



Grant Thornton

Dominica Coconut Products Limited

Consolidated Financial Statements

December 31, 2013

(expressed in Eastern Caribbean dollars)



December 4, 2014

Independent Auditors' Report

**To the Shareholders of
Dominica Coconut Products Limited**

Grant Thornton

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Report on the financial statements

We have audited the accompanying consolidated financial statements of **Dominica Coconut Products Limited** and its subsidiary (together, the Group) which comprise the consolidated balance sheet as of December 31, 2013 and 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 notes.

Management's responsibility for the financial statements

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

Auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Independent Auditors' Report...continued
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Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of **Dominica Coconut Products Limited** and its subsidiary as of December 31, 2013, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Grant Thornton

Chartered Accountants

Dominica Coconut Products Limited

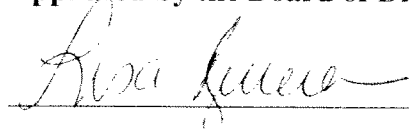
Consolidated Balance Sheet

As of December 31, 2013

(expressed in Eastern Caribbean dollars)

	2013 \$	2012 \$ (Restated)	2011 \$ (Restated)
Assets			
Current assets			
Cash (Note 5)	268,420	325,540	350,063
Trade and other receivables (Note 6)	14,283,577	35,946,616	30,661,428
Inventories (Note 7)	7,522,613	6,165,107	11,669,561
	22,074,610	42,437,263	42,681,052
Available-for-sale financial assets (Note 8)	2,110,655	2,110,655	2,110,655
Investment property (Note 9)	1,281,700	1,652,014	387,190
Property, plant and equipment (Note 10)	40,421,103	37,358,073	18,625,064
Deferred tax asset (Note 13)	998,480	930,512	672,954
Total assets	66,886,548	84,488,517	64,476,915
Liabilities			
Trade and other payables (Note 11)	6,535,843	6,577,528	11,118,329
Due to related parties (Note 12)	2,926	34,670	12,610
Income tax liability	428,958	214,606	434,711
	6,967,727	6,826,804	11,565,650
Retirement benefit obligation (Note 14)	6,952,163	6,033,553	5,440,915
Total liabilities	13,919,890	12,860,357	17,006,565
Equity			
Share capital (Note 15)	10,496,978	10,496,978	10,496,978
Revaluation surplus (Note 10)	22,407,523	19,237,266	—
Retained earnings	20,062,157	41,893,916	36,973,372
Total equity	52,966,658	71,628,160	47,470,350
Total liabilities and equity	66,886,548	84,488,517	64,476,915

Approved by the Board of Directors on *December 4, 2014*



Director



Director

The notes on pages 1 to 22 are an integral part of these financial statements.

Dominica Coconut Products Limited

Consolidated Statement of Comprehensive Income For the year ended December 31, 2013

(expressed in Eastern Caribbean dollars)

	2013 \$	2012 \$ (Restated)
Sales (Note 12)	36,063,415	37,882,937
Cost of sales (Note 17)	<u>(32,506,971)</u>	<u>(33,968,015)</u>
Gross profit	3,556,444	3,914,922
General and administrative expenses (Note 17)	(495,976)	(479,115)
Other income - net (Note 19)	<u>47,790</u>	<u>1,493,308</u>
Profit before taxation	3,108,258	4,929,115
Income tax expense (Note 20)	<u>(1,010,933)</u>	<u>(781,119)</u>
Profit for the year	2,097,325	4,147,996
Other comprehensive income		
Gains on revaluation of land and buildings (Note 10)	4,080,972	20,147,981
Actuarial loss on retirement benefit obligation (Note 14)	(465,370)	(197,382)
Deferred tax on actuarial loss on retirement benefit obligation (Note 13)	<u>139,611</u>	<u>59,215</u>
Total other comprehensive income	<u>3,755,213</u>	<u>20,009,814</u>
Total comprehensive income for the year	<u>5,852,538</u>	<u>24,157,810</u>

The notes on pages 1 to 22 are an integral part of these financial statements.

Dominica Coconut Products Limited

Consolidated Statement of Changes in Equity

For the year ended December 31, 2013

(expressed in Eastern Caribbean dollars)

	Share capital \$ (Note 15)	Revaluation surplus \$	Retained earnings \$	Total Equity \$
Balance at January 1, 2012, as previously reported	10,496,978	–	39,577,979	50,074,957
Effect of IAS 19 (Note 21)	–	–	(2,604,607)	(2,604,607)
Balance at January 1, 2012, as restated	10,496,978	–	36,973,372	47,470,350
Comprehensive income:				
Profit for the year, as previously reported	–	–	3,764,134	3,764,134
Effect of IAS 19 (Note 21)	–	–	383,862	383,862
Profit for the year, as restated	–	–	4,147,996	4,147,996
Other comprehensive income, as previously reported	–	20,147,981	–	20,147,981
Effect of IAS 19 (Note 21)	–	–	(138,167)	(138,167)
Other comprehensive income, as restated	–	20,147,981	(138,167)	20,009,814
Amortization of revaluation surplus	–	(910,715)	910,715	–
	–	19,237,266	772,548	20,009,814
Total comprehensive income, as restated	–	19,237,266	4,920,544	24,157,810
Balance at December 31, 2012, as restated	10,496,978	19,237,266	41,893,916	71,628,160
Balance at December 31, 2012, as previously reported	10,496,978	19,237,266	44,252,828	73,987,072
Effect of IAS 19 (Note 21)	–	–	(2,358,912)	(2,358,912)
Balance at December 31, 2012, as restated	10,496,978	19,237,266	41,893,916	71,628,160
Comprehensive income:				
Profit for the year	–	–	2,097,325	2,097,325
Other comprehensive income	–	4,080,972	(325,759)	3,755,213
Amortization of revaluation surplus	–	(910,715)	910,715	–
Total comprehensive income	–	3,170,257	2,682,281	5,852,538
Transaction with owners:				
Dividends (Note 16)	–	–	(24,514,040)	(24,514,040)
Balance at December 31, 2013	10,496,978	22,407,523	20,062,157	52,966,658

The notes on pages 1 to 22 are an integral part of these financial statements.

Dominica Coconut Products Limited

Consolidated Statement of Cash Flows

For the year ended December 31, 2013

(expressed in Eastern Caribbean dollars)

	2013 \$	2012 \$ (Restated)
Cash flows from operating activities		
Profit before income tax	3,108,258	4,929,115
Adjustments for:		
Depreciation (Notes 10 and 17)	1,778,038	1,955,842
Pension cost (Notes 14 and 18)	523,125	463,317
Decrease/(increase) in fair value of investment property (Notes 9 and 19)	370,314	(1,264,824)
Increase/(decrease) in provision for obsolete inventory (Note 7)	3,575	(91,540)
Unrealized loss on foreign exchange	-	37,964
Gain on disposal of property and equipment	-	(179,658)
Operating profit before working capital changes	5,783,310	5,850,216
Decrease/(increase) in trade and other receivables	21,663,039	(5,323,152)
(Increase)/decrease in inventories	(1,361,081)	5,595,994
(Decrease)/increase in related party balances, net	(31,744)	22,060
Increase in trade and other payables	(41,685)	(4,540,801)
Net cash generated from operations	26,011,839	1,604,317
Income taxes paid	(724,938)	(1,199,567)
Pension contributions paid (Note 14)	(69,885)	(68,061)
Net cash from operating activities	25,217,016	336,689
Cash flows from investing activities		
Purchase of property, plant and equipment (Note 10)	(760,096)	(698,461)
Proceeds from sale of property, plant and equipment	-	337,249
Net cash used in investing activities	(760,096)	(361,212)
Cash flows from financing activity		
Dividends paid (Note 16)	(24,514,040)	-
Decrease in cash	(57,120)	(24,523)
Cash at beginning of year	325,540	350,063
Cash at end of year (Note 5)	268,420	325,540

The notes on pages 1 to 22 are an integral part of these financial statements.

Dominica Coconut Products Limited

Notes to Consolidated Financial Statements

December 31, 2013

(expressed in Eastern Caribbean dollars)

1 Corporate status

Dominica Coconut Products Limited (the Company) and its subsidiary, Refresh Company Limited (together, the Group) is engaged in the production of soap and distribution of toiletries, household products and dental creams. The Group's parent company is Colgate Palmolive (Dominica) Inc., and its ultimate parent company is the Colgate Palmolive Company, which are both incorporated in the United States of America.

The registered office and principal place of business of the Group is located at Belfast, Commonwealth of Dominica.

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.

Basis of preparation

The consolidated financial statements of Dominica Coconut Products Limited have been prepared in accordance with International Financial Reporting Standards (IFRS) and under the historical cost convention, as modified by the revaluation of land and buildings and investment property.

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 these consolidated financial statements are disclosed in Note 4.

Changes in accounting policy and disclosures

(a) New and amended standards adopted by the Group

Amendments to IAS 19 'Employee Benefits' (IAS 19)

The 2011 amendments to IAS 19 made a number of changes to the accounting for employee benefits, the most significant relating to defined benefit plans. The amendments:

- eliminate the 'corridor method' and requires the recognition of remeasurements (including actuarial gains and losses) arising in the reporting period in other comprehensive income
- change the measurement and presentation of certain components of the defined benefit cost. The net amount in profit or loss is affected by the removal of the expected return on plan assets and interest cost components and their replacement by a net interest expense or income based on the net defined benefit asset or liability
- enhance disclosures, including more information about the characteristics of defined benefit plans and related risks.

IAS 19 has been applied retrospectively in accordance with its transitional provisions. Consequently, the Group has restated its reported results throughout the comparative periods presented and reported the cumulative effect as at January 1, 2012 as an adjustment to opening equity (Note 21).

Dominica Coconut Products Limited

Notes to Consolidated Financial Statements

December 31, 2013

(expressed in Eastern Caribbean dollars)

2 Summary of significant accounting policies...continued

Changes in accounting policy and disclosures...continued

(b) New standards and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after January 1, 2013, and have not been applied in preparing these consolidated financial statements. 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. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The Group is yet to assess IFRS 9's full impact and intends to adopt IFRS 9 no later than the accounting period beginning on or after January 1, 2015. The Group will also consider the impact of the remaining phases of IFRS 9 when completed by the Board.

IFRS 12, 'Disclosures of interests in other entities', includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. Management does not anticipate a material impact on the Company's financial statements.

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.

Dominica Coconut Products Limited

Notes to Consolidated Financial Statements

December 31, 2013

(expressed in Eastern Caribbean dollars)

2 Summary of significant accounting policies...continued

Financial assets

The Group classifies its financial assets in the following categories: loans and receivables and available-for-sale financial assets. The classification is determined by management at initial recognition and depends on the purpose for which the investments were acquired.

Loans and receivables

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. The Group's loans and receivables comprise 'trade and other receivables' and 'cash' in the balance sheet.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

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. 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 are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Impairment of financial assets

Loans and receivables

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.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

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. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated statement of comprehensive income.

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 statement of comprehensive income.

Dominica Coconut Products Limited

Notes to Consolidated Financial Statements

December 31, 2013

(expressed in Eastern Caribbean dollars)

2 Summary of significant accounting policies...continued

Impairment of financial assets...continued

Available-for-sale financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. For equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss. Impairment losses recognised in the consolidated statement of comprehensive income on equity instruments are not reversed through the consolidated statement of comprehensive income.

Cash

Cash includes cash on hand and deposits held at call with banks.

Trade receivables

Trade receivables are amounts due from customers for merchandise sold in the ordinary course of business. If collection is expected in one year or less, 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 using the effective interest method, less provision for impairment.

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined on a weighted average method. The cost of finished goods comprises raw materials, direct labour, and other direct cost and related production overheads (based on normal operating capacity). Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Allowance is made for obsolete, slow-moving and damaged goods.

Investments in subsidiary undertakings

Subsidiary undertakings are those entities in which the Group has an interest of more than one half of the voting rights or otherwise has power to govern the financial and operating policies.

Investments in subsidiary undertakings are accounted for on the cost method and accordingly their assets, liabilities and results of operations are not reflected in these accounts.

Consolidated financial statements are prepared by the ultimate parent company, Colgate Palmolive Company. Copies of the consolidated financial statements can be viewed at head office at 300 Park Avenue, New York, NY 10022 - 7499, United States of America.

Dominica Coconut Products Limited

Notes to Consolidated Financial Statements

December 31, 2013

(expressed in Eastern Caribbean dollars)

2 Summary of significant accounting policies...continued

Investment property

Investment property comprises of land, is held for an undetermined future use and is not occupied by the Group. It is accounted for using the fair value model and included in the balance sheet at their fair values.

Fair value represents open market value determined by a qualified independent valuer.

Any gain or loss resulting from either a change in the fair value or the sale of an investment property is immediately recognised in the statement of comprehensive income.

Property, plant and equipment

Land and buildings comprise mainly factories and offices. Land and buildings are shown at fair value, based on valuations by external independent valuers, less subsequent depreciation for buildings. Valuations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the 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 statement of comprehensive income during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of land and buildings are credited to other comprehensive income and shown as 'revaluation surplus' in equity. Decreases that offset previous increases of the same asset are charged in other comprehensive income and debited against revaluation surplus directly in equity; all other decreases are charged to the statement of comprehensive income. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the statement of comprehensive income, and depreciation based on the asset's original cost is transferred from 'revaluation surplus' to 'retained earnings'.

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

Land improvements and buildings	2½% - 5%
Plant, equipment and vehicles	6⅔% - 33⅓%

The assets' residual values and useful lives are reviewed, 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 disposal are determined by comparing the proceeds with the carrying amount and are recognised within 'Other (expenses)/income – net' in the statement of comprehensive income.

When revalued assets are sold, the amounts included in revaluation surplus are transferred to retained earnings.

Dominica Coconut Products Limited

Notes to Consolidated Financial Statements

December 31, 2013

(expressed in Eastern Caribbean dollars)

2 Summary of significant accounting policies...continued

Impairment of non-financial assets

Property, plant and equipment and other non-current assets are reviewed for impairment losses 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 carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

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. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Employee benefits

The Group operates a defined benefit pension plan, the assets of which are held in a separate trustee-administered fund. A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive upon retirement, usually dependent on one or more factors such as age, years of service and compensation. The pension plan is funded by payments from employees and by the Group taking account of the recommendations of independent qualified actuaries.

The liability recognised on the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government securities which have terms to maturity approximating the terms of the related pension obligation.

Service cost on the net defined benefit liability is included in employee benefits expense.

Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of comprehensive income.

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 regulation is subject to interpretation. It 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, on 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 substantively 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.

Dominica Coconut Products Limited

Notes to Consolidated Financial Statements

December 31, 2013

(expressed in Eastern Caribbean dollars)

2 Summary of significant accounting policies...continued

Current and deferred income tax...continued

Deferred income tax assets are recognised only 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.

Share capital

Ordinary shares are classified as equity.

Dividend distribution

Dividend distribution to the Group's shareholders is recognised as a liability in the Group's consolidated financial statements in the period in which the dividends are approved by the Group's shareholders.

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's business. Sales are recognised net of discounts, upon delivery of products and customer acceptance.

Other revenues earned by the Group are recognised on an accrual basis.

Foreign currency translation

Functional and presentation currency

Items in the consolidated financial statements 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 Eastern Caribbean dollars, which is the Group's functional and presentation currency.

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 statement of comprehensive income.

Provisions

Provisions 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.

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.

Comparatives

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

Dominica Coconut Products Limited

Notes to Consolidated Financial Statements

December 31, 2013

(expressed in Eastern Caribbean dollars)

3 Financial risk management

The Group's activities expose it to a variety of financial risk: market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

Market risk

Currency risk

The Group takes on exposure to effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Group's exposure to currency risk is minimal since most of its assets and liabilities in foreign currencies are held in United States dollars (US\$).

The exchange rate of the Eastern Caribbean dollar (EC\$) to US\$ has been formally pegged at EC\$2.70 = US\$1.00 since 1974.

Interest rate risk

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

Credit risk

Credit risk arises from the possibility that counterparties may default on their obligations to the Group. Financial assets, which potentially expose the Group to concentrations of credit risk consists primarily of cash at bank, trade and other receivables and due from related parties.

The Group has policies in place to ensure that credit facilities are granted to customers with an appropriate credit history and have had long standing business relations with the Group.

Maximum exposure to credit risk:

	2013 \$	2012 \$
Cash at bank	267,020	324,140
Trade and other receivables	13,888,192	35,866,525
	<u>14,155,212</u>	<u>36,190,665</u>

Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn.

Liquidity is managed through regular reporting of cash resources and forecasting the cash flow requirements of the Group. Management does not believe significant liquidity risk exists at December 31, 2013.

All financial liabilities are with contractual maturity dates of less than 1 year:

	2013 \$	2012 \$
Trade and other payables	6,535,843	6,577,528
Due to related parties	2,926	34,670
Income tax liability	428,958	214,606
	<u>6,967,727</u>	<u>6,826,804</u>

Dominica Coconut Products Limited

Notes to Consolidated Financial Statements

December 31, 2013

(expressed in Eastern Caribbean dollars)

3 Financial risk management...continued

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 structure to reduce the cost of capital.

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

Fair value estimation

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These include the use of recent arm's length transactions and reference to other instruments that are substantially the same.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values.

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.

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 could have a significant risk of causing a material adjustment to the carrying amounts of assets and liability within the next financial year is addressed below:

Income taxes

The Group is subject to income taxes. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

5 Cash

	2013 \$	2012 \$
Cash on hand	1,400	1,400
Cash at bank	267,020	324,140
	<hr/> 268,420	<hr/> 325,540

Dominica Coconut Products Limited

Notes to Consolidated Financial Statements

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(expressed in Eastern Caribbean dollars)

6 Trade and other receivables

	2013 \$	2012 \$
Trade receivables	12,584,811	35,745,046
Advances to suppliers	379,332	36,137
Prepayments	16,053	43,954
Other receivables	1,303,381	121,479
	<u>14,283,577</u>	<u>35,946,616</u>

Included in trade receivables is an amount of \$12,561,270 (2012 - \$35,717,200) due from related parties (Note 12). These balances are unsecured, non-interest bearing and have no fixed terms of repayment.

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

As of December 31, 2013, trade receivables of \$4,250,475 (2012 - \$35,717,200) were fully performing.

Trade receivables that are less than 90 days past due are not considered impaired. As of December 31, 2013, trade receivables of \$8,334,141 (2012 - \$27,846) were past due but not impaired. The ageing analysis of these trade receivables is as follows:

	2013 \$	2012 \$
31 to 60 days	3,875,298	27,846
61 to 90 days	3,015,538	-
90 to 120 days	1,443,305	-
	<u>8,334,141</u>	<u>27,846</u>

The other classes within trade and other receivables do not contain impaired assets.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above. The Group does not hold any collateral as security.

Dominica Coconut Products Limited

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7 Inventories

	2013 \$	2012 \$
Raw materials	5,665,326	4,235,170
Less: provision for impairment of inventories	<u>(324,841)</u>	<u>(321,266)</u>
Raw materials, net	5,340,485	3,913,904
Finished goods	1,156,737	1,464,237
Work in progress	836,740	615,825
Others	<u>188,651</u>	<u>171,141</u>
	<u>7,522,613</u>	<u>6,165,107</u>

The movement of provision for impairment of inventories is as follows:

	2013 \$	2012 \$
At beginning of year	321,266	412,806
Provision during the year	3,575	–
Reversal of provision	<u>–</u>	<u>(91,540)</u>
At end of year	<u>324,841</u>	<u>321,266</u>

The cost of inventories recognised as expense and included in 'cost of sales' (Note 16) amounted to \$22,826,968 (2012 - \$24,048,012).

8 Available-for-sale financial assets

	% of ownership	2013 \$	2012 \$
Unlisted equity investment:			
Colgate Palmolive Manufacturing (Barbados) Limited	50%	<u>2,110,655</u>	<u>2,110,655</u>

Colgate Palmolive Manufacturing (Barbados) Limited has sought support from KPMG on liquidation of the company. The liquidation process is expected to be completed by the first quarter of 2014.

Dominica Coconut Products Limited

Notes to Consolidated Financial Statements

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9 Investment property

	2013	2012
	\$	\$
Land		
At beginning of year	1,652,014	387,190
(Decrease)/increase in fair value (Note 19)	<u>(370,314)</u>	<u>1,264,824</u>
	<u>1,281,700</u>	<u>1,652,014</u>

Investment property relates to 4.6 acres of land located at Melville Hall Estate and 1.605 acres of land located at Mahaut Estate held for a currently undetermined future use. The property was independently valued by a qualified surveyor in July 2014 using recent market prices.

Dominica Coconut Products Limited

Notes to Consolidated Financial Statements

December 31, 2013

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10 Property, plant and equipment

	Land and improvements \$	Buildings \$	Plant equipment and vehicles \$	Work-in- progress \$	Total \$
As at December 31, 2011					
Cost or valuation	14,190,005	7,720,460	19,641,223	599,674	42,151,362
Accumulated depreciation	(2,464,790)	(5,288,741)	(15,772,767)	–	(23,526,298)
Net book value	11,725,215	2,431,719	3,868,456	599,674	18,625,064
Year ended December 31, 2012					
Opening net book amount	11,725,215	2,431,719	3,868,456	599,674	18,625,064
Revaluation surplus	14,128,621	6,019,360	–	–	20,147,981
Additions	–	–	115,907	582,554	698,461
Transfers	236,395	–	363,279	(599,674)	–
Disposals	–	–	(157,591)	–	(157,591)
Depreciation (Note 16)	(275,876)	(1,161,746)	(518,220)	–	(1,955,842)
Closing net book amount	25,814,355	7,289,333	3,671,831	582,554	37,358,073
As at December 31, 2012					
Cost or valuation	27,267,698	11,526,184	15,232,581	582,554	54,609,017
Accumulated depreciation	(1,453,343)	(4,236,851)	(11,560,750)	–	(17,250,944)
Net book value	25,814,355	7,289,333	3,671,831	582,554	37,358,073
Year ended December 31, 2013					
Opening net book amount	25,814,355	7,289,333	3,671,831	582,554	37,358,073
Revaluation surplus	(4,755,725)	8,836,697	–	–	4,080,972
Additions	–	–	–	760,096	760,096
Transfers	–	–	526,235	(526,235)	–
Depreciation (Note 16)	(277,679)	(997,630)	(502,729)	–	(1,778,038)
Closing net book amount	20,780,951	15,128,400	3,695,337	816,415	40,421,103
As at December 31, 2013					
Cost or valuation	20,780,951	15,128,400	15,758,816	816,415	52,484,582
Accumulated depreciation	–	–	(12,063,479)	–	(12,063,479)
Net book value	20,780,951	15,128,400	3,695,337	816,415	40,421,103

An independent valuation of the Group's land and buildings was performed by valuers in July 2014 to determine the fair value of the land and buildings. The valuation was determined by reference to recent market transactions on arm's length terms. The revaluation surplus was credited to other comprehensive income and is shown in 'revaluation surplus' in equity.

If land and buildings were stated on the historical cost basis, the amount would be \$13,324,340 as at December 31, 2013 (2012 - \$13,689,034).

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11 Trade and other payables

	2013 \$	2012 \$
Trade payables	5,486,846	5,782,987
Accrued liabilities	819,106	642,493
Other payables	229,891	152,048
	<u>6,535,843</u>	<u>6,577,528</u>

Included in trade payables is an amount of \$5,045,147 (2012 - \$5,205,033) due to related parties (Note 12).

12 Related party balances and transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party by making financial and operational decisions.

The following transactions were carried out with related parties:

(a) Sales of goods

	2013 \$	2012 \$
Colgate Palmolive Co. Distributors	<u>36,063,415</u>	<u>37,882,937</u>

(b) Purchases of goods and services

	2013 \$	2012 \$
Colgate Palmolive Guatemala	749,827	1,072,431
Colgate Palmolive Brazil	381,883	986,700
	<u>1,131,710</u>	<u>2,059,131</u>

Sales and purchases in the year were carried out on commercial terms and conditions. The pricing for related company transactions are on the basis of Colgate-Palmolive's worldwide policy. This pricing policy incorporates factory cost, administrative expenses, interest and other expenses and surcharge dependent on certain specified criteria.

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12 Related party balances and transactions...continued

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

	2013 \$	2012 \$
Receivables from related parties (Note 6)		
- Colgate Palmolive Co. Distributors	12,561,270	35,716,983
- Colgate Palmolive Guadeloupe	-	217
	<u>12,561,270</u>	<u>35,717,200</u>
Due to related parties		
- Colgate Palmolive Company, New York	2,926	34,670
	<u>2,926</u>	<u>34,670</u>
Payables to related parties (Note 11)		
- Colgate Palmolive Manufacturing (Barbados) Ltd.	4,836,177	4,836,177
- Colgate Palmolive Co. Distributors	115,835	260,350
- Colgate Palmolive Guatemala	93,135	9,249
- Colgate Palmolive Brazil	-	99,257
	<u>5,045,147</u>	<u>5,205,033</u>

The Group is related to the above companies by common ownership and management.

The receivables from related parties arise mainly from sale transactions. These receivables are unsecured and non-interest bearing.

The payables to related parties arise mainly from purchase transactions and bear no interest.

(d) Key management compensation

	2013 \$	2012 \$
Salaries and wages	248,048	236,796
Social security costs	4,860	4,860
Pension costs	10,242	9,680
Other staff costs	33,264	33,264
	<u>296,414</u>	<u>284,600</u>

Dominica Coconut Products Limited

Notes to Consolidated Financial Statements

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13 Deferred income tax

Deferred income taxes are calculated on all temporary differences under the liability method using a principal tax rate of 30%.

The deferred tax comprise of the following:

	2013 \$	2012 \$ (Restated)
Retirement benefit obligation	2,085,649	1,810,066
Accelerated tax depreciation	(1,087,169)	(879,554)
	<u>998,480</u>	<u>930,512</u>

The movement on deferred income tax account is as follows:

	2013 \$	2012 \$ (Restated)
At beginning of year	930,512	672,954
Statement of comprehensive income (charge)/benefit (Note 19)	(71,643)	198,343
Tax benefit relating to components of other comprehensive income	<u>139,611</u>	<u>59,215</u>
At end of year	<u>998,480</u>	<u>930,512</u>

Dominica Coconut Products Limited

Notes to Consolidated Financial Statements

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(expressed in Eastern Caribbean dollars)

14 Retirement benefit obligation

The amounts recognised in the balance sheet are determined as follows:

	2013 \$	2012 \$ (Restated)
Present value of funded obligations	7,014,000	6,238,000
Fair value of plan assets	(61,837)	(204,447)
Net liability in the balance sheet	<u>6,952,163</u>	<u>6,033,553</u>

The movement in fair value of defined benefit obligations is as follows:

	2013 \$	2012 \$ (Restated)
At beginning of year	6,238,000	5,786,000
Current service cost	164,069	145,120
Interest cost	438,241	405,470
Remeasurement loss on obligation	456,649	178,795
Benefits paid	(282,959)	(277,385)
At end of year	<u>7,014,000</u>	<u>6,238,000</u>

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

	2013 \$	2012 \$ (Restated)
At beginning of year	204,447	345,085
Interest income	9,300	19,212
Remeasurement loss on plan assets	(8,721)	(18,587)
Contributions	139,770	136,122
Benefits paid	(282,959)	(277,385)
At end of year	<u>61,837</u>	<u>204,447</u>

Dominica Coconut Products Limited

Notes to Consolidated Financial Statements

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(expressed in Eastern Caribbean dollars)

14 Retirement benefit obligation...continued

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

	2013 \$	2012 \$ (Restated)
Current service cost	94,184	77,059
Interest cost	438,241	405,470
Interest income on plan assets	(9,300)	(19,212)
	<hr/>	<hr/>
Total, included in staff costs (Note 17)	523,125	463,317

The actual gain on plan assets was \$579 (2012 - \$625).

The amounts recognised in the other comprehensive income are as follows:

	2013 \$	2012 \$ (Restated)
Remeasurement loss on obligation	456,649	178,795
Remeasurement loss on plan assets	8,721	18,587
	<hr/>	<hr/>
Total remeasurements included in other comprehensive income	465,370	197,382

Movement in the liability recognised in the balance sheet:

	2013 \$	2012 \$ (Restated)
At beginning of year	1,204,033	492,663
Total expenses - as shown above	786,837	776,452
Contributions paid	(68,061)	(65,082)
	<hr/>	<hr/>
At end of year	1,922,809	1,204,033

Dominica Coconut Products Limited

Notes to Consolidated Financial Statements

December 31, 2013

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14 Retirement benefit obligation...continued

The principal actuarial assumptions used were as follows:

	2013 %	2012 %
Discount rate at end of year	6.5	7.0
Future salary increases	4.0	4.0
Future changes in NIS ceiling	4.0	4.0

The above rates are over the long-term and may not be appropriate in any specific year.

Plan assets consist of investments classified as loans and receivables.

The amount of pension plan for the year is as follows:

	2013 \$	2012 \$
Defined benefit obligation	7,014,000	6,238,000
Fair value of plan assets	(61,837)	(204,447)
Deficit	<u>6,952,163</u>	<u>6,033,553</u>

15 Share capital

	2013 \$	2012 \$
Authorised 1,000,000 ordinary shares		
Issued and fully paid 948,245 ordinary shares	<u>10,496,978</u>	10,496,978

16 Dividends

The board of directors of the Company, through a written resolution dated June 20, 2013, approved to issue dividend to its shareholder amounting to US\$9,000,0000. This dividend was accounted for in equity as an appropriation of retained earnings during the year and was also paid during the year.

Dominica Coconut Products Limited

Notes to Consolidated Financial Statements

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17 Expenses by nature

	2013 \$	2012 \$ (Restated)
Direct materials	22,826,968	24,048,012
Employee benefit expense (Note 18)	4,728,276	4,463,882
Boiler expenses and utilities	3,523,685	3,649,822
Depreciation (Note 10)	1,778,038	1,955,842
Repairs and maintenance	427,449	410,763
Motor vehicle expenses	137,478	106,012
Other general expenses	1,626,052	1,823,504
Allocation of costs to a related party	(2,044,999)	(2,010,707)
	<u>33,002,947</u>	<u>34,447,130</u>

18 Employee benefit expense

	2013 \$	2012 \$ (Restated)
Salaries and wages	3,533,732	3,545,053
Pension cost (Note 14)	523,125	463,317
Other staff cost	452,379	234,573
Social security cost	219,040	220,939
	<u>4,728,276</u>	<u>4,463,882</u>

19 Other income - net

	2013 \$	2012 \$
Rent income	165,295	157,470
(Decrease)/increase in fair value of investment property (Note 9)	(370,314)	1,264,824
Gain on sale of property, plant and equipment	-	179,658
Other gains/(losses)	252,809	(108,644)
	<u>47,790</u>	<u>1,493,308</u>

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20 Taxation

	2013 \$	2012 \$ (Restated)
Current tax	939,290	979,462
Deferred tax (Note 13)	71,643	(198,343)
	<u>1,010,933</u>	<u>781,119</u>

The tax on the Group's net profit before tax differs from the theoretical amount that would arise using the local statutory rate as follows:

	2013 \$	2012 \$ (Restated)
Profit before taxation	<u>3,108,258</u>	<u>4,929,115</u>
Tax calculated at a rate of 30%	932,477	1,478,734
Expenses not deductible for tax purposes	470,861	366,643
Deferred tax not recognized	196,922	(118,576)
Fiscal incentives	(589,327)	(575,385)
Income not subject to tax	-	(379,447)
Others	-	9,150
Tax charge	<u>1,010,933</u>	<u>781,119</u>

Under Section 109 of the Income Tax Act, the parent company was granted a forty percent (40%) tax relief on total profit for five (5) years starting January 12, 2013 and expiring on January 12, 2017.

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21 Prior period adjustments

Prior period adjustments pertain to the effects of the first time application of IAS 19, Employee benefits as discussed in Note 2.

The effects of the application of IAS 19 on the balance sheet at January 1, 2012 and December 31, 2012 are as follows:

	Retirement benefit obligation \$	Deferred tax (asset)/ liability \$	Income tax liability \$	Equity \$
Balance at January 1, 2012, as previously reported	1,204,033	959,321	345,210	46,853,218
Effect of IAS 19	4,236,882	(1,632,275)	–	(2,604,607)
Balance at January 1, 2012, as restated	5,440,915	(672,954)	345,210	44,248,611
Balance at December 31, 2012, as previously reported	1,922,809	879,554	118,922	67,896,747
Effect of IAS 19:				
- brought forward	4,236,882	(1,632,275)	–	(2,604,607)
- total comprehensive income for the year	(126,138)	(177,791)	58,234	245,695
Balance at December 31, 2012, as restated	6,033,553	(930,512)	177,156	65,537,835

The effects of the application of IAS 19 on the statement of comprehensive income for the year ended December 31, 2012 are as follows:

	2012 \$
Decrease in pension cost	323,520
Increase in current tax charge	(58,234)
Increase in deferred tax benefit	118,576
Increase in profit for the year	383,862
Other comprehensive income:	
Actuarial loss on retirement benefit obligation	(197,382)
Deferred tax on actuarial loss on retirement benefit obligation	59,215
Decrease in other comprehensive income	(138,167)
Increase in total comprehensive income	245,695

