NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2011

INDEX

Notes to the Consolidated Financial Statements

September 30, 2011

(Expressed in thousands of Barbados Dollars)

1. General information

Goddard Enterprises Limited ('the Company') is incorporated under the Laws of Barbados. The principal activities of the Company and its subsidiaries (together 'the Group') include airline, industrial and restaurant catering, ground handling services, general trading, meat processing, printing and print brokers, baking, packaging, automobile and automotive parts sales, insurance, real estate, shipping agents and stevedoring, manufacturing of aerosols and liquid detergents, investments, rum distilling, water purification and bottling and island tours. Associated companies are involved in waste disposal, laundry services, financing, property rentals, investments, general insurance and hotel operations. (See pages 28-31). The Group operates throughout the Caribbean and Central and South America.

The address of the Company's registered office is 2nd Floor Mutual Building, Lower Broad Street, Bridgetown, BB11000, Barbados.

The Company is listed on the Barbados Stock Exchange.

These consolidated financial statements have been approved for issue by the Board of Directors on December 13, 2011.

2. 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 Goddard Enterprises Limited have been prepared in accordance with International Financial Reporting Standards (IFRS), under the historical cost convention, as modified by the revaluation of land and buildings, investment property and financial investments. (Notes 2(e), 2(f) and 2(i))

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.

Amendments and interpretations to existing standards effective in the 2011 financial year

There are no amendments and interpretations to existing standards which are effective in the 2011 financial year which have a significant impact on the presentation, measurement or disclosure of the Group's financial statements.

These amendments and interpretations to existing standards are as follows:

IAS 1 (Amendment) Presentation of financial statements – amendment to clarify that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non-current.

IAS 7 (Amendment) Statement of cash flows – amendment to require that only expenditures that result in a recognized asset in the balance sheet can be classified as investing activities.

IAS 17 (Amendment) Leases – deletion of specific guidance regarding classification of leases of land, so as to eliminate inconsistency with the general guidance on lease classification.

IAS 18 (Amendment) Revenue – additional guidance added regarding the determination as to whether an entity is acting as a principal or an agent.

IAS 27 (Amendment) Consolidated and separate financial statements – clarifies that the consequential amendments from IAS 27 made to IAS 21, IAS 28 and IAS 31 apply prospectively for annual periods beginning on or after July 1, 2009, or earlier when IAS 27 is applied earlier.

IAS 32 (Amendment) Financial Instruments: Presentation – Classification of rights issues – amendment to address the accounting for rights issues that are denominated in a currency other than the functional currency of the issuer.

IAS 36 (Amendment) Impairment of assets – amendment to clarify that the largest cash-generating unit (or group of units) to which goodwill should be allocated for the purposes of impairment testing is an operating segment, as defined by IFRS 8 Operating segments.

IAS 38 (Amendments) Intangible assets – amendments regarding accounting for intangible assets acquired in a business combination as a result of IFRS 3 (revised) and, to clarify the description of valuation techniques commonly used by entities when measuring the fair value of intangible assets acquired in a business combination that are not traded in active markets.

2. Significant accounting policies... continued

a) Basis of preparation... continued

Amendments and interpretations to existing standards effective in the 2011 financial year... continued

IAS 39 (Amendments) Financial instruments: recognition and measurement – amendments to clarify that the treatment of loan pre-payment options should be considered closely related to the host debt contract.
IFRS 2 (Amendments) Group cash-settled share-based payment transactions – in addition to incorporating IFRIC 8 and IFRIC 11, the amendments expand on the guidance in IFRIC 11 to address the classification of group arrangements that were not covered by the interpretation.
IFRS 3 (Amendments) Business combinations – amendments to clarify the transitional requirements for contingent consideration from a business combination that occurred before the effective date of the revised IFRS.
IFRS 5 (Amendment) Non-current assets held for sale and discontinued operations – amendment to clarify the disclosures required in respect of non-current assets classified as held for sale or discontinued operations.
IFRS 8 (Amendment) Operating segments – amendment to clarify that an entity is required to disclose a measure of segment assets only if that measure is regularly reported to the chief operating decision-maker.
IFRIC 19 (Amendment) Extinguishing financial liabilities with equity instruments – the interpretation clarifies the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor of the entity to extinguish all or part of the financial liability (debt for equity swap).

Amendments and interpretations to existing standards that are not yet effective and have been early adopted by the Group.

Management has reviewed the amendments and interpretations to existing standards that are not yet effective and have early adopted the following amendment.

IAS 12 (Amendments) Income taxes – the amendments clarify the treatment of deferred tax on the fair value appreciation of investment property and has had no impact on the financial statements.

New standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group

Management has reviewed the new standards, amendments and interpretations to existing standards that are not yet effective and have determined that the following are relevant to the Group's operations. The Group has not early adopted the new standards, amendments and interpretations.

- IAS 1 (Amendment) Presentation of financial statements
- IAS 24 (Amendment) Related party disclosures
- IFRS 7 (Amendment) Financial instruments: disclosures
- IFRS 9 Financial instruments
- IFRIC 14, IAS 19 (Amendment) Prepayments of a minimum funding requirement
- IFRS 10 Consolidated financial statements
- IFRS 12 Disclosure of interests in other entities
- IFRS 13 Fair value measurement

b) Consolidation

i) Subsidiaries
Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2011

(Expressed in thousands of Barbados Dollars)

2. Significant accounting policies... continued

b) Consolidation... continued

i) Subsidiaries... continued

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

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 Group's share of the identifiable net assets acquired is recorded as goodwill. If this 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 statement of income. (Note 2(g))

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

ii) Transactions and non-controlling interests

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share of the carrying value of net assets of the subsidiary acquired is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

iii) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill (net of any accumulated impairment losses) identified on acquisition. (Note 2(g))

The Group’s share of its associates' post-acquisition profits or losses is recognised in the consolidated statement of income and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Board of Directors, which is responsible for allocating resources and assessing performance of the operating segments, has been identified as the chief operating decision-maker.

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 Barbados dollars, which is the Company’s functional and presentation currency.

2. Significant accounting policies... continued

d) Foreign currency translation... continued

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 statement of income.

Translation differences on non-monetary financial assets such as equities classified as available-for-sale are included in the financial investments reserve in equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as local currency assets and liabilities of the foreign entity and are translated at the closing rate.

iii) Group companies

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
ii) income and expenses for each statement of income are translated at average exchange rates; and
iii) all resulting exchange differences are recognised in translation reserve in equity.

e) Property, plant and equipment

Freehold land and buildings comprise mainly manufacturing plants, retail and distribution outlets, warehouses and offices. The Group's freehold land and buildings are stated at the most recent valuation less subsequent depreciation for buildings. Valuations are performed every five years by independent professional valuers. 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 including leasehold buildings 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. All other repairs and maintenance are charged to the consolidated statement of income during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of land and buildings are recognised in the consolidated statement of comprehensive income and accumulated in revaluation surplus in equity. Decreases that offset previous increases of the same asset are recognised in the consolidated statement of comprehensive income and reduce the revaluation surplus in equity; all other decreases are charged to the consolidated statement of income.

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:

Freehold buildings	– 50 years
Leasehold buildings	– 5 - 25 years based on the lease term
Furniture, fittings and equipment	– 3 - 20 years
Machinery	– 3 - 20 years
Vehicles	– 5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

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. (Note 2(h))

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2011
(Expressed in thousands of Barbados Dollars)

2. Significant accounting policies... continued

e) Property, plant and equipment... continued

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the consolidated statement of income. When revalued assets are sold, the amounts included in revaluation surplus are transferred to retained earnings.

f) Investment property

Investment property, principally comprising office buildings, is held for long-term rental yields and is not occupied by the Group. Investment property is carried at fair value, determined annually. Valuations are performed annually by independent professional real estate valuers. Changes in fair values are recorded in the consolidated statement of income.

g) Intangible assets

i) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on the acquisition of subsidiaries is included as 'intangible assets' on the consolidated balance sheet. Goodwill on the acquisition of associates is included in 'investments in associates'. Separately recognised goodwill is tested annually for impairment and whenever there is an indication of impairment, and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash generating units for the purpose of impairment testing. The allocation is made to the cash generating units that are expected to benefit from the business combination in which the goodwill arose.

ii) Other intangible assets

Other intangible assets arising on acquisitions are recognised only if future economic benefits attributable to the asset will flow to the Group and if the fair value of the asset can be measured reliably. Such intangible assets must be separable from the business being acquired or must arise from contractual or legal rights. Intangible assets acquired in a business combination are initially recognised at their fair value. Other intangible assets which have been acquired directly are recorded initially at cost. On acquisition the useful life of the asset is estimated. If the estimated useful life is finite, amortisation is calculated using the straight-line method to allocate the cost over the estimated useful life as follows:

Trade names	– 20 - 25 years
Customer relationships	– 13 - 15 years
Supplier relationships	– 15 years

The amortisation charge is included in other (losses)/gains – net in the consolidated statement of income.

h) Impairment of non-financial assets

Assets that have an indefinite useful life 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 to sell and value in use.

i) Financial assets

The Group classifies its financial assets in the following categories:

i) Available-for-sale
ii) Loans and receivables

Management determines the classification of its financial assets at initial recognition. The classification depends on the purpose for which the financial assets were acquired.

2. Significant accounting policies... continued

i) Financial assets... continued

i) Available-for-sale
These financial assets are intended to be held for an indefinite period of time and hence are included in non-current assets unless management intends to dispose of the investment within 12 months of the consolidated balance sheet date. They may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices. They are measured initially at cost and are subsequently remeasured at their fair value based on quoted bid prices. Investments without quoted prices are carried at management's valuation based on the net assets of the entity net of any provisions made where there is an indication of impairment. Unrealised gains and losses are recorded in the financial investments reserve. Either on the disposal of the asset or if the asset is determined to be impaired, the previously recorded unrealised gain or loss is transferred to the consolidated statement of income.

ii) Loans and receivables
Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. These assets are carried at amortised cost less provision for impairment. The Group's loans and receivables comprise government bonds and fixed deposits, trade and other receivables and cash and cash equivalents in the consolidated balance sheet. Maturities in excess of 12 months after the consolidated balance sheet date are classified as non-current assets.

Purchases and sales of these investments are recognised on the trade date which is the date that the Group commits to purchase or sell the asset. Cost of purchase includes transaction costs.

Financial assets are de-recognised 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.

Interest income arising on financial investments is accrued using the effective yield method and is included in other (losses)/gains – net in the consolidated statement of income. Dividends are recorded in other (losses)/gains – net when the right to receive payment is established.

A financial asset is considered impaired if its carrying amount exceeds its estimated recoverable amount. The impairment loss for assets carried at amortised cost is calculated as the difference between the carrying amount and the present value of expected future cash flows discounted at the original effective interest rate. The recoverable amount for an available-for-sale equity security is its fair value. An impairment loss for an available-for-sale equity security is recognised in income if there has been a significant or prolonged decline in its recoverable amount below cost. Significant or prolonged declines are assessed in relation to the period of time and extent to which the fair value of the equity security is less than its cost.

Except for equity securities, 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, the previously recognised impairment loss is reversed, and the amount of the reversal is recognised in income. For equity securities, any subsequent increases in fair value after an impairment has occurred are recognised in the financial investments reserve in equity.

j) Inventories
Inventories are stated at the lower of cost and net realisable value. Cost is generally determined using the average cost method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. The valuation of aged rum includes warehousing and other indirect costs associated with the storage of rum. Provision is made for obsolete, slow-moving and defective items.

k) Trade receivables
Trade receivables are recognised initially at fair value and subsequently measured at the anticipated realisable value. A provision for impairment of trade receivables is established when there is objective evidence that the Group will

Notes to the Consolidated Financial Statements

September 30, 2011

(Expressed in thousands of Barbados dollars)

2. Significant accounting policies... continued

k) Trade receivables... continued

not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the carrying amount and the anticipated realisable value. The carrying amount of the asset is reduced through the use of the provision for impairment of receivables and the amount of loss is recognised in the consolidated statement of income within selling, marketing and administrative expenses. When a trade receivable is uncollectible, it is written off against the provision for impairment of receivables and any subsequent recoveries of amounts previously written off are credited against selling, marketing and administrative expenses.

l) Cash and cash equivalents

Cash and cash equivalents include cash in hand, short-term bank deposits, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the consolidated balance sheet.

Cash equivalents are subject to an insignificant risk of change in value.

m) Trade payables

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

n) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost and any difference between the net proceeds and the redemption value is recognised in the consolidated statement of income over the period of the borrowings using the effective interest method. Associated costs are classified as finance costs in the consolidated statement of income. Borrowings due within twelve months of the consolidated balance sheet date are classified as current liabilities. Preference shares which are mandatorily redeemable by the holder of the shares are classified as liabilities. The dividends on these preference shares are recognised in the consolidated statement of income within finance costs.

o) Current and deferred income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the consolidated balance sheet date in the countries where the Group's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations where 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.

The Group follows the liability method of accounting for deferred tax whereby all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes are provided for at the corporation tax rates which are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are only recognised when it is probable that taxable income will be available against which the assets may be utilised.

p) Employee benefits

i) Pension obligations

The Company and certain of its subsidiary companies operate defined benefit and defined contribution pension plans for their employees under segregated fund policies with Sagicor Life Inc. as well as with BNP Paribas Security Services. The schemes are generally funded through payments from the employees and the Group, determined by annual actuarial calculations.

2. Significant accounting policies... continued

p) Employee benefits... continued

i) Pension obligations... continued

Defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The liability recognised in the consolidated balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the consolidated balance sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. 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 long-term government securities. All actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions in excess of the greater of 10% of the value of plan assets or 10% of the defined benefit obligation are charged or credited to the consolidated statement of income over ten years being less than the employees' expected average remaining working lives. Past service costs are recognised immediately in the consolidated statement of income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past service costs are amortised on a straight-line basis over the vesting period.

For the defined contribution plans, the Group pays contributions to privately administered funds on a mandatory basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefits expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

ii) Profit-sharing bonus plan

The Group recognises a liability and an expense for profit-sharing bonuses, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

iii) Share-based compensation

The Group operates various share-based compensation plans. In addition to an executive share option plan, there is a bonus share purchase scheme which is only offered to full time employees of the Group in Barbados and a broad based employee share purchase scheme for all full time employees.

The excess of the fair value of the options granted over the amount that management has to pay for the options is recognised in the share-based payments expense in selling, marketing and administrative expenses and credited to the share-based payments reserve in equity. The proceeds received when the options are exercised are credited to share capital.

Any discounts offered under the bonus share purchase scheme and the employee share purchase scheme are also recognised in the share-based payments expense.

q) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation, as a result of past events, if it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation.

r) 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 activities. Revenue is shown net of value-added tax, estimated returns, rebates and discounts and after eliminated sales within the Group. Revenue is recognised as follows:

Notes to the Consolidated Financial Statements

September 30, 2011

(Expressed in thousands of Barbados Dollars)

2. Significant accounting policies... continued

r) Revenue recognition... continued

i) Sales of goods – wholesale and retail

Sales of goods are recognised when a Group entity has delivered products to the customer, the customer has accepted the products and collectibility of the related receivables is reasonably assured.

ii) Sales of services

Sales of services are recognised in the accounting period in which the services are rendered.

iii) Interest income

Interest income is recognised on an accrual basis using the effective interest method.

iv) Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

v) Royalty and rental income

Royalty and rental income is recognised on an accrual basis.

vi) *Premium income*

Premiums are recognised over the lives of the policies written. Unearned premiums represent the portion of premiums written in the current year which relate to periods of insurance subsequent to the consolidated balance sheet date calculated using the twenty-fourths method. Unearned premiums relating to marine cargo are deemed to be nil as such policies are generally issued for periods not exceeding one month.

s) 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 are charged to the consolidated statement of income on a straight-line basis over the period of the lease.

Assets leased out under operating leases are included in property, plant and equipment or investment property in the consolidated balance sheet. They are depreciated over their expected useful lives on a basis consistent with similar property, plant and equipment. Rental income is recognised on a straight-line basis over the lease term.

t) Insurance contracts

Recognition and measurement

The Group issues contracts that transfer insurance risk. Insurance contracts are those contracts that transfer significant insurance risk. As a general guideline, the Group defines as significant insurance risk the possibility of having to pay benefits on the occurrence of an insured event that are at least 10% more than the benefits payable if the insured event did not occur.

Insurance contracts issued are classified as short-term insurance contracts. These contracts are principally property, accident, motor, liability and marine insurance contracts.

Property insurance contracts indemnify the Group's customers in the event of a loss from specified insured perils (such as but not limited to fire, windstorm or earthquake) and their consequences up to the insured amount and within the terms of the policy conditions. These contracts are issued for both private and commercial risks.

Accident insurance contracts indemnify the Group's customers in the event of personal injury, loss and/or damage to property up to the insured amount and within the terms of the policy conditions.

Motor insurance contracts indemnify the Group's customers for their legal requirement under the applicable Road Traffic Act. These contracts may be extended for additional coverage such as physical damage, theft and personal accident.

2. Significant accounting policies... continued

t) Insurance contracts... continued

Recognition and measurement... continued

Liability insurance contracts provide coverage for liability exposures that indemnify the Group's customers against actions from third parties subject to policy limits and conditions. The typical protection offered is designed for employers who become legally liable to pay compensation to injured employees (employers' liability) and employers who become liable to pay compensation to third parties for bodily harm or property damage (public liability).

Marine insurance contracts indemnify the Group's customers for loss or damage to their insured cargo.

For these contracts, premiums are recognised as revenue (earned premiums) over the period of coverage. The portion of premium received on in-force contracts that relates to unexpired risks at the consolidated balance sheet date is reported as the unearned premium liability. Premiums are shown before the deduction of commission.

Claims and loss adjustment expenses are charged to the consolidated statement of income as incurred based on the estimated liability for compensation owed to contract holders or third parties damaged by contract holders. They include direct and indirect claims settlement costs and arise from events that have occurred up to the consolidated balance sheet date even if they have not yet been reported to the Group. The Group does not discount its liabilities for unpaid claims.

Reinsurance contracts held

Contracts entered into by the Group with reinsurers under which the Group is compensated for losses on one or more contracts issued by the Group and that meet the classification requirements for insurance contracts are classified as reinsurance contracts held. Contracts that do not meet these classification requirements are classified as financial assets.

The benefits to which the Group is entitled under its reinsurance contracts held are recognised as reinsurance assets. These assets consist of short-term balances due from reinsurers. Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract.

The Group assesses recoverability of its reinsurance assets when there is objective evidence that the reinsurance asset is impaired and reduces the carrying amount of the reinsurance asset to its estimated recoverable amount by recognising an impairment loss in the consolidated statement of income. The Group gathers the objective evidence that a reinsurance asset is impaired using the same process adopted for financial assets held at amortised cost. The impairment loss is also calculated following the same method used for these financial assets.

Claims provision and related reinsurance recoveries

Provisions are made at the year end for the estimated cost of claims incurred but not yet settled at the consolidated balance sheet date. The estimated cost of claims includes expenses to be incurred in settling the claims and a deduction for the expected value of salvage and other recoveries. The Group takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty in establishing claims provisions, it is likely that the outcome will prove to be different from the original liability established.

Receivables and payables

Receivables and payables are recognised when due. These include amounts due to and from agents, brokers and insurance contract holders.

If there is objective evidence that the insurance receivable is impaired, the Group reduces the carrying amount of the insurance receivable accordingly and recognises that impairment loss in the consolidated statement of income. The Group gathers the objective evidence that an insurance receivable is impaired using the same process adopted for receivables. The impairment loss is also calculated under the same method used for these financial assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2011

(Expressed in thousands of Barbados Dollars)

2. Significant accounting policies... continued

t) Insurance contracts... continued

Premiums and unearned premiums

Premiums are earned over the term of the related insurance contracts in proportion to the period of risk. The reserve for unearned premiums is established for the portion of premiums written which relate to unexpired risks at the end of the period.

Premiums ceded are expensed over the term of the related insurance contracts in proportion to the period of risk, coterminous with the related gross premiums. The provision for deferred premiums is established for the portion of premiums ceded which relate to unexpired risks at the end of the period.

Deferred acquisition costs

Acquisition costs on premiums written vary with and are directly related to the production of business. These costs are deferred and recognized over the period of the policies to which they relate.

Claims and claims expenses

Claims and claims expenses are shown gross with amounts due under reinsurance contracts shown as reinsurance assets. Reserves for claims are recorded as incurred and represent estimates of future payments of reported and unreported claims and related expenses with respect to insured events that have occurred up to the consolidated balance sheet date. Reinsurance claims recoveries are estimated at the same time as the reserve for a claim is recorded. The provision reflects management's best estimate of the Group's ultimate liabilities and management believes that the provision is adequate.

u) Dividend distributions

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

3. 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 has not entered into forward contracts to reduce its risk exposures.

Risk management is carried out by Head Office under policies approved by the Board of Directors. Head Office identifies, evaluates and hedges financial risks where considered appropriate in close cooperation with the Group's operating units. The Board provides guidance for overall risk management.

i) Market risk

1) Foreign exchange risk

The Group operates extra-regionally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to Central and South American currencies. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

In order to manage the risk associated with movements in currency exchange rates in Central and South America on commercial transactions, the Group trades mainly in US dollars. The Group also seeks to maintain cash and cash equivalents in each operating currency, which are sufficient to match liabilities denominated in the same currency.

(Expressed in thousands of Barbados Dollars)

3. Risk management... continued

a) Financial risk factors... continued

i) Market risk... continued

1) Foreign exchange risk... continued

The table below illustrates the theoretical impact on equity and net income of a 5% depreciation in the Jamaican dollar and Latin American currencies when compared to the Barbados dollar as at September 30, 2011.

Effect of a 5% depreciation of	Effect on Equity	Effect on net income
Jamaican dollar	(201)	(392)
Latin American currencies	(413)	(308)

An appreciation of these currencies would have an equal and opposite effect on equity and net income.

2) Price risk
The Group is exposed to equity securities price risk because of financial investments held by the Group and classified on the consolidated balance sheet as available-for-sale. The Group is not exposed to commodity price risk. To manage the price risk arising from investments in equity securities, the Group diversifies its portfolio.

The Group's publicly traded equity securities are included mainly on the Barbados Stock Exchange (BSE), the New York Stock Exchange (NYSE) and the Cayman Islands Stock Exchange (CSX).

If the BSE, NYSE and CSX had increased or decreased by 5% with all other variables held constant, the financial investments reserve within equity would increase or decrease by $773 (2010 – $931) as a result of gains or losses on equity securities classified as available-for-sale financial assets.

ii) Credit risk
Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk is managed on an entity basis. The Group's credit risk arises from cash, financial investments (loans and receivables) as well as credit exposures to wholesale and retail customers, amounts due from associated companies and other receivables.

The maximum exposure to credit risk is as follows:

	2011		2010	
	$	%	$	%
Cash	**47,152**	**24**	65,050	34
Trade and other receivables	**119,644**	**61**	97,959	50
Due by associated companies	**4,932**	**2**	8,640	4
Financial investments (debt securities and fixed deposits)	**25,312**	**13**	23,031	12
	197,040	**100**	194,680	100

Independent ratings exist for customers in the Group's catering operations. If no independent rating exists, customers are grouped according to credit history. Ratings available for the Group's cash and cash equivalents, trade receivables and financial investments are included in notes 6, 7 and 18.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2011

(Expressed in thousands of Barbados Dollars)

3. Risk management... continued

a) Financial risk factors... continued

ii) Credit risk... continued

The Group has a large number of customers dispersed across the Caribbean and Latin America region. It has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history, financial position, credit quality and other factors. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or by using major credit cards. For banks and financial institutions only well known and reputable parties are accepted.

The table below summarises the balances due from the major wholesale and retail customers at the consolidated balance sheet date.

Customer	2011	2010
KLM Dutch Airlines (unrated)	–	1,106
British Airways (rated BB- by Standard & Poor's)	**3,329**	1,074
Virgin Atlantic Airways (unrated)	**1,700**	1,645
Caribbean Airlines (unrated)	**1,308**	–
Taca International Airlines (unrated)	**1,606**	970
Alstons Marketing Ltd. (unrated)	**650**	1,231

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

iii) 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. In order to manage liquidity risks, management seeks to maintain sufficient levels of cash and cash equivalents and the availability of funding through an adequate amount of committed credit facilities, to meet reasonable expectations of its short-term obligations.

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

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
At September 30, 2011					
Borrowings	124,637	18,101	44,978	43,873	231,589
Trade and other payables	100,116	–	–	–	100,116
Due to associated companies	3,205	–	–	–	3,205
Insurance contracts	5,572	–	–	–	5,572
	233,530	18,101	44,978	43,873	340,482
Off financial statement exposures:					
Guarantees and letters of credit	32,061	–	–	–	32,061
Total	265,591	18,101	44,978	43,873	372,543

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2011

(Expressed in thousands of Barbados Dollars)

3. Risk management... continued

a) Financial risk factors... continued

iii) Liquidity risk... continued

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
At September 30, 2010					
Borrowings	119,979	20,507	42,645	35,119	218,250
Trade and other payables	96,644	–	–	–	96,644
Due to associated companies	2,443	–	–	–	2,443
Insurance contracts	4,109	–	–	–	4,109
	223,175	20,507	42,645	35,119	321,446
Off financial statement exposures:					
Guarantees and letters of credit	31,154	–	–	–	31,154
Total	254,329	20,507	42,645	35,119	352,600

The table below analyses the Group's financial assets into relevant maturity groupings based on the remaining period at the consolidated balance sheet date to the contractual maturity date.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
At September 30, 2011					
Cash	**47,152**	**–**	**–**	**–**	**47,152**
Trade and other receivables	**110,031**	**237**	**586**	**140**	**110,994**
Due by associated companies	**4,932**	**–**	**–**	**–**	**4,932**
Reinsurance assets	**4,456**	**–**	**–**	**–**	**4,456**
Financial investments (debt securities and fixed deposits)	**13,572**	**3,497**	**–**	**–**	**17,069**
	180,143	**3,734**	**586**	**140**	**184,603**
At September 30, 2010					
Cash	65,050	–	–	–	65,050
Trade and other receivables	95,254	531	562	176	96,523
Due by associated companies	8,640	–	–	–	8,640
Reinsurance assets	3,277	–	–	–	3,277
Financial investments (debt securities and fixed deposits)	17,343	6,130	–	–	23,473
	189,564	6,661	562	176	196,963

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2011
(Expressed in thousands of Barbados Dollars)

3. Risk management... continued

a) Financial risk factors... continued

iv) Cash flow and fair value interest rate risk

Although the Group has some interest bearing assets, the Group's interest rate risk arises mainly from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. During 2011 and 2010 the Group's borrowings at variable rates were denominated in Barbados, Eastern Caribbean, Cayman and United States dollars. To manage against interest rate risk, the Group negotiates the best rates possible and where possible considers factors such as refinancing, renewing options and alternative financing. In a period of low interest rates the Group negotiates for fixed rates on borrowings for a period of at least five years.

At September 30, 2011, if interest rates on variable rate borrowings had been 1% higher or lower, with all other variables held constant, net income for the year would have been $238 (2010 – $253) lower or higher, mainly as a result of higher or lower finance costs on floating rate borrowings.

b) Fair value of financial assets and liabilities

Fair value amounts represent estimates of the consideration that would currently be agreed upon between knowledgeable, willing parties who are under no compulsion to act and is best evidenced by a quoted market value, if one exists.

Financial instruments carried at fair value in the financial statements are measured in accordance with a fair value hierarchy. This hierarchy is as follows:

Level 1 – quoted instruments in active markets for identical instruments;
Level 2 – inputs other than quoted prices in Level 1 that are observable for the instrument either directly or indirectly;
Level 3 – inputs for the instrument that are not based on observable market data.

The fair value of financial instruments traded in active markets is based on quoted market prices at the consolidated balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer or broker, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. Specific valuation techniques used to value such financial instruments include quoted market prices for similar instruments and discounted cash flow analysis.

	Level 1	Level 2	Level 3	Total
2011				
Available-for-sale securities:				
Debt securities	494	45	–	539
Equity securities	10,906	6,477	–	17,383
	11,400	6,522	–	17,922

During the year there were no transfers between Level 1 and Level 2.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2011

(Expressed in thousands of Barbados Dollars)

3. Risk management... continued

b) Fair value of financial assets and liabilities... continued

The Group's financial assets and financial liabilities as disclosed in the consolidated balance sheet approximate their fair value except for the Group's borrowings, the fair value of which is disclosed in note 11.

c) *Capital risk management*

The Group's objectives when managing capital are to maximize shareholders' returns 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.

The Group monitors capital on the basis of the debt to asset ratio. This ratio is calculated as total debt divided by total assets plus total debt. Total debt is calculated as total liabilities as shown on the consolidated balance sheet.

During 2011 and 2010 the Group's strategy was to achieve the debt to asset ratio of 33:67. The debt to asset ratios at September 30, 2011 and 2010 are as follows:

	2011	2010
Total debt	340,157	319,272
Total assets	887,556	893,848
Debt to asset ratio	28:72	26:74

Statutory compliance

The Group's insurance company, M&C General Insurance Company, is regulated by the Insurance Act No. 6 of 1995 (the Insurance Act) of St. Lucia.

Section 34 of the Insurance Act states that a general insurer will be deemed to be insolvent if its assets do not exceed the sum of its liabilities by the greater of $148 or twenty per cent (20%) of its premium income in respect of its general insurance business in its last preceding financial year. Premium income of a company shall be assessed as the net amount, after deductions for any premiums paid by the company for reinsurance in that year in respect of all general insurance business carried on by the company. The Company was deemed solvent as of September 30, 2011.

Section 80 of the Insurance Act requires that a general insurer (carrying on motor vehicle and insurance business other than long-term insurance) shall deposit with the Registrar either the greater of $56 or an amount equal to 40% of its net premium income in respect of business transacted during the last preceding financial year. The Company was in compliance with this requirement as of September 30, 2011.

Section 88 of the Insurance Act requires that the company establishes a motor vehicle insurance fund equal to its liability and contingency reserves for motor vehicle insurance business less amounts held on deposit with the Registrar. The Company was in compliance with this requirement as of September 30, 2011.

The local insurance regulator specifies the minimum amount and type of capital that must be held by the Company in addition to their insurance liabilities. The minimum required capital must be maintained at all times throughout the year. The Company is subject to insurance solvency regulations and the Company has embedded in its asset liability management framework the necessary tests to ensure the continuous and full compliance with such regulations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2011

(Expressed in thousands of Barbados Dollars)

3. Risk management... continued

c) *Capital risk management... continued*

Statutory compliance... continued

The table below summarises the minimum required capital and the regulatory capital held by the Company.

	2011	2010
Regulatory capital held	2,370	2,370
Minimum regulatory capital	555	555

d) Insurance risk

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this is random and therefore unpredictable.

The principal risk that the Group faces under its insurance contracts is that the actual claim payments exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims is greater than estimated. Insurance events are random and the actual number and amounts of claims will vary from expectations from year to year.

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. The Group's underwriting strategy promotes diversification of insurance risks accepted and the creation of a large population of risks in each category to reduce the variability of the expected outcome.

Factors that aggravate insurance risk include lack of risk diversification in terms of type and amount of risk, geographical location and type of industry covered.

Reinsurance arrangements

The Group limits its exposure to insurance losses through the purchase of reinsurance. The Group's retained risk by line of business is disclosed below:

Type of Insurance Contract	Retention of Insurers
Property risks	Maximum net retention of $74 Maximum gross retention of $370 Maximum net retention of $556 for catastrophe risk
Motor & Liability	Maximum net retention of $2,222 for single risk Treaty limits for motor of $2,963 Treaty limits for liability of $2,963
Miscellaneous accident	Maximum net retention of $74 Treaty limits of $370
Marine	Maximum retention of $260 for single risk Treaty limit of $407 for any one loss

4. Critical accounting estimates and judgements

The development of estimates and the exercise of judgement in applying accounting policies may have a material impact on the Group's reported assets, liabilities, revenues and expenses. The items which may have the most effect on the Group's financial statements are set out below.

Valuation of property

The Group utilises professional valuers to determine the fair value of its properties. Valuations are determined through the application of a variety of different valuation methods which are all sensitive to the underlying assumptions chosen.

Recognition and measurement of intangible assets

The recognition and measurement of intangible assets, other than goodwill, in a business combination involves the utilisation of valuation techniques which may be very sensitive to the underlying assumptions utilised. These intangibles may be marketing related, consumer related, contract based or technology based.

For significant amounts of intangibles arising from a business combination, the Group utilises independent professional advisors to assist management in determining the recognition and measurement of these assets.

Impairment of intangible assets

a) Goodwill

The assessment of goodwill impairment involves the determination of the fair value of the cash generating units to which the goodwill has been allocated. Determination of fair value involves the estimation of future cash flows or of net income from ordinary activities of these business units and the expected returns to providers of capital to the business units and/or to the Group as a whole.

The Group updates its business unit financial projections annually and assesses whether there is any impairment of goodwill.

b) Other intangible assets

The assessment of impairment of other intangible assets involves the determination of the intangible's fair value or value in use. In the absence of an active market for an intangible, its fair value may need to be estimated. In determining an intangible asset's value in use, estimates are required of future cash flows generated as a result of holding the asset.

5. Segmental reporting

Management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. The Group is divided into four reporting segments based on the different types of products and services offered. These products and services are described in note 1. The operating segments derive their revenue primarily from the distribution of general merchandise, manufacturing of food and consumables, and provision of catering, ground handling, hospitality and financial services. The Directors assess the performance of the operating segments on the basis of revenue and profit or loss before tax excluding some other (losses)/gains – net which are shown as adjustments.

Information segmented on a geographical basis has been included in the notes to the consolidated financial statements as the Directors believe that this information is useful to an understanding of the operations of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2011
(Expressed in thousands of Barbados Dollars)

5. Segmental reporting... continued

The segment information provided to the Board of Directors is as follows:

Operating segments

	Import, distribution and marketing	Manufacturing and services	Catering and ground handling	Hotels and financial services	Eliminations/ unallocated	Total
2011						
Revenue						
External sales	651,188	119,641	181,564	–	(3,095)	949,298
Inter-segment sales	15,300	48,304	1,314	–	(64,918)	–
Associated companies' sales	–	78,643	70,121	195,536	(344,300)	–
Total revenue	666,488	246,588	252,999	195,536	(412,313)	949,298
Segment result						
Profit from operations	15,363	6	20,206	–	5,192	40,767
Other (losses)/gains – net	(8,304)	764	(8,330)	–	(11,975)	(27,845)
Finance costs	(6,351)	(419)	(48)	–	(5,007)	(11,825)
Share of income from associated companies	–	40	1,444	3,196	–	4,680
Income before non-controlling interests and taxation	708	391	13,272	3,196	(11,790)	5,777
Non-controlling interests	(668)	(40)	(5,736)	–	6,444	–
Income before taxation	40	351	7,536	3,196	(5,346)	5,777
Taxation						(11,095)
Net loss for the year						(5,318)
Other information						
Operating assets	415,089	111,691	89,650	–	80,821	697,251
Intangible assets	35,431	1,244	3,896	–	–	40,571
Investments in associated companies	–	25,398	8,164	37,090	–	70,652
Unallocated corporate assets	–	–	–	–	79,082	79,082
Consolidated corporate assets	450,520	138,333	101,710	37,090	159,903	887,556
Capital expenditure	11,889	5,231	9,448	–	8,257	34,825
Depreciation	9,357	7,523	5,688	–	503	23,071
Amortisation of intangible assets	1,119	–	15	–	–	1,134
Impairment of intangible assets	13,986	–	–	–	–	13,986
Employee numbers	2,261	678	2,083	–	43	5,065

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2011

(Expressed in thousands of Barbados Dollars)

5. Segmental reporting... continued

Operating segments... continued

	Import, distribution and marketing	Manufacturing and services	Catering and ground handling	Hotels and financial services	Eliminations/ unallocated	Total
2010						
Revenue						
External sales	622,700	106,052	152,230	–	(3,154)	877,828
Inter-segment sales	10,092	45,547	1,070	–	(56,709)	–
Associated companies' sales	–	115,574	61,377	187,509	(364,460)	–
Total revenue	632,792	267,173	214,677	187,509	(424,323)	877,828
Segment result						
Profit from operations	19,706	1,286	16,662	–	5,412	43,066
Other gains/(losses) – net	3,999	1,434	8,224	–	(2,867)	10,790
Finance costs	(6,504)	(286)	(56)	–	(5,569)	(12,415)
Share of income from associated companies	2,756	2,728	1,904	2,917	–	10,305
Income before non-controlling interests and taxation	19,957	5,162	26,734	2,917	(3,024)	51,746
Non-controlling interests	(3,566)	137	(12,376)	–	15,805	–
Income before taxation	16,391	5,299	14,358	2,917	12,781	51,746
Taxation						(12,313)
Net income for the year						39,433
Other information						
Operating assets	399,103	100,155	91,862	–	77,377	668,497
Intangible assets	50,536	1,244	274	–	–	52,054
Investments in associated companies	12	29,250	7,967	47,881	–	85,110
Unallocated corporate assets	–	–	–	–	88,187	88,187
Consolidated corporate assets	449,651	130,649	100,103	47,881	165,564	893,848
Capital expenditure	13,545	4,582	6,250	–	219	24,596
Depreciation	8,633	7,162	5,578	–	511	21,884
Amortisation of intangible assets	1,117	–	16	–	–	1,133
Impairment of intangible assets	289	–	–	–	–	289
Employee numbers	2,165	641	1,593	–	42	4,441

Notes to the Consolidated Financial Statements

September 30, 2011

(Expressed in thousands of Barbados Dollars)

5. Segmental reporting... continued

Operating segments... continued

A reconciliation of adjustments to income before taxation is provided as follows:

	2011	2010
Total income before non-controlling interests and taxation for reportable segments	**17,567**	54,770
Eliminations/unallocated		
Unallocated group companies	**1,522**	(3,030)
Write-off of associated companies	**(14,298)**	–
Gain arising on acquisition	**155**	6
Loss on remeasurement of previous equity interest in associate at fair value	**(44)**	–
Gain arising on disposal of investment in associated company	**875**	–
Total eliminations/unallocated	**(11,790)**	(3,024)
Total income before taxation	**5,777**	51,746

Reportable segment assets are reconciled to total assets as follows:

	2011	2010
Total assets for reportable segments	**727,653**	728,284
Unallocated assets		
Operating assets for unallocated group companies	**80,821**	77,377
Current income tax assets	**2,451**	4,870
Investment property	**19,372**	23,557
Financial investments	**43,739**	44,777
Deferred income tax assets	**6,824**	5,845
Pension plan assets	**5,759**	7,708
Long-term trade and other receivables	**937**	1,430
Total unallocated assets	**159,903**	165,564
Total assets	**887,556**	893,848

Geographical information

	External sales		Non-current assets	
	2011	2010	2011	2010
Barbados	**211,027**	203,043	**186,180**	188,150
St. Lucia	**291,052**	271,343	**129,784**	149,222
Grenada	**88,839**	91,393	**64,830**	62,021
Other Caribbean	**211,063**	187,522	**73,277**	70,170
Latin America	**95,683**	75,868	**21,828**	17,853
Other	**51,634**	48,659	–	–
Total	**949,298**	877,828	**475,899**	487,416

Sales between reportable segments are carried out at arm's length.

Revenue is attributed to countries on the basis of the customer's location.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2011
(Expressed in thousands of Barbados Dollars)

5. Segmental reporting... continued

For the purposes of segment information, non-current assets exclude financial investments, deferred tax assets and pension plan assets.

During the year, the Group renamed the manufacturing and non-financial services segments, manufacturing and services and catering and ground handling segments respectively and made other changes in the composition of the Group's reportable segments. The prior year's segment disclosures have been restated accordingly.

Geographical segments	Barbados	Other Caribbean	Latin America	Eliminations/ unallocated	Total
2011					
Revenue					
External sales	280,412	583,713	88,268	(3,095)	949,298
Inter-segment sales	54,394	10,524	–	(64,918)	–
Associated companies' sales	192,971	135,437	15,892	(344,300)	–
Total revenue	527,777	729,674	104,160	(412,313)	949,298
Segment result					
Profit from operations	2,984	19,969	12,622	5,192	40,767
Other (losses)/gains – net	3,282	(19,352)	200	(11,975)	(27,845)
Finance costs	(1,392)	(5,426)	–	(5,007)	(11,825)
Share of income/(loss) from associated companies	4,136	(216)	760	–	4,680
Income before non-controlling interests and taxation	9,010	(5,025)	13,582	(11,790)	5,777
Non-controlling interests	(1,740)	1,580	(6,284)	6,444	–
Income before taxation	7,270	(3,445)	7,298	(5,346)	5,777
Taxation					(11,095)
Net loss for the year					(5,318)
Other information					
Operating assets	178,097	394,245	44,088	80,821	697,251
Intangible assets	1,346	39,087	138	–	40,571
Investments in associated companies	55,278	12,774	2,600	–	70,652
Unallocated corporate assets	–	–	–	79,082	79,082
Consolidated corporate assets	234,721	446,106	46,826	159,903	887,556
Capital expenditure	7,745	13,303	5,520	8,257	34,825
Depreciation	9,966	10,730	1,872	503	23,071
Amortisation of intangible assets	–	1,134	–	–	1,134
Impairment of intangible assets	–	13,986	–	–	13,986
Employee numbers	1,102	2,908	1,012	43	5,065

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2011
(Expressed in thousands of Barbados Dollars)

5. Segmental reporting... continued

Geographical segments... continued

	Barbados	Other Caribbean	Latin America	Eliminations/ unallocated	Total
2010					
Revenue					
External sales	264,642	546,466	69,874	(3,154)	877,828
Inter-segment sales	49,219	7,490	–	(56,709)	–
Associated companies' sales	184,786	168,317	11,357	(364,460)	–
Total revenue	498,647	722,273	81,231	(424,323)	877,828
Segment result					
Profit from operations	5,095	22,469	10,090	5,412	43,066
Other gains/(losses) – net	3,781	9,454	422	(2,867)	10,790
Finance costs	(1,992)	(4,854)	–	(5,569)	(12,415)
Share of income/(loss) from associated companies	10,417	(1,279)	1,167	–	10,305
Income before non-controlling interests and taxation	17,301	25,790	11,679	(3,024)	51,746
Non-controlling interests	(4,156)	(6,219)	(5,430)	15,805	–
Income before taxation	13,145	19,571	6,249	12,781	51,746
Taxation					(12,313)
Net income for the year					39,433
Other information					
Operating assets	161,138	389,628	40,354	77,377	668,497
Intangible assets	1,346	50,570	138	–	52,054
Investments in associated companies	62,900	19,506	2,704	–	85,110
Unallocated corporate assets	–	–	–	88,187	88,187
Consolidated corporate assets	225,384	459,704	43,196	165,564	893,848
Capital expenditure	6,675	15,316	2,386	219	24,596
Depreciation	9,769	9,950	1,654	511	21,884
Amortisation of intangible assets	–	1,133	–	–	1,133
Impairment of intangible assets	–	289	–	–	289
Employee numbers	1,046	2,397	956	42	4,441

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2011

(Expressed in thousands of Barbados Dollars)

6. Cash and cash equivalents

	2011	2010
Cash	47,152	65,050
Bank overdraft (note 11)	(33,930)	(32,397)
	13,222	32,653

Significant concentrations of cash are as follows:

	2011	2010
CIBC FirstCaribbean International Bank (unrated)	15,532	14,951
CIBC (Long Term Issue Credit Rating A+ by Standard & Poor's)	10,076	16,563
Intertrade Finance Corporation (unrated)	–	8,725

7. Trade and other receivables

	2011	2010
Trade receivables	92,408	83,954
Other receivables	34,047	22,445
Trade and other receivables	126,455	106,399
Less: Provision for impairment of receivables	(8,313)	(10,266)
Trade and other receivables – net	118,142	96,133
Loans receivable (other)	1,174	1,606
Loans receivable (mortgages)	328	220
Total	119,644	97,959
Less: Long-term portion – loans receivable	(937)	(1,430)
Current portion	118,707	96,529

The credit quality of trade receivables that are neither past due nor impaired can be assessed by reference to historical information about default rates. External credit ratings are used if available.

a) *Trade receivables*

Total fully performing trade receivables without external ratings:

	2011	2010
New customers (< 6 months)	4,146	2,906
Existing customers (> 6 months) - no past defaults	23,351	18,488
Existing customers (> 6 months) - some past defaults fully recovered	20,318	23,397
	47,815	44,791

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2011

(Expressed in thousands of Barbados Dollars)

7. Trade and other receivables... continued

a) *Trade receivables... continued*

Counterparties with external ratings:

	2011	2010
British Airways (Rated BB- by Standard & Poor's)	1,280	1,076
American Airlines (Rated D by Standard & Poor's)	1,003	531
Delta Air Lines (Rated B by Standard & Poor's)	760	680
US Airways (Rated B- by Standard & Poor's)	170	115
Continental Airlines (Rated B by Standard & Poor's)	428	605
Air Canada (Rated B- by Standard & Poor's)	129	272
UPS (Rated AA- by Standard & Poor's)	23	14
	3,793	3,293
Total fully performing trade receivables	51,608	48,084

Trade receivables that are less than three months past due are not considered impaired. Based on historical information and customer relationships some trade receivables which are greater than three months past due but not greater than twelve months are not considered impaired. As of September 30, 2011, trade receivables of $32,916 (2010 – $26,464) were past due but not impaired. The aging of these trade receivables is as follows:

	2011	2010
Up to 3 months	23,575	13,497
3 to 6 months	4,147	6,401
6 to 12 months	5,194	6,566
	32,916	26,464

As of September 30, 2011, trade receivables of $7,884 (2010 – $9,406) were impaired and provided for. A portion of these receivables is expected to be recovered. The aging of these trade receivables is as follows:

	2011	2010
3 to 6 months	213	223
6 to 12 months	1,846	910
Over 12 months	5,825	8,273
	7,884	9,406
Total trade receivables	92,408	83,954

b) *Other receivables*

	2011	2010
Total fully performing other receivables	15,427	10,923

(Expressed in thousands of Barbados Dollars)

7. Trade and other receivables... continued

b) Other receivables... continued

Other receivables that are less than three months past due are not considered impaired. As of September 30, 2011, other receivables of $18,191 (2010 – $10,662) were past due but not impaired. The aging of these other receivables is as follows:

	2011	2010
Up to 3 months	**7,895**	2,919
3 to 6 months	**3,180**	2,204
6 to 12 months	**1,779**	1,327
Over 12 months	**5,337**	4,212
	18,191	10,662

As of September 30, 2011, other receivables of $429 (2010 – $860) were impaired and provided for. A portion of these receivables is expected to be recovered. The aging of these other receivables is as follows:

	2011	2010
3 to 6 months	**2**	605
6 to 12 months	**4**	–
Over 12 months	**423**	255
	429	860
Total other receivables	**34,047**	22,445

Movement on the Group's provision for impairment of receivables is as follows:

	2011	2010
Balance – beginning of year	**10,266**	11,222
Subsidiaries aquired during the year	**239**	–
Provision for impairment of receivables	**1,690**	1,510
Less: Receivables written off during the year as uncollectible	**(3,353)**	(1,954)
Unused amounts reversed	**(530)**	(514)
Exchange adjustment	**1**	2
Balance – end of year	**8,313**	10,266

The creation and release of provision for impairment of receivables is included in selling, marketing and administrative expenses in the consolidated statement of income. Amounts charged to the provision for impairment of receivables are written off when there is no expectation of receiving additional cash. Direct write-offs for impaired receivables to the consolidated statement of income were $509 (2010 – write-off of $2,522).

Other receivables include $8,000 advanced in respect of the acquisition of the assets of the agency and stevedoring business and operations of Sea Freight Agencies (Barbados) Limited (note 36).

The Group only holds collateral in respect of loans receivable (mortgages). The estimated fair value of this collateral at year end was $1,006 (2010 – $1,611).

Loans receivable (other) include an amount of $700 which is repayable in five equal instalments commencing in November 2012.

Loans receivable (mortgages) do not include impaired assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2011

(Expressed in thousands of Barbados Dollars)

7. Trade and other receivables... continued

b) Other receivables... continued

The effective interest rates on non-current receivables were as follows:

	2011	2010
Loans receivable (mortgages)	6%	6%

8. Due by/to associated companies

These amounts are interest free, unsecured and without stated terms of repayment.

9. Reinsurance assets

	2011	2010
Outstanding claims	4,485	3,277
Deferred reinsurance costs	5,724	4,960
	10,209	8,237

10. Inventories

	2011	2010
Finished goods	140,081	136,121
Raw materials	21,187	20,395
Work in progress	763	210
	162,031	156,726
Less: Provision for obsolescence	(846)	(1,001)
Total	161,185	155,725

The cost of inventories written down and recognised as an expense and included in cost of sales amounted to $5,941 (2010 – $4,089).

11. Borrowings

	2011	2010
Non-current		
Bank term loans at interest rates between 4.75% - 10.75% (2010 – 4.75% - 10.50%) repayable in regular instalments maturing at various intervals through 2020 (2010 – through to 2020) – see note (a)	85,658	86,582
Current		
Bank term loans at interest rates between 4.75% - 10.75% (2010 – 4.75% - 10.50%) repayable in regular instalments maturing at various intervals through 2020 (2010 – through to 2020) – see note (a)	41,043	34,097
Short-term loans payable on demand – see note (c)	10,531	10,335
Preference shares – redeemable up to 2023 at a dividend rate of 6.5% payable semi-annually – see note (b)	32,434	32,434
Bank overdraft (interest rates of 7.00% - 18.05%) (2010 – 5.50% - 19.25%) (note 6) – see note (a)	33,930	32,397
	117,938	109,263
Total	203,596	195,845

(Expressed in thousands of Barbados Dollars)

11. Borrowings... continued

a) The Company's bankers hold as collateral security, in support of the bank term loans and bank overdraft, the share certificates for the investments held by the Company in certain wholly owned subsidiary and associated companies.

b) These preference shares were issued as part-payment of the purchase consideration for the acquisition of Minvielle & Chastanet Limited (M&C) and are denominated in US dollars. The shares have a fixed preferential dividend rate of 6.5% per annum to be paid semi-annually. The holders can redeem the preference shares by giving two months notice for every $10,000 of the value thereof. Payment can be made in East Caribbean dollars at the holders' request. The holders also have the option to convert 60% of the preference shares into the Group's shares with the balance redeemable for cash, prior to 2023. Given the specific redemption terms, including the two month notice period for any redemption request prior to 2023, the full amount of the outstanding preference shares is shown as current borrowings.

c) The short-term loans are unsecured and bear interest at rates varying between 3% and 8% (2010 – 3% and 8%) per annum.

The following have been pledged as security for the bank indebtedness of certain of the subsidiary companies:

Antigua: Floating charge debenture over business assets.

Barbados: Letters of charge, demand debentures and first legal mortgages over land and buildings and assets of certain subsidiary companies stamped to secure $53,876 guarantee bond and postponement of claims by Goddard Enterprises Limited for full liability, assignment of fire and other perils insurance policies over fixed and floating assets to the bank.

St. Kitts: Leasehold buildings valued at $2,880 and inventory valued at $2,963.

St. Lucia: A hypothecary obligation and mortgage debentures stamped up to a limit of $34,319 over the fixed and floating assets of subsidiary companies, guarantee and postponement of claims from a related company, and assignment of fire insurance policies over property and equipment to the bank.

St. Vincent: A letter of charge (memorandum of deposit of deed) over land and buildings of a subsidiary company, assignment of fire and perils insurance over stock, buildings, furniture and fixtures.

The exposure of the Group's borrowings to interest rate changes and the contractual repricing dates at the consolidated balance sheet date are as follows:

	2011	2010
No exposure	**181,765**	173,137
Less than 1 year	**21,500**	22,557
1 – 5 years	**331**	151
	203,596	195,845

The fair value of the Group's fixed rate borrowings was $128,155 at the year end.

The carrying amounts of the Group's borrowings are denominated in the following currencies:

	2011	2010
Barbados dollar	**68,739**	47,423
East Caribbean dollar	**74,954**	67,495
Jamaica dollar	**217**	274
US dollar	**59,686**	79,888
Cayman dollar	**–**	765
	203,596	195,845

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2011

(Expressed in thousands of Barbados Dollars)

12. Trade and other payables

	2011	2010
Trade payables	**55,482**	46,071
Accrued liabilities	**54,787**	53,431
	110,269	99,502

13. Insurance contracts

	2011	2010
Provision for losses and loss adjustment expenses	**5,572**	4,109
Unearned premiums	**8,580**	8,093
	14,152	12,202

14. Property, plant and equipment

	Freehold land and buildings	Leasehold buildings	General equipment	Total
At September 30, 2009				
Cost or valuation	256,099	32,142	227,885	516,126
Accumulated depreciation	(20,306)	(15,038)	(158,454)	(193,798)
Net book amount	235,793	17,104	69,431	322,328
Year ended September 30, 2010				
Opening net book amount	235,793	17,104	69,431	322,328
Exchange differences	392	227	52	671
Subsidiary acquired during year	–	222	73	295
Additions	2,726	800	21,070	24,596
Disposals	(875)	–	(1,026)	(1,901)
Reclassifications	1,323	(1,593)	270	–
Revaluation surplus	636	–	–	636
Hyperinflationary revaluation	–	1,062	989	2,051
Depreciation charge (note 24)	(3,098)	(1,695)	(17,091)	(21,884)
Transfer to investment property (note 15)	(1,527)	–	–	(1,527)
Closing net book amount	235,370	16,127	73,768	325,265
At September 30, 2010				
Cost or valuation	259,494	36,852	243,827	540,173
Accumulated depreciation	(24,124)	(20,725)	(170,059)	(214,908)
Net book amount	235,370	16,127	73,768	325,265

(Expressed in thousands of Barbados Dollars)

14. Property, plant and equipment... continued

	Freehold land and buildings	Construction in progress	Leasehold buildings	General equipment	Total
Year ended September 30, 2011					
Opening net book amount	235,370	–	16,127	73,768	325,265
Exchange differences	339	–	(7)	87	419
Subsidiary acquired during year	–	–	121	2,588	2,709
Additions	6,379	8,066	1,562	18,818	34,825
Disposals	(1)	–	(2)	(756)	(759)
Reclassifications	(34)	–	–	34	–
Hyperinflationary revaluation	–	–	235	244	479
Depreciation charge (note 24)	(3,054)	–	(1,432)	(18,585)	(23,071)
Transfer from investment property (note 15)	4,500	–	–	–	4,500
Closing net book amount	243,499	8,066	16,604	76,198	344,367
At September 30, 2011					
Cost or valuation	268,244	8,066	38,340	267,493	582,143
Accumulated depreciation	(24,745)	–	(21,736)	(191,295)	(237,776)
Net book amount	243,499	8,066	16,604	76,198	344,367

The freehold land and buildings of the Group situated in Barbados, St. Lucia, St. Vincent and Antigua were last revalued on September 30, 2007 by independent professional real estate valuers in those countries. Valuations were made on the basis of recent market transactions on arm's length terms. The revaluation surplus was credited to the revaluation surplus in equity at that date.

Depreciation expense of $6,477 (2010 – $6,039) and $16,594 (2010 – $15,845) respectively has been included in cost of sales and selling, marketing and administrative expenses.

Operating lease rental expenses amounting to $6,051 (2010 – $3,856) have been included in selling, marketing and administrative expenses.

Land and buildings with a total value of $81,451 (2010 – $83,021) have been provided as security for various bank borrowings.

15. Investment property

	2011	2010
Balance – beginning of year	23,557	22,516
Transfer (to)/from property, plant and equipment (note 14)	(4,500)	1,527
Additions	463	–
Fair value losses on revaluation of investment property (note 25)	(148)	(486)
Balance – end of year	19,372	23,557

The Group's investment properties are situated in Barbados, St. Vincent and Cayman Islands. These were revalued as of September 30, 2011 by independent professional real estate valuers in those countries. Valuations were performed based on an income capitalization approach.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2011

(Expressed in thousands of Barbados Dollars)

15. Investment property... continued

Rental income from investment properties amounted to $1,694 (2010 – $1,780) and direct operating expenses totalled $387 (2010 – $183) for the year.

16. Intangible assets

	Goodwill	Trade names	Customer relationships	Supplier relationships	Total
At September 30, 2009					
Cost	32,597	14,991	7,501	589	55,678
Accumulated amortisation	–	(1,324)	(1,006)	(160)	(2,490)
Net book amount	32,597	13,667	6,495	429	53,188
Year ended September 30, 2010					
Opening net book amount	32,597	13,667	6,495	429	53,188
Acquisition of subsidiary companies	138	–	–	–	138
Acquisition of intangible assets	75	–	75	–	150
Impairment of intangible assets	–	–	–	(289)	(289)
Amortisation charge	–	(609)	(514)	(10)	(1,133)
Closing net book amount	32,810	13,058	6,056	130	52,054
At September 30, 2010					
Cost	32,810	14,991	7,576	300	55,677
Accumulated amortisation	–	(1,933)	(1,520)	(170)	(3,623)
Net book amount	32,810	13,058	6,056	130	52,054
Year ended September 30, 2011					
Opening net book amount	32,810	13,058	6,056	130	52,054
Acquisition of subsidiary company (note 33)	757	569	2,311	–	3,637
Impairment of intangible assets	(13,986)	–	–	–	(13,986)
Amortisation charge	–	(610)	(513)	(11)	(1,134)
Closing net book amount	**19,581**	**13,017**	**7,854**	**119**	**40,571**
At September 30, 2011					
Cost	19,581	15,560	9,887	300	45,328
Accumulated amortisation	–	(2,543)	(2,033)	(181)	(4,757)
Net book amount	**19,581**	**13,017**	**7,854**	**119**	**40,571**

(Expressed in thousands of Barbados Dollars)

16. Intangible assets... continued

Goodwill has been allocated to the Group's cash generating units. These cash generating units are then grouped based on business segments.

	Allocation beginning of year	Impairment	Additions	Balance end of year
Import, distribution and marketing	31,354	(13,986)	–	17,368
Manufacturing and services	1,243	–	–	1,243
Catering and ground handling	213	–	757	970
	32,810	(13,986)	757	19,581

The recoverable amount of a cash generating unit is determined based on its value-in-use calculations. These calculations use pre-tax cash flow projections prepared by management for the next five years. During the year the carrying amounts of two cash generating units within the import, distribution and marketing segment were reduced to their estimated recoverable amounts through recognition of an impairment loss of $13,986 in respect of goodwill to reflect declining performances. This loss has been included in other (losses)/gains – net in the consolidated statement of income.

A sensitivity analysis was conducted on the recoverable amount of all major cash generating units. Discount rates incorporating projected national GDP and inflation rates and earnings before interest and tax (EBIT) based on the last ten years' results were applied to management's projections. This resulted in an additional impairment of one of the cash generating units of $4,195.

In performing the required value-in-use calculations to arrive at a recoverable amount for each cash generating unit, management has applied the following discount factors and residual growth rates to the projected cash flows from the individual operating units.

	2011	
	Discount factor	Residual growth rate
Import, distribution and marketing	10.6% - 15.7%	2%
Manufacturing and services	14%	2%

17. Investments in associated companies

	2011	2010
Original cost of investments	54,110	53,934
Increase in equity value over cost from acquisition to end of previous year	31,000	24,949
	85,110	78,883
Investments and loans made during the year	3,927	30
Fair value of net assets acquired over cost	–	6
Investment transferred to subsidiary company status	(974)	–
Exchange differences	126	146
Share of net income less dividends received for the year (see below)	1,409	7,837
Reserve movements (note 22)	(2,511)	(1,792)
Disposal of investment in associated companies	(2,137)	–
Write-off of associated companies	(14,298)	–
	70,652	85,110

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2011

(Expressed in thousands of Barbados Dollars)

17. Investments in associated companies... continued

Share of net income less dividends received for the year is made up as follows:

	2011	2010
Share of income before taxation	6,682	13,342
Taxation	(2,002)	(3,037)
Share of net income	4,680	10,305
Dividends received (note 34)	(3,271)	(2,468)
As above	1,409	7,837

The Group's share of the results of its associates, all of which are unlisted, and its share of the net assets are as follows:

	2011	2010
Assets	198,421	257,815
Liabilities	127,769	172,705
Revenue	129,676	134,571
Net income	4,680	10,305

18. Financial investments

	2011	2010
Available-for-sale:		
Debt securities (listed)	539	9
Equity securities (listed)	17,383	19,599
Equity securities (unlisted)	1,044	2,147
	18,966	21,755
Loans and receivables:		
Debt securities (unlisted)	18,239	16,299
Fixed deposits	6,534	6,723
	24,773	23,022
Total	43,739	44,777

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2011

(Expressed in thousands of Barbados Dollars)

18. Financial investments... continued

Significant concentrations of financial investments are as follows:

	2011	2010
Debt securities and fixed deposits:		
RBTT St. Lucia Bonds (unrated)	1,333	1,532
East Caribbean Financial Holding Co. – Bank of St. Lucia (unrated)	3,541	3,375
Grenada Co-Operative Bank Limited Fixed Deposit (unrated)	–	1,370
RBTT Fixed Deposit (unrated)	2,092	1,993
First Citizens Investment Services Ltd. (unrated) formerly Caribbean Money Market Brokers Ltd. (unrated)	4,587	4,353
EC Home Mortgage Bank Bonds (unrated)	1,333	–
Equity securities:		
Banks Holdings Limited (unrated)	2,095	2,578
CIBC FirstCaribbean International Bank (unrated)	1,302	1,302
OAM Asian Recovery Fund (unrated)	3,445	3,768
OAM European Value Fund (unrated)	2,212	2,354
Sagicor Financial Corporation (unrated)	972	1,154

Debt securities carry fixed interest rates ranging from 3.75% to 7.50% (2010 – 3.50% to 7.50%) and maturity dates between 2011 and 2014 (2010 – 2011 and 2013).

During the year no provision was made in respect of available-for-sale equity securities (2010 – $800). No debt securities were past due at the consolidated balance sheet date.

The Group's loans and receivables as disclosed in the consolidated balance sheet approximate their fair value.

Loans and receivables amounting to $4,843 (2010 – $4,670) were used as securities for the statutory deposits and motor insurance fund for the Group's insurance company.

19. Deferred income tax assets/(liabilities)

	2011	2010
Deferred income tax assets (net) – beginning of year	933	2,500
Acquisition of subsidiary company	95	–
Deferred income tax release/(charge) (note 28)	2,081	(1,578)
Exchange adjustment	2	11
Deferred income tax assets (net) – end of year	3,111	933
Represented by:		
Deferred income tax assets	6,824	5,845
Deferred income tax liabilities	(3,713)	(4,912)
	3,111	933

Notes to the Consolidated Financial Statements

September 30, 2011

(Expressed in thousands of Barbados Dollars)

19. Deferred income tax assets/(liabilities)... continued

The deferred income tax assets consist of the following components:

	2011	2010
Delayed tax depreciation	15,538	19,312
Taxed provisions	2,236	812
Pension plans (net)	(941)	(3,888)
Unutilised tax losses	18,984	11,414
Other	234	–
	36,051	27,650
Deferred income tax assets at applicable corporation tax rates	6,824	5,845

The deferred income tax liabilities consist of the following components:

	2011	2010
Accelerated tax depreciation	(15,460)	(21,921)
Taxed provisions	77	77
Pension plans (net)	(1,307)	(1,406)
Unutilised tax losses	3,125	8,291
Revaluation surplus	–	(4,612)
Other	(591)	–
	(14,156)	(19,571)
Deferred income tax liabilities at applicable corporation tax rates	(3,713)	(4,912)

	2011	2010
Deferred income tax assets:		
Deferred income tax assets to be recovered after more than 12 months	5,222	4,653
Deferred income tax assets to be recovered within 12 months	1,602	1,192
	6,824	5,845
Deferred income tax liabilities:		
Deferred income tax liabilities to be settled after more than 12 months	(1,688)	(4,906)
Deferred income tax liabilities to be settled within 12 months	(2,025)	(6)
	(3,713)	(4,912)

The Group has not recognised potential deferred income tax assets of $1,002 (2010 – $1,020) arising primarily from unutilised tax losses of $5,626 (2010 – $5,878).

20. Pension plans

The Company and certain of its subsidiary companies operate defined benefit pension plans for their employees under segregated fund policies with Sagicor Life Inc. as well as with BNP Paribas Security Services, a financial institution registered in Paris, France. Annual valuations of the pension plans are performed by independent actuaries and the companies' contributions are adjusted according to the actuaries' recommendations. The latest actuarial valuations of the plans were performed as of September 30, 2011.

(Expressed in thousands of Barbados Dollars)

20. Pension plans... continued

In respect of the defined benefit pension plans operated by the Group, the amounts recognised in the consolidated balance sheet are as follows:

Pension plan assets

	2011	2010
Fair value of plan assets	93,907	86,700
Present value of funded obligations	(83,489)	(73,108)
	10,418	13,592
Unrecognised actuarial gains	(4,659)	(5,884)
Net assets – end of year	5,759	7,708

Pension plan liabilities

	2011	2010
Fair value of plan assets	41,670	39,359
Present value of funded obligations	(40,970)	(37,277)
	700	2,082
Unrecognised actuarial gains	(2,953)	(3,593)
Net liabilities – end of year	(2,253)	(1,511)

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

	2011	2010
Fair value of plan assets – beginning of year	126,059	118,739
Acquisition of subsidiary company	1,289	–
Expected return on plan assets	12,914	8,738
Actuarial losses	(2,685)	(629)
Contributions – employer and employee	4,484	3,936
Benefits paid	(6,484)	(4,725)
Fair value of plan assets – end of year	135,577	126,059

The movement in the present value of funded obligations over the year is as follows:

	2011	2010
Present value of funded obligations – beginning of year	110,385	107,885
Aquisition of subsidiary company	1,309	–
Current service cost	6,557	4,411
Interest cost	11,468	8,079
Curtailment	–	(17)
Past service cost	3,481	–
Actuarial gains	(2,257)	(5,248)
Benefits paid	(6,484)	(4,725)
Present value of funded obligations – end of year	124,459	110,385

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2011

(Expressed in thousands of Barbados Dollars)

20. Pension plans... continued

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

	2011	2010
Current service cost	4,025	2,775
Interest cost	11,468	8,079
Expected return on plan assets	(12,914)	(8,738)
Net actuarial gains recognised in the year	(1,392)	(601)
Past service cost	3,481	–
Amount recognised where limit was previously placed on economic value of surplus	–	(1,086)
Net amount recognised in the consolidated statement of income	4,668	429
Actual return on plan assets	8,660	5,960

The movement in the net asset recognised in the consolidated balance sheet is as follows:

	2011	2010
Net asset – beginning of year	6,197	4,327
Acquisition of a subsidiary company	24	–
Net expense recognised in the consolidated statement of income	(4,668)	(429)
Contributions paid	1,953	2,299
Net asset – end of year	3,506	6,197

Principal actuarial assumptions used for accounting purposes were as follows:

	2011	2010
Discount rate	6.5% - 8.0%	7.0%
Expected return on plan assets	6.5% - 8.0%	6.0% - 7.0%
Future promotional salary increases	3.0% - 4.0%	3.0%
Future inflationary salary increases	2.5% - 4.0%	3.0%
Future pension increases	1.0% - 4.0%	1.5% - 3.0%
Proportion of employees opting for early retirement	0.0%	0.0%
Future changes in NIS ceiling	1.0% - 4.0%	3.0% - 4.5%

Amounts for the current and previous periods are as follows:

Pension Plan Assets

	2011	2010	2009	2008	2007
Fair value of plan assets	93,907	86,700	82,459	90,697	86,086
Present value of funded obligations	(83,489)	(73,108)	(72,035)	(79,441)	(72,108)
Surplus	10,418	13,592	10,424	11,256	13,978
Experience adjustments on plan liabilities (gains)/losses	(806)	(3,034)	(3,819)	238	(996)
Experience adjustments on plan assets (losses)/gains	(1,711)	(372)	(10,890)	(2,458)	(1,403)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2011

(Expressed in thousands of Barbados Dollars)

20. Pension plans... continued

Pension Plan Liabilities

	2011	2010	2009	2008	2007
Fair value of plan assets	**41,670**	39,359	36,280	35,745	23,674
Present value of funded obligations	**(40,970)**	(37,277)	(35,850)	(34,759)	(22,952)
Surplus	**700**	2,082	430	986	722
Experience adjustments on plan liabilities (gains)/losses	**(1,252)**	(2,032)	(1,028)	192	(571)
Experience adjustments on plan assets (losses)/gains	**(973)**	(257)	(4,621)	95	(557)

Plan assets are comprised as follows:

	2011	2010
Bonds Fund	**10.2%**	10.2%
Equity Fund	**70.7%**	70.5%
Balanced Fund	**19.4%**	19.3%
Other	**(0.3%)**	0.0%
Total	**100.0%**	100.0%

Investments are well diversified, such that failure of any single investment would not have a material impact on the overall level of assets. The largest proportion of assets is invested in equities. The Group believes that equities offer the best returns over the long term with an acceptable level of risk.

The expected return on plan assets is determined by considering the expected returns available on the assets underlying the current investment policy.

Expected contributions to the defined benefit pension plans for the year ending September 30, 2012 are $1,400.

The Group also operates defined contribution plans for eligible employees. Pension costs for the year in respect of the defined contribution plans amounted to $2,369 (2010 – $2,105).

21. Share capital

Authorised

The Company is authorised to issue:

i) an unlimited number of one class of shares of no par value designated common shares.

ii) 960,000 of one class of shares of no par value designated preference shares.

Issued	2011	2010
Common shares	**43,337**	42,454

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2011

(Expressed in thousands of Barbados Dollars)

21. Share capital... continued

	2011		2010	
	Number of shares	$	Number of shares	$
Balance – beginning of year	59,707,790	42,454	59,587,776	41,829
Shares issued during the year – see (a) & (b)	169,853	883	120,014	625
Balance – end of year	59,877,643	43,337	59,707,790	42,454

Changes during the year were as follows:

a) In November 2010, employees of the Company and its Barbados subsidiary companies were offered shares in part payment of bonus payable in December 2010, as permitted by law. A total of 88,758 shares were issued at a price of $4.95 each. Subsequently, in May 2011, 49,845 shares were allotted under the Employee Share Purchase Scheme at $5.10 per share. These shares qualified for the 2011 interim dividend paid in August 2011.

b) During the year, 31,250 employee share options were exercised at a price of $6.07. 118,296 share options expired during the year (note 23).

22. Other reserves

	Financial investments reserve	Revaluation surplus	Translation reserve	Share-based payments reserve	Statutory reserve	Total
Balance at October 1, 2009	9,500	111,474	(11,000)	1,007	986	111,967
Other comprehensive income/(loss):						
Transfer on disposal of property	–	(337)	–	–	–	(337)
Share of revaluation surplus:						
– Group	–	(674)	–	–	–	(674)
– Associated companies (note 17)	–	190	–	–	–	190
Unrealised gains/(losses) on available-for-sale investments:						
– Group	729	–	–	–	–	729
– Associated companies (note 17)	(910)	–	–	–	–	(910)
Gains transferred to income on disposal of financial investments:		–	–	–	–	
– Group	(31)	–	–	–	–	(31)
– Associated companies (note 17)	(1,072)	–	–	–	–	(1,072)
Impairment of financial investments	800	–	–	–	–	800
Currency translation differences	2	–	1,009	–	–	1,011
Hyperinflationary revaluations	–	1,046	–	–	–	1,046
Other comprehensive (loss)/income for the year	(482)	225	1,009	–	–	752
Value of employee services:						
– Share option scheme (note 23)	–	–	–	1	–	1
– Other share-based plans	–	–	–	121	–	121
	–	–	–	122	–	122
Balance at September 30, 2010	9,018	111,699	(9,991)	1,129	986	112,841

(Expressed in thousands of Barbados Dollars)

22. Other reserves... continued

	Financial investments reserve	Revaluation surplus	Translation reserve	Share-based payments reserve	Statutory reserve	Total
Balance at October 1, 2010	9,018	111,699	(9,991)	1,129	986	112,841
Other comprehensive income/(loss):						
Transfer on disposal of property	–	346	–	–	–	346
Share of revaluation surplus:						
– Group	–	201	–	–	–	201
– Associated companies (note 17)	–	(190)	–	–	–	(190)
Unrealised (losses)/gains on available-for-sale investments:						
– Group	(1,633)	–	–	–	–	(1,633)
– Associated companies (note 17)	330	–	–	–	–	330
Gains transferred to income on disposal of financial investments:						
– Group	(3,420)	–	–	–	–	(3,420)
– Associated companies (note 17)	(2,651)	–	–	–	–	(2,651)
Transfer from retained earnings	–	–	–	–	1,346	1,346
Currency translation differences	–	–	717	–	–	717
Hyperinflationary revaluations	–	244	–	–	–	244
Other comprehensive (loss)/income for the year	(7,374)	601	717	–	1,346	(4,710)
Value of employee services:						
– Other share-based plans	–	–	–	97	–	97
	–	–	–	97	–	97
Balance at September 30, 2011	**1,644**	**112,300**	**(9,274)**	**1,226**	**2,332**	**108,228**

A statutory reserve is maintained by a subsidiary of the Group in accordance with the provisions of Section 141 of the Insurance Act, 1995 of St. Lucia, whereby the subsidiary is required to appropriate towards statutory reserve at least 25% of the current year's profit until the excess of assets over liabilities equals or exceeds the reserve in respect of its unearned premiums.

23. Share option plan

Each year, the Company offers vested share options to eligible senior managers across the Group under the terms of an executive share option plan. The price of the options made available to these employees is determined by the Board of Directors. The term of the options is five years.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	2011		2010	
	Number of share options	Weighted average exercise price $	Number of share options	Weighted average exercise price $
Outstanding – beginnning of year	**379,693**	**7.224**	433,750	7.136
Granted	**3,390**	**5.900**	34,836	6.040
Exercised	**(31,250)**	**6.070**	(6,250)	6.070
Expired	**(118,296)**	**9.400**	(82,643)	6.350
Outstanding – end of year	**233,537**	**6.257**	379,693	7.224

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2011

(Expressed in thousands of Barbados Dollars)

23. Share option plan... continued

Terms of the options outstanding at September 30:

Share options outstanding at the year end have the following expiry dates and exercise prices:

	Exercise price $	Number 2011	Number 2010
Expiry date			
October 1, 2010	9.40	–	118,296
October 1, 2011	6.07	46,567	77,817
October 1, 2012	6.20	131,827	131,827
October 1, 2013	7.72	16,917	16,917
October 1, 2014	6.04	34,836	34,836
October 1, 2015	5.90	3,390	–
		233,537	379,693

The fair value of all options made available to employees in respect of services provided during the year is less than the purchase price of the options resulting in no expense recorded by the Group for the year (2010 – $1). The fair value of the options was determined using the Binomial Pricing Model. Significant assumptions underlying the valuation included an expected share price volatility of 20% (2010 – 25%), an average option life of 4.5 years (2010 – 4.5 years) and an annual risk-free interest rate of 5.5% (2010 – 5.0%).

24. Expenses by nature

	2011	2010
Depreciation (note 14)	23,071	21,884
Employee benefits expense (note 26)	167,531	148,816
Changes in inventories of finished goods and work in progress	(3,239)	(7,886)
Raw materials and consumables used	598,613	557,841
Transportation	2,475	2,713
Advertising costs	10,891	11,894
Provision for impairment of receivables	1,669	3,518
Other expenses	110,615	99,136
Total cost of sales and selling, marketing and administrative expenses	911,626	837,916

	2011	2010
Cost of sales	631,369	584,786
Selling and marketing expenses	68,791	68,347
Administrative expenses	211,466	184,783
	280,257	253,130
	911,626	837,916

(Expressed in thousands of Barbados Dollars)

25. Other (losses)/gains – net

	2011	2010
Gain on disposal of financial investments	3,254	1,161
Gain on disposal of property, plant and equipment	1,055	835
Interest income	1,601	1,887
Rental income	3,714	3,425
Gain arising on acquisition (note 33)	155	6
Loss on remeasurement of previous equity interest in associate at fair value	(44)	–
Dividends from other companies	415	400
Amortisation charge (note 16)	(1,134)	(1,133)
Impairment of intangible assets (note 16)	(13,986)	(289)
Gain arising on disposal of investment in associated companies	863	–
Impairment of financial investments (note 18)	–	(800)
Fair value losses on revaluation of investment property (note 15)	(148)	(486)
Gain on wind-up of pension plan	418	4,086
Write back of long-term loan receivable previously written-off	–	882
Write back of long-term debt	–	816
Write-off of short-term investment	(9,710)	–
Write-off of associated companies	(14,298)	–
	(27,845)	10,790

26. Employee benefits expense

	2011	2010
Salaries and other employee benefits	167,434	148,694
Share-based payments	97	122
	167,531	148,816

27. Finance costs

	2011	2010
Interest expense:		
Bank borrowings	7,713	8,155
Dividend on redeemable preference shares	2,108	2,108
Other borrowings	2,004	2,152
	11,825	12,415

28. Taxation

The taxation charge on net income for the year consists of the following:

	2011	2010
Current income tax	13,176	10,735
Deferred income tax (note 19)	(2,081)	1,578
	11,095	12,313

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2011

(Expressed in thousands of Barbados Dollars)

28. Taxation... continued

The Group's effective tax rate of 192.1% (2010 – 23.8%) differs from the statutory Barbados tax rate of 25% (2010 – 25%) as follows:

	2011	2010
Income before taxation	5,777	51,746
Taxation calculated at 25% (2010 – 25%)	1,444	12,937
Effect of different tax rates in other countries	1,348	1,073
Tax effect of different tax rates on deferred tax assets and liabilities	916	(74)
Tax effect of associates' results reported net of taxes	(1,109)	(2,060)
Income not subject to taxation	(733)	(512)
Expenses not deductible for tax purposes	10,040	2,761
Taxation allowances	(2,130)	(1,659)
Increase in deferred tax assets not recognised	820	171
Amounts over provided in prior years	(48)	(174)
Amounts over/(under) provided in current year	42	(67)
Irrecoverable tax on foreign income	213	193
Tax effect of change in tax rate	177	(108)
Effect of losses utilised	8	(185)
Losses expired	107	17
	11,095	12,313

Tax losses

Tax losses which are available for set off against future taxable income for income and corporation tax purposes are as follows:

Year of income	Amount	Year of expiry
2003	745	2012
2004	1,839	2013
2005	91	2014
2006	3,025	2015
2007	64	2016
2007	69	2013
2008	988	2017
2008	406	2014
2009	9,121	2018
2009	1,220	2015
2010	3,213	2019
2010	1,896	2016
2011	3,840	2020
2011	1,218	2017
	27,735	

These losses are as computed by the Company and its subsidiary companies in their income and corporation tax returns and have to date neither been confirmed nor disputed by the revenue authorities in the relevant jurisdictions.

(Expressed in thousands of Barbados Dollars)

29. Earnings per share

Basic

Basic earnings per share is calculated by dividing the net (loss)/income attributable to equity holders of the Company for the year by the weighted average number of common shares in issue during the year.

	2011	2010
Net (loss)/income for the year attributable to equity holders of the Company	(10,503)	27,516
Weighted average number of common shares in issue (thousands)	59,799	59,657
Basic (loss)/earnings per share	(17.6)¢	46.1¢

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of common shares in issue during the year to assume conversion of all share options.

	2011	2010
Weighted average number of common shares in issue (thousands)	59,799	59,657
Adjustments for share options (thousands)	251	464
	60,050	60,121
Diluted (loss)/earnings per share	(17.5)¢	45.8¢

30. Dividends per share

The dividends paid in 2011 and 2010 were $10,770 ($0.12 per share final for 2010 and $0.06 per share interim for 2011) and $8,356 ($0.08 per share final for 2009 and $0.06 per share interim for 2010).

At the Directors' meeting of December 13, 2011, a final dividend in respect of the 2011 financial year of six cents was declared. These financial statements do not reflect this dividend payable which will be accounted for in equity as an appropriation of retained earnings in the next financial year.

31. Contingent liabilities

a) Certain subsidiaries have bonds of $13,620 (2010 – $13,505) in favour of the Comptroller of Customs covering delivery of goods prior to payment of duty.

b) As of the consolidated balance sheet date, a subsidiary of the Company has been assessed and reassessed for income tax for income years 2002 through 2004 amounting to $2,481 including interest. The Company has lodged objections to these assessments. The subsidiary was also assessed additional income tax of $856 for income years 1998 through 2000.

32. Commitments

Capital commitments

Approvals for capital expenditure to be incurred over the next year, for which no provision has been made in these financial statements, amounted to $48,577 (2010 – $41,069) at the year-end date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2011

(Expressed in thousands of Barbados Dollars)

32. Commitments... continued

Lease commitments

a) The Group leases its corporate headquarters offices under a non-cancellable operating lease agreement.

The future aggregate minimum lease payments for the remainder of the lease are as follows:

	2011	2010
Not later than 1 year	94	91

b) The Group's flight kitchen operations lease land at various international airports and their environs for periods of up to 25 years, at the following rentals for the next five years:

	2011	2010
Not later than 1 year	2,030	1,925
Later than 1 year and no later than 5 years	7,319	7,013

c) The Group has erected buildings on land originally leased at Grantley Adams Industrial Park from the Barbados Investment and Development Corporation in 1985 for 25 years. A new lease agreement is currently being finalised for a further 25 years commencing October 1, 2009. The proposed annual rent is $92.

d) The Group has leased space at various international airports for the purpose of operating restaurants for periods of up to 8 years at the following rental rates for the next five years.

	2011	2010
Not later than 1 year	259	235
Later than 1 year and no later than 5 years	1,049	873
	1,308	1,108

e) Buildings are also situated on lands leased from St. Lucia Air and Sea Ports Authority for a 25 year period expiring in 2012. The future aggregate minimum lease payments under the non-cancellable operating lease are as follows:

	2011	2010
Not later than 1 year	41	41
Later than 1 year and no later than 5 years	2	43
	43	84

f) Lease of land at Bois D'Orange, St. Lucia for 10 years, entered into on the acquisition of Sunbilt Limited on October 1, 2005:

	2011	2010
Not later than 1 year	400	400
Later than 1 year and no later than 5 years	1,200	1,600
	1,600	2,000

(Expressed in thousands of Barbados Dollars)

33. Business combinations

The West Indies Rum Distillery Limited

During 2011, The West Indies Rum Distillery Limited repurchased 1,000 common shares at a total cost of $8. This increased the shareholding from 91.92% to 91.96%.

Jonas Browne and Hubbard (Grenada) Ltd.

During 2011, 6,000 shares were purchased in Jonas Browne and Hubbard (Grenada) Ltd. at a cost of $112. This increased the shareholding from 51.51% to 51.91%

Precision Packaging Inc.

On January 1, 2011 the Group acquired a further 71.82% interest in Precision Packaging Inc., a manufacturer of plastic film and bags, for $2,370. Precision Packaging Inc., which was previously accounted for as an associate became a 100% subsidiary of the Group. This resulted in a gain on acquisition of $155. The Group also recognized a loss of $44 as a result of remeasuring to fair value the 28.18% equity interest it held in Precision Packaging Inc. prior to the business combination. Both the gain arising on acquisition and the loss on remeasurement of the previous equity interest are included in other (losses)/gains – net in the Group's consolidated statement of income.

The fair values of the assets and liabilities of Precision Packaging Inc. at acquisition were as follows:

	Carrying amount	Fair value
Current assets		
Cash	558	558
Trade and other receivables	1,334	1,334
Prepaid expenses	75	75
Due by related parties	153	153
Inventories	1,812	1,812
	3,932	3,932
Current liabilities		
Trade and other payables	968	968
Current income tax liabilities	145	145
	1,113	1,113
Working capital	2,819	2,819
Property, plant and equipment	611	611
Deferred income tax asset	1	1
Pension plan asset	24	24
	3,455	3,455

Notes to the Consolidated Financial Statements

September 30, 2011

(Expressed in thousands of Barbados Dollars)

33. Business combinations... continued

The cash outflow arising on this acquisition was as follows:

Fair value of net assets	3,455
Fair value of net assets acquired from associated company on transfer to subsidiary company status (note 17)	(974)
Loss on remeasurement of previously held equity interest	44
Gain arising on acquisition	(155)
Purchase consideration paid	2,370
Less cash and cash equivalents assumed on acquisition	(558)
Net outflow on acquisition	1,812

The revenue and net income included in the consolidated statement of income since January 1, 2011 contributed by Precision Packaging Inc. was $5,910 and $407 respectively.

Had Precision Packaging Inc. been included from October 1, 2010, the consolidated statement of income would have included revenue of $2,391 and net income of $192.

Jamaica Dispatch Services Limited

On March 1, 2011, the Group acquired a 51% interest in Jamaica Dispatch Services Limited, a provider of ground handling services to airlines in Jamaica for $4,763. This resulted in goodwill of $757.

	Carrying amount	Fair value
Current assets		
Cash	4,078	4,078
Trade and other receivables	1,757	1,757
	5,835	5,835
Current liabilities		
Trade and other payables	4,662	4,662
Current income tax liabilities	1,158	1,158
	5,820	5,820
Working capital	15	15
Property, plant and equipment	2,098	2,098
Deferred income tax asset	94	94
	2,207	2,207

(Expressed in thousands of Barbados Dollars)

33. Business combinations... continued

The cash outflow arising on this acquisition was as follows:

Group's share of fair value of net assets	1,126
Fair value of intangible assets acquired (note 16)	2,880
Goodwill arising on acquisition (note 16)	757
Purchase consideration paid	4,763
Less cash and cash equivalents assumed on acquisition	(4,078)
Net outflow on acquisition	685

The revenue and net income included in the consolidated statement of income since March 1, 2011 contributed by Jamaica Dispatch Services Limited was $6,836 and $483 respectively.

Had Jamaica Dispatch Services Limited been included from October 1, 2010, the consolidated statement of income would have included revenue of $5,031 and net income of $74.

34. Related party transactions

a) The following transactions were carried out by the Group with related parties during the year:

	2011	2010
i) Sales of goods and services	1,136	1,509
ii) Purchases of goods and services	688	1,252
iii) Management fee income	870	1,162
iv) Insurance expense	12	52
v) Dividend income (note 17)	3,271	2,468

b) *Key management*
Key management comprises directors and divisional management of the Group. Compensation to these individuals was as follows:

	2011	2010
Compensation		
Salaries and other short-term employee benefits	3,577	3,244
Share-based payments	23	10
	3,600	3,254

There were no loans to key management in 2011 and 2010.

Notes to the Consolidated Financial Statements

September 30, 2011

(Expressed in thousands of Barbados Dollars)

35. Cash flows

The net change in non-cash working capital balances related to operations is as follows:

	2011	2010
(Increase)/decrease in trade and other receivables	(18,918)	4,142
(Increase)/decrease in prepaid expenses	(1,573)	237
Decrease in due by associated companies	3,861	2,634
Increase in reinsurance assets	(1,972)	(2,701)
Increase in inventories	(3,648)	(9,871)
Increase in trade and other payables	5,137	9,630
Increase/(decrease) in due to associated companies	762	(179)
Increase in insurance contracts	1,950	3,419
	(14,401)	7,311

36. Subsequent events

On October 1, 2011, the Group acquired the assets of the agency and stevedoring business and operations of Sea Freight Agencies (Barbados) Limited at an initial cost of $9,000 and a further estimated cost of $1,096, which is based on the projected performance of the company over the next three financial years.