LASCELLES, deMERCADO & CO. LIMITED
("the group")

FINANCIAL STATEMENTS

SEPTEMBER 30, 2011

KPMG
Chartered Accountants
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INDEPENDENT AUDITORS' REPORT

To the Members of
LASCELLES, deMERCADO & CO. LIMITED

Report on the Financial Statements

We have audited the consolidated financial statements of Lascelles, deMercado & Co. Limited ("the group") set out on pages 3 to 53, which comprise the group's statement of financial position as at September 30, 2011, the group's statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these 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 our judgment, including our assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we 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.

KPMG

INDEPENDENT AUDITORS' REPORT

To the Members of
LASCELLES, deMERCADO & CO. LIMITED

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, 2011, and of the group's financial performance, changes in equity and cash flows for the year then ended in accordance with International Financial Reporting Standards and the Jamaican Companies Act.

Report on additional matters as required by 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 required.

KPMG

Chartered Accountants
Kingston, Jamaica

November 29, 2011

LASCELLES, deMERCADO & CO. LIMITED

Group Statement of Financial Position
September 30, 2011

	Notes	2011 $'000s	2010 $'000s
Assets			
Property, plant & equipment	3	4,155,491	3,624,003
Intangible assets	4	104,481	104,481
Investments	5, 26(d)	8,253,475	9,374,412
Interest in associated companies	6	18,458	17,095
Deferred tax assets	7(a)	54,926	101,827
Employee benefits assets	8(a)	2,433,100	2,414,700
Total non-current assets		15,019,931	15,636,518
Inventories	9	9,163,513	8,885,351
Biological assets	10	372,534	165,456
Reinsurance assets	11	1,025,176	1,103,660
Taxation recoverable		430,948	349,236
Accounts receivable	12	4,744,414	5,150,727
Short-term investments	26(d)	482,231	773,338
Cash and cash equivalents	26(d)	5,654,909	5,895,994
Total current assets		21,873,725	22,323,762
Total assets		36,893,656	37,960,280
Equity			
Share capital	13	20,400	20,400
Reserves	14	11,330,328	9,969,563
Unappropriated profits		16,627,203	18,549,566
Total equity attributable to equity holders of the company		27,977,931	28,539,529
Liabilities			
Long-term liabilities	15	80,114	65,956
Deferred tax liabilities	7(b)	813,904	807,367
Employee benefits obligations	8(b)	625,500	564,500
Total non-current liabilities		1,519,518	1,437,823
Bank loans and overdrafts	16	233,918	346,542
Other unsecured loans	17	-	495,773
Current maturities of long-term liabilities	15	31,350	31,314
Accounts payable	18	3,865,493	3,676,497
Insurance contracts provisions	11	2,935,081	3,159,322
Taxation payable		330,365	273,480
Total current liabilities		7,396,207	7,982,928
Total liabilities		8,915,725	9,420,751
Total equity and liabilities		36,893,656	37,960,280

The financial statements on pages 3 to 53 were approved for issue by the Board of Directors on November 29, 2011 and signed on its behalf by:

Gerald Yetming — Chairman

Fraser Thornton — Managing Director

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

LASCELLES, deMERCADO & CO. LIMITED

Group Statement of Changes in Stockholders' Equity
September 30, 2011

	Share capital (note 13) $'000s	Reserves (note 14) $'000s	Unappropriated profits $'000s	Total $'000s
Balances at September 30, 2009	20,400	13,345,879	11,818,750	25,185,029
Net profit for the year	-	-	3,114,189	3,114,189
Other comprehensive income/(loss):				
Appreciation in fair value of investments, net	-	873,593	-	873,593
Released on sale of investments	-	(21,107)	-	(21,107)
Impairment loss transferred to profit	-	7,329	-	7,329
Translation adjustment arising on consolidation of foreign subsidiaries	-	(91,342)	-	(91,342)
Total comprehensive income for the year	-	768,473	3,114,189	3,882,662
Transfers, net	-	(4,144,789)	4,144,789	-
Dividends and distributions paid to stockholders (note 23)	-	-	(528,162)	(528,162)
Balances at September 30, 2010	20,400	9,969,563	18,549,566	28,539,529
Net profit for the year			2,362,109	2,362,109
Other comprehensive income/(loss):				
Appreciation in fair value of investments, net	-	1,139,755	-	1,139,755
Released on sale of investments	-	(4,350)	-	(4,350)
Impairment loss transferred to profit	-	8,414	-	8,414
Translation adjustment arising on consolidation of foreign subsidiaries	-	(16,164)	-	(16,164)
Total comprehensive income for the year	-	1,127,655	2,362,109	3,489,764
Transfers, net	-	233,110	(233,110)	-
Dividends and distributions paid to stockholders (note 23)	-	-	(4,051,362)	(4,051,362)
Balances at September 30, 2011	20,400	11,330,328	16,627,203	27,977,931
Retained in the financial statements of:				
The company (including dividends received from subsidiaries)	20,400	8,239,884	7,265,401	15,525,685
The subsidiaries, net, including associated companies (accounted for on the equity basis)	-	3,090,444	9,361,802	12,452,246
Balances at September 30, 2011	20,400	11,330,328	16,627,203	27,977,931
The company (including dividends received from subsidiaries)	20,400	7,185,563	7,309,037	14,515,000
The subsidiaries, net, including associated companies (accounted for on the equity basis)	-	2,784,000	11,240,529	14,024,529
Balances at September 30, 2010	20,400	9,969,563	18,549,566	28,539,529

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

LASCELLES, deMERCADO & CO. LIMITED

Group Statement of Comprehensive Income
September 30, 2011

	Notes	2011 $'000s	2010 $'000s
Operating revenue	19	26,991,376	25,974,722
Cost of operating revenue		(15,224,537)	(15,580,195)
Gross profit		11,766,839	10,394,527
Administrative, marketing and selling expenses		(9,263,801)	(7,644,942)
Operating profit		2,503,038	2,749,585
Other income	20(d)	328,350	659,610
Profit before net finance income and taxation		2,831,388	3,409,195
Finance cost		(112,602)	(186,214)
Finance income		323,788	365,984
Net finance income	20(a)	211,186	179,770
Profit before taxation	20(b)	3,042,574	3,588,965
Taxation	21	(680,465)	(474,776)
Net profit for the year		2,362,109	3,114,189
Other comprehensive income			
Appreciation in fair value of investments		1,139,755	873,593
Released on sale of investments		(4,350)	(21,107)
Impairment loss transferred to profit or loss		8,414	7,329
Translation adjustment arising on consolidation of foreign subsidiaries		(16,164)	(91,342)
		1,127,655	768,473
Total comprehensive income for the year		3,489,764	3,882,662
Dealt with in the financial statements of the company and its subsidiaries as follows:			
Net profit for the year:			
The company:			
Net profit for the year		4,020,201	6,931,313
Dividends eliminated on consolidation		(3,650,601)	(6,036,641)
		369,600	894,672
The subsidiaries, net, including associated companies (accounted for on the equity basis)		1,992,509	2,219,517
		2,362,109	3,114,189
Total comprehensive income for the year:			
The company:			
Total comprehensive income for the year		5,062,047	7,342,837
Dividends eliminated on consolidation		(3,650,601)	(6,036,641)
		1,411,446	1,306,196
The subsidiaries, net including associated companies (accounted for on the equity basis)		2,078,318	2,576,466
		3,489,764	3,882,662
Earnings per ordinary stock unit	22(a)	$ 24.60	32.44
Total comprehensive income per ordinary stock unit	22(b)	$ 36.35	40.44

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

LASCELLES, deMERCADO & CO. LIMITED

Group Statement of Cash Flows
September 30, 2011

	Notes	2011 $'000s	2010 $'000s
Cash flows from operating activities			
Net profit for the year		2,362,109	3,114,189
Adjustments for:			
Employee benefits, net		42,600	(686,900)
Unrealised translation adjustment on consolidation		(16,164)	(91,342)
(Gain)/loss on disposal of investments	20(d)	(39,530)	19,115
Results retained in associated companies		(1,363)	(1,062)
Interest income	20(a)	(323,788)	(365,984)
Interest expense		51,351	95,249
Taxation expense	21	680,465	474,776
Depreciation	3	464,471	482,050
Impairment of investments		8,414	7,329
Trademark written off		-	1,000
Gain on disposal of property, plant & equipment	20(d)	(9,222)	(454,488)
Cash generated before changes in working capital		3,219,343	2,593,932
(Increase)/decrease in current assets:			
Accounts receivable		345,632	(1,081,185)
Reinsurance assets		78,484	(58,413)
Inventories		(278,162)	(194,846)
Biological assets		(207,078)	77,918
Increase/(decrease) in current liabilities:			
Accounts payable		251,254	282,656
Insurance contract provisions		(224,241)	115,871
Cash generated from operations		3,185,232	1,735,933
Interest paid		(113,609)	(157,507)
Income tax paid/tax deducted at source		(651,854)	(706,111)
Net cash provided by operating activities		2,419,769	872,315
Cash flows from investing activities			
Additions to investments		(309,886)	(1,968,466)
Interest received		384,469	466,753
Short-term investments, net		283,257	1,161,102
Proceeds from sale of investments		2,613,608	1,520,833
Additions to property, plant & equipment	3	(1,018,189)	(541,702)
Proceeds of sale of property, plant & equipment		31,452	700,203
Net cash provided by investing activities		1,984,711	1,338,723
Net cash provided before financing activities		4,404,480	2,211,038

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

LASCELLES, deMERCADO & CO. LIMITED

Group Statement of Cash Flows (Continued)
September 30, 2011

	Notes	2011 $'000s	2010 $'000s
Net cash provided before financing activities		4,404,480	2,211,038
Cash flows from financing activities			
Increase /(decrease) in bank loans		66,550	(56,578)
(Decrease)/increase in other unsecured loans		(495,773)	164,112
Long-term liabilities, net of repayments		14,194	46,349
Net cash (used)/provided by financing activities		(415,029)	153,883
Net cash provided before dividends and distributions payments		3,989,451	2,364,921
Dividends and distributions paid	23	(4,051,362)	(528,162)
Net (decrease)/increase in cash and cash equivalents		(61,911)	1,836,759
Net cash and cash equivalents at beginning of year		5,699,452	3,862,693
Net cash and cash equivalents at end of year		5,637,541	5,699,452
Comprised of:			
Cash and bank balances:			
Unrestricted		1,737,770	970,420
Restricted	26(d)	1,747,770	1,747,662
		3,485,540	2,718,082
Short-term deposits and monetary instruments		2,169,369	3,177,912
		5,654,909	5,895,994
Less: Bank overdrafts	16	(17,368)	(196,542)
		5,637,541	5,699,452

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 immediate holding company, CL Spirits Limited, 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 24) 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) as issued by the International Accounting Standards Board, 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 as follows:

- *Amendments to IAS 32 Financial Instruments: Presentation* (effective February 1, 2010). 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. There was no material impact on the financial statements as a result of the revision.

- *Business Combinations* (effective July 1, 2010) was amended to state that contingent consideration arising in a business combination that had been accounted for in accordance with IFRS 3 (2004) that has been settled or otherwise resolved at the effective date of IFRS 3 (2008) continues to be accounted for in accordance with IFRS 3 (2004). IFRS 3 was also amended to limit the accounting policy choice to measure non-controlling interests (NCI) upon initial recognition either at fair value or at the NCI's proportionate share of the acquiree's identifiable net assets to instruments that give rise to a present ownership interest and entitle the holder to a share of net assets in the event of liquidation. IFRS 3 was also amended to provide guidance on unreplaced and voluntary replaced share-based payment awards. There was no material impact on the financial statements as a result of the revision.

A number of new standards, amendments to standards and interpretations have been issued which are not yet effective at the reporting date and which the group has not early-adopted. The group has assessed the relevance of all such new standards, amendments and interpretations with respect to the group's operations and has determined that the following are likely to have an effect on the consolidated financial statements.

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

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

- IAS 1 *Presentation of Financial Statements* (effective January 1, 2011) is amended to state that for each component of equity a reconciliation from opening to closing balances is required to be presented in the statement of changes in equity, showing separately changes arising from items recognised in profit or loss, in other comprehensive income and from transactions with owners acting in their capacity as owners.

- IFRS 7 *Financial Instruments: Disclosures* (effective January 1, 2011) is amended to add an explicit statement that the interaction between qualitative and quantitative disclosures better enables users to evaluate an entity's exposure to risks arising from financial instruments. Existing disclosures relating to maximum exposure to credit risk, financial effect of collateral held as security and other enhancements in respect of a financial instrument have been amended. Certain disclosures relating to the carrying amount of financial assets that are not past due or are not impaired as a result of their terms having been renegotiated and description of collateral held as security for financial assets that are past due have been removed.

- *Disclosures–Transfer of Financial Assets (Amendments to IFRS 7)* (effective July 1, 2011). The amendment requires disclosure of information that enable users of financial statements to understand the relationship between transferred financial assets that are not derecognised in their entirety and the associated liabilities and to evaluate the nature of and risks associated with the entity's continuing involvement in these derecognised assets.

- IFRS 9, *Financial Instruments,* is (effective January 1, 2013). The standard retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortised cost and fair value. It eliminates the existing IAS 39 categories of held to maturity, available-for-sale and loans and receivables. For an investment in an equity instrument which is not held for trading, the standard permits an irrevocable election, on initial recognition, to present all fair value changes from the investment in other comprehensive income. The standard includes guidance on classification and measurement of financial liabilities designated as fair value through profit or loss and incorporates certain existing requirements of IAS 39 *Financial Instruments: Recognition and Measurement* on the recognition and de-recognition of financial assets and financial liabilities.

- IFRS 10 *Consolidated Financial Statements* (effective January 1, 2013) supersedes IAS 27 *Consolidated and Separate Financial Statements* and provides a single model to be applied in the control analysis for all investees, including entities that currently are Special Purpose Entities. The consolidation procedures are carried forward from IAS 27 (2008).

- IFRS 11 *Joint Arrangements* and IAS 28 *Investments in Associates* and *Joint Ventures (2011)* (effective January 1, 2013) removes from IAS 31 *Jointly Controlled Entities*, those cases which, although there is a separate vehicle, that separation is ineffective in certain ways. These arrangements are treated similarly to jointly controlled assets/operations and are now called joint operations. IFRS 11 also removes the choice of equity accounting or proportionate consolidation under IAS 31 and requires that the equity method be used.

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

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

- IFRS 12 *Disclosure of Interest in Other Entities* (effective January 1, 2013) contains disclosure requirements for entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. These required disclosures aim to provide information to enable users to evaluate the nature of, and risks associated with, an entity's interests in other entities and the effects of those interests on the entity's financial position, financial performance and cash flows.

- IFRS 13 *Fair Value Measurement* (effective January 1, 2013) defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. It explains how to measure fair value and is applicable to assets, liabilities and an entity's own equity instruments that, under other IFRSs, are required or permitted to be measured at fair value or when disclosure of fair values is provided. It does not introduce new fair value measurements, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards.

- IAS 19 *Employee Benefits* (effective January 1, 2013) has been amended to require all actuarial gains and losses to be recognized immediately in other comprehensive income. This change will remove the corridor method and eliminate the ability for entities to recognize all changes in the defined benefit obligation and in plan assets in profit or loss. It also requires the expected return on plan assets recognized in profit or loss to be calculated based on the rate used to discount the defined benefit obligation. The amendment also includes changes to the definitions and disclosure requirements in the current standard.

- 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.

IAS 1, IFRS 10, IFRS 11, IFRS 12, IFRS 13 and IAS 24 are unlikely to have any material impact on the financial statements other than enhanced disclosures. The group is assessing the impact, if any, that the other amendments may have on the 2012 – 2014 financial statements.

(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 where available.

The accounting policies have been applied consistently by group entities.

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

(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 reporting 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 main operating 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.

Management of the insurance subsidiary believes that, based on the analysis computed by its actuary, 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 statement of financial position and profit or loss for pension and other post-retirement benefits are determined actuarially using several assumptions.

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

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

(iii) Pension and other post-retirement benefits (cont'd):

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.

(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.

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

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

(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 reporting 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 profit or loss. Impairment losses recognized in other comprehensive income on equity instruments are not reversed through profit or loss.

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 are presently 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, 2011. The principal operating subsidiaries are listed in note 24.

(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 reporting date and September 30, 2011.

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

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

(ii) Associates (cont'd)

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 and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

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) Short-term investments:

Short-term investments comprise fixed deposits with banks, money market securities (including reverse repurchase agreements), and loans and receivables maturing within one year. They are acquired for their earnings potential and for balancing the group's risks on its investment portfolio. Their nature, liquidity and risk are similar to those of cash and cash equivalents.

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.

(g) Accounts receivable:

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

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

(h) 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

(i) 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.

(j) Accounts payable:

Trade and other accounts payables, are stated at amortised cost.

(k) Provisions:

A provision is recognised in the statement of financial position 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.

(l) 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.

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

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

(i) Insurance contracts (cont'd)

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 that 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.

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 26).

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 group. Consequently, a contingent liability exists in the event that an assuming reinsurer is unable to meet its obligations.

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

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

(ii) Reinsurance assets (cont'd)

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 reporting 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 profit or loss.

(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.

(m) 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, group pension plans, its directors and key management personnel.

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

(n) 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.

Based on arrangements between the company and its subsidiaries, the entire obligation in respect of pension benefits is treated as a post-retirement benefit arrangement under common control and consequently, is recognised in the company's financial statements.

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 the reporting 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.

When the benefits of the plan are improved, the portion of the increased benefit relating to past service by employees is recognised as an expense on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits are vested immediately, the expense is recognised immediately in profit or loss.

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 profit or loss as incurred.

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

(n) Employee benefits (cont'd):

(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 reporting date is shown as an obligation on the statement of financial position.

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 reporting date.

(o) Investments:

Investments with fixed or determinable payments and which are not quoted in an active market are classified as loans and receivables and are stated at amortised cost, less impairment losses. Where the group has the positive intent and ability to hold securities to maturity, they are classified as held-to-maturity and recognised initially at cost and subsequently measured at amortised cost, less impairment losses. Other investments held by the group are classified as being available-for-sale and are stated at fair value with changes in fair value taken to fair value reserve except for impairment losses and foreign exchange gains and losses in the case of monetary items, such as debt securities. Where these investments are derecognised, the cumulative gain or loss previously recognised directly in other comprehensive income is recognised in profit or loss. Where fair value cannot be reliably measured, these investments are stated at cost. Available-for-sale investments include certain debt and equity securities.

The fair value of quoted available-for-sale investments is their bid price.

Available-for-sale investments are recognised/derecognised by the group on the date it commits to purchase or sell the investments. Other investments are recognised/derecognised on the day they are transferred to/by the group.

(i) Goodwill:

Goodwill represents amounts arising on acquisition of subsidiaries. In respect of acquisitions that have occurred since April 1, 2002 (the IFRS transition date), goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired, less contingent liabilities.

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

(p) Intangible assets:

(i) Goodwill (cont'd):

Goodwill is stated at cost, less accumulated amortisation up to March 31, 2004, and any accumulated impairment losses. Effective April 1, 2004, goodwill is no longer amortised, but 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 profit or loss as and when these are incurred.

(q) Taxation:

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

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

Deferred tax is provided 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 reporting 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.

(r) Property, plant & equipment:

(i) Owned assets:

Items of property, plant & equipment are stated at cost or deemed cost less accumulated depreciation and impairment losses, if any. 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.

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Notes to the Financial Statements (Continued)
September 30, 2011

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

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

(i) Owned assets (cont'd):

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 capital-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.

(s) 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.

Dividends and distributions are recognised in the period in which they are declared.

(t) 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 profit or loss over the period of the borrowing on an effective interest basis.

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

(u) 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 reporting 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 profit or loss.

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 profit or loss 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 24) 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 reporting date and net shareholders' equity has been translated at historical exchange rates.

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

(v) Revenue recognition:

Revenue from the sale of goods is recognised in the profit or loss of comprehensive income 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.

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.

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

(v) Revenue recognition (cont'd):

Interest and other investment income are recognized on the accrual basis on the effective interest basis, except when collectibility is considered doubtful. In such cases, income is recorded when economic benefits are received.

Dividend income is recognised in profit or loss in the period in which dividends are declared.

(w) 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 profit or loss.

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

(ii) Operating lease payments:

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

(x) 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 company's and its subsidiaries' assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. 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 profit or loss.

Goodwill is tested annually for impairment.

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.

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

(x) Impairment (cont'd):

When a decline in fair value of an available-for-sale financial asset has been recognised directly in other comprehensive income and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in other comprehensive income is recognised in profit or loss 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 profit or loss.

(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 investment 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 other comprehensive income is transferred to profit or loss. For available-for-sale equity securities, the reversal is recognised directly in other comprehensive income.

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.

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

(y) 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.

(z) Segment reporting:

An operating segment is a component of the group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the group's other components. An operating segment's operating results are reviewed regularly by the company's Chief Operating Decision Maker, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

The group has five reportable segments, as described below, which are the group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies.

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 primary reportable segments are:

(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 the manufacture and distribution of pharmaceutical preparations and agricultural chemicals.

(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".

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

(aa) 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.

(ab) 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. Property, plant & equipment

	Freehold land $'000s	Freehold buildings $'000s	Machinery, equipment and vehicles $'000s	Capital-in-progress $'000s	Total $'000s
Cost:					
September 30, 2009	178,596	1,335,959	5,450,708	325,538	7,290,801
Additions	25,624	38,716	337,031	140,331	541,702
Transfers and reclassifications	-	14,581	206,591	(221,172)	-
Disposals/write-offs	(369)	(201,863)	(174,870)	(530)	(377,632)
September 30, 2010	203,851	1,187,393	5,819,460	244,167	7,454,871
Additions	307	100,582	292,609	624,691	1,018,189
Transfers	(1,871)	7,523		(5,652)	-
Disposals/write-offs	-	-	(97,866)	-	(97,866)
September 30, 2011	202,287	1,295,498	6,014,203	863,206	8,375,194
Depreciation:					
September 30, 2009	-	368,883	3,111,852	-	3,480,735
Charge for the year	-	53,091	428,959	-	482,050
Eliminated on disposals/ write-offs	-	(60,056)	(71,861)	-	(131,917)
September 30, 2010	-	361,918	3,468,950	-	3,830,868
Charge for the year	-	56,151	408,320	-	464,471
Transfers	-	(9,005)	9,005	-	-
Eliminated on disposals	-	-	(75,636)	-	(75,636)
September 30, 2011	-	409,064	3,810,639	-	4,219,703

LASCELLES, deMERCADO & CO. LIMITED

Notes to the Financial Statements (Continued)
September 30, 2011

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

	Freehold land $'000s	Freehold buildings $'000s	Machinery, equipment and vehicles $'000s	Capital-in-progress $'000s	Total $'000s
Net book values:					
September 30, 2011	202,287	886,434	2,203,564	863,206	4,155,491
September 30, 2010	203,851	825,475	2,350,510	244,167	3,624,003

Included in capital-in-progress is an amount of $116 million which relates to costs for computer software. Once commissioned, this will be appropriately classified as intangible assets.

4. 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:

	2011 $'000s	2010 $'000s
Goodwill, at carrying amounts	98,429	98,429
Trademarks, at carrying amounts	6,052	6,052
	104,481	104,481

5. Investments

	2011 $'000s	2010 $'000s
Available-for-sale:		
Quoted (i)	5,730,043	4,631,134
Unquoted at cost, less impairment losses (ii)	230,425	254,729
Government of Jamaica securities (iii)	336,985	2,542,872
	6,297,453	7,428,735
Loans and receivables:		
Urban Renewal Programme	1,237	1,237
Building society deposits	27,074	25,482
Government of Jamaica securities (iv)	1,927,711	1,918,958
	1,956,022	1,945,677
	8,253,475	9,374,412

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

5. **Investments (cont'd)**

(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 (2010: $45 million) held by a subsidiary to the order of the Financial Services Commission of Jamaica, as required by the Insurance Regulations.

(iv) At September 30, 2011, the fair value of Government of Jamaica securities accounted for at amortised cost aggregated $2,142 million (2010: $2,101 million).

6. **Interest in associated companies**

	2011 $'000s	2010 $'000s
Shares, at cost	150	150
Group's share of associated companies' reserves:		
Pre-acquisition	1,125	1,125
Post acquisition	16,601	15,238
Loan accounts	582	582
	18,458	17,095

At the reporting 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, 2010

7. **Deferred taxation**

(a) Deferred tax assets:

Deferred tax assets are attributable to the following:

	2009 $'000s	Recognised in income $'000s	2010 $'000s	Recognised in income $'000s	2011 $'000s
Unrealised exchange loss/(gain)	(15)	5,016	5,001	(6,184)	(1,183)
Employee benefits obligation	152,400	35,767	188,167	20,333	208,500
Property, plant & equipment	(20,072)	(144,090)	(164,162)	(15,860)	(180,022)
Accounts receivable	(3,836)	(21,514)	(25,350)	2,199	(23,151)
Accounts payable	(105,497)	132,353	26,856	10,571	37,427
Tax value of losses carried forward	7,654	3,524	11,178	(11,178)	-
Biological assets	-	48,035	48,035	(39,340)	8,695
Other	306	11,796	12,102	(7,442)	4,660
	30,940	70,887	101,827	(46,901)	54,926

Deferred tax assets aggregating $19 million (2010: $60 million) have not been recognised in respect of tax losses of certain subsidiaries.

7. Deferred taxation (cont'd)

(b) Deferred tax liabilities:

Deferred tax liabilities are attributable to the following:

	2009 $'000s	Recognised in income $'000s	2010 $'000s	Recognised in income $'000s	2011 $'000s
Property, plant & equipment	303,787	(301,507)	2,280	(65)	2,215
Accounts receivable	56,734	(56,246)	488	(121)	367
Accounts payable	(143,875)	143,875	-	-	-
Biological assets	(35,139)	35,139	-	-	-
Tax value of losses carried forward	(21,099)	20,055	(1,044)	308	(736)
Employee benefits	540,167	264,733	804,900	6,133	811,033
Unrealised exchange (loss)/ gain	4,100	(3,357)	743	282	1,025
	704,675	102,692	807,367	6,537	813,904

At September 30, 2011, a deferred tax liability of approximately $120 million (2010: $75 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.

8. Employee benefits

(a) Employee benefits assets:

	2011 $'000s	2010 $'000s
Present value of funded obligations	(6,415,600)	(5,573,000)
Fair value of plan assets	14,115,200	12,464,600
Unrecognised actuarial losses	(2,430,400)	(2,512,500)
Unrecognised amount due to limitation	(2,858,500)	(1,990,900)
Unrecognised past service costs	22,400	26,500
Recognised pension asset	2,433,100	2,414,700

(i) Movements in funded obligations:

	2011 $'000s	2010 $'000s
Balance at beginning of year	(5,573,000)	(4,095,700)
Benefits paid	451,800	438,100
Interest cost	(651,800)	(775,200)
Current service cost and voluntary contributions	(282,600)	(235,400)
Gain on curtailment	7,600	14,100
Actuarial loss on obligation	(367,600)	(918,900)
Balance at end of year	(6,415,600)	(5,573,000)

LASCELLES, deMERCADO & CO. LIMITED

Notes to the Financial Statements (Continued)
September 30, 2011

8. Employee benefits (cont'd)

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

(ii) Movement in plan assets:

	2011 $'000s	2010 $'000s
Fair value of plan assets at beginning of year	12,464,600	10,926,000
Contributions paid	152,800	163,200
Expected return on plan assets	1,416,400	1,834,100
Benefits paid	(451,800)	(438,100)
Actuarial gain/(loss)	533,200	(20,600)
Fair value of plan assets at end of year	14,115,200	12,464,600
Plan assets consist of the following:		
Equities	2,874,453	2,112,136
Fixed-income securities and other investments	10,084,839	9,435,340
Real estate	1,155,908	917,124
	14,115,200	12,464,600

(iii) Plan assets also include investments in assets with a fair value of $332,025,000 (2010: $308,675,000) held under operating lease arrangements with the group.

(iv) Movements in the net asset recognised in the statement of financial position:

	2011 $'000s	2010 $'000s
Balance at beginning of year	2,414,700	1,620,500
Contributions paid	31,000	33,100
(Expense)/credit recognised in profit or loss	(12,600)	761,100
Balance at end of year	2,433,100	2,414,700

(v) (Expense)/income recognised in profit for the year, net:

	2011 $'000s	2010 $'000s
Current service costs	(160,900)	(105,300)
Interest on obligations	(651,800)	(775,200)
Actuarial gain/loss recognised	340,700	(833,300)
Expected return on plan assets	1,416,400	1,834,100
Change in disallowed assets	(960,500)	630,800
Past service costs – non-vested benefits	(4,100)	(4,100)
Gain on curtailment	7,600	14,100
	(12,600)	761,100
Actual return on plan assets	1,948,400	1,813,500

8. Employee benefits (cont'd)

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

(v) (Expense)/income recognised in profit or loss, net (cont'd):

Of the above (expense)/income recognised in profit or loss, total expense recognised as administrative, marketing and selling expenses aggregated \$12.6 million (2010: income of \$761.1 million).

At September 30, 2011, all defined benefit pension schemes other than the main scheme were in the process of being terminated.

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

	2011	2010
Discount rate	10.5%	11.5%
Expected return on plan assets	10.0%	11.5%
Future salary increases	7.0%	8%
Future pension increases	5.5%	6.5%

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:

	2011 \$'000s	2010 \$'000s
Present value of obligations	514,500	496,600
Unrecognised past services cost – non-vested benefits	(12,500)	(13,700)
Unrecognised actuarial gains	123,500	81,600
Recognised liability	625,500	564,500

(i) Movements in the present value of obligations:

	2011 \$'000s	2010 \$'000s
Balance at beginning of year	496,600	502,400
Interest cost	58,900	98,500
Current service costs	29,000	25,700
Benefits paid	(15,200)	(15,900)
Gain on curtailment	(5,300)	(3,100)
Actuarial gains	(49,500)	(111,000)
Balance at end of year	514,500	496,600

8. Employee benefits (cont'd)

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

(ii) Expense recognised in profit or loss:

	2011 $'000s	2010 $'000s
Current service costs	29,000	25,700
Interest on obligations	58,900	98,500
Actuarial losses recognised	1,100	4,100
Past service cost	(3,900)	1,200
Gain on curtailment	(5,300)	(3,100)
	79,800	126,400

The expense recognised is included in administrative, marketing and selling expenses in profit or loss.

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

	2011	2010
Discount rate	10.5%	11.5%
Medical claims growth	9.5%	10%

Actuarial assumptions regarding mortality, inflation, etc, follow the same bases as those outlined in note 8(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	20,100	(17,000)
Effect on the defined benefit obligations	118,900	(90,300)

(c) Historical information:

(i) Defined benefit pension plan:

	2011 $'000s	2010 $'000s	2009 $'000s	2008 $'000s	2007 $'000s
Present value of the defined benefit obligations	(6,415,600)	(5,573,000)	(4,095,700)	(3,911,000)	(3,130,300)
Fair value of plan assets	14,115,200	12,464,600	10,926,000	9,446,000	7,727,200
Experience adjustments arising on plan liabilities	(298,800)	501,500	(390,100)	(209,600)	(179,300)
Experience adjustments arising on plan assets	533,200	(20,600)	411,000	1,004,400	384,000

LASCELLES, deMERCADO & CO. LIMITED

Notes to the Financial Statements (Continued)
September 30, 2011

8. Employee benefits (cont'd)

(c) Historical information (cont'd):

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

	2011 $'000s	2010 $'000s	2009 $'000s	2008 $'000s	2007 $'000s
Present value of the post-employment benefit obligations	514,500	496,600	502,400	432,300	331,400
Experience adjustments arising on plan liabilities	128,200	142,300	(110,300)	1,000	(1,200)

(d) The group's contributions to defined contribution pension schemes during the year amounted to $31 million (2010: $22 million).

9. Inventories

	2011 $'000s	2010 $'000s
In-bond rum and other liquors	4,564,842	4,788,563
Duty-paid liquors and other finished goods held for sale	1,116,413	727,036
Raw and packaging materials	2,783,463	2,675,358
Estate supplies	312,386	291,463
Motor vehicle units and spare parts	386,409	402,931
	9,163,513	8,885,351

During the year, inventory write-offs, aggregating $61,765,000 (2010: $47,071,000), were recognised in profit or loss.

10. Biological assets

	2011 $'000s	2010 $'000s
Immature sugarcane, at cost	398,626	309,566
Less: Allowance for impairment losses	(26,092)	(144,110)
	372,534	165,456

11. Reinsurance assets and insurance contract provisions

	2011			2010		
	Gross $'000s	Reinsurance $'000s	Net $'000s	Gross $'000s	Reinsurance $'000s	Net $'000s
Claims outstanding (i)	1,723,027	198,421	1,524,606	1,871,715	239,893	1,631,822
Unearned premiums (ii)	1,212,054	826,755	385,299	1,287,607	863,767	423,840
	2,935,081	1,025,176	1,909,905	3,159,322	1,103,660	2,055,662

LASCELLES, deMERCADO & CO. LIMITED

Notes to the Financial Statements (Continued)
September 30, 2011

11. Reinsurance assets and insurance contract provisions (cont'd)

(i) Claims outstanding relate to incidents occurring prior to the reporting date but not settled on that date. Claims incurred but not reported aggregated $437,750,000 (2010: $435,438,000). Reinsurance recoverable on claims incurred but not reported aggregated $96,786,000 (2010: $89,681,000).

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

12. Accounts receivable

	2011 $'000s	2010 $'000s
Trade receivables	3,355,480	3,270,255
Investment income receivable	73,535	134,220
Prepayments (a)	755,582	890,583
Other receivables and advances (b)	719,612	990,379
	4,904,209	5,285,437
Less: Allowances for doubtful debts	(159,795)	(134,710)
	4,744,414	5,150,727

(a) Prepayments include an amount of $480 million (2010: $460 million) representing advances for purchases of molasses from Caribbean Molasses Limited.

(b) At September 30, 2011 other receivables and advances included an amount of $252 million which represents proceeds from sale of investments. For 2010, this amount included $548 million due from a related party in relation to sale of certain buildings by the subsidiaries.

The ageing of trade receivables at the reporting date was:

	2011		2010	
	Gross $'000s	Impairment $'000s	Gross $'000s	Impairment $'000s
Not past due	2,077,052	-	2,095,902	-
Past due 31-60 days	631,372	-	415,211	-
Past due 60-90 days	284,362	9,000	328,035	1,402
More than 90 days	362,694	150,795	431,107	133,308
	3,355,480	159,795	3,270,255	134,710

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

	2011 $'000s	2010 $'000s
Balance at beginning of year	134,710	174,968
Amount recognised/(released)	25,085	(40,258)
Balance at end of year	159,795	134,710

LASCELLES, deMERCADO & CO. LIMITED

Notes to the Financial Statements (Continued)
September 30, 2011

13. Share capital

	2011 $'000s	2010 $'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 non-redeemable cumulative preference units receive a cumulative dividend on their stockholdings.

14. Reserves

	2011 $'000s	2010 $'000s
Capital reserve	3,453,335	3,232,492
Employee benefits reserve (see below)	1,622,267	1,610,000
Unrealised translation reserve	864,022	880,186
Equity revaluation reserve	5,390,704	4,246,885
	11,330,328	9,969,563

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.

15. Long-term liabilities

	2011 $'000s	2010 $'000s
(a) Bank loans 2011-2018	110,652	96,458
(b) Loan from related party	812	812
	111,464	97,270
Less: Current maturities	(31,350)	(31,314)
	80,114	65,956

15. Long-term liabilities (cont'd)

Long-term liabilities are repayable in Jamaica dollars unless otherwise disclosed. They bear interest at market-determined rates which, during the year, ranged from 5% - 13% (2010: 7.13% – 13.27%). The liabilities are subject to the following repayment terms:

(a) These loans are repayable in monthly, quarterly or semi-annual instalments and form part of subsidiaries' bank borrowings covered by the arrangements described in note 16. Bank loans in the amount of $66,016,000 (2010: $46,780,000) are fully secured on the assets financed.

(b) This loan is repayable on demand.

16. Bank loans and overdrafts

	2011 $'000s	2010 $'000s
Bank loans	216,550	150,000
Bank overdrafts	17,368	196,542
	233,918	346,542

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 $1,100 million (2010: $600 million);

(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.

17. Other unsecured loans

These include loans from related parties aggregating $Nil (2010: $94,820,242), contracted strictly at arms length in the ordinary course of business. The loans bore interest at 2.5% - 7.5% and were repayable on demand.

18. Accounts payable

	2011 $'000s	2010 $'000s
Trade accounts payable	2,745,590	2,509,941
Customer deposits	15,915	20,670
Payroll related costs	228,608	322,661
Consumption taxes	260,386	171,467
Accrued vacation leave	65,037	54,017
Accrued charges	69,265	142,513
Other payables	480,692	455,228
	3,865,493	3,676,497

LASCELLES, deMERCADO & CO. LIMITED

Notes to the Financial Statements (Continued)
September 30, 2011

19. Operating revenue

		2011 $'000s	2010 $'000s
Primary income arising from:			
Sale of goods and related services		29,352,711	27,133,016
General insurance business		2,501,691	2,568,980
Investment income		524,949	395,890
		32,379,351	30,097,886
Less:	Special consumption tax	(2,681,731)	(1,774,394)
	General consumption tax	(2,706,244)	(2,348,770)
		(5,387,975)	(4,123,164)
		26,991,376	25,974,722

20. Disclosure of (income)/expenses

(a) Net finance income:

	2011 $'000s	2010 $'000s
Interest expense:		
Long-term liabilities	11,113	11,066
Bank loans and overdrafts	16,820	16,613
Other third parties	23,418	67,570
Bank charges	43,901	39,118
	95,252	134,367
Loss on exchange, net	17,350	51,847
Finance costs	112,602	186,214
Interest income:		
Bank deposits	(36,495)	(52,646)
Related parties	(1,413)	(1,095)
Other treasury transactions	(285,880)	(312,243)
Finance income	(323,788)	(365,984)
	(211,186)	(179,770)

LASCELLES, deMERCADO & CO. LIMITED

Notes to the Financial Statements (Continued)
September 30, 2011

20. Disclosure of (income)/expenses (cont'd)

(b) Profit before taxation is stated after charging:

	2011 $'000s	2010 $'000s
Depreciation	464,471	482,050
Impairment losses	8,414	7,329
Directors' emoluments:		
Fees	7,904	8,531
Management remuneration	45,701	53,400
Audit fees	54,813	52,501
Staff costs, net of pension expense/(income)	4,245,447	3,048,865

(c) Transactions with key management personnel:

Key management personnel compensation is as follows:

	2011 $'000s	2010 $'000s
Short-term employee benefits	164,420	153,820
Post-employment benefits charge/(credit)	6,300	(103,360)

(d) Other income:

	2011 $'000s	2010 $'000s
Rental income	17,921	26,803
Gain on disposal of property, plant & equipment	9,222	454,488
Gain/(loss) on disposal of investments	39,530	(19,115)
Sale of spare parts	98,870	90,235
Bad debt recoverable	2,131	6,111
Other	160,676	101,088
	328,350	659,610

21. Taxation

	2011 $'000s	2010 $'000s
Current tax expense:		
Income tax	622,138	519,545
Prior year's under/(over) provision	4,889	(76,574)
	627,027	442,971
Deferred taxation:		
Reversal of tax losses carried forward	11,485	9,515
Origination and reversal of other temporary differences, net	41,953	22,290
	53,438	31,805
	680,465	474,776

21. Taxation (cont'd)

(a) Reconciliation of effective tax rate:

	2011 $'000s	2010 $'000s
Profit before taxation	3,042,574	3,588,965
Computed "expected" tax expense @ 33⅓%	1,014,191	1,196,322
Difference between profit for financial statements and tax reporting purposes arising from:		
Tax losses (utilised)/brought forward	(11,880)	3,115
Adjustment for losses in subsidiaries with no tax charge	(122,039)	(200,576)
Adjustment for net profits in overseas subsidiaries with lower tax rates	(72,961)	(59,646)
Tax-free dividend income	(174,495)	(126,043)
Tax-free capital gain	(234)	(151,496)
Exchange losses disallowed	2,919	21,442
Prior year's under/(over) provision	4,889	(76,574)
Disallowed expenses and other capital adjustments	40,075	(131,768)
Actual tax expense	680,465	474,776

(b) At September 30, 2011, 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 $326 million (2010: $481 million). Of this amount, $268 million (2010: $268 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 (2010: $87.9 million).

22. Earnings per ordinary stock unit

(a) The calculation of basic earnings per ordinary stock unit is based on the net profit for the year less fixed preference dividends, and the 96,000,000 (2010: 96,000,000) fully paid ordinary stock units each in issue as follows:

	2011 $'000s	2010 $'000s
Net profit for the year	2,362,109	3,114,189
Dividends on non-redeemable cumulative preference units	(162)	(162)
	2,361,947	3,114,027
Basic earnings per ordinary stock unit	24.60	32.44

(b) Comprehensive income per ordinary stock unit is determined similarly to basic earnings per ordinary stock unit and is based on:

	2011 $'000s	2010 $'000s
Total comprehensive income for the year	3,489,764	3,882,662
Dividends on non-redeemable cumulative preference units	(162)	(162)
	3,489,602	3,882,500
Total comprehensive income per ordinary stock unit	36.35	40.44

LASCELLES, deMERCADO & CO. LIMITED

Notes to the Financial Statements (Continued)
September 30, 2011

23. Dividends and distributions

Dividends and distributions paid, gross, are as follows:

	2011 $'000s	2010 $'000s
Ordinary stock units @ $42.20 (2010: $5.50) per stock unit	4,051,200	528,000
6% Non-redeemable cumulative preference stock units	12	12
15% Non-redeemable cumulative preference stock units	150	150
	4,051,362	528,162

During the year the following dividends were declared:

Interim dividend	- December 17, 2010	- $ 5.50 per stock unit
Special dividend	- December 17, 2010	- $ 5.50 per stock unit
Interim dividend	- July 6, 2011	- $ 5.50 per stock unit
Special dividend	- July 6, 2011	- $25.70 per stock unit
Total		$42.20 per stock unit

In 2010, an interim dividend of $5.50 per stock was declared on January 29, 2010.

Half-yearly dividends were paid to the 6% and 15% non-redeemable cumulative preference stockholders on March 31, 2011 and September 30, 2011.

24. 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.
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.

24. Subsidiaries (cont'd)

(a) The principal operating subsidiaries are (cont'd):

Company	Holding	Main activities
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 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	

(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

24. Subsidiaries (cont'd)

(d) Group structure and related information

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.

25. Segment results

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before income tax, as included in the internal management reports that are reviewed by the Group's CEO and the Board of Directors. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis.

(a) Reportable segments:

	2011						
	Liquor, rums wines & sugar $'000s	General merchandise $'000s	General insurance $'000s	Investments $'000s	Transportation services $'000s	Eliminations $'000s	Total $'000s
Revenue:							
External	17,380,685	4,884,475	2,501,691	524,948	1,699,577		
Inter segment	-	393,464	197,377	1,468,930	60,540		
Total revenue	17,380,685	5,277,939	2,699,068	1,993,878	1,760,117	(2,120,311)	26,991,376
Segment results	1,553,486	545,054	449,011	467,025	27,998		3,042,574
Segment assets	16,855,836	2,736,443	6,133,082	9,685,068	978,895		36,389,324
Unallocated assets							504,332
							36,893,656
Segment liabilities	3,347,361	537,632	3,317,337	95,853	472,461		7,770,644
Unallocated liabilities							1,145,081
							8,915,725
Other segment items:							
Additions to property, plant and equipment	818,039	97,210	42,087	72	60,781		1,018,189
Depreciation and impairment	364,109	47,558	15,970	8,489	36,759		472,885
Interest income	(103,988)	(4,403)	-	(213,759)	(1,638)		(323,788)
Interest expense	46,481	129	-	85	4,656		51,351
Other non-cash items	339,112	202,554	121,035	(21,858)	15,943		656,786

The results of the investments segment in 2011 include a credit relating to employee benefits assets of approximately $18.4 million (2010: $794 million).

Interest income included in external revenue for the general insurance segment aggregated $338 million (2010: $442 million).

LASCELLES, deMERCADO & CO. LIMITED

Notes to the Financial Statements (Continued)
September 30, 2011

25. Segment results (cont'd)

(a) Reportable segments (cont'd):

	2010						
	Liquors, rums wines and sugar $'000s	General merchandise $'000s	General insurance $'000s	Investments $'000s	Transportation services $'000s	Eliminations $'000s	Total $'000s
Revenue:							
External	16,692,393	4,547,081	2,568,980	395,890	1,770,378		
Inter segment	-	67,721	437,298	-	72,627		
Total revenue	16,692,393	4,614,802	3,006,278	395,890	1,843,005	(577,646)	25,974,722
Segment results	1,389,678	436,008	348,900	1,381,044	33,335		3,588,965
Segment assets	16,356,489	2,113,522	6,177,797	11,958,974	885,340		37,492,122
Unallocated assets							468,158
							37,960,280
Segment liabilities	4,143,950	111,931	3,450,858	188,829	443,524		8,339,092
Unallocated liabilities							1,081,659
							9,420,751
Other segment items:							
Additions to property, plant and equipment	435,378	37,645	8,658	-	60,021		541,702
Depreciation and Impairment	380,928	56,914	14,599	2,803	35,135		490,379
Interest income	(79,157)	(13,873)	-	(271,548)	(1,406)		(365,984)
Interest expense	90,817	834	-	88	3,510		95,249
Other non-cash items	(329,503)	112,084	120,435	(658,278)	15,361		(739,901)

(b) Geographical information:

	Jamaica		Overseas		Total	
	2011 $'000s	2010 $'000s	2011 $'000s	2010 $'000s	2011 $'000s	2010 $'000s
Revenue from external customers	20,998,505	19,805,243	5,992,871	6,169,479	26,991,376	25,974,722
Segment assets	32,372,044	33,615,813	4,017,280	3,876,309	36,389,324	37,492,122
Additions to property, plant, and equipment	1,016,029	541,389	2,160	313	1,018,189	541,702

26. Insurance risks

(a) Insurance and financial 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 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. 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 within the framework 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.

26. 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 $2,935 million (2010: $3,159 million) [see note 11], 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:

	2011 $'000s	2010 $'000s
Cash and cash equivalents	1,747,770	1,747,662
Short-term investments	327,640	265,122
Investments	2,296,892	2,339,858
	4,372,302	4,352,642

As at December 31, 2010, the regulator required the ratio of available assets to required assets to be 150% under the terms of a Minimum Asset Test (MAT). During 2011, the regulator approved the Minimum Capital Test ("MCT") as a replacement to the MAT, as the capital test for general insurance companies. The minimum capital requirement was initially been set at 200% and will gradually be increased to 250% over a three year transition period. As at September 30, 2011 MCT at the insurance subsidiary is 309%

27. 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

This note presents information about the group's exposure to each of the above risks, the group's objective, policies and processes for measuring and managing risk, and the group's management of capital.

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.

27. Financial risk management (cont'd)

Exposure to various types of financial instrument risk arises in the ordinary course of the group's business. Derivative financial instruments are not presently used to reduce exposure to fluctuations in interest and foreign exchange rates.

(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.

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:

	2011 $'000s	2010 $'000s
Trade receivables	3,195,685	3,135,545
Other receivables and prepayments	1,548,729	2,015,182
Reinsurance assets	198,421	239,893
Cash and cash equivalents	5,654,909	5,895,994
Short-term investments	452,153	773,338
Investments	2,293,007	4,488,549
	13,342,904	16,548,501

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

	2011 $'000s	2010 $'000s
Ratings:		
A+	54,947	81,116
AA	2,658	3,353
A	29,354	26,954
AA-	73,901	69,436
A-	21,381	27,193
B++	6,309	-
Not rated	9,871	31,841
	198,421	239,893

27. Financial risk management (cont'd)

(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.

(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	
	2011	2010
	$'000s	$'000s
Fixed rate instruments:		
Financial assets	4,521,154	7,829,164
Financial liabilities	(110,647)	(96,452)
	4,410,507	7,732,712
Variable rate instruments:		
Financial assets	3,555,562	2,855,403
Financial liabilities	(233,896)	(843,133)
	3,321,666	2,012,270

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.

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Notes to the Financial Statements (Continued)
September 30, 2011

27. Financial risk management (cont'd)

(b) Market risk (cont'd):

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

Cash flow sensitivity analysis for variable rate instruments

A change of 100 (2010: 500) 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 2010.

	Equity	
	Increase	decrease
	$'000s	$'000s
Year ended:		
September 30, 2011		
Variable rate instruments	33,217	(33,217)
September 30, 2010		
Variable rate instruments	100,614	(100,614)

(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:

	2011				2010			
	USD	CAD	GBP	NZD	USD	CAD	GBP	NZD
	$'000s	$'000s	$'000s	$'000s	$'000s	$'000s	$'000s	$'000s
Cash and cash equivalents	28,810	280	1,259	967	31,207	257	893	982
Accounts receivable	9,215	2,440	1,782	2,245	7,244	2,597	1,234	2,308
Reinsurance assets	8,320	-	-	-	8,196	-	-	-
Short-term investments	2,474	-	-	-	6,242	-	-	-
Investments	13,227	-	-	-	39,018	-	-	-
Accounts payable	(7,151)	(823)	(985)	(1,385)	(5,419)	(826)	(714)	(3,238)
Bank loans and overdrafts	(743)	-	-	-	-	-	-	-
Insurance contract provisions	(8,992)	-	-	-	(9,154)	-	-	-
	45,160	1,897	2,056	1,827	77,334	2,028	1,413	52

27. Financial risk management (cont'd)

(b) Market risk (cont'd):

(ii) Currency risk (cont'd):

Sensitivity analysis:

A 1% (2010: 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 2011.

	2011 $'000s	2010 $'000s
United States dollar	38,974	333,503
Canadian dollar	1,580	8,501
Pounds sterling	2,769	9,599
New Zealand dollar	1,226	165
	44,549	351,768

A 1% (2010: 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
September 30, 2010:	86.25	83.84	135.87	63.48
September 30, 2011:	86.30	83.31	134.69	67.09
November 29, 2011:	86.69	83.72	134.35	65.50

(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 20% (2010: 10%) increase or decrease in the bid price of available for sale equity securities at the reporting date would have an increase and an equal decrease respectively in equity of $1,146 million (2010: $463 million).

27. Financial risk management (cont'd):

(c) Liquidity risk:

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due. The group'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, by maintaining adequate short-term investments and by pursuing prompt payment policies.

The following are the contractual maturities of the non-derivative financial liabilities, and insurance contract 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
			2011 $'000s		
Bank loans and overdrafts	233,918	233,918	233,918	-	-
Accounts payable	3,865,493	3,865,493	3,865,493	-	-
Long term liabilities	111,464	142,787	43,825	34,963	63,999
Claims outstanding	1,723,027	1,723,027	1,723,027	-	-
	5,933,902	5,965,225	5,866,263	34,963	63,999
			2010 $'000s		
Bank loans and overdrafts	346,542	346,542	346,542	-	-
Other unsecured loans	495,773	495,773	495,773	-	-
Accounts payable	3,676,497	3,676,497	3,676,497	-	-
Long term liabilities	97,270	112,877	29,284	23,146	60,447
Claims outstanding	1,871,715	1,871,715	1,871,715	-	-
	6,487,797	6,503,404	6,419,811	23,146	60,447

(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.

27. Financial risk management (cont'd):

(d) Operational risk (cont'd):

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.

(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 statement of financial position, 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.

28. 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.

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.

28. Fair value of financial instruments (cont'd)

Determination of fair value and fair values hierarchy

IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. These two types of inputs have created the following fair value hierarchy:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The group considers relevant and observable market prices in its valuations where possible.

	2011 $'000s			
	Level 1	Level 2	Level 3	Total
Available for sale financial assets	5,730,043	567,410	-	6,297,453

	2010 $'000s			
	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets	4,631,134	2,797,601	-	7,428,735

29. Commitments and contingencies

(a) Capital commitments:

At September 30, 2011, approximately $907 million (2010: $224 million) had been authorised for capital expenditure by various subsidiaries, of which $200 million (2010: $123 million) had been committed, for which no provision has been made in these financial statements.

(b) Lease commitments:

At September 30, 2011, there were unexpired lease commitments with a related party in respect of office building and warehouse terminating between December 2011 and September 2013 aggregating $45 million (2010: $42 million), of which $33 million (2010: $20 million) 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 $145million (2010: $137million).

Other operating lease commitments aggregated $161 million (2010: $174 million) of which $27 million (2010: $32 million) is due within one year.

29. Commitments and contingencies (cont'd)

(c) Contingencies:

The group is contingently liable in respect of legal claims arising in the ordinary course of business. These claims are at various stages of conclusion. To the extent that recommendations have been made by the attorneys, adequate provision has been made in these financial statements for these contingencies. Where the outcome cannot be reliably estimated or where the group is confident in its defence, no provision is made in the financial statements.