Lascelles • deMercado

Lascelles, deMercado & Co. Limited

CHAIRMAN

Dr. Shafeek Gregory Amrall Sultan-Khan

MANAGING DIRECTOR

Hon. William A. McConnell, O.J., C.D., J.P., F.C.A.

DIRECTORS

David K.C. Henriques

Anthony J. Bell, J.P.

Michael A.G. Fraser, J.P., C.L.U.

Richard K. Powell, M.B.A., M.Sc., B.Sc.

Tulla Marlene P. Sutherland, LL.M., LL.B., B.Sc.

Eric Jason Abrahams

Alison Lewis

Wayne Yip Choy

Fraser Thornton

Stephen R. Castagne

SECRETARY

Jane George, M.A. (Oxon.)

REGISTRAR

Marvia J. Williams, ACIS

REGISTERED OFFICE

23 Dominica Drive
Kingston 5
P.O. Box 382, Kingston 10
Jamaica

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Lascelles, deMercado & Co. Limited

Notice of Meeting

NOTICE IS HEREBY GIVEN

That the Ninety-Fifth Annual General Meeting of the Stockholders of Lascelles, deMercado & Co. Limited will be held at the Head Office of Wray & Nephew Group Limited, 234 Spanish Town Road, Kingston 11, on Thursday, March 4, 2010 at 9:30 o'clock in the forenoon, for the purposes of considering and, if thought fit, passing the following resolutions, namely:

1. **Resolution No. 1 – 2009 Audited Accounts**
   THAT the Directors' Report, the Auditors' Report and the Audited Financial Statements for the Company and the Group for the year ended 30th September, 2009 be and are hereby adopted.

2. **Resolution No. 2 – Remuneration of the Auditors**
   THAT the remuneration of the Auditors, KPMG, who have indicated their willingness to continue in office, be fixed by the Directors.

3. **Resolution No. 3 – Re-election of Director**
   THAT Mr. Anthony J. Bell, a Director retiring by rotation and, being eligible, having offered himself for re-election, be and is hereby re-elected a Director of the Company.

4. **Resolution No. 4 – Re-election of Director**
   THAT pursuant to Article 89 of the Company's Articles of Association, Dr. Shafeek Gregory Amrall Sultan-Khan, having been appointed to the Board since the last Annual General Meeting, be and is hereby re-elected a Director of the Company.

5. **Resolution No. 5 – Re-election of Director**
   THAT pursuant to Article 89 of the Company's Articles of Association, Ms. Alison Lewis, having been appointed to the Board since the last Annual General Meeting, be and is hereby re-elected a Director of the Company.

6. **Resolution No. 6 – Re-election of Director**
   THAT pursuant to Article 89 of the Company's Articles of Association, Mr. Wayne Yip Choy, having been appointed to the Board since the last Annual General Meeting, be and is hereby re-elected a Director of the Company.

7. **Resolution No. 7 – Re-election of Director**
   THAT pursuant to Article 89 of the Company's Articles of Association, Mr. Fraser Thornton, having been appointed to the Board since the last Annual General Meeting, be and is hereby re-elected a Director of the Company.

8. **Resolution No. 8 – Re-election of Director**
   THAT pursuant to Article 89 of the Company's Articles of Association, Mr. Stephen Castagne, having been appointed to the Board since the last Annual General Meeting, be and is hereby re-elected a Director of the Company.

9. To consider any other business of an Annual General Meeting.

BY ORDER OF THE BOARD
Jane George
Secretary

February 3, 2010

A member entitled to attend and vote at this meeting is entitled to appoint a Proxy to attend and, upon a poll, vote instead of him. A proxy need not be a member of the company. To be effective, Proxies must be received at the registered office not less than forty-eight hours before the time fixed for the

Lascelles, deMercado & Co. Limited
Report of the Directors

To the Stockholders of
LASCELLES, deMERCADO & CO. LIMITED

On the affairs of the Group for the year ended September 30, 2009

ACCOUNTS

	2009	2008
	$000s	**$000s**
Profit attributable to Stockholders	2,559,024	3,015,131
Retained profits at beginning of year	9,678,649	7,661,995
Balance attributable to Stockholders	12,237,673	10,677,126
Dividends and distributions	(1,344,162)	(162)
	10,803,511	10,676,964
Transfer to/(from) Capital Reserve, net	925,239	(998,315)
Retained Profits at end of year	11,818,750	9,678,649

DIRECTORATE

In accordance with the Articles of Association, Mr. Anthony J. Bell retires by rotation, and being eligible, offers himself for re-election. Mrs. Tulla Marlene P. Sutherland, who also retires by rotation, has indicated that she will not seek re-election to the Board. Additionally, Dr. Shafeek Gregory Amrall Sultan-Khan, Ms. Alison Lewis, Mr. Wayne Yip Choy, Mr. Fraser Thornton, and Mr. Stephen Castagne, having been appointed to the Board since the last Annual General Meeting, cease to hold office, and being eligible, offer themselves for re-election.

Mr. Lawrence A. Duprey resigned from the Board on July 23, 2009, and Mr. Geoffrey Leid resigned from the Board on July 30, 2009. Dr. Shafeek Gregory Amrall Sultan-Khan was appointed to the Board on August 28, 2009 and appointed Chairman on the same date. Mr. Steve Bideshi, who was appointed on August 28, 2009, and Mr. Michael E. Carballo tendered their resignations from the Board effective January 31, 2010.

AUDITORS

KPMG has expressed its willingness to continue in office in accordance with the Companies Act.

BY ORDER OF THE BOARD
Jane George
Secretary
February 3, 2010

Lascelles, deMercado & Co. Limited

Chairman's Statement

STATEMENT

Much has happened over the past year, locally, regionally and globally, which has impacted on the Group in various ways.

Not long after CL Financial Group's acquisition of the majority of share capital of the Group in July 2008, CL succumbed to the effects of a liquidity crunch as a result of global financial circumstances., which culminated in the assumption by the Government of the Republic of Trinidad and Tobago (GORTT) of management powers of CL Financial Limited for a period of three years. This move was taken with the consent of the shareholders in CL Financial Limited, the parent company. New board members were subsequently appointed and I was appointed Chairman in August 2009. Appointed also to the Board at that time were Mr. Steve Bideshi and Ms. Alison Lewis. There was no change in the ownership of the Lascelles, deMercado stock as a result of the agreement reached between the CL shareholders and the GORTT.

The GORTT has made it clear that it does not intend any fire sale of CL's assets and that it views this Group as consisting of valuable and well-run businesses, with a great and exciting future ahead. It stated clearly in July 2009 that it wished to preserve this Group and to examine synergies with CL's other businesses. Its view and I concur is that the current executive management team is doing an excellent job and therefore there is at present no intention of changing its composition. The message is clear – business as usual but within the following context.

"Business as usual" – how challenging this concept has been for all corporations over the past year, which year may perhaps be characterised as a time to "expect the unexpected..if not the worst". Plans, predictions, budgets – all have required revision to a greater or lesser degree as the global economic climate has swung from one extreme to the other, with household names disappearing and institutions once believed to be unassailable requiring resuscitation in order to prevent greater systemic collapse. The cold wind of change has blown over the global economy. Job losses, industry contractions and the credit crunch have meant less money in the pockets of consumers worldwide. The Jamaican market has additionally suffered from the loss of liquidity following the collapse of several unregulated investment schemes, from a high interest rate regime and from a devaluing local currency. The Board has been required to demonstrate flexibility in strategic planning in order to respond to the challenges surrounding it. This Group's strong end-of-year results for the financial year in review bear testament to the careful husbandry and fiscal discipline exercised by the management team, which has been required to demonstrate flexibility in operational planning. This has positioned the Group well to ride out times of austerity and to avail itself of every suitable opportunity which may arise. In fact, the results would have been even better, had it not been for the non-cash $1.4bn adjustment necessitated by IFRS 19 (Employee Benefits), an actuarially determined amount representing pension assets derecognised as a result of the closure of the Lascelles, Henriques et al Superannuation Fund to new entrants as of January 1st, 2009. There have been unavoidable job losses and downsizing, through redundancy and attrition, and other expenses have been closely examined and trimmed where possible. However, under the guidance of the Board, the management has committed to continue investing heavily in the Group's brands, in order to secure its position in the marketplace against competitors increasingly hungry for market share and, where possible, to persuade consumers to switch their allegiance from competing products.

Lascelles, deMercado & Co. Limited

Chairman's Statement (continued)

Our brands have great international appeal that has come about by years of steady and strategic investments in brand equity in major markets abroad and of this, we continue to be extremely proud. Your Group is now very well positioned to benefit immensely from the steady shifts taking place in consumption trends towards rum, especially at the premium end, which has now become increasingly fashionable.

You will see greater analysis of this in the segment reports below. Of note are the following: the inroads made by the importer of J. Wray & Nephew's products into the United States of America, Kobrand; the maintenance of other export markets; the launch of a new "power wine", JAGRA, and of Appleton Exclusive and Appleton 30-Year-Old; the record sugar production and return to profitability of the AGRI Division; the gaining of significant new distributorships by Lascelles Distribution and the success in the export markets by the Pharmaceutical Division; the enviable market position of Globe, with its emphasis on quality of earnings; the careful steering of the automotive division, which has led to large increases in the revenues attributable to parts and after sales, the introduction of the Ford Fiesta and the Jaguar XF to the Jamaican marketplace and significant numbers of new orders since the end of the fiscal year; the proactive approach taken by AJAS Limited in securing new contracts in the turbulent airline industry in such unusual times.

Therefore, in the sense that the global conditions have been more difficult than in many years, producing challenges at home and abroad, it is not really "business as usual". However, it is "business as usual" in the sense that the composition of the Group has not changed, and it remains intact. It is "business as usual" in the sense that the management continues to hold the confidence of the Board in its ability to execute policy and navigate the Group through the global storm, identifying openings and opportunities. Stability is the key to survival in these turbulent and uncertain times.

CASH DISTRIBUTION

Dividends have been paid on the 6% Cumulative Preference Stock, and the 15% Cumulative Preference Stock.

An interim dividend of J$6.00 per Ordinary Stock Unit and a special interim dividend of J$8.00 per Ordinary Stock Unit, both payable to Ordinary Stockholders on record at the close of business on 26th June, 2009, were paid on 30th June, 2009.

STAFF AND FACILITIES

All new employees in the Group now become members of the Lascelles deMercado Defined Contribution Fund. The Lascelles, Henriques et al Superannuation Fund (LHSF) continues in operation for the benefit of its existing members and its pensioners.

The Lascelles Employees' Co-Operative Credit Union continued its excellent operations during the year in review. Once again, your Directors note with pleasure the involvement and interest of the Board, Secretary and members of the Credit Union in all its affairs. Its members continue to avail themselves of its many services, to their benefit.

Your Directors are happy to record their recognition of and appreciation for the dedication and keen interest shown by the management and staff of all companies in the Group during the year in review.

Lascelles, deMercado & Co. Limited
Chairman's Statement (continued)

I would also like to express our appreciation to all of our loyal customers at home and overseas who continue to responsibly enjoy our brands.

BOARD OF DIRECTORS

During the financial year in review, Messrs. Lawrence Duprey and Geoffrey Leid resigned from the Board and I, Dr Shafeek Sultan Khan, Mr. Steve Bideshi and Ms. Alison Lewis were appointed. I was appointed Chairman. Messrs. Michael Carballo and Steve Bideshi tendered their resignations from the Board, effective January 31st, 2010. The composition of the Audit Committee remains unchanged. However, Mrs. Marlene Sutherland, an independent director and a member of the Audit Committee, who is slated to retire by rotation at the upcoming Annual General Meeting, has indicated that, due to work commitments in her substantive professional role in the USA, where she resides, she will not be seeking re-election to the Board. Messrs Wayne Yip Choy, Fraser Thornton and Stephen R. Castagne were appointed to the Board, effective February 1, 2010.

I would like to thank all the outgoing directors for their respective contributions to the Group during their tenures, and to wish them well in their future endeavours. I would also like to welcome the new directors, who bring with them considerable valuable experience.

Your board will continue to ensure that our efforts culminate in the enhancement in the value of our brands and as a consequence overall shareholder value.

Dr. Shafeek Sultan-Khan
Chairman

Lascelles, deMercado & Co. Limited

Management Discussion and Analysis Financial Year 2009

General Comments

For the financial year ended September 30, 2009, the Lascelles deMercado Group achieved a relatively good year, despite the challenges posed by the global economic crisis. Truly, the last year has been extraordinary, during which we surmounted many challenges and accomplished numerous goals.

Compared to prior year, we experienced growth in our Operating Revenue, Gross Profit and Gross Margin Percentage. The Group however, recorded a decrease in Profit Before Tax compared to 2008. All of our operating business segments performed creditably for the year under review. With the exception of the Investments Segment, all recorded growth in profits.

The financial and economic woes encountered in 2008/2009 were unlike any other seen in recent history, in fact, since the Great Depression of 1930s. These were precipitated by the collapse of the US financial sector in the latter part of 2008. Through contagion, the entire world soon became affected. The resulting global economic crisis contributed to the failure of many key businesses, a decline in consumer wealth and a significant decline in economic activity. There was a general contraction in the global economy as credit tightened and international trade declined. At this time, although there are signs of recovery in various countries, some analysts are predicting that a full recovery will not take place until late 2010 into 2011.

In addition for the 2008/09 financial year, Jamaica was impacted by the collapse of several unregulated investment schemes. This caused a further reduction in consumers' disposable income.

Even prior to the global economic crisis, Jamaica had been plagued by anaemic economic growth. A high crime rate and a high unemployment rate are two of the critical factors that continue to hinder Jamaica's progress. Its fiscal deficit continues to grow and so too its debt. During 2009, Jamaica's debt surpassed the trillion dollar mark. According to the International Monetary Fund (IMF) in its World Economic Outlook released in October 2009, Jamaica is expected to have the fourth lowest growth rate of the developing countries in the western hemisphere within the next five years. The IMF predicts Jamaica's economic growth to be negative 3.6% for 2009, negative 0.2% for 2010 and for 2014 a positive 2.1%.

Nonetheless, the Lascelles deMercado Group has remained financially strong and viable. The Group continues to build on its core values of excellence, integrity, innovation and farsightedness and remains committed to earning customer preference and loyalty. Our outlook remains positive.

Financial Statements

The financial statements comprising the Balance Sheet as at September 30, 2009, the Statement of Changes in Stockholders' Equity, Income Statement, Statement of Cash Flows for the year ended September 30, 2009 and the Notes to the Financial Statements for the company and the group are submitted.

The Group's Five Year Financial Highlights are submitted on Page 94 of this publication.

Lascelles, deMercado & Co. Limited

Management Discussion and Analysis Financial Year 2009 (continued)

For the Continuing Operations of the Group, the results for the financial year ended September 30, 2009 show an 8.5% growth in Operating Revenues from $22,963.1 million in 2008 to $24,912.3 million in 2009. For the same period, Profit Before Tax (PBT) experienced a decrease of 19.1% from $3,543.5 million to $2,866.1 million. The Group's profit was negatively impacted by a $1,385.8 million IAS 19 (Employee Benefits) adjustment. This amount was actuarially determined and represents pension assets derecognized as a result of the restriction of new entrants to the Lascelles Henriques Superannuation Fund with effect from January 1, 2009. If this amount was not included, the Group would have achieved a PBT of $4,251.9 million instead of $2,866.1 million. This would have translated to a growth in PBT of 20% over 2008. **The 2009 results must therefore be viewed within the context of the IAS 19 adjustment.** The Operating Revenue by Segment is shown below:

	FY 2008/09	FY 2007/08	VARIANCE	VARIANCE
SEGMENTS	**$'m**	**$'m**	**$'m**	**%**
Liquors, Rum Wines & Sugar	**15,379.6**	**13,600.2**	**1,779.4**	**13.1**
General Merchandise	**4,987.8**	**4,483.0**	**504.8**	**11.3**
General Insurance	**2,520.7**	**2,391.6**	**129.1**	**5.4**
Investments	**689.7**	**1,013.9**	**(324.2)**	**(32.0)**
Transportation Services	**1,334.5**	**1,474.4**	**(139.9)**	**(9.5)**
TOTAL	**24,912.3**	**22,963.1**	**1,949.2**	**8.5**

The 8.5% growth in revenues which was mentioned above was fuelled by the Liquors, Rums, Wines & Sugar and the General Merchandise Segments. The former achieved growth of $1,779.4 million or 13.1% and the latter $504.8 million or 11.3%. For the Liquors, Rums, Wines & Sugar Segment, most of the growth emanated from the Sugar Division which significantly increased its sugar production over last year. For the General Merchandise Segment, although sales volumes have decreased over last year, price increases, particularly by the three major principals – Connors, Unilever and Kimberly Clarke, have contributed significantly to increased revenues.

The Profit Before Tax by Segment is shown below:

	FY 2008/09	FY 2007/08	VARIANCE	VARIANCE
SEGMENTS	**$'m**	**$'m**	**$'m**	**%**
Liquors, Rum Wines & Sugar	**1,561.0**	**1,063.2**	**497.8**	**46.8**
General Merchandise	**458.5**	**345.0**	**113.5**	**32.9**
General Insurance	**703.9**	**586.4**	**117.5**	**20.0**
Investments	**86.5**	**1,499.5**	**(1,413.0)**	**(94.2)**
Transportation Services	**56.2**	**49.4**	**6.8**	**13.8**
TOTAL	**2,866.1**	**3,543.5**	**(677.4)**	**(19.1)**

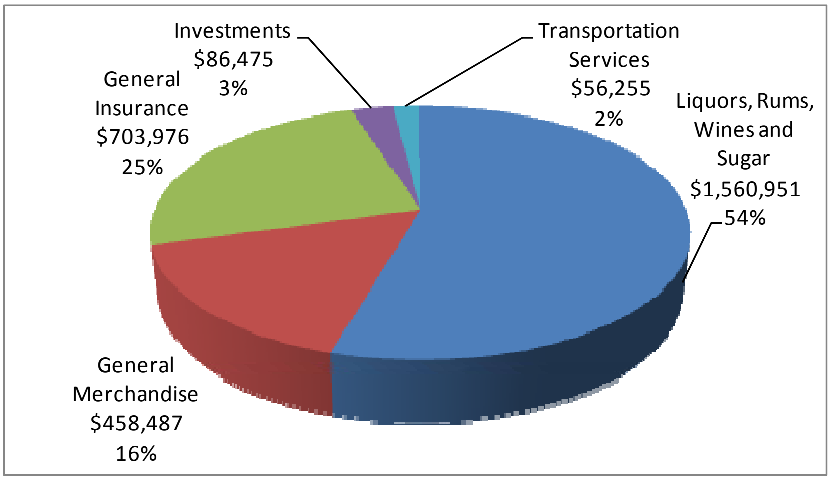
The Liquors, Rums, Wines & Sugar Segment, the flagship segment of the Group, returned $1,561.0 million in profits for 2009. This represents $497.8 million or a 46.8% increase over 2008. Except for the Investment Segment, all the others returned increased profits compared to last year. As noted above, the Investment Segment and by extension the Group was negatively affected by the IAS 19 adjustment. This is the main factor which has resulted in the 19.1% decrease in Profit Before Tax.

Lascelles, deMercado & Co. Limited

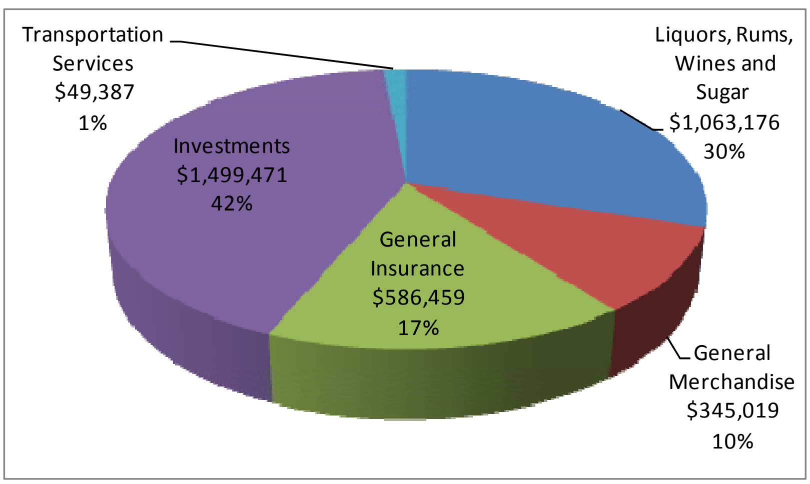
Management Discussion and Analysis Financial Year 2009 (continued)

The following pie charts give a graphical presentation of the contribution of the various segments to the Group's profitability for 2009 and 2008. The profit of the Liquors, Rums, Wines and Sugar Segment for 2009 accounted for 54% (2008: 30%) of the Group's profits.

SEGMENT PROFITS - FY 2009 ($'000)



SEGMENT PROFITS - FY 2008 ($'000)



On further examination of the components of the Group Income Statement, in addition to increases in Operating Revenue which have already been discussed, Cost of Operating Revenue increased by 5.8% and Administration, Marketing and Selling Expenses increased by 18.6%. (Note that the total IAS 19 pension credit included in Administration, Marketing and Selling Expenses for 2009 is $169.3 million compared to $366.5 million for 2008.) The changes in these items have resulted in a slight decrease of 1.3% in Operating Profits compared to the preceding year.

Despite our continuing efforts of cost containment, in addition to local inflationary increases, we were faced with increased costs of imported inputs, directly attributable to the depreciation of the Jamaican currency. Additionally, the Administrative, Marketing and Selling Expenses include increased brand expenses.

The Other Income category, which includes mainly gains on disposal of fixed assets and investments, experienced an increase of 103.2%, from $112.8 million in 2008 to $229.2 million in 2009. Finance Income increased by 138.1% and Finance Costs increased by 17.9%. Finance Income totalling $1,122.9 million has been one of the most significant areas of growth for this financial year. This is so particularly for the Foreign Exchange Gains line item. Gains on US denominated assets, resulting from the approximate 23% depreciation in the Jamaican Dollar versus the United States Dollar over the year, were recorded.

The Group's Balance Sheet has remained strong over the period. We have continued to monitor and manage the various components of working capital. At September 30, 2009, the Net Current Assets totalled $12,710.7 million compared to $10,773.8 million in 2008; an 18% increase. Our Current Ratio shows that Current Assets exceed Current Liabilities by 2.64 times (2008: 2.50 times). The Debt to Equity Ratio continues to be miniscule at 0.03:1.

Stockholders' Equity at September 30, 2009 totalled $25,185.0 million, representing a $510.8 million decrease over September 30, 2008. The decrease of $510.8 million is mainly as a result of the impact of the global recession and in particular the downturn in the Jamaican Stock Market and the price of Government of Jamaica Global Bonds. The market value of bonds, stocks and other investments experienced a substantial decline. Consequently, the decrease in the fair value of investments amounted to $2,401.9 million for this financial year. The movement in Stockholders' Equity also included dividends of $1,344.1 million paid to ordinary and preference shareholders for the 2008 / 09 financial year.

For the year, the Group generated approximately $410.9 million in cash (2008: $330.8 million). Net Cash Provided by Operations as per the Group Statement of Cash Flows amounted to $2,571.4 million (2008: $1,270.0 million. Capital additions amounted to $637.1 million (2008: $731.0 million). Most of this expenditure relates to the Liquors, Rums, Wines & Sugar Segment and includes land levelling at Appleton Estate and electrical and turbine upgrade at the Appleton Distillery. At the Wray & Nephew Plant in Kingston, there were capital improvements to a labelling machine, and a blending process automation project and a new energy efficiency project were undertaken. As in prior years, we continued to use internally generated funds to finance capital additions.

The detailed operational and financial performance of the Group organized into our five business segments is noted below.

Liquors, Rums, Wines & Sugar

The Liquors, Rums, Wines & Sugar Segment returned revenues of $15,379.6 million (2008: $13,600.2 million) and profits of $1,561.0 million (2008: $1,063.2 million) for the financial year ended September 30, 2009. This computes to increases in revenues and profits of 13.1% and 46.8%, respectively. Both the Liquor and the Sugar Divisions experienced growth. However, most of the growth emanated from the Sugar Division which experienced a turnaround from its loss making position of last year to record a modest profit in 2009.

Lascelles, deMercado & Co. Limited

Management Discussion and Analysis Financial Year 2009 (continued)

The Appleton Factory produced approximately 31,800 tonnes of sugar for the 2009 Crop, around 42% above its sugar production for last year. This year we had the benefit of a "hurricane free" year. The factory also benefited from an 8% increase in the sugar price over 2008 and an increase in the cane supply as a result of third party cane received. In addition, the Sugar Division benefited from improved fuel efficiency. These factors contributed to the turnaround in the Sugar Division.

Looking ahead to the 2010 financial year, the Sugar Division is expected to build on the recovery that began in 2009. Assuming that, on account of the "El Nino" weather pattern now prevailing, we will experience another year of good weather conditions, the fortunes of the Division will be enhanced largely by the expected increase in estate cane production. Another critical factor for 2010 will be the sugar price. We are currently in an uncertain environment as the European Union Sugar Protocol ended on September 30, 2009, and to date we are unable to predict with certainty the price that we will receive for next year.

In the case of the Liquor Division, whilst both local and international sales were negatively impacted by the global economic downturn, continued consolidation and increased competition, increases in revenues and profits were achieved. The Rum Category remained strong and is in fact credited with most of the growth, bearing testimony to our quality world class brands.

On the International market, Mexico was responsible for most of the decline in sales quantities. As in the rest of the world, distributors there were faced with declining consumer demand and a tightening of credit. In addition to the general decrease in the disposal incomes of our consumers, locally, we experienced increased competition primarily in the "High Energy and Fortified Wine" Category. Our response was to continue to support our quality brands within this segment as well as to launch a new product, Jagra. The market has responded well to this product as evidenced by the ever increasing demand for the product.

Additionally, in response to our customers, two new products in the Premium Rum Category were "rolled out" to the market during September 2009. One product is the Appleton Estate Exclusive, a new luxury rum which is available only at our Appleton Estate Rum Tour facility in Siloah, St. Elizabeth. The target market is the tourism sector and particularly we wish to welcome our visitors to the Nassau Valley in Siloah, the home of Appleton Jamaica Rum. The Appleton Estate Exclusive Edition makes a wonderful addition to what we offer at the Appleton Estate Rum Tour. The attraction offers guided tours of the artefacts that tell the over 250 year history of the Appleton Estate. In addition to making a journey of discovery of the rich history and heritage that are our legacy and learning how we make our rums, visitors will now have a chance to take home something that is exclusive to the Appleton Rum Tour experience. The other product is the Appleton Estate 30 Year Old Jamaica Rum, in the words of our Master Blender, Joy Spence, "this luxury rum is a complex yet delicate blend". It is a limited edition product, of which only 1,440 bottles have been produced. The individual marques of rum that make up the Appleton Estate 30 Year Old Jamaica Rum have been aged for a minimum of 30 years in oak barrels. This product was first launched on the international market. To date, both products have been well received.

For the 2010 financial year, the business environment is expected to improve slightly. The budget for the Liquor Division is predicated on growth in sales quantities. Most of this growth is expected to come from the international market. We plan to continue the upgrade of our production facilities. Some of the major projects which are planned to enhance the capabilities of the Production Division include a Barrel Storage Warehouse, the Bottling Line 4 Relocation, the Expansion of the Winery and Bulk Glass Depalletizer.

Lascelles, deMercado & Co. Limited

Management Discussion and Analysis Financial Year 2009 (continued)

General Merchandise

The building of the new state of the art warehouse facility to house the expanded operations of the General Merchandise Segment, scheduled for 2009, was placed on hold, on account of the harsh realities of the economic downturn. The outturn for the year was positive. The diverse businesses of the General Merchandise Segment together achieved revenue growth of 11.3% and increased profitability of 32.9% over last year. In general, this Segment also experienced a decline in sales volumes compared to last year. Notwithstanding, we were able to achieve increased operating profits by maintaining our margins through price increases. This aggressive pricing policy became necessary to mitigate the effects of the depreciation of the Jamaican Dollar on our product costs.

The Merchandise Division with its three major principals, Unilever, Connors and Kimberly Clark accounted for most of the improvement in this year. Generally, focus was given to improving the visibility and distribution of our brands in the trade. As we continued to work assiduously with our principals, our sales and marketing team operated under the theme, “Innovate, Integrate and Motivate”. This strategy was successful in achieving growth in this Division for 2009.

During the year, the export of products from our Pharmaceutical Division experienced a welcomed growth. It is expected that this area will continue to show an increase into the future. Other achievements during the 2009 financial year include the ISO14001: 2004 certification for environmental management and the introduction of new products to the market. Some of these products include Clean Touch Hand Sanitizer, Bell’s Elixir, Cetadeine Tablets in blister packs of 24’s and 120’s and DPH Capsules.

The Agri-Chemical Division continued to focus on the export market during 2009. Although there was a reduction in business from its established customer base, the Division was able to garner new business in the Caribbean. During the year, we exported to three new territories, accounting for a 42% increase in exports to the Caribbean over 2008. As in previous years, product development continues to be a focal point for this Division.

The 2010 Budget for the General Merchandise Segment is based on some recovery in the economic climate in the latter part of next year. Based on this, it has been assumed that there will be a modest recovery of sales lost in FY 2009. The containment of expenses, the launching of new products and continued growth in the export market have been assumed for the next financial year.

General Insurance

The Insurance Division had a profitable year, despite the challenging economic environment. Our Underwriting results reflect the fact that the country has been spared the impact of any significant catastrophe in 2009. Revenue grew by 5% and Profit Before Tax increased by 20% over last year. We continue to focus on the improvement in the quality of earnings by placing more emphasis on pricing discipline and underwriting profitable risks.

The year ahead promises to be even more challenging economically, as Jamaica may well experience a further decline in its Gross Domestic Product, and this will have an adverse impact on our Underwriting Operations. Notwithstanding this, the Division will continue to position our brand in order to take advantage of any opportunities that may arise.

Lascelles, deMercado & Co. Limited

Management Discussion and Analysis Financial Year 2009 (continued)

Investments

The Investments Segment, over the years has become a significant contributor to the Group's "bottom line". In 2006/07, this Segment accounted for 29% of the Group's profits. In 2007/08, 42% of the Group's profits was attributable to the Investments Segment. In this financial year, the trend was somewhat halted as Investments returned profits of $86.5 million (2008: $1,499.5 million) or 3% of the total Profit Before Tax for the Group.

As noted previously, the main factor affecting the decline in profits of the Investments Segment over last year is the $1,385.8 million IAS 19 entry representing Pension Assets Derecognised. This arose due to the closure of the Lascelles, Henriques et al Superannuation Fund to new members with effect from January 1, 2009. Because of this closure to new members, the fund now has a finite life. Consequently, the present value of the economic benefits available to the company in the form of reductions in future contributions has been reduced by $1,385.8 million. This is expected to be a one-off adjustment reflected in the year when the deemed life of the fund was changed from indefinite to definite.

In addition, the Investments Segment experienced a 32% reduction in dividend income. On a positive note, the Segment benefitted from significant foreign exchange gains for the 2009 financial year. The gains on US Dollar denominated assets were made possible because of the approximately 23% depreciation in the Jamaican Dollar against the US Dollar between October 2008 and September 2009. These gains helped to cushion the Segment's results.

The outlook for the Investment Segment for 2010 is expected to be less favourable than last year. Dividend income is projected to decline, so too, interest income and foreign exchange gains.

Transportation Services

The Transportation Services Segment, which includes the Automotive Division and our Aircraft and Cargo Handling businesses, returned revenues of $1,334.5 million (2008: $1,474.4 million) and profits of $56.2 million (2008: $49.4 million). This computes to a 9.5% reduction in revenues and a 13.8% increase in profits over last year.

The Automotive Division was severely affected by the downturn in the economy and the demise of the alternative investment schemes. This resulted in a sharp decline in new unit sales compared to last year. Despite the many challenges, the revenues of the Parts and After Sales Service Departments experienced an increase over last year. The growth in the After Sales Service Department indicates that our efforts in previous years to recover and expand this Department were strategically correct. Had it not been for this, the Automotive Division would have experienced a further decline in revenues and profits compared to last year.

In the 2008/09 financial year, we introduced the economical Ford Fiesta motor vehicle and launched the new Jaguar XF. The Jaguar XF is now firmly positioned as one of the best luxury cars on the market. In addition, the Division commenced the distribution of Motor Craft batteries. Our objective is to become Jamaica's leading battery supplier in the near future.

We continued the restoration of the company's image with significant progress being made at repositioning the brand "KIG" as a customer service oriented company with developed expertise in the world class brands that it represents. This objective is largely supported by real improvement in all

Lascelles, deMercado & Co. Limited

Management Discussion and Analysis Financial Year 2009 (continued)

aspects of our service delivery as well as positive reinforcement in our general interaction with the market.

2009 was extremely challenging for all motor car dealers. Although some economic recovery is expected for the 2010 financial year, it is believed that some challenges will persist.

The Aircraft Passenger Handling, Cargo Handling and General Services Agency businesses of AJAS Limited and Transportation Agencies Limited, performed creditably for the financial year ended September 30, 2009. The success of this business is largely dependent on the successes of the airline industry and more specifically the tourism sector. Even though the worldwide recession has taken a toll on our operations resulting in an 18% fall off in the number of flights and a 4% reduction in the pounds of freight handled, the Division was able to increase profits over last year. Although operating profits are down, this Division was the beneficiary of increased foreign exchange gains and other income.

AJAS continues to pursue a number of business prospects for the coming year and beyond. The company has over the years positioned itself as a leader in the business of Aircraft Passenger and Cargo Handling. Despite the challenges, the outlook for the tourism sector for the year ahead is expected to be positive. AJAS is projecting increased revenues and profits.

Lascelles, deMercado & Co. Limited
Audit Committee

The Audit Committee was established by the Board on 28th July, 2006. The following directors were elected to serve and remained members as at the 30th September, 2009:

Mr. David K. C. Henriques (Chairman);
Mr. Michael A.G. Fraser;
Mr. Richard K. Powell; and
Mrs. Tulla Marlene P. Sutherland.

The functions of the Audit Committee are as follows:

- To monitor the integrity of the financial statements of the company, including its annual and interim reports, preliminary results, announcements and any other formal announcement relating to its financial performance, reviewing significant financial reporting issues and judgements which they contain and to review summary financial statements, significant financial returns to regulators and any financial information contained in certain other documents, such as announcements of a price sensitive nature;

- To keep under review the effectiveness of the company's internal controls and risk management systems, discussing significant risk exposures and examining steps taken by the board and management of LdM to control such exposures, and to review and approve the statements to be included in the annual report concerning internal controls and risk management;

- To review the company's arrangements for its employees to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters;

- To monitor and review the effectiveness of the company's internal audit function in the context of the company's overall risk management system;

- To consider and make recommendations to the board, to be put to shareholders for approval at the AGM, in relation to the appointment, re-appointment and removal of the company's external auditor and to oversee the selection process for new auditors; and if an auditor resigns the Committee shall investigate the issues leading to this and decide whether any action is required;

- To oversee the relationship with the external auditor;

- To review and approve the annual audit plan and ensure that it is consistent with the scope of the audit engagement;

- To review the findings of the audit with the external auditor, including a discussion of any major issues which may have arisen during the audit, any accounting and audit judgements, and levels of errors identified during the audit.

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INDEPENDENT AUDITORS' REPORT

To the Members of
LASCELLES, deMERCADO & CO. LIMITED

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Lascelles, deMercado & Co. Limited and its subsidiaries ("the group"), set out on pages 19 to 66 which comprise the group's balance sheet as at September 30, 2009, the group's statements of income, changes in stockholders' equity and cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the Jamaican Companies Act. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and consistently applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether or not the financial statements are free from material misstatement.

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

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

Report on the Financial Statements (cont'd)

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the group as at September 30, 2009 and of the group's financial performance, changes in stockholders' equity and cash flows for the year then ended in accordance with International Financial Reporting Standards, and comply with the provisions of the Jamaican Companies Act, so far as concerns members of the company.

Report on additional requirements of the Jamaican Companies Act

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit. In our opinion, proper accounting records have been maintained and the financial statements, which are in agreement therewith, give the information required by the Jamaican Companies Act in the manner so required.

KPMG

November 25, 2009

Lascelles, deMercado & Co. Limited

Group Balance Sheet

September 30, 2009

	Notes	2009 $'000s	2008 $'000s
Current assets			
Cash and cash equivalents	27(d)	3,997,852	3,641,558
Short-term investments	27(d)	1,949,809	1,887,409
Accounts receivable	3	4,170,311	3,639,098
Taxation recoverable		344,967	165,909
Reinsurance assets	9	1,045,247	1,091,341
Inventories	4	8,690,505	7,379,722
Biological assets	5	243,374	131,103
		20,442,065	17,936,140
Current liabilities			
Bank loans and overdrafts	6	341,737	340,345
Other unsecured loans	7	331,661	320,844
Current maturities of long-term liabilities	18	26,088	49,043
Accounts payable	8	3,456,099	3,327,591
Insurance contract provisions	9	3,043,451	2,893,451
Taxation payable		532,351	231,038
		7,731,387	7,162,312
Net current assets		12,710,678	10,773,828
Non-current assets			
Employee benefits assets	10(a)	1,620,500	2,802,900
Investments	11,27(d)	8,078,039	9,873,222
Interest in associated companies	12	16,033	13,610
Intangible assets	13	105,481	105,481
Property, plant & equipment	14	3,810,066	3,634,239
Deferred tax assets	15(a)	30,940	22,499
		13,661,059	16,451,951
		26,371,737	27,225,779
Financed by:			
Stockholders' equity			
Share capital	16	20,400	20,400
Reserves	17	13,345,879	15,996,757
Unappropriated profits		11,818,750	9,678,649
		25,185,029	25,695,806
Non-current liabilities			
Employee benefits obligations	10(b)	457,200	398,100
Deferred tax liabilities	15(b)	704,675	1,104,028
Long-term liabilities	18	24,833	27,845
		1,186,708	1,529,973
		26,371,737	27,225,779

The financial statements on pages 19 to 66 were approved for issue by the Board of Directors on November 25, 2009 and signed on its behalf by:

_________________ Director
William A. McConnell

_________________ Director
Anthony J. Bell

The accompanying notes form an integral part of the financial statements.

Lascelles, deMercado & Co. Limited

Group Statement of Changes in Stockholders' Equity

Year ended September 30, 2009

	Share capital (note 16) $'000s	Reserves (note 17) $'000s	Unappropriated profits $'000s	Total $'000s
Balances at September 30, 2007	20,400	14,849,636	7,661,995	22,532,031
Net profit attributable to members	-	-	3,015,131	3,015,131(a)
Appreciation in fair value of investments, net	-	556,461	-	556,461(a)
Released on sale of investments	-	(505,692)	-	(505,692)(a)
Impairment loss transferred to income statement	-	5,666	-	5,666(a)
Transfers, net	-	998,315	(998,315)	-
Translation adjustment arising on consolidation of foreign subsidiaries	-	92,371	-	92,371(a)
Dividends and distributions paid (note 24)	-	-	(162)	(162)
Balances at September 30, 2008	20,400	15,996,757	9,678,649	25,695,806
Net profit attributable to members	-	-	2,559,024	2,559,024(a)
Depreciation in fair value of investments, net	-	(2,401,866)	-	(2,401,866)(a)
Released on sale of investments	-	2,554	-	2,554(a)
Impairment loss transferred to income statement	-	42,638	-	42,638(a)
Transfers, net	-	(925,239)	925,239	-
Translation adjustment arising on consolidation of foreign subsidiaries	-	631,035	-	631,035(a)
Dividends and distributions paid (note 24)	-	-	(1,344,162)	(1,344,162)
Balances at September 30, 2009	20,400	13,345,879	11,818,750	25,185,029
Retained in the financial statements of:				
The company (including dividends received from subsidiaries)	20,400	6,244,372	1,435,553	7,700,325
The subsidiaries, net, including associated companies (accounted for on the equity basis)	-	7,101,507	10,383,197	17,484,704
Balances at September 30, 2009	20,400	13,345,879	11,818,750	25,185,029
The company (including dividends received from subsidiaries)	20,400	9,841,155	1,340,285	11,201,840
The subsidiaries, net, including associated companies (accounted for on the equity basis)	-	6,155,602	8,338,364	14,493,966
Balances at September 30, 2008	20,400	15,996,757	9,678,649	25,695,806

Recognised gains:

		2009	2008
(a)	Total recognised gains	$833,385,000	3,163,937,000
(b)	Recognised gains per ordinary stock unit	$ 8.68	32.96

The accompanying notes form an integral part of the financial statements.

Lascelles, deMercado & Co. Limited

Group Income Statement

Year ended September 30, 2009

	Notes	2009 $'000s	2008 $'000s
Continuing operations			
Operating revenue	19	24,912,339	22,963,136
Cost of operating revenue		(14,174,380)	(13,393,088)
Gross profit		10,737,959	9,570,048
Administrative, marketing and selling expenses		(7,701,379)	(6,494,979)
Operating profit		3,036,580	3,075,069
Other income	12	229,172	112,791
		3,265,752	3,187,860
Pension assets derecognised	20	(1,385,800)	-
Profit before net finance income and taxation		1,879,952	3,187,860
Finance cost		(136,745)	(116,000)
Finance income		1,122,937	471,652
Net finance income	21(a)	986,192	355,652
Profit before taxation	21(b)	2,866,144	3,543,512
Taxation	22	(307,120)	(643,490)
Net profit for the year from continuing operations		2,559,024	2,900,022
Discontinued operations			
Profit from discontinued operations	31(b)	-	115,109
Net profit for the year attributable to members		2,559,024	3,015,131
Dealt with in the financial statements of:			
The company (including dividends received from subsidiaries)		(116,837)	616,724
The subsidiaries, net, including associated companies (accounted for on the equity basis)		2,675,861	2,398,407
		2,559,024	3,015,131
Earnings per ordinary stock unit	23	26.65	31.41

The accompanying notes form an integral part of the financial statements.

Lascelles, deMercado & Co. Limited

Group Statement of Cash Flows

Year ended September 30, 2009

	Notes	2009 $'000s	2008 $'000s
Cash flows from operating activities			
Net profit for the year attributable to members		2,559,024	3,015,131
Adjustments for:			
Employee benefits, net		1,241,500	(353,800)
Unrealised translation adjustment on consolidation		631,035	92,371
Loss/(profit) on disposal of investments		8,745	(31,539)
Gain on sale of discontinued operations	31(c)	-	(100,792)
Results retained in associated companies		(2,423)	(2,858)
Interest income	21	(450,069)	(438,146)
Interest expense		76,960	101,922
Taxation expense	22	307,120	643,490
Depreciation	14	442,892	448,596
Impairment of investments		42,638	5,666
(Profit)/loss on disposal of property, plant & equipment		(17,943)	4,606
Cash generated before changes in working capital		4,839,479	3,384,647
(Increase)/decrease in current assets:			
Accounts receivable		(500,004)	(315,184)
Reinsurance assets		46,094	(49,911)
Inventories		(1,310,783)	(1,473,564)
Biological assets		(112,271)	24,222
Increase/(decrease) in current liabilities:			
Accounts payable		190,766	(131,826)
Insurance contract provisions		150,000	239,045
Cash generated from operations		3,303,281	1,677,429
Interest paid		(139,218)	(39,664)
Income tax paid/tax deducted at source		(592,659)	(367,796)
Net cash provided by operating activities		2,571,404	1,269,969
Cash flows from investing activities			
Additions to investments		(754,155)	(1,220,533)
Interest received		418,860	392,533
Short term investments, net		(62,400)	(806,427)
Proceeds from sale of investments		141,281	1,457,837
Net assets sold of discontinued operations	31(c)	-	7,192
Proceeds from sale of assets of discontinued operations	31(c)	-	93,600
Additions to property, plant & equipment	14	(637,128)	(730,950)
Proceeds of sale of property, plant & equipment		36,352	21,724
Net cash used by investing activities		(857,190)	(785,024)
Net cash provided before financing activities		1,714,214	484,945

The accompanying notes form an integral part of the financial statements.

Lascelles, deMercado & Co. Limited
Group Statement of Cash Flows (continued)
Year ended September 30, 2009

	Notes	2009 $'000s	2008 $'000s
Net cash provided before financing activities		1,714,214	484,945
Cash flows from financing activities			
Increase in bank loans		56,010	54,343
Increase/(decrease) in other unsecured loans		10,817	(173,006)
Long-term liabilities, net of repayments		(25,967)	(35,275)
Net cash provided/(used) by financing activities		40,860	(153,938)
Net cash provided before dividend and distribution payments		1,755,074	331,007
Dividends and distributions paid	24	(1,344,162)	(162)
Net increase in cash and cash equivalents		410,912	330,845
Net cash and cash equivalents at beginning of year		3,451,781	3,120,936
Net cash and cash equivalents at end of year		3,862,693	3,451,781
Comprised of:			
Cash and bank balances		2,225,179	2,015,410
Short term deposits and monetary instruments		1,772,673	1,626,148
		3,997,852	3,641,558
Less: Bank overdrafts	6	(135,159)	(189,777)
		3,862,693	3,451,781

The accompanying notes form an integral part of the financial statements.

1. **The company**

The company is incorporated in Jamaica under the Companies Act and is domiciled in Jamaica. Its ordinary and preference stock units are listed on the Jamaica Stock Exchange. The registered office of the company is situated at 23 Dominica Drive, Kingston 5, Jamaica, West Indies. Effective July 28, 2008, pursuant to a public offer initiated in December 2007 by its fellow subsidiary, CL Spirits Limited (immediate holding company), a company incorporated in St. Lucia and a wholly owned subsidiary of CL Financial Limited (ultimate holding company), a company incorporated in Trinidad and Tobago, together with other subsidiaries of the ultimate holding company, acquired 86.89% of the ordinary stock units and 97.15% of the preference stock units aggregating 92.01% of the voting rights of the company. In July 2009, the Government of Trinidad and Tobago effectively assumed control and direction of the ultimate holding company.

The principal activities of the company are the provision of management services to its subsidiaries (as listed in note 25) and the holding of investments. The company and its subsidiaries are collectively referred to as "group".

2. **Statement of compliance, basis of preparation and significant accounting policies**

(a) Statement of compliance:

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and their interpretations issued by the International Accounting Standards Board (IASB), and comply with the provisions of the Jamaican Companies Act.

Certain new IFRS, and interpretations of and amendments to existing standards which were in issue, came into effect for the current financial year. That considered relevant to the group is as follows:

- IFRIC 14 – *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction,* provides guidance on assessing the limit set in IAS 19 on the amount of the surplus that can be recognised as an asset. It also explains how the pension asset or liability may be affected by a statutory or contractual minimum funding requirement. IFRIC 14, effective for accounting periods beginning on or after January 1, 2008, was considered in preparing these financial statements (see also note 20).

At the date of authorisation of the financial statements the following new relevant standards, amendments to standards and interpretations, which were in issue, are not yet effective. Those standards and interpretations are effective for the accounting periods beginning on, or after the indicated dates:

- Amendments to *IFRS 2 Share-based payment – Vesting Conditions and Cancellations* (effective January 1, 2009). Under the amendment, non-vesting conditions are taken into account in measuring the grant date fair value of the share-based payment and there is no true-up for differences between expected and actual outcomes.

2. **Statement of compliance, basis of preparation and significant accounting policies (cont'd)**

(a) Statement of compliance (cont'd):

- Amendments to *IFRS 7 Financial Instruments: Disclosure (*effective January 1, 2009), require enhanced disclosures in respect of two aspects: disclosures over fair value measurement for financial instruments specifically in relation to the inputs used in the valuation techniques and the uncertainty associated with such valuations; and improving disclosures over liquidity risk, to address current diversity in practice.

- *IFRS 8 Operating Segments* (effective January 1, 2009) introduces the "management approach" to segment reporting. IFRS 8, which becomes mandatory for the group's 2010 financial statements, will require the disclosure of segment information based on the internal reports regularly reviewed by the group's Chief Operating Decision Maker in order to assess each segment's performance and to allocate resources to them.

- *IFRS 9, Financial Instruments* (effective January 1, 2013) introduces new requirements for classifying and measuring financial assets. The standard also amends some of the requirements of *IFRS 7 Financial Instruments: Disclosures* including added disclosures about investments in equity instruments designated as fair value through other comprehensive income.

- *IAS 1, Revised – Presentation of Financial Statements* (effective January 1, 2009) requires presentation of all non-owner changes in equity, either in a single statement of comprehensive income, or in an income statement plus a statement of comprehensive income. Revised IAS 1 also requires that a statement of financial position be presented at the beginning of the comparative period when the entity restates the comparatives, a disclosure for reclassification adjustments and disclosure of dividends and related per share amounts be disclosed on the face of the statement of changes in equity or in the notes.

- *IAS 23, Revised – Borrowing Costs (*effective January 1, 2009) removes the option of immediately recognising all borrowing costs as an expense. The standard requires that an entity capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of the asset.

- *IAS 24, Related Party Disclosure, revised* (effective January 1, 2011) introduces changes to the related party disclosure requirements for government - related entities and amends the definition of a related party. The standard also expands the list of transactions that require disclosure.

- Amendments *to IAS 32 Financial instruments: Presentation* (effective January 1, 2009). The amendments allow certain instruments that would normally be classified as liabilities to be classified as equity if certain conditions are met. Where such instruments are reclassified, the entity is required to disclose the amount, the timing and the reason for the reclassification.

The adoption of amendments to IFRS 2, IFRS 7, IFRS 8, IFRS 9, IAS 1 (Revised), IAS 23 (Revised), IAS 24 (Revised) and amendments to IAS 32 will result in adjustments and additional disclosures to the financial statements. Management has not completed its evaluation of the impact of adopting these standards on the financial statements.

2. **Statement of compliance, basis of preparation and significant accounting policies (cont'd)**

(b) Basis of preparation:

The financial statements are presented in Jamaica dollars ($), which is the functional currency of the company.

The financial statements are prepared using the historical cost basis, modified for the inclusion of available-for-sale investments at fair value.

The accounting policies have been applied consistently by group entities. Where necessary, prior year comparatives have been reclassified to conform to 2009 presentation.

(c) Use of estimates and judgements:

The preparation of the financial statements to conform to IFRS requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, contingent assets and contingent liabilities at the balance sheet date, and the income and expense for the year then ended. Actual amounts could differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next financial year are discussed below:

(i) Allowance for impairment losses on receivables:

In determining amounts recorded for impairment losses on receivables in the financial statements, management makes judgements regarding indicators of impairment, that is, whether there are indicators that suggest there may be a measurable decrease in the estimated future cash flows from receivables, for example, through default and adverse economic conditions. Management also makes estimates of the likely estimated future cash flows from impaired receivables as well as the timing of such cash flows. Historical loss experience is applied where indicators of impairment are not observable on individually significant receivables with similar characteristics, such as credit risks.

(ii) Outstanding claims:

Outstanding claims in the insurance subsidiary comprise estimates of the amount of reported losses and loss expenses plus a provision for losses incurred but not reported based on the historical experience of that subsidiary. The loss and loss expense reserves have been estimated by an independent actuary using the company's past loss experience and industry data.

Amounts recoverable in respect of claims from reinsurers are estimated in a manner consistent with the underlying liabilities.

2. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

(c) Use of estimates and judgements (cont'd):

(ii) Outstanding claims (cont'd):

Management of the insurance subsidiary believes, that based on the analysis computed by its actuary, that the provision for outstanding losses and loss expenses will be adequate to cover the ultimate net cost of losses incurred up to the balance sheet date. However, the provision is necessarily an estimate and may ultimately be settled for a significantly greater or lesser amount. Any subsequent differences arising are recorded in the period in which they are determined.

(iii) Pension and other post-retirement benefits:

The amounts recognised in the group's balance sheet and income statement for pension and other post-retirement benefits are determined actuarially using several assumptions. The primary assumptions used in determining the amounts recognised include expected long-term return on plan assets, the discount rate used to determine the present value of estimated future cash flows required to settle the pension and other post-retirement obligations and the expected rate of increase in medical costs for post-retirement medical benefits.

The expected return on plan assets considers the long-term returns, asset allocation and future estimates of long-term investment returns. The discount rate is determined based on the estimate of yield on long-term government securities that have maturity dates approximating the term of the group's obligation. In the absence of such instruments in Jamaica, it has been necessary to estimate the rate by extrapolating from the longest-tenure security on the market. The estimate of expected rate of increase in medical costs is determined based on inflationary factors. Any changes in the foregoing assumptions will affect the amounts recorded in the financial statements for these obligations.

(iv) Net realisable value of inventories and biological assets:

Estimates of net realisable value are based on the most reliable evidence available at the time the estimates are made, of the amount the inventories are expected to realise. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after the end of the period to the extent that such events confirm conditions existing at the end of the period.

Biological assets are measured by reference to estimated crop proceeds less cultivation, reaping, harvesting and transportation expenses to the point of sale.

Estimates of net realisable value also take into consideration the purpose for which the inventory is held.

2. **Statement of compliance, basis of preparation and significant accounting policies (cont'd)**

(c) Use of estimates and judgements (cont'd):

(v) Impairment of goodwill:

Impairment of goodwill is dependent upon management's internal assessment of future cash flows from cash-generating units that gave rise to the goodwill. That internal assessment determines the amount recoverable from future use of those units. In addition, the estimate of the amount recoverable from future use of those units is sensitive to the discount rates used.

(vi) Deferred taxation:

In recognising a deferred tax asset in the financial statements, management makes judgements regarding the utilisation of losses. Management makes an estimate of the future taxable profit against which the deductible temporary differences, unused tax losses or unused tax credit will be utilised.

(vii) Residual value and expected useful life of property plant & equipment:

The residual value and the expected useful life of an asset are reviewed at least at each financial year-end. If expectations differ from previous estimates, the change is accounted for. The useful life of an asset is defined in terms of the asset's expected utility to the group.

(viii) Impairment of available-for-sale financial assets:

Management of the group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. This determination requires significant judgment. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the income statement. Impairment losses recognized in the income statement on equity instruments are not reversed through the income statement.

It is reasonably possible, based on existing knowledge, that outcomes that are different from these assumptions could require a material adjustment to the carrying amount reflected in future financial statements.

(d) Basis of consolidation:

(i) Subsidiaries

A "subsidiary" is an enterprise controlled by the company. Control exists when the company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date control commences until the date that control ceases.

The consolidated financial statements comprise the financial results of the company and its subsidiaries prepared to September 30, 2009. The principal operating subsidiaries are listed in note 25.

2. **Statement of compliance, basis of preparation and significant accounting policies (cont'd)**

(d) Basis of consolidation (cont'd):

(ii) Associates

Associates are those entities in which the group has significant influence, but not control, over their financial and operating policies. The consolidated financial statements include the group's share of the total recognised gains and losses on an equity accumulated basis from the date that significant influence commences until the date it ceases. The results used are those disclosed in the latest available audited financial statements adjusted for significant events, if any, occurring between the last audited balance sheet date and September 30, 2009. When the group's share of losses exceeds its carrying value in respect of an associate, the group's amount is reduced to nil, and recognition of further losses is discontinued except to the extent that the group has incurred legal or constructive obligations, or made payments on behalf of the associate.

(iii) Transactions eliminated on consolidation

Intra-group balances and any unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates are eliminated to the extent of the group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(e) Cash and cash equivalents:

Cash and cash equivalents comprise cash, bank balances and short-term deposits maturing within three months or less from the date of deposit or acquisition that are readily convertible into known amounts of cash and which are not subject to significant risk of change in value.

Bank overdrafts, repayable on demand and forming an integral part of the group's cash management activities, are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(f) Accounts receivable:

Trade and other receivables are stated at amortised cost less impairment losses.

(g) Inventories:

Inventories are valued at the lower of cost, determined consistently on the same bases, and net realisable value. In the case of manufactured inventories, net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Cost includes an appropriate share of overheads based on normal operating capacity.

The bases for valuation are as follows:

Rum and other liquors and motor vehicle spare parts	-	First-In; First-Out
Raw and packaging materials:		
Molasses	-	Weighted average cost
Other	-	First-In; First-Out
Estate supplies	-	Weighted average cost
General merchandise goods held for re-sale	-	First-In; First-Out
Motor vehicle units	-	Specific identification

2. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

(h) Biological assets:

Biological assets materially comprise sugar cane cultivation expenses, which will be written off against the crop to which they relate. The balance is stated at cost less impairment losses measured by reference to estimated crop proceeds less cultivation, reaping, harvesting and transportation expenses to the point of sale.

(i) Accounts payable:

Trade and other payables, are stated at amortised cost.

(j) Provisions:

A provision is recognised in the balance sheet when the company or its subsidiaries have a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the obligation.

(k) Insurance contract recognition and measurement:

(i) Insurance contracts

Insurance contracts are accounted for in compliance with the recommendations and practices of the insurance industry, and comply with the provisions of the Insurance Act 2001. The underwriting results are determined after making provision for, inter alia, unearned premiums, outstanding claims, unexpired risks, deferred commission expense and deferred commission income.

Gross written premiums

Gross premiums reflect business written during the year, and include adjustments to premiums written in previous years. The earned portion of premiums is recognized as revenue. Premiums are earned from the effective date of the policy.

Unearned premiums

Unearned premiums represent that proportion of the premiums written up to the accounting date which is attributable to subsequent periods and is calculated on the "twenty-fourths" basis on the total premiums written.

Unexpired risks

Unexpired risks represent the amount set aside in addition to unearned premiums, in respect of risks to be borne by the insurance subsidiary under contracts of insurance entered into before the end of the financial year and is actuarially determined.

2. **Statement of compliance, basis of preparation and significant accounting policies (cont'd)**

(k) Insurance contract recognition and measurement (cont'd):

(i) Insurance contracts (cont'd)

Outstanding claims

Outstanding claims comprise estimates of the amount of reported losses and loss expenses plus a provision for losses incurred but not reported based on the historical experience of the insurance subsidiary. The loss and loss expense reserves have been reviewed by an independent actuary using the past loss experience of the insurance subsidiary and industry data. Amounts recoverable in respect of claims from reinsurers are estimated in a manner consistent with the underlying liabilities.

Deferred acquisition cost and deferred commission income

Commission income and expense are deferred on a basis consistent with that used for deferring premium income.

(ii) Reinsurance assets

In the normal course of business, the insurance subsidiary seeks to reduce the loss that may result from catastrophe or other events that cause unfavourable underwriting results by reinsuring certain levels of risk with other insurers (see note 27).

Reinsurance ceded does not discharge the insurance subsidiary's liability as the principal insurer. Failure of reinsurers to honour their obligations could result in losses to the company. Consequently, a contingent liability exists in the event that an assuming reinsurer is unable to meet its obligations.

Amounts recoverable from reinsurers are estimated in a manner consistent with the claim liability associated with reinsured policies. Unearned reinsurance premiums on business ceded up to the accounting date which are attributable to subsequent periods are calculated substantially on the "twenty-fourths" basis on the total premiums ceded.

Reinsurance assets are assessed for impairment at each balance sheet date. A reinsurance asset is deemed impaired if there is objective evidence, as a result of an event that occurred after its initial recognition, that the insurance subsidiary may not recover all amounts due, and that event has a reliably measurable impact on the amounts that the insurance subsidiary will receive from the reinsurer. Impairment losses on reinsurance assets are recognised in the income statement.

(iii) Insurance receivable and insurance payable

Amounts due from and to policyholders, brokers, agents and reinsurers are financial instruments and are included in insurance receivables and payables and not in insurance contract provisions or reinsurance assets.

2. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

(l) Related parties:

A party is related to the company, if:

(i) directly, or indirectly through one or more intermediaries, the party:
   (a) is controlled by, or is under common control with, the company;
   (b) has an interest in the company that gives it significant influence over the entity; or
   (c) has joint control over the company;

(ii) the party is an associate of the company or any of its subsidiaries;

(iii) the party is a joint venture in which the company or its subsidiaries is a venturer;

(iv) the party is a member of the key management personnel of the company or its subsidiaries;

(v) the party is a close member of the family of any individual referred to in (i) or (iv);

(vi) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or

(vii) the party is a post-employment benefit plan for the benefit of employees of the company or of its subsidiaries.

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

The company has a related party relationship with its immediate and ultimate holding companies, fellow subsidiaries and its directors and key management personnel.

(m) Employee benefits:

Employee benefits comprising pensions and other post-employment assets and obligations included in these financial statements have been actuarially determined by a qualified independent actuary, appointed by management. The appointed actuary's report outlines the scope of the valuation and the actuary's opinion. The actuarial valuations are conducted in accordance with IAS 19, and the financial statements reflect the group's post-employment benefits assets and obligations as computed by the actuary. In carrying out their audit, the auditors make use of the work of the actuary and the actuary's report.

(i) Pension assets:

The company and certain subsidiaries are participating employers in various pension schemes, the assets of which are held separately from those of the group, and remain under the full control of the appointed trustees.

The group's net obligation in respect of defined benefit pension schemes is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that value is discounted to determine the present value, and the fair value of any scheme assets is deducted. To the extent that the obligation is less than the fair value of scheme assets, the asset recognised is restricted to the discounted value of unconditional future benefits available to the group. The discount rate applied is the yield at balance sheet date on long-term government instruments that have maturity dates approximating the terms of the group's obligation. The calculation is performed using the projected unit credit method.

2. **Statement of compliance, basis of preparation and significant accounting policies (cont'd)**

(m) Employee benefits (cont'd):

(i) Pension assets (cont'd):

To the extent that any cumulative unrecognised gains or losses exceed 10% of both the present value of the benefit obligation and the fair value of plan assets, that portion is recognised in the income statement over the expected average remaining working lives of the employees affected; otherwise, the actuarial gains or losses are not recognised.

Obligations for contributions to defined contribution pension schemes are recognised as an expense in the income statement as incurred.

(ii) Other post-retirement benefits:

The group provides post-retirement health care benefits, which are not entitlements, to certain of its retirees. These benefits are usually conditional upon the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment, using a methodology similar to that for defined benefit pension plans and the present value of future benefits at the balance sheet date is shown as an obligation on the balance sheet.

Cumulative unrecognised gains and losses are recognised in a manner similar to the defined benefit pension plan.

(iii) Other employee benefits:

Employee leave entitlements are recognised when they accrue to employees. A provision is made for the estimated liability for vacation leave, as a result of services rendered by employees up to the balance sheet date.

(n) Investments:

(i) Reverse repurchase agreements included in short-term investments:

A reverse repurchase agreement ("reverse repo") is a short-term transaction whereby an entity buys securities and simultaneously agrees to resell them on a specified date and at a specified price. Reverse repos, which are included in cash equivalents and short-term investments, are accounted for as short-term collateralised lending.

The difference between the sale and repurchase considerations is recognised on an accrual basis over the period of the transaction and is included in interest income.

(ii) Available-for-sale:

Available-for-sale investments are initially measured at cost and subsequently at fair value, with unrealised gains or losses arising from changes in fair value recognised directly in equity revaluation reserve, except for impairment losses. Where fair values cannot be reliably determined, they are stated at cost.

2. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

(n) Investments (cont'd):

(ii) Available-for-sale (cont'd):

When these investments are disposed of or impaired, the related unrealised gains or losses are recognised in the income statement.

The fair value of available-for-sale investments is based on their quoted market bid price at the balance sheet date. Where a quoted market price is not available, fair value is estimated using discounted cash flow techniques.

Available-for-sale investments are recognised or derecognised by the company and its subsidiaries on the date they commit to purchase or sell the investments.

(iii) Loans and receivables:

Investment with fixed or determinable payments and which are not quoted in an active market are classified as loans and receivables and are initially measured at cost and subsequently at amortised cost, using the effective interest method less impairment losses.

(o) Intangible assets:

(i) Goodwill:

Goodwill represents amounts arising on acquisition of subsidiaries, computed as the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired, less contingent liabilities.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is tested annually for impairment.

(ii) Trademarks:

This represents the carrying value of acquired trademarks, primarily for liquor products, and are stated at cost less impairment losses. Trademarks are determined to have an indefinite useful life but are tested annually for impairment. Expenses relating to internally developed trademarks, including registration and subsequent renewal expenses, are charged to the income statement as and when these are incurred.

(p) Taxation:

Taxation on the profit or loss for the year comprises current and deferred tax. Taxation is recognised in the income statement, except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the income for the year, using tax rates enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

2. **Statement of compliance, basis of preparation and significant accounting policies (cont'd)**

(p) Taxation (cont'd):

Deferred tax is computed using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted at the balance sheet date.

A deferred tax liability is recognised for all taxable temporary differences associated with investments in subsidiaries, and associates, except to the extent that the company and its subsidiaries are able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(q) Property, plant & equipment:

(i) Owned assets:

Items of property, plant & equipment are stated at cost or deemed cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials, direct labour and related cost to put the asset into service.

The cost of replacing part of an item of property, plant & equipment is recognised in the carrying amount of an item if it is probable that the future economic benefits embodied within the part will flow to the group and its cost can be measured reliably. The costs of day-to-day servicing of property, plant & equipment are recognised in profit or loss as incurred.

(ii) Depreciation:

Depreciation is computed on the straight-line basis at annual rates estimated to write down the property, plant & equipment to their estimated residual values at the end of their expected useful lives.

No depreciation is charged on freehold land or construction in progress.

Depreciation rates are as follows:

Freehold buildings	-	2½%
Machinery, equipment and vehicles	-	5-33⅓%
Computer equipment and related software	-	100% except for major computerisation projects depreciated at 33⅓% and 50%.

Depreciation methods, useful lives and residual values are reassessed annually.

2. **Statement of compliance, basis of preparation and significant accounting policies (cont'd)**

(r) Share capital:

Preference share capital is classified as equity in accordance with the Jamaican Companies Act. The relevant stock units are non-redeemable and have a right to a fixed dividend but have preferential voting rights and are considered to be compound financial instruments with a substantial component of equity.

(s) Interest-bearing borrowings:

Interest-bearing borrowings are recognised initially at cost. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost, with any difference between cost and redemption value being recognised in the income statement over the period of the borrowing on an effective interest basis.

(t) Foreign currencies:

(i) Foreign currency transactions and balances:

Transactions in foreign currencies are converted at the rates of exchange ruling at the dates of those transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Jamaica dollars at the rates of exchange ruling on that date. Gains and losses arising from fluctuations in exchange rates are recognised in the income statement.

Non-monetary assets and liabilities denominated in foreign currencies are stated at fair value and are translated to Jamaica dollars at foreign exchange rates ruling at the dates the values were determined.

For the purpose of the statement of cash flows, all foreign currency gains and losses recognised in the income statement are treated as cash items and included in cash flows from operating or financing activities along with movements in the relevant balances.

(ii) Financial statements of foreign subsidiaries:

The reporting currencies of the foreign subsidiaries (see note 25) are also their functional currencies. For the purpose of the financial statements, revenues, expenses, gains and losses have been translated at the average exchange rates prevailing during the year; monetary assets and liabilities have been translated at exchange rates ruling at the balance sheet date and net shareholders' equity has been translated at historical exchange rates.

Unrealised gains and losses arising on translation of net shareholders' equity in foreign subsidiaries are recognised directly to equity on the group balance sheet and added or deducted to reflect the underlying group cash flows from operating activities in the group statement of cash flows.

(u) Revenue recognition:

Revenue from the sale of goods is recognised in the group income statement when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or material associated costs on the possible return of goods.

2. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

(u) Revenue recognition (cont'd):

The proceeds from the sale of the sugarcane crop of the group's estates are recognised in accordance with the accounting practices of the Jamaican sugar industry. Revenue relating to the current crop of cane is estimated based on the latest available prices and any differences arising on final settlement are consistently accounted for in subsequent periods.

Premium and commission income are recognised over the period of insurance policies written. Unearned premiums and commissions are calculated on the twenty-fourths method in accordance with industry practice.

Interest and other investment income are recognized on the accrual basis on the effective interest basis, except when collectibility is considered doubtful.

Dividend income is recognised in the income statement on the date of declaration.

(v) Expenses:

(i) Net finance costs:

Net finance costs comprise interest payable on borrowings calculated using the effective interest method, interest income on funds invested during the course of routine treasury transactions, material bank charges and foreign exchange gains and losses recognised in the income statement.

Interest income is recognised in the income statement as it accrues, taking into account the effective yield on the asset.

(ii) Operating lease payments:

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease.

(w) Impairment:

Objective evidence that financial assets are impaired can include default or delinquency by a customer, indications that a customer will enter bankruptcy and changes in the payment status of customers.

The carrying amounts of the group's assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated at each balance sheet date. Intangible assets are assessed regardless of indication of impairment. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the group income statement.

Impairment losses in respect of cash generating units are allocated firstly to reduce the carrying amount of any goodwill allocated to cash-generating units and then to reduce the carrying amount of other assets in the unit on a pro-rata basis. Impairment losses are recognised in the group income statement.

2. **Statement of compliance, basis of preparation and significant accounting policies (cont'd)**

(w) Impairment (cont'd):

When a decline in fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in equity is recognised in the income statement even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in the income statement is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in the income statement.

(i) Calculation of recoverable amounts:

The recoverable amount of the group's receivables carried at amortised cost is calculated as the present value of expected future cash flows, discounted at the original effective interest rate inherent in the assets.

Receivables with a short duration are not discounted. An impairment loss in respect of an available-for-sale investments is calculated by reference to its current fair value.

The recoverable amount of other assets is the greater of their net selling price and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit or pool of assets to which the asset belongs.

(ii) Reversals of impairment:

An impairment loss in respect of receivables carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

An impairment loss in respect of goodwill is not reversed. For all other assets, an impairment loss is reversed if there is an indication that the impairment loss no longer exists and there has been a change in the estimate used to determine the recoverable amount.

All impairment losses are recognised in profit or loss. Any cumulative loss in respect of an available-for-sale investment recognised previously in equity is transferred to profit or loss. For available-for-sale equity securities, the reversal is recognised directly in equity.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(x) Determination of profit or loss:

Profit is determined as the difference between the revenues from the goods and services rendered and the costs and other charges incurred during the year. Profits on transactions are taken in the year in which they are realised. A transaction is realised at the moment of delivery of goods and services. Losses are recognised in the year in which they are realised or determinable.

2. **Statement of compliance, basis of preparation and significant accounting policies (cont'd)**

(y) Segment reporting:

A segment is a distinguishable component of the group that is engaged either in providing products (business segment), or in providing products within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

Segment information is presented in respect of the group's business and geographical segments. The primary format, business segments, is based on the group's management and internal reporting structure.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

The activities of the group are organised into the following primary segments:

(i) Liquor, rums, wines and sugar: This includes cane cultivation, sugar manufacturing, distillation, ageing, blending, bottling, distribution and export of alcohol, rums, wines and other liquor-based products.

(ii) General merchandise: This includes the manufacture, the wholesale and retail merchandising of provisions, household goods and electronic telephone cards, and the manufacture and distribution of pharmaceutical preparations and agricultural chemicals. The merchandising of electronic telephone cards was discontinued in the prior year arising from the sale of the Telecoms Division of Lascelles Limited (see note 31).

(iii) General insurance: This comprises the underwriting of property, casualty and other general insurance risks and the holding of investments.

(iv) Investments: This primarily comprises the holding of investments.

(v) Transportation services: This includes aircraft handling, distribution of motor vehicles and spares, servicing and repair of motor vehicles.

The business segments are managed on a worldwide basis, and are classified geographically as "Jamaica" and "Overseas".

(z) Financial instruments:

A financial instrument is any contract that gives rise to a financial asset of one enterprise and a financial liability or equity instrument of another enterprise. For the purpose of these financial statements, financial assets have been determined to include cash and cash equivalents, accounts receivable, loans and other receivables, related party receivables and investments. Similarly, financial liabilities include accounts payable, borrowings and related party payables.

2. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

(aa) Determination of fair value:

Fair value amounts represent estimates of the arm's length consideration that would be currently agreed between knowledgeable, willing parties who are under no compulsion to act and is best evidenced by a quoted market price, if one exists. Some financial instruments lack an available trading market. These instruments have been valued using present value or other generally accepted valuation techniques and the fair value shown may not necessarily be indicative of the amounts realisable in an immediate settlement of the instruments.

3. Accounts receivable

	2009 $'000s	2008 $'000s
Trade receivables	3,339,474	2,683,598
Investment income receivable	234,989	203,779
Prepayments	393,519	367,325
Other receivables and advances	377,297	523,223
	4,345,279	3,777,925
Less: Allowances for doubtful debts	(174,968)	(138,827)
	4,170,311	3,639,098

The ageing of trade receivables at the reporting date was:

	2009		2008	
	Gross $'000s	Impairment $'000s	Gross $'000s	Impairment $'000s
Not past due	2,033,085	-	1,755,228	27,110
Past due 31-60 days	716,599	-	481,950	592
Past due 60-90 days	233,692	160	201,121	8,704
More than 90 days	356,098	174,808	245,299	102,421
	3,339,474	174,968	2,683,598	138,827

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	2009 $'000s	2008 $'000s
Balance at beginning of year	138,827	176,469
Amount recognised/(released)	36,141	(37,642)
Balance at end of year	174,968	138,827

4. Inventories

	2009 $'000s	2008 $'000s
In-bond rum and other liquors	4,657,164	4,063,447
Duty-paid liquors and other finished goods held for sale	723,351	670,188
Raw and packaging materials	2,586,093	1,946,249
Estate supplies	253,421	272,668
Motor vehicle units and spare parts	470,476	427,170
	8,690,505	7,379,722

During the year, inventory write-offs, aggregating $40,549,000 (2008: $38,770,000), were recognised in the group income statement.

5. Biological assets

	2009 $'000s	2008 $'000s
Immature sugarcane, at cost	348,790	352,430
Less: Allowance for impairment losses	(105,416)	(221,327)
	243,374	131,103

6. Bank loans and overdrafts

	2009 $'000s	2008 $'000s
Bank loans	206,578	150,568
Bank overdrafts	135,159	189,777
	341,737	340,345

Security for bank indebtedness of the group has been furnished in the form of:

(i) Negative pledge given by the company in the aggregate amount of $1.4 billion (2008: $1.5 billion);

(ii) Letter of undertaking given by the company to maintain a maximum debt to equity ratio, as defined; and

(iii) Letter of undertaking given by the company not to charge any of its assets or shareholdings without the prior consent of the lender, except in the normal course of business.

As at September 30, 2009, bank loans, and overdrafts included net foreign currency indebtedness aggregating approximately US$99,900 (2008: US$887,000).

7. Other unsecured loans

These include loans from related parties aggregating $18,308,000 (2008: $21,105,000), contracted strictly at arms length in the ordinary course of business. The loans bear interest at 7.5% - 15.5% per annum (2008: 5.3% - 12.3%) and are repayable on demand.

Accounts payable

	2009 $'000s	2008 $'000s
Trade accounts payable	2,208,919	2,388,742
Customer deposits	34,698	17,437
Other payables	1,212,482	921,412
	3,456,099	3,327,591

Reinsurance assets and insurance contract provisions

	2009			2008		
	Gross $'000s	Reinsurance $'000s	Net $'000s	Gross $'000s	Reinsurance $'000s	Net $'000s
Claims outstanding (i)	1,820,103	344,788	1,475,315	1,631,553	345,931	1,285,622
Unearned premiums (ii)	1,223,348	700,459	522,889	1,261,898	745,410	516,488
	3,043,451	1,045,247	1,998,204	2,893,451	1,091,341	1,802,110

(i) Claims outstanding relate to incidents occurring prior to the balance sheet date but not settled on that date. Claims incurred but not reported aggregated $532,573,000 (2008: $599,451,000). Reinsurance recoverable on claims incurred but not reported aggregated $116,397,000 (2008: $211,560,000).

(ii) Unearned premiums are accounted for in periods for which risks have been recognised.

Employee benefits

(a) Employee benefits assets:

	2009 $'000s	2008 $'000s
Present value of funded obligations	(4,095,700)	(3,911,000)
Fair value of plan assets	10,926,000	9,446,900
Unrecognised actuarial losses	(2,618,700)	(2,761,400)
Unrecognised amount due to limitation	(2,621,700)	-
Unrecognised past service costs	30,600	28,400
Recognised pension asset	1,620,500	2,802,900

10. **Employee benefits (cont'd)**

(a) Employee benefits assets (cont'd):

(i) Movements in funded obligations:

	2009 $'000s	2008 $'000s
Balance at beginning of year	(3,911,000)	(3,130,300)
Benefits paid	322,000	205,100
Interest cost	(512,200)	(400,500)
Current service cost and voluntary contributions	(237,100)	(197,800)
Past service costs – non-vested benefits	-	(33,200)
Past service costs – vested benefits	-	(201,100)
Gain on curtailment	30,700	-
Actuarial gain/(loss) on obligation	211,900	(153,200)
Balance at end of year	(4,095,700)	(3,911,000)

(ii) Movement in plan assets:

	2009 $'000s	2008 $'000s
Fair value of plan assets at beginning of year	9,446,900	7,727,200
Contributions paid	171,800	150,400
Expected return on plan assets	1,218,300	770,000
Benefits paid	(322,000)	(205,100)
Actuarial gain	411,000	1,004,400
Fair value of plan assets at end of year	10,926,000	9,446,900
Plan assets consist of the following:		
Equities	982,452	1,384,499
Fixed-income securities and other investments	9,608,321	7,828,582
Real estate	335,227	233,819
	10,926,000	9,446,900

(iii) Plan assets also include investments in assets with a fair value of $288,347,000 (2008: $311,266,000) held under operating lease arrangements with the company and its subsidiaries.

(iv) Movements in the net asset recognised in the balance sheet:

	2009 $'000s	2008 $'000s
Balance at beginning of year	2,802,900	2,405,900
Contributions paid	34,100	30,500
(Expense)/credit recognised in the income statement	(1,216,500)	366,500
Balance at end of year	1,620,500	2,802,900

Lascelles, deMercado & Co. Limited
Notes to the Financial Statements (continued)
September 30, 2009

10. Employee benefits (cont'd)

(a) Employee benefits assets (cont'd)

(v) (Expense)/credit recognised in the income statement, net:

	2009 $'000s	2008 $'000s
Current service costs	(93,100)	(84,200)
Interest on obligations	(512,200)	(400,500)
Actuarial gains recognised	765,600	75,800
Expected return on plan assets	1,218,300	770,000
Change in disallowed assets	(2,621,700)	207,200
Past service costs – non-vested benefits	(4,100)	(800)
Past service costs – vested benefits	-	(201,000)
Gain on curtailment	30,700	-
	(1,216,500)	366,500
Actual return on plan assets	1,629,300	1,774,400

Of the above (expense)/credit recognised in the income statement, total credit recognised as administrative, marketing and selling expenses aggregated $169.3 million (2008: $366.5 million) and expense recognised representing pension asset derecognised aggregated $1,385.8 million (note 20).

At September 30, 2009, all defined benefit pension schemes other than the main scheme were in the process of being terminated.

(vi) Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	2009	2008
Discount rate	19%	13%
Expected return on plan assets	17%	13%
Future salary increases	15%	9%
Future pension increases	0-9%	0-6%

Assumptions regarding future mortality are based on PA (90) Tables for Pensioners (British Mortality Tables). The expected long-term rate is based on assumed long-term rate of inflation.

(b) Other post-retirement benefits:

	2009 $'000s	2008 $'000s
Present value of obligations	502,400	432,300
Unrecognised past services cost – non-vested benefits	(14,900)	(19,000)
Unrecognised actuarial losses	(30,300)	(15,200)
Recognised liability	457,200	398,100

10. Employee benefits (cont'd)

(b) Other post-retirement benefits (cont'd):

(i) Movements in the present value of obligations:

	2009 $'000s	2008 $'000s
Balance at beginning of year	432,300	331,400
Interest cost	56,900	42,700
Current service costs	23,000	14,600
Past service cost – non-vested benefits	-	19,700
Past service cost – vested benefits	-	1,400
Benefits paid	(20,300)	(14,100)
Gain on curtailment	(9,700)	-
Actuarial losses	20,200	36,600
Balance at end of year	502,400	432,300

(ii) Expense recognised in the income statement:

	2009 $'000s	2008 $'000s
Current service costs	23,000	14,600
Interest on obligations	56,900	42,700
Actuarial losses/(gains) recognised	2,600	(700)
Past service cost	3,500	3,000
Gain on curtailment	(9,700)	-
	76,300	59,600

The expense recognised is included in administrative, marketing and selling expenses in the income statement.

(iii) Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	2009	2008
Discount rate	19%	13%
Medical claims growth	17%	12%

Actuarial assumptions regarding mortality, inflation, etc, follow the same bases as those outlined in note 10(a)(vi) above.

The assumed medical claims growth trend can have a significant effect on the amounts recognised in the income statement. A one percentage point change in assumed healthcare cost trend rates would have the following effects:

	One percentage point increase $'000s	One percentage point decrease $'000s
Effect on the aggregate service and interest cost	18,900	14,300
Effect on the defined benefit obligations	89,900	72,500

10. Employee benefits (cont'd)

(c) Historical information:

(i) Defined benefit pension plan:

	2009 $'000s	2008 $'000s	2007 $'000s	2006 $'000s	2005 $'000s
Present value of the defined benefit obligations	(4,095,700)	(3,911,000)	(3,130,300)	(2,702,300)	(2,172,400)
Fair value of plan assets	10,926,000	9,446,000	7,727,200	6,697,300	5,820,900
Experience adjustments arising on plan liabilities	(390,100)	(209,600)	(179,300)	71,600	(129,500)
Experience adjustments arising on plan assets	411,000	1,004,400	384,000	309,300	328,400

(ii) Post-employment medical and life insurance obligations:

	2009 $'000s	2008 $'000s	2007 $'000s	2006 $'000s	2005 $'000s
Present value of the post-employment benefit obligations	502,400	432,300	331,400	313,900	276,600
Experience adjustments arising on plan liabilities	(110,300)	1,000	(1,200)	20,900	(31,000)

(d) Contributions under the defined contribution pension schemes during the year amounted to $45 million (2008: $35 million).

11. Investments

	2009 $'000s	2008 $'000s
Available-for-sale:		
Quoted (i)	4,192,546	6,304,395
Unquoted at cost, less impairment losses (ii)	272,760	123,534
Government of Jamaica securities (iii)	2,358,602	2,256,808
	6,823,908	8,684,737
Loans and receivables:		
Urban Renewal Programme	1,237	1,237
Building society deposits	26,673	25,108
Corporate bonds (iv)	47,691	25,269
Government of Jamaica securities (v)	1,178,530	1,136,871
	1,254,131	1,188,485
	8,078,039	9,873,222

11. Investments (cont'd)

(i) Market values of quoted investments are computed using listed bid prices or where these are not available, based on quotations received from stockbrokers.

(ii) It is the opinion of the directors that the fair value of unquoted investments approximates their carrying values.

(iii) Government of Jamaica securities include investments aggregating $45 million (2008: $45 million) held to the order of the Financial Services Commission, as required by the Insurance Regulations.

(iv) This includes funds invested with the ultimate holding company in the aggregate amount of US$350,000 (2008: US$350,000).

(v) At September 30, 2009, the fair value of Government of Jamaica securities and corporate bonds accounted for at amortised cost aggregated $1,197 million and $47.7 million (2008: $1,129 million and $25.2 million) respectively.

12. Interest in associated companies

	2009 $'000s	2008 $'000s
Shares, at cost	150	150
Group's share of associated companies' reserves:		
Pre-acquisition	1,125	1,125
Post acquisition	14,176	11,753
Loan accounts	582	582
	16,033	13,610

At balance sheet date, a subsidiary held equity capital in the following company, incorporated in Jamaica:

Company	Holding	Main activity	Latest audited results
Jamaica Joint Venture Investment Company Limited	33.3%	Investment	December 31, 2008

During the year, West Indies Glass Company Limited (holding at September 30, 2008: 39.7%) was liquidated and the cost of investment, previously fully provided for, was recovered and included in other income.

13. Intangible assets

This represents goodwill, computed as the excess of cost over the fair value of net identifiable tangible assets on acquisition of subsidiaries and trademarks as follows:

	2009 $'000s	2008 $'000s
Goodwill, at carrying amounts	98,429	98,429
Trademarks, at carrying amounts	7,052	7,052
	105,481	105,481

14. Property, plant & equipment

	Freehold land $'000s	Freehold buildings $'000s	Machinery, equipment and vehicles $'000s	Construction-in-progress $'000s	Total $'000s
At cost or deemed cost:					
September 30, 2007	181,886	1,100,978	4,788,127	39,019	6,110,010
Additions	3,232	63,436	346,116	318,166	730,950
Transfers and reclassifications	-	-	42,226	(42,226)	-
Disposals	(10,543)	(12,861)	(76,073)	(12,130)	(111,607)
September 30, 2008	174,575	1,151,553	5,100,396	302,829	6,729,353
Additions	4,021	48,163	163,226	421,718	637,128
Transfers	-	136,279	247,175	(383,454)	-
Disposals/write-offs	-	(36)	(60,089)	(15,555)	(75,680)
September 30, 2009	178,596	1,335,959	5,450,708	325,538	7,290,801
Depreciation:					
September 30, 2007	-	283,442	2,448,353	-	2,731,795
Charge for the year	-	34,377	414,219	-	448,596
Eliminated on disposals/transfers	-	(7,173)	(78,104)	-	(85,277)
September 30, 2008	-	310,646	2,784,468	-	3,095,114
Charge for the year	-	58,237	384,655	-	442,892
Eliminated on disposals	-	-	(57,271)	-	(57,271)
September 30, 2009	-	368,883	3,111,852	-	3,480,735
Net book values:					
September 30, 2009	178,596	967,076	2,338,856	325,538	3,810,066
September 30, 2008	174,575	840,907	2,315,928	302,829	3,634,239

Freehold buildings include a property which is subject to a registered debenture to secure a bank overdraft in a subsidiary in the aggregate amount of $32 million (2008: $24 million).

15. Deferred tax

(a) Deferred tax assets:

Deferred tax assets are attributable mainly to the tax value of losses carried forward by certain subsidiaries and are expected to be realised in the foreseeable future. All movements in temporary differences are recognised in the income statement.

Deferred tax assets aggregating $94 million (2008: $48 million) have not been recognised in respect of tax losses of certain subsidiaries.

15. Deferred tax (cont'd)

(b) Deferred tax liabilities:

Deferred tax liabilities are attributable to the following:

	2009 $'000s	2008 $'000s
Property, plant & equipment	303,787	333,248
Accounts receivable	56,734	68,944
Accounts payable	(33,474)	(2,579)
Biological assets	(35,139)	(73,776)
Tax value of losses carried forward	(21,099)	(21,114)
Employee benefits	429,766	801,600
Unrealised exchange gain/(loss)	4,100	(2,295)
	704,675	1,104,028

All movements in temporary differences are recognised in the income statement.

At September 30, 2009, a deferred tax liability of approximately $47 million (2008: $2,766 million) relating to investment in certain subsidiaries and associated companies has not been recognised, as the company controls, or significantly controls, whether any liability will be incurred and management is satisfied that it will not be incurred in the foreseeable future.

16. Share capital

	2009 $'000s	2008 $'000s
Authorised in shares:		
96,000,000 Ordinary units of no par value		
10,000 6% Non-redeemable cumulative preference units of no par value		
50,000 15% Non-redeemable cumulative preference units of no par value		
Stated capital:		
Issued and fully paid as stock units:		
96,000,000 Ordinary units of no par value	19,200	19,200
10,000 6% Non-redeemable cumulative preference units	200	200
50,000 15% Non-redeemable cumulative preference units	1,000	1,000
	20,400	20,400

Ordinary stockholders are entitled to one vote for every 1,600 ordinary units, and one vote for each preference unit. The holders of ordinary units are entitled to receive dividends as declared from time to time and holders of cumulative preference units receive a cumulative dividend on their stockholdings.

17. Reserves

	2009 $'000s	2008 $'000s
Capital reserve	7,906,948	8,043,920
Employee benefits reserve (see below)	1,080,333	1,868,600
Unrealised translation reserve	971,528	340,493
Equity revaluation reserve	3,387,070	5,743,744
	13,345,879	15,996,757

17. Reserves (cont'd)

Employee benefits reserve represents accumulated unrealised pension credits, which represents the excess of fair value of scheme assets over the obligation restricted to the discounted value of future benefits, net of deferred tax.

18. Long-term liabilities

		2009 $'000s	2008 $'000s
(a)	Bank loans 2010-2013	50,109	76,076
(b)	Loan from related party	812	812
		50,921	76,888
	Less: Current maturities	(26,088)	(49,043)
		24,833	27,845

Long-term liabilities are unsecured and repayable in Jamaica dollars unless otherwise disclosed. They bear interest at market-determined rates which, during the year, ranged from 5% - 13% (2008: 9.5% - 13%). The liabilities are subject to the following repayment terms:

(a) These loans are repayable in monthly, quarterly or semi-annual instalments. Bank loans in the amount of $21,726,000 (2008: $31,483,000) form part of subsidiaries' bank borrowings covered by the arrangements described in note 6. Bank loans in the amount of $28,378,000 (2008: $44,593,000) are fully secured on the assets financed.

(b) This loan is repayable on demand.

19. Operating revenue

	2009 $'000s	2008 $'000s
Primary income arising from:		
Sale of goods and related services	25,315,635	22,818,133
General insurance business	2,520,698	2,391,597
Investment income	689,651	1,013,870
	28,525,984	26,223,600
Less: Consumption taxes	(3,613,645)	(3,260,464)
	24,912,339	22,963,136

20. Pension asset derecognised

Effective January 1, 2009, the Lascelles, Henriques et al Superannuation Fund (LHSF), a defined benefit pension scheme was closed to the admission of new members. New employees will now join Lascelles, deMercado Defined Contribution Fund, a defined contribution scheme administered by NCB Insurance Company Limited.

Whilst the fund was open to new entrants, it was assumed that it would continue indefinitely. On closure of Lascelles, Henriques et al Superannuation Fund (LHSF) to new members, the fund now has a finite life and any distribution of residual surpluses thereafter are conditional on regulatory approval. Consequently, the present value of the economic benefits available to the employers in the form of reductions in future contributions has been reduced by an aggregate amount of $1,385.8 million.

21. Disclosure of (income)/expenses

(a) Net finance (income)/costs:

	2009 $'000s	2008 $'000s
Interest expense:		
Long term liabilities	7,837	11,080
Bank loans and overdrafts	18,153	18,752
Other third parties	50,970	54,915
Bank charges	59,785	31,253
Finance costs	136,745	116,000
Interest income:		
Bank deposits	(55,055)	(35,402)
Related parties	(1,723)	(1,026)
Other treasury transactions	(393,291)	(401,718)
	(450,069)	(438,146)
Gain on exchange, net	(672,868)	(33,506)
Finance income	(1,122,937)	(471,652)
	(986,192)	(355,652)

(b) Profit before taxation is stated after charging:

	2009 $'000s	2008 $'000s
Depreciation	442,892	448,596
Impairment losses	42,638	5,666
Directors' emoluments:		
Fees	2,950	2,401
Management remuneration	48,009	42,905
Audit fees	50,235	46,929
Pension assets derecognised (note 20)	1,385,800	-
Staff costs, net of pension credits	3,540,834	3,015,047

(c) Transactions with key management personnel:

Key management personnel compensation is as follows:

	2009 $'000s	2008 $'000s
Short-term employee benefits	125,022	101,386
Post-employment benefits/(credit)	159,770	(43,640)

22. Taxation

	2009 $'000s	2008 $'000s
Current tax expense:		
Income tax	710,830	579,147
Prior year's under/(over) provision	4,084	(3,407)
	714,914	575,740
Deferred taxation:		
Reversal of tax losses carried forward	6,809	106,256
Origination and reversal of other temporary differences, net	(414,603)	(38,506)
	(407,794)	67,750
	307,120	643,490

(a) Reconciliation of effective tax rate:

	2009 $'000s	2008 $'000s
Profit before taxation	2,866,144	3,543,512
Computed "expected" tax expense @ 33⅓%	955,381	1,181,171
Difference between profit for financial statements and tax reporting purposes arising from:		
Tax losses (utilised)/ brought forward	(41,416)	69,498
Adjustment for losses in subsidiaries with no tax charge	11,521	1,820
Adjustment for net profits in overseas subsidiaries with lower tax rates	(222,552)	(267,066)
Tax-free dividend income	(234,711)	(126,635)
Tax-free capital gain	(5,981)	(212,912)
Exchange (gains)/losses disallowed	(195,019)	8,761
Prior year's under/(over) provision	4,084	(3,407)
Disallowed expenses and other capital adjustments	35,813	(7,740)
Actual tax expense	307,120	643,490

(b) At September 30, 2009, taxation losses of subsidiaries, subject to agreement by the Commissioner, Taxpayer Audit and Assessment, available for offset against future profits of those subsidiaries, amounted to approximately $711 million (2008: $425 million). Of this amount, $534 million (2008: $344 million) of farm losses and investment allowances can only be utilised in respect of future profits arising from farming and sugar manufacturing activities.

(c) Unappropriated profits of the group include profits from subsidiary companies' approved farming operations available for distribution free of tax to Jamaican stockholders, aggregating approximately $87.9 million (2008: $87.9 million).

23. Earnings per ordinary stock unit

The calculation of basic earnings per ordinary stock unit is based on the net profit attributable to members, less fixed preference dividends, and the 96,000,000 (2008: 96,000,000) fully paid ordinary stock units each in issue as follows:

23. Earnings per ordinary stock unit (cont'd)

	2009 $'000s	2008 $'000s
Net profit attributable to members	2,559,024	3,015,131
Dividends on non-redeemable cumulative preference units	(162)	(162)
	2,558,862	3,014,969
Basic earnings per stock unit	26.65	31.41

24. Dividends and distributions

Dividends and distributions paid, gross, are as follows:

	2009 $'000s	2008 $'000s
Ordinary stock units @ $14.00 per stock unit	1,344,000	-
6% Non-redeemable cumulative preference stock units	12	12
15% Non-redeemable cumulative preference stock units	150	150
	1,344,162	162

At a meeting of the Board of Directors held on June 12, 2009, an interim dividend of $6.00 per stock unit and a special interim dividend of $8.00 per stock unit were declared. These dividends were paid on June 30, 2009 to ordinary stockholders on record as at the close of business on June 26, 2009.

Half-yearly dividends were paid to the 6% and 15% non-redeemable cumulative preference stockholders on, March 31, 2009 and September 30, 2009.

25. Subsidiaries

(a) The principal operating subsidiaries are:

Company	Holding	Main activities
Ajas Limited	100%	Handling of passenger and cargo operations for international airlines.
Globe Limited and its wholly-owned subsidiary, GWI Limited	100%	Holding of investments.
Globe Holdings Limited and its wholly-owned subsidiaries, Globe Insurance Company of Jamaica Limited and Twickenham Insurance Company Limited	100%	General insurance underwriters; holding of investments.

25. Subsidiaries (cont'd)

(a) Principal operating subsidiaries (cont'd):

Company	Holding	Main activities
John Crook Limited	100%	Holding of investments; distribution of motor vehicles and spares; servicing and repair of motor vehicles.
Transportation Agencies Limited	100%	General sales agents for international airlines.
Turks Islands Importers Limited and its wholly-owned subsidiary, Timco Limited	100%	Wholesale and retail merchandising of provisions and household goods; holding of investments.
Wray & Nephew Global Brands Limited and its wholly-owned subsidiary, JWN International Limited	100%	Holding of investments, distribution and export of alcohol, rum wines and other Liquor based products.
Wray & Nephew Group Limited and its wholly-owned subsidiaries	100%	See note (b).

(b) The main activities of the Wray & Nephew Group of companies are the cultivation of sugar cane; manufacture of sugar; distillation, ageing, blending, bottling, distribution and export of alcohol, rum, wines and other liquor based products; tours in the hospitality industry; sales and servicing of motor vehicles and spare parts, household goods and electronic telephone cards; and the manufacture and distribution of pharmaceutical and agricultural chemicals.

The principal operating subsidiaries of Wray & Nephew Group Limited, all of which are wholly-owned, are:

Company	Company
J. Wray & Nephew Limited	J. Wray y Sobrino de Costa Rica, S. A
New Yarmouth Limited	Wray & Nephew (Canada) Limited
Henriques Brothers Limited	J. Wray & Nephew (U.K.) Limited
Sterling Motors Limited	Rum Company (New Zealand) Limited
Cars and Commercials Limited	
Kingston Industrial Garage Limited	
Lascelles Limited	

25. Subsidiaries (cont'd)

(c) All subsidiaries are wholly-owned and are incorporated and domiciled in Jamaica, except:

Company	Territory of incorporation
Globe Holdings Limited	St. Lucia
J. Wray & Nephew (U.K.) Limited	England
J. Wray y Sobrino de Costa Rica, S. A.	Costa Rica
Rum Company (New Zealand) Limited	New Zealand
Timco Limited	Turks and Caicos Islands
Turks Islands Importers Limited	Turks and Caicos Islands
Twickenham Insurance Company Limited	Cayman Islands
Wray & Nephew (Canada) Limited	Canada
Wray & Nephew Global Brands Limited	St. Lucia
JWN International Limited	Cayman Islands

(d) Group structure and related information

(i) The business including all the assets and liabilities of the Telecoms Division of Lascelles Limited was sold with effect from July 1, 2008 (see note 31).

(ii) Subsequent to year end, the Board of Directors decided to discontinue the trading operations of Turks Islands Importers Limited, but will continue to hold the property and other assets until such time that the Board considers it appropriate to liquidate them.

26. Segment results

(a) Business segments:

	2009						
	Liquor, rums wines & sugar $'000s	General merchandise $'000s	General insurance $'000s	Investments $'000s	Transportation services $'000s	Eliminations $'000s	Total $'000s
Revenue:							
External	15,379,635	4,987,781	2,520,699	689,651	1,334,573		
Inter segment	-	69,678	352,945	-	43,001		
Total revenue	15,379,635	5,057,459	2,873,644	689,651	1,377,574	(465,624)	24,912,339
Segment results	1,560,951	458,487	703,976	86,475	56,255		2,866,144
Segment assets	14,609,972	2,569,071	5,892,732	9,827,195	812,214		33,711,184
Unallocated assets							391,940
							34,103,124
Segment liabilities	3,531,594	339,776	3,383,010	93,810	332,067		7,680,257
Unallocated liabilities							1,237,838
							8,918,095
Other segment items:							
Additions to property, plant and equipment	541,843	35,477	11,061	7,436	41,311		637,128
Depreciation and impairment	349,012	51,393	43,174	12,167	29,784		485,530
Other non-cash items	894,513	100,939	81,812	677,067	40,594		1,794,925

26. Segment results (cont'd)

(a) Business segments (cont'd):

The results of the investments segment in 2009 include a charge/(credit) to employee benefits assets of approximately $1,182 million [2008: ($397 million)].

	2008						
	Liquors, rums wines and sugar $'000s	General merchandise $'000s	General insurance $'000s	Investments $'000s	Transportation services $'000s	Eliminations $'000s	Total $'000s
Revenue:							
External	13,600,193	4,483,046	2,391,597	1,013,870	1,474,430		
Inter segment	-	55,902	333,198	-	51,631		
Total revenue	13,600,193	4,538,948	2,724,795	1,013,870	1,526,061	(440,731)	22,963,136
Segment results	1,063,176	345,019	586,459	1,499,471	49,387		3,543,512
Segment assets	13,096,574	1,808,001	5,258,897	13,270,430	752,171		34,186,073
Unallocated assets							202,018
							34,388,091
Segment liabilities	3,142,140	455,877	3,286,196	79,070	393,124		7,356,407
Unallocated liabilities							1,335,878
							8,692,285
Other segment items:							
Additions to property, plant and equipment	600,575	69,907	17,236	4,688	38,544		730,950
Depreciation and Impairment	348,149	58,689	1,442	19,372	26,610		454,262
Other non-cash items	140,380	(61,617)	124,112	(314,040)	26,419		(84,746)

(b) Geographical segments:

	Jamaica		Overseas		Total	
	2009 $'000s	2008 $'000s	2009 $'000s	2008 $'000s	2009 $'000s	2008 $'000s
Revenue from external customers	19,489,564	17,588,635	5,422,775	5,374,501	24,912,339	22,963,136
Segment assets	30,385,391	30,808,446	3,325,793	3,377,627	33,711,184	34,186,073
Additions to property, plant, and equipment	629,766	717,762	7,362	13,188	637,128	730,950

27. Insurance risks

(a) Insurance risk management:

The insurance subsidiary's management of insurance and financial risk is a critical aspect of the business.

The primary insurance activity carried out by the subsidiary is the transfer of risk from persons or entities that are directly subject to the risk, by means of the sale of insurance policies. As such the insurance subsidiary is exposed to uncertainty surrounding the timing, frequency and severity of claims under these policies.

The insurance subsidiary manages its insurance risk through its underwriting policy that includes, inter alia, authority limits, approval procedures for transactions that exceed set limits, pricing guidelines and the centralised management of reinsurance. It actively monitors insurance risk exposures both for individual and portfolio types of risks. These methods include internal risk measurement and portfolio modelling.

(b) Underwriting policy and reinsurance ceded:

In the normal course of business, the insurance subsidiary seek to reduce the loss that may result from catastrophe or other events that cause unfavourable underwriting results by reinsuring certain levels of risk with other insurers. Reinsurance ceded does not discharge the subsidiary's liability as principal insurer. Failure of reinsurers to honour their obligations could result in losses to the insurance subsidiary. Consequently, a contingent liability exists in the event that an assuming reinsurer is unable to meet its obligations.

(c) Concentration of insurance risks:

A key aspect of the insurance risk faced by the insurance subsidiary is the extent of concentration of insurance risk which may exist where a particular event or series of events could impact significantly upon its liabilities. Such concentrations may arise from a single insurance contract or through a portfolio of related contracts.

The main concentration risk relates to natural disasters. By their nature, the timing and frequency of these events are uncertain. They represent a significant risk to the subsidiary because the occurrence of an event, while unlikely in any given accounting period, would have a significantly adverse effect on its cash flow.

The subsidiary's key methods in managing these risks are two-fold:

(i) Risks are managed through the establishment of an appropriate underwriting strategy and its implementation by means of the subsidiary's underwriting policy.

(ii) Risks are managed through the use of reinsurance. The subsidiary arranges proportional reinsurance at the risk level and purchases excess of loss covers for liability and property business. It assesses the costs and benefits associated with the reinsurance programme on a regular basis and only enters into new reinsurance contracts with reinsurers rated "A" and above.

27. Insurance risks (cont'd)

(d) Restriction on cash and cash equivalents, short term investments and investments:

Policyholders' liabilities comprising outstanding claims and unearned premiums of $3 billion (2008: $2.9 billion) [see note 9], by their nature, constitute a first call on the major operating insurance subsidiary's cash resources and accordingly, such resources would not be available for any other purpose in the normal course of business.

In addition, the insurance subsidiary is required to maintain certain liquidity ratios specified by its regulator. In aggregate, the following cash and investment resources of the insurance subsidiary are subject to the above restrictions before being unconditionally available for distribution to stockholders:

	2009 $'000s	2008 $'000s
Cash and cash equivalents	958,219	965,937
Short-term investments	1,367,931	1,026,789
Investments	1,616,833	1,415,693
	3,942,983	3,408,419

28. Financial risk management

The company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Market risk
- Liquidity risk
- Operational risk

The Board of Directors, together with senior management delegates of its ultimate holding company, has overall responsibility for the establishment and oversight of the group's risk management framework.

The risk management policies are established to identify and analyse the risks faced by the company and its subsidiaries to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the group's activities.

(a) Credit risk:

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The group has no significant concentration of credit risk attaching to accounts receivable as the group has a large and diverse customer base, with no significant balances arising from any single economic or business sector, or any single entity or group of entities. The group has policies in place to ensure that sales are made to customers with an appropriate credit rating. Accounts receivable are shown net of allowances for impairment, which reflects the group's estimate of expected losses on collection of receivables.

28. Financial risk management (cont'd)

(a) Credit risk (cont'd):

Credit rating is not publicly available for any assets with credit risk except for reinsurance assets.

Cash and cash equivalents are held with reputable and regulated financial institutions, which present minimal risk of default.

The carrying amounts of cash and cash equivalents and other financial assets as stated below do not include any asset that either are past due or impaired.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2009 $'000s	2008 $'000s
Trade receivables	3,164,506	2,544,771
Other receivables and prepayments	1,005,805	1,094,327
Reinsurance assets	344,788	345,931
Cash and cash equivalents	3,997,852	3,641,558
Short-term investments	1,949,809	1,887,409
Investments	3,570,821	3,445,293
	14,033,581	12,959,289

The following table shows the credit ratings for reinsurance assets bearing credit risk:

	2009 $'000s	2008 $'000s
Ratings:		
A+	62,905	66,176
AA	4,165	-
A	2,448	-
AA-	198,002	164,241
A-	53,948	72,687
Not rated	23,320	42,827
	344,788	345,931

(b) Market risk:

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates will affect the company's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

28. Financial risk management (cont'd)

(b) Market risk (cont'd):

(i) Interest rate risk:

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The group seeks to contract long-term liabilities at fixed interest rates for the duration of the loans. Bank overdrafts, short-term loans and other fixed term loans are also subject to interest rates which are fixed in advance but which may be varied with appropriate notice by the lender.

Interest bearing financial assets mainly comprise certain receivables, monetary instruments, bank deposits and short-term investments, which have been contracted at fixed interest rates for the duration of their terms.

At the reporting date the interest profile of the group's interest bearing financial instruments was:

	Carrying amount	
	2009	2008
	$'000s	$'000s
Fixed rate instruments:		
Financial assets	4,784,954	4,542,271
Financial liabilities	(589,160)	(548,300)
	4,195,794	3,993,971
Variable rate instruments:		
Financial assets	2,508,349	2,416,579
Financial liabilities	(135,159)	(189,777)
	2,373,190	2,226,802

Interest rate sensitivity

Fair value sensitivity analysis for fixed rate instruments

The company does not hold any fixed rate financial assets that are subject to material changes in fair value through profit or loss, as these are carried at amortised cost.

Cash flow sensitivity analysis for variable rate instruments

A change of 500 (2008: 100) basis points in interest rates at the reporting date would have increased/(decreased) profit or loss and equity by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2008.

28. Financial risk management (cont'd)

(b) Market risk (cont'd):

(i) Interest rate risk (cont'd):

	Equity Increase $'000s	Equity decrease $'000s
September 30, 2009		
Variable rate instruments	118,660	(118,660)
September 30, 2008		
Variable rate instruments	22,268	(22,268)

(ii) Currency risk:

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The group incurs foreign currency risk on transactions that are denominated in a currency other than the Jamaica dollar. The main currencies giving rise to this risk are the United States dollar (USD), Canadian dollar (CAD), New Zealand dollar (NZD) and the Pound sterling (GBP).

The group ensures that the net exposure is kept to an acceptable level by daily monitoring their cost of funds against market price so as to ensure that a consistent positive spread is maintained between the buying and selling price of the traded currencies. Foreign currency liabilities are backed by foreign currency assets, resulting in net assets.

Net foreign currency assets were as follows:

	2009				2008			
	USD	CAD	GBP	NZD	USD	CAD	GBP	NZD
	$'000s	$'000s	$'000s	$'000s	$'000s	$'000s	$'000s	$'000s
Cash and cash equivalents	29,965	198	858	48	29,674	347	610	391
Accounts receivable	9,046	2,469	1,388	2,084	10,987	2,391	1,626	2,104
Reinsurance assets	6,868	-	-	-	8,474	-	-	-
Short-term investments	8,035	-	-	-	10,867	-	-	-
Investments	30,417	-	-	-	36,692	-	-	-
Accounts payable	(6,656)	(671)	(720)	(992)	(17,789)	(1,035)	(585)	(2,494)
Bank loans and overdraft	(100)	-	-	-	(887)	-	-	-
Insurance contract provisions	(8,751)	-	-	-	(10,702)	-	-	-
	68,824	1,996	1,526	1,140	67,316	1,703	1,651	1

28. Financial risk management (cont'd)

(b) Market risk (cont'd):

(ii) Currency risk (cont'd):

Sensitivity analysis:

A 10% (2008: 5%) weakening of the Jamaican dollar against the above currencies at the reporting date would have increased profit or loss and equity by the amounts shown. The analysis assumes that all other variables, in particular, interest rates, remain constant. The analysis is performed on the same basis for 2008.

	2009 $'000s	2008 $'000s
United States dollar	613,084	243,280
Canadian dollar	16,519	5,770
Pounds sterling	21,694	10,630
New Zealand dollar	7,283	2
	658,580	259,682

A 10% (2008: 5%) strengthening of the Jamaican dollar against these currencies at the reporting date would have had the equal but opposite effect, on the basis that all other variables remain constant.

Exchange rates, in terms of Jamaica dollars, were as follows:

	USD	CAD	GBP	NZD
November 25, 2009	89.48	85.61	147.99	64.87
September 30, 2009	89.08	82.76	142.16	63.89
September 30, 2008	72.28	67.76	128.79	48.96

(iii) Equity price risk:

Equity price risk arises from available-for-sale equity securities held by the company as part of its investment portfolio and is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Management monitors equity securities in its investment portfolio based on market expectations. The primary goal of the company's investment strategy is to maximise investment returns.

A 10% (2008: 5%) increase or decrease in the bid price of available for sale equity securities at the balance sheet date would have an increase and an equal decrease respectively in equity of $419 million (2008: $315 million).

28. Financial risk management (cont'd):

(c) Liquidity risk:

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liability when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the group's reputation.

Management aims at maintaining flexibility in funding by keeping lines of funding available with relevant suppliers and bankers, sourcing the appropriate currency through open market purchase to match foreign currency liabilities and by pursuing prompt payment policies.

The following are the contractual maturities of the non-derivative financial liabilities, including interest payments and excluding the impact of netting agreements:

	Carrying Amount $'000s	Contractual cash flow $'000s	Less than 1 year $'000s	1-2 years $'000s	2-5 years $'000s
September 30, 2009:					
Bank loans and overdrafts	341,737	341,737	341,737	-	-
Other unsecured loans	331,661	331,661	331,661	-	-
Accounts payable	3,456,099	3,456,099	3,456,099	-	-
Long term liabilities	50,921	53,501	11,812	23,596	18,093
Insurance contract provisions	1,820,103	1,820,103	1,820,103	-	-
	6,000,521	6,003,101	5,961,412	23,596	18,093
September 30, 2008:					
Bank loans and overdrafts	340,345	340,345	340,345	-	-
Other unsecured loans	320,844	320,844	320,844	-	-
Accounts payable	3,327,591	3,327,591	3,327,591	-	-
Long term liabilities	76,888	90,934	44,214	27,594	19,126
Insurance contract provisions	1,631,553	1,631,553	1,631,553	-	-
	5,697,221	5,711,267	5,664,547	27,594	19,126

(d) Operational risk:

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the group's processes, personnel, technology and infrastructure, and from external factors, other than financial risks, such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour.

The group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to its reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management.

28. Financial risk management (cont'd):

(e) Capital management:

The Board's policy is to maintain a strong capital base to maintain customer, creditor and other stakeholder confidence, and to sustain future development of the business. The Board of Directors monitors the return on capital, which is defined as total shareholders' equity, and the level of dividends to shareholders. The group's objectives when managing capital, which is a broader concept than equity on the face of the balance sheets are:

- To comply with the capital requirements set by the insurance regulator, to avoid the possible suspension or loss of insurance licence of its insurance subsidiaries;
- To safeguard the group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To maintain a strong capital base to support the development of its business.

There was no change to the group's capital management process during the year.

29. Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Market price is used to determine fair value where an active market exists as it is the best evidence of the fair value of a financial instrument. However, market prices are not available for a number of the financial assets and liabilities held and issued by the group. Therefore, for financial instruments where no market price is available, the fair values presented have been estimated using present value or other estimation and valuation techniques based on market conditions existing at balance sheet date. The values derived from applying these techniques are significantly affected by the underlying assumptions used concerning both the amounts and timing of future cash flows and the discount rates. The following methods and assumptions have been used:

(i) The fair value of liquid assets and other assets maturing within one year is assumed to approximate their carrying amount. This assumption is applied to liquid assets and the short-term elements of all other financial assets and financial liabilities; and

(ii) The fair value of variable-rate financial instruments is assumed to approximate their carrying amounts.

30. Commitments and contingencies

(a) Capital commitments:

At September 30, 2009, approximately $1,808 million (2008: $1,661 million) had been authorised for capital expenditure by various subsidiaries, of which $49 million (2008: $Nil) had been committed, for which no provision has been made in these financial statements.

30. Commitments and contingencies (cont'd)

(b) Lease commitments:

At September 30, 2009, there were unexpired lease commitments with a related party in respect of office building and warehouse terminating in July 2012 and February 2013 aggregating $62,505,000 (2008: $82,957,000), of which $20,452,000 (2008: $20,452,000) is payable within one year. In addition, there were commitments for operating leases for a twelve-month period, primarily for motor vehicles, with a related party at an estimated annual rental of $139,241,000 (2008: $131,932,000).

Other operating lease commitments aggregated $4,617,000 (2008: $3,550,000) of which $3,293,000 (2008: $3,195,000) is due within one year.

31. Statement of revenue and expenses from discontinued operations

(a) On July 31, 2008, the business including the related assets and liabilities of the Lascelles Telecoms division of Lascelles Limited was sold to a third party for $93.6 million resulting in a gain of $101 million.

(b) The results of this division were as follows:

	2008 $'000s
Gross operating revenue	1,322,353
Cost of operating revenue	(1,295,044)
Gross profit	27,309
Administration, marketing and selling expenses	(36,702)
Operating loss	(9,393)
Other income	25,923
Profit before finance cost and taxation	16,530
Finance cost	(13)
Profit before taxation	16,517
Taxation	(2,200)
Profit after taxation	14,317
Gain on sale of discontinued operations [note (c)]	100,792
	115,109

(c) Gain on sale of discontinued operations was computed as follows:

	2008 $'000s
Property, plant and equipment	(2,144)
Inventories	(12,622)
Trade and other receivables	(88,824)
Cash and cash equivalents	(8,952)
Trade and other payables	119,734
Net liabilities	7,192
Consideration received, satisfied in cash	93,600
Net cash inflow	100,792

31. Statement of revenue and expenses from discontinued operations (continued)

(d) In the year ended September 30, 2008, the Lascelles Telecoms division had cash flows as follows:

	2008 $'000s
Net cash used by operating activities	(89,403)
Net cash provided by investing activities	103,095
Net cash provided by discontinued operations	13,692

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INDEPENDENT AUDITORS' REPORT

To the Members of
LASCELLES, deMERCADO & CO. LIMITED

Report on the Financial Statements

We have audited the unconsolidated financial statements of Lascelles, deMercado & Co. Limited ("company"), set out on pages 69 to 93, which comprise the company only balance sheet as at September 30, 2009, statements of income, changes in stockholders' equity and cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the Jamaican Companies Act. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error, selecting and consistently applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether or not the financial statements are free from material misstatement.

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

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

Report on the Financial Statements (Cont'd)

Opinion

In our opinion, the unconsolidated financial statements give a true and fair view of the financial position of the company only as at September 30, 2009, and of its financial performance, changes in stockholders' equity and cash flows for the year then ended, in accordance with International Financial Reporting Standards and the Jamaican Companies Act.

Additional reporting requirements of the Jamaican Companies Act

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit. In our opinion, proper accounting records have been maintained and the financial statements, which are in agreement therewith, give the information required by the Jamaican Companies Act in the manner so required.

KPMG

November 25, 2009

Lascelles, deMercado & Co. Limited

Company Balance Sheet

Year ended September 30, 2009

Balance Sheet
September 30, 2009

	Notes	2009 $'000s	2008 $'000s
Current assets			
Cash and cash equivalents		8,878	8,384
Accounts receivable	3	15,568	93
Taxation recoverable		345	814
Due from subsidiaries	4(a)	17,648	17,601
		42,439	26,892
Current liabilities			
Due to subsidiaries	4(b)	26,645	11,038
Accounts payable	5	2,904	1,257
		29,549	12,295
Net current assets		12,890	14,597
Non-current assets			
Employee benefits assets	6	1,620,500	2,802,900
Investments	7	3,422,430	5,462,946
Interest in subsidiaries shares, at cost		164,546	164,546
Due from subsidiaries	4(c)	2,932,845	3,603,951
Property, plant & equipment	8	87,284	87,326
		8,227,605	12,121,669
		8,240,495	12,136,266
Financed by:			
Stockholders' equity			
Share capital	9	20,400	20,400
Capital reserve	10	1,792,368	2,560,368
Employee benefits reserve	11	1,080,333	1,868,600
Equity revaluation reserve		3,371,671	5,412,187
Unappropriated profits		1,435,553	1,340,285
		7,700,325	11,201,840
Non-current liability			
Deferred tax liability	12	540,170	934,426
		8,240,495	12,136,266

The financial statements, on pages 69 to 93, were approved for issue by the Board of Directors on November 25, 2009, and signed on its behalf by:

______________________ Director
William A. McConnell

______________________ Director
Anthony J. Bell

The accompanying notes form an integral part of the financial statements.

Lascelles, deMercado & Co. Limited

Company Income Statement

Year ended September 30, 2009

	Notes	2009 $'000s	2008 $'000s
Investment income and capital gains	13	676,276	995,658
Finance costs		(91)	(3,646)
Finance income		477	245
Net finance income/(costs)	14	386	(3,401)
		676,662	992,257
Administration expenses, net of credits		198,045	392,000
		874,707	1,384,257
Pension assets derecognized	15	(1,385,800)	-
Other expenses	16	-	(635,121)
(Loss)/profit before taxation	17	(511,093)	749,136
Taxation	18	394,256	(132,412)
Net (loss)/profit attributable to members		(116,837)	616,724

The accompanying notes form an integral part of the financial statements.

Lascelles, deMercado & Co. Limited

Company Statement of Changes in Stockholder's Equity

Year ended September 30, 2009

	Share capital (note 9) $'000s	Capital reserve (note 10) $'000s	Employee benefits reserve (note 11) $'000s	Equity revaluation reserve $'000s	Unappropriated profits $'000s	Total $'000s
Balances at September 30, 2007	20,400	1,943,961	1,603,933	4,815,997	1,604,797	9,989,088
Net profit attributable to members	-	-	-	-	616,724	616,724*
Appreciation in fair value of investments	-	-	-	596,190	-	596,190*
Transfer, net	-	616,407	264,667	-	(881,074)	-
Dividends and distributions (note 19)	-	-	-	-	(162)	(162)
Balances at September 30, 2008	20,400	2,560,368	1,868,600	5,412,187	1,340,285	11,201,840
Net loss attributable to members	-	-	-	-	(116,837)	(116,837)*
Depreciation in fair value of investments	-	-	-	(2,040,516)	-	(2,040,516)*
Transfer, net	-	(768,000)	(788,267)	-	1,556,267	-
Dividends and distributions (note 19)	-	-	-	-	(1,344,162)	(1,344,162)
Balances at September 30, 2009	20,400	1,792,368	1,080,333	3,371,671	1,435,553	7,700,325

*Total recognized (losses)/gains for the year aggregated $(2,157,353,000)[2008: $1,212,914,000].

The accompanying notes form an integral part of the financial statements.

Lascelles, deMercado & Co. Limited

Company Statement of Cash Flows

September 30, 2009

	2009 $'000s	2008 $'000s
Cash flows from operating activities		
Net (loss)/profit attributable to members	(116,837)	616,724
Adjustments to reconcile net profit to net cash provided by operating activities:		
Employee benefits	1,182,400	(397,000)
Depreciation	42	42
Interest income	(17)	(245)
Income tax (credit)/expense	(394,256)	132,412
Operating profit before changes in working capital	671,332	351,933
Change in working capital:		
Accounts receivable	(15,475)	136
Due from subsidiaries	(47)	(5,704)
Due to subsidiaries	15,607	9,269
Accounts payable	1,647	(67,617)
Cash provided by operating activities	673,064	288,017
Interest received	17	245
Tax refunded	469	(61)
Net cash provided by operating activities	673,550	288,201
Cash flows from financing activity		
Due from subsidiaries, being net cash flows from financing activity	671,106	(287,628)
Cash provided before dividends and distributions	1,344,656	573
Dividends and distributions paid	(1,344,162)	(162)
Net increase in cash and cash equivalents	494	411
Cash and cash equivalents at beginning of year	8,384	7,973
CASH AND CASH EQUIVALENTS AT END OF YEAR	8,878	8,384

The accompanying notes form an integral part of the financial statements.

1. The company

The company is incorporated in Jamaica under the Companies Act and is domiciled in Jamaica. Its ordinary and preference stock units are listed on the Jamaica Stock Exchange. The registered office of the company is situated at 23 Dominica Drive, Kingston 5, Jamaica, West Indies. Effective July 28, 2008, pursuant to a public offer initiated in December 2007 by its fellow subsidiary, CL Spirits Limited (immediate holding company), a company incorporated in St. Lucia and a wholly owned subsidiary of CL Financial Limited (ultimate holding company), a company incorporated in Trinidad and Tobago, together with other subsidiaries of the ultimate holding company, acquired 86.89% of the ordinary stock units and 97.15% of the preference stock units aggregating 92.01% of the voting rights of the company. In July 2009, the Government of Trinidad and Tobago effectively assumed control and direction of the ultimate holding company.

The principal activities of the company are the provision of management services to its subsidiaries and the holding of investments.

At September 30, 2009, the company did not directly employ any person.

2. Statement of compliance, basis of preparation and significant accounting policies

(a) Statement of compliance:

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and their interpretations issued by the International Accounting Standards Board (IASB), and comply with the provisions of the Jamaican Companies Act.

Certain new IFRS, and interpretations of and amendments to existing standards which were in issue, came into effect for the current financial year. The standard considered relevant to company is as follows:

- IFRIC 14 – *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction,* provides guidance on assessing the limit set in IAS 19 on the amount of the surplus that can be recognised as an asset. It also explains how the pension asset or liability may be affected by a statutory or contractual minimum funding requirement. IFRIC 14, effective for accounting periods beginning on or after January 1, 2008, was considered in preparing these financial statements (also see note 15).

At the date of authorisation of the financial statements the following relevant new standards, amendments to standards and interpretations, which were in issue, are not yet effective. Those standards and interpretations are effective for the accounting periods beginning on, or after the indicated dates:

- Amendments to *IFRS 2 Share-based payment – Vesting Conditions and Cancellations* (effective January 1, 2009). Under the amendment, non-vesting conditions are taken into account in measuring the grant date fair value of the share-based payment and there is no true-up for differences between expected and actual outcomes.

- Amendments to *IFRS 7 Financial Instruments: Disclosure (*effective January 1, 2009), require enhanced disclosures in respect of two aspects: disclosures over fair value measurement for financial instruments specifically in relation to the inputs used in the valuation techniques and the uncertainty associated with such valuations; and improving disclosures over liquidity risk, to address current diversity in practice.

2. **Statement of compliance, basis of preparation and significant accounting policies (cont'd)**

(a) Statement of compliance (cont'd):

- *IFRS 9, Financial Instruments* (effective January 1, 2013) introduces new requirements for classifying and measuring financial assets. The standard also amends some of the requirements of *IFRS 7 Financial Instruments: Disclosures* including added disclosures about investments in equity instruments designated as fair value through other comprehensive income.

- *Revised IAS 1 – Presentation of Financial Statements* (effective January 1, 2009) requires presentation of all non-owner changes in equity in one or two statements either in a single statement of comprehensive income, or in an income statement plus in a statement of comprehensive income. Revised IAS 1 also requires that a statement of financial position be presented at the beginning of the comparative period when the entity restates the comparatives, a disclosure for reclassification adjustments and disclosure of dividends and related per share amounts be disclosed on the face of the statement of changes in equity or in the notes.

- *IAS 23, Revised – Borrowing Costs (*effective January 1, 2009) removes the option of immediately recognising all borrowing costs as an expense. The standard requires that an entity capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of the asset.

- *IAS 24, Related Party Disclosure, revised* (effective January 1, 2011) introduces changes to the related party disclosure requirements for government-related entities and amends the definition of a related party. The standard also expands the list of transactions that require disclosure.

- *Amendments to IAS 32 Financial instruments: Presentation and IAS 1, Presentation of financial statements* (effective January 1, 2009). The amendments allow certain instruments that would normally be classified as liabilities to be classified as equity if certain conditions are met. Where such instruments are reclassified, the entity is required to disclose the amount, the timing and the reason for the reclassification.

The adoption of IFRS 2, IFRS 7, IFRS 9, IAS 1 revised, IAS 23 revised, IAS 24 revised, and amendments to 1AS 32 revised and is expected to result in adjustments and additional disclosures to the financial statements. Management has not completed its evaluation of the impact of adopting these standards on the financial statements.

(b) Basis of preparation:

The financial statements are presented in Jamaica dollars ($), which is the company's functional currency.

The financial statements are prepared under the historical cost convention, modified for the inclusion of available-for-sale investments at fair value.

2. **Statement of compliance, basis of preparation and significant accounting policies (cont'd)**

(c) Use of estimates and judgement:

The preparation of the financial statements to conform to IFRS requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, contingent assets and contingent liabilities at the balance sheet date, and the income and expense for the year then ended. Actual amounts could differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next financial year are discussed below:

(i) Pension and other post retirement benefits:

The amounts recognised in the balance sheet and income statement for pension and other post-retirement benefits are determined actuarially using several assumptions. The primary assumptions used in determining the amounts recognised include expected long-term return on plan assets, the discount rate used to determine the present value of estimated future cash flows required to settle the pension and other post-retirement obligations and the expected rate of increase in medical costs for post-retirement medical benefits. The expected return on plan assets considers the long-term returns, asset allocation and future estimates of long-term investment returns; the discount rate is determined based on the estimate of yield on long-term government securities that have maturity dates approximating the terms of the company's obligation; in the absence of such instruments in Jamaica, it has been necessary to estimate the rate by extrapolating from the longest-tenor security on the market. The estimate of expected rate of increase in medical costs is determined based on inflationary factors. Any changes in the foregoing assumptions will affect the amounts recorded in the financial statements for these obligations.

It is possible, based on existing knowledge, that outcomes that are different from these assumptions could require a material adjustment to the carrying amount reflected in future financial statements.

(ii) Impairment of available-for-sale financial assets:

Management assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. This determination requires significant judgment. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the requisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the income statement. Impairment losses recognized in the income statement on equity instruments are not reversed through the income statement.

2. **Statement of compliance, basis of preparation and significant accounting policies (cont'd)**

(c) Use of estimates and judgement (cont'd):

(iii) Allowance for impairment losses on receivables:

In determining amounts recorded for impairment losses on receivables in the financial statements, management makes judgements regarding indicators of impairment, that is, whether there are indicators that suggest there may be a measurable decrease in the estimated future cash flows from receivables, for example, default and adverse economic conditions.
Management also makes estimates of the likely estimated future cash flows from impaired receivables as well as the timing of such cash flows. Historical loss experience is applied where indicators of impairment are not observable on individually significant receivables with similar characteristics, such as credit risks.

(iv) Deferred taxation:

In recognising a deferred tax asset in the financial statements, management makes judgements regarding the utilisation of losses. Management makes an estimate of the future taxable profit against which the deductible temporary differences, unused tax losses or unused tax credit will be utilised.

(v) Residual value and expected useful life of property plant & equipment:

The residual value and the expected useful life of an asset are reviewed at least at each financial year-end, and, if expectations differ from previous estimates, the charge is accounted for. The useful life of an asset is defined in terms of the asset's expected utility to the company.

(d) Cash and cash equivalents:

This comprises cash and bank balances.

(e) Accounts receivable:

Trade and other receivables are stated at amortised cost less impairment losses.

(f) Accounts payable:

Trade and other payables are stated at amortised cost.

(g) Provisions:

A provision is recognised in the balance sheet when the company has a legal and constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the obligation.

2. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

(h) Related parties:

A party is related to the company, if:

(i) directly, or indirectly through one or more intermediaries, the party:

(a) is controlled by, or is under common control with, the company;

(b) has an interest in the company that gives it significant influence over the entity; or

(c) has joint control over the company;

(ii) the party is an associate of the company;

(iii) the party is a joint venture in which the company is a venturer;

(iv) the party is a member of the key management personnel of the company;

(v) the party is a close member of the family of any individual referred to in (i) or (iv);

(vi) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or

(vii) the party is a post-employment benefit plan for the benefit of employees of the company.

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

The company has a related party relationship with its immediate and ultimate holding companies, fellow subsidiaries and its directors and key management personnel.

(i) Employee benefits:

The company and certain subsidiaries are participating employers in a trusteed pension scheme, the assets of which are held separately from those of the company, and remain under the full control of the appointed trustees.

The company's net obligation in respect of defined benefit pension scheme is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that value is discounted to determine the present value, and the fair value of any scheme assets is deducted. To the extent that the obligation is less than the fair value of scheme assets, the asset recognised is restricted to the discounted value of future benefits available to the company. The discount rate applied is the yield at balance sheet date on long-term government instruments that have maturity dates approximating the terms of the company's obligation [note (c)(i)]. The calculation is performed using the projected unit credit method.

To the extent that any cumulative unrecognised gains or losses exceeds 10% of both the present value of the benefit obligation and the fair value of plan assets, that portion is recognised in the income statement over the expected average remaining working lives of the employees affected; otherwise, the actuarial gains or losses are not recognised.

Obligations for contributions to defined contribution pension schemes are recognised as an expense in the income statement as incurred.

2. **Statement of compliance, basis of preparation and significant accounting policies (cont'd)**

(j) Investments:

(i) Available-for-sale:

Available-for-sale investments are initially measured at cost and subsequently at fair value, with unrealised gains or losses arising from changes in fair value recognised directly in equity revaluation reserve, except for impairment losses. Where fair values cannot be reliably determined, they are stated at cost.

When these investments are disposed of or impaired, the related unrealised gains or losses are recognised in the income statement.

The fair value of available-for-sale investments is based on their quoted market bid price at the balance sheet date. Where a quoted market price is not available, fair value is estimated using discounted cash flow techniques.

Available-for-sale investments are recognised or derecognised by the company and its subsidiaries on the date they commit to purchase or sell the investments.

(ii) Loans and receivables:

Investment with fixed or determinable payments and which are not quoted in an active market are classified as loans and receivables and are initially measured at cost and subsequently at amortised cost, using the effective interest rate method less impairment losses.

(k) Interest in subsidiaries:

The company's interest in its subsidiaries is carried at cost less impairment losses.

(l) Property, plant & equipment:

(i) Owned assets:

Items of property, plant & equipment are stated at cost less accumulated depreciation and impairment losses. The cost of self-constructed assets includes the cost of materials, direct labour and related costs to put the asset into service.

(ii) Depreciation:

Depreciation is computed on the straight-line basis at annual rates estimated to write off the property, plant & equipment over their expected useful lives.

No depreciation is charged on freehold land or construction in progress.

2. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

(l) Property, plant & equipment (cont'd):

(ii) Depreciation (cont'd):

Depreciation rates are as follows:

Freehold buildings	-	2½%
Machinery, equipment and vehicles	-	5-33⅓%
Computer equipment and related software	-	100% except for major computerisation projects depreciated at 33⅓%.

Depreciation rates applied to leased assets are consistent with similar owned assets, except where there is no reasonable certainty that the lessee will obtain ownership by the end of the lease term; in which case the asset is depreciated at the shorter of the lease term or its useful life.

Depreciation methods, useful lives and residual values are reassessed annually.

(m) Impairment:

The carrying amounts of the company's assets, other than deferred tax assets [see note 2(q)] are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated at each balance sheet date. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in equity is recognised in the income statement even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in the income statement is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in the income statement.

(i) Calculation of recoverable amount:

The recoverable amount of the company's receivables carried at amortised cost is calculated as the present value of expected future cash flows, discounted at the original effective interest rate inherent in the asset. Receivables with a short duration are not discounted.

The recoverable amount of other assets is the greater of their net selling price and fair value less cost to sell. In assessing fair value less cost to sell, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

2. **Statement of compliance, basis of preparation and significant accounting policies (cont'd)**

(m) Impairment (cont'd):

(ii) Reversals of impairment:

An impairment loss in respect of receivables carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised. For all other assets, an impairment loss is reversed if there is an indicator that the impairment loss no longer exists and there has been a change in the estimate used to determine the recoverable amount.

An impairment loss in respect of an investment in an equity instrument classified as available-for-sale is not reversed through the income statement. If the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the income statement, the impairment loss is reversed, with the amount of the reversal recognised in the income statement.

(n) Share capital:

Preference share capital is classified as equity in accordance with the Jamaican Companies Act. The relevant stock units are non-redeemable and have a right to a fixed dividend but have preferential voting rights and are considered to be compound financial instruments with a substantial component being in equity.

(o) Revenue recognition:

Dividend income is recognised in the income statement on the date of declaration.

(p) Foreign currencies:

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Jamaica dollars at rates of exchange ruling on that date. Transactions in foreign currencies are converted at the rates of exchange ruling at the dates of those transactions. Gains and losses arising from fluctuations in exchange rates are recognised in the income statement. For the purpose of the statement of cash flows, all foreign currency gains and losses recognised in the income statement are treated as cash items and are included in cash flows from operating and financing activities along with movements in the principal balances.

(q) Income taxes:

Taxation on the profit or loss for the year comprises current and deferred tax. Taxation is recognised in the income statement, except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the income for the year, using tax rates enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is computed using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

2. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

(q) Income taxes (cont'd):

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted at the balance sheet date.

A deferred tax liability is recognised for all taxable temporary differences associated with investments in subsidiaries, branches and associates, except to the extent that the company and its subsidiaries are able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(r) Net finance costs:

Net finance costs comprise interest payable on borrowings calculated using the effective interest rate method, interest receivable on funds invested, material bank charges and foreign exchange gains and losses recognised in the income statement.

Interest income is recognised in the income statement as it accrues, taking into account the effective yield on the asset.

(s) Financial instruments:

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise. For the purpose of these financial statements, financial assets have been determined to include cash and cash equivalents, accounts receivable, related party receivables and investments. Similarly, financial liabilities include accounts payable, and related party payables.

(t) Fair value disclosures:

Fair value amounts represent estimates of the arm's length consideration that would be currently agreed between knowledgeable, willing parties who are under no compulsion to act and is best evidenced by a quoted market price, if one exists. Some financial instruments lack an available trading market. These instruments have been valued using present value or other valuation techniques and the fair value shown may not necessarily be indicative of the amounts realisable in an immediate settlement of the instruments.

3. Accounts receivable

	2009 $'000s	2008 $'000s
Trade receivables	473	473
Other receivables	15,568	93
	16,041	566
Less: Allowance for impairment losses	(473)	(473)
	15,568	93

4. Due from subsidiaries

	2009 $'000s	2008 $'000s
(a) Due from subsidiaries within twelve months:		
Ajas Limited	10,934	10,934
Lascelles Merchandise Limited	5,894	5,894
Tradewell Limited	696	650
Turks Island Importers Limited	24	23
Wray & Nephew Group Limited	100	100
	17,648	17,601
(b) Due to subsidiaries within twelve months:		
CP Stephenson Limited	640	662
Lascelles Limited	25,880	10,275
Wray & Nephew Global Brands Limited	125	101
	26,645	11,038
(c) Due from subsidiaries after twelve months:		
Globe Holdings Limited	429,210	429,210
J. Wray & Nephew Limited	2,503,635	3,174,741
	2,932,845	3,603,951

5. Accounts payable

	2009 $'000s	2008 $'000s
Trade payables	150	150
Other payables	2,754	1,107
	2,904	1,257

6. Employee benefits assets

	2009 $'000s	2008 $'000s
Present value of funded obligations	(4,095,700)	(3,911,000)
Fair value of plan assets	10,926,000	9,446,900
Unrecognised actuarial losses	(2,618,700)	(2,761,400)
Unrecognised amount due to limitation	(2,621,700)	-
Unrecognised past service costs	30,600	28,400
Recognised pension asset	1,620,500	2,802,900

(i) Movements in funded obligations:

	2009 $'000s	2008 $'000s
Balance at beginning of year	(3,911,000)	(3,130,300)
Benefits paid	322,000	205,100
Interest cost	(512,200)	(400,500)
Current service costs	(237,100)	(197,800)
Past service costs – vested and non-vested benefits	-	(234,300)
Gain on curtailment	30,700	-
Actuarial gain/(loss) on obligation	211,900	(153,200)
Balance at end of year	(4,095,700)	(3,911,000)

(ii) Movement in plan assets:

	2009 $'000s	2008 $'000s
Fair value of plan assets at beginning of year	9,446,900	7,727,200
Contributions paid	171,800	150,400
Expected return on plan assets	1,218,300	770,000
Benefits paid	(322,000)	(205,100)
Actuarial gain	411,000	1,004,400
Fair value of plan assets at end of year	10,926,000	9,446,900
Plan assets consist of the following:		
Equities	982,452	1,384,499
Fixed income securities and other investments	9,608,321	7,828,582
Real estate	335,227	233,819
	10,926,000	9,446,900

(iii) Plan assets also include investments in assets leased under operating lease arrangements with the company and its subsidiaries, with a fair value of $288,347,000 (2008: $311,331,000).

6. Employee benefits assets (cont'd)

(iv) Movements in the net asset recognised in the balance sheet:

	2009 $'000s	2008 $'000s
Balance at beginning of year	2,802,900	2,405,900
Contributions paid	34,100	30,500
(Expense)/credit recognised in the income statement	(1,216,500)	366,500
Balance at end of year	1,620,500	2,802,900

(v) (Expense)/credit recognised in the income statement:

	2009 $'000s	2008 $'000s
Current service costs	(93,100)	(84,200)
Interest on obligations	(512,200)	(400,500)
Actuarial gains recognised	765,600	75,800
Expected return on plan assets	1,218,300	770,000
Change in disallowed assets	(2,621,700)	207,200
Past service costs – non-vested benefits	(4,100)	(800)
Past service costs – vested benefits	-	(201,000)
Gain on curtailment	30,700	-
	(1,216,500)	366,500
Actual return on plan assets	1,629,300	1,774,400

Of the above (expense)/credit recognised in the income statement, total credit recognised as administrative, marketing and selling expenses aggregated $169.3 million (2008:$366.5 million) and expense recognised representing pension asset derecognised aggregated $1,385.8 million (note 15).

(vi) Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	2009	2008
Discount rate	19%	13%
Expected return on plan assets	17%	13%
Future salary increases	15%	9%
Future pension increases	0-9%	0-6%

Assumptions regarding future mortality are based on PA (90) Tables for Pensioners (British Mortality Tables). The expected long-term rate is based on assumed long-term rate of inflation.

6. Employee benefits assets (cont'd)

(vii) Historical information:

(a) Defined benefit pension plan:

	2009 $'000s	2008 $'000s	2007 $'000s	2006 $'000s	2005 $'000s
Present value of the defined benefit obligations	(4,095,700)	(3,911,000)	(3,130,300)	(2,702,300)	(2,172,400)
Fair value of plan assets	10,926,000	9,446,900	7,727,200	6,697,300	5,820,900
Experience adjustments arising on plan liabilities	(390,100)	(209,600)	(179,300)	(71,600)	(129,500)
Experience adjustments arising on plan assets	411,000	1,004,400	384,000	309,300	328,400

7. Investments

	2009 $'000s	2008 $'000s
Available-for-sale:		
Quoted	3,422,316	5,462,832
Unquoted, at cost, less impairment loss	114	114
	3,422,430	5,462,946

8. Property, plant & equipment

	Freehold land $'000s	Freehold buildings $'000s	Office fixtures, furniture and motor vehicles $'000s	Total $'000s
At cost or deemed cost:				
September 30, 2007 to 2009	87,121	1,985	603	89,709
Depreciation:				
September 30, 2007	-	1,738	603	2,341
Charge for the year	-	42	-	42
September 30, 2008	-	1,780	603	2,383
Charge for the year	-	42	-	42
September 30, 2009	-	1,822	603	2,425
Net book values:				
September 30, 2009	87,121	163	-	87,284
September 30, 2008	87,121	205	-	87,326

8. Property, plant & equipment (cont'd)

Certain items of property, plant and equipment had been revalued to fair value on or prior to October 1, 2001 (IFRS transition date). Revaluation surpluses are reflected in capital reserve (note 10).

9. Share capital

	2009 $'000s	2008 $'000s
Authorised in shares, stated, issued and fully paid stock units of no par value:		
96,000,000 Ordinary units	19,200	19,200
10,000 6% Non-redeemable cumulative preference units	200	200
50,000 15% Non-redeemable cumulative preference units	1,000	1,000
	20,400	20,400

Ordinary stockholders are entitled to one vote for every 1,600 ordinary units, and one vote for each preference unit. The holders of ordinary units are entitled to receive dividends as declared from time to time and the holders of non-redeemable cumulative preference units receive a cumulative dividend on their stockholdings.

10. Capital reserve

This mainly comprises capital dividends received and revaluation surplus (note 8) and is available for distribution after deduction of transfer tax of 4%.

11. Employee benefits reserve

Employee benefits reserve represents accumulated unrealised pension credits, which represents the excess of fair value of scheme assets over the obligation, restricted to the present value of the possible reduction in future contribution, net of deferred tax.

12. Deferred tax liability

Deferred tax liability is attributable to temporary differences arising in respect of the following:

	2009 $'000s	2008 $'000s
Property, plant & equipment	3	121
Foreign exchange gain	-	5
Employee benefits	540,167	934,300
	540,170	934,426

All movement in temporary differences were recognised in the income statement in both years.

12. Deferred tax liability (cont'd)

At September 30, 2009, a deferred tax liability of $47 million (2008: $2,766 million) relating to investment in certain subsidiaries and associated companies has not been recognised, as the company controls, or significantly controls, whether the liability will be incurred and management is satisfied that it will not be incurred in the foreseeable future.

13. Investment income and capital gains

	2009 $'000s	2008 $'000s
Quoted investment income	675,842	379,072
Capital distribution	434	616,586
	676,276	995,658

14. Net finance cost/ (income)

	2009 $'000s	2008 $'000s
Bank charges	91	78
Loss on foreign exchange	-	3,568
Finance costs	91	3,646
Bank interest	(17)	(245)
Gain on foreign exchange	(460)	-
Finance income	(477)	(245)
Finance (income)/cost, net	(386)	3,401

15. Pension asset derecognised

Effective January 1, 2009, the Lascelles, Henriques et al Superannuation Fund (LHSF), a defined benefit pension scheme was closed to the admission of new members. New employees will now join Lascelles, deMercado Defined Contributory Fund, a defined contribution scheme administered by the company and its subsidiaries.

Whilst the fund was open to new entrants, it was assumed that it would continue indefinitely. On closure of Lascelles, Henriques et al Superannuation Fund (LHSF) to new members, the fund now has a finite life and any distribution of residual surpluses thereafter are conditional on regulatory approval. Consequently, the present value of the economic benefits available to the employers in the form of reductions in future contributions has been reduced by an aggregate amount of $1,385.8 million.

16. Other expenses

In the prior year, this comprised legal and professional fees, and brokerage expenses relating to the negotiation and sale of shares in the company to CL Financial Limited on July 28, 2008. It was financed through the gain on disposal of the shares held by a subsidiary in the company.

17. Disclosure of expenses and related party transactions

Profit before taxation is stated after charging/(crediting) the following:

	2009 $'000s	2008 $'000s
Directors' emoluments:		
Fees	2,950	2,401
Management remuneration	Nil	Nil
Rent received – related party	(20)	(10)
Audit fees	Nil	Nil
Staff costs, excluding unrealised pension credits	Nil	Nil
Depreciation	42	42

All corporate expenses are bourne by a principal operating subsidiary, J. Wray & Nephew Limited.

18. Taxation

	2009 $'000s	2008 $'000s
Deferred taxation:		
Origination and reversal of temporary differences, net	(394,256)	132,412

Reconciliation of effective tax rate:

	2009 $'000s	2008 $'000s
(Loss)/profit before taxation	(511,093)	749,136
Computed "expected" taxation (credit)/expense @ 33⅓%	(170,364)	249,712
Difference between profit for financial statements and tax reporting purposes on:		
Tax-free dividend income	(223,650)	(124,850)
Disallowed expenses	(242)	213,018
Tax-free capital gain	-	(205,468)
Actual taxation expense	(394,256)	132,412

19. Dividends and distributions

Dividends and distributions paid, gross, are as follows:

	2009 $'000s	2008 $'000s
Ordinary stock units @ $14.00 per stock	1,344,000	-
6% Non-redeemable cumulative preference stock units	12	12
15% Non-redeemable cumulative preference stock units	150	150
	1,344,162	162

At a meeting of the Board of Directors, held on June 12, 2009, an interim dividend of $6.00 per stock unit and a special interim dividend of $8.00 per stock unit were declared. This dividend was paid on June 30, 2009 to ordinary stockholders on record as at the close of business on June 26, 2009.

Half-yearly dividends were paid to the 6% and 15% Non-redeemable cumulative preference stockholders on March 31, 2009 and September 30, 2009.

20. Contingencies and commitments

(a) The company has entered into contracts to lease certain lots of land to a related party, at a nominal rental, until 2012.

(b) The company has given an undertaking to support the operations of certain loss-making subsidiaries for the foreseeable future.

(c) Security for bank indebtedness of the group has been furnished in the form of:

(i) Negative pledge given by the company in the aggregate amount of $1.4 billion (2008: $1.5 billion);

(ii) Letter of undertaking given by the company to maintain a maximum debt to equity ratio, as defined; and

(iii) Letter of undertaking given by the company not to charge any of its assets or shareholdings without the prior consent of the lender, except in the normal course of business.

21. Financial risk management

The company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Market risk
- Liquidity risk

The Board of Directors, together with senior management delegates of its ultimate holding company, has overall responsibility for the establishment and oversight of the company's risk management framework.

The risk management policies are established to identify and analyse the risks faced by the company and to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions.

(a) Credit risk:

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. At September 30, 2009, the company did not have any material exposure to credit risk.

Cash and cash equivalents

Cash and cash equivalents are placed with substantial financial institutions for short-term periods and management believes these institutions have minimal risk of default.

Trade receivables

Management establishes an allowance for impairment that represents its estimate of losses in respect of trade and other receivables. Management's policy is to provide for balances based on past default experience, current economic conditions and expected recovery.

21. Financial risk management (cont'd)

(a) Credit risk (cont'd):

Due from subsidiaries

All subsidiaries must meet minimum requirements that are established and enforced by the company's management.

(b) Market risk:

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the company's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(i) Interest rate risk:

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The company seeks to contract long-term liabilities at fixed interest rates for the duration of the loans. Bank overdrafts, are also subject to interest rates which are fixed in advance but which may be varied with appropriate notice by the lender.

Interest bearing financial assets have been contracted at variable interest rates for the duration of their terms.

At the reporting date the interest profile of the company's interest bearing financial instruments was:

	Carrying amount	
	2009	2008
	$'000s	$'000s
Variable rate:		
Assets	2,555	2,143

Fair value sensitivity analysis for fixed rate instruments

The company does not hold any fixed rate financial assets that are subject to material changes in fair value through profit or loss.

Cash flow sensitivity analysis for variable rate instruments

An increase/(decrease) of 500 (2008: 100) basis points in interest rates at the reporting date would have increased/(decreased) profit for the year by $ 128,000 (2008: $21,000). This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2008.

21. **Financial risk management (cont'd)**

(b) Market risk (cont'd):

(ii) Foreign currency risk:

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The company incurs foreign currency risk primarily on purchases and borrowings that are denominated in a currency other than the Jamaican dollar. Such exposures comprise the monetary assets and liabilities of the company that are not denominated in that currency. The main foreign currency risks of the company are denominated in United States dollars (US$), which is the principal intervening currency for the company and its Jamaican subsidiaries.

The company and its subsidiaries jointly manage foreign exchange exposure by maintaining adequate liquid resources in appropriate currencies and by managing the timing of payments on foreign currency liabilities.

The table below shows the company's main foreign currency exposure at the balance sheet date.

	Net foreign currency monetary assets	
	2009	2008
	US$	US$
Cash and cash equivalents	29	31
Due to fellow subsidiary	(2)	(2)
Investments	112	140
Net exposure	139	169

Exchange rates, in terms of Jamaica dollars, were as follows:

	US$
November 25, 2009	89.48
September 30, 2009	88.65
September 30, 2008	72.28

Sensitivity analysis

A 10% (2008: 5%) strengthening/weakening of the US$ against the Jamaica dollar would have increased/(decreased) profit for the year by $1,237,000 (2008: $609,000). This analysis assumes that all other variables, in particular interest rates, remain constant.

21. Financial risk management (cont'd)

(b) Market risk (cont'd):

(iii) Equity price risk:

Equity price risk arises from available-for-sale equity securities held by the company as part of its investment portfolio and is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Management monitors equity securities in its investment portfolio based on market expectations. The primary goal of the company's investment strategy is to maximise investment returns.

A 10% (2008: 5%) increase or decrease in the bid price at the balance sheet date would have an increase and an equal decrease respectively in equity of $342 million (2008: $273 million).

(c) Liquidity risk:

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due.

The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liability when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation.

Management aims at maintaining flexibility in funding by keeping lines of funding available with relevant suppliers and bankers, sourcing the appropriate currency through open market purchase to match foreign currency liabilities and by pursuing prompt payment policies.

The following are the contractual maturities of financial liabilities:

	Carrying Amount $'000	Contractual cash flows $'000	Less than 1 year $'000
September 30, 2009			
Accounts payable	2,904	2,904	2,904
Due to subsidiaries	26,645	26,645	26,645
	29,549	29,549	29,549
September 30, 2008			
Accounts payable	1,257	1,257	1,257
Due to subsidiaries	11,038	11,038	11,038
	12,295	12,295	12,295

21. Financial risk management (cont'd)

(d) Capital management:

The Board of Directors monitors the return on capital, which is defined as total shareholders' equity. The board's policy is to maintain a strong capital base so as to maintain shareholder and market confidence and sustain the future development of the business. The Board of Directors' objective is to pursue growth and maintain profitable operations. There were no changes in the company's approach to capital management during the year.

Lascelles, deMercado & Co. Limited

Group Five-Year Financial Highlights

LASCELLES, deMERCADO & CO. LIMITED
GROUP FIVE YEAR FINANCIAL HIGHLIGHTS

	2009 $' 000	2008 $' 000	2007 $' 000	2006 $' 000	2005 $' 000
Net Profit	2,559,024	3,015,131	2,665,420	2,555,244	1,889,139
Operating Revenue	24,912,339	22,963,136	19,478,663	18,401,066	16,279,054
Gross Profit	10,737,959	9,570,048 *	8,133,565	6,901,409	6,111,454
Operating Profit	3,036,580	3,075,069	2,340,597	2,524,729	1,769,435
Stockholders' Equity	25,185,029	25,695,806	22,532,031	18,512,997	15,064,925
Total Debt	724,319	738,077	793,412	791,611	1,232,936
Total Assets	34,103,124	34,388,091	30,922,486	25,754,177	22,172,752
Current Assets	20,442,065	17,936,140	14,983,477	13,552,287	12,172,758
Current Liabilities	7,731,387	7,162,312	6,950,165	5,835,671	5,876,162
Profitability Ratios					
Return on Equity	10.16%	11.73%	11.83%	13.80%	12.54%
Return on Total Assets	7.50%	8.77%	8.62%	9.92%	8.52%
Gross Profit Percentage	43.10%	41.68% *	41.76%	37.51%	37.54%
Return on Operating Revenue	10.27%	13.13%	13.68%	13.89%	11.60%
Liquidity Ratio					
Current Ratio	2.64	2.50	2.16	2.32	2.07
Capital Ratio					
Debt to Equity	0.03	0.03	0.04	0.04	0.08
Market Statistics					
JSE Share Price at Year End ($)	280.00	500.00	282.50	250.00	230.00
Earnings per Share ($)	26.65	31.41	27.76	26.62	19.68
Price Earnings Ratio	10.50	15.92	10.18	9.39	11.69
Inflation Rate (Year over Year)	7.2%	25.3%	9.0%	6.5%	18.7%
Exchange Rate (J$:US$)	89.08	72.68	70.41	66.06	62.89

* Reclassified to conform to current year's presentation

Lascelles, deMercado & Co. Limited
Supplementary Information to the Group Financial Statements
September 30, 2009

Disclosure of stockholdings required by the Jamaica Stock Exchange

The stockholdings of directors and officers and their connected persons in the company at September 30, 2009 were:

Directors (together with their connected persons, where applicable)	Number of Ordinary Stocks Units held
Dr. Shafeek Gregory Amrall Sultan-Khan	Nil
Hon. W. A. McConnell	Nil
Mr. D. K. C. Henriques	Nil
Mr. A. J. Bell	Nil
Mr. M. A. G. Fraser	Nil
Mr. R. K. Powell	Nil
Mrs. T. M .P. Sutherland	Nil
Mr. M. E. Carballo	Nil
Mr. E. J. Abrahams	Nil
Mr. Steve Bideshi	Nil
Ms. Alison Lewis	Nil
Officers (together with their connected persons, where applicable)	
Mr. M. A. Braham	Nil
Mrs. J. E. Shaw	Nil
Mrs. J. George	Nil
Miss M. J. Williams	Nil

No class of preference shares was held by a director or officer of the company.

Lascelles, deMercado & Co. Limited

Supplementary Information to the Group Financial Statements

September 30, 2009

Stockholders holding the ten largest blocks of ordinary stock units at September 30, 2009 were:

STOCKHOLDERS	Number of Ordinary Stock Units Held
CL Spirits Limited	68,620,190
Calla Lilly Holdings Limited	9,515,980
Angostura Limited	2,845,074
Colonial Life Insurance (Trinidad) Limited	2,494,310
NCB Insurance Co. Ltd. A/c WT109	1,457,287
NCB Insurance Co. Ltd. A/c WT013	1,140,574
National Insurance Fund	1,099,429
NCB Insurance Co. Limited A/c WT089	640,165
SDBG A/C # 655902	623,696
FCIB (Barbados) Limited A/C C1191	450,536
	88,887,241

Lascelles, deMercado & Co. Limited

Proxy Form

I/We ………………………………………………………………………………………
(Block Capitals)
of …………………………………………………………………………………………
being (or representing, as the case may be) a registered member/members of Lascelles, deMercado & Co. Limited, HEREBY APPOINT
…………………………………………………………………………………………
of…………………………………………………………………………………………
as my/our Proxy to vote for me/us on my/our behalf at the Annual General Meeting of the company to be held on the 4th day of March, 2010 and at any adjournment thereof.

As witness my hand this ………………………day of……………………………………….2010

Name……………………………………………………………………………………

Address…………………………………………………………………………………

With regard to the Resolutions set out in the Notice convening the Meeting, please indicate with an "X" in the spaces below how you wish your votes to be cast. On receipt of this form duly signed, but without any specific directions, all your votes will be exercised at the discretion of your proxy holder.

	FOR	AGAINST
RESOLUTION 1:		
RESOLUTION 2:		
RESOLUTION 3:		
RESOLUTION 4:		
RESOLUTION 5:		
RESOLUTION 6:		
RESOLUTION 7:		
RESOLUTION 8:		

Notes:
1. To be valid this Form must be lodged at the Registered Office of the Company not later than forty-eight hours before the meeting.
2. This Form of Proxy must be signed by the appointer, or his attorney, duly authorized in writing or, if the appointer is a Corporation, it must be either under Seal, or under the hand of an officer or attorney duly authorised.
3. An adhesive stamp for $100.00 must be affixed to this Form of Proxy and cancelled.

Place $100 adhesive stamp here