leader for bitters.

Many of our brands have been around for generations in Trinidad and Tobago. In our core rum market, brands include: Angostura® 1824, Angostura® 1919, Angostura® Single Barrel, White Oak, Forres Park Puncheon, Fernandes® Black Label and Royal Oak. Angostura's international rum range began distribution in Europe in 2008 and has won gold medals at many international competitions since then. The international portfolio includes: Angostura® Reserva, Angostura® 5 year old, Angostura® 7 year old rum, Angostura® 1919 and Angostura® 1824.

Angostura® aromatic bitters is now celebrating 187 years since the first bottle was introduced to the world. Besides being a Royal Warrant holder to the Queen of England for its Angostura® aromatic bitters, the Company has successfully marketed its iconic bitters globally and has a geographic reach into 160+ markets.



Message from the Chairman



Gerald Yetming Chairman

"We credit our 2011 performance to the strength and quality of our brands, loyal support of our valued customers, strength of our management team and commitment of our employees."

I am very happy to report on the 2011 performance of our Company and credit these results to the strength and quality of our brands, the loyal support of our valued customers, the strength of our management team, and the undeniable talent and commitment of our employees. I also wish to pay tribute to members of our Board for their invaluable contribution to the success of our Company and to welcome Mr. Robert Wong to the post of Chief Executive Officer, which he assumed on January 2, 2012, to continue a successful career at Angostura.

Our 2011 after tax profit was \$156.9MM with year-end earnings per share of \$0.75. Net sales have grown by \$75.4MM (12.1%) over 2010 levels and gross profits have increased by \$32.1MM (8.9%). Our profit before tax adjusted for other income, fair value, impairment charges and foreign exchange gains is \$192.1MM and represents an \$85.9MM (80.8%) improvement over the similarly adjusted profit of \$106.2MM reported last year. I am particularly pleased with these results in light of the national state of emergency which was in effect for the major part of the third and fourth quarters of the year and which dampened our activities during the Company's peak season. Indeed this is an indication of the strength of our brands as our fourth quarter net sales grew by \$10.1MM (4.9%) over 2010 fourth quarter levels.

This performance has driven an increase in shareholder value demonstrated by a \$62.2MM (5.8%) increase in our total asset base from the 2010 to the 2011 year-end, as well as an increase in our share price from \$6.90 at year-end 2010 to \$7.75 at year-end 2011 (a 12.3% improvement). I am pleased that the Company can now pay a 2011 final dividend of 12 cents per share.

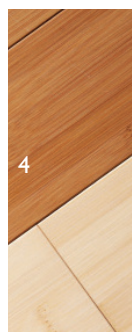
Our debt burden continues to present challenges for us albeit in a much more manageable manner than was the case in

prior years. I am happy to note that in addition to the 2011 refinancing of a portion of our debt, we have in early 2012, made principal payments on the remaining debt and finalised refinancing negotiations with respect to residual outstanding amounts. We expect significant interest savings to flow to the Company as a result of these measures and look forward to reallocating our cash resources towards more value adding activities to further enhance the Company's performance.

In conclusion, I wish to particularly congratulate our management team for steering the Company to this point considering the challenges with which we were faced at the Executive level during the latter half of the year. Furthermore, your Board is satisfied that sound plans have been developed to achieve a continuation of this performance trend as we renew our commitment to ensuring the continued growth and improvement of our business. I look forward to your ongoing support.



Gerald Yetming
Chairman
April 5, 2012



Message from the CEO



Robert Wong CEO

“The key to success is to embrace the changes that promote improvement while keeping constant those measures that have proven their value.”

Change...indeed this is the only constant in business and in life. The key to success is to embrace the changes that promote improvement while keeping constant those measures that have proven their value. It is with this philosophy that we embarked upon the strategies which have yielded the outstanding 2011 results that we now present; results which testify to the true value potential of our business and which represent its continued drive towards improved profitability and performance-related stability.

In my 22nd year as an employee of this Company, I am proud to share these results with you and while the consolidated financial statements themselves reflect the success of the business in its efforts towards continued growth, I will describe the past year in terms of the changes, and the areas of constancy, that have nurtured the results to this day.

THE CHANGES...

Change of image. In 2010 we commenced a massive campaign of re-imaging our products and moreover the Company, to reflect the true spirit of Angostura...a spirit of freshness and vitality. We reconnected with a segment of our market that had long been distanced from our products but whose potential value we never lost sight of. Our rebirth was cemented with the launch of new packaging for our standard and semi-premium brands. With this launch we marvelled at the renewed energy in our people, our market and even our lenders...our journey had begun. In 2011 we continued along this trend with the re-packaging of our premium and super premium brands and have now captured the attention of not only our local customer base but also a vast international export market.

The image of our Angostura® aromatic bitters underwent an experiential renaissance as we popularised the iconic brand through our cocktails campaign which culminated in our annual Global Cocktail Challenge (GCC) at which bartenders and mixologists from around the world compete on one stage to flaunt their mixing talents in a bid to produce the best Angostura® rum and Angostura® aromatic bitters cocktail. The build-up to the GCC involves the selection of worldwide winners through a series of competition heats which are organised by Angostura in conjunction with our global distributors. The overall winner of the Competition is appointed as a Global Brand Ambassador for the Company for the ensuing year. The participants, judges and attendees of this event were astounded at the world class standards that were achieved. As the global Angostura® brand, we strive for no less.

The value of re-imaging is lost if it is not well communicated. With this in mind we have executed several educational programmes to bring to our market a better understanding of our products and what they represent. This has been undertaken both at the local and export levels as we seek to inspire a deeper appreciation by our consumers, of the products and services offered by the Angostura Group. The reviews received in relation to this new information thrust, have been phenomenal and it is our intention to continue with this programme to continually enhance the knowledge and appreciation of consumers the world over.

Change in work methods. We see value in efficient and effective work; that is doing things right and doing the right things. In order to achieve these



two critical work standards our people must be well trained and well equipped. Our investment in training and education of our employees has been carefully planned and executed to ensure that our talent is soundly managed to the benefit and fulfilment of our people and the ultimate success of the Company. While “hard work” is a deeply entrenched staff mantra, “hard play” is also a valuable component of the Company’s character and has been a hallmark of what it means to be a part of this family. We promote the team spirit of our staff with Company-wide and functional-level events and seek to ensure that our staff are fairly treated and well recognised for their invaluable contribution to the overall well-being of the Company. I am pleased to note in relation to this topic, that our 2011 – 2013 Trade Union negotiations were concluded in the third quarter of 2011 and the cordial proceedings led to a mutually beneficial outcome.

With cash flow challenges well behind us, we have now embarked upon a robust plant modernisation plan and expect to undertake significant investment in plant and equipment in the medium-term future. This is of particular interest to me as during my own tenure I have been intimately involved in many operational aspects of the business from the distillery to packaging operations and even our warehousing and distribution processes. It gives me great pleasure to guide the Company at this juncture towards continued process improvement and operational soundness as Angostura once again leads the way forward with ground breaking precedents.

Change of business style. As a global Company we endeavour to ensure our business practices are first world and first class. We have averted the potentially adverse effects on the business of rising input costs by sourcing high quality input materials and conducting effective negotiations to benefit from short-term price

stability. In addition, I must note that while our 2010 BOLD campaign successfully unveiled a new image for our major brands, this campaign also afforded us the opportunity to save on bottling costs to help offset the rising cost of raw materials. The elimination of multiple bottle shapes has reduced production line changeovers and saved us valuable production time, thereby enabling us to improve our line efficiency. This change was truly a win-win for us.

We have developed an improved focus on core business as we no longer engage in non-value adding activities which, in the past, competed for resources to the detriment of our alcohol operations. Our efforts are now geared towards the production, promotion and sale of rum and bitters. Even our approach to customer relations and marketing is more targeted and has allowed us to better service the needs of our market while making optimum use of our resources. These streamlining efforts will support our drive towards growing the business and together with expert marketing of our quality products and careful management of our capital, we will continue to enhance our local and global impact to the benefit of all stakeholders.

THE CONSTANTS...

Constant leadership. The stewardship of this Company rests in the capable hands of a talented and driven management team. As a team, we draw on the knowledge base of each of our experts to ensure that the best decisions are taken for the Company as a whole. Collaboration and consensus are core value standards in our decision making process as we seek to ensure that thorough assessments are completed of the potential impact of business decisions on all stakeholders. Our management team is committed to growing the wealth of our shareholders by maximising your Company’s profitability in a meaningful and sustainable way. I am honoured to guide such a

dynamic group of young professionals towards the achievement of tangible results for all of our stakeholders.

Constant stakeholder relationships. Our shareholders, customers, suppliers, lenders and regulators are some of the external forces that create an operating environment conducive to the achievement of prosperity. Our employees, management team and Board of Directors work to ensure that this prosperity is achieved smartly and within a proper governance framework. It is my ardent intention to ensure that the strong stakeholder relationships now held are maintained and in fact improved through our future business activities.

Constant representation. We pride ourselves on our contributions to the local, regional and international communities which we touch. We maintain a strong presence in the Laventille community (where our operations are based) and take pride in guiding the gifted youth of this community towards the achievement of their full potential in life. We are also involved in a primary school mentoring programme which was recently launched by the Growing Leaders Foundation and through this programme our employees actively support the Company's social mandate in a direct and personal way. In support of young adult professional development, we run a Graduate Work Intern programme which affords new University Graduates the opportunity to gain valuable work experience which will equip them for the demands of the professional world. We therefore benefit from the talent and drive of new graduates and in many instances our interns progress to become long serving employees of the Company. As an Organisation we feel fulfilled in providing guidance and motivation to the young people of this country and in playing a role in their attainment of success.

On an even wider scale, we are a significant provider of local employment with our local employee base numbering 332 permanent staff. We contribute considerably to national foreign exchange earnings and are ranked by the Government among the largest tax payers in the local business community. Finally, we are among the most significant non-energy sector contributors to national GDP. I am heartened at the thought of this business contributing so meaningfully and tangibly to the well-being of the nation as a whole.

The results of the changes and constants described here are both qualitative and quantitative...

THE RESULTS...ACHIEVEMENTS

The Angostura® Brand. The brand "Angostura®" goes beyond any one product. It is more than a single beverage or a dash of flavour. The Angostura® brand is a style. It is a style of business, a style of production, of marketing and of trade. It is highly sought after and craved for organisation. We are precedent trend-setters who take BOLD decisions in our everyday activities setting the stage for others to follow. Our consumers are on the constant lookout for what is next and we are thrilled at the interest that we perceive from customers and competitors alike. 'How would Angostura do it?' is the question that we are working to place at the lips of our counterparts in the manufacturing and spirits industries and we are well on our way to achieving this goal. Our Angostura® brand is already sought after as we have set the standard for product branding, operations, resource management and stakeholder relations. We are delighted to be the quality standard to which other businesses strive.

Accolades. The Angostura® Brand is well supported by a barrage of award winning products. Truly, we have discernible evidence of the strength of our products as we can boast that ours is the most awarded rum range

in the world. Our iconic Bitters is one of the most widely distributed products in the world and again, this product boasts its own international statistic as it is the only holder of a Royal Warrant in the Caribbean. Even our advertising campaigns have received international recognition as we have received several awards for our recent BOLD and Single Barrel advertising campaigns. Finally, the Company was the recipient of the first ever Caribbean Business Award (CBA) for Large Business of the Year in 2011. We were honoured to have been the inaugural winner of this award and consider it a true symbol of where the Company is placed amongst its Caribbean contemporaries. Again this is a testament to the Angostura® Brand.

The Angostura People. As mentioned earlier, we hold an intense belief in the value of our human resource and actively support our employees' training and educational goals. In view of this, I am delighted in the knowledge of their success at the personal and international levels. Indeed, not only have we had several academic and professional qualifications attained over the past year but we can once again boast of world-class achievements as one of our employees, Mr. Richard Guiseppi of our Distillery operations department, placed first in the world in the International Brewing and Distilling (IBD) examinations at the certificate level. These exams are written by students the world over and yet it was an employee of Angostura that copped the top honours – a testimony of “first class, first world” success. We are communally proud of him!

Our performance. Having described the changes and constants that have helped to construct the 2011 results of the Company, I am hopeful that a keen understanding of the dynamics of the business has been attained.

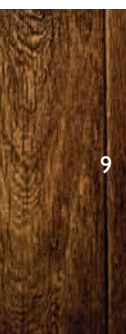
To easily compare the core profitability of the Company, the profit should be adjusted for non-core items namely other income, foreign exchange gains and fair value and impairment adjustments. Our 2011 profit before tax adjusted for these non-core items is \$192.0MM compared to a similarly adjusted profit before tax of \$106.2MM in 2010. This represents an \$85.8MM or 80.8% increase compared to 2010.

In 2011 we incurred a \$40.7MM tax expense mainly due to a reduction in our deferred tax assets which arose primarily from cumulative tax losses up to 2010. This compares to a tax credit of \$10.9MM in 2010 and represents an adverse impact of \$51.6MM on the 2011 profit after tax. Despite this significant adverse impact, our 2011 profit after tax adjusted for the above mentioned non-core items is \$151.3MM compared to a similarly adjusted profit after tax of \$117.1MM in 2010 (a \$34.2MM or 29.2% increase in profit after tax).

This substantial increase in profits is due mainly to growth in the local market driven by our strong brand presence. In addition, we continue to explore profitable and sustainable growth opportunities for our global Angostura® aromatic bitters brand and our international award winning rum brands. These efforts have led to a 12.1% increase (\$75.4MM) in net sales versus 2010.

The 28.91% interest in Burn Stewart Distillers received in 2010 in settlement of related party debts has returned a share of profits of \$17.1MM in 2011. The performance of this associate has significantly improved since 2010 due to several sustainable profit improvement initiatives implemented in 2011.

The return on total assets adjusted for non-core items is 13.2% compared to 10.8% in 2010 and a 3% high over the preceding decade.

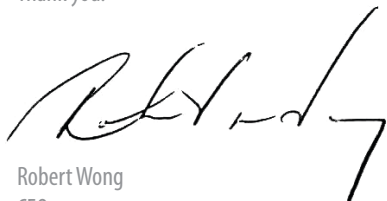


Our core EPS of \$0.74 can well support a dividend payment to our shareholders for the first time in 4 years. It gives me great pleasure to know that the unwavering support of our shareholders who have stood by us through many challenges can now finally be rewarded in a tangible way.

Apart from our profitability I am happy to report that subsequent to the year-end, \$116MM in debt was paid by the Company using its own cash resources. We are now well underway towards formalising plans to further reduce our debt burden before the end of this year. As one of our greatest challenges has been the effective management of our debt, this move taken towards significant debt reduction is truly a positive step for us. I eagerly anticipate the impact on the business from this decision.

In closing, I wish to extend my sincere appreciation to the stakeholders of this Company for entrusting the stewardship of Angostura to myself and my management team. We look forward to serving you and growing your wealth and security in a noteworthy manner and invite you to join us as we embark upon a fantastic journey to achieve success beyond the limits of the expected.

Thank you.

A handwritten signature in black ink, appearing to read 'Robert Wong', with a stylized, elongated final stroke.

Robert Wong
CEO
April 5, 2012

Notice of Annual General Meeting

BY ORDER OF THE BOARD



NOTICE IS HEREBY GIVEN, that the Thirtieth Annual General Meeting of Angostura Holdings Limited, (the "Company") will be held at the House of Angostura, Angostura Complex, Eastern Main Road, Laventille, Trinidad and Tobago, on Friday April 27, 2012 at 10:00 am for the following purposes:

- 1 To receive, consider and approve the Report of the Directors, the Audited Consolidated Financial Statements of the Company for the financial year ended December 31, 2011, together with the report of the Auditors thereon.
- 2 To appoint Messrs. KPMG as auditors of the Company for the financial year ending December 31, 2012, and authorise the Directors to fix their remuneration thereof.
- 3 To re-elect Directors

BY ORDER OF THE BOARD



Lyn Patricia Lopez

Secretary

April 5, 2012

NOTES

Every member who is entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and on a poll to vote in that member's place. A proxy need not be a member of the Company. Where a proxy is appointed by a corporate member, the form of proxy should be executed under seal or be signed by its attorney.

No service contracts not expiring or determinable within 10 years have been entered into between the Company and any of its Directors.

To obtain a soft copy of the audited consolidated financial statements for the year ended December 31, 2011, please log onto our website (www.angostura.com).

Queries may be directed to the Company Secretary at 623-1841 ext. 123 or lopezl@angostura.com.

Board of Directors

as at December 31, 2011

Gerald Yetming Chairman

Fraser Thornton Deputy Chairman

Vidia Doodnath

Joseph Teixeira

Carolyn John

Marlon Holder

Krishna Boodhai

Wayne Yip Choy

Directors' & Substantial Shareholdings

as at April 5, 2012

Directors

April 5, 2012

Krishna Boodhai

Nil

Vidia Doodnath

2,970

Marlon Holder

Nil

Carolyn John

Nil

Joseph Teixeira

Nil

Fraser Thornton (Deputy Chairman)

Nil

Gerald Yetming (Chairman)

Nil

Substantial Shareholders

Rumpro Company Limited

92,551,212

Colonial Life Insurance Company (T&T) Limited

66,971,877

A substantial interest means 5% or more of the issued share capital of the Company.

Directors' Report

The Directors present their Report and Statement of Account for the year ended December 31, 2011.

Financial Results for the Year	\$'000
Profit attributable to shareholders	154,485
Other reserve movements	(2,058)
Dividends on ordinary stock	
Final Dividend paid - 0¢	(0)
Interim paid - 0¢	(0)
	(0)
Retained profits from the previous year	<u>(157,809)</u>
Retained profits at the end of the year	<u><u>(5,382)</u></u>

DIVIDENDS

The Directors have declared a final dividend of 12 cents per ordinary share for the year.

AUDITORS

Messrs. KPMG, offer themselves for re-election as auditors of the Company for the financial year ending December 31, 2012.

DIRECTORS

1. Mr. Wayne Yip Choy has submitted his resignation.
2. Pursuant to paragraph 4.6.1 of Bye Laws No.1 of the Company Messrs. Vidia Doodnath, Marlon Holder, Carolyn John, Joseph Teixeira and Fraser Thornton retire and being eligible, offer themselves for re-election until the close of the third Annual Meeting next following.
3. Pursuant to section 77(5) of the Companies Act and paragraph 4.6.1 of Bye Laws No.1 of the Company Messrs. Gerald Yetming and Krishna Boodhai retire and being eligible, offer themselves for re-election until the close of the third Annual Meeting next following.

BY ORDER OF THE BOARD



Lyn Patricia Lopez
Secretary

The Executive Team

Robert Wong

Chief Executive Officer

Responsible for charting the Company's continued path to success with innovation and new perspectives.

Vidia Doodnath

Executive Director
Technical Services

Leads the Distillery, Packaging, Lab, Blending and Quality Teams to produce the highest quality products for our valued customers.

Alana Beaubrun

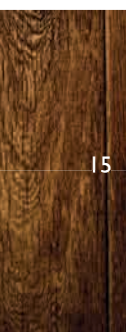
Executive Manager
Human Resources
& Administration

Ensures that Angostura remains a strong employer brand, fuelled by satisfied, expertly trained, high performing employees.

Lyn Lopez

Executive Manager
Legal

Manages risk through protecting and optimising the Company's interests in business transactions, minimising legal exposure and ensures statutory and regulatory compliance.



Brenda de la Rosa

Executive Manager
Sales & Marketing
(Domestic)

Leads the Trinidad and Tobago team responsible for serving 4000+ customers ensuring that our Rum brands stay top of mind with our loyal customers.

Genevieve Jodhan

Executive Manager
Export & Business
Development

Leads the international team for Rum & Bitters distribution in 160+ countries ensuring that we keep our No. 1 Brand position for Angostura® aromatic bitters.

Romesh Singh

Chief Financial Officer

Ensures financial compliance and supports the team by providing timely and relevant information, leads the team that produces cutting edge information technology services.



CORPORATE INFORMATION



17





Company Secretary

Lyn Patricia Lopez,
L.L.B. (Hons.) L.E.C., Counsel

Registered Office

Corner Eastern Main Road & Trinity Avenue
Laventille, Trinidad and Tobago
E-mail: corphq@angostura.com
Website: www.angostura.com

Registrar & Transfer Office

Trinidad and Tobago Central Depository Limited
10th floor, Nicholas Towers,
63-65 Independence Square,
Port of Spain, Trinidad and Tobago

Auditors for year ended December 31, 2011

KPMG
TRINRE Building,
69-71 Edward Street,
PO Box 1328 Port of Spain, Trinidad and Tobago

Bankers

Citibank (Trinidad and Tobago) Limited

12 Queen's Park East, Port of Spain, Trinidad and Tobago

First Citizens Bank Limited

Corporate Banking Unit, 2nd floor, Corporate Centre
9 Queen's Park East, Port of Spain, Trinidad and Tobago

Republic Bank Limited

Promenade Centre, 72 Independence Square,
Port of Spain, Trinidad and Tobago

RBC Royal Bank (Trinidad and Tobago) Limited

St. Clair Place
7-9 St. Clair Avenue
Port of Spain, Trinidad and Tobago

Attorneys-at-law

J.D. Sellier & Company
129-131 Abercromby Street, Port of Spain,
Trinidad and Tobago

STRENGTH OF OUR BRANDS





White Oak Rum

White Oak is a 3-year-old light bodied rum, specifically blended for the Caribbean market. The aged rum is carbon filtered to remove the dark oak colour and then blended to produce a unique, crisp taste. It is clean and light with hints of fruit in its aroma. This perfect mixer is the spirit of Trinidad and Tobago redefined for a more adventurous generation that seeks to go beyond the limits.



Forres Park Puncheon Rum

Forres Park Puncheon Rum provides comfort and warmth against the elements. Once a favourite with seafarers and estate workers, today Forres Park Puncheon Rum is the country's favourite over-proof rum, enjoyed by all. At 75% alcohol by volume, this is rum that packs a strong punch. Drink responsibly.



Black Label Rum

Fernandes® Black Label is renowned as a great rum, a brand that symbolises more than 100 years of tradition, meticulousness and well-earned respect. With its complex aroma encompassing the wooded notes of coconut, cloves, lemon and even a hint of vanilla, this is a rum made to be savoured, unhurriedly... it is reserved for those with discerning taste.



Single Barrel Rum

Angostura® Single Barrel Rum is made for those who crave perfection. It is smoother than scotch blends and has a rich medium body and deep mahogany hue. This rum exudes an enticing, luxurious and complex bouquet, with hints of caramel, spice, chocolate, banana and a lingering taste of apple. Angostura® Single Barrel Rum is the quintessential sipping rum, best enjoyed neat or on the rocks.

INTERNATIONAL BRANDS

2011 was an exceptional year for the Angostura international rum brands as we launched the entire portfolio into new territories including the USA, Canada, Australia, Taiwan and some developing markets in Eastern Europe. The increasing strength of our distribution network allows us to share our range of rums with more consumers and the increased brand awareness is very encouraging. With world demand for premium rums growing steadily, Angostura continues to raise the bar with exceptional quality rums.

With improved routes to market, effective distribution management and customer focused approach, Angostura can look forward to even more recognition and increased demand for its premium rum portfolio in 2012 and beyond.



Angostura® 1919



Angostura® 1824

In June 2011, at Vin Expo, Bordeaux, France we unveiled the new super premium design for Angostura® 1919 and Angostura® 1824.

The sophisticated new packaging offers a bespoke, iconic decanter and exquisite, specially commissioned artwork which is featured on the neck label and gift carton. Inspired by Trinidad and Tobago, the artwork incorporates national elements including: the Scarlet Ibis, the ship, the sugar cane in arrow, the dancer and the butterflies. A beautiful glass embossing of its signature butterfly on the base of bottle provides the final stamp of approval on the decanter.



Angostura® Reserva

Clear with a platinum cast. Burnt banana and charcoal aromas have a sharp whiff of vapour. A quick soft attack leads to a round dryish, medium-bodied palate with plantain, burnt sugar, molasses, and peppery spice. Finishes with a hot pepper and burnt caramel fade.



Angostura® 5 Year Old

Gold luminescent colour with orange reflections on the edge of the glass. A strong nose with lightly wooded notes of coconut, cloves, butter caramel, lemon zest and a hint of vanilla. Light body. The palate is soft and delicate, with notes of tropical fruits, green mangoes, bananas. The finish is quick and mildly spicy with a sweet caramel fade.



Angostura® 7 Year Old

A rich hue of deep mahogany. Offers an enticing bouquet of creamy aromas of vanilla, chocolate, molasses, espresso, spice and oak. Rich medium body. Packed with toasty bakery like flavours of chocolate, honey, toffee, caramel, coffee and roasted nuts. The flavours persist on the palate for an extended period of time, eventually tapering to a fade of molasses, rich cinnamon and spice.

In December 2011, Angostura®, the world's most awarded rum range was crowned Rum Grand Master 2011 in London. This recent accolade reinforces Angostura's commitment to producing some of the finest, smoothest rums on the market. The portfolio of *Pure Trinidadian rum* was recognised at the Spirits Master Series, one of the world's most respected and high profile blind tasting competitions in the industry.



A Year of Achievements

Angostura Holdings Limited was awarded Large Business
of the Year 2011, the ultimate accolade given to a
company by the Caribbean Business Awards.



The Caribbean Business Awards is sponsored by the Caribbean Association of Industry and Commerce (CAIC). The Large Business of the Year award recognises the achievements of companies in any industry – public or private sector with more than US\$10m turnover.

It is awarded to the company that demonstrates all-round excellence in business. The judging criteria is based on financial performance, future objectives and the competitive advantage of the business and looks closely at examples of specific strategies that have driven business growth.

In 2010, recognising that changes in the economy could adversely impact performance, the organisation undertook business process alignment measures aimed at improving the efficiency of all its processes, people and paper trail. The Large Business of the Year award saluted Angostura Holdings Limited for its astute foresight in strategic planning and the clear steps taken to ensure their employees and processes were developed to meet the objectives and build the Company into an even stronger local and international brand.

Celebration and Appreciation

Celebrating rum! Angostura hosted signature Rum events in Trinidad, creating a unique experience for all guests. The events were aimed at allowing consumers to experience our brands in an innovative manner and in a safe but exciting social setting which created fond memories.

The new package for Angostura® 1919 and Angostura® 1824 was launched in France, Trinidad and the UK. The launch event held in November in London was at the famous Ivy restaurant. Many members of the UK media attended in addition to the High Commissioner for Trinidad and Tobago, His Excellency Garvin Nicholas.

Celebrating the art of mixology! In conjunction with our alliance partner CL World Brands and our dedicated distributors, Angostura hosted 15 cocktail competitions in North America, South America, the Caribbean, Europe, Asia, Africa and Australia. Each competition attracted a high calibre of bartenders. These international events created great brand development activities, all leading up to the 2012 Global Cocktail Challenge carded for February in Trinidad.

Rum appreciation! Our enhanced international education drive led to our Master Distiller, John Georges visiting many more markets in Europe and the USA, educating our distributors and new bartenders on pure Trinidadian rum.



1 Groovy Soca Monarch artiste, Kes, performs at Angostura Rumland, August 2011, Trinidad.

2 Angostura brand ambassadors enjoy themselves at Spirits of Olympus held at Club Privé, October 2011.

3 Angostura® Rum Cocktails mobile bar on the road with Tribe mas band in 2011, Trinidad Carnival.

4 Angostura's popular Rum Cocktails bar at Rumland.



5
John Georges talks to interested Russian bartenders about the famous Angostura® aromatic bitters.

8
The three USA winners at the end of their competition in Chicago – David Delaney Jr., Rachel Ford and Ryan Maybee.

6
Angostura Executive Director of Technical Services, Vidia Doodnath and Executive Manager Export and Business Development, Genevieve Jodhan, flank His Excellency Garvin Nicholas outside the Ivy Restaurant, London.

9
John Georges explains what makes Angostura® rums special, at a seminar with mixologists from Glasgow.

7
Andy Griffiths wins the 2011 Global Cocktail Challenge at the Zen Nightclub Trinidad in February.

Pride in our People

At Angostura, Pride in our People is felt throughout the organisation at all levels. Angostura celebrates its people whether it's academic achievement, long service to the Organisation, sport and cultural achievement or national achievement. Our employees excel in all these spheres as well as at work; every day taking pride in their work, building on the foundation of an iconic brand.

Employees are at the heart of what we do at Angostura. Employee welfare and well-being are part of the value standards that we hold dear. Employee performance and morale is assessed at every level and our compensation, benefits, training and development are all structured to support and boost employees. At Angostura, we provide the correct tools for our employees to do their jobs to their fullest potential. This builds performance and again boosts pride in all that we do.

Angostura is a proud organisation,
Proud of our Brands,
Proud of our History,
Proud of our People.



1
Executive Manager Human Resources and Administration, Alana Beaubrun, presents an award to Jeanette Yorke at the staff Christmas Awards and party for her 25 years service to the company.

2
Kenneth Phillip from the marketing team won the Calypso Monarch title at the staff Calypso competition in 2011.

3
Richard Guiseppi, Distiller at Angostura receives the Scotch Whisky Association Award for achievement in the General Certificate in Distillation (GCD) at the Scottish Section formal dinner in Glasgow, Scotland held in February of 2011.

4
Angostura congratulated Gisel Laronde-West, Senior Manager Public Affairs and Communications, for celebrating 25 years as the only Miss World title holder in the country. Here she is flanked by Miss Universe 1977 Janelle Commissiong-Chow and Wendy Fitzwilliam, Miss Universe 1998.

In the Community

Angostura is proud to support the community in which it resides!

Angostura believes that our Company's success is not solely measured by our financial achievements. The assistance we provide to the communities in our country and the emphasis that we place on good environmental practices benefit our long-term goals and achievements.

We operate in a holistic, ethical manner when it comes to how we treat with our environment and the community surrounding us. Over the years, Angostura has assisted with the development of the people in our communities in many ways; from working with the schools, cultural organisations and NGOs, to helping send a needy child to school.

This year, we were again able to reach hundreds of the youth in our society, working with them through camps and seminars to help them learn about Health and Safety, healthy eating habits, sporting techniques and good environmental practices, so that they channel their energies in the right directions. Parents of students were also exposed to training which equipped them to handle challenging teens and cope with drug and alcohol abuse. We were also able to assist the elderly and entertain the children during the Christmas period, while encouraging them to visit our museum and view the thousands of butterflies in the Company's Barcant butterfly collection.



1 Over 60 children from schools in Morvant/Laventille came to Angostura to take part in a kids' camp.

2 A young student views some of the hundreds of butterflies in the Barcant butterfly collection.



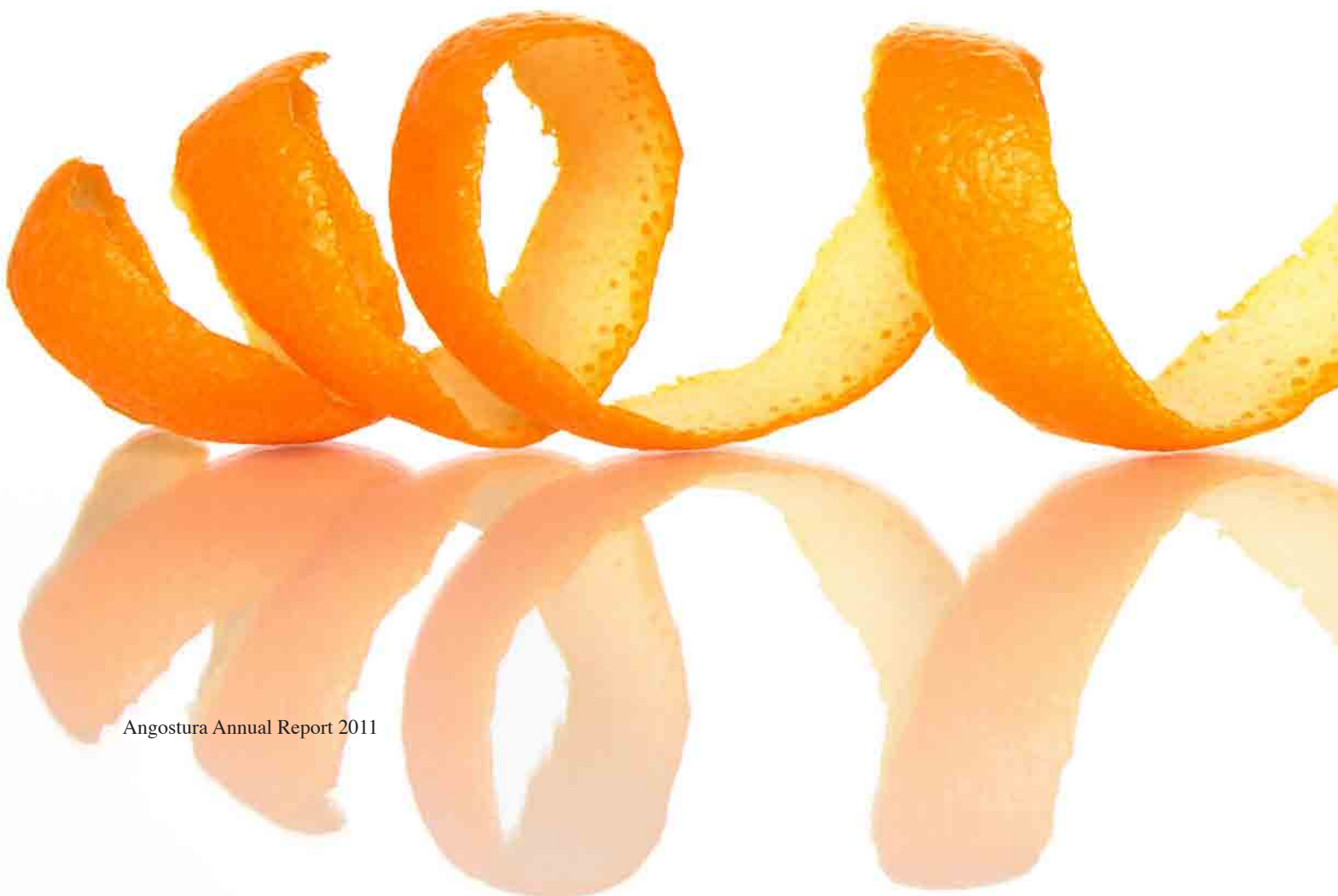
3
Students learn about healthy snacks and how to make them.



4
Counsellor for Laventille – Joel Harding, assists Angostura staff with handing out hampers to over 70 elderly men and women.

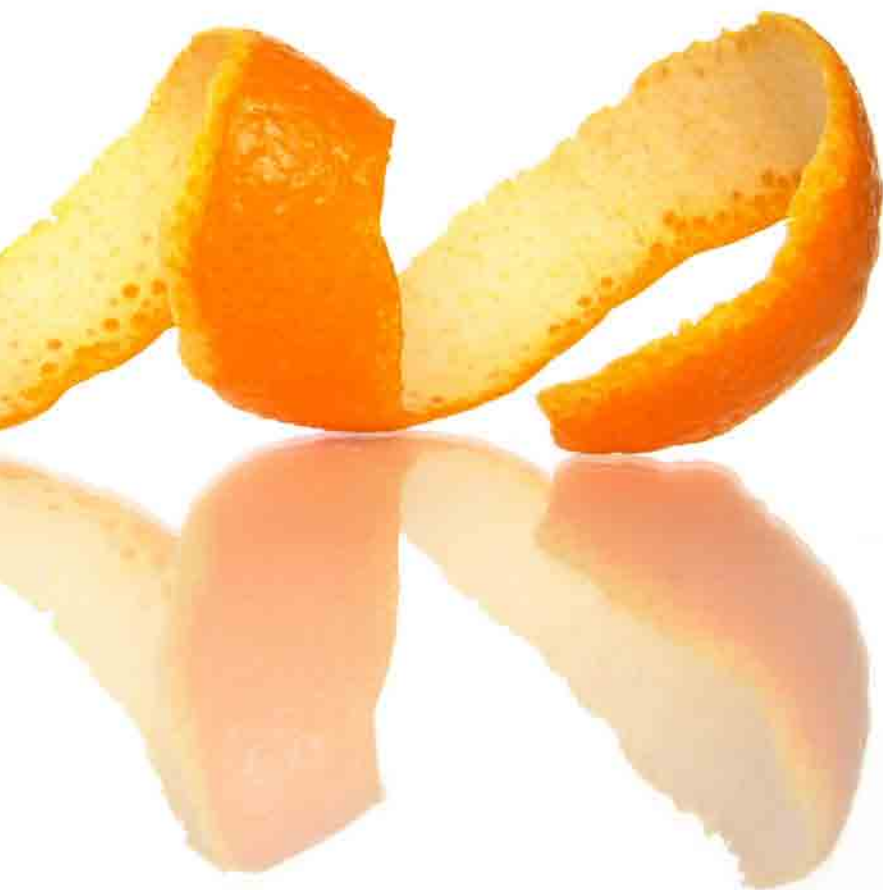


5
Students learn about the environment in Fondes Amandes during the Angostura camp.



Consolidated Financial Statements of
ANGOSTURA HOLDINGS LIMITED
DECEMBER 31, 2011

(Expressed in Trinidad and Tobago Dollars)





KPMG
Chartered Accountants
Trinre Building
69-71 Edward Street
P.O. Box 1328
Port of Spain
Trinidad and Tobago, WI.

Telephone (868) 623 1081
Fax (868) 623 1084
e-Mail kpmg@kpmg.co.tt

Independent Auditors' Report to the Shareholders of Angostura Holdings Limited

We have audited the accompanying consolidated financial statements of Angostura Holdings Limited and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at December 31, 2011, and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information.

Management Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

KPMG, a Trinidad and Tobago partnership and a member firm of
the KPMG network of independent member firms affiliated with
KPMG International Cooperative ("KPMG International"), a Swiss entity.

R R Alleyne
C S Hornby

S N Golding
D S Sookram



Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2011, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

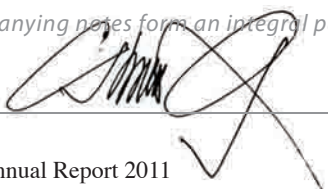

A handwritten signature of the KPMG firm, written in dark ink, appearing as 'KPMG' with a stylized flourish at the end.

Chartered Accountants

March 20, 2012
Port of Spain
Trinidad and Tobago

	Notes	2011 \$'000	2010 \$'000
ASSETS			
Non-current assets			
Property, plant and equipment	8	289,064	283,640
Available-for-sale assets	9	54,136	49,725
Investment in associate	10	221,960	204,870
Deferred tax asset	21	22,886	54,635
Retirement benefit asset – pension benefit	12	27,565	30,011
Restricted cash	13	-	1,732
		<u>615,611</u>	<u>624,613</u>
Current assets			
Inventories	14	181,929	170,568
Trade and other receivables	15	171,467	145,691
Cash and cash equivalents	16	170,387	114,541
Assets held-for-sale	17	3,558	25,308
		<u>527,341</u>	<u>456,108</u>
Total assets		<u>1,142,952</u>	<u>1,080,721</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	18	118,558	118,558
Other reserves	19	108,834	103,827
Accumulated deficit		(5,382)	(157,809)
		<u>222,010</u>	<u>64,576</u>
Non-controlling interest		<u>12,316</u>	<u>9,894</u>
Total equity		<u>234,326</u>	<u>74,470</u>
Liabilities			
Non-current liabilities			
Borrowings	20	437,318	358,025
Other liabilities	22	571	651
Deferred tax liability	21	39,725	38,584
		<u>477,614</u>	<u>397,260</u>
Current liabilities			
Borrowings	20	284,886	425,279
Taxation payable		5,799	4,075
Trade and other payables	23	140,327	179,637
		<u>431,012</u>	<u>608,991</u>
Total liabilities		<u>908,626</u>	<u>1,006,251</u>
Total equity and liabilities		<u>1,142,952</u>	<u>1,080,721</u>

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

 Director  Director

ANGOSTURA HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
DECEMBER 31, 2011
(Expressed in Trinidad and Tobago Dollars)

	Notes	2011 \$'000	2010 \$'000
Sales		696,322	620,905
Cost of goods sold		(302,427)	(259,107)
Gross profit		393,895	361,798
Other income	25	1,928	201,824
Selling and marketing costs		(106,281)	(95,856)
Administrative expenses		(69,513)	(101,308)
Finance costs	26	(56,964)	(66,966)
Finance income		538	8,468
Dividend income	27	13,297	90
Foreign exchange gains		16,552	8,026
Fair value (losses) gains	28	(104)	41,773
Impairment charges	36	(12,818)	-
Share of profits from investment in associate, net of tax	10	17,090	-
Profit before tax		197,620	357,849
Taxation (expense) credit	29	(40,735)	10,910
Profit from continuing operations		156,885	368,759
Other comprehensive income			
Investment revaluation gain (loss) on available-for-sale assets		4,411	(1,889)
Foreign currency differences on translation of foreign operations		(462)	617
Pension adjustments		(2,448)	1,846
Other		1,470	(2,494)
Other comprehensive income (loss) for the year, net of tax		2,971	(1,920)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		159,856	366,839
Profit attributable to:			
Owners of the Company		154,485	367,057
Non-controlling interest		2,400	1,702
		156,885	368,759
Total comprehensive income attributable to:			
Owners of the Company		157,458	365,137
Non-controlling interest		2,400	1,702
		159,856	366,839
Earnings per share (not expressed in \$'000):			
- Basic and Diluted	30	\$ 0.75	1.79

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

Attributable to equity holders of the
Company

	Share Capital	Other Reserves	Accumulated Deficit	Non- Controlling Interest	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000
	(Note 18)	(Note 19)			
Balance at January 1, 2011	118,558	103,827	(157,809)	9,894	74,470
Investment revaluation gain on available-for-sale assets	-	4,411	-	-	4,411
Pension adjustments	-	-	(2,448)	-	(2,448)
Foreign currency differences on translation	-	(498)	14	22	(462)
Other reserve movements	-	1,094	376	-	1,470
Net income (expenses) recognised directly in equity	-	5,007	(2,058)	22	2,971
Profit for the year	-	-	154,485	2,400	156,885
Total recognised income	-	5,007	152,427	2,422	159,856
Balance at December 31, 2011	118,558	108,834	(5,382)	12,316	234,326
Balance at January 1, 2010	118,558	94,440	(513,559)	9,171	(291,390)
Investment revaluation loss on available-for-sale assets	-	(1,889)	-	-	(1,889)
Pension adjustments	-	-	1,846	-	1,846
Foreign currency differences on translation	-	2,957	(2,340)	55	672
Other reserve movements	-	8,319	(10,813)	(1,034)	(3,528)
Net income (expenses) recognised directly in equity	-	9,387	(11,307)	(979)	(2,899)
Profit for the year	-	-	367,057	1,702	368,759
Total recognised income	-	9,387	355,750	723	365,860
Balance at December 31, 2010	118,558	103,827	(157,809)	9,894	74,470

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

ANGOSTURA HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
DECEMBER 31, 2011
(Expressed in Trinidad and Tobago Dollars)

	Notes	2011 \$'000	2010 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		197,620	357,849
Adjustments for:			
Depreciation charge	8	16,268	18,453
Amortisation and impairment charges		-	315
Loss on disposal of property, plant and equipment		14	1,601
Impairment loss on property, plant and equipment	-		51,023
Impairment loss on parent company receivable	36	12,818	-
Net fair value losses (gains)	28	104	(41,773)
Gain on disposal of investments	-		(1,756)
Recognition of investment in associate	10	-	(204,870)
Share of profits from investment in associate, net of tax	10	(17,090)	-
Pension charge	12	6,859	7,915
Finance costs	26	56,964	66,966
Finance income		(538)	(8,468)
Dividend income	27	(13,297)	(90)
Change in other assets		-	(25)
Foreign exchange gains		(16,552)	(8,026)
Operating profit before working capital changes		243,170	239,139
Change in trade and other receivables		(27,446)	(30,477)
Change in inventories		(11,442)	(30,076)
Change in trade and other payables		(34,244)	(34,107)
Change in other liabilities		791	(9,806)
Cash generated from operating activities		170,829	134,648
Interest paid		(59,819)	(69,068)
Corporation tax paid		(8,302)	(3,840)
Retirement benefits paid		(537)	(441)
Net cash generated from operating activities		102,171	61,299

ANGOSTURA HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)
DECEMBER 31, 2011
(Expressed in Trinidad and Tobago Dollars)

	Notes	2011 \$'000	2010 \$'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment		3,407	908
Proceeds from disposal of investments		-	5,978
Acquisition of property, plant and equipment	8	(24,750)	(19,444)
Adjustment to property, plant and equipment	8	(363)	(196)
Acquisition of available-for-sale assets	10	-	(635)
Dividends received		462	90
Interest received		538	8,468
Proceeds from disposal of assets held-for-sale		19,924	
Net cash used in investing activities		(782)	(4,831)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(1,248)	-
Proceeds from borrowings		130,032	17,861
Repayment of borrowings		(174,327)	(78,301)
Net cash used in financing activities		(45,543)	(60,440)
Increase (decrease) in cash and cash equivalents		55,846	(3,972)
Cash and cash equivalents at January 1		114,541	118,513
Cash and cash equivalents at December 31	16	170,387	114,541

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

1. General Information

Angostura Holdings Limited (the Company) is a limited liability company incorporated and domiciled in the Republic of Trinidad and Tobago. The address of its registered office is Corner Eastern Main Road and Trinity Avenue, Laventille, Trinidad and Tobago. The Company has its primary listing on the Trinidad and Tobago Stock Exchange. It is a holding company whose subsidiaries are engaged in the manufacture and sale of rum, ANGOSTURA® aromatic bitters and other spirits, the bottling of beverage alcohol and other beverages on a contract basis and the production and sale of food products. The consolidated financial statements of the Company as at and for the year ended December 31, 2011 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as the "Group entities").

The principal subsidiaries are:

Company	Country of Incorporation	Percentage Owned
Angostura Limited	Trinidad and Tobago	100%
Trinidad Distillers Limited	Trinidad and Tobago	100%
Suriname Alcoholic Beverages, NV	Suriname	75%

The Company's ultimate parent entity is CL Financial Limited, a company incorporated in the Republic of Trinidad and Tobago.

These consolidated financial statements were approved for issue by the Board of Directors on March 20, 2012.

2. Basis of Preparation

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs).

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial position:

- financial instruments at fair value through profit or loss are measured at fair value;
- available-for-sale assets are measured at fair value;

2. Basis of Preparation (continued)

(b) Basis of measurement (continued)

- the defined benefit asset is recognised as plan assets, plus unrecognised past service cost, less the present value of the defined benefit obligation;
- investments in associates are measured using the equity method.

(c) Functional and presentation currency

These consolidated financial statements are presented in Trinidad and Tobago dollars, which is the Company's functional currency. All financial information presented in Trinidad and Tobago dollars has been rounded to the nearest thousand except when otherwise stated.

(d) Use of estimates and judgements

The preparation of the consolidated financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material misstatement within the next financial year are included in the following notes:

- | | | |
|-----------|---|---|
| - Note 12 | - | Measurement of defined benefit assets and obligations |
| - Note 14 | - | Inventories – provision for obsolescence |
| - Note 15 | - | Impairment of trade and other receivables |
| - Note 21 | - | Utilisation of tax losses |
| - Note 35 | - | Contingent liabilities |
| - Note 36 | - | Impairment of related party balances. |

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements is included in the following notes:

- | | | |
|-----------|---|---|
| - Note 5 | - | Determination of fair value |
| - Note 10 | - | Assessment of attainment of significant influence |
| - Note 33 | - | Determination of the lease classification |
| - Note 34 | - | Classification of discontinued operation. |

3. Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by Group entities.

(a) Basis of consolidation

(i) *Subsidiaries*

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

(ii) *Loss of control*

On the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(iii) *Investments in associates and jointly controlled entities*

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 and 50 percent of the voting power of another entity. Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.

Investments in associates and jointly controlled entities are accounted for using the equity method and are recognised initially at cost being the fair value of the investment for transfer purposes. Transaction costs on initial recognition are treated as expenses and reported within 'Administrative expenses' in the statement of comprehensive income.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

3. Significant Accounting Policies (continued)

(a) Basis of consolidation (continued)

(iii) *Investments in associates and jointly controlled entities (continued)*

When the Group's share of losses exceeds its interest in an investment in associate, the carrying amount of that interest, including any long-term investments, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

(iv) *Jointly controlled operations*

A jointly controlled operation is a joint venture carried on by each venturer using its own assets in pursuit of the joint operations. The consolidated financial statements include the assets that the Group controls and the liabilities that it incurs in the course of pursuing the joint operation and the expenses that the Group incurs and its share of the income that it earns from the joint operation.

(v) *Transactions eliminated on consolidation*

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with Investment in associates are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency

(i) *Foreign currency transactions*

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction.

3. Significant Accounting Policies (continued)

(b) Foreign currency (continued)

(i) *Foreign currency transactions (continued)*

Foreign currency differences arising on retranslation are recognised in profit or loss, except for the following differences which are recognised in other comprehensive income arising on the retranslation of:

- available-for-sale equity investments (except on impairment in which case foreign currency differences that have been recognised in other comprehensive income are reclassified to profit or loss);
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- qualifying cash flow hedges to the extent the hedge is effective.

(ii) *Foreign operations*

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Trinidad and Tobago dollars at exchange rates at the reporting date. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to Trinidad and Tobago dollars at exchange rates at the dates of the transactions.

The income and expenses of foreign operations in hyperinflationary economies are translated to Trinidad and Tobago dollars at the exchange rate at the reporting date. Prior to translation, their financial statements for the current year are restated to account for changes in the general purchasing power of the local currency. The restatement is based on relevant price indices at the reporting date.

Foreign currency differences are recognised in other comprehensive income, and presented within other reserves in equity. However, if the foreign operation is a non-wholly owned subsidiary, then the relevant proportion of the translation difference is allocated to non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

3. Significant Accounting Policies (continued)

(b) Foreign currency (continued)

(ii) *Foreign operations (continued)*

When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign currency gains and losses arising from such item are considered to form part of a net investment in the foreign operation and are recognised in other comprehensive income, and presented within 'other reserves' in equity.

(c) Financial instruments

(i) *Non-derivative financial assets*

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

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

The Group classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables and available-for-sale assets.

3. Significant Accounting Policies (continued)

(c) Financial instruments (continued)

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

Financial assets at fair value through profit or loss

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

Financial assets designated at fair value through profit or loss comprise equity securities that otherwise would have been classified as available-for-sale.

Held-to-maturity financial assets

If the Group has the positive intent and ability to hold debt securities to maturity, then such financial assets are classified as held-to-maturity. Held-to-maturity financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition held-to-maturity financial assets are measured at amortised cost using the effective interest method, less any impairment losses. Any sale or reclassification of a more than insignificant amount of held-to-maturity investments not close to their maturity would result in the reclassification of all held-to-maturity investments as available-for-sale, and prevent the Group from classifying investment securities as held-to-maturity for the current and the following two financial years.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise trade and other receivables.

3. Significant Accounting Policies (continued)

(c) Financial instruments (continued)

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

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

Available-for-sale assets

Available-for-sale assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the above categories of financial assets. Available-for-sale assets are recognised initially at fair value plus any directly attributable transaction costs.

Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale debt instruments, are recognised in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

Available-for-sale assets comprise equity securities.

(ii) **Non-derivative financial liabilities**

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

3. Significant Accounting Policies (continued)

(c) Financial instruments (continued)

(ii) *Non-derivative financial liabilities (continued)*

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise loans and borrowings, bank overdrafts, and trade and other payables.

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(iii) *Share capital*

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Repurchase and reissue of share capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the reserve for own shares. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is presented in share premium.

3. Significant Accounting Policies (continued)

(d) Property, plant and equipment

(i) *Recognition and measurement*

Certain items of property are measured at fair value. All other items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the following:

- the cost of materials and direct labour;
- any other costs directly attributable to bringing the assets to a working condition for their intended use;
- when the Group has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- capitalised borrowing costs.

Cost also includes transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

(ii) *Subsequent costs*

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

3. Significant Accounting Policies (continued)

(d) Property, plant and equipment (continued)

(iii) Depreciation

Depreciation is based on the market value or cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method for buildings and reducing balance method for all other assets to allocate their cost or revalued amounts to their residual values over their estimated useful lives. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

The estimated useful lives for the current and comparative years are as follows:

-	Buildings	25 - 40 years
-	Plant, machinery and equipment	3 - 15 years
-	Casks	6 years

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

(e) Intangible assets

(i) Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets.

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses. In respect of equity-accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and any impairment loss is allocated to the carrying amount of the equity-accounted investee as a whole.

(ii) Research and development

Expenditure on research activities undertaken with the prospect of gaining new scientific or technical knowledge and understanding is recognised in profit or loss as incurred.

3. Significant Accounting Policies (continued)

(e) Intangible assets (continued)

(ii) *Research and development (continued)*

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset.

The expenditure capitalised includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use, and capitalised borrowing costs. Other development expenditure is recognised in profit or loss as incurred.

Capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment losses.

(iii) *Other intangible assets*

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

(iv) *Subsequent expenditure*

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

(v) *Amortisation*

Except for goodwill, intangible assets are amortised on a straight-line basis in profit or loss over their estimated useful lives, from the date that they are available for use.

The estimated useful lives for the current and comparative years are as follows:

-	Trademarks and licenses	-	25 years
-	Capitalised development costs	-	5 - 7 years

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

3. Significant Accounting Policies (continued)

(f) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on average cost, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity. Cost also includes transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of inventories.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(g) Impairment

(i) *Non-derivative financial assets*

A financial asset not classified as at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

Available-for-sale assets

Impairment losses on available-for-sale assets are recognised by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss recognised previously in profit or loss.

3. Significant Accounting Policies (continued)

(g) Impairment (continued)

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

Available-for-sale assets (continued)

Changes in cumulative impairment losses attributable to application of the effective interest method are reflected as a component of interest income. If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed, with the amount of the reversal recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

(ii) **Non-financial assets**

The carrying amounts of the Group's non-financial assets, other than biological assets, investment property, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

3. Significant Accounting Policies (continued)

(g) Impairment (continued)

(ii) *Non-financial assets (continued)*

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

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(h) Non-current assets held for sale or distribution

Non-current assets, or disposal groups comprising assets and liabilities, that are expected to be recovered primarily through sale or distribution rather than through continuing use, are classified as held for sale or distribution. Immediately before classification as held for sale or distribution, the assets, or components of a disposal group, are re-measured in accordance with the Group's accounting policies. Thereafter generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property or biological assets, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale or distribution and subsequent gains and losses on re-measurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Once classified as held for sale or distribution, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity-accounted investee is no longer equity accounted.

(i) Employee benefits

(i) *Defined contribution plans*

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

3. Significant Accounting Policies (continued)

(i) Employee benefits (continued)

(i) *Defined contribution plans (continued)*

Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. Contributions to a defined contribution plan that are due more than 12 months after the end of the period in which the employees render the service are discounted to their present value.

(ii) *Defined benefit plans*

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognised past service costs and the fair value of any plan assets are deducted. The discount rate is the yield at the reporting date on AA credit-rated bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the currency in which the benefits are expected to be paid.

The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognised asset is limited to the total of any unrecognised past service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Group. An economic benefit is available to the Group if it is realisable during the life of the plan, or on settlement of the plan liabilities. When the benefits of a plan are improved, the portion of the increased benefit related to past service by employees is recognised in profit or loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in profit or loss.

The Group recognises all actuarial gains and losses arising from defined benefit plans immediately in other comprehensive income and all expenses related to defined benefit plans in personnel expenses in profit or loss.

3. Significant Accounting Policies (continued)

(i) Employee benefits (continued)

(ii) *Defined benefit plans (continued)*

The Group recognises gains and losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on curtailment or settlement comprises any resulting change in the fair value of plan assets, any change in the present value of the defined benefit obligation, any related actuarial gains and losses and past service cost that had not previously been recognised.

(iii) *Other long-term employee benefits*

The Group's net obligation in respect of long-term employee benefits other than pension plans is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date on bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid. The calculation is performed using the projected unit credit method. Any actuarial gains and losses are recognised in profit or loss in the period in which they arise.

(iv) *Termination benefits*

Termination benefits are recognised as an expense when the Group is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Group has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

(v) *Short-term employee benefits*

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

3. Significant Accounting Policies (continued)

(j) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(k) Revenue

(i) *Goods sold*

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of excise taxes, returns, trade discounts and volume rebates. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

The timing of the transfer of risks and rewards varies depending on the individual terms of the sales agreement.

(ii) *Services*

Revenue from services rendered is recognised in profit or loss in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to surveys of work performed.

(l) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

3. Significant Accounting Policies (continued)

(l) Lease payments (continued)

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease.

This will be the case if the following two criteria are met:

- the fulfilment of the arrangement is dependent on the use of a specific asset or assets; and
- the arrangement contains a right to use the asset(s).

At inception or on reassessment of the arrangement, the Group separates payments and other considerations required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the Group's incremental borrowing rate.

(m) Finance income, finance costs and dividend income

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date.

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions and contingent consideration and dividends on preference shares classified as liabilities.

3. Significant Accounting Policies (continued)

(m) Finance income and finance costs (continued)

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses are reported separately.

(n) Taxation

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

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends.

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

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

3. Significant Accounting Policies (continued)

(n) Taxation (continued)

In determining the amount of current and deferred tax the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that is such determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxed levied by the same tax authority on the same taxable entity, or on the different tax entities, but intend to settle current tax liabilities and assets in a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(o) Discontinued operations

Classification as a discontinued operation occurs on disposal or when the operation meets the criteria to be classified as held for sale (see note 3(h)), if earlier. When an operation is classified as a discontinued operation, the comparative statement of comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative year.

(p) Segment reporting

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), finance cost and income and income tax assets and liabilities.

(q) Comparative information

Where necessary, comparatives have been adjusted to conform with changes in presentation in the current year.

4. New standards and interpretations not adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after January 1, 2011, and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except for the following:

- IFRS 9 Financial Instruments, which become mandatory for the Group's 2015 consolidated financial statements and could change the classification and measurement of financial assets. The Group does not plan to adopt this standard early and the extent of the impact has not been determined.
- IAS 19 Employee Benefits, which become mandatory for the Group's 2013 consolidated financial statements and will result in a change in accounting policy and related prior year restatement of the consolidated financial statements to recognise accumulated unrecognised actuarial gains/losses through the consolidated statement of comprehensive income. The impact on the consolidated financial statements on initial application of the Standard will be a reduction in the retained earnings however the extent of the impact has not yet been determined.

5. Determination of Fair Values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) Property, plant and equipment

The fair value of property, plant and equipment recognised as a result of a business combination is the estimated amount for which a property could be exchanged on the date of acquisition between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably. The fair value of items of plant, equipment, fixtures and fittings is based on the market approach and cost approaches using quoted market prices for similar items when available and replacement cost when appropriate. Depreciated replacement cost estimates reflect adjustments for physical deterioration as well as functional and economic obsolescence.

5. Determination of Fair Values (continued)

(ii) Intangible assets

The fair value of patents and trademarks acquired in a business combination is based on the discounted estimated royalty payments that have been avoided as a result of the patent or trademark being owned. The fair value of customer relationships acquired in a business combination is determined using the multi-period excess earnings method, whereby the subject asset is valued after deducting a fair return on all other assets that are part of creating the related cash flows.

The fair value of other intangible assets is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

(iii) Inventories

The fair value of inventories acquired in a business combination is determined based on the estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

(iv) Equity and debt securities

The fair value of equity and debt securities is determined by reference to their quoted closing bid price at the reporting date, or if unquoted, determined using a valuation technique. Valuation techniques employed include market multiples and discounted cash flow analysis using expected future cash flows and a market-related discount rate. The fair value of held-to maturity investments is determined for disclosure purposes only.

(v) Trade and other receivables

The fair value of trade and other receivables, excluding construction work in progress, but including service concession receivables, is estimated at the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes or when acquired in a business combination.

(vi) Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. In respect of the liability component of convertible notes, the market rate of interest is determined by reference to similar liabilities that do not have a conversion option. For finance leases the market rate of interest is determined by reference to similar lease agreements.

5. Determination of Fair Values (continued)

(vii) Contingent consideration

The fair value of contingent consideration arising in a business combination is calculated using the income approach based on the expected payment amounts and their associated probabilities. When appropriate, it is discounted to present value.

6. Financial Risk Management

Overview

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

Risk management framework

The Executive Management has set up a Risk Management Committee to institute a formal Risk Management program to ensure that key risks are actively and continuously identified, managed, monitored and reported. The aim is to establish a Risk Management culture and communicate the importance of risk management activities to all the staff and specify the responsibilities and accountability for risk management throughout operations. Input is obtained from all key stakeholders including management, the board, the audit committee, legal counsel and external auditors. The Risk Management Committee also considers the emergence of new risks and operational management will be required to report to the Committee on such risks and their mitigating strategies to address them.

The Group Audit Committee oversees how management monitors compliance with the Group's policies and procedures. The Group Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of controls and procedures, the results of which are reported to the Audit Committee.

The Group Audit Committee has identified improvements for managing risk in the organisation and the Executive Management is currently executing initiatives to realise these improvements.

6. Financial Risk Management (continued)

(a) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk.

The Group has no significant concentrations of credit risk. It has policies in place to ensure that wholesale sales of products are made to customers with an appropriate credit history. The Group's Credit Committee has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, when available, and in some cases bank references. Purchase limits are established for each customer and are reviewed on an ongoing basis. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a cash basis.

For the purposes of credit risk assessment, customers are segregated into categories and reviews take account of the specific trading relationship of each category of debtor with the Group. Credit risk assessment presents significant implications for two major categories of debtors: Trade receivables and Related party receivables.

Trade receivables – Management assesses the creditworthiness of major trade customers on an ongoing basis and revises credit limits based on the findings of analyses performed. Discretionary allowances are made for individual customers where temporary breaches in credit limits are deemed acceptable. This is usually the case at the year end when credit terms are adjusted for preferred customers who trade in high volumes.

Related party receivables – Trade with related parties occurs on terms comparable with those offered to third parties. Significant transactions falling outside the scope of regular trade require approval by the Board of Directors. Transactions undertaken with related parties are monitored during the year to ensure agreement of balances by relevant parties.

6. Financial Risk Management (continued)

(a) Credit risk (continued)

Credit risk with banks and financial institutions is managed through the purchase and sale of foreign currency, transfer of balances between financial institutions to take advantage of interest rates and where beneficial to the Company, investment in short term, easily convertible, liquid assets. In addition, the Group maintains banking relationships with prominent local and foreign banks with a proven history of stability and corporate resilience. The financial results of banking institutions are monitored by Management and frequent liaison with representatives of banks ensures early warnings are received in the event that banks encounter the risk of financial or operational difficulties.

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

	2011 \$'000	2010 \$'000
Trade receivables:		
Third party – net (Note 15)	162,462	139,514
Related party – net (Note 36)	8,666	6,075
	<u>171,128</u>	<u>145,589</u>

Information on the exposures to credit risk is described in Note 15.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

(b) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. Due to the dynamic nature of the underlying businesses, the Group aims to maintain flexibility in funding by keeping committed credit lines available.

6. Financial Risk Management (continued)

(b) Liquidity risk (continued)

The Group uses activity-based standard costing to cost its products and services, which assists it in monitoring cash flow requirements and optimising its cash return on investments. Typically the Group ensures that it has sufficient cash on demand to meet expected working capital requirements and operational expenses including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. Information on the maturity profile of significant contractual obligations is provided in Notes 20 and 23.

(c) Market risk

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

(i) Currency risk

The Group operates internationally and is exposed to foreign exchange currency risk arising from various currency exposures, primarily with respect to the Euro, US dollar, Pound Sterling and the Jamaican dollar. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group's foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies.

At December 31, 2011, if the Trinidad and Tobago dollar had weakened by 0.04% against the US dollar with all other variables held constant, post tax profits would have been \$51 thousand lower (2010: \$99 thousand lower) mainly as a result of foreign exchange losses on translation of US dollar denominated borrowings.

If the Trinidad and Tobago dollar had weakened by 2.48% against the Euro, post tax profits would have been \$8,418 thousand lower (2010: \$8,725 thousand lower) mainly as a result of foreign exchange losses on translation of Euro denominated borrowings. The Group has no natural hedges against currency exposures arising from Euro denominated borrowings.

6. Financial Risk Management (continued)

(c) Market risk (continued)

(i) *Currency risk (continued)*

After tax profits were comparably sensitive to movement in the Trinidad and Tobago dollar/US dollar and Trinidad and Tobago dollar/Euro exchange rates in 2011 and 2010 because the Group maintained similar levels of borrowings in US dollars and Euros in both years.

At December 31, 2011, if the Trinidad and Tobago dollar had weakened by 3.0% against the Jamaican dollar with all other variables held constant investment revaluation gains would have been \$1,584 thousand lower (2010: investment revaluation losses would have been \$1,466 thousand higher) mainly as a result of foreign exchange losses on translation of investments denominated in Jamaican dollars.

Investment revaluation reserves were comparably sensitive to movement in Trinidad and Tobago dollar/Jamaican dollar exchange rates in 2011 and 2010 because the Group maintained similar levels of investments in Jamaican securities during both years.

(ii) *Price risk*

Equity price risk arises from available-for-sale equity securities held by the Group and classified on the consolidated statement of financial position as available-for-sale assets. Management of the Group monitors the mix of debt and equity securities in its investment portfolio based on market indices. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Executive Management Team.

The Group's investments in equity of other entities that are publicly traded are included in the Jamaica Stock Exchange main index (Jamaica equity securities). The Group also has investments in unquoted equity investments.

The tables below summarise the impact of increases in the above named index as well as on unquoted equity investments, on the Group's post-tax profit for the year and on equity. The analyses are based on the assumption that the equity index and unquoted equities decreased by 7.4% with all other variables held constant and all the Group's equity instruments moved according to a positive correlation with this movement.

6. Financial Risk Management (continued)

(c) Market risk (continued)

(ii) Price risk (continued)

	2011	2010
	\$'000	\$'000
Impact on post tax profit (loss):		
Unquoted equity investment	(6,051)	(6,051)
Impact on equity:		
Jamaica Stock Exchange main index	(7,283)	(9,389)

The Group does not have a policy for managing price risk arising from the investments held in foreign currencies since such investments were not acquired with the intention of maintaining an investment portfolio for group purposes but instead were acquired as part of Parent Company transactions and in settlement of related party debts.

(iii) Interest rate risk

The Group has significant interest-bearing liabilities in the form of long-term borrowings. There are no significant interest-bearing assets. Long term borrowings at variable rates expose the Group to interest rate risk.

Differences in contractual re-pricing or maturity dates and changes in interest rates expose the Group to interest rate risk. The Group's exposure to interest rate risks on its financial assets and liabilities are disclosed in Notes 16 - Cash and Cash equivalents and 20 - Borrowings, respectively.

The Group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the Group calculates the impact on profit and loss of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies. The scenarios are run only for liabilities that represent the major interest-bearing positions.

6. Financial Risk Management (continued)

(c) Market risk (continued)

(iii) *Interest rate risk (continued)*

At December 31, 2011, if interest rates on United States dollars denominated borrowings had been 3.9% higher with all other variables held constant, post-tax profit for the year would have been \$11 thousand lower (2010: \$11 thousand lower), mainly as a result of higher interest expense on floating rate borrowings. The Group has no interest rate risk in relation to Euro denominated borrowings since all Euro debt is subject to fixed interest rates.

At December 31, 2011, if interest rates on Trinidad and Tobago dollar denominated borrowings had been 3.9% higher with all other variables held constant, post-tax profit for the year would have been \$145 thousand lower (2010: \$145 thousand lower), mainly as a result of higher interest expense on floating rate borrowings.

The Group was comparatively sensitive to movements in the rate of interest of United States and Trinidad and Tobago dollar denominated debt as the same level of floating rate debt was held in each currency at each year end.

(d) *Capital risk*

The Group's objectives when managing capital are to safeguard the Group's 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.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

6. Financial Risk Management (continued)

(d) Capital risk (continued)

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated statement of financial position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated statement of financial position plus net debt.

The gearing ratios at December 31, 2011 and 2010 were as follows:

		2011 \$'000	2010 \$'000
Total borrowings (Note 20)		722,804	783,304
Less: Cash at bank and in hand (Note 16)		(170,387)	(114,541)
Net debt	A	552,417	668,763
Total equity		234,326	74,470
Total capital	B	786,743	743,233
Gearing ratio	A/B	70.2%	89.9%

The Group manages its gearing through the cash planning process where debt reduction is factored into the planned allocation of cash resources in the medium to long-term future.

As a condition of certain of the Group's borrowings, covenants with respect to gearing, liquidity and profitability have been established and are reported on at least quarterly. Departures from minimum/maximum required measures must be explained to lenders and where explanations are not accepted, remedial action must be taken. Failure to comply with covenants can result in a request for immediate repayment of the relevant facility or reclassification to current liabilities on the consolidated statement of financial position.

Subsequent to the year-end but prior to the approval of these consolidated financial statements by the Board of Directors, Management was engaged in negotiations with financial institutions for the restructuring of a remaining portion of the Group's debt portfolio. Interest savings and cash management are expected to result from the conclusion of the restructuring exercise.

7. Segment Information

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

The segment results for the year ended December 31, 2011 are as follows:

	Alcohol \$'000	Non- Alcohol \$'000	Total \$'000
Net Sales	616,798	79,524	696,322
Segment profit	187,207	30,894	218,101
Finance cost	-	-	(56,964)
Finance income	-	-	538
Foreign exchange gains	-	-	16,552
Dividend income	-	-	13,297
Other income	-	-	1,928
Impairment charges	-	-	(12,818)
Fair value losses	-	-	(104)
Share of profits from investment in associate, net of tax	-	-	17,090
Net profit before tax	-	-	197,620
Tax expense	-	-	(40,735)
Net profit after tax	-	-	156,885

7. Segment Information (continued)

The segment results for the year ended December 31, 2010 were as follows:

	Alcohol \$'000	Non- Alcohol \$'000	Total \$'000
Net Sales	<u>520,393</u>	<u>100,512</u>	<u>620,905</u>
Segment profit	<u>116,870</u>	<u>47,764</u>	164,634
Finance cost	-	-	(66,966)
Finance income	-	-	8,468
Foreign exchange gains	-	-	8,026
Dividend income	-	-	90
Other income	-	-	201,824
Fair value gains	-	-	<u>41,773</u>
Net profit before tax	-	-	357,849
Tax credit	-	-	<u>10,910</u>
Net profit after tax	-	-	<u>368,759</u>

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

8. Property, Plant and Equipment

	Buildings \$'000	Land and Equipment \$'000	Plant, Machinery, Casks \$'000	Assets in Progress \$'000	Total \$'000
Year ended December 31, 2011					
Opening net book amount	187,388	71,354	13,640	11,258	283,640
Additions	2,062	15,779	-	6,909	24,750
Transfers	-	1,176	-	(1,176)	-
Disposals/write offs	-	(685)	-	(2,736)	(3,421)
Depreciation charge	(3,599)	(10,187)	(2,482)	-	(16,268)
Exchange differences	83	274	-	6	363
Closing net book amount	<u>185,934</u>	<u>77,711</u>	<u>11,158</u>	<u>14,261</u>	<u>289,064</u>
At December 31, 2011					
Cost or valuation	199,605	246,798	28,003	14,261	488,667
Accumulated depreciation	(13,671)	(169,087)	(16,845)	-	(199,603)
Net book amount	<u>185,934</u>	<u>77,711</u>	<u>11,158</u>	<u>14,261</u>	<u>289,064</u>
At January 1, 2010					
Cost or valuation	261,055	247,818	28,003	11,313	548,189
Accumulated depreciation	(17,297)	(162,057)	(11,100)	-	(190,454)
Net book amount	<u>243,758</u>	<u>85,761</u>	<u>16,903</u>	<u>11,313</u>	<u>357,735</u>
Year ended December 31, 2010					
Opening net book amount	243,758	85,761	16,903	11,313	357,735
Additions	17	5,447	-	13,980	19,444
Transfers	43	13,288	-	(13,331)	-
Disposals/write offs	-	(1,801)	-	(708)	(2,509)
Depreciation charge	(3,338)	(11,852)	(3,263)	-	(18,453)
Transfer to held-for-sale assets	(18,105)	(3,645)	-	-	(21,750)
Exchange differences and impairment charge	(34,987)	(15,844)	-	4	(50,827)
Closing net book amount	<u>187,388</u>	<u>71,354</u>	<u>13,640</u>	<u>11,258</u>	<u>283,640</u>
At December 31, 2010					
Cost or valuation	197,460	238,905	28,003	11,258	475,626
Accumulated depreciation	(10,072)	(167,551)	(14,363)	-	(191,986)
Net book amount	<u>187,388</u>	<u>71,354</u>	<u>13,640</u>	<u>11,258</u>	<u>283,640</u>

-

8. Property, Plant and Equipment (continued)

The Group's land and buildings are subject to revaluation every five years and were last revalued on December 31, 2009 by qualified independent experts. Valuations were made on the basis of market value. Revaluation surpluses were credited to 'revaluation surpluses' in other reserves (Note 19).

Property, plant and equipment with a net book value of \$231,370 thousand (2010: \$226,468 thousand) are pledged as security for borrowings.

9. Available-for-Sale Assets

	<u>2011</u>	<u>2010</u>
	\$'000	\$'000
Balance at January 1	49,725	51,880
Additions	-	663
Disposals	-	(311)
Gain (loss) recognised on revaluation (Note 19)	4,411	(1,889)
Other (Note 28)	-	(618)
Balance at December 31	<u>54,136</u>	<u>49,725</u>
Available-for-sale assets include the following:		
Listed equity securities – English speaking Caribbean	52,812	48,405
Unlisted securities	<u>1,324</u>	<u>1,320</u>
	<u>54,136</u>	<u>49,725</u>

Available-for-sale assets with a value of \$52,812 thousand (2010: \$48,405 thousand) are pledged as security for borrowings.

10. Investment in Associate

Company	Country of incorporation	Percentage Owned	
		2011	2010
Burn Stewart Distillers Limited	Scotland	28.91%	28.91%
		<u>2011</u>	<u>2010</u>
		<u>\$'000</u>	<u>\$'000</u>

The movement in the investment in associate was as follows:

Balance at January 1	204,870	-
Additions	-	204,870
Share of profit, net of tax	17,090	-
Balance at December 31	<u>221,960</u>	<u>204,870</u>

During 2011, the Group did not receive dividends from its equity-accounted investee.

The Group's equity-accounted investee is not publicly listed and consequently does not have published price quotations.

Summary financial information for the equity-accounted investee at the year end, not adjusted for the percentage ownership held by the Group, is as follows:

	<u>2011</u>	<u>2010</u>
	<u>\$'000</u>	<u>\$'000</u>
Current assets	709,873	709,653
Non-current assets	<u>121,820</u>	<u>120,184</u>
Total assets	<u>831,693</u>	<u>829,837</u>
Total current liabilities	<u>(407,750)</u>	<u>(474,818)</u>
Income	568,571	423,207
Expenses	<u>(509,000)</u>	<u>(387,146)</u>
Profit before tax	59,571	36,061
Tax expense	<u>(457)</u>	<u>(328)</u>
Profit for the year	<u>59,114</u>	<u>35,733</u>

11. Investment in Joint Venture

Company	Country of incorporation	Percentage Owned	
		2011	2010
Tobago Plantations Limited	Trinidad and Tobago	50%	50%

The carrying value of the joint venture operation was reduced to nil in 2007 when the Group's share of the operating losses incurred by the joint venture surpassed the carrying value of the investment. It is the Group's policy to recognise a share of losses only to the extent of its investment in the joint venture operation (Note 3(a)).

12. Retirement Benefit Asset – Pension Benefit

i. The amounts recognised in the consolidated statement of financial position are determined as follows:

	2011 \$'000	2010 \$'000
Fair value of plan assets	210,635	171,642
Present value of funded obligations	(207,371)	(170,136)
	3,264	1,506
Present value of unfunded obligations	(2,966)	(2,235)
Unrecognised actuarial losses	27,267	30,740
Asset in the consolidated statement of financial position	27,565	30,011

2011	2010
\$'000	\$'000

12. Retirement Benefit Asset – Pension Benefit (continued)

- ii. The movement for the year in the fair value of plan assets
is as follows:

Balance at January 1	171,642	144,978
Expected return on plan assets	10,586	11,219
Adjustments	4,490	3,920
Actuarial gains	23,300	11,720
Employer contributions	6,319	3,992
Employee contributions	2,708	3,992
Benefits paid	(8,410)	(8,179)
Balance at December 31	<u>210,635</u>	<u>171,642</u>
Actual return on plan assets	<u>33,886</u>	<u>22,939</u>

- iii. The movement for the year in the defined benefit obligation
is as follows:

Present value of obligation at January 1	(172,371)	(152,903)
Interest cost	(10,349)	(11,377)
Adjustment	(3,905)	-
Current service cost – employer	(6,784)	(3,638)
Current service cost – employee	(2,708)	(3,992)
Benefits paid	9,011	8,179
Past service cost	(1,923)	(792)
Actuarial losses on obligation	(21,309)	(7,848)
Present value of obligation at December 31	<u>(210,337)</u>	<u>(172,371)</u>

Represented by:

Funded obligations	207,371	170,136
Unfunded obligations	<u>2,966</u>	<u>2,235</u>
	<u>210,337</u>	<u>172,371</u>

2011	2010
\$'000	\$'000

12. Retirement Benefit Asset – Pension Benefit (continued)

iv. The amounts recognised in the consolidated statement of comprehensive income are as follows:

Net actuarial loss recognised during the year	(837)	(1,481)
Current service cost	(6,784)	(3,638)
Interest cost	(10,349)	(11,377)
Expected return on plan assets	10,586	11,219
Past service cost	(1,923)	(792)
Total charge in the consolidated statement of comprehensive income	<u>(9,307)</u>	<u>(6,069)</u>

The total charge to the consolidated statement of comprehensive income is analysed as follows:

Charge to profit before tax (Note 31)	(6,859)	(7,915)
(Charge) credit to other comprehensive income	<u>(2,448)</u>	<u>1,846</u>
	<u>(9,307)</u>	<u>(6,069)</u>

v. The movement for the year in the asset recognised in the consolidated statement of financial position is as follows:

Balance at January 1	30,011	27,871
Total charge in the consolidated statement of comprehensive income	(9,307)	(6,069)
Employer contributions	6,784	3,992
Severance payments	245	297
Adjustments	<u>(168)</u>	<u>3,920</u>
Balance at December 31	<u>27,565</u>	<u>30,011</u>

12. Retirement Benefit Asset – Pension Benefit (continued)

vi. The principal actuarial assumptions used were as follows:

	<u>2011</u>	<u>2010</u>
	%	%
Discount rate	5.5	6.0
Expected return on plan assets	6.0	6.0
Future salary increases	4.5	4.5

Assumptions regarding future mortality experience are set based on US Table GAM94.

The average life expectancy in years of a pensioner retiring at age 60 is as follows:

	<u>2011</u>	<u>2010</u>
Male	22	21
Female	26	26

The plan's assets are fully invested in a diversified general portfolio fund managed by the carrier, Colonial Life Insurance Company Limited.

vii. Plan assets are comprised as follows:

	<u>2011</u>	<u>2010</u>
	%	%
Equities	78.0	76.6
Cash and other short-term assets	10.0	10.6
Bonds	6.0	6.8
Fixed deposits	6.0	6.0

12.0% (2010: 12.1%) of the managed fund assets are invested in the Company's ordinary shares.

The expected return on plan assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the reporting date. Expected returns on equity reflect long term real rates of return experienced in the respective markets.

12. Retirement Benefit Asset – Pension Benefit (continued)

	2011 \$'000	2010 \$'000	2009 \$'000	2008 \$'000	2007 \$'000
Fair value of plan assets	210,635	171,642	144,978	138,284	124,459
Present value of defined benefit obligation	(210,337)	(172,370)	(152,903)	(125,159)	(108,061)
	<u>298</u>	<u>(728)</u>	<u>(7,925)</u>	<u>13,125</u>	<u>16,398</u>
Experience adjustments on plan liabilities	<u>(6,986)</u>	<u>(5,964)</u>	<u>(1,782)</u>	<u>(6,654)</u>	<u>358</u>
Experience adjustments on plan assets	<u>23,300</u>	<u>(11,720)</u>	<u>(4,371)</u>	<u>2,618</u>	<u>(1,722)</u>

13. Restricted Cash

	2011 \$'000	2010 \$'000
Balance at January 1	1,732	1,618
Interest earned	-	25
Gain on foreign currency translation	-	89
Transfer to short-term deposits (Note 16)	<u>(1,732)</u>	<u>89</u>
Balance at December 31	<u>-</u>	<u>1,732</u>

Restricted cash was held in respect of a loan facility held by the Group and represents the residual balance of funds due to the Group after settlement of all loan notes under the facility. Loan notes were fully settled during the year and as at the reporting date the Group was awaiting release of the cash. During the year these amounts were transferred to short-term deposits.

2011	2010
\$'000	\$'000

14. Inventories

Raw and packaging materials	59,406	89,132
Work in progress	94,397	92,905
Finished goods	36,001	24,965
	189,804	207,002
Provision for obsolescence	(7,875)	(36,434)
	<u>181,929</u>	<u>170,568</u>

Inventories pledged as security for borrowings totalled \$170,066 thousand (2010: \$158,076 thousand).

2011	2010
\$'000	\$'000

15. Trade and Other Receivables

Trade receivables	171,973	144,097
Provision for impairment of trade receivables	(9,511)	(4,583)
	162,462	139,514
Receivables from related party – net (Note 36 (iv))	8,666	6,075
Trade receivables – net	171,128	145,589
Prepayments and other receivables	291	27
Taxation refundable	48	75
	<u>171,467</u>	<u>145,691</u>

There is no concentration of credit risk with respect to trade receivables, as the Group has a large number of customers, internationally dispersed.

The fair values of trade and other receivables approximate their carrying values.

15. Trade and Other Receivables (continued)

The aging of trade and other receivables (net of prepayments and taxation refundable) at the year end was:

	Gross 2011 \$'000	Impairment 2011 \$'000	Gross 2010 \$'000	Impairment 2010 \$'000
Not past due	122,334	-	87,075	-
Past due 0 – 30 days	22,490	-	8,947	-
Past due 31 – 60 days	6,731	-	3,769	-
Past due 61 – 90 days	-	-	3,728	-
Past due 90 – 120 days	2,652	-	601	-
Past due more than 120 days	33,710	(16,450)	51,506	(10,037)
	<u>187,917</u>	<u>(16,450)</u>	<u>155,626</u>	<u>(10,037)</u>

As of December 31, 2011, trade receivables of \$17,259 thousand (2010: \$41,469 thousand) were more than 120 days past due but not impaired. These relate to a number of third party customers for whom there is no recent history of default and management is of the opinion that these amounts are collectible. The impaired receivables mainly relate to wholesalers and retailers which have defaulted on payments. The ageing of these receivables is as disclosed above.

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

	2011 \$'000	2010 \$'000
United States dollar	81,281	66,324
Trinidad and Tobago dollar	74,647	64,020
Canadian dollar	13,465	14,111
Euro	<u>2,074</u>	<u>1,236</u>
	<u>171,467</u>	<u>145,691</u>

<u>2011</u>	<u>2010</u>
<u>\$'000</u>	<u>\$'000</u>

15. Trade and Other Receivables (continued)

Movements in the provision for impaired trade receivables are as follows:

At January 1	4,583	38,956
Write-offs against provisions	-	(37,477)
Increase in provision	<u>4,928</u>	<u>3,104</u>
At December 31	9,511	4,583
Related party (Note 36 (iv))	<u>6,939</u>	<u>5,454</u>
Total provision for impaired trade and other receivables	<u>16,450</u>	<u>10,037</u>

The creation and release of provision for impaired receivables have been included in 'Selling and marketing costs' in the statement of comprehensive income. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash. None of the classes within trade and other receivables contain impaired assets other than as disclosed above.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. All trade and other receivables of the Group are pledged as collateral for borrowings under a floating charge debenture.

<u>2011</u>	<u>2010</u>
<u>\$'000</u>	<u>\$'000</u>

16. Cash and Cash Equivalents

Short-term deposits (Note 13)	1,732	-
Cash at bank and in hand	<u>168,655</u>	<u>114,541</u>
Cash and cash equivalents	<u>170,387</u>	<u>114,541</u>

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

	<u>2011</u>	<u>2010</u>
	<u>\$'000</u>	<u>\$'000</u>
17. Assets Held-for-Sale		
Balance at January 1	25,308	3,558
Additions	-	21,750
Disposals	(21,151)	-
Transfer to property, plant and equipment	(495)	-
Fair value loss (Note 28)	(104)	-
	<u>3,558</u>	<u>25,308</u>
Balance at December 31	<u>3,558</u>	<u>25,308</u>

There were no impairment provisions on assets held-for-sale at the year-end (2010: nil).

18. Share Capital

	<u>2011</u>	<u>2010</u>
Number of shares in issue (000)	206,277	206,277
Treasury shares (000)	<u>(457)</u>	<u>(457)</u>
	<u>205,820</u>	<u>205,820</u>
Ordinary shares (\$'000)	119,369	119,369
Treasury shares (\$'000)	<u>(811)</u>	<u>(811)</u>
	<u>118,558</u>	<u>118,558</u>

19. Other Reserves

	Revaluation Surplus \$'000	Investment Revaluation Reserve \$'000	Capital Reserves \$'000	Total \$'000
Balance at January 1, 2011	77,876	1	25,950	103,827
Investment revaluation gain on available-for-sale assets	-	4,411	-	4,411
Currency translation differences	-	-	(498)	(498)
Other reserve movements	-	-	1,094	1,094
Balance at December 31, 2011	<u>77,876</u>	<u>4,412</u>	<u>26,546</u>	<u>108,834</u>
Balance at January 1, 2010	77,876	1,890	14,674	94,440
Investment revaluation loss on available-for-sale assets	-	(1,889)	-	(1,889)
Currency translation differences	-	-	2,957	2,957
Other reserve movements	-	-	8,319	8,319
Balance at December 31, 2010	<u>77,876</u>	<u>1</u>	<u>25,950</u>	<u>103,827</u>

Revaluation surplus represents gain on revaluation of land and buildings of certain of the Group entities. Land and buildings were last revalued on December 31, 2009 by qualified independent experts and will be due for revaluation again in 2012 in accordance with the accounting policy of the Group entities.

Investment revaluation reserve represents gains (losses) recognised in equity upon revaluation of available-for-sale assets.

Capital reserves represent general reserves maintained by one of the Company's subsidiaries as well as accumulated foreign exchange gains (losses) recognised in equity upon revaluation of the Group's interest in foreign operations.

	<u>2011</u>	<u>2010</u>
	<u>\$'000</u>	<u>\$'000</u>
20. Borrowings		
Non-current		
Secured borrowings	97,660	-
Unsecured borrowings	339,658	358,025
	<u>437,318</u>	<u>358,025</u>
Current		
Secured borrowings	172,476	306,207
Unsecured borrowings	112,410	119,072
	<u>284,886</u>	<u>425,279</u>
Total borrowings	<u>722,204</u>	<u>783,304</u>

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

<u>2011</u>					
Type of borrowing	TT\$	US\$	£	€	CAD\$
Unsecured borrowings	8.25%	11.28%	-	5.09%	-
Secured borrowings	10.75%	9.57%	3.60%	-	-

<u>2010</u>					
Type of borrowing	TT\$	US\$	£	€	CAD\$
Unsecured borrowings	10.97%	8.56%	-	-	-
Secured borrowings	10.80%	10.33%	3.60%	4.31%	-

The carrying amounts and fair values of the non-current borrowings are as follows:

	Carrying amounts		Fair values	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Debentures and other loans	<u>437,318</u>	<u>358,025</u>	<u>320,993</u>	<u>243,640</u>

The fair values are based on cash flows discounted using rates based on the borrowing rates prevailing at the reporting date, in the respective countries where the debts exist.

20. Borrowings (continued)

The carrying amounts of short-term borrowings approximate their fair value.

The maturity of non-current borrowings is as follows:

	<u>2011</u>	<u>2010</u>
	<u>\$'000</u>	<u>\$'000</u>
Between 2 and 3 years	52,017	5,986
Over 4 years	<u>385,301</u>	<u>352,039</u>
	<u>437,318</u>	<u>358,025</u>

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

	<u>2011</u>	<u>2010</u>
	<u>\$'000</u>	<u>\$'000</u>
Euro	339,658	352,039
Trinidad and Tobago dollar	184,549	184,546
United States dollar	197,859	246,272
Pound sterling	<u>138</u>	<u>447</u>
	<u>722,204</u>	<u>783,304</u>

The exposure of the Group's borrowings to interest rate changes and the contractual re-pricing dates at the reporting date are as follows:

	<u>2011</u>	<u>2010</u>
	<u>\$'000</u>	<u>\$'000</u>
6 months or less	231,664	253,571
Between 6 months and 1 year	-	12,199
Between 1 and 5 years	<u>339,796</u>	<u>352,039</u>
	571,460	617,809
Fixed rate borrowings	<u>150,744</u>	<u>165,495</u>
	<u>722,204</u>	<u>783,304</u>

Borrowings are secured by debentures over certain of the Group's investments (Note 9), property, plant and equipment (Note 8) and inventories (Note 14).

20. Borrowings (continued)

The contractual cash flows are as follows:

	2011 \$'000	2010 \$'000
Due in 1 year	326,965	427,093
Between 2 and 3 years	74,564	70,612
Over 4 years	428,048	394,786
	<u>829,577</u>	<u>892,437</u>

The terms of the secured borrowings include certain standard covenants with which certain subsidiaries have to comply. Some of the Group's borrowings are subject to covenant clauses, whereby the Group is required to meet certain key performance indicators.

Loans from related parties were \$583 thousand (2010: \$577 thousand) at the end of the year.

21. Deferred Tax Asset (Liability)

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 income assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on the net basis. The Group does not offset deferred tax assets and deferred tax liabilities.

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

	2010 \$'000	(Charged) credited to Statement of Comprehensive Income \$'000	2011 \$'000
Deferred tax assets			
Tax losses carried forward	54,635	(31,749)	22,886
Deferred tax liabilities			
Accelerated tax depreciation	(30,162)	(1,749)	(31,911)
Pension asset	(7,163)	612	(6,551)
Other	(1,259)	(4)	(1,263)
	<u>(38,584)</u>	<u>(1,141)</u>	<u>(39,725)</u>
Net deferred tax liability	<u>16,051</u>	<u>(32,890)</u>	<u>(16,839)</u>

21. Deferred Tax Asset (Liability) (continued)

	2009	(Charged) credited to Statement of Comprehensive Income	2010
	\$'000	\$'000	\$'000
Deferred tax assets			
Tax losses carried forward	33,194	21,441	54,635
Deferred tax liabilities			
Accelerated tax depreciation	(26,209)	(3,953)	(30,162)
Pension asset	(6,629)	(534)	(7,163)
Other	(1,250)	(9)	(1,259)
	(34,088)	(4,496)	(38,584)
Net deferred tax liability	(894)	16,945	16,051

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

	2011	2010
	\$'000	\$'000
Balance at January 1	16,051	(894)
Deferred tax credited to the consolidated statement of comprehensive income (Note 29)	(32,890)	16,945
Balance at December 31	(16,839)	16,051

Deferred tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group did not recognise deferred tax assets of \$589 thousand (2010: \$589 thousand) in respect of losses amounting to \$2,356 thousand (2010: \$2,356 thousand) that can be carried forward against future taxable income.

	2011	2009
	\$'000	\$'000
22. Other Liabilities		
Retirement benefits	571	651

The liability represents the pension liability of one of the Group's subsidiaries which operates a defined contribution pension scheme.

	<u>2011</u>	<u>2010</u>
	<u>\$'000</u>	<u>\$'000</u>
23. Trade and Other Payables		
Trade payables	51,301	71,257
Amounts due to related parties (Note 36 (vi))	6,008	34,612
Provisions	28,072	14,297
Accruals	40,143	23,502
Other payables	14,803	35,969
	<u>140,327</u>	<u>179,637</u>

Provisions comprise mainly the estimated costs related to legal matters and other amounts for which expenses are expected to be incurred in the following period.

Accruals comprise amounts due in respect of known obligations of the Group at the year end.

Trade and other payables are expected to be settled in the short term.

	<u>2011</u>	<u>2010</u>
	<u>\$'000</u>	<u>\$'000</u>
24. Operating Profit		

Included are the following operating income (expense) items:

Amortisation and impairment of intangible assets	-	(315)
Impairment and exchange differences on property, plant and equipment (Note 8)	363	(50,827)
Depreciation (Note 8)	(16,268)	(18,453)
Employee benefits (Note 31)	(104,899)	(98,085)
Fair value (losses) gains (Note 28)	(104)	41,773
Gain on sale of investments	-	1,756
Operating lease payments (Note 33)	(5,746)	(5,093)
Research and development	(2,078)	(489)
Repairs and maintenance	(15,175)	(14,181)

	<u>2011</u>	<u>2010</u>
	<u>\$'000</u>	<u>\$'000</u>
25. Other Income		
Gain from early retirement of debt	-	8,866
Loss on disposal of fixed assets	(14)	(1,601)
Reversal of provision for related party debt, now settled	-	161,087
Gains on reversal of related party debts	-	14,086
Gains on disposal of trade investments	-	1,756
Grant income received	-	4,021
Other income	<u>1,942</u>	<u>13,609</u>
	<u>1,928</u>	<u>201,824</u>

26. Finance Costs

Secured borrowings	17,785	43,662
Unsecured borrowings	<u>39,179</u>	<u>23,304</u>
	<u>56,964</u>	<u>66,966</u>

27. Dividend Income

Dividend income from Lascelles de Mercado	12,818	-
Other dividend income	<u>479</u>	<u>90</u>
	<u>13,297</u>	<u>90</u>

Dividend income in respect of shares held in Lascelles de Mercado and Company Ltd. is pledged against Parent company debt and was treated as a receivable from the Parent and fully impaired at the year-end (Note 36).

	<u>2011</u>	<u>2010</u>
	<u>\$'000</u>	<u>\$'000</u>
28. Fair Value (Losses) Gains		
Fair value adjustment on available-for-sale assets (Note 9)	-	(618)
Fair value losses on foreign currency swap derivative	-	(1,170)
Net fair value adjustments on overseas subsidiaries	-	(222)
Fair value gain on acquisition of investment in associate	-	43,783
Fair value loss on assets held-for-sale	<u>(104)</u>	<u>-</u>
	<u>(104)</u>	<u>41,773</u>

2011	2010
\$'000	\$'000

29. Taxation

Current charge	7,845	6,035
Deferred tax expense (credit) (Note 21 (ii))	32,890	(16,945)
Net expense (credit)	<u>40,735</u>	<u>(10,910)</u>

The tax on the Group's profit before tax differs from that calculated at the tax rate in Trinidad and Tobago applicable to profits of the consolidated companies as follows:

2011	2010
\$'000	\$'000

Profit before taxation	<u>197,620</u>	<u>357,849</u>
Tax charge at statutory rate of 25%	49,405	89,462
Effect of different tax rates in other countries	2,247	1,956
Permanent differences	(8,878)	(44,884)
Tax losses previously unrecognised	-	(57,402)
Revenue based taxes	2,455	2,234
Current year losses for which no deferred tax asset recognised	-	(2,276)
	<u>40,735</u>	<u>(10,910)</u>

30. Earnings per Share

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the number of ordinary shares in issue during the year, excluding ordinary shares purchased by the Company and held as treasury shares (Note 18).

2011	2010
-------------	-------------

Profit attributable to equity holders of the Company (\$'000)	<u>154,485</u>	<u>367,057</u>
Number of ordinary shares in issue (000) (Note 18)	<u>205,820</u>	<u>205,820</u>
Basic and diluted earnings per share (\$)	<u>0.75</u>	<u>1.79</u>

	<u>2011</u>	<u>2010</u>
	<u>\$'000</u>	<u>\$'000</u>
31. Employee Benefit Expense		
Wages, salaries and other benefits	95,607	88,433
Social security costs	1,213	859
Pension costs – defined contribution plans	1,220	878
Pension costs – defined benefit plans (Note 12 (iv))	6,859	7,915
	<u>104,899</u>	<u>98,085</u>

32. Dividends per Share

The Directors at their meeting on March 20, 2012 declared a final dividend in respect of 2011 of 12 cents per share. The total dividend declared in respect of 2010 was nil.

33. Leases

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

	<u>2011</u>	<u>2010</u>
	<u>\$'000</u>	<u>\$'000</u>
Expense for the year	<u>5,746</u>	<u>5,093</u>
Future minimum lease payments under these leases at December 31 are as follows:		
Within 1 year	4,413	5,575
Between 2 and 5 years	4,419	7,949
	<u>8,532</u>	<u>13,524</u>

34. Discontinued Operation

As of December 31, 2009, the operations of one of the Group's wholly owned US based subsidiaries (Angostura Spirits and Wines Inc. (ASW)) were ceased and legal proceedings commenced to wind up the subsidiary. These proceedings were ongoing at the reporting date. The Group held no assets in respect of ASW at the year-end and due to legal arrangements in respect of this subsidiary, no title could be claimed in respect of any asset owned by the subsidiary but not held by the Group.

The impact at the year-end on the accounts payable of the Group in respect of liabilities held by ASW was as follows:

	<u>2011</u>	<u>2010</u>
	<u>\$'000</u>	<u>\$'000</u>
ASW accounts payables	<u>2,822</u>	<u>24,375</u>

The balance at the reporting date represents the final agreed settlement value in respect of the legal proceedings related to the matter described above. The income arising on the reduction in payables was recorded within 'Administrative expenses' on the statement of comprehensive income.

The impact at the year-end on the retained earnings of the Group in respect of retained losses held by ASW was as follows:

	<u>2011</u>	<u>2010</u>
	<u>\$'000</u>	<u>\$'000</u>
ASW retained losses	<u>(3,139)</u>	<u>(24,691)</u>

35. Contingent Liability

In 2008, the Company guaranteed borrowings in the amount of US\$62,000 thousand (2010: US\$102,000 thousand) undertaken by its parent company, C L Financial Limited (CLF) in respect of its acquisition of Jamaican conglomerate, Lascelles de Mercado & Company Limited (Lascelles). Based on the conditions of the guarantee, the Company could be called upon to make good its guarantee for any amount in excess of the value realised on the sale of security held by the lender, specifically, 26,284,806 shares in Lascelles.

As at March 20, 2012, at a closing bid price of US\$ 2.87/share, there was no exposure under the guarantee.

2011	2010
\$'000	\$'000

36. Related Party Transactions

The following transactions were carried out with related parties:

i) Sales of goods and services

Sales of goods:

-Entities controlled by Parent

29,778	30,735
--------	--------

Interest and other income:

-Entities controlled by Parent

13,284	8,443
--------	-------

-Key management

17	247
----	-----

13,301	8,690
--------	-------

ii) Purchases of goods and services

Purchases of goods:

-Entities controlled by Parent

7,347	11,597
-------	--------

Purchases of services and interest charges:

-Entities controlled by Parent

86,603	58,513
--------	--------

93,950	70,110
--------	--------

iii) Key management compensation

Salaries and other short-term employee benefits

10,629	29,400
--------	--------

Pension contributions

767	525
-----	-----

11,396	29,925
--------	--------

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

Current receivables from related parties:

-Parent

984,611	971,793
---------	---------

-Provision for impairment of receivable

(984,611)	(971,973)
-----------	-----------

-	-
---	---

36. Related Party Transactions (continued)

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

The movement in the parent company receivable of \$12,818 thousand represents dividends due in respect of shares held in Lascelles de Mercado and Company Ltd. but pledged against certain borrowings of the Group's ultimate parent C L Financial Limited. The dividends were recorded as a receivable from the ultimate parent company and fully impaired as at the year end.

	2011 \$'000	2010 \$'000
-Entities controlled by Parent	14,977	10,929
-Provision for impairment of receivables	<u>(6,939)</u>	<u>(5,454)</u>
	8,038	5,475
-Key management	<u>628</u>	<u>600</u>
	<u>8,666</u>	<u>6,075</u>
Analysis of movements in related party impairment provisions:		
Opening balance	5,454	2,437
Increase in provision	1,485	24,481
Amounts written off	<u>-</u>	<u>(21,464)</u>
Closing provision	<u>6,939</u>	<u>5,454</u>
v) Loans to related parties		
Entities controlled by Parent	4,989	4,989
Provision for impairment of receivable	<u>(4,989)</u>	<u>(4,989)</u>
	<u>-</u>	<u>-</u>
vi) Payables and provisions in respect of related parties (Note 23)		
-Parent	2,410	2,410
-Entities controlled by Parent	-	10,324
-Key management	<u>3,598</u>	<u>21,878</u>
	<u>6,008</u>	<u>34,612</u>
vii) Loan from related parties		
-Entities controlled by Parent	<u>582,813</u>	<u>576,610</u>

Supplementary Information

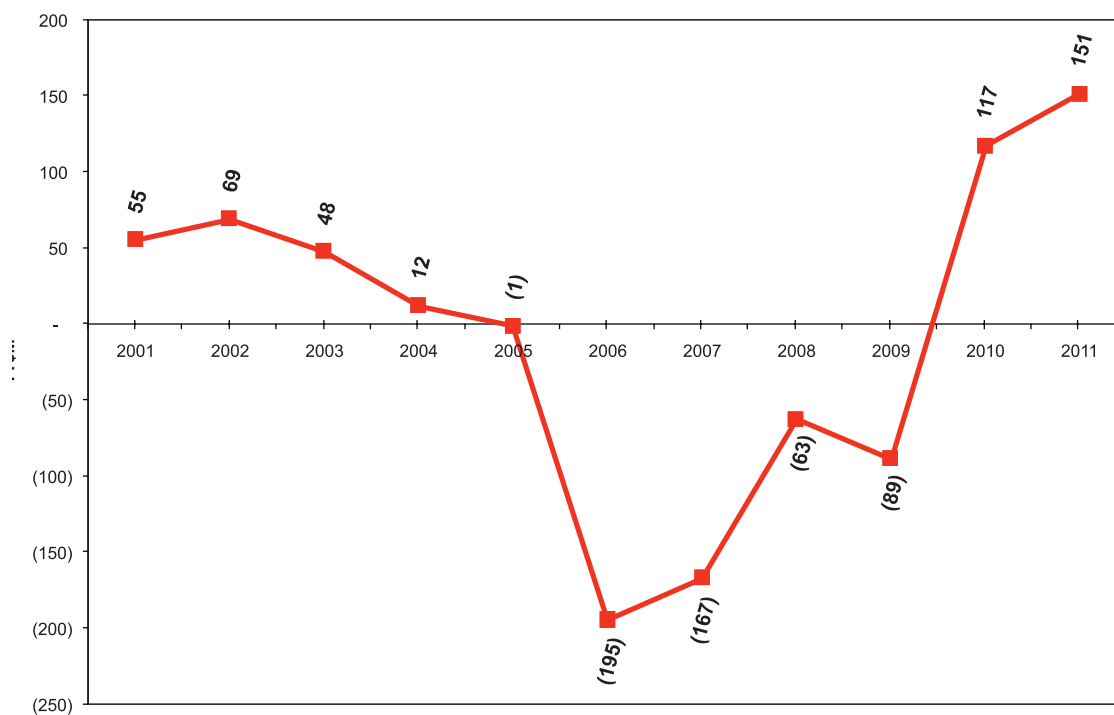
Prior Year Review: 2001-2011

Amounts expressed in millions of Trinidad and Tobago dollars unless otherwise stated

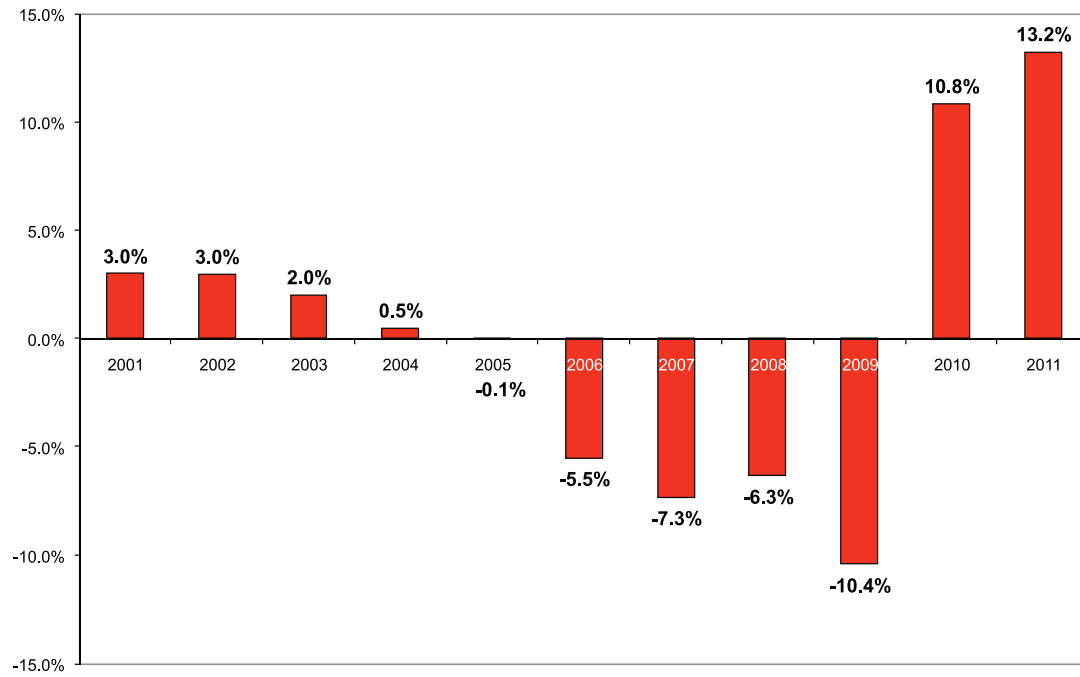
	Unit	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Net Sales	\$M	696	621	604	634	679	683	1,199	1,014	1,026	1,034	1,018
Net Profit adjusted for one-off items*	\$M	151	117	(89)	(63)	(167)	(195)	(1)	12	48	69	55
Total assets	\$M	1,143	1,081	853	987	2,282	3,528	2,477	2,393	2,354	2,327	1,846
Return on total assets*	%	13.2%	10.8%	-10.4%	-6.3%	-7.3%	-5.5%	-0.1%	0.5%	2.0%	3.0%	3.0%
Total equity	\$M	235	74	(291)	(192)	1,156	1,301	1,138	909	843	789	714
Return on total equity*	%	64%	157%	31%	33%	-14%	-15%	0%	1%	6%	9%	8%
Shares in issue	M	206	206	206	206	206	206	206	206	206	206	206
Earnings per share*	\$	0.74	0.57	(0.43)	(0.30)	(0.81)	(0.95)	(0.01)	0.06	0.23	0.34	0.27
Share price at 31-Dec	\$	7.75	6.90	6.90	6.90	5.11	4.50	5.76	5.00	4.25	6.00	4.50
Price/earnings ratio*	Times	10.5	12.1	(16.0)	(22.7)	(6.3)	(4.8)	(830.8)	88.3	18.4	17.9	16.8

*Net Profit adjusted for one-off items is Profit (Loss) from continuing operations less other income, impairment, fair value and foreign exchange adjustments

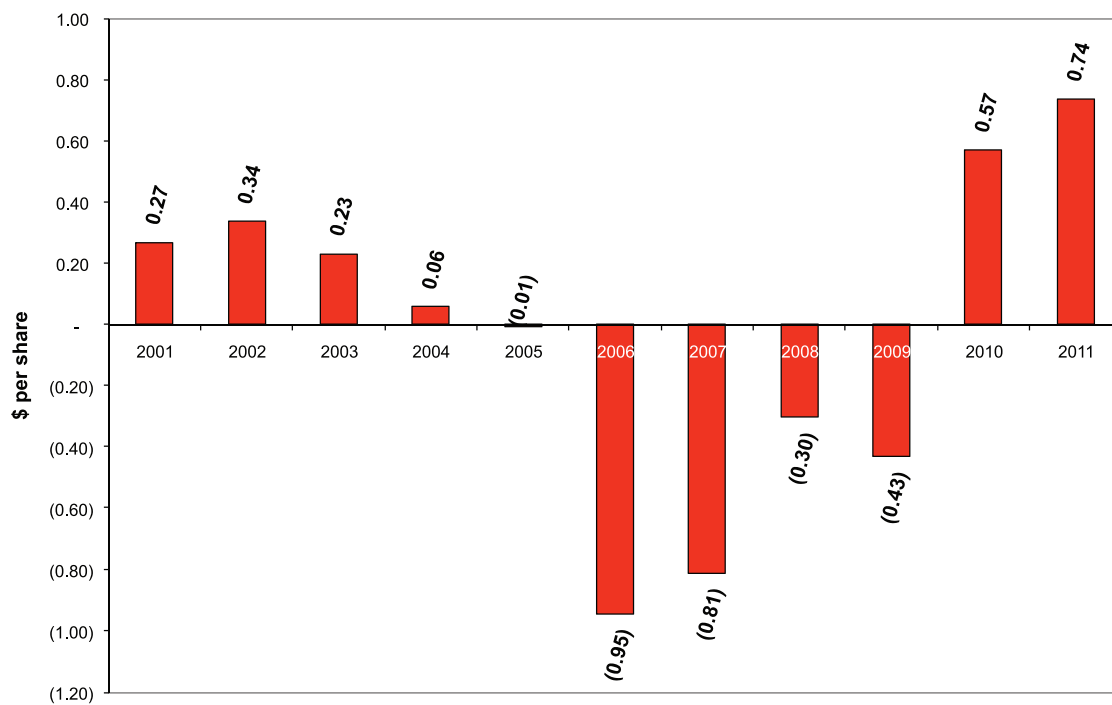
Net Profit adjusted for other income, impairment, foreign exchange and fair value adjustments



Return on total assets adjusted for other income, impairment, foreign exchange and fair value adjustments



Earnings per share adjusted for other income, impairment, foreign exchange and fair value adjustments



MANAGEMENT PROXY CIRCULAR

Republic of Trinidad and Tobago
The Companies Act, 1995
(Section 144)

1 Name of Company

ANGOSTURA HOLDINGS LIMITED. Company No. A-719(C).

2 Particulars of Meeting

Thirtieth Annual General Meeting of the Company to be held on the 27th of April, 2012 at 10.00 a.m. at the House of Angostura, Angostura Complex, Eastern Main Road, Laventille, Trinidad.

3 Solicitation

It is intended to vote the Proxy solicited hereby (unless the Shareholder directs otherwise) in favour of all resolutions specified therein.

4 Any Director's Statement submitted pursuant to Section 76 (2):

No statement has been received from any Director pursuant to Section 76 (2) of the Companies Act, 1995.

5 Any Auditor's statement submitted pursuant to Section 171 (1):

No statement has been received from the Auditors of the Company pursuant to Section 171 (1) of the Companies Act, 1995.

6 Any Shareholder's proposal submitted pursuant to Sections 116 (a) and 117 (2):

No statement has been received from Shareholder pursuant to Sections 116 (a) and 117 (2) of the Companies Act, 1995.



Lyn Patricia Lopez

Secretary

April 5, 2012

PROXY FORM

ANGOSTURA HOLDINGS LIMITED.
Company No. A-719(C).



I/We the undersigned, being a shareholder (s) of Angostura Holdings Limited, hereby appoint

.....of.....

Or failing him/her, the Chairman of the meeting, as my proxy to vote for me and on my behalf at the Annual General Meeting of the Company, to be held on 27th day of April, 2012 at 10:00 am and any adjournment thereof.

ORDINARY BUSINESS

ITEM	RESOLUTION	FOR	AGAINST
Resolution 1	To receive, consider and approve the Report of the Directors, the Audited Financial Statements of the Company for the financial year ended December 31st, 2011, together with the report of the Auditors thereon.	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	To appoint KPMG as auditors of the Company for the financial year ending December 31st, 2012 and to authorise the Directors to fix their Remuneration thereon.	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	To re-elect the following Directors who retire in accordance with paragraph 4.6.1 of Bye Law No. 1 of the Company (and being eligible offer themselves for re-election) until the close of the third Annual General Meeting of the Company following his election or until his retirement:	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 (a)	Vidia Doodnath	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 (b)	Marlon Holder	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 (c)	Carolyn John	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 (d)	Joseph Teixeira	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 (e)	Fraser Thornton	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	That the following directors who were appointed since the last Annual General Meeting, be and is hereby elected as a Director of the Company until the close of the third Annual General Meeting of the Company following his election or until his retirement, in accordance with section 77 (5) of the Companies Act No.35 of 1997 and paragraph 4.6.1 of Bye Law No. 1 of the Company:	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 (a)	Gerald Yetming	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 (b)	Krishna Boodhai	<input type="checkbox"/>	<input type="checkbox"/>

Signed this day of 2012

Signed: Name:

Notes:

1. Proxies should be deposited at the registered office of the Company not less than forty-eight (48) hours before the meeting.

2. In the case of a Corporation, this proxy should be under its common seal or under the hand of an officer or attorney so authorised in that behalf.

3. In the case of joint holders, the signature of any one of them will suffice, but all names of all holders must be named.

Return to: The Secretary
Angostura Holdings Limited
P.O. Box 62
Port of Spain
TRINIDAD AND TOBAGO







ANGOSTURA®