Consolidated Financial Statements of

ANGOSTURA HOLDINGS LIMITED

December 31, 2013
(Expressed in Trinidad and Tobago Dollars)

KPMG
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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 comprise the consolidated statement of financial position as at December 31, 2013, 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's 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 consolidated 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 our 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.

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, 2013, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

KPMG

Chartered Accountants

March 19, 2014
Port of Spain
Trinidad and Tobago

ANGOSTURA HOLDINGS LIMITED

Consolidated Statement of Financial Position

December 31, 2013
(Expressed in Trinidad and Tobago Dollars)

	Notes	2013	Restated 2012	Restated 2011
		$'000	$'000	$'000
ASSETS				
Non-current assets				
Property, plant and equipment	8	321,116	274,683	289,064
Available-for-sale assets	9	109	574	54,136
Investment in equity-accounted investee	10	-	245,524	221,960
Deferred tax asset	20	5,037	5,800	26,801
Retirement benefit asset	12	53,551	2,003	-
		379,813	528,584	591,961
Current assets				
Inventories	13	186,138	192,006	181,929
Assets held-for-sale	14	3,598	3,598	3,558
Trade and other receivables	15	197,303	162,162	171,467
Cash and cash equivalents	16	148,002	164,792	170,387
		535,041	522,558	527,341
Total assets		914,854	1,051,142	1,119,302
EQUITY AND LIABILITIES				
Equity				
Share capital	17	118,558	118,558	118,558
Other reserves	18	87,128	87,533	108,834
Retained earnings (accumulated deficit)		442,815	160,758	(33,683)
		648,501	366,849	193,709
Non-controlling interest		-	-	12,316
Total equity		648,501	366,849	206,025
LIABILITIES				
Non-current liabilities				
Borrowings	19	-	469,499	437,318
Retirement benefit obligation	12	-	-	10,173
Other liabilities		-	-	570
Deferred tax liability	20	46,251	28,956	34,206
		46,251	498,455	482,267
Current liabilities				
Borrowings	19	110,136	50,300	284,886
Taxation payable		-	889	5,799
Trade and other payables	21	109,966	134,649	140,325
		220,102	185,838	431,010
Total liabilities		266,353	684,293	913,277
Total equity and liabilities		914,854	1,051,142	1,119,302

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

_______________ Director   _______________ Director

ANGOSTURA HOLDINGS LIMITED

Consolidated Statement of Comprehensive Income

Year ended December 31, 2013
(Expressed in Trinidad and Tobago Dollars)

	Notes	2013	Restated 2012
		$'000	$'000
CONTINUING OPERATIONS			
Revenue		663,227	648,294
Cost of goods sold		(263,324)	(272,664)
Gross profit		399,903	375,630
Selling and marketing expenses		(124,224)	(113,627)
Administrative expenses		(70,579)	(64,531)
Results from operating activities		205,100	197,472
Finance costs	23	(9,068)	(29,274)
Finance income		23	18
Results from continuing operations		196,055	168,216
Other income	24	2,553	2,779
Dividend income	25	126	3,818
Impairment charge	9	(465)	-
Foreign exchange gains	26	21,052	4,548
Gain on settlement of financial liability	27	44,445	-
Gain on disposal of investments	28	83,844	42,775
Share of profits from equity-accounted investee, net of tax	10	3,084	23,564
Profit before tax		350,694	245,700
Taxation expense	29	(74,977)	(46,618)
Profit from continuing operations		275,717	199,082
DISCONTINUED OPERATIONS			
Profit from discontinued operations, net of tax		-	2,423
Profit for the year		275,717	201,505
Other comprehensive income			
Items that will never be reclassified to profit or loss:			
Re-measurements of defined benefit asset	12	52,783	12,755
Items that are or may be reclassified to profit or loss:			
Investment revaluation gain on available-for-sale assets transferred to profit or loss on disposal		-	(4,410)
Foreign currency differences on translation of foreign operations		596	2,009
Other comprehensive income for the year, net of tax		53,379	10,354
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		329,096	211,859

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

ANGOSTURA HOLDINGS LIMITED

Consolidated Statement of Comprehensive Income (continued)

Year ended December 31, 2013
(Expressed in Trinidad and Tobago Dollars)

	Notes		2013	Restated 2012
			$'000	$'000
Profit for the year attributable to:				
Owners of the Company			275,717	201,101
Non-controlling interest			-	404
			275,717	201,505
Total comprehensive income attributable to:				
Owners of the Company			329,096	211,455
Non-controlling interest			-	404
			329,096	211,859
Dividend paid per share			23¢	12¢
Earnings per share - Basic and Diluted				
- Continuing and discontinued operations	30	$	1.34	0.98
- Continuing operations	30	$	1.34	0.97

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

ANGOSTURA HOLDINGS LIMITED

Consolidated Statement of Changes in Equity

Year ended December 31, 2013
(Expressed in Trinidad and Tobago Dollars)

	Note	Share Capital $'000 (Note 17)	Other Reserves $'000 (Note 18)	Retained Earnings (Accumulated Deficit) $'000	Non-Controlling Interest $'000	Total Equity $'000
		Attributable to owners of the Company				
Balance at January 1, 2013		118,558	87,533	160,758	-	366,849
Profit for the year		-	-	275,717	-	275,717
Other comprehensive income		-	-	53,379	-	53,379
Total comprehensive income for the year		-	-	329,096	-	329,096
Transactions with equity holders recognised directly in equity						
Dividends to equity holders		-	-	(47,444)	-	(47,444)
Depreciation on revalued property		-	(405)	405	-	-
		-	(405)	(47,039)	-	(47,444)
Balance at December 31, 2013		118,558	87,128	442,815	-	648,501
Balance at January 1, 2012, as previously reported		118,558	108,834	(5,382)	12,317	234,327
Prior year adjustment to recognise impact of change in accounting policy and recognition of cash funded post-retirement benefit plan	34	-	-	(37,734)	-	(37,734)
Tax impact of prior year adjustment		-	-	9,434	-	9,434
Restated balance at January 1, 2012		118,558	108,834	(33,682)	12,317	206,027
Profit for the year		-	-	201,101	404	201,505
Other comprehensive income		-	(4,410)	14,764	-	10,354
Total comprehensive income for the year		-	(4,410)	215,865	404	211,859
Transaction with equity holders recognised directly in equity						
Dividends to equity holders		-	-	(24,754)	-	(24,754)
Depreciation on revalued property		-	(405)	405	-	-
Net removal of reserves related to discontinued operations		-	(16,486)	2,924	(12,721)	(26,283)
		-	(16,891)	(21,425)	(12,721)	(51,037)
Balance at December 31, 2012		118,558	87,533	160,758	-	366,849

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

ANGOSTURA HOLDINGS LIMITED

Consolidated Statement of Cash Flows

Year ended December 31, 2013
(Expressed in Trinidad and Tobago Dollars)

	Notes	2013	Restated 2012
		$'000	$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		350,694	245,700
Adjustments for:			
Depreciation charge	8	19,722	16,993
Loss (gain) on disposal of property, plant and equipment	24	1,781	(43)
Gain on settlement of financial liability	27	(44,445)	-
Gain on disposal of investments	28	(83,844)	(42,775)
Share of profit from equity-accounted investee, net of tax	10	(3,084)	(23,564)
Finance costs	23	9,068	29,274
Finance income		(23)	(18)
Dividend income	25	(126)	(3,818)
Foreign exchange gains	26	(21,052)	(4,548)
Operating profit before working capital changes		228,691	217,201
Change in employee benefits		1,800	8,083
Change in trade and other receivables		(30,250)	6,610
Change in inventories		6,384	(22,456)
Change in trade and other payables		(23,419)	9,885
Cash generated from operating activities		183,206	219,323
Interest paid		(10,837)	(33,238)
Corporation tax paid		(62,705)	(25,580)
Retirement benefits paid – severance payments		(565)	(530)
Net cash from operating activities		109,099	159,975

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

Consolidated Statement of Cash Flows (continued)

Year ended December 31, 2013
(Expressed in Trinidad and Tobago Dollars)

	Notes	2013	2012
		$'000	$'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment		524	161
Proceeds from disposal of investments		332,452	91,177
Acquisition of property, plant and equipment	8	(69,456)	(39,472)
Adjustment to property, plant and equipment		996	-
Disposal of net cash of discontinued operations		-	932
Dividends received		126	3,763
Interest received		23	18
Net cash from investing activities		264,665	56,579
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(47,444)	(24,754)
Proceeds from borrowings		-	170,000
Repayment of borrowings		(343,110)	(367,395)
Net cash used in financing activities		(390,554)	(222,149)
Net decrease in cash and cash equivalents		(16,790)	(5,595)
Cash and cash equivalents at January 1		164,792	170,387
Cash and cash equivalents at December 31	16	148,002	164,792

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

1. Reporting Entity

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, 2013 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as the "Group companies").

The principal subsidiaries are:

Company	Country of Incorporation	Percentage Owned
Angostura Limited	Trinidad and Tobago	100%
Trinidad Distillers Limited	Trinidad and Tobago	100%

The Company's ultimate parent entity is C L 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 18, 2014.

2. Basis of Accounting

(a) Statement of compliance

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

Details of the Group's accounting policies, including changes during the year, are included in Notes 3 and 4.

2. Basis of Accounting (continued)

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following items, which are measured on an alternative basis on each reporting date:

- non-derivative financial instruments at fair value through profit or loss are measured at fair value;
- available-for-sale financial assets are measured at fair value;
- net defined benefit asset (obligation) is recognised as fair value of plan assets, adjusted by re-measurements through other comprehensive income, less the present value of the defined benefit obligation adjusted by experience gains (losses) on revaluation, limited as explained in Note 3(i).
- investments in equity-accounted investees are measured using the equity method.
- certain freehold/leasehold land and buildings which are measured at fair value less depreciation.

(c) Functional and presentation currency

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

(d) Use of judgements and estimates

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

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

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending December 31, 2013 is included in the following notes:

- Note 12 - Retirement benefit asset - Measurement of defined benefit assets and obligations
- Note 13 - Inventories – provision for obsolescence
- Note 14 - Trade and other receivables - Impairment
- Note 20 - Deferred taxation - Utilisation of tax losses
- Note 33 - Related party balances – Impairment.

2. Basis of Accounting (continued)

(d) Use of judgements and estimates (continued)

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 values
- Note 32 - Leases - Determination of the lease classification

3. Significant Accounting Policies

Except for the changes explained in Note 4, the Group has consistently applied the accounting policies as set out in Note 3 to all periods presented in these consolidated financial statements.

(a) Basis of consolidation

(i) Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date – i.e. when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if they are related to the issue of debt or equity securities

(ii) Subsidiaries

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

(iii) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interest and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

3. Significant Accounting Policies (continued)

(a) Basis of consolidation (continued)

(iv) Interest in equity-accounted investees

The Group's interest in equity-accounted investee was disposed during the financial year. The interest was an associate investment in the equity - accounted investee.

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

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

(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 equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group companies at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date.

3. Significant Accounting Policies (continued)

(b) Foreign currency (continued)

(i) Foreign currency transactions (continued)

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated to the functional currency at the exchange rate when the fair value was determined. Foreign currency differences are generally recognised in profit or loss. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

However, foreign currency differences arising from the translation of the following items are recognised in other comprehensive income:

- 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; and

- qualifying cash flow hedges to the extent the hedges are effective.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to the functional currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated to the functional currency at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the retained earnings, except to the extent that the translation difference is allocated to non-controlling interests.

When a foreign operation is disposed of in its entirety or partially 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.

3. Significant Accounting Policies (continued)

(b) Foreign currency (continued)

(ii) Foreign operations (continued)

If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

If the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, then foreign currency differences arising from such item form part of the net investment in the foreign operation. Accordingly, such difference are recognised in other comprehensive income and accumulated in the retained earnings.

(c) Financial instruments

Financial instruments include available-for-sale assets, trade receivables, cash and cash equivalents, borrowings and trade and other payables.

(i) Classification

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.

The Group classifies non-derivative financial liabilities into the other financial liabilities category.

(ii) Non-derivative financial assets and financial liabilities - Recognition

The Group initially recognises loans and receivables and debt securities issued on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Group is recognised as a separate asset or liability.

3. Significant Accounting Policies (continued)

(c) Financial instruments (continued)

(ii) Non-derivative financial assets and financial liabilities - Recognition (continued)

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

(iii) Non-derivative financial assets - Measurement

Financial assets at fair value through profit or loss

A financial asset is classified as at fair value through profit or loss if it is classified as held-for-trading or is designated as such on initial recognition. Directly 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, including any interest or dividend income, are recognised in profit or loss.

Held-to-maturity financial assets

These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

Loans and receivables

These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method except for instances where indications of impairment exists, in which case they are measured at fair value.

Available-for-sale assets

These assets are initially recognised 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 debt instruments, are recognised in other comprehensive income and accumulated in the investment revaluation reserve. When these assets are derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

3. Significant Accounting Policies (continued)

(c) Financial instruments (continued)

(iv) Non-derivative financial liabilities - Measurement

Non-derivative financial liabilities are initially recognised at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

(v) Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset transferred), and the sum of:

(i) the consideration received (including any new asset obtained less any new liability assumed); and

(ii) any cumulative gain or loss that had been recognized in other comprehensive income (OCI).

is recognised in profit or loss.

Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Group is recognised as a consolidated asset or liability in the consolidated statement of financial position.

Financial liabilities

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

3. Significant Accounting Policies (continued)

(c) Financial instruments (continued)

(vi) Offsetting

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

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

(vii) Amortised cost measurement

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

(viii) Fair value measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

3. Significant Accounting Policies (continued)

(c) Financial instruments (continued)

(viii) Fair value measurement (continued)

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Group determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

(ix) Designation at fair value through profit or loss

The Group has designated financial assets and financial liabilities at fair value through profit or loss in either of the following circumstances.

- The assets or liabilities are managed, evaluated and reported internally on a fair value basis.

- The designation eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Note 5 sets out the amount of each class of financial asset or financial liability that has been designated at fair value through profit or loss. A description of the basis for each designation is set out in the note for the relevant asset or liability class.

3. Significant Accounting Policies (continued)

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

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

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

(ii) Subsequent costs

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group.

(iii) Depreciation

Depreciation is 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.

3. Significant Accounting Policies (continued)

(e) Intangible assets

(i) Goodwill

Goodwill arising on the acquisition of subsidiaries is measured at cost less impairment losses.

(ii) Research and development

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

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

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

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

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.

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

(g) Impairment

(i) Non-derivative financial assets

Financial assets not classified as at fair value through profit or loss, including any interest in equity-accounted investees, are assessed at each reporting date to determine whether there is objective evidence of impairment.

Objective evidence that financial assets are impaired includes:

- default or delinquency by a debtor
- restructuring of an amount due to the Group on terms that the Group would not consider otherwise
- indications that a debtor or issuer will enter bankruptcy
- adverse changes in the payment status of borrowers or issuers
- the disappearance of an active market for a security
- observable data indicating that there is a measurable decrease in expected cash flows from a group of financial assets

For an investment in an equity security, objective evidence of impairment includes a significant or prolonged decline in its fair value below its cost. The Group considers a decline of 20% to be significant and a period of nine months to be prolonged.

3. Significant Accounting Policies (continued)

(g) Impairment (continued)

(i) Non-derivative financial assets (continued)

Available-for-sale assets

Impairment losses on available-for-sale assets are recognised by reclassifying the losses accumulated in the investment revaluation reserve to profit or loss. The amount reclassified is the difference between the acquisition cost (net of any principal repayment and amortisation) and the current fair value, less any impairment loss previously recognised in profit or loss. If the fair value of an impaired available-for-sale debt security subsequently increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed through profit or loss; otherwise, it is reversed through other comprehensive income.

Equity-accounted investees

An impairment loss in respect of an equity-accounted investee is measured by comparing the recoverable amount of the investment with its carrying amount. An impairment loss is recognised in profit or loss, and is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

(ii) Non-financial assets

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

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

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

3. Significant Accounting Policies (continued)

(g) Impairment (continued)

(ii) Non-financial assets (continued)

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

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

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

(h) Assets held-for-sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally 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 a 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 other accounting policies. Impairment losses on initial classification as held-for-sale or held-for distribution and subsequent gains and losses on re-measurement are recognised in profit or loss.

Once classified as held-for-sale, 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

Retirement benefits for employees are provided by a defined benefit scheme, the assets of which are held in a consolidated trustee-administered fund. The pension plan is funded by contributions from the Group and the employees taking account the recommendations of independent qualified actuaries.

3. Significant Accounting Policies (continued)

(i) Employee benefits (continued)

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(ii) Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income. The Group determines the net interest expense (income) on the net defined benefit (liability) asset for the period, by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit (liability) asset, taking into account any changes in the net defined benefit (liability) asset during the period as a result of contributions and benefit payments.

Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

3. Significant Accounting Policies (continued)

(i) Employee benefits (continued)

(iii) Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits 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. Remeasurements are recognised in profit and loss in the period in which they arise.

(iv) Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted to their present value.

(v) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(j) Provisions

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

(k) Revenue

(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.

3. Significant Accounting Policies (continued)

(k) Revenue (continued)

(i) Goods sold (continued)

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

If the services under a single arrangement are rendered in different reporting periods, then the consideration is allocated on a relative fair value basis between the different services, across the reporting periods.

The Group recognises revenue from rendering of services in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed based on surveys of work performed.

(l) Leases

Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether the arrangement is or contains a lease. At inception or on reassessment of an arrangement that contains a lease, the Group separates payments and other consideration required by the 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.

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)

(m) Finance income, finance costs and dividend income

The Group's finance income and finance costs include:

- interest income
- interest expense
- dividend income.

Interest income or expense is recognised using the effective interest method. Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established.

(n) Taxation

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

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from 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 joint arrangement to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

A deferred tax asset is recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. 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.

3. Significant Accounting Policies (continued)

(n) Taxation (continued)

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Group has not rebutted this presumption.

Deferred tax assets and liabilities are offset only if certain criteria are met.

(o) Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographical area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to re-sale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale. When an operation is classified as a discontinued operation, the comparative statement of profit or loss and other 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 Chief Executive Officer include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise assets and liabilities, finance costs and income, other income and expenses, dividend income, impairment charges, foreign exchange gains and losses, fair value gains and losses, gain on financial liability, gain on disposal of investment, share of profits from equity-accounted investee, net of tax, and tax expenses and income.

3. Significant Accounting Policies (continued)

(q) Share capital

Ordinary shares

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

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 classified within share capital as a deduction. 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 within share premium.

(r) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after January 1, 2013, and have not been applied in preparing these consolidated financial statements. Those that may be relevant to the Group are set out below. The Group does not plan to adopt these standards early.

- IFRS 9 *Financial Instruments* (2013), IFRS 9 *Financial Instruments* (2010) and IFRS 9 *Financial Instruments* (2009) (together, IFRS 9)

  IFRS 9 (2009) introduces new requirements for the classification and measurement of financial assets. IFRS 9 (2010) introduces additions relating to financial liabilities. IFRS 9 (2013) introduces new requirements for hedge accounting. The IASB currently has an active project to make limited amendments to the classification and measurement requirements of IFRS 9 and add new requirements to address the impairment of financial assets.

  The IFRS 9 (2009) requirements represent a significant change from the existing requirements in IAS 39 in respect of financial assets. The standard contains two primary measurement categories for financial assets: amortised cost and fair value. A financial asset would be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, and the asset's contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. All other financial assets would be measured at fair value. The standard eliminates the existing IAS 39 categories of held-to-maturity, available-for-sale and loans and receivables.

3. Significant Accounting Policies (continued)

(r) New standards and interpretations not yet adopted (continued)

- IFRS 9 *Financial Instruments* (2013), IFRS 9 *Financial Instruments* (2010) and IFRS 9 *Financial Instruments* (2009) (together, IFRS 9) (continued)

  For an investment in an equity instrument that is not held for trading, the standard permits an irrevocable election, on initial recognition, on an individual share-by-share basis, to present all fair value changes from the investment in OCI. No amount recognised in OCI would ever be reclassified to profit or loss at a later date. However, dividends on such investments would be recognised in profit or loss, rather than OCI, unless they clearly represent a partial recovery of the cost of the investment. Investments in equity instruments in respect of which an entity does not elect to present fair value changes in OCI would be measured at fair value with changes in fair value recognised in profit or loss.

  The standard requires derivatives embedded in contracts with a host that is a financial asset in the scope of the standard not to be separated; instead, the hybrid financial instrument is assessed in its entirety for whether it should be measured at amortised cost or fair value.

  IFRS 9 (2010) introduces a new requirement in respect of financial liabilities designated under the fair value option to generally present fair value changes that are attributable to the liability's credit risk in OCI rather than in profit or loss. Apart from this change, IFRS 9 (2010) largely carries forward without substantive amendment the guidance on classification and measurement of financial liabilities from IAS 39.

  IFRS 9 (2013) introduces new requirements for hedge accounting that align hedge accounting more closely with risk management. The requirements also establish a more principles-based approach to hedge accounting and address inconsistencies and weaknesses in the hedge accounting model in IAS 39.

  The mandatory effective date of IFRS 9 is not until 2017, however, early adoption of IFRS 9 is permitted.

  The Group has started the process of evaluating the potential effect of this standard but is awaiting finalisation of the limited amendments before the evaluation can be completed. Given the nature of the Group's operations, this standard is expected to have a pervasive impact on the Group's financial statements.

4. Change in Accounting Policy

Except for the changes below, the Group has consistently applied the accounting policies as set out in Note 3 to all periods presented in these consolidated financial statements.

The Group has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of January 1, 2013:

a. IFRS 10 Consolidated Financial Statements (2011).
b. IFRS 12 Disclosure of Interests in Other Entities.
c. IFRS 13 Fair Value Measurement.
d. Disclosures-Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7).
e. Presentation of Items of Other Comprehensive Income (Amendments to IAS 1).
f. IAS 19 Employee Benefits (2011).

The nature and the effects of the changes are explained below.

(a) Subsidiaries, including structured entities

As a result of IFRS 10 (2011), the Group has changed its accounting policy for determining whether it has control over and consequently whether it consolidates other entities. IFRS 10 (2011) introduces a new control model that focuses on whether the Group has power over an investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect those returns.

In accordance with the transitional provisions of IFRS 10 (2011), the Group reassessed its control conclusions as of January 1, 2013. The change did not have any impact on the Group's financial statements.

(b) Interests in other entities

As a result of IFRS 12, the Group is required to expand its disclosures about its interests in subsidiaries and involvement with unconsolidated structured entities. The change did not have any impact on the Group's financial statements.

(c) Fair value measurement

In accordance with the transitional provisions of IFRS 13, the Group has applied the new definition of fair value, as set out in Note 3(c)(vi), prospectively. The change had no significant impact on the measurements of the Group's assets and liabilities, but the Group has included new disclosures in the financial statements, which are required under IFRS 13. These new disclosure requirements are not included in the comparative information. However, to the extent that disclosures were required by other standards before the effective date of IFRS 13, the Group has provided the relevant comparative disclosures under those standards.

4. Change in Accounting Policy (continued)

(d) Offsetting financial assets and financial liabilities

As a result of the amendments to IFRS 7, the Group has expanded disclosures about offsetting financial assets and financial liabilities (See Note 3 (c)(iv)).

(e) Presentation of items of OCI

As a result of the amendments to IAS 1, the Group has modified the presentation of items of OCI in its statement of profit or loss and OCI, to present items that would be reclassified to profit or loss in the future separately from those that would never be. The change did not have any impact on the Group's consolidated financial statements.

(f) Post-employment defined benefit plans

As a result of IAS 19 (2011), the Group has changed its accounting policy with respect to the basis for determining the income or expense related to its post-employment defined benefit plans.

Under IAS 19 (2011), the Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Consequently, the net interest on the net defined benefit liability (asset) now comprises:

- interest cost on the defined benefit obligation;
- interest income on plan assets; and
- interest on the effect on the asset ceiling.

Previously, the Group determined interest income on plan assets based on their long-term rate of expected return. The Group now determines interest income on the discount rate. See Note 34 for the quantitative impact.

Previously, the Group recognized actuarial gains and losses using the "corridor approach". The Group now recognizes any actuarial gains and losses in other comprehensive income. See Note 34 for the quantitative impact.

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 methods described below. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

a) Fair value measurement

(i) Property, plant and equipment

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

(ii) Intangible assets

The fair value of patents and trademarks acquired in a business combination is based on the discounted estimated royalty payments that are expected to be avoided as a result of the patents or trademarks 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.

5. Determination of Fair Values (continued)

a) Fair value disclosure (continued)

(iv) Equity and debt securities

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

(v) Trade and other receivables

The fair values of trade and other receivables, excluding construction work in progress, are estimated at the present value of future cash flows, discounted at the market rate of interest at the measurement date. Short-term receivables with no stated interest rate are measured at the original invoice amount if the effect of discounting is immaterial. Fair value is determined at initial recognition and, for disclosure purposes, at each annual reporting date.

(vi) Other non-derivative financial liabilities

Other non-derivative financial liabilities are measured at fair value, at initial recognition and for disclosure purposes, at each annual reporting date. Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the measurement date.

In respect of the liability component of convertible notes, the market rate of interest is determined with reference to similar liabilities that do not have a conversion option. For finance leases the market rate of interest is determined with reference to similar lease agreements.

(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.

b) Valuation models

The Group's accounting policy on fair value measurements is discussed in accounting policy 3(c)(viii).

5. Determination of Fair Values

b) Valuation models (continued)

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

Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.

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

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

(c) Financial instruments measured at fair value – fair value hierarchy

At year end, the following financial instrument was measured at fair value.

2013	**Level 1**	**Level 2**	**Level 3**	**Fair Value**
	$'000	$'000	$'000	$'000
Equity securities	-	109	-	109

2012	**Level 1**	**Level 2**	**Level 3**	**Fair Value**
	$'000	$'000	$'000	$'000
Equity securities	-	574	-	574

5. Determination of Fair Values (continued)

(d) Financial instruments not measured at fair value

	Level 1	Level 2	Level 3	Fair Value	Total Carrying Amount
	$'000	$'000	$'000	$'000	$'000
As at December 31, 2013					
Assets held-for-sale	-	3,598	-	3,598	3,598
Trade receivables	-	190,984	-	190,984	190,984
Cash and cash equivalents	-	148,002	-	148,002	148,002
Trade and other payables	-	109,966	-	109,966	109,966
As at December 31, 2012					
Assets held-for-sale	-	3,598	-	3,598	3,598
Trade receivables	-	160,906	-	160,906	160,906
Cash and cash equivalents	-	164,792	-	164,792	164,792
Borrowings	-	-	378,928	378,928	469,499
Trade and other payables	-	109,966	-	109,966	109,966

The fair value of debt securities is estimated using discounted cash flow techniques, applying the rates that are offered for debt securities of similar maturities and terms.

6. Financial Risk Management

Overview

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

- credit risk
- liquidity risk
- capital risk.

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

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 staff and specify the responsibilities and accountability for risk management throughout operations. Input is obtained from all key stakeholders including management, those charged with Governance, legal counsel, internal and external auditors. The Risk Management Committee also considers the emergence of new risks, and operational management is required to report on such risks and assist in the development of mitigating strategies to address them.

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

As part of the overall risk management process, the Risk Management Committee has reviewed the activities of the Company in consideration of its natural and commercial operating environments and has identified the major risks faced by the Company.

In order to better focus the risk management efforts, risks have been classified into the following major categories and assessed on the basis of residual exposure after consideration of the level of management and control activities designed and implemented to specifically mitigate against them:

- Financial and reporting
- Operational
- Compliance
- Strategic.

6. Financial Risk Management (continued)

Risk management framework (continued)

The inherent risk levels (defined by their potential impact, and likelihood of occurrence in the absence of controls) were compared to management control levels to determine the appropriate risk response specifically, whether risks should be monitored or accepted or conversely, whether controls should be monitored or improved.

The result of this exercise has been the production of a Risk Register which details for each core functional area, the major risks identified, key drivers and metrics related to each risk, risk owner (with direct responsibility for managing the risk), the response adopted, type and frequency of monitoring, and action plan for implementation of the documented risk response.

Management notes that the risk management process is dynamic and requires ongoing review and revision to enable the Group to maintain a position of strength in relation to inherent and residual risks. The process is continuously refined in response to environmental changes from both a natural and operating perspective.

(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 credit 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 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 Company. Credit risk assessment presents significant implications for two major categories of debtors: trade receivables and related party receivables.

6. Financial Risk Management (continued)

(a) Credit risk (continued)

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. Preferred customers who trade in high volumes typically benefit from adjustments to their credit terms at the year-end.

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.

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.

	2013 $'000	2012 $'000
Trade receivables:		
Third party – net (Note 14)	188,181	136,042
Related party – net (Note 33(v))	2,803	24,864
	190,984	160,906

Information on the exposures to credit risk is provided in Note 14.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables.

6. Financial Risk Management (continued)

(b) Liquidity risk

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

The Group uses activity-based standard costing to cost its products and services, which assists it in monitoring cash flow requirements and optimising its cash return on investments. Typically the Group ensures that it has sufficient cash on hand to meet expected working capital requirements and operational expenses including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. Information on the maturity profile of significant contractual obligations is provided in Notes 19 and 21.

(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 US dollar, Euro and Pound Sterling. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

During the year, management negotiated the settlement of the Group's remaining Euro denominated loans and realised a gain of $17,732 thousand. In 2012 a gain of $10,736 thousand was realised on partial settlement of Euro denominated loans. As at the year end all debt carried by the Group was held in the functional currency of the group and as such, no currency exposure was noted.

6. Financial Risk Management (continued)

(c) Market risk (continued)

(i) Currency risk (continued)

During the year the group also disposed of its interest in its equity-accounted investee which presented exposure to fluctuations in the exchange rate of pound sterling through share of profits. As a result of this disposal the group has eliminated the related exposure from this arrangement. Residual exposure to this currency stems from trading activities and has been assessed as low.

As a result of these transactions the group has revised its assessment of major currency risk exposures and now deems revenue and receivables in US dollars to be the greatest source of risk. The primary mitigating factor against this exposure is the Group's US dollar denominated purchases and payables. The group is a marginal net earner of US dollars.

(ii) Price risk

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.

During the year the group disposed of its major investment held in UK pounds sterling and at the year end the group had no material exposure to price risk.

(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 15 and 19 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 interest rate shift is determined based on expected market movements and anticipated changes arising from ongoing negotiations. The scenarios are run only for liabilities that represent the major interest-bearing positions.

6. Financial Risk Management (continued)

(c) Market risk (continued)

(iii) Interest rate risk (continued)

The Group assesses its interest burden and ranks its debt from high to low in relation to the demands placed on working capital for servicing. High interest facilities and facilities denominated in volatile currencies are considered first for refinancing followed by lower interest rate borrowings and borrowings denominated in stable currencies or the functional currency of the Group. Total interest savings for the year from loan repayments amounted to $20,206 thousand representing a reduction of the overall effective interest rate on borrowings by 180 basis points.

(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.

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.

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.

7. Segment Information

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

The segment results for the year ended December 31, 2013 are as follows:

	Alcohol $'000	Non-Alcohol $'000	Total $'000
Revenue	544,749	118,478	663,227
Results from operating activities	150,692	54,408	205,100
Finance cost	-	-	(9,068)
Finance income	-	-	23
Results from continuing operations	-	-	196,055
Other income	-	-	3,174
Dividend income	-	-	126
Impairment charges			(465)
Foreign exchange gains	-	-	21,052
Gain on financial liability			44,445
Gains on disposal of investments	-	-	83,223
Share of profits from equity-accounted investee, net of tax	-	-	3,084
Profit before tax	-	-	350,694
Tax expense	-	-	(74,977)
Profit from continuing operations	-	-	275,717
Profit for the year			275,717

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

7. Segment Information (continued)

The segment results for the year ended December 31, 2012 were as follows:

	Alcohol $'000	Non-Alcohol $'000	Restated Total $'000
Revenue	554,114	94,180	648,294
Results from operating activities	156,733	40,737	197,472
Finance cost	-	-	(29,274)
Finance income	-	-	18
Results from continuing operations	-	-	168,216
Other income	-	-	2,779
Dividend income	-	-	3,818
Foreign exchange gains	-	-	4,548
Gain on disposal of investments	-	-	42,776
Share of profits from equity-accounted investee, net of tax	-	-	23,564
Profit before tax	-	-	245,701
Tax expense	-	-	(46,618)
Profit from continuing operations	-	-	199,082
Discontinued operations			
Profit for the year from discontinued operation, net of tax	-	-	2,423
Profit for the year			201,505

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

8. Property, Plant and Equipment

	Land and Buildings $'000	Plant, Machinery & Equipment $'000	Casks $'000	Assets in Progress $'000	Total $'000
Year ended December 31, 2013					
Opening net book amount	152,245	72,906	9,467	40,065	274,683
Additions	13,632	2,584	7,199	46,041	69,456
Transfers	1,992	3,251	-	(5,243)	-
Other adjustments	-	-	(996)	-	(996)
Disposals	-	(1,136)	(898)	(271)	(2,305)
Depreciation charge	(2,873)	(14,313)	(2,536)	-	(19,722)
Closing net book amount	164,996	63,292	12,236	80,592	321,116
At December 31, 2013					
Cost or valuation	177,474	217,490	30,789	80,592	506,345
Accumulated depreciation	(12,478)	(154,198)	(18,553)	-	(185,229)
Net book amount	164,996	63,292	12,236	80,592	321,116
At January 1, 2012					
Cost or valuation	199,605	246,798	28,003	14,261	488,667
Accumulated depreciation	(17,320)	(165,438)	(16,845)	-	(199,603)
Net book amount	182,285	81,360	11,158	14,261	289,064
Year ended December 31, 2012					
Opening net book amount	182,285	81,360	11,158	14,261	289,064
Additions	1,002	7,166	557	30,747	39,472
Transfers	-	3,070	-	(3,070)	-
Adjustment for discontinued operation	(28,594)	(4,858)	-	(1,873)	(35,325)
Other adjustments	-	(1,418)	-	-	(1,418)
Disposals	-	(117)	-	-	(117)
Depreciation charge	(2,448)	(12,297)	(2,248)	-	(16,993)
Closing net book amount	152,245	72,906	9,467	40,065	274,683
At December 31, 2012					
Cost or valuation	161,851	214,255	28,560	40,065	444,731
Accumulated depreciation	(9,606)	(141,349)	(19,093)	-	(170,048)
Net book amount	152,245	72,906	9,467	40,065	274,683

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. The next revaluation is due in 2014 in accordance with the accounting policy of the Group entities. Valuations were made on the basis of market value. Revaluation surpluses were credited to 'revaluation surpluses' in other reserves (Note 18).

None of the Group's property, plant and equipment is pledged as security for borrowings (2012: $236,960 thousand was pledged as security against borrowings).

9. Available-for-Sale Assets

	2013 $'000	2012 $'000
Balance at January 1	574	54,136
Disposals	-	(93,042)
Impairment charge	(465)	-
Gain recognised on revaluation	-	39,480
Balance at December 31	109	574

Available-for-sale assets include the following:

	2013	2012
Listed equity securities – English speaking Caribbean	1	1
Unlisted securities	108	573
	109	574

There were no liens or encumbrances on any of the Group's available-for-sale financial assets at the current or prior year reporting dates.

10. Investment in Equity-Accounted Investee

Company	Country of incorporation	Percentage Owned 2013	Percentage Owned 2012
Burn Stewart Distillers Limited	Scotland	-	28.91%

10. Investment in Equity-Accounted Investee (continued)

The movement in the investment in equity accounted investee was as follows:

	2013 $'000	2012 $'000
Balance at January 1	245,524	221,960
Share of profit, net of tax	3,084	23,564
Disposal	(248,608)	-
Balance at December 31	-	245,524

The Group did not receive dividends from its equity-accounted investee in 2013 (2012: NIL). The Group's equity-accounted investee is not publicly listed and consequently does not have published price quotations

11. Investment in Joint Venture

Company	Country of incorporation	Percentage Owned 2013	2012
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)(iv)).

12. Retirement Benefit (Asset) Obligation

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

	2013 $'000	Restated 2012 $'000
Fair value of plan assets	(319,831)	(253,679)
Deferred benefit obligation	266,280	251,676
	(53,551)	(2,003)

12. Retirement Benefit (Asset) Obligation (continued)

i. (continued)

	2013 $'000	2012 $'000
Represented by:		
Net defined benefit asset	(65,809)	(14,971)
Net defined benefit liability:		
- Asset-backed post-retirement benefit obligation	2,297	2,648
- Cash funded post-retirement benefit obligation	9,925	10,282
	(53,551)	**(2,041)**

ii. Movement in net defined benefit (asset) liability

	Defined Benefit Obligation		**Fair Value of Plan Assets**		**Net Defined Benefit (Asset) Liability**	
	2013 $'000	**2012 $'000**	**2013 $'000**	**2012 $'000**	**2013 $'000**	**2012 $'000**
Balance at January 1	**251,676**	**220,808**	**(253,679)**	**(210,635)**	**(2,003)**	**10,135**
Included in profit and loss						
Current service cost	10,414	8,746	-	-	10,414	8,746
Interest cost (income)	12,286	11,891	(12,680)	(11,642)	(394)	249
Administration expenses	-	-	269	293	269	293
	22,700	20,637	(12,411)	(11,349)	10,289	9,288
Included in other comprehensive income						
Remeasurements loss (gain):						
- Actuarial loss (gain) arising from						
- Financial assumptions	-	17,821	-	-	-	17,821
- Experience adjustments	921	(1,227)	-	-	921	(1,227)
- Return on plan assets excluding interest income	-	-	(53,704)	(29,349)	(53,704)	(29,349)
	921	16,594	(53,704)	(29,349)	(52,783)	(12,755)
Other						
Contributions paid by employer and members	3,121	2,988	(10,403)	(9,960)	(7,282)	(6,972)
Benefits paid	(12,138)	(9,351)	10,366	7,614	(1,772)	(1,737)
	(9,017)	(6,363)	(37)	(2,346)	(9,054)	(8,709)
Balance as at December 31	**266,280**	**251,676**	**(319,831)**	**(253,679)**	**(53,551)**	**(2,041)**

12. Retirement Benefit (Asset) Obligation (continued)

iii. Summary of Principal actuarial assumptions as at 31 December

	2013	2012
Discount rate	5.0%	5.0%
Average individual salary increase	4.5%	4.5%
Future pension increases	0.0%	0.0%

Assumptions regarding future mortality rates are based on the published mortality tables.

The life expectancies underlying the value of the defined benefit obligation as at December 31, 2013 are as follows:

	2013	2012
Life expectancy at age 60 for current pensioner in years:		
- Male	21.8	21.8
- Female	25.6	25.6
Life expectancy at age 60 for current members age 40 in years:		
- Male	21.8	21.8
- Female	25.6	25.6

iv. Asset allocation

	2013 $'000	2012 $'000
Insured managed fund contract	315,045	248,801
Endowment policies	1,348	1,284
Immediate annuity policies	3,438	3,594
	319,831	253,679

The value of the Plan's investment in the managed fund contract at December 31, 2013 was provided by the insurer (CLICO).

The Plan's assets are mostly invested in an insured managed fund contract with CLICO. The value of this policy is reliant on the financial strength of CLICO. Other than for the purchase of immediate annuity polices for some of the Plan's pensioners, there are no asset-liability matching strategies used by the Plan.

12. Retirement Benefit (Asset) – Obligation (continued)

iv. **Asset allocation** (continued)

	2013	2012
	%	%
Plan assets are comprised as follows:		
Equity	65.2	78.0
Debt securities	20.9	7.0
Other (short-term securities)	13.9	15.0

12.0% (2011:11.7%) of the managed fund asset are invested in the Company's ordinary shares.

v. **Sensitivity Analysis**

The calculation of the defined benefit obligation is sensitive to the assumptions used. The following table summarises how the defined benefit obligation as at December 31, 2013 would have changed as a result of a change in the assumptions used.

	2013	2012
	$'000	$'000
	1% pa decrease	1% pa increase
- Discount rate	45,808	(35,723)
- Future salary increase	(11,828)	13,706

An increase of 1 year in the assumed life expectancies shown above would increase the defined benefit obligation at December 31 by $3,823 thousand.

vi. **Funding**

The Group meets the balance of the cost of funding the defined pension plan and must pay contributions as least equal to those paid by the members, which are fixed. The funding requirements are based on the regular (at least every 3 years) actuarial valuations of the Plan and the assumptions used to determine the funding required may differ from those set out above. The Group expects to pay $9,802 thousand to the pension plan during 2014.

13. Inventories

	2013 $'000	2012 $'000
Raw and packaging materials	68,332	72,043
Work in progress	84,162	90,124
Finished goods	36,105	33,095
	188,599	195,262
Provision for obsolescence	(2,461)	(3,256)
	186,138	192,006

As at December 31, 2013 none of the Group's inventories was pledged as security for borrowings (2012: inventory valued at $191,210 thousand was pledged against borrowings).

14. Assets Held-for-Sale

	2013 $'000	2012 $'000
Balance at January 1	3,598	3,558
Additions	-	40
Balance at December 31	3,598	3,598

There were no impairment provisions on assets held-for-sale at the year-end (2012: $NIL).

15. Trade and Other Receivables

	2013 $'000	2012 $'000
Trade receivables	201,334	149,539
Provision for impairment of trade receivables	(13,153)	(13,497)
	188,181	136,042
Receivables from related party – net (Note 33 (v))	2,803	24,864
Trade receivables – net	190,984	160,906
Prepayments and other receivables	754	582
Taxation recoverable	5,565	674
	197,303	162,162

15. Trade and Other Receivables (continued)

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

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

	Gross 2013 $'000	Impairment 2013 $'000	Gross 2012 $'000	Impairment 2012 $'000
Not past due	135,899	-	147,477	-
Past due 0 – 30 days	44,611	-	9,620	-
Past due 31 – 60 days	5,007	-	3,375	-
Past due 61 – 90 days	1,620	-	3,195	1,505
Past due 90 – 120 days	865	-	345	345
Past due more than 120 days	29,498	(20,197)	18,678	(18,678)
	217,500	(20,197)	182,690	(16,828)

As of December 31, 2013, trade receivables of $9,301 thousand (2012: $NIL) were more than 120 days past due but not impaired. This balance related to a number of third party customers for whom there was no history of default and management held the opinion that these amounts were collectible. Impaired receivables relate primarily to wholesalers and retailers that 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:

	2013 $'000	2012 $'000
United States dollar	75,773	73,374
Trinidad and Tobago dollar	120,136	85,937
Canadian dollar	43	777
Euro	1,351	2,074
	197,303	162,162

15. Trade and Other Receivables (continued)

Movements during the year in the provision for impaired trade receivables were as follows:

	2013 $'000	2012 $'000
At January 1	13,497	9,511
Reversal of provisions	(344)	(5,431)
Increase in provision	-	9,417
At December 31	13,153	13,497
Related party provisions (Note 33(v))	7,044	7,031
Total provision for impaired trade and other receivables	20,197	20,528

The creation and release of provision for impaired receivables have been included in 'selling and marketing expenses in the consolidated 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.

Amounts reversed during the prior year represented trade receivables settled through the Group's disposal of its interest in the discontinued operation. Receivables of this subsidiary were provided for prior to the conclusion of negotiations for the disposal of the subsidiary.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. None of the trade and other receivables of the Group are pledged as collateral for borrowings (2012: $ NIL).

	2013 $'000	2012 $'000
16. Cash and Cash Equivalents		
Cash at bank and in hand	148,002	164,792

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

17. Share Capital

	2013	2012
Number of shares in issue (000)	206,277	206,277
Treasury shares (000)	(457)	(457)
	205,820	205,820
Ordinary shares ($'000)	119,369	119,369
Treasury shares ($'000)	(811)	(811)
	118,558	118,558

18. Other Reserves

	Revaluation Surplus $'000	Investment Revaluation Reserve $'000	Capital Reserves $'000	Total $'000
Balance at January 1, 2013	77,877	-	9,656	87,533
Depreciation on revalued property	-	-	(405)	(405)
Balance at December 31, 2013	77,877	-	9,251	87,128
Balance at January 1, 2012	77,877	4,410	26,547	108,834
Investment revaluation gain on available-for-sale assets	-	38,364	-	38,365
Investment revaluation gain on available-for-sale assets transferred to profit and loss on disposal	-	(42,774)	-	(42,775)
Depreciation on revalued property	-	-	(405)	(405)
Adjustment to remove reserves related to discontinued operation	-	-	(16,486)	(16,486)
Balance at December 31, 2012	77,877	-	9,656	87,533

18. Other Reserves (continued)

Revaluation surplus represents the gain on revaluation of land and buildings of certain of the Group companies. Land and buildings were last revalued on December 31, 2009 by qualified independent experts and will be due for revaluation again in 2014 in accordance with the accounting policy of the Group companies.

Investment revaluation reserve represents changes recognised in equity upon revaluation of available-for-sale assets or upon transfer to profit and loss.

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

19. Borrowings

	2013 $'000	2012 $'000
Non-current		
Secured borrowings	-	71,610
Unsecured borrowings	-	397,889
	-	469,499
Current		
Secured borrowings	-	26,006
Unsecured borrowings	110,136	24,294
	110,136	50,300
Total borrowings	110,136	519,799

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

2013

Type of borrowing	**TT$**	**US$**	**€**
Unsecured borrowings	3.4%	-	1.5%
Secured borrowings	-	4.8%	-

2012

Type of borrowing	**TT$**	**US$**	**€**
Unsecured borrowings	3.4%	-	3.1%
Secured borrowings	-	6.1%	-

19. Borrowings (continued)

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

The maturity of non-current borrowings is as follows:

	2013 $'000	2012 $'000
Between 2 and 3 years	-	196,006
Over 4 years	-	273,493
	-	469,499

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

	2013 $'000	2012 $'000
Euro	-	227,889
Trinidad and Tobago dollar	110,000	194,293
United States dollar	-	97,479
Pound sterling	136	138
	110,136	519,799

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

	2013 $'000	2012 $'000
6 months or less	110,000	267,524
Between 1 and 5 years	136	228,028
	110,136	495,552
Fixed rate borrowings	-	24,247
	110,136	519,799

19. Borrowings (continued)

The contractual cash flows are as follows:

	2013	2012
	$'000	**$'000**
Due in 1 year	110,000	60,288
Between 2 and 3 years	-	214,859
Over 4 years	136	295,428
	110,136	570,575

There were no loans from related parties at the end of the year (2012: $24,293 thousand) (Note 33(viii)).

20. Deferred Taxation

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 a net basis. The Group does not offset deferred tax assets and deferred tax liabilities within the statement of financial position.

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

	2012	(Charged) credited to Consolidated Statement of Comprehensive Income	2013
	$'000	**$'000**	**$'000**
Deferred tax assets			
Tax losses carried forward	6,301	(1,264)	5,037
Deferred tax liabilities			
Accelerated tax depreciation	(28,956)	(3,907)	(32,863)
Pension asset	(501)	(12,887)	(13,388)
	(29,957)	(16,794)	(46,251)
Net deferred tax liability	(23,156)	(18,058)	(41,214)

20. Deferred Taxation (continued)

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

	2011	(Charged) credited to Consolidated Statement of Comprehensive Income	2012
	$'000	$'000	$'000
Deferred tax assets			
Retirement Benefit Asset	2,543	(3,044)	(501)
Tax losses carried forward	24,258	(17,957)	6,301
	26,801	(21,001)	5,800
Deferred tax liabilities			
Accelerated tax depreciation	(32,945)	3,989	(28,956)
Other	(1,261)	1,261	-
	(34,206)	5,250	(28,956)
Net deferred tax liability	(7,405)	(15,751)	(23,156)

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

	2013	2012
	$'000	$'000
Balance at January 1	(23,156)	(7,405)
Deferred tax charged to the consolidated statement of comprehensive income (Note 29)	(18,058)	(15,751)
Balance at December 31	(41,214)	(23,156)

Deferred tax assets are recognised for tax losses carried forward and the retirement benefit asset.

21. Trade and Other Payables

	2013 $'000	2012 $'000
Trade payables	36,610	50,094
Amounts due to related parties (Note 33 (vi))	2,410	15,293
Provisions	29,300	31,241
Accruals	32,159	30,431
Other payables	9,487	7,591
	109,966	134,650

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

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

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

22. Operating Profit

Included in operating profit are the following operating income (expense) items:

	2013 $'000	2012 $'000
Depreciation (Note 8)	(19,722)	(16,993)
Employee benefits (Note 31)	(100,474)	(96,921)
Gain on settlement of financial liability (Note 27)	44,445	-
Gain on disposal of investments (Note 28)	83,223	42,775
Operating lease payments (Note 31)	(3,426)	(5,251)
Research and development	(1,338)	(1,405)
Repairs and maintenance	(15,058)	(12,722)

23. Finance Costs

	2013 $'000	2012 $'000
Secured borrowings	2,338	6,780
Unsecured borrowings	6,730	22,494
	9,068	29,274

The effective rates on debt servicing for the year are included in Note 19.

	2013 $'000	2012 $'000

24. Other Income

	2013 $'000	2012 $'000
(Loss) gain on disposal of property, plant and equipment	1,509	43
Other income	1,044	2,736
	2,553	2,779

25. Dividend Income

	2013 $'000	2012 $'000
Dividend income	126	3,818

26. Foreign Exchange Gains

	2013 $'000	2012 $'000
Gain on settlement of Euro debt	17,732	10,736
Loss on revaluation of Euro debt	-	(4,726)
Other foreign exchange gains (losses)	3,320	(1,462)
	21,052	4,548

27. Gain on Settlement of Financial Liability

The gain on settlement of financial liability of $44,445 thousand (2012: NIL) represents a gain on the settlement of the Group's Euro denominated borrowings in 2013.

28. Gain on Disposal of Investments

The gain on disposal of investments of $83,844 thousand relates to the gain on disposal of its interest in an equity-accounted investee.

	2013	2012
	$'000	**$'000**

29. Taxation Expense

Current charge	(56,919)	(30,867)
Deferred tax expense (Note 20 (ii))	(18,058)	(15,751)
Net expense	(74,977)	(46,618)

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

	2013 $'000	2012 $'000
Profit before taxation	350,694	245,700
Tax charge at statutory rate of 25%	87,674	61,425
Non-deductible expenses	6,463	(5,603)
Income not subject to tax	(20,323)	(11,653)
Revenue based taxes	1,163	2,449
	74,977	46,618

30. Earnings per Share

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

	2013	2012
Profit attributable to equity holders of the Company ($'000)	275,717	201,101
Profit attributable to equity holders of the Company ($'000) - continuing operations	275,717	199,082
Number of ordinary shares in issue (000) (Note 17)	205,820	205,820
Basic and diluted earnings per share ($)	1.34	0.98
Basic and diluted earnings per share ($) – continuing operations	1.34	0.97

	2013	2012
	$'000	**$'000**

31. Employee Benefits

	2013 $'000	2012 $'000
Wages, salaries and other benefits	98,801	91,022
Pension costs – defined benefit plans	1,673	5,899
	100,474	96,921

32. Leases

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

	2013 $'000	2012 $'000
Expense for the year	3,426	5,251
Future minimum lease payments under these leases at December 31 are as follows:		
Within 1 year	3,235	3,158
Between 2 and 5 years	3,399	2,890
Over 5 years	-	-
	6,634	6,048

33. Related Party Transactions

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

	2013 $'000	2012 $'000
i) Sales of goods and services		
Sales of goods:		
- Equity accounted investees	13,526	17,183
- Entities controlled by Parent	8,835	13,372
	22,361	30,555
Interest, dividends and other income:		
- Entities controlled by Parent	119	16,547
- Key management	56	115
	175	16,662
	22,536	47,217

	2013 $'000	2012 $'000
33. Related Party Transactions (continued)		
ii) Purchases of goods and services		
Purchases of goods:		
- Entities controlled by Parent	348	296
Purchases of services and interest charges:		
- Associates and joint ventures	10,564	17,508
- Entities controlled by Parent	10,047	25,733
	20,611	43,241
	20,959	43,537
iii) Key management compensation		
Salaries and other short-term employee benefits	12,769	11,867
Pension contributions	711	670
	13,480	12,537
iv) Year-end balances arising from sales/purchases of goods/services		
Current receivables from related parties:		
- Parent	984,611	1,001,140
- Provision for impairment of receivable	(984,611)	(984,611)
	-	16,529

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

33. Related Party Transactions (continued)

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

	2013 $'000	2012 $'000
- Parent	-	16,529
- Equity - accounted investees	-	6,579
- Entities controlled by Parent	9,532	8,201
- Provision for impairment of receivables	(7,044)	(7,031)
	2,488	24,278
- Key management	315	586
	2,803	24,864

Analysis of movements in related party impairment provisions:

	2013	2012
Opening balance	7,031	6,939
Amounts written off against provision	-	(3,235)
Increase in provision	13	3,327
Closing provision	7,044	7,031

vi) Payables and provisions in respect of related parties (Note 21)

	2013	2012
- Parent	2,410	2,410
- Associates and joint ventures	-	13,513
	2,410	15,923

vii) Interest and other charges due to related parties (Note 23)

	2013	2012
- Entities controlled by Parent	2,922	4,405
- Key management	6,025	4,791
	8,947	9,196

33. Related Party Transactions (continued)

	2013 $'000	2012 $'000
viii) Loan from related parties		
- Entities controlled by Parent	-	24,293
ix) Loans to related parties		
- Equity-accounted investees	4,989	4,989
- Provision for impairment of receivables	(4,989)	(4,989)
	-	-

34. Restatement – Prior Period Adjustment

The Group has adopted revisions to IAS 19 *Employee Benefits* with an effective date of January 1, 2013. The revised standard prescribes changes to the treatment of certain elements of post-retirement benefit plans with resulting impact to the consolidated statement of comprehensive income, consolidated statement of financial position and consolidated statement of changes in equity.

A prior period adjustment has been recognized in these consolidated financial statements to take account of the change in accounting policy arising from the revision to the standard and accordingly, actuarial gains and losses have been recognized against retained earnings and reported within other comprehensive income. Other movements in the defined benefit obligation have been recognized within Administrative expenses in the consolidated statement of comprehensive income.

In addition, the Group has taken account of a cash-funded post-retirement benefit plan for which no plan assets or investments are held. This fund has been accounted for retrospectively in the consolidated financial statements.

The change in accounting policy and recognition of the cash-funded post-retirement benefit plan have resulted in the following changes to the consolidated financial statements:

34. Restatement – Prior Period Adjustment (continued)

The quantitative impact of the change is set out below:

	Impact of Re-statement			
	As Previously Reported	Change in Accounting Policy	Recognition of Cash-Funded Plan	As Restated
	$	$	$	$
January 1, 2012				
Retirement benefit asset	27,565	(27,565)	-	-
Retirement benefit obligation	-	-	(10,173)	(10,173)
Deferred tax asset	22,886	2,860	1,055	26,801
Deferred tax liability	(39,725)	4,031	1,488	(34,206)
Accumulated deficit	5,382	20,674	7,627	33,683
December 31, 2012				
Retirement benefit asset	26,983	(24,980)	-	2,003
Deferred tax asset	5,037	763	-	5,800
Deferred tax liability	(34,437)	5,481	-	(28,956)
Retained earnings	(179,493)	18,735	-	(160,758)

35. Contingencies

The Group was party to certain legal issues at the reporting date for which provisions have been made in the consolidated financial statements. Management is satisfied that provisions held at the year-end in respect of legal matters were reasonable, and such amounts are reported within ‘Provisions’ in ‘Trade and Other Payables’ (Note 21) on the consolidated statement of financial position.

36. Capital Commitments

At year-end, capital commitments amounted to $70,761 thousand (2012: $83,631 thousand).

37. Events after the Reporting Date

On March 7, 2014 the Board of Directors declared a final dividend in respect of 2013 of 12¢ per share, as well as a special dividend of 4¢ per share in consideration of income received from non-recurring transactions during the year. The total dividend declared in respect of 2013 was 24¢ (2012: 15¢) per share.

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