

Unaudited Financial Statements

For the 9 months ended 30 September, 2018

Expressed in Trinidad & Tobago Dollars

CHAIRMAN'S REVIEW

As previously announced, Unilever completed the sale of its Spreads business in July 2018, the impact of which is reflected in our Q3 results. The income from the disposal and services provided are reported as Other Income of \$161.3 M and the proceeds from the Disposal are deposited within an interest-bearing account managed by Group Treasury and reported under Due from related companies.

In Q3 2018 UCL executed improvements across the operations, including growing the higher-margin Categories to offset the lower-margin Homecare Category, and better Cost and Cash management.

Turnover for Q3 2018, \$78.6 M declined by \$30.1 M compared to Q3 2017 \$108.7 M, impacted mainly by the Spreads disposal. Continued macro-economic challenges in Trinidad and Tobago and Barbados, combined with distribution re-alignment in Guyana also impacted Turnover. However, excellent growth in strategic Personal Care and Refreshment brands confirm early results of the ongoing strategic portfolio transformation.

Cost control and cash management measures continue to be implemented, achieving a 21% reduction in Selling and Distribution and Administrative Expenses, a 29% reduction in Trade and other receivables, and the Cash position doubled to \$60.8 M at the end of September 2018.

All these measures contributed to an Operating Profit of \$15.3 M, an improvement of 49.6%, and an Operating Profit Margin improvement from 2.9%, in the comparative period to 5.3% in Q3. Combined with Other and Finance Income, the PBT is \$177.6 M for the 9 months ended September 2018.

The Board and Management are purposefully pursuing the transformation of UCL and in the process of evaluating and implementing several strategic initiatives to deliver sustainable Turnover and Profitability improvements.

Nuria Hernandez Crespo
Chairman

SUMMARY STATEMENT OF FINANCIAL POSITION

	UNAUDITED AS AT 30 SEP 2018 \$'000	UNAUDITED AS AT 30 SEP 2017 \$'000	AUDITED 31-Dec-17 \$'000
ASSETS			
Non-current assets			
Property, plant and equipment	131,243	143,346	154,741
Retirement benefit asset	66,315	46,248	68,432
Deferred tax asset	7,255	7,737	7,540
	204,813	197,331	230,713
Current assets			
Inventories	49,854	61,553	49,779
Trade and other receivables	83,950	118,754	111,180
Due from related companies	202,305	2,739	13,683
Taxation recoverable	10,147	12,473	7,815
Cash at bank and in hand	60,772	28,599	31,720
	407,028	224,118	214,177
Total assets	611,841	421,449	444,890
EQUITY AND LIABILITIES			
EQUITY			
Stated Capital	26,244	26,244	26,244
Property revaluation surplus	35,643	35,643	35,643
Retained earnings	326,492	154,624	172,433
Total equity	388,379	216,511	234,320
LIABILITIES			
Non-current liabilities			
Retirement and termination benefit obligation	24,183	25,790	27,391
Deferred tax liabilities	34,829	31,572	34,385
	59,012	57,362	61,776
Current liabilities			
Trade and other payables	99,330	85,066	86,367
Provisions for other liabilities	10,769	8,518	8,903
Due to parent and related companies	54,351	53,992	53,524
	164,450	147,576	148,794
Total liabilities	223,462	204,938	210,570
Total equity and liabilities	611,841	421,449	444,890

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John De Silva, Managing Director

Nanda Persad, Finance Director

NOTES TO THE FINANCIAL STATEMENTS:

1. Basis of preparation. These summary financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standard Board (IASB).
2. Summary of significant accounting policies. The principal accounting policies applied in the preparation of these summary financial statements are consistent with those disclosed in the audited financial statements as at and for the year ended December 31, 2017, and have been consistently applied to all periods presented, unless otherwise stated,

SUMMARY STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	UNAUDITED 3 MONTHS ENDED		UNAUDITED 9 MONTHS ENDED		AUDITED YEAR ENDED
	30 SEP 2018 \$'000	30 SEP 2017 \$'000	30 SEP 2018 \$'000	30 SEP 2017 \$'000	31 Dec 2017 \$'000
Turnover	78,562	108,664	293,542	350,294	464,042
Cost of sales	(51,481)	(72,462)	(189,934)	(224,426)	(297,897)
Gross profit	27,081	36,202	103,607	125,868	166,145
Selling and distribution costs	(18,918)	(30,201)	(74,078)	(93,563)	(115,245)
Administrative expenses	(5,571)	(5,527)	(17,662)	(21,878)	(29,474)
Gain/(loss) on disposal of plant and equipment	3,469	(172)	3,469	(172)	(1,910)
Operating profit	6,062	301	15,337	10,255	19,515
Other income	161,279		161,279		
Finance income/(costs)-net	892	(61)	934	(306)	(352)
Profit before taxation	168,232	240	177,550	9,949	19,163
Taxation	(1,021)	(71)	(3,997)	(2,946)	(8,693)
Profit after taxation	167,211	169	173,553	7,003	10,470
Other comprehensive income					
Re-measurements of defined benefit asset/liability					20,488
Related tax			2,552		(6,146)
Total comprehensive income for the period	167,211	169	176,105	7,003	24,812
Earnings per share	\$6.37	\$0.01	\$6.61	\$0.27	\$0.40

SUMMARY STATEMENT OF CASH FLOWS

	UNAUDITED 3 MONTHS ENDED		UNAUDITED 9 MONTHS ENDED		AUDITED YEAR ENDED
	30 SEP 2018 \$'000	30 SEP 2017 \$'000	30 SEP 2018 \$'000	30 SEP 2017 \$'000	31-Dec-17 \$'000
Operating activities					
Profit before taxation	168,232	240	177,550	9,949	19,163
Adjustment for items not affecting working capital	233	2,347	3,567	11,115	11,087
Operating profit before working capital changes	168,465	2,587	181,117	21,064	30,250
Net decrease/(increase) in working capital	(168,149)	7,679	(132,689)	1,504	11,127
Cash flows from operating activities	316	10,266	48,428	22,568	41,377
Taxation & interest paid (net of refunds)	(1,023)	881	(3,048)	(10,507)	(11,388)
Net cash flows from operating activities	(707)	11,147	45,380	12,061	29,989
Cash flows used in investing activities					
Purchase of plant and equipment	(1,359)	(17,448)	(4,312)	(27,727)	(43,020)
Proceeds from sale of property, plant and equipment	23,151		23,151		487
Net cash flows used in investing activities	21,793	(17,448)	18,840	(27,727)	(42,533)
Cash flows used in financing activities					
Dividends paid	(2,099)		(35,167)	(13,121)	(13,121)
Net cash flows used in financing activities	(2,099)		(35,167)	(13,121)	(13,121)
Increase/(decrease) in cash and cash equivalents	18,987	(6,301)	29,052	(28,787)	(25,666)
Cash and cash equivalents at beginning of period	41,785	34,900	31,720	57,386	57,386
Cash and cash equivalents at the end of period	60,772	28,599	60,772	28,599	31,720
Represented by:					
Cash at bank and in hand	60,772	28,599	60,772	28,599	31,720

SUMMARY STATEMENT OF CHANGES IN EQUITY

	Stated Capital \$'000	Property Revaluation Surplus \$'000	Retained Earnings \$'000	Total Equity \$'000
Balance as at 1 January, 2018	26,244	35,643	172,433	234,320
Total comprehensive income for the period			176,105	176,105
Dividends			(22,045)	(22,045)
Balance as at 30 September, 2018	26,244	35,643	326,492	388,379
Balance as at 1 January, 2017	26,244	35,643	173,865	235,752
Total comprehensive income for the period			7,003	7,003
Dividends			(26,244)	(26,244)
Balance as at 30 September, 2017	26,244	35,643	154,624	216,511

