



# GODDARD ENTERPRISES LIMITED

## CONSOLIDATED FINANCIAL HIGHLIGHTS FOR THE YEAR ENDED 30 SEPTEMBER 2018 AUDITED

### Consolidated Statement of Income Highlights

	% Change	Year ended 30/09/18 Bds \$000's	Year ended 30/09/17 Restated Bds \$000's
<b>Revenue</b>	7.7%	<b>805,852</b>	748,122
<b>Profit from operations before the following:</b>	-12.7%	<b>55,647</b>	63,715
Other gains/(losses) – net	-29.5%	<b>14,492</b>	20,551
<b>Profit from operations</b>	-16.8%	<b>70,139</b>	84,266
Finance costs	12.3%	<b>(11,534)</b>	(10,274)
Share of income/(loss) of associated companies	-20.8%	<b>58,605</b>	73,992
<b>Income before taxation</b>	244.8%	<b>3,321</b>	(2,293)
Taxation	-13.6%	<b>61,926</b>	71,699
<b>Net income for the year</b>	4.3%	<b>(17,960)</b>	(17,215)
	-19.3%	<b>43,966</b>	54,484
<b>Attributable to:</b>			
Equity holders of the Company	-26.1%	<b>28,598</b>	38,690
Non-controlling interests	-2.7%	<b>15,368</b>	15,794
	-19.3%	<b>43,966</b>	54,484
Earnings per share – basic	-26.3%	<b>12.6¢</b>	17.1¢
Earnings per share – diluted	-26.3%	<b>12.6¢</b>	17.1¢

### Consolidated Statement of Comprehensive Income Highlights

	Year ended 30/09/18 Bds \$000's	Year ended 30/09/17 Restated Bds \$000's
<b>Net income for the year</b>	<b>43,966</b>	54,484
<b>Other comprehensive income:</b>		
<b>Items net of tax that may be recycled to income in the future:</b>		
Unrealised (losses)/gains on available-for-sale investments	(420)	2,300
Currency translation differences	(5,980)	(4,669)
Hyperinflationary adjustments	(676)	865
<b>Items net of tax that will not be recycled to income in the future:</b>		
Increase in revaluation surplus	486	10,432
Remeasurement of employee benefits	8,135	1,546
<b>Other comprehensive income for the year, net of tax</b>	<b>1,545</b>	10,474
<b>Total comprehensive income for the year</b>	<b>45,511</b>	64,958
<b>Attributable to:</b>		
Equity holders of the Company	<b>32,042</b>	45,182
Non-controlling interests	<b>13,469</b>	19,776
	<b>45,511</b>	64,958

#### BOARD REVIEW FOR THE YEAR ENDED 30 SEPTEMBER 2018

The Group recorded growth in its top line of 7.7% or \$57.7M. Our acquisitions of Marshall Trading Limited (Barbados) at the end of the prior year, and Ecuador Kakao Processing Proecuakao S.A. ("Proecuakao") (Ecuador) and Xpress Freight Services Inc. (United States of America) during the current year resulted in an overall increase in Revenue. This was achieved despite declines in our Auto Division and in our Catering and Ground Handling operations in St. Maarten, St. Thomas and Venezuela. The economic situation in Barbados and the effects of NSRL negatively impacted sales in our Auto Division whereas the islands of St. Thomas and St. Maarten continue to recover from the major hurricanes at the end of the prior year. Venezuela also continues to experience economic instability with astronomical currency devaluation and high inflation.

A change in sales mix resulted in a reduction in our gross margin from 45.3% in the prior year to 42.7% in the current year. Our Catering and Ground Handling Division with inherently higher gross margins, accounted for a reduced percentage of our overall sales. In addition, the new acquisition, Proecuakao, recorded a lower gross margin than our traditional businesses.

Our total selling, marketing and administrative expenses increased by \$14.0M due to annual cost of living and in some countries, Government mandated salary adjustments. With increased revenues, the total as a percentage of revenues declined from 37.5% to 36.5%.

In addition to these challenges, there was a delay in sales at Proecuakao, as the major chocolate companies needed to recertify the facilities, which caused us to incur some startup losses. We also took a decision during the year to close our bakery in St. Lucia, Wonder Bakery Ltd. This all resulted in Profit from operations before other gains/(losses) – net for the year being \$55.6M, a reduction of 12.7% compared to last year.

The 12.3% increase in Finance costs is attributable to increased borrowings to finance the acquisitions of Proecuakao and Totaltec Oilfield Services Ltd. (Guyana).

This year, we recorded a profit of \$3.3M as our Share of Income of Associated Companies, an increase of \$5.6M over 2017. However, last year, this income was affected by a loss of \$6.0M recorded in our insurance associate as a result of the two major hurricanes. At the end of the current financial year, we divested our 49% shareholding in Globe Finance Inc., but we were still negatively affected during the year by the impact on this company of the Government of Barbados' debt restructuring exercise and the International Financial Reporting Standard (IFRS) 9 implementation. For the current year, we recorded an improved performance from our Joint Venture (JV), Caribbean Distribution Partners Limited (GDPL), but the JV also recorded a prior period adjustment to its previous year's results from a purchase price allocation (PPA) exercise required under IFRS 3 – Business Combinations. This relates to two subsidiaries acquired by the JV at the beginning of the prior year.

Our taxation expense increased marginally above the prior year despite lower operating results as we recorded higher profits in high tax rate jurisdictions.

The net impact of these results was a reduction in net income of \$10.5M or 19.3%, with the net income attributable to shareholders being \$28.6M; a decline of 26.1%.

Earnings per share was 12.6 cents versus 17.1 cents in the comparative year; a decline of 26.3%.

The Group, despite a decline in the past financial year, is well poised for future growth. We expect that our recent acquisitions will make increasing contributions to Group profits in the future and we continue to explore ways to improve efficiencies in our businesses. We are confident that as Barbados undergoes the Barbados Economic Recovery and Transformation (BERT) programme, we will see the positive effects on local group businesses. We believe that the changes to the Corporation tax rates recently announced by the Government of Barbados will have a positive impact on the Group and the country as a whole. We will continue to monitor the situation in Venezuela even though our net assets and exposure there are not significant at this stage.

Our statement of financial position is positive and our net assets currently stand at \$669.2M with a share price of \$3.80.

An interim dividend of 1.5 cents per share has been declared which is to be paid in February 2019.

William P. Putnam  
Chairman  
4 December 2018

Anthony H. Ali  
Managing Director

### Consolidated Statement of Financial Position Highlights

	As at 30/09/18 Bds \$000's	As at 30/09/17 Restated Bds \$000's
Current assets	351,438	352,514
Current liabilities	(234,217)	(207,713)
Working capital	117,221	144,801
Property, plant & equipment, financial investments & other non-current assets	692,221	603,242
Long-term liabilities	(140,285)	(101,838)
<b>Net assets employed</b>	<b>669,157</b>	<b>646,205</b>
<b>Equity</b>		
Share capital	46,353	45,169
Other reserves	76,550	80,942
Retained earnings	435,525	411,535
	<b>558,428</b>	<b>537,646</b>
Non-controlling interests	110,729	108,559
	<b>669,157</b>	<b>646,205</b>

### Consolidated Statement of Changes in Equity Highlights

Bds \$000's	Share capital	Other reserves	Retained earnings	Non-controlling interests	Total
<b>Balance as at 1 October 2016</b>	44,004	72,054	387,834	94,826	598,718
Net income for the year (restated)	–	–	38,690	15,794	54,484
Other comprehensive income/(loss)	–	8,488	(1,996)	3,982	10,474
Investment in subsidiary company	–	–	–	(348)	(348)
Disposal of subsidiary company	–	–	–	647	647
Increase in advances to non-controlling interests	–	–	–	1,057	1,057
Value of employee services	–	400	–	–	400
Issue of common shares	1,165	–	–	–	1,165
Dividends declared	–	–	–	(7,399)	(7,399)
Dividends paid	–	–	(12,993)	–	(12,993)
<b>Balance as at 30 September 2017 (restated)</b>	<b>45,169</b>	<b>80,942</b>	<b>411,535</b>	<b>108,559</b>	<b>646,205</b>
<b>Balance as at 1 October 2017 (as previously reported)</b>	<b>45,169</b>	<b>80,942</b>	<b>413,845</b>	<b>108,559</b>	<b>648,515</b>
Effect of restatement	–	–	(2,310)	–	(2,310)
<b>Balance as at 1 October 2017 (restated)</b>	<b>45,169</b>	<b>80,942</b>	<b>411,535</b>	<b>108,559</b>	<b>646,205</b>
Net income for the year	–	–	28,598	15,368	43,966
Other comprehensive (loss)/income	–	(4,578)	8,022	(1,899)	1,545
Investment in subsidiary company	–	–	–	(279)	(279)
Increase in advances to non-controlling interests	–	–	–	1,269	1,269
Value of employee services	–	186	–	–	186
Issue/(repurchase) of common shares – net	1,184	–	(179)	–	1,005
Dividends declared	–	–	–	(12,289)	(12,289)
Dividends paid	–	–	(12,451)	–	(12,451)
<b>Balance as at 30 September 2018</b>	<b>46,353</b>	<b>76,550</b>	<b>435,525</b>	<b>110,729</b>	<b>669,157</b>

### Consolidated Statement of Cash Flows Highlights

	Year ended 30/09/18 Bds \$000's	Year ended 30/09/17 Restated Bds \$000's
<b>Income before taxation</b>	<b>61,926</b>	71,699
Adjustments for non-cash items	<b>24,514</b>	23,410
	<b>86,440</b>	95,109
Non-cash working capital changes	<b>(29,723)</b>	1,171
	<b>56,717</b>	96,280
Net interest, taxation and pension contributions paid	<b>(28,196)</b>	(30,672)
Net cash from operating activities	<b>28,521</b>	65,608
Net cash used in investing activities	<b>(101,891)</b>	(57,847)
Net cash from/(used in) financing activities	<b>25,806</b>	(9,420)
Net decrease in cash and cash equivalents	<b>(47,564)</b>	(1,659)
Cash and cash equivalents – beginning of year	<b>95,186</b>	96,845
Cash and cash equivalents – end of year	<b>47,622</b>	95,186



Building a better working world  
**REPORT OF THE INDEPENDENT AUDITOR ON THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS**  
To the Shareholders of Goddard Enterprises Limited

#### Opinion

The summary consolidated financial statements, which comprise the summary consolidated statement of financial position as at 30 September 2018, the summary consolidated statement of income, summary consolidated statement of comprehensive income, summary consolidated statement of changes in equity and summary consolidated statement of cash flows for the year then ended and related notes, are derived from the audited consolidated financial statements of Goddard Enterprises Limited and its subsidiaries ("the Group") for the year ended 30 September 2018.

In our opinion, the accompanying summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements, in accordance with the basis described in Note 1.

#### Summary Consolidated Financial Statements

The summary consolidated financial statements do not contain all of the disclosures required by International Financial Reporting Standards ("IFRSs"). Reading the summary consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and the auditor's report thereon. The summary consolidated financial statements and the audited consolidated financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the audited consolidated financial statements.

#### The Audited Consolidated Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 4 December 2018. That report also includes the communication of 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.

#### Responsibilities of Management for the Summary Consolidated Financial Statements

Management is responsible for the preparation of the summary consolidated financial statements in accordance with IFRSs.

#### Auditor's Responsibilities for the Audit of the Summary Consolidated Financial Statements

Our responsibility is to express an opinion on whether the summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), *Engagements to Report on Summary Financial Statements*.

ERNEST & YOUNG LTD  
BARBADOS  
4 December 2018

#### Note 1 to the Summary Consolidated Financial Statements

The summary consolidated financial statements are prepared in accordance with criteria developed by management. Under management's established criteria, management discloses the summary consolidated statement of financial position, summary consolidated statement of income, summary consolidated statement of comprehensive income, summary consolidated statement of changes in equity and summary consolidated statement of cash flows. The summary financial statements are derived from the audited consolidated financial statements of Goddard Enterprises Limited and its subsidiaries for the year ended 30 September 2018 which are prepared in accordance with International Financial Reporting Standards.