

PRESTIGE HOLDINGS LTD.
A Restaurant Management Company

THE TASTE OF 2017

annual report



It's
finger lickin'
good



Pizza Hut



SUBWAY



STARBUCKS®

Love, passion, commitment, quality and service. These are the main ingredients that allow us to be in the hearts and minds of our customers for every eating experience.

PRESTIGE HOLDINGS LTD.
A Restaurant Management Company

VISION STATEMENT

To be in the hearts and minds of our customers for every eating experience.

21,000,000 transactions

1,300,000 patrons

3,300 employees

122 restaurants

5 POWERFUL
BRANDS



It's
finger lickin'
good



Pizza Hut



TACO BELL

SUBWAY



STARBUCKS

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NOTICE OF ANNUAL MEETING

NOTICE IS HEREBY GIVEN that the **ANNUAL MEETING OF SHAREHOLDERS OF PRESTIGE HOLDINGS LIMITED (“the Company”)** will be held at No. 22 London Street, Port of Spain on Wednesday 25 April 2018 at 11:00 a.m. for the following purposes:-

ORDINARY BUSINESS:

1. To receive and consider the Audited Financial Statements of the Company and its subsidiaries for the year ended 30 November 2017 together with the Reports of the Directors and Auditors thereon.
2. To declare a final dividend of twenty (20) cents per common share.
3. To re-elect Mr. Kurt Miller a Director of the Company in accordance with paragraph 4.5 of By-Law No. 1 of the Company for the term from the date of his election until the close of the third Annual Meeting of the Company following his election, subject always to earlier termination under paragraph 4.8.1 of By-Law No. 1.
4. To re-appoint Messrs. PricewaterhouseCoopers as the Auditors of the Company to hold office until the close of the next Annual Meeting.



Dated: 28 March, 2018.

By Order of the Board

Marlon Danglade

Company Secretary

Nos. 47-49 Sackville Street,

Port of Spain,

Trinidad, West Indies.

NOTICE OF ANNUAL MEETING

- CONTINUED

Notes:

1. No service contracts were entered into between the Company (or any of its subsidiaries) and any of their respective directors.
2. The Directors of the Company have not fixed a record date for the determination of shareholders who are entitled to receive notice of the Annual Meeting. In accordance with Section 111(a)(i) of the Companies Act, Chapter. 81:01, the statutory record date applies. Only shareholders on record at the close of business on **27 March, 2018**, the date immediately preceding the day on which the Notice is given, are therefore entitled to receive Notice of the Annual Meeting. A list of such shareholders will be available for examination by shareholders at the Company's Registered Office at Nos. 47-49 Sackville Street, Port of Spain during usual business hours and at the Annual Meeting.
3. A shareholder entitled to attend and vote at the Annual Meeting is entitled to appoint one or more proxies to attend and vote instead of him/her. A proxy need not be a shareholder. A Proxy Form is attached. Please complete and sign same in accordance with the Notes on the Proxy Form and then deposit same at the Registered Office of the Company, not more than 48 hours before the time appointed for the holding of the Annual Meeting.
4. A shareholder that is a body corporate may, in lieu of appointing a proxy, authorize an individual by resolution of its directors or of its governing body to represent it at the Annual Meeting.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Christian E. Mouttet	Chairman
Charles Pashley	Chief Executive Officer
Angela Lee Loy	Director
Kurt A.A. Miller	Director
Martin de Gannes	Director
Rene de Gannes	Director
Neil Poon Tip	Director

COMPANY SECRETARY & REGISTERED OFFICE

Marlon Danglade
47-49 Sackville Street
Port of Spain

BANKERS

Scotiabank Trinidad and Tobago Limited
Scotia Centre
56-58 Richmond Street
Port of Spain

RBC Royal Bank (Trinidad and Tobago) Limited
19-21 Park Street
Port of Spain

First Citizens Investment Services Limited
17 Wainwright Street
St. Clair
Port of Spain

First Citizens Bank Limited
Corporate Banking Unit
9 Queen’s Park East
Port of Spain

Republic Bank Limited
Corporate Business Centre North
1st Floor, Republic Promenade Centre
72 Independence Square
Port of Spain

ATTORNEYS AT LAW

Fitzwilliam, Stone, Furness-Smith and Morgan
48-50 Sackville Street
Port of Spain

AUDITORS

PricewaterhouseCoopers
Chartered Accountants
11-13 Victoria Avenue
Port of Spain

REGISTRAR & TRANSFER AGENT

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

BOARD COMMITTEE

Corporate Governance And Nomination
Kurt A.A. Miller Chairman
Christian E. Mouttet

AUDIT

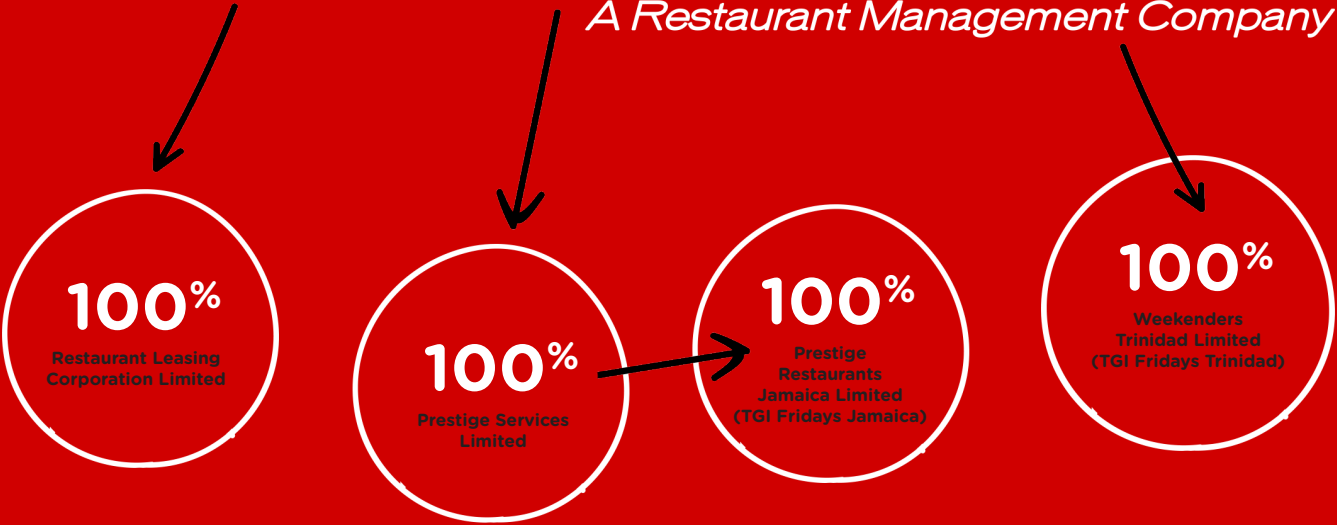
Angela Lee Loy Chairman
Kurt A.A. Miller
Rene de Gannes

HUMAN RESOURCE AND COMPENSATION

Martin de Gannes Chairman
Christian E. Mouttet
Neil Poon Tip

PRESTIGE HOLDINGS LTD.

A Restaurant Management Company



CHAIRMAN'S REPORT

TO OUR SHAREHOLDERS, EMPLOYEES, CUSTOMERS AND PARTNERS



In 2017, Prestige Holdings' financial performance was disappointing, even given the difficult economic environment in Trinidad and Tobago. Our sales increased by 6%, largely as a result of new Starbucks restaurant openings and good execution at our KFC and Pizza Hut brands. However, profitability after tax declined by 30% from \$47.2 million in 2016 to \$32.9 million in 2017, mainly due to (i) the underperformance of our Subway brand; (ii) a significant \$5.6 million foreign exchange cost impact on profitability as a result of the shortage of United States Dollars which forced us to purchase Euros and Canadian Dollars at higher effective rates; and (iii) the increased tax rate. We have however continued to reduce long-term borrowings, which declined from \$94.5 million to \$80.5 million and our Debt/Equity Ratio at the end of 2017 stood at a healthy 8:92. During the period, we opened 2 new Starbucks restaurants at Gulf City Mall, San Fernando and Munroe Road, Chaguanas, 1 new Pizza Hut delivery unit at South Park, San Fernando and reimaged our KFC restaurant at Independence Square, Port of Spain.

Operations

Our KFC and Pizza Hut brands held up relatively well given the significant headwinds in the economy and continued food cost increases. At KFC, new value offerings catering to individuals and families were well received and

CHAIRMAN'S REPORT

- CONTINUED

improvements in our drive-through and delivery operations helped support increased sales and an improved customer experience. Pizza Hut too had an improved sales performance, driven by our strong offering of best in class pizzas and pastas and a growing home delivery network.

Subway, and to a lesser extent TGI Fridays had a difficult year, performing below our expectations and their potential. At Subway, performance has been impacted by high food costs as well as operational challenges. Initiatives are currently being implemented to address these two areas as well as the introduction of new products and preparations that will add excitement and innovation to our menu. TGI Fridays was also challenged in 2017, primarily as a result of the difficult economy. Initiatives are also under way in this brand, in both food and bar, to ensure that TGI Fridays remains the brand of choice in the casual dining sector.

The Starbucks brand has received good market acceptance since its launch in the previous financial year. We operated 5 restaurants at the end of the financial year and opened a sixth in Ellerslie Plaza, Maraval in December 2017. Our seventh store in Trincity Mall opened in February 2018. We expect that, as this brand grows, it will become a meaningful contributor to the Prestige Holdings group.

Dividends

The Board approved a final dividend of 20 cents per common share, which, with shareholders' approval, will bring the total dividends payable for the financial year 2017 to 34 cents (2016 - 38 cents). The final dividend will be paid on 17 May, 2018 to shareholders whose names appear on the Register of Members on 7 May, 2018.

Looking Forward

We recognize that for the immediate future, the Trinidad and Tobago economy will continue to face challenges. In order to manage through this and build long term shareholder value we must not only execute well in serving our customers and deliver great food and beverages, but we must invest in technology, innovation and assets that will be relevant to our consumers well into the future. We believe that there are great opportunities for growth with our brands and will continue to invest in upgrading and modernizing our existing restaurants as well as expand and develop new ones in locations that are attractive. To this end, we expect 2018 to be a very active year for our group.

CHAIRMAN’S REPORT
- CONTINUED

Acknowledgement

I would like to acknowledge and thank all of our hard working and dedicated employees. Your efforts are not unnoticed and are very much appreciated. Finally, I would like to thank our customers and shareholders for their continued support, and the management and my fellow directors for your hard work and counsel.



Christian E. Mouttet
Chairman
20 February 2018



BOARD OF DIRECTORS



1. Christian E. Mouttet,
B.A., Chairman



3. Charles R. Pashley, MBA,
F.C.C.A., C.A.,
Chief Executive Officer



2. Angela Lee Loy,
F.C.C.A., C.A.,
Director



5. Kurt A.A.
Miller, LL.B.
(Hons), Director



4. Martin de
Gannes,
B.Sc., M.Sc.,
FICB



7. Neil Poon
Tip, B. Comm.,
Director



6. Rene de Gannes,
B.Sc., (Hons), Director

BOARD OF DIRECTORS

1. Christian E. Mouttet, B.A., Chairman

Mr. Mouttet is the CEO of Victor E. Mouttet Limited and Chairman of Agostini's Limited. He holds a Bachelor of Arts Degree with a double Major in Business Administration and Political Science from Wagner College, New York.

2. Angela Lee Loy, F.C.C.A., C.A., Director

Ms. Lee Loy is the Chairman of Aegis Business Solutions Limited, outsourcing and advisory services; Partner of Aegis & Co. and external audit company; and Chairman of recruitment agency Eve Anderson Recruitment Limited. She is a Fellow of the Association of Chartered Certified Accountants (UK), with over 40 years of professional experience, including 13 years serving as Partner responsible for the provision of Assurance and Business Advisory Services with PricewaterhouseCoopers.

Ms. Lee Loy is non-executive director of PHL and Chairman of the audit committee for Gulf Insurance Limited. In addition, she is President of the Trinidad and Tobago Coalition of Services Industries, and within the NGO sector, she is also Chairman of Social Justice Foundation and Chairman of Music Literacy Trust.

She has held several leadership roles, including the first female President of the Institute of Chartered Accountants of Trinidad & Tobago (ICATT) and first female President for the Institute of Chartered Accountants of the Caribbean (ICAC), where she was instrumental in the introduction of Practice Monitoring for accounting firms across the Caribbean region. She was also the Chairman of the National AIDS Coordinating Committee (NACC).

BOARD OF DIRECTORS (con't)

3. Charles R. Pashley, MBA, F.C.C.A., C.A., Chief Executive Officer

Mr. Pashley has over 20 years' management experience. He has worked with a major international accounting and auditing firm and has held various senior positions in manufacturing and distribution.

He is currently a Director of the Trinidad and Tobago Chamber of Industry and Commerce and a past president of the KFC Caribbean and Latin America Franchise Association.

Mr. Pashley holds an MBA and is a Fellow of the Association of Chartered Certified Accountants of the United Kingdom (FCCA) and a member of the Institute of Chartered Accountants of Trinidad and Tobago (CA)

4. Martin de Gannes, B.Sc., M.Sc., FICB, Director

Mr. de Gannes joined the Board after holding several executive Human Resource leadership positions in both local and global companies within Trinidad and Tobago over the past 35 years.

A former first-place winner of the Open National Scholarship in Modern Studies from St. Mary's College, his qualifications include a B.Sc. (Economics), and an M.Sc. (Industrial Relations), from the London School of Economics and Political Science; he is also a Fellow of the Institute of Canadian Bankers (with Honours).

He has also had the benefit of training in Management Development from Harvard Business School and Dispute Resolution Training from the University of Windsor, Canada. Mr. de Gannes is a past Chairman of the Employers' Consultative Association (ECA). He is a member of the Committee to review the Levels of Health Care Delivery by the Regional Health Authorities; a Board member of the Immortelle Vocational Centre; the Employers' Solution Centre; and the Registration, Recognition and Certification Board of T&T.

BOARD OF DIRECTORS (con't)

5. Kurt A.A. Miller, LL.B. (Hons), Director

Mr. Miller is the Managing Partner and Head of the Commercial Department of Fitzwilliam, Stone, Furness-Smith & Morgan. He joined the firm in 1986 and has been a partner since 1992. His areas of specialty are finance, banking, and corporate/commercial transactions. He has acted and continues to act for a broad range of local and international clients in the areas of commercial transactions, structured credit transactions, leverage lending transactions, sovereign and commercial bond issues, mergers and acquisitions, securitisation transactions and aviation transactions.

Mr. Miller is a graduate of the University of the West Indies (LL.B. Hons, 1984) and the Norman Manley Law School, Jamaica (Legal Education Certificate, 1986). He was admitted to practice in 1986 in Trinidad and Tobago and in 1991 in Jamaica. He is recognised in the Corporate/Commercial Trinidad and Tobago section of Chambers Global: The World's Leading Lawyers.

6. Rene de Gannes, B.Sc. (Hons), Director

Mr. de Gannes is the General Manager Commercial of Kiss Baking Company Limited. A graduate of The University of the West Indies (B.Sc. Honours, Economics) in 1987, Mr. de Gannes has enjoyed success in the world of marketing communications and distribution, and brings to the table a variety of leadership skills developed at both local and multinational organisations. He is also an avid sports enthusiast and serves as a member of the Fatima Old Boys Association.

BOARD OF DIRECTORS (con't)

7. Neil Poon Tip, B. Comm., Director

A graduate of St Mary's University, Halifax, Canada with a Bachelor of Commerce degree, majoring in Marketing, Mr. Poon Tip holds several leadership positions within the food and beverage industry in Trinidad and Tobago. He is the Managing Director of Universal Foods Limited and is a Director of Associated Brands Investment Limited, as well as a number of family owned businesses. He is also a Director of Consolidated Biscuits Limited, Malta.

Mr. Poon Tip has served on a number of local public and private sector boards and is a past president of the Trinidad and Tobago Manufacturers' Association (TTMA) and past vice president of the Trinidad and Tobago Chamber of Industry and Commerce (TTCIC).

EXECUTIVE TEAM

2. Marlon Danglade, F.C.C.A., C.A.,
Chief Financial Officer



7. Deborah Benjamin, BA (Hons), MBA,
Vice President, Starbucks



3. Simmon Hardy, B.Sc. (Hons.), F.C.A; C.A.,
Vice President, KFC



9. Rhea Singh, M.Sc (Hons), B.Sc (Hons),
Vice President, TGI Fridays



6. Navin Maharaj, B.Sc (Hons.),
MBA,
Vice President, Pizza Hut



1. Charles R. Pashley
MBA, F.C.C.A., C.A.,
Chief Executive Officer



8. Carla Furlonge-Walker, DipM, MCIM, MBA,
Chartered Marketer Vice
President, Subway



4. Angela Laquis-Sobrian,
M.Sc. Human Resources
(Distinction)



5. Anthony Martins,
Vice President, Market
Development



EXECUTIVE TEAM

1. Charles R. Pashley, MBA, F.C.C.A., C.A., Chief Executive Officer

Mr. Pashley has over 20 years management experience. He has worked with a major international accounting and auditing firm and has held various senior positions in manufacturing and distribution.

He is currently a Director of the Trinidad and Tobago Chamber of Industry and Commerce and a past president of the KFC Caribbean and Latin America Franchise Association.

Mr. Pashley holds an MBA in Business Administration and is a Fellow of the Association of Chartered Certified Accountants of the United Kingdom (FCCA) and a member of the Institute of Chartered Accountants of Trinidad and Tobago (CA).

2. Marlon Danglade, F.C.C.A., C.A., Chief Financial Officer

Mr. Danglade joined Prestige Holdings Limited as Chief Financial Officer in 2007 from PricewaterhouseCoopers where he held the position of Audit and Business Advisory Services Manager. He has over 10 years of auditing and business advisory experience and has led a variety of external audit engagements within the financial, manufacturing, retailing and transportation industries.

Mr. Danglade is a Fellow of the Association of Chartered Certified Accountants of the United Kingdom (FCCA) and a member of the Institute of Chartered Accountants of Trinidad and Tobago (CA).

EXECUTIVE TEAM (con't)

3. Simon Hardy, B.Sc. (Hons.), F.C.A; C.A., Vice President, KFC

Mr. Hardy gained his formal education in the United Kingdom, having graduated with a Bachelor's degree (Honours) in Mechanical Engineering from the University of Bristol. He then pursued a career in Accountancy, qualifying as a Chartered Accountant and earning his certification in Corporate Treasury Management in 2001 and 2003 respectively. Simon is also a Fellow of the Institute of Chartered Accountants in England and Wales. Prior to returning to Trinidad, Simon worked in internal audit with two major international companies in the United Kingdom where he engaged with Senior Managers in trade, finance and operations. He also worked in India conducting risk assessments, examining service level agreements and ensuring good Corporate Governance.

Upon his return to Trinidad, Simon joined a locally owned hospitality business in 2007 as the Group Chief Financial Officer. Within two years, he was promoted to the position of Chief Operating Officer, a position which he held until he joined Prestige Holdings in 2014.

4. Angela Laquis-Sobrian, M.Sc. Human Resources (Distinction), Post Graduate Diploma, Education (Distinction), B.A. (Hons.), Vice President, Human Resources

Ms. Sobrian has over 15 years experience in Human Resources Management, specializing in the areas of Strategic Planning, Performance Management Systems, Training and Organizational Development, Compensation and Benefits. Prior to joining Prestige Holdings Ltd., she served as the Human Resources Manager of a major organisation where she played an integral role in the strategic planning process and alignment of the performance management system with company goals and targets.

Ms. Sobrian holds a Masters Degree in Human Resources, with Distinction, from the Arthur Lok Jack Graduate School of Business; a Bachelor of Arts Degree with Honours and a Post Graduate Diploma in Education, with Distinction, from the University of the West Indies. She has also been certified as a Compensation and Benefits Professional from the World @ Work organisation, based in the U.S. Ms. Sobrian has successfully completed several training programmes, locally and abroad, in areas such as management and leadership development, organizational change and strategic management.

EXECUTIVE TEAM (con't)

5. Anthony Martins, Vice President, Market Development

Mr. Martins joined Prestige Holdings Ltd. in 1978 as a Shift Supervisor at KFC St. James, our very first restaurant in Trinidad. Since then, he has held several positions including Area Manager, Research and Development Manager and Quality Assurance Manager. In 1991, he was promoted to Business Development Manager. This significant portfolio provided him with in-depth knowledge and experience in market mapping, market segmentation and site selection using world class methodologies. Mr. Martins has attended extensive overseas training programmes covering operations, business development, quality assurance and research.

6. Navin Maharaj, B.Sc.(Hons.), MBA, Vice President, Pizza Hut

Mr. Maharaj has worked extensively with both Multinational Corporations and Regional Conglomerates in the Caribbean. He has worked in various positions across many departments including Quality, Supply Chain, Trade Marketing, Marketing and Sales.

Mr. Maharaj holds a Bachelor's Degree (Double Major) in both Chemistry and Biochemistry from the University of the West Indies and an MBA from Heriott Watt University, specializing in International Trade and Finance.

EXECUTIVE TEAM (con't)

7. Deborah Benjamin, BA (Hons.), MBA, Vice President, Starbucks

Deborah has a diverse background spanning advertising and marketing with local and regional media, operations and retail distribution. She joined Shell Oil in the Eastern Caribbean in 2003 where she worked with the commercial fuels line of business across the Northern EC countries. She then moved to Sol Petroleum as General Manager in the British Virgin Islands, where she managed the Shell Franchised lines of businesses including Aviation, Retail and Commercial Fuels, Marine Bunkering, Lubricants and LPG.

She has served in appointments as General Manager for Trinidad & Tobago National Petroleum Marketing Company and General Manager for IGL Limited in Jamaica.

Deborah holds a BA in International Business from the University of Sunderland in the UK, as well as an MBA from the University of the West Indies. She is also certified in Debt Collection Management and possesses an ICA International Advanced Certificate in Compliance and Financial Crime.

8. Carla Furlonge-Walker, DipM, MCIM, MBA, Chartered Marketer Vice President, Subway

Ms. Furlonge-Walker has over 18 years of experience in Marketing and Commercial fields in the FMCG industry inclusive of 10 years in Executive Leadership Management, specializing in the areas of Global Strategic Brand Marketing and Strategy Development.

Prior to joining Prestige Holdings Limited, she held the position of Marketing Director of a major organization where she played an integral role in the fusion of Marketing, Sales, Distribution and Retail to ensure aligned synergies to achieve Corporate Objectives. Carla holds a Masters of Business Administration (Marketing) from the University of Leicester (London) and is a Chartered Marketer with The Chartered Institute of Marketing (London).

EXECUTIVE TEAM (con't)

9. Rhea Singh, M.Sc (Hons), B.Sc (Hons), Vice President, TGI Fridays

Rhea has over 16 years of progressive responsibility in the areas of Business Development, Strategic Planning and People Development.

The majority of her experience is within the local Distribution Industry where she managed a diverse portfolio of local, regional and international Consumer brands. During this time, she gained experience in Business Analytics, Profit and Loss Improvements and formulating successful marketing campaigns. She also served as a Director on two (2) Boards within the Ansa McAL Group. Prior to this, she also gained international experience in Financial Services having worked with Western Union (US Outbound) in Florida.

She holds a Bachelor's Degree in Sociology and Management and a Masters Degree (specializing in Marketing) from the University of the West Indies. During her career, she has also completed several leadership programmes in the areas of Strategic Management and Organizational Change and Development.



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GROUP AUDIT COMMITTEE REPORT

The Group Audit Committee assists the Board in fulfilling its responsibility to oversee Management's implementation of financial reporting and risk management processes as set out in the Audit Committee Terms of Reference. In performing its work, the Committee considers the following: -

- Reliability and integrity of the accounting principles and practices.
- Internal audit functions.
- Risk management functions.
- Qualifications, independence and performance of the external auditors.
- The effectiveness of the system of controls and procedures.
- Compliance with legal and regulatory requirements.

The Committee has reviewed and discussed the quarterly unaudited results, the annual audited financial statements and the audit plan with the company's management and the external auditors.

The Committee has discussed the audit plan covering the adequacy of internal controls and work schedule with the internal auditor.

The Committee met five (5) times for the year 2017.

The Audit Committee

Angela Lee Loy, Chairman
Kurt A.A. Miller
Rene de Gannes



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good





THE GOOD STUFF

DON'T EAT BORING. EAT FUN.



HUMAN RESOURCE AND COMPENSATION COMMITTEE REPORT

The Human Resource and Compensation Committee comprises three non-executive directors of the Company.

This Committee supports the Board of Directors in matters of human resource policies and practices, including executive compensation structure and incentive programmes, monthly rated employees' salary levels/compensation programmes, changes to the executive organizational structure, executive medical examinations, and board compensation.

During the year, the Committee held three meetings and dealt with the following matters:

- Award of 2016 profit performance bonuses and share grants based on that year's audited financial statements
- Award of 2017 performance bonuses based on achievement of individual objectives
- Approval of adjustments to Management and general compensation for 2018

Human Resource and Compensation Committee

Martin de Gannes, Chairman
Neil Poon Tip
Christian E. Mouttet

CORPORATE GOVERNANCE AND NOMINATION COMMITTEE REPORT

The Corporate Governance and Nomination Committee comprises three non-executive Directors of the Company.

This Committee supports the Board of Directors in matters of Corporate Governance, including evaluations of the Board and individual Directors, nomination of Directors, mandates for Sub-Committees of the Board , structure and membership, code of ethics and conflicts of interest, performance evaluation of the CEO and executive succession planning.

During the year, the Committee held one meeting, one sub-committee meeting to evaluate the performance of the Board and dealt with the following matters:

- Current board composition and succession planning was considered
- Mr. Neil Poon Tip was recommended and appointed to the Corporate Governance and Nomination Committee
- Board evaluations to be undertaken by year's end and the results shared with the Board
- Potential conflict of interest matter considered and addressed.

The Company is in compliance with the Trinidad and Tobago Corporate Governance Code.

Corporate Governance and Nomination Committee

Kurt A. A. Miller, Chairman
Christian E. Mouttet
Neil Poon Tip

REPORT OF DIRECTORS

The Directors are pleased to present their report for the year ended 30 November, 2017

1. CONSOLIDATED FINANCIAL RESULTS AND DIVIDENDS

	\$
Profits attributable to shareholders	32,856,653
Final dividends for 2016 (Paid 22 cents per common share)	(13,752,860)
Interim dividends paid for 2017 (Paid 14 cents per common share)	<u>(8,751,820)</u>
Retained profits for the year	10,351,973
Retained profits brought forward from prior year	<u>230,788,679</u>
Retained profits at end of year	<u>241,140,652</u>

2. DIVIDENDS

On 27 October 2017, an interim dividend of 14 cents per common share was paid to shareholders. On 20 February 2018, the Board of Directors recommended a final dividend of 20 cents per common share for the shareholders' approval at the Annual Meeting, which will bring the total dividends payable for the financial year 2017 to 34 cents. The final dividend will be paid on 17 May, 2018 to shareholders whose names appear on the Register of Members on 7 May, 2018.

3. DIRECTORS

The Directors as of November 30, 2017, were as follows:-
Christian E. Mouttet, Angela Lee Loy, Martin de Gannes, Kurt Miller, Rene de Gannes, Neil Poon Tip and Charles Pashley

In accordance with paragraph 4.5 of the Company's By-Law No. 1, the term of office of Mr. Kurt Miller expires at the close of the Annual Meeting to be held on 25 April, 2018. Mr. Miller being eligible, offers himself for re-election as a Director for the term from the date of his election until the close of the third Annual Meeting following his election, subject always to earlier termination under paragraph 4.8.1 of the Company's By-Law No. 1.

4. AUDITORS

The retiring auditors, Messrs. PricewaterhouseCoopers have expressed their willingness to be re-appointed and are eligible for appointment as auditors of the Company.



TEAMWORK TASTES
GREAT

REPORT OF DIRECTORS
- CONTINUED

5. BENEFICIAL INTERESTS OF DIRECTORS, SENIOR OFFICERS & THEIR CONNECTED PERSONS AND A LIST OF SUBSTANTIAL OR LARGEST INTERESTS.

In accordance with the requirements of our listing agreement with The Trinidad and Tobago Stock Exchange Limited (“the TTSE”) and Rule 601 of the Rules of the TTSE, we record hereunder details of the beneficial interest of each Director and Senior Officer together with their connected persons in the share capital of the Company as at the end of the Company’s financial year November 30, 2017.

DIRECTORS

Director	Beneficial Interest	Options granted under Share Option Plan	No. of Shares held by Connected Persons
Christian E. Mouttet	Nil	Nil	42,685,422
Angela Lee Loy	Nil	Nil	Nil
Charles Pashley	110,000	Nil	Nil
Kurt Miller	40,000	Nil	Nil
Martin de Gannes	Nil	Nil	Nil
Rene de Gannes	Nil	Nil	Nil
Neil Poon Tip	Nil	Nil	Nil

There are no other interests held by the Directors.

SENIOR OFFICERS

Senior Officers	Beneficial Interest	Options granted under Share Option Plan	No. of Shares held by Connected Persons
Marlon Danglade	Nil	Nil	Nil
Anthony Martins	79,996	Nil	Nil
Angela Sobrian	11,834	Nil	Nil
Simon Hardy	Nil	Nil	Nil
Navin Maharaj	Nil	Nil	Nil
Deborah Benjamin	Nil	Nil	Nil
Carla Furlong-Walker	Nil	Nil	Nil
Rhea Singh	Nil	Nil	Nil

REPORT OF DIRECTORS
- CONTINUED

SUBSTANTIAL INTEREST/LARGEST HOLDERS

In accordance with the requirements of our listing agreement with the TTSE and Rule 601 of the Rules of the TTSE, we list below those persons holding the ten (10) largest block of shares legally and beneficially in the Company as at the end of the Company’s financial year November 30, 2017.

Shareholder	Legal Interest	Beneficial Interest
Victor E. Mouttet Limited	Nil	33,085,422
GNM Properties Limited	Nil	7,200,000
RBC Trust (Trinidad and Tobago) Limited	Nil	3,830,168
JMM Properties Limited	Nil	2,400,000
Employees Profit Sharing & Share Ownership Plan	Nil	1,760,088
Republic Bank Limited	Nil	1,758,751
Guardian Life Of the Caribbean Ltd	Nil	1,621,664
Joseph P Esau	Nil	1,200,000
Trinidad and Tobago Unit Trust Corporation	Nil	1,013,479
Pelican Investments Limited	Nil	1,000,000

6. DISCLOSURE OF INTEREST OF DIRECTORS AND OFFICERS IN ANY MATERIAL CONTRACT

No director or officer of the Company is an officer or director of any company or has a material interest in any company which is a party to a material contract or proposed material contract with the Company.

The Directors wish to express their appreciation to the management and staff for the work done during the year and look forward to another exciting year.

By Order of the Board
Dated this 28th day of March 2018


CHRISTIAN E. MOUTTET


MARLON DAN



PRODUCTIVITY THAT'S
BREWED DAILY



STARBUCKS®

MANAGEMENT DISCUSSION
AND ANALYSIS

In 2017 the Trinidad and Tobago economy continued to experience negative growth, with declining consumer confidence and falling consumer disposable income. The performance of our brands has been negatively impacted by this environment and is in keeping with demand challenges experienced in the Trinidad and Tobago retail sector. It has also made an already aggressive pricing environment more competitive where retailers have limited pricing power to recover costs, despite continuing to experience increased costs driven in part by the cost of accessing, and the lack of availability of, foreign exchange.

We continue to drive traffic to all of our restaurants by creating different and aggressive menu options and have experienced sales growth across most of our brands. Unfortunately, the sales growth improvements have been eroded by the increasing costs that we continue to experience and thus have ended the year with a disappointing full-year profit performance.

The anticipated improvement in efficiency of labour that should accompany a slowing economy has not materialised. While some brands have 100% staffing, the labour market continues to be very difficult and we seem to be challenged with more issues relating to attendance and punctuality, which is a unique situation to the Trinidad and Tobago labour market. Our straight time and over time labour

costs have in fact increased substantially over the previous year, which contradicts the expectations in our current economic environment. The more traditional experience with a slowing economy is one which will have easier access to labour and a higher level of attendance and efficiency of the labour pool. These unique but endemic issues of both supply and efficiency of labour continue to impede our ability to improve the customer experience at each of our brands.

In keeping with our long-term view of the business, we continue to invest in remodelling of existing restaurants, in new locations and in expanding the footprint of our Starbucks and Pizza Hut brands. Since acquiring the Starbucks brand we have built five units at the end of the 2017 financial year and expect to add a further two locations in Maraval and in Trincity Mall before the end of February 2018. We have also invested in land in East Trinidad which will expand



MANAGEMENT DISCUSSION
AND ANALYSIS

- CONTINUED

our footprint and make all of our brands available to customers in East Trinidad.

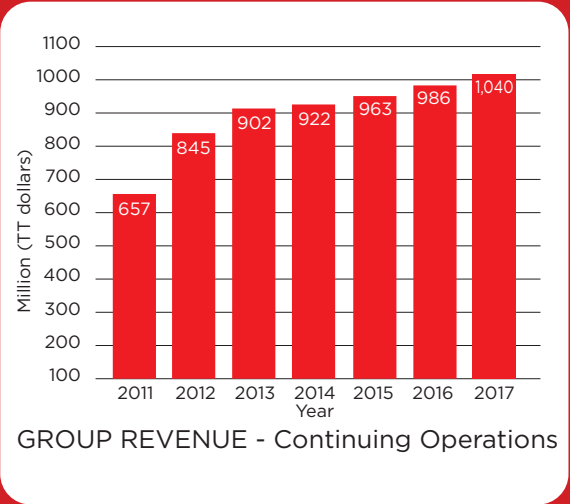
FINANCIAL PERFORMANCE

FINANCIAL REVIEW HIGHLIGHTS

- Revenue increased by 6% or \$54.5 million, from \$986 million to \$1,040 million.
- Operating profit before finance costs and income tax decreased by 21%, from \$71.7 million to \$56.3 million.
- Finance costs decreased by 23%, from \$6.9 million to \$5.4 million, primarily driven by the reduction in outstanding principal.
- Group debt reduced from \$94.5 million to \$80.5 million.
- Interest cover was 10.4 as against 10.2 in 2016.
- Profit after tax decreased by 30%, from \$47.2 million to \$32.9 million.
- Earnings per share (EPS) decreased by 31%, from 76.2 cents to 52.8 cents.
- Net debt-to-equity ratio increased from 4:96 to 8:92.
- Total assets decreased by 5%, from \$522 million to \$497 million.
- Cash generated from operations decreased by 38%, from \$148 million to \$91 million.
- Group reinvested \$49.3 million in capital expenditure in 2017, compared with \$53.5 million in 2016.

Revenue

Revenue generated from our 122 restaurants increased by 6% as compared with the previous year. Our KFC, Pizza Hut and TGI Fridays™ Jamaica achieved growth when compared with previous year. Revenue from TGI Fridays™ Trinidad and SUBWAY was lower than the prior year. The opening of new Starbucks restaurants positively impacted the brand's revenue. Our same-restaurant revenue excluding Starbucks increased by 3% as compared to the prior year.



Overall Profitability

In 2017, net profit attributable to shareholders was \$32.9 million, which represents a decrease of 30% compared with the prior year. Earnings per share attributable to shareholders decreased by 31%, from 76.2 cents to 52.8 cents.



Pizza Hut

WE DELIVER A SLICE OF
HAPPINESS EVERY TIME

MANAGEMENT DISCUSSION AND ANALYSIS

- CONTINUED

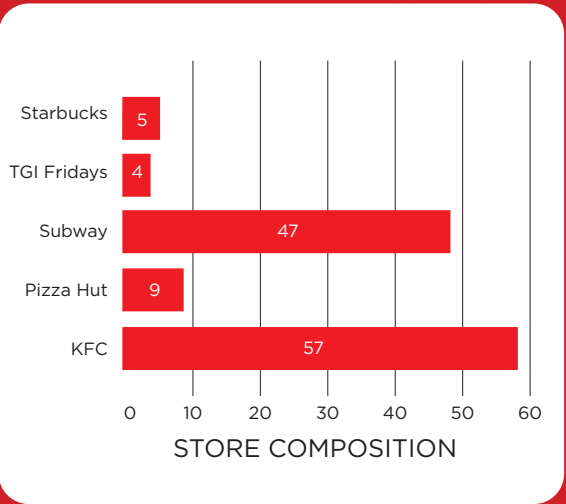
Trinidad and Tobago Operations

The restaurants' contribution (excluding administrative and finance costs) from our Trinidad and Tobago operations decreased by 7% as compared with the previous year. This decline was attributable to the following:

- Revenue growth of 6%.
- Increase in food costs driven by higher prices on certain commodity items.
- Labour costs increased by 11% driven primarily by additional staffing required for the Starbucks operation and the improvement in staffing within the other brands.
- Increase of 9% in restaurants' fixed costs, 52% of which was attributed to costs related to Starbucks and the balance driven primarily by rent escalations on existing properties and higher depreciation charges.
- Other restaurant operating expenses increased by 11% of which Starbucks attributed \$2.4 million with the balance

driven primarily by higher charges incurred in equipment and building maintenance, home delivery and security costs.

KFC's and Pizza Hut's combined revenues were above prior year's. However with higher food and operating costs the brands' contribution decreased by 5%. TGI Fridays™ restaurants' generated lower profits than prior year driven primarily by



MANAGEMENT DISCUSSION AND ANALYSIS

- CONTINUED

lower revenue and increased food costs. The lower profits generated by SUBWAY were primarily attributed to lower revenue, higher food, labour and other restaurant operating costs and lower depreciation charges.

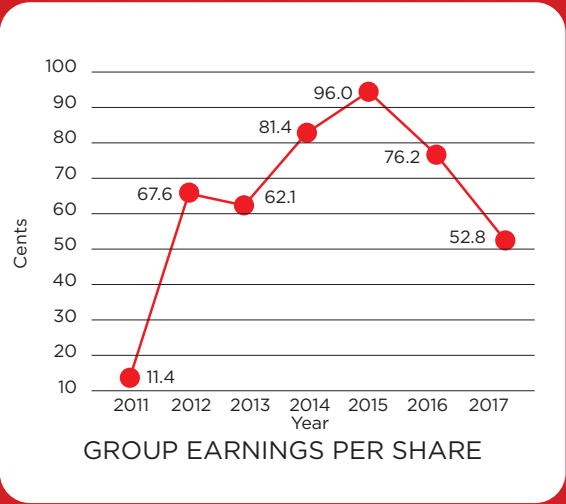
Administrative expenses increased by 6%, primarily due to higher foreign exchange losses from the settlement of US dollar obligations in alternative currencies; one-off import related shipping and handling charges and increase in staff costs.

Overseas Operations - TGI Fridays™ Jamaica

TGI Fridays™ Jamaica generated a pre-tax profit of \$0.62 million (2016: \$0.67 million), driven by higher revenue, stabilized food costs and an increase in the restaurant operating costs. The restaurant continues to deliver positive results.

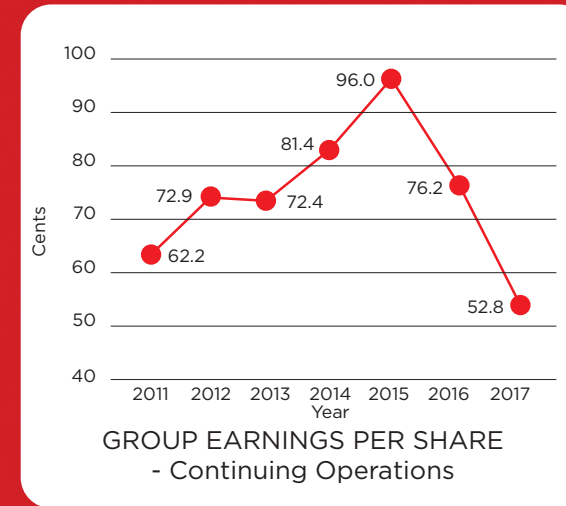
Capital Expenditure (including intangible assets)

Capital expenditure (net of proceeds on disposal of assets) for the year totalled \$53.7 million (2016: \$57.7 million). In 2017, we deployed capital principally in our remodelling projects, construction of new Starbucks restaurants, replacement of motor vehicles and the acquisition of land in Trincity.



Share Price

The Company's share price as at the close of trading on 30 November 2017 was \$10.75, a decrease of 25 cents from 30 November 2016. As at 2 March 2018, the Company's share price decreased further to \$10.01.





IRRESISTIBLE TASTE AND MEMORABLE EXPERIENCES



It's
finger lickin'
good

MANAGEMENT DISCUSSION AND ANALYSIS

- CONTINUED

Building People Capability

In 2017 we continued to ensure that each brand had the right capabilities and skills to deliver operational excellence through our employees. “We act with passion and purpose,” one of the Company’s core values, became the focus around which we built our management and leadership programmes. To this end, some of the main areas of emphasis included hiring employees of the right calibre, building bench strength, learning and development and retention strategies.

Continued focus was directed to the Company’s recruitment practices to ensure that we attracted the best candidates at entry. Hiring tools and methods were revised, as needed, and rolled out in line with this objective. This initiative allowed for expediting of the recruitment process and the selection of the right calibre candidates. This was coupled with the focus on the onboarding of candidates and immersing them in the Company’s mission and values. The use of the different methodologies, driven by the Restaurant Management, realized a great deal of success in some brands which achieved 100% of ideal staffing levels and increased retention.

Our philosophy of development and promotion to drive bench strength was reinforced in each Brand and four formal Career Days were held to select candidates for future management

positions, following a selective screening process. Opportunities for promotion to management have increased given the projected growth of stores in the Starbucks brand as well as the other brands.

To ensure that management capability was achieved, learning was centered, not only on the required skillset, but also on building a winning restaurant culture through a culture of inclusion and recognition, a sense of personal purpose, communication that counts via one-on-ones, engaging pre-shift huddles and team meetings, “Stay” interviews and understanding and receiving feedback from employee surveys. These learnings were further reinforced by the Company’s continued focus on driving the right behaviours by creating new habits via new ways of thinking. On-line management courses, through each brand’s training and development portal via the franchisor learning platform, served to further enhance management skills and ability. Such programmes were extended to all current members of management who receive on-line re-certification annually.

We have also seen an increase in the retention of employees throughout all brands. Our retention strategies, which revolved around career development, recognition of the right behaviours, monetary performance incentives, celebrating successes publicly and continuing to inculcate the Company’s

MANAGEMENT DISCUSSION AND ANALYSIS

- CONTINUED

Building People Capability (continued)

core values, have helped to deliver this success. In 2018, we will continue to focus to drive the right culture within the Company.

KFC

In 2017 KFC continued to build on the successes of 2016 with a winning combination of menu innovation, consumer promotions and interactive marketing campaigns. We have continued to invest in the KFC brand by refurbishing six of our stores in the new “Hand Made” brand image. The Hand Made design signifies the true essence of the KFC brand. It is a key pillar of our “Real Food, Real People” philosophy, reinforcing that all our products are handmade fresh every day by our dedicated staff, for the enjoyment of our customers nationwide. In addition, we invested in new Drive Thru systems, which have helped improve the speed of service, resulting in significant sales increases for this channel.

Our 2017 marketing initiatives continued to be unique and innovative, combining an exciting mix of new products, value initiatives, integrated campaigns and community and digital engagement to keep the brand relevant and young. We took the strategic decision to re-structure our menu in the early part of 2017, which improved the overall profitability of our menu whilst still remaining attractive to

our core consumer base. KFC built on the previous success of the box meals category of our menu with the Fully Loaded Box, which offered abundant value at an attractive price point of \$49. Summer 2017 was like no other when we launched our new flavor of Smoke N Fire. To support this launch we brought the “Colonel” back to Trinidad, approximately ten years since his last visit. The “Colonel” toured Trinidad and visited a selection of our stores where customers were able to meet him and take pictures with him. The reception was overwhelming, and proves the love for the brand that KFC enjoys in Trinidad and Tobago. We refreshed our Terrific Tuesdays offering, with an amazing offer of 8 pieces of chicken for \$65. This has enabled us to drive commercial goals and achieve solid returns in a highly competitive market.

KFC strives to remain relevant to all segments of Trinidad and Tobago’s multicultural society. Offers are designed to meet customer needs during the periods of Lent, Ramadan, and Divali. We continue to respect all aspects of our culture as it is important to the fabric of KFC and, by extension, the nation.

KFC deepened our community connections through partnerships with local organisations, sponsoring a number of key social initiatives including the Buddy Walk, the partnership with the Right Start and the Light It Up Blue



WARM SMILES ARE
ALWAYS ON THE MENU



MANAGEMENT DISCUSSION AND ANALYSIS

- CONTINUED

campaign. Youth and community sport development continued to be a major thrust, with the expanded KFC Comets Youth Development Cricket programme just one of several sponsorships.

After 44 years in Trinidad and Tobago, KFC has formed a strong bond with our customers, who we treasure deeply. We remain passionately committed to “Helping People Taste Happiness Every Day.”

Pizza Hut

Quality, Innovation, Value, Customer Maniacs, Delivery Champions and Customer Insights were the pillars that defined the performance of the Pizza Hut brand in 2017.

The brand’s momentum hinged on our ability to utilize customer feedback to create new offerings. Using data insights we were able to create relevant new layers resulting in a shift away from Limited Time Offers (LTO) synonymous with operational complexity. We have evolved to a mode of continuously innovating about things that matter to our consumers. Reinvigorating our core products, such as Stuffed Crust pizza and Pan pizza, in tandem with three permanent menu promotions have proven to be a recipe for success for the brand’s key metrics. These core promotions now maximise the channels driving the transactions via Geofencing.

The creation of the Weekend Lime bundle resulted in a substantial menu mix contribution to the brand in 2017. The new Dine menu was launched highlighting ownable equities for the brand ranging from customisable sauce bases for pizzas, half and half pizzas, line extension of pastas, salads and alcohol drinks through cocktails. The power of upselling via a \$10 differential was perceived as an achievable increase to the customer’s disposable income and allowed the customer to acquire premium food add-ons such as a stuffed crust pizza from a pan pizza, a juice option from a soft drink option and a chocolate dunkers upgrade from a regular breadstick order.

Differentiation has always been instrumental to a successful marketing campaign but we are now living in an age of parity and the brand competes more on service differentiation and not just product differentiation. Loyalty signup through the launch of the Pizza Hut birthday club is a distinctive service for customer engagement as the only brand in the market rewarding customers with complimentary meal experiences on birthdays.

The convenience of the Delivery service with a universal number platform, wireless payments and call ahead parking spots makes it easier to get a better pizza at Pizza Hut.

MANAGEMENT DISCUSSION AND ANALYSIS

- CONTINUED

A stalwart approach to mitigating customer complaints and providing real-time customer resolution at the restaurant level has ensured retaining customers with a new found respect for the brand that cares about their concerns and truly serves them.

Technology is now the bedrock of customer culture. Through digital niche marketing, the brand has strengthened its position to decrease cognitive clutter by focusing on social media and digital channels that drive sales growth conversions, returns on investments, transactions and ticket average. The brand continues to capitalise on the forums that generate the highest return on advertising spend. Consistent organic growth and retention of our customer base were achieved using email blast messages. This website now designed for mobile and was relaunched using in-house food photography from the ovens of Pizza Hut Trinidad.

A key milestone for the brand in 2017 was the opening of our Delivery restaurant at the South Park Mall location, capturing customers in newly acquired trade zones and realising ongoing optimisation for the growth of the delivery service in the Trinidad market. The historical Pizza Hut Roxy location was re-imaged to maintain brand essence of a comfortable dining experience with something for everyone.

The brand continued to stay relevant though partnering with charity initiatives

for Autism Awareness, Down Syndrome Awareness, and food relief efforts to families in need and established homes and charities. Throughout the year the brand’s presence has been maintained with a host of cultural events and school sponsorships. Most notably, Pizza Hut Trinidad was recognized at the Annual YUM! Communication meeting by Pepsi International for achieving the highest sales growth performance in the Caribbean and Latin America.

The new slogan for Pizza Hut was launched at the end of 2017 –“For The Love Of Pizza”. The Logo replaces “Make it Great”. The new logo represents- food is our passion, taste is the gift we give our customers and the love of pizza is our brand legacy.

TGI Fridays™

In 2017 Fridays™ stayed true to the brand promise of offering innovative menu items and distinctive cocktails to our guests. Despite the economic challenges, our focus remained on producing high quality, hand-crafted food and drinks made to order. We were constantly redefining our offerings and promotions ensuring that they were tailored to our discerning guests.

The cornerstone of the TGI Fridays brand identity is based on a “Best Corner Bar in Town” (BCBIT) experience. We therefore

MANAGEMENT DISCUSSION AND ANALYSIS

- CONTINUED

aligned our promotions to create this experience in the restaurant. These initiatives included Cinco de Fridays, the World's Longest Happy Hour, Margaritas Infinitas and Endless Mojitos. Our Trinidad team made history after placing first at the 2017 Regional Bartender Championships which was held in Cancun, Mexico. In early 2018 our TGI Fridays Port of Spain bartender, Christal Cravador, will represent the Caribbean and Latin America region at the World Bartender Championships in Dallas.

Delivering exceptional guest experiences remains a key focus area for the brand, and our commitment to operational excellence saw team members engaged in refresher training on "Fridays Food Safety Training" and "Best Corner Bar in Town."

Positively impacting the communities we serve through social initiatives is very important to our brand and our team. Each year our Autism Awareness Campaign grows in momentum and continues to successfully shine a light on Autism Awareness in Trinidad and Tobago. We also continued with our "Annual Charity Christmas Box Project" which is championed by our team members at our restaurants. This year our team personally delivered charity boxes and a little bit of TGI Fridays to the hearts and homes of many less fortunate families.

In 2017 we also upgraded our equipment across the restaurants in an effort to

improve our efficiency and food quality. This investment impacted our overall expenses but was important to sustaining the longevity of the brand and ensuring we maintain our quality standards. Whatever the economic outlook, we will continue to focus on re-tooling our product and service to our guests in accordance with the defined brand standards. We remain committed to developing our people and the brand for continued success in the future while staying true to delivering the brand promise of "IN HERE, IT'S ALWAYS FRIDAYS".

SUBWAY

Campaigns in 2017 highlighted the variety of menu options available at Subway and ended with an extension of the family – the introduction of Wraps! The new visual identity of the brand was introduced with the Wraps campaign and continues to be used in the rollout of new initiatives and activities. Consumer research was a major part of the 2017 calendar and played a key role in developing strategies for moving the brand forward.

Spicy options were featured for Carnival, Jerk Chicken as an LTO and Sriracha Chicken, followed by Seafood Sensations for Lent and the return of the Fish Fillet option. The Customization theme was repeated – "there are hundreds of ways to

MANAGEMENT DISCUSSION AND ANALYSIS

- CONTINUED

enjoy your sub ... create yours today" – this time with a focus on double meat. BBQ options were highlighted for the July-August period. Two flavours of wraps were introduced in September – any 6" sub can be enjoyed as a wrap!

Breakfast remains a big opportunity for the brand and morning drive and out-of-home advertising during that day-part was implemented.

Qualitative consumer market research was conducted to confirm how consumers feel about the brand and to assess opportunities. The research was also used as a springboard to develop a local Corporate Campaign that will form the basis of the brand's re-launch in 2018.

The brand's involvement in sport through sponsorships and community activity continues to be a key pillar driving corporate social responsibility. The Subway Boom Burnout during the Carnival season, the Subway Junior Tennis Tournament, the Subway Maracas Open Water Classic and the Subway River Raid 5K Trail Run have now been part of the brand's sponsorship calendar for the past four years. Subway also renewed its partnership with the Slip Stream Cycling Club and the Rainbow Warriors Triathlon Club. In 2017 the brand was a sponsor of the Central American and Caribbean Amateur Swimming Association's Meet. It was the 30th edition of the CCCAN Games and only the second time that an English

speaking Caribbean country hosted the event; 27 nations competed in the tournament. Subway was a key partner at the tournament. 2017 was a year of review and preparation for the re-launch of the brand in Trinidad and Tobago. Internationally the brand is being revamped and after 25 years in the local market, the timing is ideal for the brand's rejuvenation. The planned re-launch, inclusive of the full rollout of the new visual identity, new uniforms, new menu options, revised pricing, value options and a corporate campaign aimed at creating an emotional connection for the brand are all in keeping with realizing the full potential of the brand in Trinidad and Tobago going forward.

Starbucks

Starbucks marked its one-year anniversary on 28 August, 2017 with the opening of the fifth store at Munroe Road, Chaguanas.

Since opening in this market August 2016, we have added the Gulf City and Munroe Road stores to our portfolio in 2017. We have continued to recruit and train local Baristas with the right key attributes and positive traits to interact well with customers as well as colleagues. All of the new store growth has been supported by internal promotions.

Starbucks Baristas celebrated in July

MANAGEMENT DISCUSSION AND ANALYSIS

- CONTINUED

2017 their first Barista Championships demonstrating their coffee knowledgeability as well as showcasing their skills in the craft. The competition encourages fellow baristas to practice and build team spirit and prepare themselves to participate in the Global Competition in 2018.

We have continued our partnership with the Gift for Life Foundation, which provides support for Children's charities across the country. As part of Starbucks' commitment to supporting the communities we serve, the Ferndean Children's Home in Point Fortin and the Chickland Children's Home in Charleville have joined the Hope Center in San Fernando, the Marian Home for Boys in Port of Spain and the Jayalakshmi Children's Home in Chaguanas as charities supported by Starbucks.

Our teams continue to celebrate with the children, participating in the Gift for Life's Annual Sports Day in August and accompanying them to the Foundation's Christmas Ball in December. The public was invited to donate gifts for the children at collection points in each store and the response was overwhelming.

Starbucks expanded the range of handcrafted espresso beverages in 2017, adding the Pumpkin Spice Latte to our promotional offering as well as introducing several new limited time coffees made with the finest ethically sourced arabica

coffee such as Kati Kati, Kitamu, and Anniversary Blends along with the East Timor Tatamailau.

In each promotional period our Baristas were excited to introduce new beverages such as the Double Double Fudge Frappuccino for Valentine's Day and other Starbucks' popular Frappuccino® Blended Beverages in flavours, including Cookies and Crème, Mango and Berry Yogurt, with the highlights being the Dracula and Zombie Frappuccinos during the Halloween period. We also debuted our Teavana Strawberry and Peach Green Tea Lemonades and the Cool Lime and Very Berry juice refreshers.

Our bakery items continue to be popular with new bagel and croissant options offered, along with sous vide eggs being introduced.

We remain committed to bringing to our customers in Trinidad and Tobago our Starbucks Mission – "To inspire and nurture the human spirit – one person, one cup, and one neighborhood at a time."





PEOPLE OF TASTE











STATEMENT OF MANAGEMENT’S RESPONSIBILITIES

Management is responsible for the following:

- Preparing and fairly presenting the accompanying consolidated financial statements of Prestige Holdings Limited and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 30 November 2017, and the consolidated income statement, the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information;
- Ensuring that the Group keeps proper accounting records;
- Selecting appropriate accounting policies and applying them in a consistent manner;
- Implementing, monitoring and evaluating the system of internal control that assures security of the Group’s assets, detection/prevention of fraud, and the achievement of Group operational efficiencies;
- Ensuring that the system of internal control operated effectively during the reporting period;
- Producing reliable financial reporting that comply with laws and regulations, including the Companies Act; and
- Using reasonable and prudent judgement in the determination of estimates.

In preparing these audited consolidated financial statements, management utilised the International Financial Reporting Standards, as issued by the International Accounting Standards Board and adopted by the Institute of Chartered Accountants of Trinidad and Tobago. Where International Financial Reporting Standards presented alternative accounting treatments, management chose those considered most appropriate in the circumstances.

Nothing has come to the attention of management to indicate that the Group will not remain a going concern for the next twelve months from the reporting date; or up to the date the accompanying consolidated financial statements have been authorised for issue, if later.

Management affirms that it has carried out its responsibilities as outlined above.



Chief Executive Officer
20 February 2018



Chief Financial Officer
20 February 2018

INDEPENDENT AUDITOR’S REPORT

To the Shareholders of Prestige Holdings Limited

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects the consolidated financial position of Prestige Holdings Limited (the Company) and its subsidiaries (together ‘the Group’) as at 30 November 2017, and their consolidated financial performance and their consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

Prestige Holdings Limited’s consolidated financial statements comprise:

- the consolidated balance sheet as at 30 November 2017;
- the consolidated income statement - by function of expense for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the consolidated financial statements section of our report.

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

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

INDEPENDENT AUDITOR’S REPORT

- Continued

Our audit approach



Overview

- Overall group materiality: \$2,036,000 which represents 4% of profit before tax.
- The Group consists of the Company and four wholly owned subsidiaries.
- A full scope audit was performed on both the Company and its material subsidiary, Weekenders Trinidad Limited, resulting in 99% coverage of profit before tax and 98% of total assets.
- Both entities were audited by PwC Trinidad and Tobago.
- Impairment of goodwill and indefinite life intangible assets of acquired businesses.

Audit scope

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

INDEPENDENT AUDITOR’S REPORT

- Continued

How we tailored our group audit scope (continued)

The Group consists of the Company and four wholly owned subsidiaries (Weekenders Trinidad Limited, Restaurants Leasing Corporation Limited, Prestige Services Limited, all registered in Trinidad and Tobago, and Prestige Restaurants Jamaica Limited registered in Jamaica). A full scope audit was performed on the Company and Weekenders Trinidad Limited which represented the only significant and material components within the Group. All other components were considered financially inconsequential with the exception of property, plant and equipment and goodwill within Restaurants Leasing Corporation Limited on which we performed specified audit procedures.

The PwC Trinidad and Tobago engagement team was the auditor for the Company and its material subsidiary, Weekenders Trinidad Limited.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Overall group materiality	\$2,036,000
How we determined it	4% of profit before tax
Rationale for the materiality benchmark applied	We chose profit before tax as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users, and is a generally accepted benchmark. We chose 4% which is within a range of acceptable benchmark thresholds.

INDEPENDENT AUDITOR’S REPORT

- Continued

Materiality (continued)

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above \$203,621 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Impairment of goodwill and indefinite life intangible assets of acquired businesses	<p>We considered the method used by management to perform their annual impairment assessment for goodwill and intangible assets with an indefinite useful life for each CGU and found it to be appropriate based on the requirements of the accounting standards.</p> <p>We tested management’s assumptions used in their impairment testing model for goodwill and other intangible assets, including the future cash flow projections, discount rates and growth rates applied. The following procedures were performed;</p> <ul style="list-style-type: none">we obtained management’s discounted cash flow model (DCF) including qualitative and quantitative analyses and obtained an understanding of the process used by management to determine the recoverable amount of the acquired businesses;

INDEPENDENT AUDITOR’S REPORT

- Continued

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
<p>Goodwill and intangible assets with an indefinite useful life are assessed for impairment annually by management or whenever there is an impairment indicator. Goodwill is allocated to the Weekenders Trinidad Limited and Subway businesses as Cash Generating Units (CGUs) identified by management as the lowest level of operations for which there are separately identifiable cash flows.</p> <p>Management determines the recoverable amount of non-financial assets using discounted cash flows to determine the value-in-use. The assessment of the carrying value of goodwill and intangible assets with an indefinite useful life involves subjective judgements in relation to forecasting future cash flows and is sensitive to growth rates and discount rates applied to the future cash flows with the key assumptions being:</p> <ul style="list-style-type: none">Revenue growth ratesGross marginsWeighted average cost of capital (“WACC”) <p>We focused our attention in particular on management’s forecasts for revenue growth over the next 5 years as well as its plans for operational efficiencies given the current year performance of the acquired businesses was below the prior year and management’s expectations.</p>	<ul style="list-style-type: none">we agreed and tested the mathematical accuracy, including verifying spreadsheet formulae, of the DCF modelwe agreed the 30 November 2016 base year financial information to prior year audited results and compared the current year forecast to the current year audit resultswe verified management’s assumptions as follows:<ul style="list-style-type: none">➤ Revenue growth rates - we evaluated management’s assumptions for each of its planned initiatives for the next 5 years, whilst considering any contrary evidence, and found them to be reasonable. We also assessed the historical revenues of similar businesses operated by management in comparable circumstances and confirmed that these have all grown in line with or above the projected growth rates further corroborating the feasibility of the projections. We therefore considered management’s growth rates to be reasonable in the circumstances➤ Gross margins - we compared gross margins to historical results, reconciling variances to underlying supporting data and current period results, assessed management’s plans for achieving operational efficiencies and evaluated the projected gross margins in conjunction

INDEPENDENT AUDITOR’S REPORT

- Continued

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
<p>Management are currently implementing several initiatives, both operationally and strategically, which are expected to lead to improvements in the acquired businesses’ performance over the next 5 years.</p> <p>The principal initiatives include:</p> <ul style="list-style-type: none">• Re-engineering the menu across both businesses.• Maximising on operational efficiencies such as cost containment initiatives and improved operations at the store level.• Changes in the marketing strategy geared towards creating greater brand loyalty.	<p>with our assessment of revenue growth rates outlined above</p> <p>➤ WACC & Terminal Value – with the assistance of our PwC valuation specialists, we assessed certain inputs within the WACC calculation, including the cost of equity and terminal value and found them to be reasonable. We developed a range of parameters using available market inputs and performed sensitivity analyses using these parameters to determine the reasonableness of management’s estimate.</p> <p>Further, we:</p> <ul style="list-style-type: none">• considered subsequent events and any associated impact on the entity’s cash flows and forecast• performed further sensitivity analysis by looking at changes of between 1% and 3% in management’s revenue growth rates and gross margins in addition to that performed over the WACC described above. <p>Based on the procedures performed above, we found the assumptions to be consistent and in line with our expectations and no impairment provision was identified.</p>

INDEPENDENT AUDITOR’S REPORT

- Continued

Other information

The directors are responsible for the other information. The other information comprises the Prestige Holdings Limited 2017 Annual Report (but does not include the consolidated financial statements and our auditor’s report thereon), which is expected to be made available to us after the date of this auditor’s report.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Prestige Holdings Limited 2017 Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the consolidated financial statements, management is responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group’s financial reporting process.

INDEPENDENT AUDITOR'S REPORT

- Continued

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern

INDEPENDENT AUDITOR'S REPORT

- Continued

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

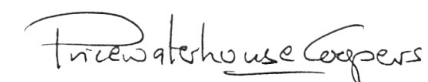
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Sean Ramirez.



21 February 2018
Port of Spain
Trinidad, West Indies

CONSOLIDATED BALANCE SHEET

(Expressed in Trinidad and Tobago Dollars)

	Notes	As at 30 November 2017 \$	2016 \$
Assets			
<i>Non-current assets</i>			
Property, plant and equipment	5	277,735,245	274,897,188
Intangible assets	6	77,670,574	74,611,782
		<u>355,405,819</u>	<u>349,508,970</u>
<i>Current assets</i>			
Inventories	9	55,005,864	60,085,306
Trade and other receivables	10	23,970,121	21,209,949
Current income tax assets		6,736,972	6,579,325
Cash and cash equivalents	11	56,372,397	84,248,789
		<u>142,085,354</u>	<u>172,123,369</u>
Total assets		<u>497,491,173</u>	<u>521,632,339</u>
Equity and liabilities			
<i>Equity attributable to owners of the parent company</i>			
Share capital	12	23,759,077	23,759,077
Other reserves	13	17,997,592	17,909,104
Other equity instrument	14	--	5,000,000
Retained earnings		<u>241,140,652</u>	<u>230,788,679</u>
		282,897,321	277,456,860
<i>Unallocated shares held by ESOP</i>	15	<u>(1,148,137)</u>	<u>(3,575,740)</u>
Total equity		<u>281,749,184</u>	<u>273,881,120</u>
Liabilities			
<i>Non-current liabilities</i>			
Borrowings	16	66,500,000	80,500,000
Deferred income tax liabilities	8	<u>2,583,088</u>	<u>3,382,052</u>
		69,083,088	83,882,052
<i>Current liabilities</i>			
Trade and other payables	17	124,795,579	146,500,954
Borrowings	16	14,000,000	14,000,000
Due to related parties	18	5,825,175	1,991,590
Current income tax liabilities		<u>2,038,147</u>	<u>1,376,623</u>
		<u>146,658,901</u>	<u>163,869,167</u>
Total liabilities		<u>215,741,989</u>	<u>247,751,219</u>
Total equity and liabilities		<u>497,491,173</u>	<u>521,632,339</u>

The notes on pages 81 to 106 are an integral part of these consolidated financial statements.

On 20 February 2018, the Board of Directors of Prestige Holdings Limited authorised these consolidated financial statements for issue.



Director



Director

CONSOLIDATED INCOME STATEMENT

- BY FUNCTION OF EXPENSE

(Expressed in Trinidad and Tobago Dollars)

	Notes	Year ended 30 November 2017 \$	2016 \$
Revenue		1,040,066,778	985,518,205
Cost of sales	19,20	<u>(680,063,810)</u>	<u>(635,303,861)</u>
Gross profit		360,002,968	350,214,344
Other operating expenses	20	(223,564,875)	(203,511,486)
Administrative expenses	20	<u>(82,277,737)</u>	<u>(77,410,382)</u>
Other income		2,166,876	2,414,919
Operating profit		56,327,232	71,707,395
Finance costs - net	21	<u>(5,421,875)</u>	<u>(6,996,875)</u>
Profit before income tax		50,905,357	64,710,520
Income tax expense	22	<u>(18,048,704)</u>	<u>(17,522,990)</u>
Profit for the year		<u>32,856,653</u>	<u>47,187,530</u>
Profit attributable to:			
Owners of the parent company		<u>32,856,653</u>	<u>47,187,530</u>
Earnings per share attributable to the equity holders of the parent company			
- Basic earnings per share (exclusive of ESOP shares)	23	<u>52.8¢</u>	<u>76.2¢</u>
- Diluted earnings per share (exclusive of ESOP shares)	23	<u>52.8¢</u>	<u>76.2¢</u>

The notes on pages 81 to 106 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Expressed in Trinidad and Tobago Dollars)

	2017 \$	Year ended 30 November 2016 \$
Profit for the year	32,856,653	47,187,530
Other comprehensive income/(loss):		
Items that may be subsequently reclassified to profit or loss		
Currency translation differences	88,488	(199,625)
Total comprehensive income for the year	32,945,141	46,987,905
Attributable to:		
- Owners of the parent company	32,945,141	46,987,905

The notes on pages 81 to 106 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Expressed in Trinidad and Tobago Dollars)

	Notes	Share capital \$	Other equity instrument \$	Other reserves \$	Retained earnings \$	Total \$	Unallocated shares held by ESOP \$	Total equity \$
Balance at 1 December 2015		22,829,797	15,000,000	18,108,729	207,356,089	263,294,615	(1,349,608)	261,945,007
Comprehensive income								
Profit for the year		--	--	--	47,187,530	47,187,530	--	47,187,530
Other Comprehensive loss								
Currency translation differences	13	--	--	(199,625)	--	(199,625)	--	(199,625)
Total comprehensive income/(loss) for the year		--	--	(199,625)	47,187,530	46,987,905	--	46,987,905
Transactions with owners								
Proceeds from shares issued	12	929,280	--	--	--	929,280	--	929,280
Shares allocated during the year	15	--	--	--	--	--	1,886,599	1,886,599
Redemption	14	--	(10,000,000)	--	--	(10,000,000)	--	(10,000,000)
Purchase of shares		--	--	--	--	--	(4,112,731)	(4,112,731)
Dividends for 2015 - Paid - 22 cents per share		--	--	--	(13,752,860)	(13,752,860)	--	(13,752,860)
Dividends for 2016 - Paid - 16 cents per share		--	--	--	(10,002,080)	(10,002,080)	--	(10,002,080)
Total transactions with owners		929,280	(10,000,000)	--	(23,754,940)	(32,825,660)	(2,226,132)	(35,051,792)
Balance at 30 November 2016		23,759,077	5,000,000	17,909,104	230,788,679	277,456,860	(3,575,740)	273,881,120

The notes on pages 81 to 106 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Expressed in Trinidad and Tobago Dollars) - Continued

	Notes	Share capital \$	Other equity instrument \$	Other reserves \$	Retained earnings \$	Total \$	Unallocated shares held by ESOP \$	Total equity \$
Balance at 1 December 2016		23,759,077	5,000,000	17,909,104	230,788,679	277,456,860	(3,575,740)	273,881,120
Comprehensive income								
Profit for the year		--	--	--	32,856,653	32,856,653	--	32,856,653
Other Comprehensive income								
Currency translation differences	13	--	--	88,488	--	88,488	--	88,488
Total comprehensive income for the year		--	--	88,488	32,856,653	32,945,141	--	32,945,141
Transactions with owners								
Shares allocated during the year	15	--	--	--	--	--	2,427,603	2,427,603
Redemption	14	--	(5,000,000)	--	--	(5,000,000)	--	(5,000,000)
Dividends for 2016								
- Paid								
- 22 cents per share		--	--	--	(13,752,860)	(13,752,860)	--	(13,752,860)
Dividends for 2017								
- Paid								
- 14 cents per share		--	--	--	(8,751,820)	(8,751,820)	--	(8,751,820)
Total transactions with owners		--	(5,000,000)	--	(22,504,680)	(27,504,680)	2,427,603	(25,077,077)
Balance at 30 November 2017		23,759,077	--	17,997,592	241,140,652	282,897,321	(1,148,137)	281,749,184

The notes on pages 81 to 106 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

(Expressed in Trinidad and Tobago Dollars)

	Notes	2017 \$	Year ended 30 November 2016 \$
Cash flows from operating activities			
Cash generated from operations	26	91,151,597	148,034,129
Interest paid	21	(5,421,875)	(6,996,875)
Income tax paid		(18,366,627)	(23,823,751)
Net cash generated from operating activities		67,363,095	117,213,503
Cash flows from investing activities			
Purchase of intangible assets	6	(5,709,731)	(4,973,733)
Purchase of property, plant and equipment	5	(49,313,256)	(53,554,807)
Proceeds from disposal of property, plant and equipment		1,288,180	867,383
Net cash used in investing activities		(53,734,807)	(57,661,157)
Cash flows from financing activities			
Proceeds from shares issued	12	--	929,280
Dividends paid to shareholders		(22,504,680)	(23,754,940)
Repayment of borrowings		(14,000,000)	(14,000,000)
Redemption of other equity instrument	14	(5,000,000)	(10,000,000)
Net cash used in financing activities		(41,504,680)	(46,825,660)
Net (decrease)/increase in cash and cash equivalents		(27,876,392)	12,726,686
Cash and cash equivalents			
At start of year		84,248,789	71,522,103
At end of year	11	56,372,397	84,248,789

The notes on pages 81 to 106 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Trinidad and Tobago Dollars)

1 General information

Prestige Holdings Limited (Parent Company) was incorporated in the Republic of Trinidad and Tobago on 24 November 1972 under the Companies Ordinance, Ch. 31 No. 1 and was continued under the Companies Act, 1995 on 26 November 1997. The Registered Office of the Parent Company is 47-49 Sackville Street, Port of Spain. The Parent Company operates under long-term franchise agreements for the KFC, Pizza Hut, Subway and Starbucks brands through a chain of restaurants in Trinidad and Tobago and is a public limited liability company which is listed on the Trinidad and Tobago Stock Exchange.

Prestige Services Limited is wholly owned by Prestige Holdings Limited and is incorporated in St. Christopher/Nevis. This company owns the Development Rights for the TGI Fridays Brand for the CARICOM.

Prestige Holdings Limited also owns 100% of the share capital of Prestige Restaurants Jamaica Limited which operates the TGI Fridays Brand in Jamaica.

Weekenders Trinidad Limited is wholly owned by Prestige Holdings Limited and is an amalgamated entity of Weekenders Limited and TCBY Trinidad Limited effective 25 July 2011. The company is incorporated in the Republic of Trinidad and Tobago. This company operates under a long-term franchise agreement for the TGI Fridays Brand in Trinidad and Tobago.

Restaurant Leasing Corporation Limited is wholly owned by Prestige Holdings Limited and is incorporated in the Republic of Trinidad and Tobago. This company owns and leases the premises on which the Subway restaurants and head office are located.

The ultimate parent company is Victor E. Mouttet Limited, a privately owned company incorporated in the Republic of Trinidad and Tobago.

2 Summary of significant accounting policies

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

a. Basis of preparation

The consolidated financial statements of Prestige Holdings Limited have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRS IC) interpretations applicable to companies reporting under IFRS. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of land.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

(i) Changes in accounting policies and disclosures

(a) New standards, amendments and interpretations adopted by the Group:

There were no standards effective for the first time for the financial year beginning on or after 1 December 2016 which had a material impact on the Group's consolidated financial statements.

(b) New standards and interpretations not yet adopted by the Group:

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 December 2016, and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except the following set out below:

- IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Trinidad and Tobago Dollars) - Continued

2 Summary of significant accounting policies (continued)

- a. Basis of preparation (continued)
 - (i) Changes in accounting policies and disclosures (continued)
 - (b) New standards and interpretations not yet adopted by the Group: (continued)

categories for financial assets: amortised cost, fair value through OCI and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The Group is yet to assess IFRS 9's full impact.

- IFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted. The Group is assessing the impact of IFRS 15.
- IFRS 16 - Leases (effective 1 January 2019) eliminates the classification of leases as either operating leases or finance leases for a lessee. Instead all leases are treated in a similar way to finance leases applying IAS 17. Leases are 'capitalised' by recognising the present value of the lease payments and showing them either as lease assets (right-of-use assets) or together with property, plant and equipment. If lease payments are made over time, a company also recognises a financial liability representing its obligation to make future lease payments. The most significant effect of the new requirements will be an increase in lease assets and financial liabilities. The Group is yet to assess the impact of IFRS 16.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group's consolidated financial statements.

b. Consolidation

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group 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. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition- by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date, any gains or losses arising from such re-measurement are recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Trinidad and Tobago Dollars) - Continued

2 Summary of significant accounting policies (continued)

- b. Consolidation (continued)
- (i) Subsidiaries (continued)

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances, income and expenses on transactions between Group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

- (ii) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

- (iii) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

- c. Segment reporting

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

- d. Foreign currency translation

- (i) Functional and presentation currency

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (‘the functional currency’). The consolidated financial statements are presented in Trinidad and Tobago dollars, which is the Group’s presentation and functional currency.

- (ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the consolidated income statement within ‘finance cost (net)’. All other foreign exchange gains and losses are presented in the consolidated income statement within ‘administrative expenses’.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Trinidad and Tobago Dollars) - Continued

2 Summary of significant accounting policies (continued)

- d. Foreign currency translation (continued)

- (iii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (a) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- (b) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- (c) all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences are recognised in other comprehensive income.

- e. Property, plant and equipment

Property, plant and equipment are initially recorded at cost. Land is subsequently shown at market value, based on valuations by external independent valuers at least once every five years. All other property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of items.

Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated income statement during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of land are credited to other reserves in shareholders’ equity. Decreases that offset previous increases of the same asset are charged against other reserves directly in equity; all other decreases are charged to the consolidated income statement.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Freehold and leasehold buildings	- 10	-	50 years
Leasehold improvements	- 10	-	20 years
Plant and machinery and equipment	- 10	-	15 years
Vehicles	- 4	-	5 years
Furniture	- 5	-	12 years

The assets’ residual values and useful lives are reviewed by management, and adjusted if appropriate, at the end of each reporting period.

An asset’s carrying amount is written down immediately to its recoverable amount if the asset’s carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within other operating expenses in the consolidated income statement.

When revalued assets are sold, the amounts included in other reserves are transferred to retained earnings.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Trinidad and Tobago Dollars) - Continued

2 Summary of significant accounting policies (continued)

f. Intangible assets

(i) Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary acquired, in the case of a bargain purchase, the difference is recognised directly in the consolidated income statement.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the CGUs, or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(ii) Franchise agreements – ongoing operations

Franchise agreements for ongoing operations acquired in a business combination are initially recognised at fair value at the acquisition date and subsequently carried at cost. These assets have an indefinite useful life and are tested annually for impairment. The franchise agreement renews automatically and there is no significant cost of renewal.

(iii) Franchise fees

The Group pays an initial fee to the Franchisor for every new store and a renewal fee upon the expiration of the initial franchise period. The initial and renewal fees are written off over the period to which they relate which range from ten to twenty years. There are no renewal fees upon the expiration of the initial franchise period for the Subway franchise.

(iv) Development rights

Investment in the development rights is capitalised and amortised using the straight-line method over its estimated useful life but not exceeding ten years.

g. Impairment of non-financial assets

Intangible assets that have an indefinite useful life or intangible assets not ready to use are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

h. Non-current assets (or disposal groups) held for sale

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Trinidad and Tobago Dollars) - Continued

2 Summary of significant accounting policies (continued)

i. Financial assets

(i) Classification

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

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Group’s loans and receivables comprise ‘trade and other receivables’ and ‘cash and cash equivalents’ in the consolidated balance sheet (Notes 2 m. and 2 n.).

(ii) Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the consolidated income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Dividend income from financial assets at fair value through profit or loss is recognised in the income statement as part of other income when the Group’s right to receive payments is established.

j. Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

k. Impairment of financial assets

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

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

- (i) Significant financial difficulty of the issuer or obligor.
- (ii) A breach of contract, such as a default or delinquency in interest or principal payments.
- (iii) It becomes probable that the customer will enter bankruptcy or other financial reorganisation.

The Group first assesses whether objective evidence of impairment exists.

The amount of the loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset’s original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Trinidad and Tobago Dollars) - Continued

2 Summary of significant accounting policies (continued)

k. Impairment of financial assets (continued)

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

l. Inventories

Inventories are stated at the lower of cost or net realisable value. Cost is determined using the average cost method. Net realisable value is the estimate of the selling price in the ordinary course of business, less applicable variable selling expenses.

m. Trade receivables

Trade receivables are amounts due from customers for the sale of goods in the ordinary course of business. If collection is expected in one year or less (or, in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost less provision for impairment.

n. Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

o. Share capital

Ordinary shares with discretionary dividends are classified as equity.

Incremental external costs directly attributable to the issue of new shares or options, other than in connection with a business combination, are shown in equity as a deduction, net of tax, from the proceeds.

p. Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost.

q. Provisions

Provisions for restructuring costs and legal claims are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Trinidad and Tobago Dollars) - Continued

2 Summary of significant accounting policies (continued)

r. Employee benefits

(i) Employee Share Ownership Plan (ESOP)

The parent company operates an Employee Share Ownership Plan and accounts for all unallocated ESOP shares as a deduction in Equity. Shares allocated to employees as part of their bonus are expensed to administrative expenses based on the market value of the shares allocated. The ESOP account is credited with the cost of the shares.

s. Current and deferred income tax

The tax expense for the year comprises current and deferred tax. Tax is recognised in the consolidated income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income 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 tax 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 principal temporary difference arises from the difference between the accounting and tax treatment of depreciation on property, plant and equipment and tax losses.

t. Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Group's activities. Sales of goods are recognised upon delivery of products and customer acceptance, or performance of services. Revenue is shown net of value-added tax, returns, and discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured; it is probable that future economic benefits will flow to the Group and when specific criteria have been met for the Group's activities.

Interest income is recognised on a time-proportion basis using the effective interest method.

u. Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Trinidad and Tobago Dollars) - Continued

2 Summary of significant accounting policies (continued)

u. Borrowings (continue)

down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

v. Other equity instruments

Other equity instruments issued by the Group comprise amounts that can be redeemed or converted to share capital at the discretion of the ultimate parent company.

w. Dividend distribution

Dividend distribution is recorded in the Group's financial statements in the period in which the dividends are approved by the Board of Directors.

x. Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated income statement under the terms of the lease.

y. Royalty expenses

Royalty expense is recognised on the accrual basis and charged to the consolidated income statement (included in cost of sales) in accordance with the substance of the relevant agreements.

z. Fair value estimation

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.

The IFRS 13 fair value hierarchy has the following levels based on the inputs used to determine the fair value measurement.

- Level 1 - Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
- Level 2 - The inputs are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 - The inputs are unobservable inputs for the asset or liability.

An observable input is an input that is developed using market data such as publicly available information about actual events or transactions and that reflect the assumptions that market participants would use when pricing the asset or liability.

An unobservable input is an input for which market data is not readily available and that are developed using the best information available about the assumptions that market participants would use when pricing the asset or liability.

The fair value disclosure required by IFRS 13 for non-financial assets is included in Note 5. The fair value disclosures relating to financial instruments is disclosed in Note 7a.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Trinidad and Tobago Dollars) - Continued

3 Financial risk management

a. Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

The Group's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Group regularly reviews its risk management policies and systems to reflect changes in markets, product and emerging best practice.

The Board of Directors is ultimately responsible for the establishment and oversight of the Group's risk management framework. The Board provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, and investment of excess liquidity.

(i) Market risk

(a) Foreign exchange risk

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

The Group manages its foreign exchange risk by ensuring that the net exposure in foreign assets and liabilities is kept to an acceptable level by monitoring currency positions as well as holding foreign currency balances. This policy is consistent with prior years.

As at 30 November 2017, the US dollar obligation in TT dollars arising mainly from foreign inventory suppliers and royalties payable was \$38,326,048 (2016: \$58,281,649) and if the currency had weakened/strengthened by 3% against the US dollar with all other variables held constant, post-tax profits for the year would have been \$804,895 (2016: \$1,486,182) lower/higher, mainly as a result of foreign exchange losses/gains on translation of US dollar-denominated trade payables and accruals.

There have been no changes to policies and procedures in managing the foreign exchange risks.

(b) Cash flow and fair value interest rate risk

As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. Given the economic environment, the Group's policy is to maintain a significant portion of its borrowings in fixed rate instruments. This policy is consistent with prior years.

The Group has no exposure to fair value interest rate risk as the loan is carried at amortised cost.

The Group has no exposure to cash flow interest rate risk as the loan is a fixed rate loan.

There have been no changes to the policies and procedures in managing interest rate risks.

(c) Price risk

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Trinidad and Tobago Dollars) - Continued

3 Financial risk management (continued)

a. Financial risk factors (continue)

(ii) Credit risk

Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to trade customers. For banks and financial institutions, only those with good standing and with a sound reputation are used. No independent rating exists for trade customers and as a result an internal credit assessment is performed taking into account their financial position, past experience and other factors. Credit limits are set for trade customers which are regularly monitored.

Management does not expect any significant losses from non-performance by counterparties.

There have been no changes to the policies and procedures in managing credit risks.

(iii) Liquidity risk

Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group finance. Group finance monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its un-drawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance and compliance with internal balance sheet ratio targets. This policy is consistent with the prior year.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are contractual undiscounted cash flows.

	6 months or less \$	6 to 12 months \$	1 to 5 years \$	Over 5 years \$	Total \$
At 30 November 2017					
Borrowings - third party	9,460,938	9,242,188	76,890,625	--	95,593,751
Due to related party	5,825,175	--	--	--	5,825,175
Trade and other payables, excluding statutory liabilities	113,303,806	--	--	--	113,303,806
	128,589,919	9,242,188	76,890,625	--	214,722,732
At 30 November 2016					
Borrowings - third party	9,898,438	9,679,688	84,765,625	10,828,125	115,171,876
Due to related party	1,991,590	--	--	--	1,991,590
Trade and other payables, excluding statutory liabilities	134,622,058	--	--	--	134,622,058
	146,512,086	9,679,688	84,765,625	10,828,125	251,785,524

There have been no changes to policies and procedures in managing liquidity risks.

b. Capital risk management

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, issue new shares or sell assets to reduce debt.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Trinidad and Tobago Dollars) - Continued

3 Financial risk management (continued)

b. Capital risk management (continue)

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. The 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 balance sheet) and bank overdraft less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus net debt.

	2017 \$	2016 \$
Total borrowings	80,500,000	94,500,000
Less: cash and cash equivalents	(56,372,397)	(84,248,789)
Net debt	24,127,603	10,251,211
Total equity	281,749,184	273,881,120
Total capital	305,876,787	284,132,331
Gearing ratio	8%	4%

4 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

a. Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Estimated impairment of goodwill and intangible assets

The Group tests annually whether goodwill and intangible assets have suffered any impairment in accordance with the accounting policy stated in Note 2 f. The recoverable amounts of cash-generating units have been determined based on value in use calculations. These calculations require the use of estimates. The significant assumptions are disclosed in Note 6. If the growth rate worsened by 3% with all other variables held constant there would be no impact to the profit or loss for the period as the asset would still not be impaired. If the gross margin or weighted average cost of capital worsened by 2% with all other variables held constant there would be no impact to the profit or loss for the period as the asset would still not be impaired.

b. Critical judgements in applying the entity's accounting policies

(i) Useful economic life of intangibles – franchise fees ongoing operations

Franchise agreements for ongoing operations acquired in a business combination are estimated to have an indefinite useful life on the basis that these franchise agreements will renew automatically at little or no cost for an additional 20 years every time the franchise term ends. The Group has a long history of working with a number of franchisors and have always been granted renewals on those franchises without exception. On this basis management considers these intangible assets to have an indefinite useful life.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 November 2017 (Expressed in Trinidad and Tobago Dollars) - Continued

5 Property, plant and equipment

	Land \$	Buildings and improvements \$	Plant and machinery \$	Vehicles \$	Furniture \$	progress \$	Work in Total \$
Year ended 30 November 2017							
Opening net book amount	38,395,000	136,582,770	50,792,825	3,456,461	44,870,754	799,378	274,897,188
Additions	14,550,000	12,495,182	10,061,012	6,264,400	4,705,213	1,237,449	49,313,256
Disposals	--	(421,000)	(510,394)	(172,520)	--	--	(1,103,914)
Exchange differences	--	32,287	4,606	--	1,952	--	38,845
Depreciation charge	--	(19,186,015)	(13,787,363)	(1,888,353)	(10,548,399)	--	(45,410,130)
Closing net book amount	52,945,000	129,503,224	46,560,686	7,659,988	39,029,520	2,036,827	277,735,245
At 30 November 2017							
Cost or valuation	52,945,000	280,929,365	245,540,089	19,880,567	130,548,379	2,036,827	731,880,227
Accumulated depreciation	--	(151,426,141)	(198,979,403)	(12,220,579)	(91,518,859)	--	(454,144,982)
Net book amount	52,945,000	129,503,224	46,560,686	7,659,988	39,029,520	2,036,827	277,735,245
Year ended 30 November 2016							
Opening net book amount	38,395,000	127,876,064	46,128,690	4,644,897	45,902,568	1,178,006	264,125,225
Additions	--	26,108,804	17,674,039	1,153,675	8,996,917	(378,628)	53,554,807
Disposals	--	(388,645)	(5,624)	--	(14,525)	--	(408,794)
Exchange differences	--	(140,104)	(14,149)	--	(10,254)	--	(164,507)
Depreciation charge	--	(16,873,349)	(12,990,131)	(2,342,111)	(10,003,952)	--	(42,209,543)
Closing net book amount	38,395,000	136,582,770	50,792,825	3,456,461	44,870,754	799,378	274,897,188
At 30 November 2016							
Cost or valuation	38,395,000	268,787,440	236,075,931	15,394,931	125,831,043	799,378	685,283,723
Accumulated depreciation	--	(132,204,670)	(185,283,106)	(11,938,470)	(80,960,289)	--	(410,386,535)
Net book amount	38,395,000	136,582,770	50,792,825	3,456,461	44,870,754	799,378	274,897,188
At 30 November 2015							
Cost or valuation	38,395,000	244,249,983	220,387,536	14,769,976	118,127,915	1,178,006	637,108,416
Accumulated depreciation	--	(116,373,919)	(174,258,846)	(10,125,079)	(72,225,347)	--	(372,983,191)
Net book amount	38,395,000	127,876,064	46,128,690	4,644,897	45,902,568	1,178,006	264,125,225

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Trinidad and Tobago Dollars) - Continued

5 Property, plant and equipment (continued)

Depreciation expense of \$45,410,130 (2016: \$42,209,543) is included in other operating expenses. Land represents freehold and leasehold land. Freehold land was valued by an independent valuator in 2013 on the basis of market value for existing use and amounted to \$38,395,000. Leasehold land was purchased during the year for \$14,550,000 under a 999 year lease. The remaining life on the lease is 993 years. The amount paid for the leasehold land is considered to approximate its fair value as it was acquired in an arms length transaction close to the year end. If land was stated on the historical cost basis, the amount would be \$29,038,230. Bank borrowings are secured on fixed assets of the Group for the value of approximately \$80.5 million (2016: \$94.5 million). Included in buildings and improvements are buildings amounting to \$23,109,894 (2016: \$22,643,018) and improvements amounting to \$106,393,330 (2016: \$113,939,752).

a. Fair value of land

The Group engages an external, independent and qualified valuer to determine the fair value of the Group's land at least once every five years. The last valuation performed was as at 30 November 2013. The revaluation surplus was credited to other comprehensive income and is shown in 'other reserves' in shareholders' equity (Note 13.). The following table analyses the non-financial assets carried at fair value, by valuation method.

Fair value measurements as at 30 November 2016 and 2017

	Quoted prices In active markets for identical assets (level 1) \$	Significant other observable inputs (level 2) \$	Significant unobservable inputs (level 3) \$
Recurring fair value measurements			
- Land	--	--	52,945,000

Level 3 fair values of land has been derived using the Sales Comparison Approach. Sales prices of comparable land in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot.

6 Intangible assets

	Goodwill \$	Other deferred costs \$	Total \$
Year ended 30 November 2017			
Opening net book amount	24,791,308	49,820,474	74,611,782
Additions	--	5,709,731	5,709,731
Amortisation charge	--	(2,650,939)	(2,650,939)
Closing net book amount	24,791,308	52,879,266	77,670,574
At 30 November 2017			
Cost	25,427,536	76,323,737	101,751,273
Accumulated amortisation and impairment	(636,228)	(23,444,471)	(24,080,699)
Net book amount	24,791,308	52,879,266	77,670,574
Year ended 30 November 2016			
Opening net book amount	24,791,308	46,898,675	71,689,983
Additions	--	4,973,733	4,973,733
Amortisation charge	--	(2,051,934)	(2,051,934)
Closing net book amount	24,791,308	49,820,474	74,611,782
At 30 November 2016			

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Trinidad and Tobago Dollars) - Continued

6 Intangible assets (continued)

Cost	25,427,536	70,614,008	96,041,544
Accumulated amortisation and impairment	(636,228)	(20,793,534)	(21,429,762)
Net book amount	24,791,308	49,820,474	74,611,782
At 30 November 2015			
Cost	25,427,536	69,263,129	94,690,665
Accumulated amortisation and impairment	(636,228)	(22,364,454)	(23,000,682)
Net book amount	24,791,308	46,898,675	71,689,983

Amortisation charge of \$2,650,939 (2016: \$2,051,934) is included in other operating expenses.

Included in other deferred costs is franchise agreements for ongoing operations of the Subway business acquired in 2011 which has an indefinite life and is assessed annually for impairment. Also included under deferred costs are franchise fees and loan fees capitalised which are amortised over remaining periods of three to fifteen years.

Impairment tests for goodwill and indefinite life intangible assets

Goodwill has been allocated to the TGI Fridays (Weekenders Trinidad Limited) and Subway businesses cash generating units as outlined below.

	2017	2016
	\$	\$
Weekenders Trinidad Limited		
Goodwill	6,793,806	6,793,806
Less accumulated amortisation	(636,228)	(636,228)
Net goodwill	<u>6,157,578</u>	<u>6,157,578</u>

The recoverable amount of this business unit is determined based on a value-in-use calculation. This calculation uses pre-tax cash flow projections based on financial budgets and forecasts approved by management covering a five year period. Cash-flows for the five year period are extrapolated using the estimated growth rates stated below.

The key assumptions used for value-in-use calculations are as follows:

	Gross margin	Growth rate	Pre-tax
	%	Year 1	Discount rate
		%	%
		Year 2 - 5	
		%	
2017	39.4	6	13.1
2016	40.0	4	16.5

Assumptions for gross profit margins, growth rates and pre-tax weighted average cost of capital are based upon past performance, economic conditions and expectations for market development.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Trinidad and Tobago Dollars) - Continued

6 Intangible assets (continued) (continued)

	2017	2016
	\$	\$
Subway business		
Goodwill	18,633,730	18,633,730
Intangible assets – franchise agreements	<u>40,800,000</u>	<u>40,800,000</u>
Assets acquired	59,433,730	59,433,730
Accumulated impairment	--	--
	<u>59,433,730</u>	<u>59,433,730</u>

The recoverable amount of this business unit is determined based on a value-in-use calculation. This calculation uses pre-tax cash flow projections based on financial budgets and forecasts approved by management covering a five year period. Cash-flows for the five year period are extrapolated using the estimated growth rates stated below.

The key assumptions used for value-in-use calculations are as follows:

	Gross margin	Growth rate	Pre-tax
	%	Year 1	Discount rate
		%	%
		Year 2 - 5	
		%	
2017	31.2	9	13.1
2016	31.1	5	17.9

Assumptions for gross profit margins, growth rates and pre-tax weighted average cost of capital are based upon past performance. The estimated improved results of the brand will be driven by a combination of strategies designed to improve in store efficiencies. These efficiencies will lead to better cost management and will enhance guest experience. This along with our marketing initiatives will increase guest visits and ultimately improve sales of the brand. The performance changes have been tempered based on the economic conditions and expectations for market development.

7a Financial instruments by category

	Loans and receivables	
	2017	2016
	\$	\$
<i>Assets as per consolidated balance sheet</i>		
Trade and other receivables, excluding prepayments	5,632,260	3,478,939
Cash and cash equivalents	<u>56,372,397</u>	<u>84,248,789</u>
Total	<u>62,004,657</u>	<u>87,727,728</u>
	Other financial liabilities	
	at amortised cost	
	2017	2016
	\$	\$
<i>Liabilities as per consolidated balance sheet</i>		
Borrowings	80,500,000	94,500,000
Trade and other payables, excluding statutory liabilities	113,303,806	134,622,058
Due to related parties	<u>5,825,175</u>	<u>1,991,590</u>
Total	<u>199,628,981</u>	<u>231,113,648</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Trinidad and Tobago Dollars) - Continued

7a Financial instruments by categor (continued)

Financial instruments where carrying value is equal to fair value

Due to their liquidity and short-term maturity, the carrying values of certain financial instruments approximate their fair values. Financial instruments where carrying value is equal to fair value include cash and cash equivalents, trade and other receivables, trade and other payables and amounts due to related parties.

For financial assets and financial liabilities that are carried in the financial statements at amortised cost but for which fair value is required to be disclosed in accordance with IFRS 7, the table below summarises the level in the IFRS 13 fair value hierarchy in which the fair value measurement is categorised and a description of the valuation technique and the inputs used in the fair value measurement.

Liability	Categorisation of the fair value measurement in IFRS 13 fair value hierarchy	Valuation methodology used to determine fair value	Key assumptions in valuation methodology
Loan note – bank borrowing	Level 3	Discounted cash flow analysis	<ul style="list-style-type: none">• Future cash flows• Currentmarket interest rate at year

end

A comparison of the fair value to the carrying value of bank borrowings is included in Note 16.

7b Credit quality of financial assets

The credit quality of financial assets that are fully performing can be assessed by reference to the Group’s internal aged receivable analysis; customers with aging of 0 – 90 days are not considered past due or impaired.

	2017 \$	2016 \$
Trade receivables		
Group 1 – Customers (0 – 60 days)	2,262,995	1,458,644
Group 2 – Customers (61 – 90 days)	406,443	406,172
	<u>2,669,438</u>	<u>1,864,816</u>
Other receivables		
Group 1 – Non-trade customers (0 – 60 days)	1,461,099	482,343
Group 2 – Non-trade customers (61 – 90 days)	552,431	212,152
	<u>2,013,530</u>	<u>694,495</u>
	<u>4,682,968</u>	<u>2,559,311</u>

As of 30 November 2017, trade and other receivables of \$4,682,968 (2016: \$2,559,311) were fully performing.

As of 30 November 2017, trade receivables of \$949,292 (2016: \$1,191,429) were past due but not considered impaired. These relate to a number of independent customers for whom there is no recent history of default.

As at 30 November 2017, trade receivables of \$591,243 (2016: \$591,243) were impaired and provided for.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Trinidad and Tobago Dollars) - Continued

7b Credit quality of financial assets (continued)

	2017 \$	2016 \$
Cash		
Cash at bank and on hand	<u>56,372,397</u>	<u>84,248,789</u>
Cash and short term deposits are held only with reputable financial institutions.		
8 Deferred income tax		
Opening amount	3,382,052	4,729,278
Credit to consolidated income statement (Note 22)	(784,314)	(1,347,226)
Foreign exchange translation	<u>(14,650)</u>	<u>--</u>
Closing amount	<u>2,583,088</u>	<u>3,382,052</u>

The deferred income tax assets and liabilities at the end of the year are attributable to the following items:

	At 1.12.16 \$	(Credit)/charge to income statement \$	Forex and change in tax rate \$	At 30.11.17 \$
Year ended 30 November 2017				
Deferred income tax liabilities				
Accelerated tax depreciation	4,035,725	(1,875,218)	872,219	3,032,726
Deferred income tax assets				
Tax losses	(653,673)	218,685	(14,650)	(449,638)
	<u>3,382,052</u>	<u>(1,656,533)</u>	<u>857,569</u>	<u>2,583,088</u>
Year ended 30 November 2016				
Deferred income tax liabilities				
Accelerated tax depreciation	4,729,278	(693,553)	--	4,035,725
Deferred income tax assets				
Tax losses	--	(653,673)	--	(653,673)
	<u>4,729,278</u>	<u>(1,347,226)</u>	<u>--</u>	<u>3,382,052</u>

Tax losses of approximately \$1.8 million (2016: \$1.9 million) have not been recognised for purposes of deferred taxation because of the uncertain future timing of their recoverability.

9 Inventories	2017 \$	2016 \$
Food supplies and packaging materials	41,817,196	47,824,386
Consumable stores	<u>13,188,668</u>	<u>12,260,920</u>
	<u>55,005,864</u>	<u>60,085,306</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Trinidad and Tobago Dollars) - Continued

9 Inventories (continued)

The cost of inventories recognised as expense and included in “cost of sales” amounted to \$431,313,060 (2016: \$406,305,928).

The write-down of inventories recognised as expense and included in “administrative expenses” amounted to \$2,634,867 (2016: \$1,696,615).

10 Trade and other receivables

	2017 \$	2016 \$
Trade receivables	4,209,973	3,647,488
Less: provision for impairment of trade receivables	(591,243)	(591,243)
	<u>3,618,730</u>	<u>3,056,245</u>
Prepayments	7,677,703	7,390,444
Other receivables	<u>12,673,688</u>	<u>10,763,260</u>
	<u>23,970,121</u>	<u>21,209,949</u>

Movements on the Group’s provision for impairment of trade receivables are as follows:

At 1 December	591,243	368,251
Increase in provision	--	222,992
At 30 November	<u>591,243</u>	<u>591,243</u>

	2017 \$	2016 \$
The carrying amount of the Group’s trade and other receivables are denominated in the following currencies:		
TT dollar	23,687,803	20,977,931
Other currencies	<u>282,318</u>	<u>232,018</u>
	<u>23,970,121</u>	<u>21,209,949</u>

11 Cash and cash equivalents

Cash at bank and on hand	<u>56,372,397</u>	<u>84,248,789</u>
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12 Share capital

Common shares
No. of shares

\$

Balance at 1 December 2015	62,351,388	22,829,797
Shares issued	<u>161,614</u>	<u>929,280</u>
Balance at 30 November 2016	<u>62,513,002</u>	<u>23,759,077</u>
Balance at 1 December 2016	62,513,002	23,759,077
Shares issued	<u>--</u>	<u>--</u>
Balance at 30 November 2017	<u>62,513,002</u>	<u>23,759,077</u>

Authorised share capital

The Parent Company has an unlimited number of authorised common shares of no par value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Trinidad and Tobago Dollars) - Continued

13 Other reserves

	Land revaluation \$ \$	Currency translation \$	Total
Balance at 1 December 2015	22,746,770	(4,638,041)	18,108,729
Currency translation differences	<u>--</u>	<u>(199,625)</u>	<u>(199,625)</u>
Balance at 30 November 2016	<u>22,746,770</u>	<u>(4,837,666)</u>	<u>17,909,104</u>
Balance at 1 December 2016	22,746,770	(4,837,666)	17,909,104
Currency translation differences	<u>--</u>	<u>88,488</u>	<u>88,488</u>
Balance at 30 November 2017	<u>22,746,770</u>	<u>(4,749,178)</u>	<u>17,997,592</u>

14 Other equity instrument

	2017 \$	2016 \$
Balance at 1 December	5,000,000	15,000,000
Redemptions during the year	<u>(5,000,000)</u>	<u>(10,000,000)</u>
Balance at 30 November	<u>--</u>	<u>5,000,000</u>

These are amounts received from the ultimate parent company that can be redeemed or converted into common shares at the discretion of the parent company.

15 Unallocated shares held by ESOP

The Parent Company established an Employees’ Profit and Share Ownership Plan (ESOP) for all permanent employees. The Trust Deed and Rules of the Plan have been approved by the Board of Inland Revenue under Section 35 of the Income Tax Act Chapter 75:01. The ESOP holds Parent Company shares as part of the ESOP arrangement.

Unallocated shares held by the ESOP are as follows:

	Ordinary shares	
	no. of shares	\$
Balance at 1 December 2015	311,396	1,349,608
Purchase of shares	374,678	4,112,731
Shares allocated during the year	<u>(183,596)</u>	<u>(1,886,599)</u>
Balance at 30 November 2016	<u>502,478</u>	<u>3,575,740</u>
Balance at 1 December 2016	502,478	3,575,740
Shares allocated during the year	<u>(220,120)</u>	<u>(2,427,603)</u>
Balance at 30 November 2017	<u>282,358</u>	<u>1,148,137</u>

16 Borrowings

	2017 \$	2016 \$
Non-current		
Bank borrowings	66,500,000	80,500,000
Current		
Bank borrowings	<u>14,000,000</u>	<u>14,000,000</u>
Total borrowings	<u>80,500,000</u>	<u>94,500,000</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Trinidad and Tobago Dollars) - Continued

16 Borrowings (continued)

Parent company:

This loan represents a fixed rate TT dollar bond for \$140 million at a rate of 6.25% per annum. Interest is payable quarterly. Principal is repayable by 40 quarterly equal instalments of \$3.5m which commenced on 3 September 2013. The bond is secured by a registered demand first debenture on the fixed and floating assets of the parent company.

The fair values based on cash flows discounted using a current borrowing rate of 6.5% (2016: 6%) were \$76,588,947 (2016: \$91,510,052).

The Group has the following undrawn borrowing facilities:

	2017 \$	2016 \$
Floating rate: Expiring within one year (Interest rate ranges from 7%-7.5%)	14,500,000	14,500,000

These facilities are subject to review at various dates during 2018.

17 Trade and other payables

Trade payables	82,137,946	102,307,506
Accrued expenses	25,835,690	26,221,440
Payroll related taxes and other benefits	16,821,943	17,972,008
	124,795,579	146,500,954

18 Related party balances and transactions

	2017 \$	2016 \$
a. Due to related parties		
Current		
Due to affiliated companies	5,825,175	1,991,590
Prestige Holdings Limited conducted the following transactions with its related parties:		
Purchase of foods and related supplies	53,622,062	51,513,199
Purchases – other	1,418,201	323,699
Lease of properties	1,427,970	1,419,156
b. Directors' fees	1,020,000	493,200
c. Key management compensation		
Salaries and other short-term benefits	8,770,978	8,574,773

19 Cost of sales

Cost of sales includes food supplies, packaging materials, labour and other costs directly related to the level of sales.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Trinidad and Tobago Dollars) - Continued

20 Expenses by nature

	2017 \$	2016 \$
The following items have been charged/(credited) in arriving at the operating profit:		
Cost of inventories (Note 9)	431,313,060	406,305,928
Employee benefit expense (Note 27)	174,766,171	159,213,295
Other expenses	85,805,669	77,643,227
Royalties	64,858,469	61,639,287
Operating lease expenses	57,970,118	54,419,273
Depreciation and amortisation	48,061,069	44,261,477
Advertising costs	42,603,918	40,266,338
Utilities	22,557,352	23,779,590
Repairs and maintenance on property, plant and equipment	29,470,483	23,717,535
Security	17,640,708	16,812,698
Insurance	5,479,907	5,657,685
Foreign exchange losses	5,563,766	2,967,988
Profit on disposal of property, plant and equipment	(184,268)	(458,592)
Cost of sales, other operating and administrative expenses	985,906,422	916,225,729

21 Finance costs

Bank borrowings - interest expense	5,359,375	6,234,375
Other interest expense	62,500	762,500
	5,421,875	6,996,875

22 Taxation

Current tax	18,617,002	18,874,965
Prior year under/(over) provision	216,016	(4,749)
Deferred tax credit (Note 8)	(784,314)	(1,347,226)
	18,048,704	17,522,990

The taxation charge differs from the theoretical amount that would arise using the basic rate of tax as follows:

	2017 \$	2016 \$
Profit before income tax	50,905,357	64,710,520
Tax calculated at 25%/30%	15,156,725	16,177,630
Expenses not deductible for tax purposes	1,803,744	1,350,109
Effect of change in tax rates	872,219	--
Prior year under/(over) provision	216,016	(4,749)
	18,048,704	17,522,990

The Group has accumulated tax losses of approximately \$1.8 million (2016: \$1.9 million) available for set off against future chargeable profits. These losses have not been recognised as a deferred tax asset due to the uncertain timing of recoverability.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Trinidad and Tobago Dollars) - Continued

23 Group earnings per share

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

	2017 \$	2016 \$
Profit attributable to owners of the Parent Company	32,856,653	47,187,530
Weighted average number of common shares in issue during the year exclusive of ESOP shares	62,184,805	61,964,685
Basic earnings per share (exclusive of ESOP shares)	52.8¢	76.2¢

b. *Diluted*

For the diluted earnings per share, the weighted average number of common shares in issue is adjusted to assume conversion of all dilutive potential common shares. The share options allocated to employees and non-executive directors are based on the fair value of common shares at 30 November 2015.

	2017 \$	2016 \$
Profit attributable to owners of the parent company	32,856,653	47,187,530
Weighted average number of common shares in issue for diluted earnings per share	62,184,805	61,964,685
Diluted earnings per share (exclusive of ESOP shares)	52.8¢	76.2¢

24 Segment information - geographical segment

The Group is principally engaged in the restaurant industry (casual and quick service), operating the worldwide KFC, Pizza Hut, Subway, Starbucks and TGI Fridays concepts in Trinidad and Tobago and the TGIF Fridays concept in Jamaica. Management has determined the operating segments based on the reports reviewed by the Executive Committee and the Board of Prestige Holdings Limited.

The Executive Committee and the Board considers the business from a geographic basis consisting of local and overseas operations. Geographically, management considers the performance of operating companies in Trinidad and Tobago and Jamaica. The Executive Committee and the Board assess the performance of the operating segments based on a measure of revenue and profit before taxation.

Trinidad and Tobago is the home country of the Parent Company which is also the main operating company and Weekenders Trinidad Limited (the entity that holds the franchise for TGI Fridays in Trinidad and Tobago). The Parent Company's principal subsidiary outside of Trinidad is located in Jamaica. All companies operate in the restaurant sector and have been aggregated together based on the nature of products and services they provide, nature of production processes, type of customers, methods used to distribute products and services and the nature of the regulatory environment. This resulted in two operating segments, one for Trinidad and Tobago and another for the Group's overseas operations as shown below.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Trinidad and Tobago Dollars) - Continued

24 Segment information - geographical segment (continued)

The segment results for the year ended 30 November 2017 are as follows:

	Trinidad \$	Others \$	Group \$
Total segment revenue	1,026,677,619	13,389,159	1,040,066,778
Operating profit	55,703,815	623,417	56,327,232
Finance costs - net	(5,421,875)	--	(5,421,875)
Profit before income tax	50,281,940	623,417	50,905,357
Taxation	(17,811,273)	(237,431)	(18,048,704)
Profit for the year	32,470,667	385,986	32,856,653

The segment results for the year ended 30 November 2016 are as follows:

	Trinidad \$	Others \$	Group \$
Total segment revenue	973,103,029	12,415,176	985,518,205
Operating profit	71,039,508	667,887	71,707,395
Finance costs - net	(6,996,875)	--	(6,996,875)
Profit before income tax	64,042,633	667,887	64,710,520
Taxation	(18,258,963)	735,973	(17,522,990)
Profit for the year	45,783,670	1,403,860	47,187,530

Other segment items included in the consolidated income statement are as follows:

	Year ended 30 November 2017		
	Trinidad \$	Others \$	Group \$
Depreciation	45,010,092	400,038	45,410,130
Amortisation	2,650,939	--	2,650,939
	Year ended 30 November 2016		
	Trinidad \$	Others \$	Group \$
Depreciation	41,821,284	388,259	42,209,543
Amortisation	2,051,934	--	2,051,934

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Trinidad and Tobago Dollars) - Continued

24 Segment information - geographical segment (continued)

The segment assets and liabilities at 30 November 2017 and capital expenditure for the year then ended are as follows:

	Trinidad \$	Others \$	Group \$
Assets	490,676,517	6,814,656	497,491,173
Liabilities	207,162,588	8,579,401	215,741,989
Capital expenditure	48,841,068	472,188	49,313,256

The segment assets and liabilities at 30 November 2016 and capital expenditure for the year then ended are as follows:

	Trinidad \$	Others \$	Group \$
Assets	516,065,744	5,566,595	521,632,339
Liabilities	240,064,876	7,686,343	247,751,219
Capital expenditure	53,386,050	168,757	53,554,807

25 Dividends

On 20 February 2018, the Board of Directors of Prestige Holdings Limited approved a final dividend of 20 cents, bringing the total dividends for the financial year ended 30 November 2017 to 34 cents (2016: 38 cents).

26 Cash generated from operations

	2017 \$	2016 \$
Profit before income tax	50,905,357	64,710,520
Adjustments for:		
Depreciation and amortisation	48,061,069	44,261,477
Finance costs (net) (Note 21)	5,421,875	6,996,875
Performance shares expense	2,427,603	(2,226,134)
Foreign exchange differences	72,480	(35,116)
Profit on disposal of property, plant and equipment	(184,268)	(458,589)
Changes in current assets and current liabilities:		
Decrease/(increase) in inventories	5,079,442	(13,565,202)
(Increase)/decrease in trade and other receivables	(2,760,172)	74,006
(Decrease)/increase in trade and other payables	(21,705,374)	49,041,195
Increase/(decrease) in due to related parties	3,833,585	(764,903)
	91,151,597	148,034,129

27 Employee benefit expense

Wages and salaries	154,892,529	141,806,159
Payroll related taxes and other benefits	19,151,516	16,613,918
Pension costs - defined contribution plan	722,126	793,218
	174,766,171	159,213,295

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Trinidad and Tobago Dollars) - Continued

28 Commitments and contingent liabilities

Capital commitments

Capital commitments for the Group amounted to approximately \$2.9 million at 30 November 2017 (2016: \$2.5 million).

Lease commitments

The Group has lease arrangements for its various stores and administrative buildings. These range from a one to twenty year periods with options to renew.

The Group's minimum lease commitments under the terms of various leases of property, plant and equipment used primarily for its restaurant operations, exclusive of any related value added tax, are as follows:

	2017 \$	2016 \$
Rentals due within one year	42,336,542	35,374,506
Rentals due between two to five years	108,527,603	95,078,173
Rentals due in more than five years	48,315,570	61,515,158
	199,179,715	191,967,837

Custom bonds

The Group has contingent liabilities in respect of custom bonds arising in the ordinary course of business from which it is anticipated that no material liabilities will arise as follows:

Custom bonds	250,000	1,025,000
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Guarantee

The Group has a guarantee in favour of Comptroller of Customs and Excise for \$600,000.

29 Subsequent events

Effective 1 January 2018, the tax rate was changed from to a two tier rate system where chargeable profits less than one million dollars are taxed at 25% and amounts above one million are charged at 30% to a flat 30% rate. All tax assets and liabilities were booked at the rate substantively enacted at the balance sheet date.

MANAGEMENT PROXY CIRCULAR

REPUBLIC OF TRINIDAD AND TOBAGO
THE COMPANIES ACT, CHAPTER. 81:01
(Section 144)

1. Name of company:

Prestige Holdings Limited Company No. P-130 (C)

2. Particulars of meeting:

The Annual Meeting of shareholders of the Company to be held at No. 22 London Street, Port of Spain on Wednesday 25 April, 2018 at 11.00 a.m.

3. Solicitation:

It is intended to vote the proxy hereby solicited by the management of the Company (unless the shareholder directs otherwise) in favour of all resolutions specified in the Proxy Form sent to the shareholders with this circular and, in the absence of a specific direction, in the discretion of the proxy holder in respect of any other resolution.

4. Any director’s statement submitted pursuant to section 76 (2):

No statement has been received from any director pursuant to section 76(2) of the Companies Act, Chapter. 81:01.

5. Any auditors’ statement submitted pursuant to section171 (1):

No statement has been received from the auditors of the Company pursuant to section 171(1) of the Companies Act, Chapter. 81:01.

6. Any shareholder’s proposal and/or statement submitted pursuant to sections 116(a) and 117(2):

No proposal or statement has been received from any shareholder pursuant to sections 116(a) and 117 (2) of the Companies Act, Chapter. 81:01.

Date	Name and title	Signature
March 28, 2018	Marlon Danglade Corporate Secretary	

FORM OF PROXY

REPUBLIC OF TRINIDAD AND TOBAGO
THE COMPANIES ACT, CHAPTER. 81:01
(Section 143(1))

1. Name of Company:

PRESTIGE HOLDINGS LIMITED

Company No. P-130(C)
2. Particulars of Meeting:

Annual Meeting of Shareholders to be held at No. 22 London Street, Port of Spain on Wednesday 25 April 2018 at 11.00 a.m.

I/We.....
(Block Letters)

of.....
(Block Letters)

shareholder(s) of the above Company, hereby appoint the Chairman, Mr. Christian Mouttet or failing him

.....of.....

to be my/our proxy to vote for me/us on my/our behalf at the above meeting and any adjournment thereof in the same manner, to the same extent and with the same powers as if I/we were present at the said meeting or such adjournment or adjournments thereof, and in respect of the resolutions below to vote in accordance with my/our instructions below.

.....
(Signature(s) of Shareholder(s))

Dated the day of 2018.

(Please indicate with an “X” in the spaces below your instructions on how you wish your votes to be cast. Unless otherwise instructed, the proxy may vote or abstain from voting as he/she thinks fit.)

Please consider the **Notes 1 to 6** below for your assistance to complete and deposit this Proxy Form.

NOTES:

1.

If it is desired to appoint as a proxy a person other than those named on the form, delete as necessary and insert the name and address of the person appointed.
2.

If the Shareholder is a corporation, this Proxy Form must be under its common seal or under the hand of some officer or attorney duly authorised in that behalf.
3.

A Shareholder that is a body corporate may, in lieu of appointing a proxy, authorise an individual by resolution of its directors or governing body to represent it at this Annual Meeting.
4.

In the case of a joint Shareholder, the names of all joint shareholders must be stated on the proxy form and all joint shareholders must sign the proxy form.
5.

If the Proxy Form is returned without any indication as to how the person appointed proxy shall vote, the proxy will exercise his/her discretion as to how he/she votes or whether he/she abstains from voting.
6.

To be valid, the signed proxy form must be deposited at the Registered Office of the Company not more than at least 48 hours before the time of holding the Annual Meeting.

Return to:
Prestige Holdings Limited
47-49 Sackville Street
Port of Spain.

FORM OF PROXY

Resolution No.	Ordinary Business	For	Against
1	The Audited Financial Statements of the Company and its subsidiaries for the year ended November 30, 2017 together with the Reports of the Directors and the Auditors thereon be and the same are hereby received and adopted.		
2	Pursuant to the recommendation of the Directors, a final dividend of twenty (20) cents per common share for the year ended 30 November, 2017 be and the same is hereby declared, and that such dividend be paid on 17 May, 2018 to shareholders whose names appear on the register of members on 7 May, 2018.		
3	Mr. Kurt Miller be and is hereby re-elected, a Director of the Company in accordance with paragraph 4.5 of By-Law No. 1 of the Company to hold office from the date of his election until the close of the third Annual Meeting of the Company following his election, subject always to earlier termination under paragraph 4.8.1 of By-Law No. 1.		
4	Messrs. PricewaterhouseCoopers be and are hereby re-appointed as the Auditors of the Company to hold office until the close of the next Annual Meeting.		

10 YEARS



10 YEARS



15 YEARS



20 YEARS



25 YEARS



30 YEARS



35 YEARS



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