

**Prestige Holdings Limited  
Chairman's Report to Shareholders**

CONSOLIDATED UNAUDITED FINANCIAL PERFORMANCE

For the first nine months of fiscal 2017, group revenue increased by 6% to \$778 million and profit before tax decreased by 18% to \$41.7 million, from \$50.8 million in the previous year. Profit attributed to shareholders decreased by 24% to \$27.7 million from \$36.6 million the year before, and earnings per share were 45 cents, 24% below that earned for the same period in 2016. These results were generated from an average number of 119 restaurants.

Our overall performance in the third quarter showed some improvement to that experienced in the first half; however, the economic environment in Trinidad and Tobago continues to be challenging. Our improvement in sales over the prior year was driven by new restaurant openings, but these gains were more than offset by higher operating costs and commodity prices, foreign exchange constraints and the higher cost associated with this, continued labour challenges and the higher income tax rate.

Despite these challenges, we continue to strengthen our market position with new restaurant openings, image enhancing our older units, introducing new and innovative meals coupled with strong promotional and value offerings.

At the end of August, we opened our fifth Starbucks restaurant at Munroe Road in Chaguanas. Our sixth Starbucks restaurant is scheduled to open in December 2017, which will be in the new financial year.

**DIVIDENDS**

The Board recommends an interim dividend of 14 cents per common share (2016 - 16 cents) to be paid on 27 October 2017 to shareholders whose names appear on the Register of Members on 16 October 2017.

**OUTLOOK**

We do not anticipate any significant improvement in the Trinidad and Tobago economy in the short term and expect the last quarter to trend much along the lines of the previous nine months.



Christian E. Mouttet  
Chairman  
4 October 2017

**CONSOLIDATED STATEMENT OF  
COMPREHENSIVE INCOME**

	Nine (9) Months to 31 August 2017 (UNAUDITED)	Nine (9) Months to 31 August 2016 (UNAUDITED)	Year to 30 November 2016 (AUDITED)
	\$ '000	\$ '000	\$ '000
<b>Profit for the year</b>	27,676	36,619	47,188
<b>Other comprehensive income/(loss):</b>			
<b>Items that may be subsequently reclassified to profit or loss</b>			
Currency translation differences	(9)	(199)	(200)
<b>Total comprehensive income for the year</b>	27,667	36,420	46,988
<b>Attributable To:</b>			
Owners of the Parent Company	27,667	36,420	46,988

**CONSOLIDATED INCOME STATEMENT**

	Nine (9) Months to 31 August 2017	Nine (9) Months to 31 August 2017	Nine (9) Months to 31 August 2016	Three (3) Months to 31 August 2017	Three (3) Months to 31 August 2016	Year to 30 November 2016
	(UNAUDITED)	(UNAUDITED)	(UNAUDITED)	(UNAUDITED)	(UNAUDITED)	(AUDITED)
% Change	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
<b>Revenue</b>	6%	778,458	735,882	273,362	257,612	985,518
<b>Cost of sales</b>		(507,249)	(473,838)	(178,049)	(166,650)	(635,304)
<b>Gross profit</b>	3%	271,209	262,044	95,313	90,962	350,214
<b>Other operating expenses</b>		(165,712)	(151,466)	(57,734)	(51,341)	(203,511)
<b>Administrative expenses</b>		(61,330)	(56,284)	(19,886)	(19,871)	(77,410)
<b>Other income</b>		1,682	1,885	700	657	2,415
<b>Operating profit</b>		45,849	56,179	18,393	20,407	71,708
<b>Finance costs</b>		(4,164)	(5,331)	(1,312)	(1,723)	(6,997)
<b>Profit before income taxation</b>	-18%	41,685	50,848	17,081	18,684	64,711
<b>Income tax expense</b>		(14,009)	(14,229)	(5,254)	(5,058)	(17,523)
<b>Profit for the year</b>	-24%	27,676	36,619	11,827	13,626	47,188
<b>Attributable to:</b>						
<b>Owners of the Parent Company</b>		27,676	36,619	11,827	13,626	47,188
		27,676	36,619	11,827	13,626	47,188
<b>Basic earnings per share (exclusive of ESOP shares)</b>	-24%	44.6 cents	58.3 cents	19.1 cents	21.6 cents	76.2 cents
<b>Diluted earnings per share (exclusive of ESOP shares)</b>		44.6 cents	58.3 cents	19.1 cents	21.6 cents	76.2 cents



Director



Director

**Notes:**

- The Consolidated Financial Statements include the activities of Prestige Holdings Limited, the Parent Company (KFC, Pizza Hut, Subway and Starbucks), Weekenders Trinidad Limited (TGI Fridays Trinidad) and Prestige Restaurants Jamaica Limited (TGI Fridays Jamaica).
- The accounting policies used in preparation of the nine (9) months results are consistent with those used in the Consolidated Audited Financial Statements for the year ended 30 November 2016.



## CONSOLIDATED BALANCE SHEET

	31 August 2017 (UNAUDITED) \$ '000	31 August 2016 (UNAUDITED) \$ '000	30 November 2016 (AUDITED) \$ '000
<b>ASSETS</b>			
Property, plant and equipment	273,537	258,463	274,897
Other intangible assets	75,156	72,148	74,612
Current assets	131,840	170,308	172,123
<b>Total assets</b>	<b>480,533</b>	<b>500,919</b>	<b>521,632</b>
<b>EQUITY AND LIABILITIES</b>			
Share capital	23,759	23,759	23,759
Retained earnings	244,712	230,222	230,789
Other reserves	17,901	18,309	17,910
Other equity instrument	--	15,000	5,000
Unallocated shares held by ESOP	(3,576)	(2,712)	(3,576)
Non current liabilities	68,925	87,377	83,882
Current liabilities	128,812	128,964	163,868
<b>Total equity and liabilities</b>	<b>480,533</b>	<b>500,919</b>	<b>521,632</b>

## CONSOLIDATED CASHFLOW STATEMENT

	31 August 2017 (UNAUDITED) \$ '000	31 August 2016 (UNAUDITED) \$ '000	30 November 2016 (AUDITED) \$ '000
<b>Cash flow from operating activities</b>			
Cash generated from operations	56,756	95,633	148,034
Interest paid	(4,164)	(5,331)	(6,997)
Income tax paid	(12,722)	(17,991)	(23,824)
<b>Net cash generated from operating activities</b>	<b>39,870</b>	<b>72,311</b>	<b>117,213</b>
Investing activities	(34,595)	(27,342)	(57,661)
Financing activities	(32,753)	(23,324)	(46,826)
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(2,478)</b>	<b>21,645</b>	<b>12,726</b>
Cash and cash equivalents at the beginning of the year	84,248	71,522	71,522
Cash and cash equivalents at the end of the period	<b>56,770</b>	<b>93,167</b>	<b>84,248</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital \$ '000	Other Equity Instrument \$ '000	Other Reserves \$ '000	Retained Earnings \$ '000	Total \$ '000	Unallocated Shares Held by ESOP \$ '000	Total Equity \$ '000
<b>Balance at 1 December 2015</b>	22,830	15,000	18,110	207,356	263,296	(1,350)	261,946
<b>Comprehensive income</b>							
Profit for the year	--	--	--	47,188	47,188	--	47,188
<b>Other comprehensive loss</b>							
Currency translation differences	--	--	(200)	--	(200)	--	(200)
<b>Total comprehensive income/(loss) for the year</b>	--	--	(200)	47,188	46,988	--	46,988
<b>Transactions with owners</b>							
Proceeds from shares issued	929	--	--	--	929	--	929
Shares allocated during the year	--	--	--	--	--	1,887	1,887
Purchase of shares	--	--	--	--	--	(4,113)	(4,113)
Redemption	--	(10,000)	--	--	(10,000)	--	(10,000)
Dividends for 2015 -Paid 22 cents per share	--	--	--	(13,753)	(13,753)	--	(13,753)
Dividends for 2016 -Paid 16 cents per share	--	--	--	(10,002)	(10,002)	--	(10,002)
<b>Total transactions with owners</b>	<b>929</b>	<b>(10,000)</b>	<b>--</b>	<b>(23,755)</b>	<b>(32,826)</b>	<b>(2,226)</b>	<b>(35,052)</b>
<b>Balance at 30 November 2016</b>	<b>23,759</b>	<b>5,000</b>	<b>17,910</b>	<b>230,789</b>	<b>277,458</b>	<b>(3,576)</b>	<b>273,882</b>
<b>Balance at 1 December 2016</b>	<b>23,759</b>	<b>5,000</b>	<b>17,910</b>	<b>230,789</b>	<b>277,458</b>	<b>(3,576)</b>	<b>273,882</b>
<b>Comprehensive income</b>							
Profit for the year	--	--	--	27,676	27,676	--	27,676
<b>Other comprehensive loss</b>							
Currency translation differences	--	--	(9)	--	(9)	--	(9)
<b>Total comprehensive income/(loss) for the year</b>	--	--	(9)	27,676	27,667	--	27,667
<b>Transactions with owners</b>							
Redemption	--	(5,000)	--	--	(5,000)	--	(5,000)
Dividends for 2016 - Paid 22 cents per share	--	--	--	(13,753)	(13,753)	--	(13,753)
<b>Total transactions with owners</b>	<b>-</b>	<b>(5,000)</b>	<b>--</b>	<b>(13,753)</b>	<b>(18,753)</b>	<b>(3,576)</b>	<b>(18,753)</b>
<b>Balance at 31 August 2017</b>	<b>23,759</b>	<b>--</b>	<b>17,901</b>	<b>244,712</b>	<b>286,372</b>	<b>(3,576)</b>	<b>282,796</b>