Notes to the Consolidated Financial Statements

September 30, 2008

(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, general trading, meat processing, printing and print brokers, baking, automobile and automotive parts sales, insurance, real estate, shipping agents and stevedoring, aerosols and liquid detergents, investments, rum distilling, water purification and bottling and island tours. Associated companies are involved in waste disposal, laundry services, financing, packaging, fish and shrimp processing, property rentals, investments, general insurance, food and household retailing and hotel operations. (See pages 34 to 37). 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 16, 2008.

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. (See 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 Company'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.

Standards, interpretations and amendments to existing standards effective in the 2008 financial year

IFRS 7, Financial Instruments: Disclosures, and the complementary Amendment to IAS 1, Presentation of Financial Statements - Capital Disclosures
IFRIC 11, Group and Treasury Share Transactions

IFRS 7, Financial Instruments: Disclosures requires the Group to disclose its exposure to various types of risk: credit risk, liquidity risk and market risk associated with its financial instruments, how these risks are measured and what strategies are employed by management to hedge against such risk. It also requires the Group to quantify the level of risks it is exposed to at the balance sheet date for the risks identified and all relevant prior year comparatives are shown. New disclosures on capital adequacy have been introduced.

IFRIC 11, Group and Treasury Share Transactions: requires the subsidiaries of the Group to expense within employee benefit expense within selling, marketing and administrative expenses, the costs associated with the granting of options to senior management of the organization. Previously, these costs were booked in the accounts of Head Office only. This interpretation does not have an impact on the Group's consolidated financial statements.

Interpretations to existing standards effective in the 2008 financial year, but not relevant

IFRIC 10, Interim Financial Reporting and Impairment

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

- IFRS 8, Operating Segments
- IFRIC 14, IAS-19 The Limit on a Defined Benefit Asset, Minimum funding requirements and their interaction

2. Significant accounting policies ...continued

a) Basis of preparation ...continued

Interpretations to existing standards that are not yet effective and may not be relevant to the Group's operations

- IFRIC 12: Service Concession Arrangements
- IFRIC 13: Customer Loyalty Programmes
- IFRIC 15: Agreements for the construction of real estate
- IFRIC 16: Hedges of a net investment in a foreign operation

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.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the statement of income (see 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 minority interests

The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group. Disposals to minority interests result in gains and losses for the Group that are recorded in the statement of income. Purchases from minority interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary.

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 loss) identified on acquisition (see Note 2(g)).

The Group's share of its associates' post-acquisition profits or losses is recognised in the 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

Geographical segments provide products or services within a particular economic environment that is subject to risks and returns that are different from those of components operating in other economic environments. Business

2. Significant accounting policies ...continued

c) Segment reporting ...continued

segments provide products or services that are subject to risks and returns that are different from those of other business segments.

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.

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 statement of income.

Translation differences on non-monetary financial assets and liabilities are reported as part of the fair value gain or loss. 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

Land and buildings comprise mainly manufacturing plants, retail and distribution outlets, warehouses and offices. The Group's land and buildings, except for the land and buildings of the rum distillery situated at Brandons Beach, St. Michael, Barbados, are stated at the most recent valuation less subsequent depreciation for buildings. The land and buildings of the rum distillery are stated at cost less subsequent depreciation for buildings, as this method is deemed more appropriate. 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 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 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 credited to revaluation surplus in equity. Decreases that offset previous increases of the same asset are charged against the surplus directly in equity; all other decreases are charged to the statement of income.

2. Significant accounting policies ...continued

e) Property, plant and equipment ...continued

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:

Buildings	– 50 years
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)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the 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 valuers. Changes in fair values are recorded in the 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 balance sheet. Goodwill on the acquisition of associates is included in 'investments in associates'. Separately recognised goodwill is tested annually for 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

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

2. Significant accounting policies ...continued

h) Impairment of non-financial assets ...continued
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 aquired.

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 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 re-measured at their fair value based on quoted bid prices. 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 gain or loss is transferred to the 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 trade and other receivables and cash and cash equivalents in the balance sheet. Maturities in excess of 12 months after the 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 gains and losses in the statement of income. Dividends are recorded in other gains and losses 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 assets carried at fair value is the present value of expected future cash flows discounted at the current market interest rate for a similar financial asset.

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 determined using the first-in, first-out

2. Significant accounting policies ...continued

j) Inventories ...continued

(FIFO) 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 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 statement of income within selling and marketing 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 includes 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 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 statement of income over the period of the borrowings using the effective interest method. Associated costs are classified as finance costs in the statement of income. Borrowings due within twelve months of the balance sheet date are classified as current liabilities. Preference shares which are mandatorily redeemable by a specific date are classified as liabilities. The dividends on these preference shares are recognised in the 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 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 company 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. Provision for taxes, which could arise on the remittance of retained earnings from subsidiaries, is only made where there is a current intention to remit such earnings.

2. Significant accounting policies ...continued

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 RBSI Custody Bank Limited. The schemes are generally funded through payments from the employees and the Group, determined by annual actuarial calculations.

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 balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, 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 statement of income over ten years being less than the employees' expected average remaining working lives. Past-service costs are recognised immediately in the 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 plan, the Group pays contributions to a privately administered fund 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, for tax reasons, 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.

r) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the

2. Significant accounting policies ...continued

r) Revenue recognition ...continued
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:

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 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 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 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

2. Significant accounting policies ...continued

t) Insurance contracts ...continued

Recognition and measurement ...continued

Traffic Act. These contracts may be extended for additional coverage such as physical damage, theft and personal accident.

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 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 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 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. Reinsurance liabilities are primarily premiums payable for reinsurance contracts that are recognised as an expense when due.

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 profit and loss account. 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 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.

At September 30, 2008, the Group had not recorded any provision for claims incurred but not reported as insufficient relevant statistical data exist to compute such estimates. In addition, the Group has not engaged an actuary to perform a liability adequacy test.

2 Significant accounting policies …continued

t) Insurance contracts …continued

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 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.

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 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 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 co-operation with the Group's operating units. The Board provides guidance for overall risk management.

3. Risk management....continued

a) Financial risk factors ...continued

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 America 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 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.

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 Island 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 $921 (2007 – $1,084) 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 and cash equivalents, financial investments (debt securities) as well as credit exposures to wholesale and retail customers and other receivables. 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, financial investments and trade receivables are included in notes 6, 7 and 17.

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 using major credit cards. For banks and financial institutions only well known and reputable parties are accepted.

The table below summarises the balance of the major wholesale and retail customers at the balance sheet date.

Customer	2008 $	2007 $
Virgin Atlantic Airways (unrated)	**1,894**	3,178
Pluna S.A. (unrated)	**1,231**	1,280
Aeropostal (unrated)	**1,414**	1,545
Santa Barbara Airlines (unrated)	**1,122**	1,059
British Airways (rated BB+ by Standard & Poor's)	**1,086**	1,196
KLM Dutch Airlines (unrated)	**743**	1,020

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

3. Risk management....continued

a) Financial risk factors ...continued

iii) Liquidity risk

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 liabilities into relevant maturity groupings based on the remaining period at the balance sheet 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, 2008					
Borrowings	100,001	21,011	47,156	96,089	264,257
Trade and other payables	111,625	–	–	–	111,625
Due to associated companies	3,084	–	–	–	3,084
Insurance contracts	10,789	–	–	–	10,789
	225,499	**21,011**	**47,156**	**96,089**	**389,755**
At September 30, 2007					
Borrowings	69,625	6,450	5,800	16,290	98,165
Trade and other payables	84,067	–	–	–	84,067
Due to associated companies	3,070	–	–	–	3,070
	156,762	**6,450**	**5,800**	**16,290**	**185,302**

The table below analyses the Group's financial assets into relevant maturity groupings based on the remaining period at the balance sheet 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, 2008					
Cash	53,799	–	–	–	53,799
Trade and other receivables	103,039	311	215	206	103,771
Due by associated companies	12,811	–	–	–	12,811
Reinsurance assets	7,372	–	–	–	7,372
Financial investments (Debt securities)	19,707	932	750	–	21,389
	196,728	**1,243**	**965**	**206**	**199,142**

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, 2007					
Cash	37,449	-	-	-	37,449
Trade and other receivables	89,607	384	420	414	90,825
Due by associated companies	5,957	-	-	-	5,957
Financial investments (Debt securities)	4,833	1,423	898	-	7,154
	137,846	**1,807**	**1,318**	**414**	**141,385**

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. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. During 2008 and 2007 the Group's borrowings at variable rates were denominated in Barbados, Eastern Caribbean 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, 2008, 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 $59 (2007 - $73) lower or higher, mainly as a result of higher or lower finance costs on floating rate borrowings. The fair value of debt securities would have been $4 (2007 - $4) higher/lower mainly as a result of a decrease or increase in the fair value of fixed rate financial assets classified as available-for-sale.

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.

The fair value of available-for-sale financial instruments traded in active markets is based on quoted bid market prices at the balance sheet date. Where the fair value of financial instruments that are not traded in an active market are determined by portfolio managers the Group assesses these fair values.

The Group's financial assets and financial liabilities as disclosed in the balance sheet approximate their fair value.

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.

3. Risk management....continued

c) Capital risk management ...continued

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 2008 and 2007 the Group's strategy was to maintain the debt to asset ratio of 33:67. The debt to asset ratios at September 30, 2008 and 2007 are as follows

	2008 $	2007 $
Total debt	356,383	192,497
Total assets	886,783	657,698
Debt to assets ratio	29:71	23:77

Statutory compliance

The Group's insurance company, M&C General Insurance Company is regulated by the Insurance Act No. 6 of 1995 (the 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 $200,000 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, 2008.

Section 80 of the Insurance Act requires that a general insurer (carrying on motor vehicle and insurance business other than long-term and motor insurance business) shall deposit with the Registrar either the greater of $75,000 or an amount equal to 40% of its net premium income in respect of business transacted during the last preceding financial year. The company complied with this requirement as of Setember 30, 2008.

Section 88 of the Insurance Act requires that the company establish 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 complied with this requirement as of September 30, 2008.

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 (presented in the table below) 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.

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

	2008	2007
Regulatory capital held	3,200	3,200
Minimum regulatory capital	750	750

3. Risk management....continued

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.

For a portfolio of insurance contracts, 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 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 $100 Maximum gross retention of $500 Maximum net retention of $750 for catastrophe risk
Motor & Liability	Maximum net retention of $3,000 for single risk Treaty limits for motor of $4,000 Treaty limits for liability of $4,000
Miscellaneous Accident	Maximum net retention of $100 Treaty limits of $500
Marine	Maximum retention of $350 for single risk Treaty limit of $550 any one loss

Liability insurance risks

a) *Frequency and severity of claims*

The frequency and severity of claims can be affected by several factors. Estimated inflation is a significant factor due to the long period typically required to settle liability cases. The Group manages these risks through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling.

The underwriting strategy attempts to ensure that the underwritten risks are well diversified in terms of type, the amount of risk and industry.

Underwriting limits are in place to enforce appropriate risk selection criteria. For example, the Group has the right not to renew individual policies, it can impose deductibles and it has the right to reject the payment of a fraudulent claim. Insurance contracts also entitle the Group to pursue third parties for payment of some or all costs (subrogation). For certain contracts, the Group has also limited the number of claims that can be paid in any policy year or introduced a maximum amount payable in any one policy year.

3. Risk management....continued

d) Insurance risk ...continued

Liability insurance risk ...continued

a) *Frequency and severity of claims ...continued*
The Group analyses its exposures in conjunction with its reinsurers and purchases sufficient reinsurance protection to cover its perceived liabilities. The Group's reinsurance arrangements include proportional quota share as well as non-proportional excess of loss on a per-occurrence basis.

b) *Sources of uncertainty in the estimation of future claim payments*
Claims on liability contracts are payable on a claims-occurrence basis. The Group is liable for all insured events that occurred during the term of the contract, even if the loss is discovered after the end of the contract term. As a result, liability claims are settled over a long period of time and a larger element of the claims provision may relate to incurred but not reported claims (IBNR). There are several variables that affect the amount and timing of cash flows from these contracts. These mainly relate to the inherent risks of the business activities carried out by individual contract holders and the risk management procedures they adopted. The compensation paid on these contracts is the monetary awards granted for bodily injury suffered by employees (for employers' liability covers) or members of the public (for public liability covers) or consumers (for product liability covers) or other third parties (for third party liability covers). Such awards are lump-sum payments that are calculated as the present value of the lost earnings and rehabilitation expenses that the injured party will incur as a result of the accident.

The estimated cost of claims include direct expenses to be incurred in settling claims, net of the expected subrogation value 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. The liability for these contracts may comprise a provision for IBNR, a provision for reported claims not yet paid and a provision for unexpired risks at the balance sheet date. The quantum of liability claims is particularly sensitive to the level of court awards and to the development of legal precedent on matters of contract and tort. Liability contracts are also subject to the emergence of new types of latent claims, but no allowance is included for this at the balance sheet date.

The estimated cost of unpaid claims is calculated based upon actual claims experience as time passes. Claims reserves are estimated primarily on a case by case basis. An estimate of the reserve is arrived at by examining the circumstances which caused the loss or injury, the nature of the loss or injury, the settlement experience with the type of loss, the average amount of time from inception to settlement and/or the professional advice of loss adjusters/retained attorneys of the cost/awards and related expenses of settlement.

The estimation of IBNR is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Group where information about the claim event is available. IBNR claims may not be apparent to the insured until many years after the event that gave rise to the claims has happened. As at balance sheet date, no allowance has been made as insufficient relevant statistical data exists to compute such estimates.

c) *Process used to decide on assumptions*
The estimated cost of unpaid claims is calculated based upon actual claims experience as time passes. Claims reserves are estimated primarily on a case-by-base basis. An estimate of the reserve is arrived at by examining the circumstances which caused the loss or injury, the nature of the loss or injury, the settlement experience with the type of loss, the average amount of time from inception to settlement and/or the professional advice of loss adjusters/ retained attorney of the cost /awards and related expenses of settlement.

d) *Change in assumptions*
The Group did not change its assumptions for insurance contracts disclosed in this note.

3. Risk management....continued

Property insurance risks

a) *Frequency and severity of claims*
Property insurance contracts are underwritten using the following main risk categories: Motor, Fire, Business Interruption, Windstorm and Flood.

For property insurance contracts, climatic events (for example, flooding, hurricanes, earthquake, etc), increase the frequency and severity of claims and their consequences. For certain contracts, the company has also limited the number of claims that can be paid in any policy year or introduced a maximum amount payable for claims in any policy year.

The Group has the right to re-price the risk on renewal. It also has the ability to impose deductibles and reject fraudulent claims. These contracts are underwritten by reference to the commercial replacement value of the properties and contents insured, and claim payment limits are always included to cap the amount payable on occurrence of the insured event. Cost of rebuilding properties, of replacement or indemnity for contents and time taken to restart operations for business interruption are the key factors that influence the level of claims under these policies. The greatest likelihood of significant losses on these contracts arises from windstorm or flood damage. The Group's reinsurance arrangements include proportional quota share and surplus treaties and non-proportional excess of loss placements on a per-occurrence basis.

b) *Sources of uncertainty in the estimation of future claim payments*
The insurance risk arising from these contracts is concentrated in Saint Lucia where the Group's insurance company operates. There is a balance between commercial and personal properties in the overall portfolio of insured buildings.

Claims on property contracts are payable on a claims-occurrence basis. The Group is liable for all insured events that occurred during the term of the contract even if the loss is discovered after the end of the contract term. Claims are assessed on a case-by-case basis.

There are several variables that affect the amount and timing of cash flows from these contracts. The compensation paid on these contracts is the monetary awards granted for property damage caused by insured perils as stated in the contract of insurance.

The estimated cost of claims include direct expenses to be incurred in settling claims, net of the expected subrogation value 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 may prove to be different from the original reserve established. The liability for these contracts may comprise a provision for IBNR, a provision for reported claims not yet paid and a provision for unexpired risks at the balance sheet date.

The estimation of IBNR is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the company where information about the claim event is available.

In estimating the cost of reported claims not yet paid, the company considers any information available from loss adjusters and information on the cost of settling claims with similar characteristics in previous periods.

c) *Process used to decide on assumptions*
In estimating the cost of reported claims not yet paid, the Group considers any information available from loss adjusters and information on the cost of settling claims with similar characteristics in previous periods.

d) *Change in assumptions*
The Group did not change its assumptions for insurance contracts disclosed in this note.

4. Critical accounting estimates and judgements

The development of estimates and the exercise of judgment 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.

The ultimate liability arising from claims made under insurance contracts

There are several sources of uncertainty that need to be considered in the estimate of the liability that the Group will ultimately pay for such claims. Sources of uncertainty in the estimation of future claims payments are discussed in Note 3.

5. Segmental reporting

Analyses of the Group's segmental information by business and geographical segments are detailed below. Inter-segment sales and other operating inter-segment revenues are determined at fair market value.

Primary Reporting Format – Business Segments

	Trading[1]		Manufacturing		Services		Total	
	2008	2007	2008	2007	2008	2007	2008	2007
Revenue								
External sales	**723,227**	513,990	**100,268**	106,884	**131,176**	134,872	**954,671**	755,746
Inter-segment sales	**11,884**	9,281	**48,308**	43,981	**799**	4,212	**60,991**	57,474
Total revenue	**735,111**	523,271	**148,576**	150,865	**131,975**	139,084	**1,015,662**	813,220
Segment result								
Profit from operations	**33,885**	22,624	**8,945**	6,758	**18,820**	17,611	**61,650**	46,993
Other gains/(losses) – net							**11,750**	13,013
Finance costs							**(10,878)**	(7,417)
Share of income from associated companies	**1,458**	656	**178**	182	**6,463**	5,239	**8,099**	6,077
Income before taxation							**70,621**	58,666
Taxation							**(17,649)**	(12,566)
Net income for the year							**52,972**	46,100
Other information								
Operating assets	**449,130**	304,380	**97,016**	100,100	**123,135**	115,461	**669,281**	519,941
Intangible assets	**54,227**	1,518	**1,243**	1,243	**–**	–	**55,470**	2,761
Investment in associated companies	**15,952**	6,499	**8,439**	9,348	**56,954**	54,580	**81,345**	70,427
Unallocated corporate assets							**80,687**	64,569
Consolidated corporate assets							**886,783**	657,698
Operating liabilities	**71,667**	42,345	**16,619**	21,449	**25,521**	27,135	**113,807**	90,929
Unallocated corporate liabilities							**242,576**	101,568
Consolidated corporate liabilities							**356,383**	192,497
Capital expenditure	**12,481**	8,398	**8,163**	4,797	**3,261**	3,856	**23,905**	17,051
Depreciation	**9,130**	6,205	**5,755**	5,875	**5,191**	5,070	**20,076**	17,150
Amortisation of intangible assets	**1,188**	57	**–**	–	**–**	–	**1,188**	57
Employee numbers	**2,201**	1,515	**599**	649	**1,400**	1,463	**4,200**	3,627

[1] The Group's insurance company has been included within the trading segment.

Notes to the Consolidated Financial Statements

September 30, 2008

(Expressed in thousands of Barbados dollars)

5. Segmental reporting ...continued

Secondary Reporting Format – Geographical Segments

	Barbados		Caribbean		Latin America		Total	
	2008	2007	2008	2007	2008	2007	2008	2007
Revenue								
External sales	**287,248**	298,717	**604,557**	400,313	**62,866**	56,716	**954,671**	755,746
Inter-segment sales	**54,245**	51,640	**6,746**	5,834	**–**	–	**60,991**	57,474
Total revenue	**341,493**	350,357	**611,303**	406,147	**62,866**	56,716	**1,015,662**	813,220
Segment result								
Profit from operations	**17,665**	18,033	**35,865**	22,886	**8,120**	6,074	**61,650**	46,993
Other gains/(losses) – net							**11,750**	13,013
Finance costs							**(10,878)**	(7,417)
Share of income from associated companies	**7,625**	3,494	**163**	2,149	**311**	434	**8,099**	6,077
Income before taxation							**70,621**	58,666
Taxation							**(17,649)**	(12,566)
Net income for the year							**52,972**	46,100
Other information								
Operating assets	**215,423**	205,351	**410,080**	281,532	**43,778**	33,058	**669,281**	519,941
Intangible assets	**1,346**	1,346	**54,124**	1,415	**–**	–	**55,470**	2,761
Investments in associated companies	**51,639**	39,493	**28,177**	29,891	**1,529**	1,043	**81,345**	70,427
Unallocated corporate assets							**80,687**	64,569
Consolidated corporate assets							**886,783**	657,698
Operating liabilities	**36,745**	40,521	**67,079**	41,456	**9,983**	8,952	**113,807**	90,929
Unallocated corporate liabilities							**242,576**	101,568
Consolidated corporate liabilities							**356,383**	192,497
Capital expenditure	**11,486**	8,425	**11,049**	7,638	**1,370**	988	**23,905**	17,051
Depreciation	**9,522**	9,390	**8,726**	5,912	**1,828**	1,848	**20,076**	17,150
Amortisation of intangible assets	**–**	–	**1,188**	57	**–**	–	**1,188**	57
Employee numbers	**1,132**	1,194	**2,161**	1,458	**907**	975	**4,200**	3,627

6. Cash and cash equivalents

	2008	2007
Cash	53,799	37,449
Bank overdraft (note 10)	(47,011)	(25,911)
	6,788	11,538

Significant concentrations of cash are as follows:

	2008	2007
FirstCaribbean International Bank (Long term issue credit rating A- by Standard & Poor's)	17,063	19,440
CIBC (Long Term Issue Credit Rating A+ by Standard & Poor's)	8,220	6,160
RBTT Bank (Long Term Issue Credit Rating A+ by Fitch Ratings)	7,617	1,547

7. Trade and other receivables

	2008	2007
Trade and other receivables	119,268	102,353
Less: Provision for impairment of receivables	(13,296)	(11,781)
Trade receivables – net	105,972	90,572
Loans receivable	755	952
Total	106,727	91,524
Less: Non-current portion – loans receivable	(619)	(825)
Current portion	106,108	90,699

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.

Total fully performing trade receivables without external ratings:

	2008	2007
New customers (< 6 months)	3,375	4,977
Existing customers (> 6 months) - no past defaults	23,483	18,749
Existing customers (> 6 months) - some past defaults fully recovered	19,598	17,695
	46,456	41,421

Counterparties with external ratings:

	2008	2007
British Airways (Rated BB+ by Standard & Poor's)	1,086	1,196
American Airlines (Rated B- by Sandard & Poor's)	651	670
Delta (Rated B by Standard & Poor's)	264	293
Air Canada (Rated B by Standard & Poor's)	36	47
UPS (Rated AA- by Standard & Poor's)	8	6
	2,045	2,212
Total fully performing trade receivables	48,501	43,633

7. Trade and other receivables ...continued

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, 2008, trade receivables of $27,527 (2007 – $24,790) were past due but not impaired. The aging of these trade receivables is as follows:

	2008	2007
Up to 3 months	16,249	13,202
3 to 6 months	6,420	4,763
6 to 12 months	4,858	6,825
	27,527	24,790

As of September 30, 2008, trade receivables of $12,751 (2007 – $9,932) were impaired and provided for. A portion of these receivables is expected to be recovered. The aging of these trade receivables is as follows:

	2008	2007
3 to 6 months	238	104
6 to 12 months	669	922
Over 12 months	11,844	8,906
	12,751	9,932
Total trade receivables	88,779	78,355

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

	2008	2007
Balance - beginning of year	11,781	10,980
Acquisition of subsidiary company (Note 32)	399	–
Provision for receivables impairment	3,430	1,320
Less: Receivables written off during the year as uncollectible	(2,030)	–
Unused amounts reversed	(289)	(519)
Exchange adjustment	5	–
Balance - end of year	13,296	11,781

The creation and release of provision for impairment of receivables is included in selling, marketing and administrative expenses in the statement of income. Amounts charged to the provision for impairment of receivables are written off when there is no expectation of receiving additional cash. Net direct write backs for impaired receivables to the statement of income were $179 (2007 – write offs of $226).

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

The maximum exposure to credit risk at the reporting date is the fair value of the receivables disclosed above. The Group only holds collateral in respect of loans receivable – mortgages. The estimated fair value of this collateral at year end was $952 (2007 - $825).

7. Trade and other receivables ...continued

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

	2008	2007
Loans receivable	6%	6%

8. Reinsurance assets

	2008	2007
Outstanding claims	4,500	–
Deferred reinsurance costs	2,872	–
	7,372	–

9. Inventories

	2008	2007
Finished goods	152,408	104,877
Raw materials	27,113	19,766
Work in progress	491	325
	180,012	124,968

The cost of inventories written down and recognised as expense and included in cost of sales amounted to $3,257 (2007 – $1,560).

10. Borrowings

	2008	2007
Non-current		
Bank term loans at interest rates of 4.86% - 15 % (2007 – 5.25% – 15%) repayable in regular instalments maturing at various intervals through 2020 (2007 – through to 2014) – see note (a)	99,462	27,142
Interest free loan from Pernod Ricard – see note (b)	845	845
Preference shares (note 32) – redeemable up to 2023 at a dividend rate of 6.5% payable semi-annually - see note (c)	32,434	–
	132,741	27,987
Current		
Bank term loans at interest rates of 4.86% – 15% (2007 – 5.25% – 15% repayable in regular instalments maturing at various intervals through 2020 (2007 – through to 2014) – see note (a)	33,986	31,087
Short term loans payable on demand – see note (d)	9,126	8,543
Bank overdraft (interest rates of 6.5% – 15%) (2007 – 6.5% – 14%) (note 6) – see note (a)	47,011	25,911
	90,123	65,541
Total	222,864	93,528

10. 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 companies and associated companies.

b) The interest free loan from Pernod Ricard (formerly Allied Domecq Spirits and Wines Limited) is secured by way of a second mortgage over a portion of the Group's land at Brighton, Black Rock, St. Michael, Barbados.

c) These preference shares were issued as part-payment of the purchase consideration for the acquisition of Minvielle & Chastanet Limited (M&C) (note 32). The shares have a fixed preferential dividend rate of 6.5% per annum to be paid semi-annually. The holders have the option to convert 60% of the preference shares into the Group's shares and the remainder into cash within a maximum period of fifteen years.

d) The loans are unsecured and bear interest at rates varying between 5% and 8% (2007 - 5% and 6%) 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 $37,700 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.

Grenada: Unsecured, however title deeds of properties are deposited with the bank to cover $2,585.

St. Kitts: Leasehold buildings valued at $2,880 and inventory valued at $2,222.

St. Lucia: A hypothecary obligation and mortgage debentures stamped up to a limit of $22,400 over the fixed and floating assets of subsidiary companies, guarantee and postponement of claims from 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.

Venezuela: Standby letter of credit from related company.

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

	2008	2007
No exposure	**196,625**	67,133
Less than 1 year	**25,470**	25,243
1 – 5 years	**769**	1,129
Over 5 years	**–**	23
	222,864	93,528

10. Borrowings ...continued

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

	2008	2007
Barbados dollar	**55,439**	43,198
East Caribbean dollar	**65,989**	24,699
Jamaica dollar	**3,681**	–
US dollar	**97,755**	25,480
Cayman dollar	**–**	151
	222,864	93,528

11. Trade and other payables

	2008	2007
Trade payables	**63,739**	43,312
Accrued liabilities	**49,157**	44,701
	112,896	88,013

12. Insurance contracts

	2008	2007
Provision for loss and loss adjustment expenses	**5,285**	–
Unearned premiums	**5,504**	–
	10,789	–

13. Property, plant and equipment

	Freehold land and buildings	Leasehold buildings	General equipment	Total
At September 30, 2006				
Cost or valuation	153,539	36,115	173,645	363,299
Accumulated depreciation	(9,049)	(20,181)	(115,019)	(144,249)
Net book amount	144,490	15,934	58,626	219,050
Year ended September 30, 2007				
Opening net book amount	144,490	15,934	58,626	219,050
Exchange differences	313	(2)	349	660
Additions	2,890	764	13,397	17,051
Disposals	(3,051)	–	(2,135)	(5,186)
Reclassifications	653	(1,712)	1,059	–
Transfer to investment property	(2,000)	–	–	(2,000)
Depreciation charge	(1,980)	(1,488)	(13,682)	(17,150)
Revaluation surplus	43,381	874	–	44,255
Closing net book amount	184,696	14,370	57,614	256,680

13. Property, plant and equipment ...continued

At September 30, 2007	Freehold land and buildings	Leasehold buildings	General equipment	Total
Cost or valuation	196,447	31,165	179,281	406,893
Accumulated depreciation	(11,751)	(16,795)	(121,667)	(150,213)
Net book amount	184,696	14,370	57,614	256,680
Year ended September 30, 2008				
Opening net book amount	184,696	14,370	57,614	256,680
Exchange differences	680	–	264	944
Subsidiary aquired during year	40,444	13	5,653	46,110
Additions	5,565	534	17,806	23,905
Disposals	–	–	(1,176)	(1,176)
Reclassifications	(75)	–	75	_
Depreciation charge	(2,568)	(1,527)	(15,981)	(20,076)
Closing net book amount	228,742	13,390	64,255	306,387
At September 30, 2008				
Cost or valuation	246,595	31,773	211,932	490,300
Accumulated depreciation	(17,853)	(18,383)	(147,677)	(183,913)
Net book amount	**228,742**	**13,390**	**64,255**	**306,387**

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 market value. The revaluation surplus has been credited to the revaluation surplus in equity at that date.

Depreciation expense of $4,838 (2007 – $4,876) and $15,238 (2007 – $12,274) respectively has been included in cost of sales and selling, marketing and administrative expenses.

Lease rental expenses amounting to $3,852 (2007 – $3,311) have been included in selling, marketing and administrative expenses.

Land and buildings with a total value of $63,105 (2007 – $58,010) have been provided as security for various bank borrowings.

14. Investment property

	2008	2007
Balance – beginning of year	**21,610**	13,951
Transfer from property, plant and equipment	–	2,000
Fair value gains on revaluations of investment property (note 24)	**1,322**	5,659
Balance – end of year	**22,932**	21,610

14. Investment property ...continued

Investment properties situated in Barbados and St. Vincent were revalued on September 30, 2008 by independent professional real estate valuers in those countries.

Rental income from investment properties amounted to $1,549 (2007 - $1,535) and direct operating expenses totalled $186 (2007 - $197) for the year.

15. Intangible assets

	Goodwill	Trade names	Customer relationships	Supplier relationships	Total
At September 30, 2006					
Cost	1,713	1,037	105	–	2,855
Accumulated amortisation	–	(52)	(5)	–	(57)
Net book amount	1,713	985	100	–	2,798
Year ended September 30, 2007					
Opening net book amount	1,713	985	100	–	2,798
Additional investment in subsidiary company	20	–	–	–	20
Amortisation charge (note 24)	–	(52)	(5)	–	(57)
Closing net book amount	1,733	933	95	–	2,761
At September 30, 2007					
Cost	1,733	1,037	105	–	2,875
Accumulated amortisation	–	(104)	(10)	–	(114)
Net book amount	1,733	933	95	–	2,761
Year ended September 30, 2008					
Opening net book amount	1,733	933	95	–	2,761
Additional investment in subsidiary company (note 32)	31,352	13,954	7,396	1,195	53,897
Amortisation charge (note 24)	–	(610)	(498)	(80)	(1,188)
Closing net book amount	33,085	14,277	6,993	1,115	55,470
At September 30, 2008					
Cost	33,085	14,991	7,501	1,195	56,772
Accumulated amortisation	–	(714)	(508)	(80)	(1,302)
Net book amount	**33,085**	**14,277**	**6,993**	**1,115**	**55,470**

15. Intangible assets ...continued

Goodwill has been allocated to the Group's cash generating units based on business segments, as follows:

	Allocation beginning of year	Additions	Balance end of year
Trading	490	31,352	31,842
Manufacturing	1,243	–	1,243
	1,733	31,352	33,085

The recoverable amount of a cash generating unit is based on its value in use. These calculations use income projections prepared by management for the next year. Projections beyond one year are extrapolated using the estimated discount factors and growth rates set out below.

	2008	
	Discount factor	Residual growth rate
Trading	15%	6%
Manufacturing	15%	6%

16. Investments in associated companies

	2008	2007
Original cost of investments	**55,300**	50,956
Increase in equity value over cost from acquisition to end of previous year	**15,127**	10,262
	70,427	61,218
Investments and loans made during the year	**786**	4,606
Associates assumed on acquisition of subsidiary	**135**	–
Disposal of investments in associated companies	**(124)**	–
Fair value of net assets acquired over cost	–	20
Exchange differences	**(262)**	(262)
Share of net income less dividends received for the year (see below)	**3,709**	3,032
Reserve movements (note 21)	**6,674**	1,813
	81,345	70,427

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

	2008	2007
Share of income before taxation	**8,099**	6,077
Taxation (note 27)	**(2,515)**	(2,122)
Share of net income	**5,584**	3,955
Dividends received (note 33)	**(1,875)**	(923)
As above	**3,709**	3,032

16. Investments in associated companies ...continued

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:

	2008	2007
Assets	**256,600**	206,644
Liabilities	**175,255**	136,217
Revenue	**139,307**	154,401
Income before taxation	**8,099**	6,077

17. Financial investments

	2008	2007
Available-for-sale:		
Debt securities (listed)	**423**	423
Equity securities	**20,496**	23,885
	20,919	24,308
Loans and receivables:		
Debt securities (unlisted)	**20,702**	6,321
Total	**41,621**	30,629

Significant concentrations of financial investments are as follows:

	2008	2007
Debt securities:		
RBTT St. Lucia Bonds (unrated)	**2,569**	–
East Caribbean Financial Holding Co. – Bank of St. Lucia (unrated)	**2,937**	–
Citicorp (unrated)	**5,737**	–
RBTT Jamaica Bonds (unrated)	**–**	3,746
Caribbean Money Market Brokers Ltd. (unrated)	**3,570**	–
Equity securities:		
Banks Holdings Limited (unrated)	**2,694**	2,642
FirstCaribbean International Bank (rating A- by Standard & Poor's)	**1,597**	1,601
OAM Asian Recovery Fund (unrated)	**2,321**	3,182
OAM European Value Fund (unrated)	**1,853**	2,842
Sagicor Financial Corporation (rating BBB+ by Standard & Poor's)	**2,154**	1,278

Debt securities carry fixed interest rates ranging from 5.5% to 7.5% (2007 – 5 % to 7%) and maturity dates between 2009 and 2013. (2007 – 2008 and 2012).

There were no impairment provisions on available-for-sale financial assets in 2008 or 2007.

The maximum exposure to credit risk at the reporting date is the fair value of the debt securities classified as available for sale and loans and receivables.

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18. Deferred income taxes

	2008	2007
Deferred income tax assets (net) – beginning of year	1,257	1,811
Acquisition of subsidiary company	(512)	–
Deferred income tax charge (note 27)	(202)	(545)
Exchange adjustment	(8)	(9)
Deferred income tax assets (net) – end of year	535	1,257
Represented by:		
Deferred income tax assets	3,222	4,009
Deferred income tax liabilities	(2,687)	(2,752)
	535	1,257

The deferred income tax assets consist of the following components:

	2008	2007
Delayed tax depreciation	13,802	12,551
Taxed provisions	847	376
Pension plan assets	(2,393)	(2,087)
Unutilised tax losses	3,191	3,792
	15,447	14,632
Deferred income tax assets at applicable corporation tax rates	3,222	4,009

The deferred income tax liabilities consist of the following components:

	2008	2007
Accelerated tax depreciation	(16,395)	(15,512)
Taxed provisions	205	232
Pension plan assets	(3,280)	(2,503)
Unutilised tax losses	6,040	5,193
	(13,430)	(12,590)
Deferred income tax liabilities at applicable corporation tax rates	(2,687)	(2,752)

	2008	2007
Deferred income tax assets:		
Deferred income tax assets to be recovered after more than 12 months	1,883	3,155
Deferred income tax assets to be recovered within 12 months	1,339	854
	3,222	4,009
Deferred income tax liabilities:		
Deferred income tax liabilities to be settled after more than 12 months	(1,445)	(1,271)
Deferred income tax liabilities to be settled within 12 months	(1,242)	(1,481)
	(2,687)	(2,752)

18. Deferred income taxes ...continued

The Group has not recognised potential deferred income tax assets of $53 (2007 – $44) arising primarily from unutilised tax losses of $272 (2007 – $242).

Deferred income taxes have not been recognised for the income taxes that would be payable on the distribution of retained earnings of certain subsidiaries because there is no intention to distribute those earnings. These retained earnings totalled $236,195 (2007 – $203,795).

19. 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 RBSI Custody Bank Limited, a bank registered in Jersey, Channel Islands. Annual valuations of the pension plans are performed by independent actuaries and the companies' contributions adjusted according to the actuaries' recommendations. The latest actuarial valuations of the plans were performed as of March 31, 2008 and September 30, 2008 respectively.

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

Pension plan assets

	2008	2007
Fair value of plan assets	90,697	86,086
Present value of funded obligations	(79,441)	(72,108)
	11,256	13,978
Amount not recognised because of limit placed on the economic value of surplus	(264)	–
Unrecognised actuarial gains	(3,966)	(7,770)
Net assets – end of year	7,026	6,208

Pension plan liabilities

	2008	2007
Fair value of plan assets	35,745	23,674
Present value of funded obligations	(34,759)	(22,952)
	986	722
Unrecognised actuarial gains	(2,339)	(2,340)
Net liabilities – end of year	(1,353)	(1,618)

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

	2008	2007
Fair value of plan assets - beginning of year	109,760	104,458
Acquisition of subsidiary company (note 32)	9,929	–
Expected return on plan assets	9,264	7,310
Actuarial gains	(2,360)	(1,959)
Contributions - employer and employee	5,452	2,761
Benefits paid	(5,603)	(2,810)
Fair value of plan assets - end of year	126,442	109,760

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19. Pension plans ...continued

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

	2008	2007
Present value of funded obligations - beginning of year	95,060	89,307
Acquisition of subsidiary company (note 32)	9,217	–
Current service cost	4,474	3,831
Interest cost	8,026	6,288
Transfer value received	755	–
Actuarial losses/(gains)	432	(1,567)
Benefits paid	(3,764)	(2,799)
Present value of funded obligations – end of year	114,200	95,060

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

	2008	2007
Current service cost	3,211	2,770
Interest cost	8,026	6,288
Expected return on plan assets	(9,264)	(7,310)
Net actuarial gains recognised in the year	(1,012)	(1,167)
Amount not recognised because of limited placed on economic value of surplus	264	–
Net amount recognised in the statement of income	1,225	581
Actual return on plan assets	6,294	4,042

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

	2008	2007
Net asset – beginning of year	4,590	3,483
Aquisition of subsidiary company (note 32)	712	–
Net expense recognised in the statement of income	(1,225)	(581)
Contributions paid	1,596	1,688
Net asset – end of year	5,673	4,590

Principal actuarial assumptions used for accounting purposes were as follows:

	2008	2007
Discount rate	7.75%	8.00%
Expected return on plan assets	7.75%	8.00%
Future promotional salary increases	3.00%	4.00%
Future inflationary salary increases	3.75%	3.00%
Future pension increases	4.75%	5.00%
Proportion of employees opting for early retirement	0.00%	0.00%
Future changes in NIS Ceiling	3.75%	4.00%

20. 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.

Issue

	2008	2007
Common shares	**40,669**	25,954

	2008		2007	
	No. of shares		No. of shares	
Balance – beginning of year	**57,070,759**	**25,954**	56,796,185	24,828
Shares issued during the year – see (a), (b) & (c)	**2,314,024**	**14,715**	274,574	1,126
Balance – end of year	**59,384,783**	**40,669**	57,070,759	25,954

Changes during the year were as follows:

a) In November 2007, employees of the Company and its Barbados subsidiary companies were offered shares in part payment of bonus payable in December 2007, as permitted by law. A total of 113,810 shares were issued at a price of $5.35 each. Subsequently, in May 2008, 44,943 shares were allotted under the employee share purchase scheme at $5.95 per share. These shares qualified for the 2008 interim dividend paid in August 2008.

b) During the year, 38,610 employee share options were exercised at a price of $2.59, 78,476 at a price of $6.35 and 25,000 at a price of $6.20. No share options expired during the year.

c) During the year, the Group acquired a 100% shareholding in Minvielle & Chastanet Limited (M&C). 2,013,185 shares were issued as part payment at a price of $6.50 per share.

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21. Other reserves

	Financial investments reserves	Revaluation surplus	Translation reserve	Share-based payments reserve	Statutory reserve	Total
Balance at October 1, 2006	11,468	63,881	(8,762)	722	–	67,309
Transfer on disposal of property	–	(1,501)	–	–	–	(1,501)
Revaluation surplus	–	40,709	–	–	–	40,709
Unrealised gains on available-for-sale investments:						
– Group	2,775	–	–	–	–	2,775
– Associated companies (note 16)	1,813	–	–	–	–	1,813
Gains transferred to income on disposal of financial investments	(672)	–	–	–	–	(672)
Currency translation differences	–	–	270	–	–	270
Net gains recognised directly in equity	3,916	39,208	270	–	–	43,394
Value of employee services:						
– Share option scheme (note 22)	–	–	–	372	–	372
– Other share-based plans	–	–	–	150	–	150
– Reversal in relation to share options not taken up in 2006	–	–	–	(228)	–	(228)
	–	–	–	294	–	294
Balance at September 30, 2007	15,384	103,089	(8,492)	1,016	–	110,997
Balance at October 1, 2007	15,384	103,089	(8,492)	1,016	–	110,997
Transfer on disposal of property						
– Group	–	(94)	–	–	–	(94)
– Associated companies	–	(651)	–	–	–	(651)
Share of revaluation surplus						
– Associated companies (note 16)	–	8,235	–	–	–	8,235
Unrealised losses on available-for-sale investments:						
– Group	(3,987)	–	–	–	–	(3,987)
– Associated companies (note16)	(1,561)	–	–	–	–	(1,561)
Gains transferred to income on disposal of financial investments	(891)	–	–	–	–	(891)
Currency translation differences	–	–	320	–	–	320
Transfer from retained earnings	–	–	–	–	506	506
Net (losses)/gains recognised directly in equity	(6,439)	7,490	320	–	506	1,877
Value of employee services:						
– Share option scheme (note 22)	–	–	–	7	–	7
– Other share-based plans	–	–	–	148	–	148
– Reversal in relation to share options not taken up in 2007	–	–	–	(285)	–	(285)
	–	–	–	(130)	–	(130)
Balance at September 30, 2008	8,945	110,579	(8,172)	886	506	112,744

21. Other reserves ...continued

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.

22. 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:

	2008		2007	
	Number of share options	Weighted average exercise price $	Number of share options	Weighted average exercise price $
Outstanding – beginnning of year	455,506	6.610	492,514	7.404
Granted	169,327	6.200	92,302	6.070
Exercised	(142,086)	5.302	(129,310)	3.055
Outstanding – end of year	482,747	6.849	455,506	6.610

Terms of the options outstanding at September 30:

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

Expiry date	Exercise price $	Number 2008	Number 2007
October 1, 2008	2.59	19,305	57,915
October 1, 2009	6.35	108,517	186,993
October 1, 2010	9.40	118,296	118,296
October 1, 2011	6.07	92,302	92,302
October 1, 2012	6.20	144,327	–
		482,747	455,506

The excess of the fair value of options taken up by employees in respect of services provided during the year over the purchase price of the options of $7 (2007 – $372) has been recorded as an expense and credited to the share-based payments reserve. 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 25% (2007 – 25%), an average option life of 4.5 years (2007 – 4.5 years) and an annual risk-free interest rate of 6.5% (2007 – 7.5%).

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23. Expenses by nature

	2008	2007
Depreciation (note 13)	**20,076**	17,150
Employee benefits expense (note 25)	**135,470**	116,587
Changes in inventories of finished goods and work in progress (note 9)	**(17,274)**	155
Raw materials and consumables used	**652,951**	480,156
Transportation	**3,486**	3,026
Advertising costs	**12,448**	11,643
Provision for impairment of receivables (note 7)	**2,962**	1,027
Other expenses	**85,967**	79,009
Total cost of sales and selling, marketing and administrative expenses	**896,086**	708,753

	2008	2007
Cost of sales	**667,453**	512,515
Selling and marketing	**79,189**	56,964
Administrative	**149,444**	139,274
	228,633	196,238
	896,086	708,753

24. Other gains/(losses) – net

	2008	2007
Gain on disposal of financial investments	**1,591**	1,654
Gain on disposal of property, plant and equipment	**3,787**	1,035
Interest income	**2,534**	1,333
Rental income	**3,236**	2,815
Negative goodwill taken to income (note 32)	**34**	95
Dividends from other companies	**454**	433
Amortisation charge (note 15)	**(1,188)**	(57)
Inflation adjustment on net foreign assets	**(20)**	46
Fair value gains on revaluation of investment property (note 14)	**1,322**	5,659
	11,750	13,013

25. Employee benefits expense

	2008	2007
Salaries and other employee benefits	**135,315**	116,065
Share-based payments	**155**	522
	135,470	116,587

26. Finance costs

	2008	2007
Interest expense:		
Bank borrowings	8,859	6,351
Dividend on redeemable preference shares	1,078	–
Other borrowings	941	1,066
	10,878	7,417

27. Taxation

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

	2008	2007
Parent company and subsidiaries:		
Current income tax	14,932	9,899
Deferred income tax (note 18)	202	545
	15,134	10,444
Associated companies (note 16)	2,515	2,122
	17,649	12,566

The Group's effective tax rate of 25.0% (2007 – 21.4%) differs from the statutory Barbados tax rate of 25% (2007 – 25%) as follows:

	2008	2007
Income before taxation	70,621	58,666
Taxation calculated at 25% (2007 – 25%)	17,655	14,667
Effect of different tax rates in other countries	2,548	1,107
Tax effect of different tax rates on deferred tax assets and liabilities	(75)	3
Income not subject to taxation	(2,872)	(2,686)
Expenses not deductible for tax purposes	806	1,448
Taxation allowances	(1,495)	(1,727)
Decrease/(increase) in deferred tax assets not recognised	20	(88)
Amounts under/(over) provided in prior years	22	(196)
Amounts over provided in current year	(26)	(70)
Irrecoverable tax on foreign income	111	108
Tax effect from change in tax rate	884	–
Losses expired	71	–
	17,649	12,566

27. Taxation ...continued

Tax losses

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

Assessment year		Expiry Date
2000	339	September 30, 2009
2001	28	September 30, 2010
2002	815	September 30, 2008
2003	1,175	September 30, 2012
2004	1,859	September 30, 2013
2005	156	September 30, 2011
2005	91	September 30, 2014
2006	3,029	September 30, 2015
2007	222	September 30, 2016
2008	811	September 30, 2014
2008	978	September 30, 2017
	9,503	

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.

28. Earnings per share

Basic

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

	2008	2007
Net income for the year attributable to equity holders of the Company	**42,932**	37,701
Weighted average number of common shares in issue (thousands)	**58,271**	56,921
Basic earnings per share	**73.7¢**	66.2¢

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.

	2008	2007
Weighted average number of common shares in issue (thousands)	**58,271**	56,921
Adjustments for share options (thousands)	**558**	544
	58,829	57,465
Diluted earnings per share	**73.0¢**	65.6¢

29. Dividends per share

The dividends paid in 2008 and 2007 were $13,047 ($0.12 per share final for 2007 and $0.10 per share interim for 2008) and $10,827 ($0.11 per share final for 2006 and $0.08 per share interim for 2007).

At the directors' meeting of December 16, 2008, a final dividend in respect of the 2008 financial year of thirteen 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.

30. Contingent liabilities

a) Certain subsidiaries have bonds of $4,922 (2007 – $10,158) in favour of the Comptroller of Customs covering delivery of goods prior to payment of duty. Obligations with respect to overdraft facilities were $13,267 (2007 – $9,610).

b) As of the balance sheet date, a subsidiary of the company has been assessed and reassessed for income tax for income years 2002 through 2004 amounting to $3,350 including interest. The company has lodged objections to these assessments. The company was also assessed additional income tax of $856 for income years 1998 through 2000. Other contingencies in respect of income taxes, interest and penalties amount to $138.

31. 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 $61,379 (2007 – $39,105).

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:

	2008	2007
Not later than 1 year	362	362
Later than 1 year and no later than 5 years	91	453

b) Lease of land at various international airports for periods of up to 25 years with options to renew for further periods of 25 years, at the following annual rentals for the next five years:

	2008	2007
Not later than 1 year	1,680	223
Later than 1 year and no later than 5 years	1,756	892

c) The Group has erected buildings on land leased at Grantley Adams Industrial Park from the Barbados Investment and Development Corporation. The lease dated July 2, 1985, has a 25 year term to April 30, 2009 with an option to renew for a further 25 years. The yearly rent is $89.

d) Buildings at V.C. Bird International Airport have been erected on land leased from the Government of Antigua and Barbuda for a period of 25 years from May 2, 1978 with an option to renew the lease for a further 25 years. The lease came up for renewal in May 2003 but has not been formally renewed as at the date of the audit report.

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:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2008
(Expressed in thousands of Barbados dollars)

31. Commitments ... continued

Lease commitments ...continued

	2008	2007
Not later than 1 year	41	41
Later than 1 year and no later than 5 years	125	166
	166	207

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:

	2008	2007
No later than 1 year	356	356
Later than 1 year and no later than 5 years	1,556	1,511
Later than 5 years	800	1,200
	2,712	3,067

32. Business combinations

The West Indies Rum Distillery Limited
During 2008, The West Indies Rum Distillery Limited repurchased and cancelled 9,284 common shares at a total cost of $79. This resulted in negative goodwill of $34 which has been included in the statement of income. This increased the shareholding by 0.29%, from 88.68% to 88.97%.

Platinum Motors Limited
During the year, the Group invested in a 70% shareholding in Platinum Motors Limited at a cost of $249.

Minvielle & Chastanet Limited (M&C)

During the year, GEL acquired a 100% shareholding in Minvielle & Chastanet Limited (M&C) Group in St. Lucia from Chasmin Investments Limited and a small number of minority shareholders. The M&C Group provides products and services in wholesale, retail, insurance, tourism, manufacturing and shipping industries. M&C Limited has the following shareholdings in the following companies in St. Lucia:-

Brydens & Partners Limited	67%
MCR Limited trading as M&C Drugstore	100%
Home Depot Limited	100%
Solar Dynamics (EC) Limited	51%
M&C Insurance Brokers Limited	100%
M&C General Insurance Company Limited	80%
Admiral Shipping Limited	100%
Orange Wood Distributors Limited	100%
M&C Limited (in the Shipping & Texaco divisions)	100%

This shareholding was acquired at a cost of $130,817 resulting in goodwill of $31,352.

The purchase consideration is comprised of:
– US dollar loan
– Shares issued by the Group
– Preferred shares issued and redeemable within fifteen years at an annual preferred dividend rate of 6.5% (note 10).

32. Business combinations ...continued

Fair value of net assets acquired		76,920
Fair value of intangible assets acquired		22,545
Net assets acquired		99,465
Purchase consideration paid (see below)		130,817
Goodwill (note 15)		(31,352)
Purchase consideration paid:-		130,817
Less: Cash and cash equivalents assumed on acquisition	7,990	
Bank overdraft assumed on acquisition	(1,320)	(6,670)
Net outflow on acquisition		124,147

The fair values of the assets and liabilities of M&C at October 1, 2007, the date of acquisition, were as follows:

	Carrying amount	Fair value
Current assets		
Cash and cash equivalents	**7,990**	7,990
Trade and other receivables	**20,800**	20,454
Reinsurance assets	**9,960**	9,960
Current income tax assets	**309**	239
Inventories	**33,730**	33,680
	72,789	72,323
Current liabilities		
Borrowings	**2,947**	2,947
Trade and other payables	**23,733**	23,790
Current income tax liabilities	**221**	221
Insurance contracts	**11,925**	12,922
Dividend payable	**–**	741
	38,826	40,621
Working capital	**33,963**	31,702
Property, plant and equipment	**20,050**	46,110
Intangible assets	**248**	22,545
Financial investments	**12,248**	12,248
Investment in associated companies	**135**	135
Deffered income tax assets	**2**	2
Pension plan asset – net	**–**	712
	66,646	113,454
Borrowings	**2,035**	2,035
Deferred income tax liabilities	**301**	514
	64,310	110,905
Minority interest	**9,556**	11,440
Net assets acquired	**54,754**	99,465

33. Related party transactions

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

	2008	2007
i) Sales of goods and services	**7,354**	6,272
ii) Purchases of goods and services	**1,613**	1,597
iii) Management fee income	**626**	1,923
iv) Insurance expense	**1,700**	1,335
v) Dividend income (note 16)	**1,875**	923

b) *Key management*
Key management comprises directors and divisional management of the Company. Compensation of and loans to these individuals were as follows:

	2008	2007
i) Compensation		
Salaries and other short-term employee benefits	**3,168**	3,060
Share-based payments	**70**	101
	3,238	3,161
ii) Loans		
Beginning of the year	**–**	28
Loan repayments received	**–**	(28)
End of the year	**–**	–

34. Prior period adjustment

As a result of overstatements in unearned premiums, deferred commission expense and deferred premium tax recoverable and understatements in deferred commission income and deferred premium tax, an adjustment to retained earnings at October 1, 2006 of $2,103 was required to reflect the corresponding prior year adjustment recorded by an associated company.