Growing Towards A Brighter Future

GODDARD ENTERPRISES LIMITED

ANNUAL REPORT 2012

GODDARD ENTERPRISES LIMITED

MISSION STATEMENT

To be successful and responsible
while satisfying customers, suppliers,
employees and shareholders.

CONTENTS

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the SEVENTY-FOURTH Annual Meeting of the shareholders of Goddard Enterprises Limited (the "Company") will be held at the Hilton Barbados Resort, Needham's Point, St. Michael on Thursday, the 31st day of January, 2013 at 5:30 p.m. for the following purposes:-

1. To receive and consider the Consolidated Financial Statements of the Company for the year ended September 30, 2012 together with the Reports of the Directors and Auditor thereon.

2. To elect Directors.

3. To appoint an Auditor for the ensuing year and to authorise the Directors to fix its remuneration.

4. To consider and if thought fit, to confirm By-Law No. 4 made by the Directors of the Company on the 25th day of September, 2012 which:
   (a) deleted article 18.1 and substituted therefor a new article 18.1;
   (b) deleted articles 18.9.1 and 18.9.2 and substituted therefor new articles 18.9.1 and 18.9.2 respectively; and
   (c) instituted new articles 18.9.4, 18.9.5 and 18.10.

5. (a) To consider and, if thought fit, to authorize the allotment of up to 1,000,000 common shares of the Company under the Company's 1998 Executive Share Option Plan, Savings Related Employee Purchase Scheme and other schemes permitted by virtue of the Income Tax Act, for the purpose of enabling eligible employees to acquire shares in the Company.
   (b) To authorize any director or officer of the Company to do all things necessary or desirable to carry out the provisions hereof.

6. To transact any other business which may properly come before the Meeting.

By Order of the Board of Directors

Kathy-Ann L. Scantlebury
Corporate Secretary

The full text of the resolution amending By-Law No. 1 of the Company, to be submitted to the Meeting with respect to the matter referred to in paragraph 4 above, is attached to the Notice as Appendix A.

The notes to the enclosed proxy form are incorporated in this notice.

2nd Floor Mutual Building
Lower Broad Street
Bridgetown, BB11000
BARBADOS

December 11, 2012

Corporate Information

Board of Directors

Mr. Joseph N. Goddard, M.A., F.C.A., J.P.	– Chairman
Mr. A. Charles Herbert, B.Sc. (Hons.), F.I.A.	– Deputy Chairman
Mr. Martin J.K. Pritchard, B.A.(Econ), F.C.C.A., F.C.M.A.	– Managing Director
Ms. Vere P. Brathwaite, B.Sc.(Hons.), LL.B. (Hons.)	– Non-Executive Director
Mr. Ian K.D. Castilho, B.A. (Hons.)	– Non-Executive Director
Mr. Roger A. Edghill	– Non-Executive Director
Mr. William P. Putnam	– Non-Executive Director
Mr. Christopher G. Rogers	– Non-Executive Director
Mr. Stephen T. Worme, B.E.Sc., M.B.A.	– Non-Executive Director

Management Committee

Mr. Martin J.K. Pritchard, B.A.(Econ), F.C.C.A., F.C.M.A.	– Managing Director
Mr. Ian A. Alleyne, F.C.C.A.	– Divisional General Manager
Mr. J.G. Stewart Massiah	– Divisional General Manager
Mrs. C. Natasha Small, B.Sc. (Hons.), F.C.C.A.	– Chief Financial Officer
Mr. John S. Taylor	– Divisional General Manager
Dr. Ashwell E. Thomas, B.A., M.Sc., PhD.	– Divisional General Manager

Governance Committee

Mr. Vere P. Brathwaite
Mr. Ian K.D. Castilho
Mr. Joseph N. Goddard
Mr. Stephen T. Worme

Audit Committee

Mr. Roger A. Edghill
Mr. Ian K.D. Castilho
Mr. A. Charles Herbert
Mr. William P. Putnam
Mr. Stephen T. Worme

Compensation & Human Resources Committee

Mr. Joseph N. Goddard
Ms. Vere P. Brathwaite
Mr. A. Charles Herbert
Mr. Christopher G. Rogers

Investment Committee

Mr. Roger A. Edghill
Mr. A. Charles Herbert
Mr. Martin J.K. Pritchard
Mr. William P. Putnam

Secretary

Miss K.L. Scantlebury, LL.B. (Hons.), LL.M. (Dist.)

Auditor

PricewaterhouseCoopers SRL

Attorneys-At-Law

Clarke Gittens Farmer

Bankers

CIBC FirstCaribbean International Bank (Barbados) Limited

Registered Office

2nd Floor Mutual Building
Lower Broad Street
Bridgetown, BB11000
Barbados

FINANCIAL HIGHLIGHTS

For the year ended September 30, 2012

(Expressed in Barbados Dollars)

	2012 $	2011 $	2010 $	2009 $	2008 $
Revenue – millions of dollars	**999.1**	949.3	877.8	889.0	954.7
Profit from operations before other gains/(losses) – net – millions of dollars	**52.8**	40.8	43.1	48.9	61.7
Profit from operations – millions of dollars	**51.1**	12.9	53.9	55.5	73.4
Income before taxation – millions of dollars	**46.6**	5.8	51.7	43.8	68.0
Earnings/(loss) per share – cents	**41.2**	(17.6)	46.1	38.0	73.7
Dividends per share – cents	**18.0***	12.0	18.0	16.0	23.0
Dividend cover (times covered)	**2.3**	(1.5)	2.6	2.4	3.2
Net asset value per share – dollars	**7.57**	7.30	7.77	7.44	7.29
Closing share price on BSE** – dollars	**5.50**	6.00	5.89	6.04	7.90
After tax return on shareholders' equity	**5.65%**	(2.26)%	6.21%	5.22%	11.11%
Price/earnings ratio	**13.3**	(34.1)	12.8	15.9	10.7

* Interim dividend per share – 7.0 cents
  Final dividend per share – 11.0 cents (note 30)

** Barbados Stock Exchange

Financial Highlights

SUMMARISED CONSOLIDATED BALANCE SHEETS – $MILLIONS

(Expressed in Barbados Dollars)

	2012 $	2011 $	2010 $	2009 $	2008 $
Trade receivables and prepaid expenses	**121.3**	129.4	105.6	109.4	112.7
Inventories	**159.3**	161.2	155.7	145.8	180.0
Other current assets	**73.0**	64.7	86.8	72.7	75.5
Total current assets	**353.6**	355.3	348.1	327.9	368.2
Less current liabilities	**(234.9)**	(248.5)	(226.3)	(211.3)	(252.0)
Working capital	**118.7**	106.8	121.8	116.6	116.2
Property, plant and equipment and investment property	**371.3**	363.7	348.8	344.8	329.3
Financial investments, intangible assets, investments in associated companies, deferred income tax assets, pension plan assets and long-term receivables	**172.3**	168.5	197.0	186.0	189.2
	662.3	639.0	667.6	647.4	634.7
Represented by:					
Shareholders' equity	**453.8**	437.1	463.8	443.1	433.0
Non-controlling interests	**107.5**	110.3	110.8	106.0	97.4
Long-term borrowings	**95.1**	85.7	86.6	94.4	100.3
Deferred income tax liabilities	**4.0**	3.7	4.9	2.2	2.7
Pension plan liabilities	**1.9**	2.2	1.5	1.7	1.3
	662.3	639.0	667.6	647.4	634.7

FINANCIAL HIGHLIGHTS

SUMMARISED CONSOLIDATED STATEMENTS OF INCOME – $MILLIONS

(Expressed in Barbados Dollars)

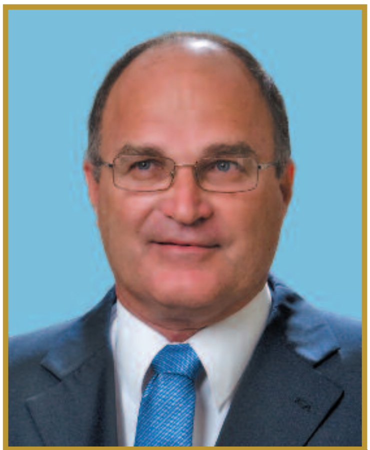
	2012 $	2011 $	2010 $	2009 $	2008 $
Revenue	**999.1**	949.3	877.8	889.0	954.7
Income before taxation:					
Parent company and subsidiaries	**38.7**	1.1	41.4	41.6	62.5
Share of income from associated companies	**7.9**	4.7	10.3	2.2	5.5
	46.6	5.8	51.7	43.8	68.0
Taxation	**(12.7)**	(11.1)	(12.3)	(11.0)	(15.1)
Non-controlling interests	**(9.2)**	(5.2)	(11.9)	(10.2)	(10.0)
Net income for the year attributable to equity holders of the Company	**24.7**	(10.5)	27.5	22.6	42.9

BOARD OF DIRECTORS

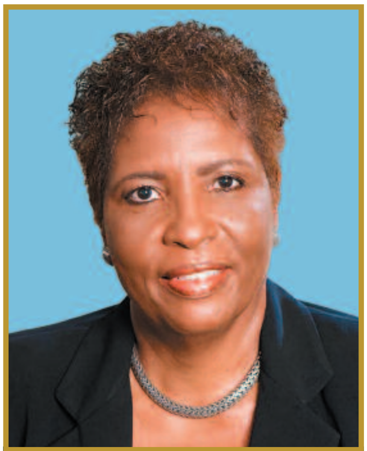
Joseph N. Goddard
Chairman

JOSEPH N. GODDARD M.A., F.C.A., J.P.

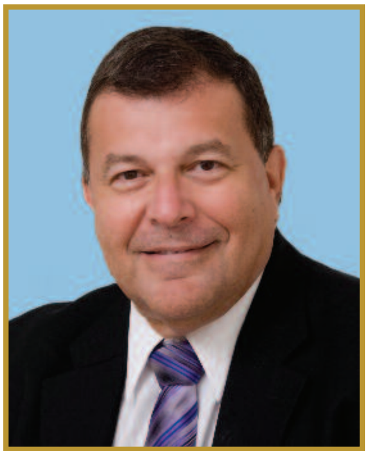
Joseph Nathaniel Goddard became Chairman of Goddard Enterprises Ltd. on February 1, 2006. Mr. Goddard joined the Company in the 70's after completing his professional accounting qualification in England. He attended the Lodge School and won a Barbados Scholarship in 1963. He acquired a MA in Mathematics from Cambridge University, and qualified as a Member of the Institute of Chartered Accountants in England and Wales. On his return, he was involved in a number of projects for the Goddard Group and over the years, he has been involved in the development of several of the Goddard Group companies. In 1978, he was given responsibility for the Group's operations in the Islands and for the Manufacturing Division. Following Mr. John Stanley Goddard's illness in 1987, Mr. Goddard took on full responsibility for all Group operations until his retirement on January 31, 2006. Mr. Goddard was President of the Barbados Chamber of Commerce & Industry from May 1994 to May 1996. He was Chairman of the Samuel Jackman Prescod Polytechnic from 1994 to 1998 and served as a member of the Commission on Casino Gambling in Barbados from December 1994 to June 1995. Mr. Goddard served as a Director of Republic Bank (Barbados) Limited, (formerly Barbados National Bank Inc.) from July 2003 to October 2012. Mr. Goddard is married with two children. He was born in 1945.



A. Charles Herbert
Deputy Chairman



Vere P. Brathwaite
Non-Executive Director



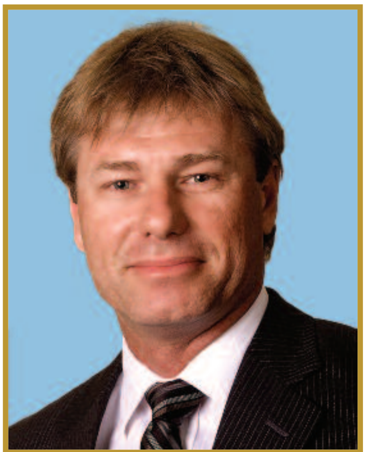
Ian K.D. Castilho
Non-Executive Director

Stephen T. Worme
Non-Executive Director

MARTIN J. K. PRITCHARD, BA (Econ), F.C.C.A., F.C.M.A.

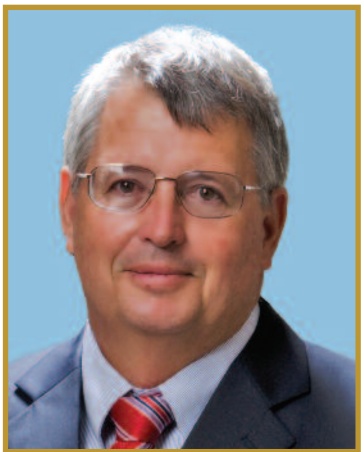
Martin John Kent Pritchard is the Managing Director of Goddard Enterprises Limited. He was born in the UK, received his early education at Harrison College, Barbados and graduated from Leeds University in England with a BA (Hons) in Economics. He is a fellow member of the Association of Chartered Certified Accountants (F.C.C.A.) and the Chartered Institute of Management Accountants (F.C.M.A.). On graduating he first worked with Touche Ross & Co. in London as an audit trainee and then joined Pricewaterhouse in Barbados. He served as Financial Controller at C. F. Harrisons from 1984-1985 and in 1985 joined the Parent Company, Goddard Enterprises Limited, as Group Financial Controller. He was promoted to Finance Director in 1989 and has spent the last 31 years working for the Goddard Group. This progression has provided him with an accumulation of knowledge, both financial and operational, of all of the Group's varied businesses. In 2006, he became Managing Director on the retirement of Mr. Joseph Goddard. Mr. Pritchard serves as a Director on many boards including Jonas Browne and Hubbard (Grenada) Ltd., Scotia Insurance (Barbados) Limited and Bridgetown Cruise Terminals Inc. He is also Chairman of Globe Finance Inc. and Deputy Chairman of Sagicor General Insurance Inc. He was born in 1953.

Martin J. K. Pritchard
Managing Director



Roger A. Edghill
Non-Executive Director

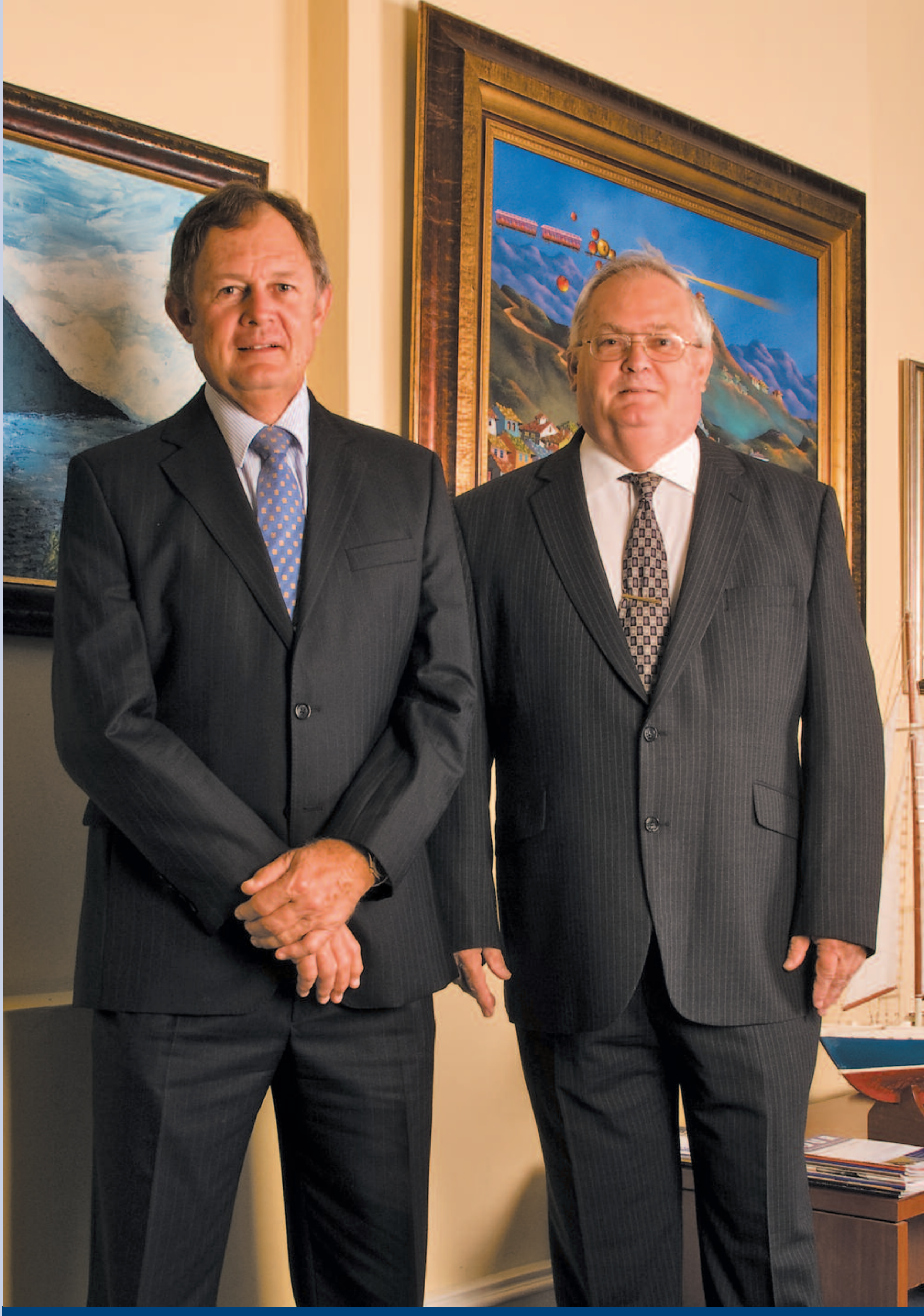
William P. Putnam
Non-Executive Director



Christopher G. Rogers
Non-Executive Director

Kathy-Ann L. Scantlebury
Corporate Secretary

DIRECTORS' REPORT



Mr. Joseph Goddard, Chairman with Mr. Martin Pritchard, Managing Director (left) at Goddard Enterprises Limited Head Office.

Financial Year 2011/2012 Overview

The Board of Goddard Enterprises Limited ("GEL") is pleased to present the financial review of the Group for the financial year ended September 30, 2012.

Early tentative signs suggest that the economic environment within the Caribbean Region is stabilizing but it is still weak at present. Unemployment remains high in many of the developed economies throughout the world, especially among young people in the Euro zone. International financial markets continue to be unsettled, mainly due to the resurgence of political and financial uncertainty in Greece; disquiet in the banking sector in Spain; and doubts regarding both the capacity of some governments to comply with necessary tax reforms or fiscal adjustment as well as the political will of other members of the Euro zone to continue to support the weaker members of that group.

Output in Latin America and the Caribbean expanded by about 4.5% in 2011, down from a modest improvement of 6.25% the previous year. Growth in Latin America has been steady, in part as a result of the slow but continuing recovery in the United States of America ("USA"). The Caribbean Region's high debt levels and tourism dependence continue to constrain an optimistic economic outlook. Coupled with continued instability in the Middle East and the resultant probability of higher energy prices filtering through early in the New Year, we anticipate that the future for the Caribbean Region will continue to be challenging within the short to medium term. We believe that economic growth will depend on how quickly the USA and Europe can rebound.

For the financial year ended September 30, 2012, third party revenue increased by 5.3% to $999.1 million, just below the $1 billion mark. Gross Profit as a percentage of Sales stood at 35.2%, compared to 33.5% in the prior year, mainly as a result of improved inventory management. Our selling, marketing and administrative expenses totalled $303.0 million or 30.3% of Sales compared to 29.5% in 2011. For comparative purposes, when we eliminate acquisitions from this year's figures, the percentage is similar to last year. Profit from Operations before Other (losses)/gains – net, which is essentially the Group's "core profit", increased by 29.5% over prior year to $52.8 million.

Other (losses)/gains – net fell from a net loss of $27.8 million recorded in 2011 to a net loss of just $1.6 million this year. This was due to one-time write-offs in 2011 totalling $38.0 million, which represented goodwill impairment, provision for losses on our hotel investments and a write-down of a short-term investment. Our Profit from Operations increased from $12.9 million in 2011 to $51.1 million this year.

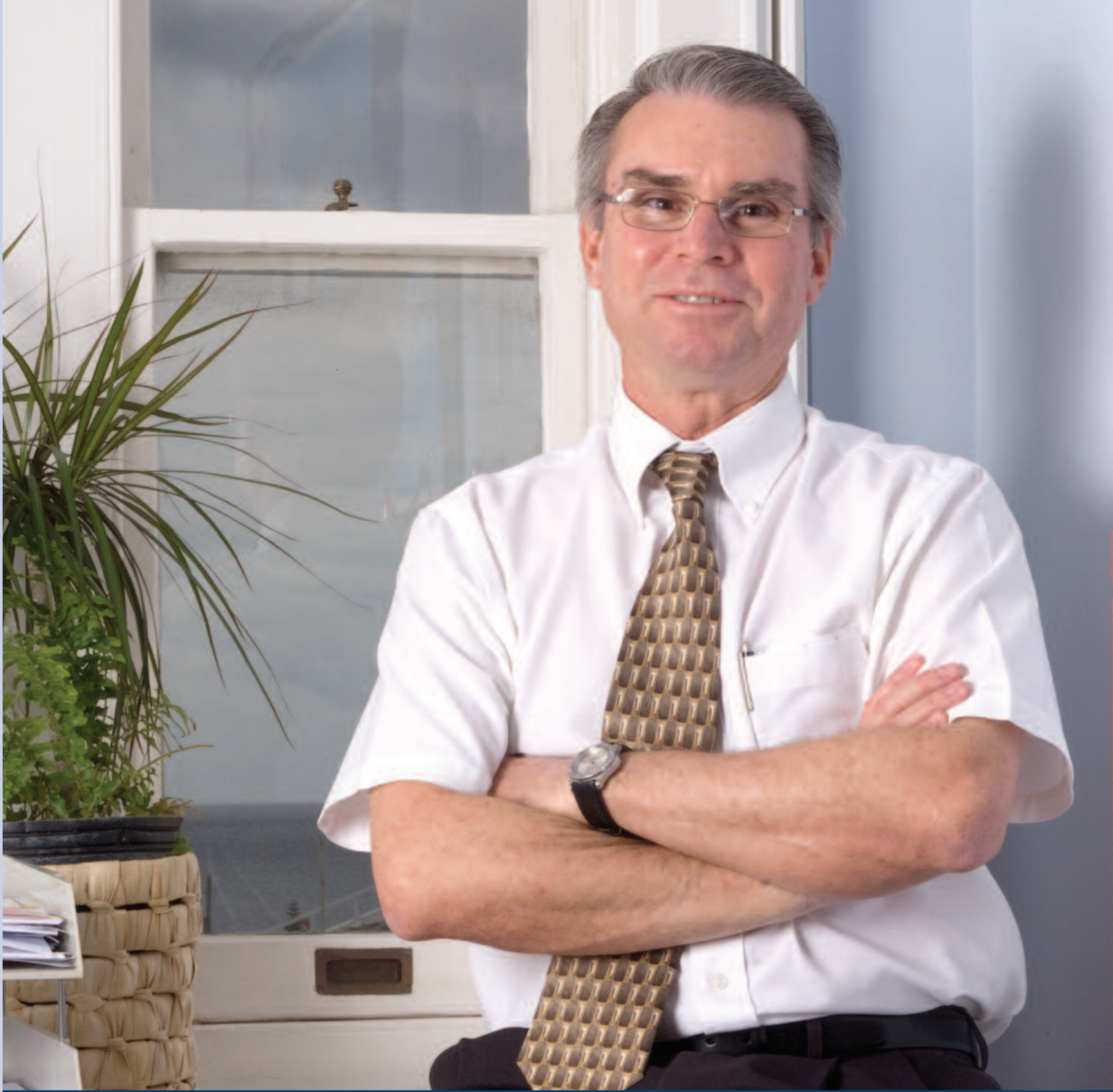
Finance costs increased marginally by 4.8% to $12.4 million reflecting increased long-term borrowing to finance the acquisition of the service contracts of Sea Freight Agencies (Barbados) Limited ("Sea Freight") during the year. Our share of income after taxation from our Associated Companies increased by $3.2 million to $7.9 million, due mainly to the improvement in profitability of Sagicor General Insurance Inc. Income before taxation reached $46.6 million compared to $5.8 million last year and, after deducting taxation of $12.7 million representing 27.3% of Income before tax, Net Income for the year totalled $33.9 million, which was an increase of $39.2 million over the prior year. This Net Income was shared between non-controlling interests ($9.2 million or 27.2%) and the equity holders of the company ($24.7 million or 72.8%). Our basic earnings per share is 41.2 cents compared to a loss of 17.6 cents in 2011. This is a satisfactory result, given the challenging trading conditions and sluggish economies described earlier.

Turning now to the Balance Sheet, our working capital ratio has improved from 1.43 last year to 1.51 this year due to better stock turns (4.1 times compared to 3.9 times in 2011) and improved average periods of credit (1.3 months this year compared to 1.5 months last year). In 2012, 37.4% of our total assets were financed by creditors compared to 38.3% in 2011, which is well within acceptable corporate financing guidelines. Our net asset value per share stood at $7.57 compared to $7.30 last year, and with a closing share price on the Barbados Stock Exchange at year-end of $5.50 (in 2011: $6.00), this equates to a price to earnings ratio of 13.3 times compared to (34.1) times in the prior year.

We also note that our rating agency, CariCRIS, maintained our rating of Cari AA- for 2012 and issued a positive Report on GEL in general.

We now turn to the detailed operating results by Division.

MANUFACTURING & SERVICES



Mr. John Taylor, Divisional General Manager

The Manufacturing and Services Division produced an improved result for the year, as sales in on-going operations increased by 9% and profit before tax was 34% better, when compared to the prior year. In addition to improvements in on-going operations, we benefited from the acquisition of 72% of Precision Packaging Inc. not previously owned by GEL and also from the addition of stevedoring and ship agency contracts formerly owned by Sea Freight. Improvements were achieved across the Division as a result of a renewed focus on market-share growth, cost reductions and improved operating efficiencies. Our efforts were also assisted by more stable commodity and energy prices.

Purity Bakeries produced an improved result for the year. Despite difficult trading conditions, there was an increase in unit sales. There were also significant improvements made in plant operations which increased throughput and reduced production and other losses. Purity continues to focus on providing Barbadians with a better range of nutritious and healthy bread products from its Wonder Bread line. We also continue to expand our non-traditional distribution channels to bring fresh products to more consumers.

McBride (Caribbean) Ltd., which exports approximately 85% of its production to twenty-four markets across the Caribbean, found it difficult to increase sales in some of the smaller markets and also suffered from some destocking by distributors in larger markets. As a result, sales were marginally below last year. However, due to more stable prices for hydrocarbon products and improved efficiencies, profit was up on prior year.

HIPAC Limited increased both its sales and profit during the year. Demand for Farmer's Choice and EVE pork, chicken and beef products continues to grow. In addition, the company continues to expand its product range. Several new Farmer's Choice products were introduced including Turkey Franks, Spicy Crispy Chicken Fillets and Cocktail Sausages. During the year, in conjunction with the

Barbados Agricultural Society, the company funded the visit of a European expert in Renewable Energy and Environmental Management. Eighteen pig farms in seven parishes were visited and the resultant programme aimed at reducing costs and improving farm management is ongoing in association with the Ministry of Agriculture.

The West Indies Rum Distillery Ltd. improved its operating result for the year but still recorded a significant loss. Operations at the plant improved over the year as management's efforts to restructure and increase efficiencies reduced operating costs. In addition to making improvements in the plant, we continue to aggressively look for new opportunities to supply more premium brand customers. Despite the long history and skill that Barbados has in making premium rums, this industry remains under threat by the lack of infrastructural investment, outdated and costly customs procedures, as well as competition from subsidised producers in other markets.

International Brand Developers N.V. continues to grow its distribution of Cockspur Rum in our main markets, Barbados, the United Kingdom ("UK") and the USA and has made significant improvements in the effectiveness and control of advertising and promotional costs. During the year, Cockspur Fine Rum won a major International Spirits Award as the Best Gold Rum at the San Francisco International Spirits Competition in the USA, and was awarded a Double Gold Medal. We also launched Cockspur Spiced Rum which is widely distributed in the UK and is attracting major attention here in Barbados.

National Rums of Jamaica Ltd. had a disappointing year, as it produced a result well below last year. The main plant in Clarendon continues to perform well but operations were severely disrupted on several occasions during the year because of the inconsistent operation of the ferti-irrigation of adjoining sugar cane fields. We are pleased to report, however, that significant progress has been made in resolving the problems experienced during the year.

Caribbean Label Crafts Ltd. improved its performance for the year. This improvement was attributed to sales which were up marginally on prior year and better operating margins due to the introduction of the full digital printing process, improved production on the conventional presses as well as the stabilisation of raw material and energy costs. With additional space now fully secured from the Barbados Investment and Development Corporation, renovations for the new production plant have started. We expect that the first printing presses should be moved in January and that the full move will be completed by the end of the 2013 financial year. The expansion of extra regional markets for the company's high quality labels continues to such an extent that total export sales are now 85% of production, with extra regional sales accounting for nearly half of this value.

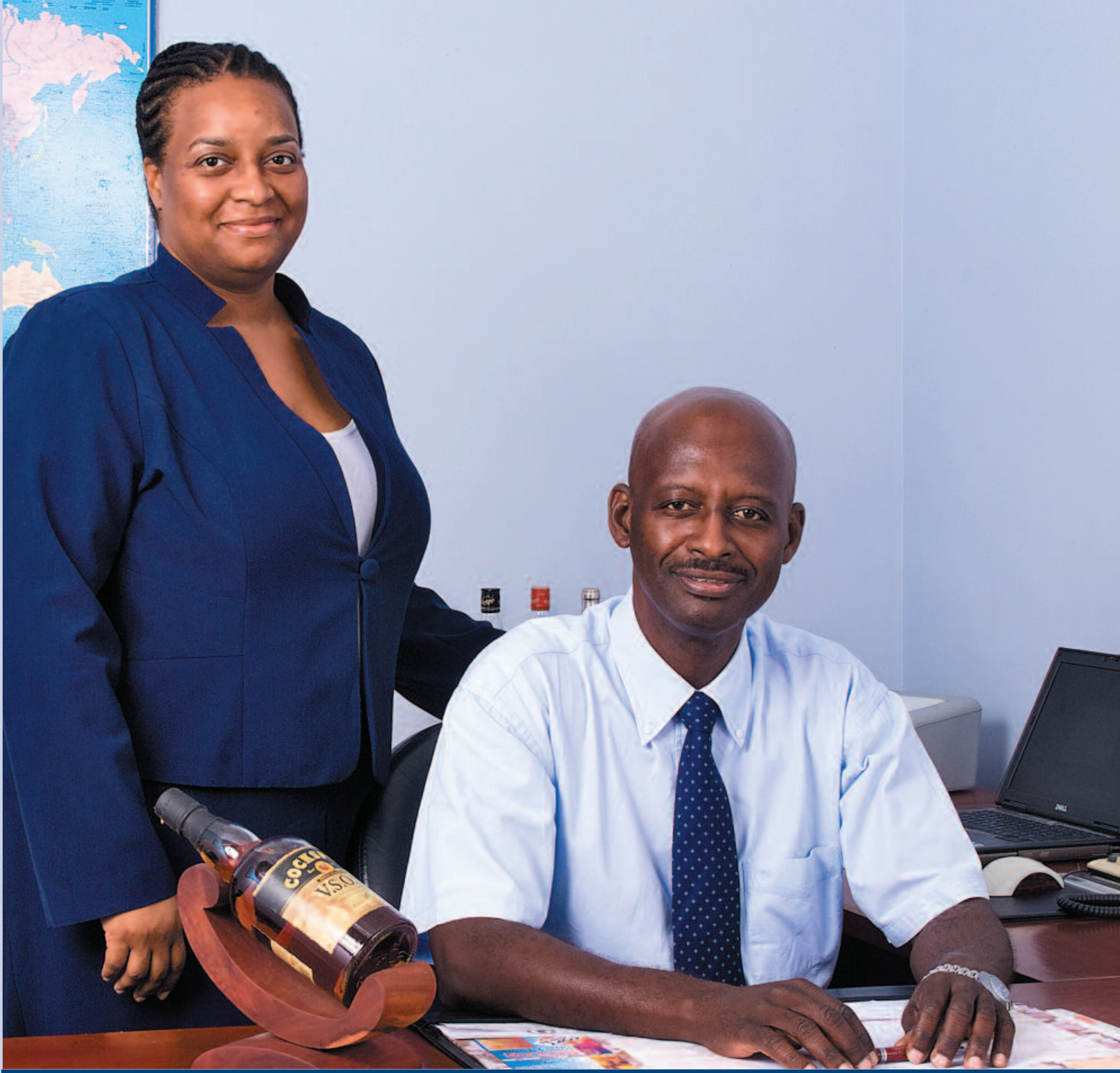
Precision Packaging Inc. had a better year with both sales and profit above last year. The Barbados market remained sluggish but exports, mainly to Guyana, were above last year. Additionally, there was some progress in other Caribbean markets. Resin and energy prices also stabilised which led to some improvement in operating margins. A two year labour agreement was signed with the Barbados Workers' Union during the course of 2012.

Goddards Shipping & Tours Ltd. produced a result which was below that of last year. Reduced revenue and profit were attributed to lower cruise ship arrivals and cargo volumes out of the USA. This business, in its original form, was dependent on providing local services to a fixed number of external partners. During the year, however, with the full integration of Sea Freight's business, the company began providing a much wider range of shipping services originating in many different parts of the world.

Country Road Investments Inc. trading as Tropical Laundries was fully operational for almost all of the year as the commission of its new plant was completed. It has taken some time to regain the customer base and volume has been impacted by the significant reduction in hotel rooms during the year. However, we are making good progress and are determined to fully restore our position as the premier retail and commercial laundry in Barbados.

Anti-Septic Limited trading as Terrific Tiles managed to increase both sales and profit for the year, despite the depressed construction market. This business improved its position as the main provider of tiles and a limited range of other building products of good quality and excellent prices to small contractors and home owners. Towards the end of the year, the construction of the new distribution warehouse in Black Rock, St. Michael, was completed and it is anticipated that this facility will further reduce costs and provide an enhanced customer experience.

IMPORT DISTRIBUTION & MARKETING



Mr. Ian Alleyne, Divisional General Manager
with Ms. Tracey Shuffler, Deputy Divisional General Manager

The Import Distribution and Marketing Division continued to be affected negatively by the global economic recession. Even though overall divisional sales increased marginally by 2%, profit for the year was negatively influenced by declining sales and restructuring costs in St. Lucia, where we have a significant investment. Our sales in St. Lucia declined by 4% compared with prior year, due to a reduced demand for our products and services.

Hanschell Inniss Limited in Barbados achieved operating improvements for the year compared to prior year. Sales increased by 8% primarily as a result of the contribution from the Diageo line of brewery products, including Guinness and Red Stripe, taken on during the year. This increased revenue together with adequate cost control led to an improved profit position.

Coreas Hazells Inc. in St. Vincent and the Grenadines achieved an increase in profitability from a 7% increase in sales over prior year. The sales improvement occurred mainly in the Food division of the business. The Building Supplies division of the business continued to be impacted by low levels of construction activity.

Peter & Company Limited including Sunbilt Limited in St. Lucia recorded declines in both revenue and profitability during the year. The results were significantly impacted by reduced auto vehicles and building supplies sales, despite a commendable performance in the Food division. Effective October 1, 2012, management of the operations of Sunbilt Limited was transferred to M&C Home Depot Limited, which is the Building Supplies division of Minvielle & Chastanet Limited. It is anticipated that this transfer will lead to better operating efficiencies.

Minvielle & Chastanet Limited in St. Lucia had a very disappointing year. Revenue decreased by 4% compared to prior year. Most of this decline related to our food distribution company, Bryden and Partners Limited ("Bryden"), which experienced decline in both its St. Lucia and St. Vincent operations due to the streamlining of these businesses and the discontinuation of unprofitable lines. A decision was taken to close the Bryden operation in St. Vincent effective September 30, 2012, which resulted in a significant loss to the business. This, together with a negative adjustment for interest not previously accrued in Solar Dynamics (EC) Limited, led to a significant decline in profitability compared to prior year.

GL Food Market Ltd., our supermarket operating company in St. Lucia, had another tough year. Sales, which were already inadequate, declined further in comparison with prior year. We are currently considering the divestment options for this operation.

Independence Agencies Limited in Grenada increased sales by 9% for the year. The upgrade of its physical plant at CK's Cash and Carry, which was completed towards the end of the prior year, was a major contributor to the improvement in revenue. As a result, the company was able to finish the financial year with profits ahead of the previous year.

Jonas Browne and Hubbard (Grenada) Limited recorded another year of declining profit performance. Though sales increased slightly by 1%, increased costs and reduced gross profit margins led to a deterioration in profitability. The company was able to maintain its sales and market position in the Food division but activity in the Building Supplies and Auto divisions continued to be depressed due to the harsh prevailing economic conditions. On the other hand, the insurance subsidiary, Grenadian General Insurance Company Limited, produced a satisfactory result.

Hutchinson (Antigua) Limited and O. D. Brisbane & Co. (Antigua) Ltd. recorded a good performance in the year after several years of poor results. Even though sales increased by only 6% over prior year, the companies were able to convert the loss recorded last year into a very meaningful profit this year, through improved gross profit margins and adequate cost control.

O. D. Brisbane and Sons (Trading) Limited in St. Kitts and Nevis continued to lose ground in the market place on both islands. For the year, sales declined by 9% mainly due to parallel importation of products and weak prevailing economic conditions. The company is considering other route-to-market options for its products in order to address the increased losses incurred in the year.

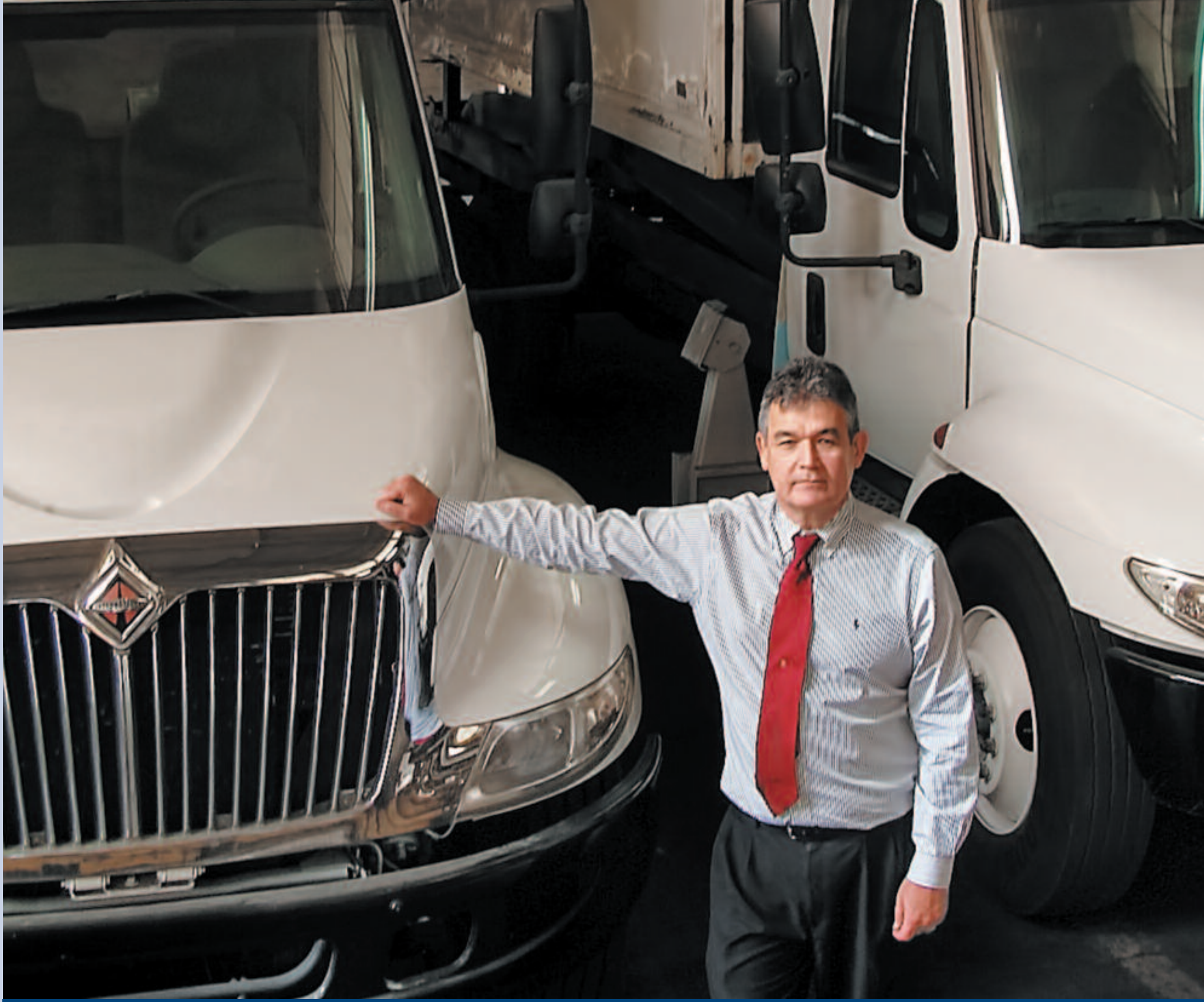
Courtesy Garage Limited in Barbados recorded increased sales and profitability. Revenue was up by 13% mainly as a result of sales of Hyundai vehicles recorded in this reporting period for the first time. Towards the end of the financial year, the company completed the upgrade to its vehicle showroom and after-sales service area as agreed with the brand owners that we represent.

Fidelity Motors Limited in Jamaica had another year of solid performance, marked by increases in both revenue and profit. Sales increased by 22% over prior year, helped in great part by duty reductions on some vehicles. However, most of these duty reductions have now been discontinued which, together with a deterioration in the value of the Jamaican dollar towards the end of the financial year, could lead to challenging times going forward.

Minvielle & Chastanet Insurance Brokers Limited in St. Lucia performed satisfactorily. Revenue increased by 4% over prior year. However, there was a marginal decrease in profit due to increased costs.

M&C General Insurance Company Limited in St. Lucia recorded an increase in both revenue and profit. Revenue increased by 3% in spite of severe competition on rates. There were no major catastrophes this year which affected the company. This led to a significant profit improvement this year as last year's results included claims arising from Hurricane Tomas. During the year, the company took over the insurance portfolio of Coreas Hazells Inc. in St. Vincent which was previously operated under an agency arrangement with a competing insurance company.

CATERING AND GROUND HANDLING



Mr. J.G. Stewart Massiah, Divisional General Manager

The Catering and Ground Handling Division produced an improved result compared to prior year. This result was achieved despite the continued impact of adverse market conditions which affected airline load factors and tourism overall throughout the Caribbean Region. Higher revenues were achieved mainly due to an improved performance from our Latin American operations which represented an increased percentage of the overall business. This sector is also less dependent on tourism and has weathered the recession better than the Caribbean locations. In addition, the continued focus on non-airline business yielded positive results.

Emphasis continues to be placed on achieving gains from procurement, distribution and co-ordinated logistics strategy. During the year, we added a Procurement Manager to our Divisional team, to give more dedicated focus to our strategic procurement strategy.

The Division has also seen encouraging revenue growth from Event and Industrial Catering which remain key areas of focus for us. In addition, we continue to focus on productivity improvement across the Division as a core business strategy. We expect to see continued pricing pressures from our customers across the board due to the challenging markets in which we operate.

Our recent ventures into Ground Handling in Jamaica and St. Thomas, in the United States Virgin Islands, continue to perform to expectation, and new opportunities are being sought as part of our overall diversification strategy.

Goddard Catering Group (GCG) Uruguay S.A. posted a better result than prior year, despite the loss of one of its main customers, Pluna, which was closed in July. The company continues to show growth in the non-airline side of the business.

GCG Paraguay S.A. recorded improved results due to a stable currency during 2012 as well as significant growth in the Industrial Catering segment of the business.

GCG Quito S.A. produced a better result than prior year, despite the exit from the market of one of its main airline customers. Our operation will move, in early 2013, to a new facility at the international airport which is currently under construction.

GCG Guayaquil S.A. recorded a marginally improved result over prior year, as we focused on growing the Industrial Catering side of the business. The Airline Catering business continues to be challenged by poor volumes.

GCG Bogota Ltda. achieved a better result than prior year as we continue to provide services to several first-tier long-haul carriers. The Industrial Catering business continues to grow and we have hired a Sales and Marketing Manager to focus on this sector of the business.

GCG Caracas S.A. had an acceptable result despite the challenging market conditions. We continue to monitor the performance of the company closely as the financial analysts are predicting a devaluation of the currency in 2013.

GCG Margarita, C.A. recorded a poor result as tourism and charter flights to this tourist destination have significantly decreased. The situation has also been adversely affected by market conditions and political uncertainty.

GCG El Salvador, S.A. produced a disappointing result which was down on prior year due to a variety of factors including pricing pressures and increased raw material and electricity costs. However, we expect to see an improvement in 2013 due to the proactive steps which are being taken by management. We also expect to expand our facility in early 2013.

GCG Honduras, S.A. produced an improved result, as both the Airline sector and the Airport Terminal Concessions operated within expectations. We expect to open a new sandwich and coffee concession at the Terminal in 2013.

GCG (Guatemala) S.A. recorded results which were below prior year due to lower margins and very challenging market conditions in the Non-Airline Catering sector. Our Industrial Catering business experienced a significant decline in revenue as customers restructured their operations. In addition, our major gas station business changed ownership, which itself led to a significant reduction in revenue. Management is working assiduously to address these challenges.

Airport Restaurants (1996) Ltd., which operates the Terminal Concessions and Event Catering under the "GCG Events" brand in Barbados, had a difficult year. Terminal sales continue to be impacted by declining market conditions. However, Event Catering revenue continues to show promising growth year by year.

Allied Caterers Ltd. and Katerserv Ltd. in Trinidad, posted slightly improved results despite increased pricing pressures from both Airline and Offshore oil customers. The "GCG Events" brand will be launched in Trinidad during the current financial year.

Tobago Inflite Catering Ltd. achieved a reduced result due to the loss of its main Airline customer. The operation has been scaled down to reflect this loss, but continues to produce marginal profits.

GCG (Grenada) Ltd. continues to struggle with revenue and cost challenges. The sales in our Airport Concessions are not in sync with our cost base and management is working with the relevant authorities to address this.

GCG (St. Lucia) Ltd. produced an improved result as management focused on reducing cost of sales and expenses and improving our supply chain. The Island Deli and Grab 'N' Go locations at both Airports in St. Lucia are fully operational. Our water bottling operation, Paradise Water, continues to perform reasonably well, despite a highly competitive environment.

GCG (Antigua) Ltd. achieved a better result in comparison with prior year as volumes increased with the new British Airways flight that was previously catered in Tobago. In addition, a significant growth in revenue from Event Catering was recorded. Management continues to focus on growing the "GCG Events" brand in Antigua.

GCG (Cayman) Ltd. produced an improved result and is operating to expectation.

GCG St. Thomas Corporation continues to struggle with significantly low Airline Catering revenue, as most flights are double-catered from the USA.

GCG Virgin Islands, Inc. trading as The Delly Deck Restaurant continues to experience depressed results mainly due to the effects of the continuing economic recession.

GCG Ground Services LLC performed to expectation, in spite of the challenge of a reduced airline schedule during the summer. Management continues to focus on customer service and equipment reliability to boost performance.

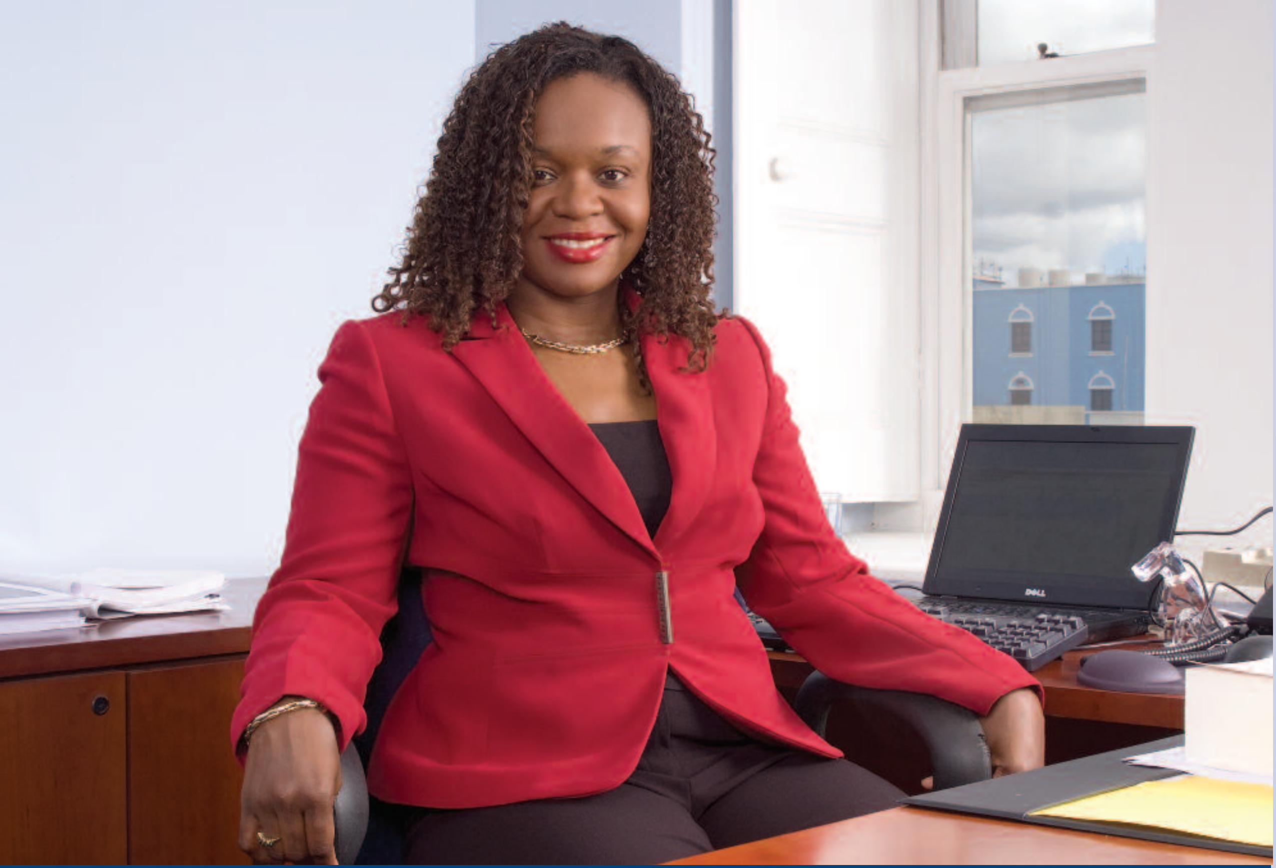
GCG (Jamaica) Limited recorded a poor performance. We continue to see a significant reduction in our revenue due to double catering, reductions in the service levels in the Airline business and high utility costs. The market conditions in our Terminal Operations at Kingston continue to challenge us given the lower passenger throughput and higher competition. In early 2012, we exited from the Terminal Operations post-security at Sangster International Airport, Montego Bay. This business is now being conducted by Express Catering Limited ("ECL"), our joint venture partner, which has been awarded the contract for all food and beverage operations post-security. ECL has invested significantly in order to build out new concessions which are expected to produce good results into the future. During the year, we exited from several unprofitable contracts in the Industrial Catering division and undertook a restructuring exercise to align the reduction in revenue with our operating costs.

Jamaica Dispatch Services Limited showed an improved result. This was our first full year of operation. During the year, we acquired the Customer Service business of Air Jamaica/Caribbean Airlines in Kingston and both the Customer Service and Ramp business in Montego Bay. We conducted a restructuring exercise at the company during 2012 and continue to focus on the growth and improvement of our customer service, personnel, safety and security.

GCG St. Maarten N.V. performed according to expectation for the year, although under difficult economic conditions. The relocation of our current facility is being discussed with the Airport Authority. The Grab 'N' Go location at the Airport continues to produce a good result.

GCG Curaçao N.V. and **GCG Bonaire N.V.** performed to expectations during the year, in accordance with their agreements with KLM. Management continues to seek new business opportunities, in Curaçao in particular.

GCG Bermuda Ltd. produced a satisfactory result due to the agreement with British Airways as well as the revenue from third party sales, including those from corporate jets.



Mrs. Natasha Small, Chief Financial Officer

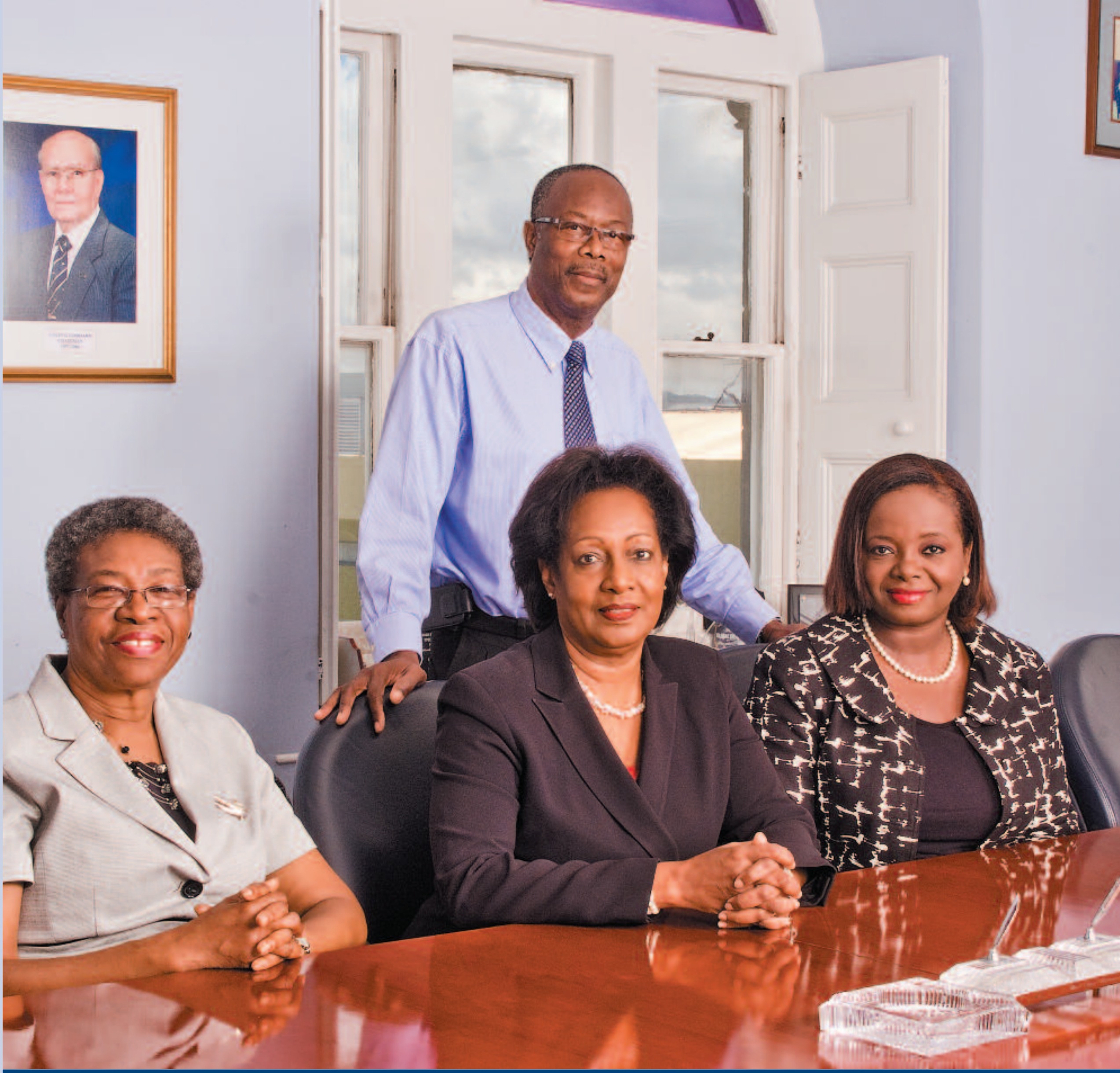
Sagicor General Insurance Inc., our associated company in which we have a 45% shareholding, had a significant increase in Gross Written Premiums with increases being recorded in all territories in which we operate. The premium base in Trinidad grew by 7.2%, whilst Barbados and the Eastern Caribbean territories recorded growth of 6.1% and 0.8% respectively. Net Earned Premiums increased by approximately 17% and resultant Underwriting Income by 24%. In addition, Investment Income significantly increased during the year as a result of gains from the sale of equity shares. Our loss ratio at 53.2% is still higher than what we targeted, with the Motor book of business an area of concern. Management is actively reviewing our motor underwriting procedures in an effort to reduce this percentage to an acceptable level. However, after taking all of the above factors into account, our share of Net Income for the year rose by a satisfactory 31%.

Globe Finance Inc. had a marginally improved result over the prior year. Our interest rate spread has been maintained and loan losses kept to within acceptable industry standards. This is a creditable performance, given the continuing uncertain economic conditions existing in Barbados in 2012.

Bridgetown Cruise Terminals Inc., in which we have a 20% interest, reported an 18% reduction in Net Earnings for the year. This decline was mainly due to a 16% fall-off in passenger arrivals into Barbados and continued low visitor spend. The lease between the Barbados Port Inc. and the company for the operation of the Cruise Terminal facilities, which commenced on January 1, 1994, expires on December 31, 2013. Based on information received regarding the construction of new cruise facilities for Barbados, it has been concluded that a new long-term lease may not be granted to the company.

Almond Casuarina Beach Club in Barbados and Almond Morgan Bay in St Lucia, our two joint ventures with The Barbados Shipping & Trading Company Limited and Almond Resorts Inc., were both put up for sale at the beginning of 2011 due to continuing low occupancy rates and heavily discounted average daily rates, which resulted in significant ongoing losses. At the end of the 2011 financial year, the Board of GEL noted that these investments had become impaired, with no turnaround in sight, and accordingly took the decision, in compliance with International Financial Reporting Standards, to write off the remaining carrying values of $14.3 million in total in last year's financial statements. During 2012, Almond Morgan Bay was sold for essentially the outstanding bank debt. Negotiations are currently ongoing with several interested parties to either purchase, or lease with an option to purchase, the Casuarina hotel as a going concern. It is the intention of all of the joint venture partners to dispose of this entity in the near future, once a reasonable offer is received.

HUMAN RESOURCES & COMMUNITY RELATIONS



Dr. Ashwell Thomas, Divisional General Manager
with members of the Human Resources Department

The period under review continued to be challenging for the Human Resources (HR) Division as we sought to satisfy the needs of our workforce and those of other stakeholders, while otherwise contributing to the continued development of the Group. We continued to add value to the Group's operating units through a variety of initiatives aimed at improving the organizational and management structures and productivity and generally enhancing the employees' and companies' performances.

Management Succession Planning

This Programme continued to contribute to our effort to create strong bench strength for key critical leadership positions throughout the Group. By the close of the calendar year 2012, a second group of senior managers would have graduated from the eighteen month High Achievers' Programme facilitated by the Cave Hill School of Business (CHSB) of the University of the West Indies for the GEL Group. These participants were selected from subsidiary companies from across the Caribbean Region based on their consistent performance and leadership potential.

Training and Development

We continued to facilitate skills improvement through focused training in a number of technical and non-technical areas throughout the Group. This includes the Management Skills Certificate Programme and the Executive Diploma in Management, in collaboration with both the CHSB and the Technical and Vocational Education and Training Council.

Performance Management System

The Group's Performance Management System continued to be used across the Group to monitor employees' performance and to ensure that where performance gaps were identified, corrective steps were taken through training, coaching or mentoring to close those gaps. We will continue to work with those companies which are experiencing some challenges in implementing the System and to conduct systematic follow-up with others.

Human Resources Audits and Strategic Planning

In addition to tracking the progress with previous HR Audits which have been completed across the Group, three HR Audits were completed during the year, at Coreas Hazells Inc. in St. Vincent, and Purity Bakeries and Goddard Catering Group (Barbados) Ltd. in Barbados. The results of these Audits have evidenced the current HR practices, programmes and organizational climates of each operation and both the operational and HR units have collaborated to develop plans to effect necessary improvements arising from the recommendations.

The HR Division initiated the review and co-ordinated the Group's rolling three year Corporate and Strategic Operational Plan. The Division also facilitated the Strategic Planning exercises for a number of subsidiary companies for the period under review.

Relationship with Employee Representatives

Generally, relations with the Worker Representative Organisations continued to be cordial throughout the Group. However, we continued to be challenged by the effects of the impact of the economic recession on the lives of our employees as well as the lack of growth experienced by some of our operations.

Community Relations and Corporate Social Responsibility

GEL, both through its Head Office and local subsidiaries, has a vibrant Community Outreach Programme which touches the lives of many of the constituents in the countries in which it operates. Below are a few of the projects in which we were involved across the Caribbean Region during the year.

Fidelity Supports Athletics

Fidelity Motors Ltd. ("Fidelity Motors") will help to move athletes from one point to the next during the Jamaica International Invitational 2012 and 2013, which is held the first Saturday of every May at the National Stadium. This sponsorship also extends to Jamaica's National Junior and Senior Championships and CARIFTA Trials. Fidelity Motors has been a sponsor of the National Programme since 2007 and entered Boys' and Girls' Championships in 2011 as a sponsor.

Continued Support for Barbados Volleyball

In 2012, GEL again pledged its support to help Barbados' Volleyball Team regain its footing regionally. John Griffith, long serving President of the local Volleyball Association, indicated during a recent presentation that GEL's support of volleyball over the last ten years had helped with the development of its junior programmes as well as the improvement of coaching and overall interest in the game. Jennifer Bradshaw-Wood, GEL's Group HR Manager, in presenting the sponsorship cheque to John Griffith explained the main reasons for GEL's continued support of the game including the Association's well-managed administration, its positive promotion of volleyball as well as the excitement which the game generates for both players and spectators.

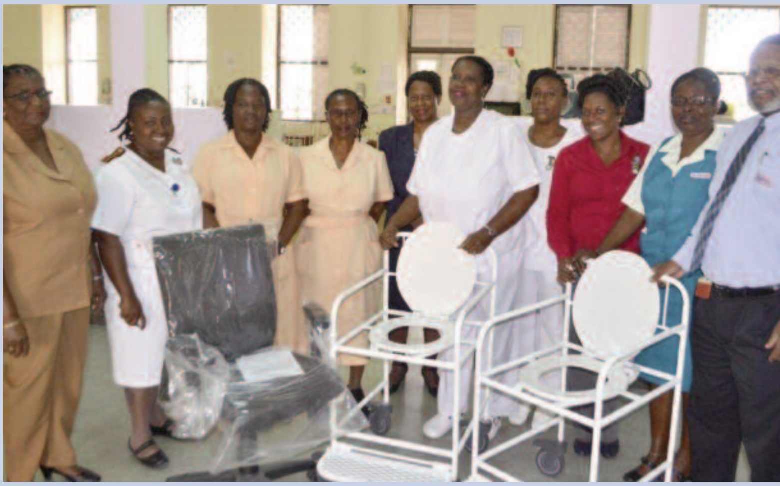
Major Gregory Webster (left), Managing Director of Fidelity Motors Limited, hands over the sponsorship cheque to Dr Warren Blake, President of the Jamaica Athletics Administrative Association.

Cricket: A main recipient of Corporate Sponsorship

The Barbados Cricket Association (BCA) and especially the Under 19 League has again benefited from GEL's Corporate Social Responsibility Programme. The sponsorship is designed to assist the students in their overall development and not just on the cricket field. Rollins Howard of the BCA reported that the youngsters have been doing very well and many are on their way to qualifying for the national teams.

Bath Chairs for Patients of the Geriatric Hospital

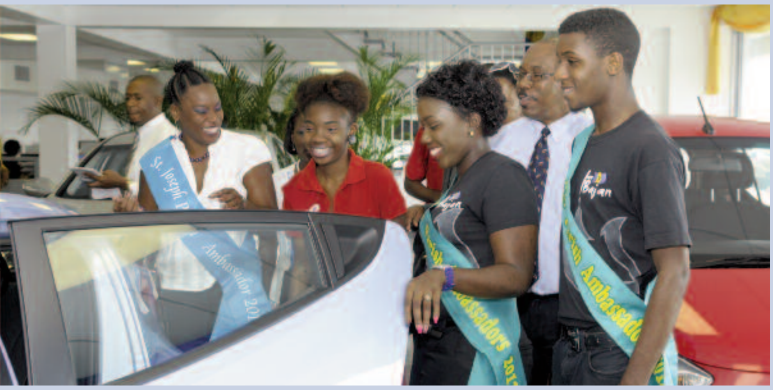
As part of its ongoing Community Outreach Programme, Courtesy Garage Ltd. (CGL) donated a batch of office chairs and bath chairs to staff and patients of the Geriatric Hospital, which is home to 300 of the Island's senior citizens. The bath chairs, which are more durable than imported models, were specially designed and constructed by a local small business, which worked in collaboration with CGL.



Patrick McDonald, Financial Controller of Courtesy Garage Ltd. (right) and his Assistant, Marcia Farley, to Mr. McDonald's right, as they made the presentation of chairs to staff of the Geriatric Hospital.

Sue Lynch, GEL's Group Human Resources Manager, assists Hakeem Best and Amrita Adhin in displaying their awards.

Mr. John Taylor, GEL's Divisional General Manager – Manufacturing & Services, as he delivered the Sponsor's remarks on behalf of GEL at the launch of the 2012 Community Independence Celebrations.



Parish Ambassadors admiring one of the new Hyundai Vehicles at Courtesy Garage Ltd.

Investigating the canning of BOP products at McBride (Caribbean) Ltd.

Continued Support for St. Mary's Primary School

It was nine years ago that GEL cemented its relationship with the St. Mary's Primary School by officially adopting the School and committing to work with its staff, parents and guardians towards enriching the learning experience of the students. Hakeem Best and Amrita Adhin are the 2012 winners of the annual GEL Scholarship awards presented to a male and female student to assist them as they make their transition to secondary school. The scholarships are awarded based not only on academic achievement, but also on the students' general contribution to the School.

Hubbard's use of Solar Energy

GEL's Corporate Social Responsibility efforts also encompass environmental responsibility. With the high cost of electricity and the global call for greater protection of the environment, the use of alternate sources of energy is encouraged worldwide. Jonas Browne & Hubbard (Grenada) Ltd. has responded to the call and has made effective use of solar energy with the installation of photovoltaic systems at its Building Supplies, Main Store and Motor Scott Street compounds in Grenada, which has resulted in significant savings in energy costs.

GEL supports Islandwide Community Independence Celebrations in Barbados

With a blaze of song, dance, colour and pyrotechnics, the 2012 Community Independence Celebrations were launched at the end of August to prepare the Island for the upcoming Independence celebrations during the entire month of November.

Under the theme 'Craftsmen of our Fate – Inspiring Pride and Unity', the Event, which introduced the eleven pairs of Parish Ambassadors to the public, was sponsored by GEL for the fifth year, though this was the first year that GEL was the Event's title sponsor.

The sponsorship in 2012 also exposed the Parish Ambassadors to various companies within the GEL Group as they toured their various facilities. This gave them a new insight into the workings of these home grown, interna-

Learning the intricate details of making rum at The West Indies Rum Distillery Ltd.

Sue Lynch – GEL's Group Human Resources Manager at the 2012 Goddard Enterprises NIFCA Literary Arts Gala at the prestigious Frank Collymore Hall, Barbados.

tional standard manufacturing plants. The Ambassadors toured The West Indies Rum Distillery Ltd., McBride (Caribbean) Ltd. and CGL.

GEL Sponsors Literary Arts

GEL continued its long-term sponsorship of the Literary Arts which is one of the components of the Island's National Independence Festival of Creative Arts (NIFCA). This Festival has seen the development of writers in Barbados over the years and has been credited with exposing and encouraging many amateur writers. This has resulted in many of them now performing their work in the spoken word and further expanding their horizons.

Corporate Governance Overview

The Board of Directors adheres to the belief that good corporate governance is essential to the efficient and prudent operation of the Group's business. Accordingly, the Board has developed strong corporate governance policies and procedures which are continuously reviewed and strengthened to ensure their soundness in keeping with best practice.

The maximum number of directors permitted by the Company's Articles of Continuance is fifteen and the minimum is five. The Board of Directors presently consists of nine Members, all of whom, with the exception of the Managing Director, are Non-Executive Directors. This year, the Board of Directors, at its meeting held on September 25, 2012, appointed Mr. A. Charles Herbert, Non-Executive Director, Deputy Chairman of the Board.

The Board's mandate extends to the review of management decisions, the approval, implementation and monitoring of the Group's strategic plan and budget, the consideration and approval of recommendations issuing from its Committees and receipt of progress reports on the implementation of such recommendations, the consideration of managerial reports on the performance of the Group's operations, the consideration, approval and monitoring of investment opportunities and major capital expenditure, the review and approval of financial statements and their disclosure, the approval of dividends and the review and monitoring of internal controls, risk management and legal and regulatory compliance.

To assist with carrying out its mandate, the Board has established four standing Committees namely: the Audit, Corporate Governance, Compensation and Human Resources and Investment Committees. Ad hoc Committees serve from time to time, such as the Pension, Public Relations and Medical Committees. Each Committee reports to the Board, is directed by its own chairperson and has its own terms of reference, defined policies and guidelines established by the Board. These terms of reference, policies and guidelines are continuously reviewed, assessed and amended where necessary, to ensure that both the Committee's mandate is observed and the Company's objectives achieved. The Corporate Secretary acts as secretary to each Committee and minutes of all Committee meetings are recorded and circulated to the Board at the next Board meeting following the Committee meeting to facilitate the monitoring of the Committee's proceedings and actions and the consideration of any Committee recommendations.

The Audit Committee assists the Board in ensuring an effective system of financial reporting, internal control and risk management. In carrying out its function, it provides a direct link between the external and internal auditors on the one hand, and the Board on the other, and assists the Board in ensuring that the external audit is conducted in a thorough, objective and cost-effective manner. This Committee also reviews the internal and external audit annual work plans in accordance with the Internal Audit Charter to promote accountability and transparency in the Group's financial operations and the maintenance of effective financial controls. It is mainly responsible for the review of audit reports submitted by the internal and external auditors and the prompt implementation of the recommendations and management action plans relative to those reports. It also reviews the performance and the value-for-money benefit of the external auditor, for both statutory audit and non-audit work, annually examines the independence of the external auditor and ensures that the external audit is submitted to competitive tender. This Committee comprises five members appointed by the Board, all of whom are independent non-executive directors and meets at least four times per year. The Internal Auditor and members of GEL's senior management team may attend meetings at the invitation of the Chairman of this Committee.

The Corporate Governance Committee assists the Board in ensuring corporate fairness, transparency and accountability in the pursuit of the Company's goals and objectives. In so doing, this Committee has responsibility for, and from time to time, makes recommendations to the Board in relation to: (i) the enhancement of the Group's system of corporate governance by establishing, monitoring and reviewing the principles of good governance; (ii) the creation of appropriate procedures and codes of conduct for the Company and the adoption thereof by all subsidiaries; (iii) the promotion of high standards of corporate governance based on principles of openness, integrity and accountability taking into account the legal and regulatory environment in which the Company operates; and (iv) the review of the Board's complement and mix and succession planning for top executive management positions within the Company. This Committee consists of four members appointed by the Board, all of whom are non-executive directors, and meets at least once per year.

The Compensation & Human Resources Committee assists the Board with the fixing and review of executive compensation and benefits and the development and review of corporate human resource principles, policies and strategies. This Committee's primary responsibilities include: (i) recommending the compensation of the Management Committee members to the Board; (ii) evaluating the performance of the Managing Director and other Management Committee members; (iii) overseeing the Company's stock option and purchase plans and other executive incentive plans; (iv) reviewing the competitive position of and recommending changes to the plans, systems and practices of the Company with respect to compensation and benefits; (v) reviewing the financial performance of the major benefit plans; and (vi) recommending to the Board suggested changes to the incentive compensation and equity based plans. This Committee consists of four members appointed by the Board, all of whom are non-executive directors, and meets at least once per year.

The Investment Committee assists the Board in formulating and reviewing the overall investment policies and strategies of the Company. In so doing, this Committee's primary responsibilities include: (i) establishing investment guidelines in furtherance of the Company's policies and strategies; (ii) overseeing the Company's investments and assets and monitoring the performance of those investments and assets for compliance with the investment policies, strategies and guidelines for ensuring set performance targets have been realised or surpassed; (iii) critically assessing potential transactions and business development proposals; (iv) defining the strategic parameters, including but not limited to, return on investment objectives and risk tolerance levels to be considered on assessing potential investments and new business development opportunities; (v) participating in the selection of and approval for appointment of the Company's external investment professionals and in the periodic evaluation of the said professionals; and (vi) establishing the statement of investment principles for the Company's pension plans and monitoring the investment of the funds thereof in accordance with those principles and the Company's investment policies. This Committee comprises four members appointed by the Board.

Retirement of Mr. Joseph N. Goddard, Group Non-Executive Chairman

Mr. Joseph N. Goddard, Non-Executive Chairman, retires this year by rotation in accordance with the by-laws of the Company, but does not offer himself for re-election in keeping with the Company's policy on the retirement age of directors. Mr. Goddard joined the Company in 1972 and has served the Group since then in several different capacities, the latter being Managing Director from October 1991. He was first elected a director of the Company on October 1, 1972 and assumed the Chairmanship of the Board from February 1, 2006, following his retirement from executive duties on January 31, 2006.

Mr. Goddard has had a most distinguished career in business. He played a significant role in the growth and development of the strategic direction of the Company. Under his leadership as Chairman of the Board over the last six years, the Company has maintained steady growth through diversification as well as continued expansion throughout the Region and beyond, even in the face of severe economic recessionary challenges. Mr. Goddard's contribution to the Group as leader and director has been immense and invaluable and he has left an enduring legacy.

The Board expresses heartfelt appreciation to Mr. Goddard for his significant contribution to the Board and the Company and extends very best wishes to him for a long, healthy and happy retirement.

Election of Directors

In accordance with both the by-laws of the Company and the provisions of the Companies Act, two directors, Messrs. Martin J. K. Pritchard and William P. Putnam, retire by rotation this year and, being eligible, offer themselves for re-election for a term expiring at the close of the third annual meeting following their election.

The Board is recommending the election to its membership of Mr. John Dereck Foster, Executive Chairman of Art Holdings Inc., as a non-executive director for a term of three years, to fill the vacancy being created on the Board on the retirement of Mr. Goddard.

Retirement of Dr. Ashwell Thomas, Divisional General Manager, Human Resources and Community Relations

Dr. Ashwell Thomas, Divisional General Manager, Human Resources and Community Relations, will retire from his position with the Company with effect from December 31, 2012. He joined the Company in 1996 and has been instrumental in establishing and developing all aspects of the Company's HR function. Throughout the Group, he has successfully established and developed HR departments, their tenets and practices and also guided and mentored the personnel of those departments. Dr. Thomas also created and implemented the Group's training and development programmes and initiatives and spearheaded and drove the Group's succession planning process and performance appraisal systems, while bearing responsibility for the development and subsistence of the Group's sound Industrial Relations practices and Community Relations initiatives. He has rendered dedicated and invaluable service to the Company, the Board, having served on it from February 1998 to January 2012, and to the Group.

The Board places on record its sincerest appreciation to Dr. Thomas for his significant contribution to the Group over the last sixteen years and wishes him a healthy and happy retirement.

Mrs. Jennifer Bradshaw-Wood, GEL's Group Human Resources Manager, has been promoted to the position of Divisional General Manager, Human Resources and Community Relations, with effect from January 1, 2013.

Dividend Declaration

The Directors have declared a dividend of eighteen cents per common share on the issued and outstanding shares of the

Company for the year ended September 30, 2012, which compares to a dividend of twelve cents per common share paid to shareholders for the year ended September 30, 2011. An interim dividend of seven cents having been paid on August 31, 2012, the Board declared a final dividend of eleven cents per share on the issued and outstanding shares of the Company at its meeting held on December 11, 2012. The final dividend will be paid on February 28, 2013.

Appointment of Auditor

The Company's Auditor, PricewaterhouseCoopers SRL, retires at the close of the seventy-fourth annual meeting and offers its services for the ensuing year at a fee to be determined. Your Directors recommend that they be authorised to negotiate the Auditor's fee on a Group basis.

Progress with Construction of the New Office Building

In our Report last year, we informed you that in May 2011 GEL and Sagicor Life Inc., its joint venture partner, had broken ground for the construction of a new four storey 60,000 square foot office building at Haggatt Hall, St. Michael. We are pleased to advise you that the project has progressed well and on budget, albeit with some inevitable delays. It is anticipated that construction will be completed in early January 2013 to facilitate the fit-out process and the eventual relocation of our offices to Haggatt Hall.

Appreciation

In closing, we take this opportunity to thank our customers, suppliers, management, staff and shareholders for their invaluable support and loyalty during the last financial year and we look forward to your continued support and patronage in the coming year.

On behalf of the Board of Directors

Joseph N. Goddard
Chairman

Martin J.K. Pritchard
Managing Director

December 11, 2012

The New Office Building at Haggatt Hall

Analysis of Common Shareholders

as at September 30, 2012

Category	Number of shareholders	%	Number of common shares held	%
Group Employees	519	26	1,742,257	3
Local Individuals	1,098	56	8,221,050	13
Non-Resident Persons	194	10	17,803,531	30
Local Companies and Institutions	155	8	32,209,856	54
Totals	**1,966**	**100**	**59,976,694**	**100**

Additional Information required in accordance with the Barbados Stock Exchange Listing Agreement

For the year ended September 30, 2012

a) Principal Countries of subsidiary operations and particulars of each company in which an interest of 20% or more is held, are disclosed on pages 30 to 33.

b) Directors' interest in the share capital of Goddard Enterprises Limited as at September 30, 2012:

Names of Directors	Number of common shares held beneficially at September 30, 2012
J.N. Goddard	2,099,087
A.C. Herbert	61,025
V.P. Brathwaite (Ms.)	Nil
I.K.D. Castilho	1,654
R.A. Edghill	Nil
M.J.K. Pritchard	Nil
W.P. Putnam	495,534
C.G. Rogers	1,000
S.T. Worme	2,000

c) No change in Directors' beneficial interests took place between September 30, 2012 and December 11, 2012.

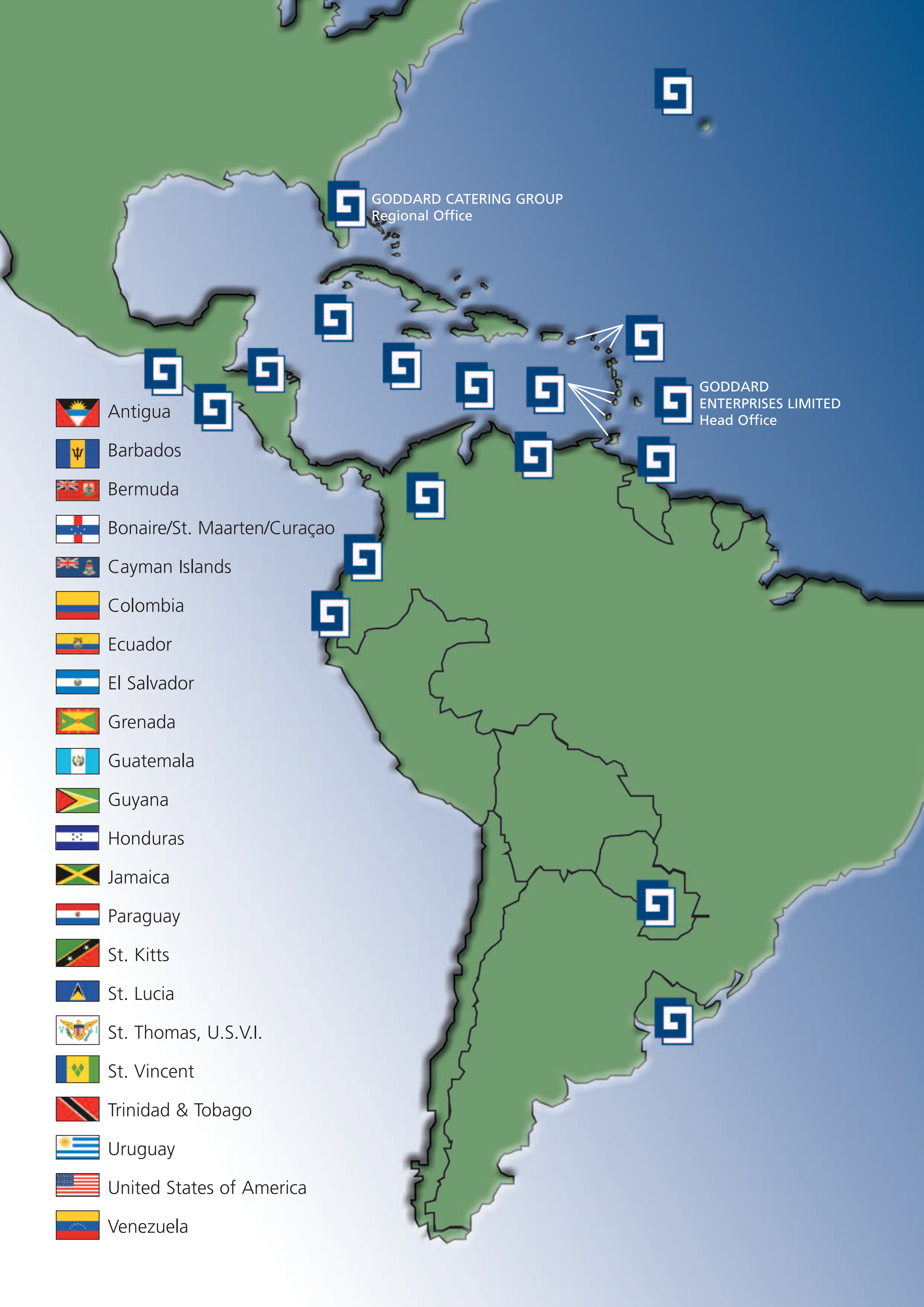
d) Particulars of any person, other than a director, holding more than 5% of the share capital of Goddard Enterprises Limited and the amount of interest so held as at September 30, 2012.

Shareholder		Number of common shares held
Neptune Investments Limited		3,288,284
Sagicor Group	Beneficial	18,516
	Non-Beneficial	6,547,161
	Total Sagicor Group Holding	6,565,677

SUBSIDIARY COMPANIES

(Wholly owned and resident in Barbados except where otherwise stated)

Aerosols & Liquid Detergents:	McBride (Caribbean) Limited	
Airline Catering:	Goddard Catering Group (Antigua) Limited – Antigua	51%
	Goddard Catering Group (Barbados) Limited	51%
	Goddard Catering Group Bogota Ltda. – Colombia	51%
	Goddard Catering Group Bonaire N.V. – Bonaire	51%
	Goddard Catering Group Caracas S.A. – Venezuela	51%
	Goddard Catering Group (Cayman) Ltd. – Cayman Islands	
	Goddard Catering Group Curaçao, N.V. – Curaçao	51%
	Goddard Catering Group El Salvador, S.A. de C.V. – El Salvador	51%
	Goddard Catering Group GCM Ltd. – Cayman Islands	51%
	Goddard Catering Group (Guatemala) S.A. – Guatemala	51%
	Goddard Catering Group Guayaquil S.A. – Ecuador	51%
	Goddard Catering Group Honduras, S.A. – Honduras	51%
	Goddard Catering Group (Jamaica) Limited – Jamaica	51%
	Goddard Catering Group Margarita, C.A. – Margarita	51%
	Goddard Catering Group (St. Lucia) Ltd. – St. Lucia	51%
	Goddard Catering Group St. Maarten N.V. – St. Maarten	51%
	Goddard Catering Group Uruguay S.A. – Uruguay	51%
Automotive:	Courtesy Garage Limited	99%
	Fidelity Motors Limited – Jamaica	
	Tropical Battery – a division of Courtesy Garage Limited	
	Tropical Sales (1979) Ltd.	
Baking:	Purity Bakeries – a division of Goddard Enterprises Limited	
Food Retailing:	GL Food Market Ltd. – St. Lucia	
General Trading:	Bryden and Partners Limited – St. Lucia	67%
	Corea & Co. (1988) Limited – St. Vincent	
	Coreas Hazells Inc. – St. Vincent	
	Hanschell Inniss Limited	
	Hutchinson (Antigua) Limited – Antigua	
	Independence Agencies Limited – Grenada	55%
	Jonas Browne and Hubbard (Grenada) Limited – Grenada	52%
	M&C Home Depot Limited – St. Lucia	
	O.D. Brisbane & Co. (Antigua) Ltd. – Antigua	
	O.D. Brisbane and Sons (Trading) Limited – St. Kitts	
	Orange Wood Distributors Limited – St. Lucia	67%
	Peter & Company Limited – St. Lucia	
	Sunbilt Limited – St. Lucia	
	W B Hutchinson & Co. (St. Lucia) Limited – St. Lucia	
Ground Handling:	GCG Ground Services LLC – St. Thomas, United States Virgin Islands	51%
	Jamaica Dispatch Services Limited – Jamaica	51%
Industrial & Restaurant Catering:	Airport Restaurants (1996) Limited	51%
	Fontana Project – S.A. – Uruguay	51%
	GODCA S.A. – El Salvador	51%
	Goddard Cricket Catering 2007 Ltd. – St. Lucia	51%
Insurance:	M&C General Insurance Company Limited – St. Lucia	
	Minvielle & Chastanet Insurance Brokers Limited – St. Lucia	
	Minvielle & Chastanet Insurance Brokers (Barbados) Limited	


GODDARD CATERING GROUP
Regional Office
GODDARD
ENTERPRISES LIMITED
Head Office
Antigua
Barbados
Bermuda
Bonaire/St. Maarten/Curaçao
Cayman Islands
Colombia
Ecuador
El Salvador
Grenada
Guatemala
Guyana
Honduras
Jamaica
Paraguay
St. Kitts
St. Lucia
St. Thomas, U.S.V.I.
St. Vincent
Trinidad & Tobago
Uruguay
United States of America
Venezuela

Subsidiary Companies

(Wholly owned and resident in Barbados except where otherwise stated)

Investments:	Catering Services Caribbean Limited – St. Lucia	51%
	GEL Holdings (St. Lucia) Ltd. – St. Lucia	
	Goddard Enterprises (St. Lucia) Ltd. – St. Lucia	
	Goddard Flite Kitchens (Cayman) Limited – Cayman Islands	
	Goddard Flite Kitchens (St. Lucia) Ltd. – St. Lucia	
	Hanschell Inniss Holdings (Curaçao) N.V. – Curaçao	
	Hilbe Investments Limited	
	Hutchinson Investments Limited – Antigua	
	Inflite Holdings (Cayman) Limited – Cayman Islands	51%
	Inflite Holdings (St. Lucia) Ltd. – St. Lucia	51%
	International Brand Developers N.V. – Curaçao	75%
	Minvielle & Chastanet Limited – St. Lucia	
Meat Processing:	Hipac Limited	78%
Packaging:	Precision Packaging Inc.	
Pharmaceuticals:	M&C Drugstore Limited – St. Lucia	
Printing & Print Brokers:	Caribbean Label Crafts Ltd.	51%
Real Estate:	Haggatt Hall Holdings Limited	67%
	PBH Limited	
	Penrith Development Limited	
	Peter's Holdings Limited – St. Lucia	
Rum Distillery:	The West Indies Rum Distillery Limited	92%
Shipping Agents & Stevedoring & Tours:	Admiral Shipping Limited – St. Lucia	
	Goddards Shipping & Tours Limited	
	Sea Freight Agencies & Stevedoring Limited	
Solar Systems:	Solar Dynamics (EC) Limited – St. Lucia	51%
Water Purification and Bottling:	Paradise Springs – a division of Goddard Catering Group (St. Lucia) Ltd. – St. Lucia	51%

Associated Companies

(Holding between 20% and 50%: resident in Barbados except where otherwise stated)

Financing:	Globe Finance Inc.	49%
General Insurance:	Sagicor General Insurance Inc.	45%
Hotels:	Casuarina Beach Club Ltd.	32%
	Lazy Lagoon Ltd. – St. Lucia	33%
Laundry Services:	Country Road Investments Inc. – Trading as Tropical Laundries	50%
Property Rentals:	Bridgetown Cruise Terminals Inc.	20%
Restaurant, Airline, Airport and Industrial Catering:	Allied Caterers Limited – Trinidad & Tobago	31%
	GCG Services Ltd.	34%
	GCG Virgin Islands, Inc. – Trading as The Delly Deck – St. Thomas, USVI	38%
	Goddard Catering Group Bermuda Limited – Bermuda	20%
	Goddard Catering Group Paraguay S.A. – Paraguay	47%
	Goddard Catering Group Quito, S.A. – Ecuador	36%
	Goddard Catering Group St. Thomas Corporation – St. Thomas, USVI	38%
	Goddard Catering Group (Grenada) Limited – Grenada	26%
	Island Grill (Barbados) Limited	36%
	Island Grill (St. Lucia) Ltd. – St. Lucia	36%
	Katerserv Ltd. – Trinidad & Tobago	31%
	Tobago Inflite Catering Ltd. – Trinidad & Tobago	26%
Rum Distillery:	National Rums of Jamaica Limited – Jamaica	31%
Tiles & Waste Disposal:	Anti-Septic Limited – Trading as Terrific Tiles	50%

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Goddard Enterprises Limited

We have audited the accompanying consolidated financial statements of **Goddard Enterprises Limited** and its subsidiaries set out on pages 35 to 88, which comprise the consolidated balance sheet as of September 30, 2012 and the consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated 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 about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated 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 control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of **Goddard Enterprises Limited** as of September 30, 2012, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers SRL

December 14, 2012
Bridgetown, Barbados

PricewaterhouseCoopers SRL, The Financial Services Centre, Bishop's Court Hill, P.O. Box 111, St. Michael, BB14004, Barbados, West Indies
T: +246-626-6700, F: +246-436-1275, www.pwc.com/bb

Consolidated Balance Sheet

As of September 30, 2012

(Expressed in thousands of Barbados Dollars)

	Notes	2012	2011
Current assets			
Cash	6	55,583	47,152
Trade and other receivables	7	108,988	118,707
Prepaid expenses		12,285	10,699
Due by associated companies	8	7,768	4,932
Reinsurance assets	9	6,977	10,209
Current income tax assets		2,697	2,451
Inventories	10	159,267	161,185
		353,565	355,335
Current liabilities			
Borrowings	11	105,151	117,938
Trade and other payables	12	110,774	110,269
Due to associated companies	8	3,119	3,205
Current income tax liabilities		4,844	2,969
Insurance contracts	13	11,032	14,152
		234,920	248,533
Working capital		118,645	106,802
Property, plant and equipment	14	357,827	344,367
Investment property	15	13,496	19,372
Intangible assets	16	44,815	40,571
Investments in associated companies	17	68,697	70,652
Financial investments	18	40,375	43,739
Deferred income tax assets	19	8,285	6,824
Pension plan assets	20	6,052	5,759
Long-term trade and other receivables	7	4,064	937
		662,256	639,023
Borrowings	11	95,072	85,658
Deferred income tax liabilities	19	4,013	3,713
Pension plan liabilities	20	1,869	2,253
Net assets employed		561,302	547,399
Financed by:			
Equity			
Capital and reserves attributable to equity holders of the Company			
Share capital	21	43,842	43,337
Other reserves	22	107,080	108,228
Retained earnings		302,842	285,526
		453,764	437,091
Non-controlling interests		107,538	110,308
		561,302	547,399

The accompanying notes form an integral part of these consolidated financial statements.

Approved by the Board of Directors on December 11, 2012.

J.N. Goddard
Chairman

M.J.K. Pritchard
Managing Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended September 30, 2012

(Expressed in thousands of Barbados Dollars)

	Attributable to equity holders of the Company				
	Share capital (Note 21)	Other reserves (Note 22)	Retained earnings	Non-controlling interests	Total
Balance at October 1, 2010	42,454	112,841	308,491	110,790	574,576
Net (loss)/income for the year	–	–	(10,503)	5,185	(5,318)
Other comprehensive (loss)/income	–	(4,710)	(1,692)	812	(5,590)
Total comprehensive (loss)/income for the year	–	(4,710)	(12,195)	5,997	(10,908)
Acquisition of subsidiary	–	–	–	1,081	1,081
Investment in a subsidiary by non-controlling interest	–	–	–	2,500	2,500
Fair value of assets disposed of by non-controlling interests	–	–	–	(321)	(321)
Reduction in advances to non-controlling interests	–	–	–	(3,246)	(3,246)
Value of employee services	–	97	–	–	97
Issue of common shares	883	–	–	–	883
Dividends declared	–	–	–	(6,493)	(6,493)
Dividend – Final 2010 (12 cents per share) (note 30)	–	–	(7,178)	–	(7,178)
Dividend – Interim 2011 (6 cents per share) (note 30)	–	–	(3,592)	–	(3,592)
	883	97	(10,770)	(6,479)	(16,269)
Balance at September 30, 2011	43,337	108,228	285,526	110,308	547,399
Balance at October 1, 2011	43,337	108,228	285,526	110,308	547,399
Net income for the year	–	–	24,696	9,218	33,914
Other comprehensive (loss)/income	–	(1,258)	415	(3,369)	(4,212)
Total comprehensive (loss)/income for the year	–	(1,258)	25,111	5,849	29,702
Fair value of assets disposed of by non-controlling interests	–	–	–	(8)	(8)
Increase in advances to non-controlling interests	–	–	–	1,235	1,235
Value of employee services	–	110	–	–	110
Issue of common shares	505	–	–	–	505
Dividends declared	–	–	–	(9,846)	(9,846)
Dividend – Final 2011 (6 cents per share) (note 30)	–	–	(3,597)	–	(3,597)
Dividend – Interim 2012 (7 cents per share) (note 30)	–	–	(4,198)	–	(4,198)
	505	110	(7,795)	(8,619)	(15,799)
Balance at September 30, 2012	43,842	107,080	302,842	107,538	561,302

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Income

For the year ended September 30, 2012

(Expressed in thousands of Barbados Dollars)

	Notes	2012	2011
Revenue		**999,148**	949,298
Cost of sales	24	**(647,509)**	(631,369)
Gross profit		**351,639**	317,929
Underwriting income		**4,145**	3,095
Selling, marketing and administrative expenses	24	**(302,998)**	(280,257)
Profit from operations before the following		**52,786**	40,767
Other (losses)/gains – net	25	**(1,640)**	(27,845)
Profit from operations		**51,146**	12,922
Finance costs	27	**(12,393)**	(11,825)
		38,753	1,097
Share of income of associated companies	17	**7,866**	4,680
Income before taxation		**46,619**	5,777
Taxation	28	**(12,705)**	(11,095)
Net income/(loss) for the year		**33,914**	(5,318)
Attributable to:			
Equity holders of the Company		**24,696**	(10,503)
Non-controlling interests		**9,218**	5,185
		33,914	(5,318)
Earnings/(loss) per share attributable to the equity holders of the Company during the year (expressed in cents per share)			
– basic	29	**41.2**	(17.6)
– diluted	29	**40.8**	(17.5)

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

For the year ended September 30, 2012

(Expressed in thousands of Barbados Dollars)

	2012	2011
Net income/(loss) for the year	33,914	(5,318)
Other comprehensive income:		
(Decrease)/increase of revaluation surplus – Group	(1,066)	201
Decrease of revaluation surplus – Associated companies	(5,364)	(190)
Unrealised gains/(losses) on available-for-sale financial investments:		
– Group	1,318	(1,633)
– Associated companies	–	330
Losses/(gains) transferred to income on disposal of available-for-sale financial investments:		
– Group	107	(3,420)
– Associated companies	34	(2,651)
Currency translation differences	(671)	1,294
Hyperinflationary adjustments	1,430	479
Other comprehensive loss for the year, net of tax	(4,212)	(5,590)
Total comprehensive income/(loss) for the year	29,702	(10,908)
Attributable to:		
Equity holders of the Company	23,853	(16,905)
Non-controlling interests	5,849	5,997
	29,702	(10,908)

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended September 30, 2012

(Expressed in thousands of Barbados Dollars)

	2012	2011
Cash flows from operating activities		
Income before taxation	46,619	5,777
Adjustments for:		
Depreciation	23,122	23,071
Gain arising on acquisition	–	(155)
Impairment of intangible assets	3,683	13,986
Write-off of associated companies	–	14,298
Impairment of financial investments	50	–
Hyperinflationary adjustments	731	–
Gain on disposal of property, plant and equipment	(883)	(1,055)
Gain on disposal of associated companies	–	(863)
Gain on disposal of financial investments	104	(3,254)
Loss on remeasurement of previous equity interest in associate at fair value	–	44
Exchange gain	406	743
Interest income	(1,767)	(1,601)
Finance costs incurred	12,393	11,825
Share of income of associated companies	(7,866)	(4,680)
Pension plan expense	1,659	4,668
Employee share schemes expenses	110	97
Amortisation of intangible assets	1,988	1,134
Loss on revaluation of freehold land and buildings	514	–
Fair value losses on revaluation of investment property	(307)	148
Operating profit before working capital changes	80,556	64,183
Net change in non-cash working capital balances related to operations (note 35)	8,652	(14,401)
Cash generated from operations	89,208	49,782
Interest received	1,767	1,601
Finance costs paid	(12,393)	(11,825)
Income and corporation taxes paid	(12,200)	(11,945)
Pension plan contributions paid	(2,336)	(1,953)
Net cash from operating activities	64,046	25,660
Cash flows from investing activities		
Acquisition of interest in subsidiaries (net)	(3)	(2,617)
Investment in a subsidiary by non-controlling interest	–	2,500
Acquisition of intangible assets	(9,915)	–
Purchase of property, plant and equipment	(38,586)	(34,825)
Proceeds on disposal of property, plant and equipment	7,386	1,814
Purchase of financial investments	(10,609)	(18,234)
Proceeds on disposal of financial investments	15,243	17,473
Investments and loans made in associated companies	(557)	(3,927)
Proceeds on disposal of investment in associated company	–	3,000
Additions to investment property	–	(463)
Long-term loans made	(5,309)	(350)
Proceeds from repayment of long-term loans	1,256	675
Unsecured and secured loans (made)/received	(1,407)	196
Dividends received from associated companies	4,747	3,271
Net cash used in investing activities	(37,754)	(31,487)
Cash flows from financing activities		
Issue of common shares	505	883
Long-term loans received	21,567	20,399
Repayments of long-term loans	(18,925)	(14,377)
Dividends paid to non-controlling interests	(9,846)	(6,493)
Loans received from/(repaid to) non-controlling interests	1,235	(3,246)
Dividends paid to shareholders	(7,795)	(10,770)
Net cash used in financing activities	(13,259)	(13,604)
Net increase/(decrease) in cash and cash equivalents	13,033	(19,431)
Cash and cash equivalents – beginning of year	13,222	32,653
Cash and cash equivalents – end of year (note 6)	26,255	13,222

The accompanying notes form an integral part of these consolidated financial statements.

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Notes to the Consolidated Financial Statements

September 30, 2012
(Expressed in thousands of Barbados Dollars)

1. General information

Goddard Enterprises Limited ('the Company') is incorporated under the Laws of Barbados. The principal activities of the Company and its subsidiaries (together 'the Group') include airline, industrial and restaurant catering, ground handling services, general trading, meat processing, printing and print brokers, baking, packaging, automobile and automotive parts sales, insurance, real estate, shipping agents and stevedoring, manufacturing of aerosols and liquid detergents, investments, rum distilling, water purification and bottling and island tours. Associated companies are involved in waste disposal, laundry services, financing, property rentals, investments, general insurance and hotel operations. (See pages 30-33). The Group operates throughout the Caribbean and Central and South America.

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

The Company is listed on the Barbados Stock Exchange.

These consolidated financial statements have been approved for issue by the Board of Directors on December 11, 2012.

2. Significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

a) Basis of preparation

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

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 4.

Amendments and interpretations to existing standards effective in the 2012 financial year

There are no amendments and interpretations to existing standards which are effective in the 2012 financial year which have a significant impact on the presentation, measurement or disclosure of the Group's consolidated financial statements.

These amendments and interpretations to existing standards are as follows:

IAS 24 Related party disclosures – amendment to the definition of a related party and modification of certain related party disclosure requirements for government related entities.

IAS 34 Interim financial reporting – amendment provides guidance to illustrate how to apply disclosure principles in IAS 34 and adds disclosure requirements.

IFRS 1 First time adoption on hyperinflation and fixed dates – amendment replaces references to a fixed date of 'January 1, 2004' with 'the date of transition to IFRSs' and provides guidance on how an entity should resume presenting financial statements in accordance with IFRSs after a period when its functional currency was subject to severe hyperinflation.

IFRS 7 Financial instruments – amendment emphasizes the interaction between quantitative and qualitative disclosures about the nature and extent of risks associated with financial instruments; will promote transparency in the reporting of transfer transactions and improve users' understanding of the risk exposures relating to transfers of financial assets and the effect of those risks on an entity's financial position.

IFRIC 13 Customer loyalty programmes – amendment clarifies the meaning of 'fair value' in the context of measuring award credits under customer loyalty programmes.

IFRIC 14, IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction – amendment removes unintended consequences arising from the treatment of prepayments where there is a minimum funding requirement.

2. Significant accounting policies... continued

a) Basis of preparation... continued

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

- IAS 1 (Amendment) Financial statement presentation regarding other comprehensive income
- IAS 19 (Amendment) Employee benefits
- IAS 27 (Amendment) Separate financial statements
- IAS 28 (Amendment) Associates and joint ventures
- IAS 32 (Amendment) Financial instruments: Presentation
- IFRS 9 Financial instruments
- IFRS 10 Consolidated financial statements
- IFRS 11 Joint arrangements
- IFRS 12 Disclosures of interests in other entities
- IFRS 13 Fair value measurement

b) Consolidation

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

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

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

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated statement of income. (Note 2(g))

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

ii) Transactions and non-controlling interests
The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share

2. Significant accounting policies... continued

b) Consolidation... continued

ii) Transactions and non-controlling interests... continued

of the carrying value of net assets of the subsidiary acquired is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

iii) Associates

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

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

c) Segment reporting

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

d) Foreign currency translation

i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Barbados dollars, which is the Company's functional and presentation currency.

ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of income.

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

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

iii) Group companies

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

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

2. Significant accounting policies... continued

d) Foreign currency translation... continued

iv) Hyperinflationary accounting

Entities whose functional currencies are those of hyperinflationary economies are presented in terms of the current measurement unit at the date of the consolidated balance sheet in accordance with IAS 29 – Financial Reporting in Hyperinflationary Economies.

e) Property, plant and equipment

Freehold land and buildings comprise mainly manufacturing plants, retail and distribution outlets, warehouses and offices. The Group's freehold land and buildings are stated at the most recent valuation less subsequent depreciation for buildings. Valuations are performed every five years by independent professional valuers. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment including leasehold buildings is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the consolidated statement of income during the financial period in which they are incurred.

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

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

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

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. (Note 2(h))

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

Costs incurred which are directly attributable to capital projects are categorised as construction in progress and capitalised. If it is determined that capitalised costs are no longer justifiable, the related costs are written off and charged to the consolidated statement of income.

Construction in progress is not depreciated until the asset has been completed and brought into operational activity.

2. Significant accounting policies... continued

f) Investment property

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

g) Intangible assets

i) Goodwill

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

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

ii) Other intangible assets

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

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

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

h) Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use.

i) Financial assets

The Group classifies its financial assets in the following categories:

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

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

i) Available-for-sale

These financial assets are intended to be held for an indefinite period of time and hence are included in non-current assets unless management intends to dispose of the investment within 12 months of the consolidated balance sheet date. They may be sold in response to needs for liquidity or changes in interest rates, exchange

2. Significant accounting policies... continued

i) Financial assets... continued

i) Available-for-sale... continued
rates or equity prices. They are measured initially at cost and are subsequently remeasured at their fair value based on quoted bid prices. Investments without quoted prices are carried at management's valuation based on the net assets of the entity net of any provisions made where there is an indication of impairment. Unrealised gains and losses are recorded in the consolidated statement of comprehensive income. Either on the disposal of the asset or if the asset is determined to be impaired, the previously recorded unrealised gain or loss is transferred to the consolidated statement of income.

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

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

Financial assets are de-recognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

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

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

Except for equity securities, if in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed, and the amount of the reversal is recognised in income. For equity securities, any subsequent increases in fair value after an impairment has occurred are recognised in the financial investments reserve in equity.

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

k) Trade receivables
Trade receivables are recognised initially at fair value and subsequently measured at the anticipated realisable value. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the carrying amount and the anticipated realisable value. The

2. Significant accounting policies... continued

k) Trade receivables... continued
carrying amount of the asset is reduced through the use of the provision for impairment of receivables and the amount of loss is recognised in the consolidated statement of income within selling, marketing and administrative expenses. When a trade receivable is uncollectible, it is written off against the provision for impairment of receivables and any subsequent recoveries of amounts previously written off are credited against selling, marketing and administrative expenses.

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

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

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

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

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in the consolidated statement of income in the period in which they are incurred.

o) Current and deferred income tax
The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the consolidated balance sheet date in the countries where the Group's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations where applicable tax regulations are subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

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

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

p) Employee benefits

i) Pension obligations
The Company and certain of its subsidiary companies operate defined benefit and defined contribution pension plans for their employees under segregated fund policies with Sagicor Life Inc. as well as with Morgan Stanley Private Wealth Management. The schemes are generally funded through payments from the employees and the

2. Significant accounting policies... continued

p) Employee benefits... continued

i) Pension obligations... continued

Group, determined by annual actuarial calculations.

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

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

ii) Profit-sharing bonus plan

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

iii) Share-based compensation

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

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

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

q) Provisions

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

r) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, estimated returns, rebates and discounts and after eliminated sales within the Group. Revenue is recognised as follows:

2. Significant accounting policies... continued

r) Revenue recognition... continued

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

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

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

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

v) Royalty and rental income
Royalty and rental income is recognised on an accrual basis.

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

s) Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the consolidated statement of income on a straight-line basis over the period of the lease.

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

t) Insurance contracts

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

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

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

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

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

2. Significant accounting policies... continued

t) Insurance contracts... continued

Recognition and measurement... continued

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

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

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

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

Reinsurance contracts held

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

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

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

Claims provision and related reinsurance recoveries

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

Receivables and payables

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

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

2. Significant accounting policies... continued

t) Insurance contracts... continued

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

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

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

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

u) Dividend distributions
Dividend distributions to the Company's shareholders are recognised as a liability in the Group's consolidated financial statements in the period in which the dividends are approved by the Board of Directors.

3. Risk management

a) Financial risk factors
The Group’s activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group’s overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group’s financial performance. The Group has not entered into forward contracts to reduce its risk exposures.

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

i) Market risk

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

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

The table below illustrates the theoretical impact on equity and net income of a 5% depreciation in the Jamaican dollar and Latin American currencies when compared to the Barbados dollar as at September 30, 2012.

(Expressed in thousands of Barbados Dollars)

3. Risk management... continued

a) Financial risk factors... continued

i) Market risk... continued

1) Foreign exchange risk... continued

Effect of a 5% depreciation of	Effect on equity	Effect on net income
Jamaican dollar	(46)	(77)
Latin American currencies	(640)	(415)

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

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

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

If the BSE, NYSE and CSX had increased or decreased by 5% with all other variables held constant, the financial investments reserve within equity would increase or decrease by $791 (2011 – $773) as a result of gains or losses on equity securities classified as available-for-sale financial assets.

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

The maximum exposure to credit risk is as follows:

	2012		2011	
	$	%	$	%
Cash	**55,583**	**28**	47,152	24
Trade and other receivables	**113,052**	**57**	119,644	61
Due by associated companies	**7,768**	**4**	4,932	2
Financial investments (debt securities and fixed deposits)	**21,514**	**11**	25,312	13
	197,917	**100**	197,040	100

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

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

(Expressed in thousands of Barbados Dollars)

3. Risk management... continued

a) Financial risk factors... continued

ii) Credit risk... continued

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

Customer	2012	2011
British Airways (rated BB by Standard & Poor's)	**1,334**	3,329
Virgin Atlantic Airways (unrated)	**1,549**	1,700
Caribbean Airlines (unrated)	**2,357**	1,308
Taca International Airlines (rated AA+ by Fitch)	**1,453**	1,606
Alstons Marketing Ltd. (unrated)	**1,027**	650
Santa Barbara Airlines (unrated)	**1,514**	–
E&J Gallo Winery (unrated)	**1,356**	–

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

iii) Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its payment obligations associated with its financial liabilities when they fall due. In order to manage liquidity risks, management seeks to maintain sufficient levels of cash and cash equivalents and the availability of funding through an adequate amount of committed credit facilities, to meet reasonable expectations of its short-term obligations.

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

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
At September 30, 2012					
Borrowings	112,181	26,588	46,814	43,538	229,121
Trade and other payables	98,703	–	–	–	98,703
Due to associated companies	3,119	–	–	–	3,119
Insurance contracts	1,796	–	–	–	1,796
	215,799	26,588	46,814	43,538	332,739
Off financial statement exposures:					
Guarantees and letters of credit	27,450	–	–	–	27,450
Total	243,249	26,588	46,814	43,538	360,189

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2012

(Expressed in thousands of Barbados Dollars)

3. Risk management... continued

a) Financial risk factors... continued

iii) Liquidity risk... continued

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

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

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
At September 30, 2012					
Cash	**55,583**	**–**	**–**	**–**	**55,583**
Trade and other receivables	**100,550**	**2,770**	**2,188**	**159**	**105,667**
Due by associated companies	**7,768**	**–**	**–**	**–**	**7,768**
Reinsurance assets	**541**	**–**	**–**	**–**	**541**
Financial investments (debt securities and fixed deposits)	**17,453**	**2,114**	**804**	**1,174**	**21,545**
	181,895	**4,884**	**2,992**	**1,333**	**191,104**
At September 30, 2011					
Cash	47,152	–	–	–	47,152
Trade and other receivables	110,031	237	586	140	110,994
Due by associated companies	4,932	–	–	–	4,932
Reinsurance assets	4,456	–	–	–	4,456
Financial investments (debt securities and fixed deposits)	13,572	3,497	–	–	17,069
	180,143	3,734	586	140	184,603

(Expressed in thousands of Barbados Dollars)

3. Risk management... continued

a) Financial risk factors... continued

iv) Cash flow and fair value interest rate risk

Although the Group has some interest bearing assets, the Group's interest rate risk arises mainly from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. During 2012 and 2011 the Group's borrowings at variable rates were denominated in Barbados, Eastern Caribbean, Cayman and United States dollars. To manage against interest rate risk, the Group negotiates the best rates possible and where possible considers factors such as refinancing, renewing options and alternative financing. In a period of low interest rates the Group negotiates for fixed rates on borrowings for a period of at least five years.

At September 30, 2012, if interest rates on variable rate borrowings had been 1% higher or lower, with all other variables held constant, net income for the year would have been $236 (2011 – $238) lower or higher, mainly as a result of higher or lower finance costs on floating rate borrowings.

b) Fair value of financial assets and liabilities

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

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

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

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

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

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

	Level 1	Level 2	Level 3	Total
2012				
Available-for-sale securities:				
Debt securities	**530**	**169**	**–**	**699**
Equity securities	**10,592**	**7,336**	**–**	**17,928**
	11,122	**7,505**	**–**	**18,627**
2011				
Available-for-sale securities:				
Debt securities	494	45	–	539
Equity securities	10,906	6,477	–	17,383
	11,400	6,522	–	17,922

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

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

(Expressed in thousands of Barbados Dollars)

3. Risk management... continued

c) Capital risk management

The Group's objectives when managing capital are to maximize shareholders' returns and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

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

During 2012 and 2011 the Group's strategy was to achieve the debt to asset ratio of 33:67. The debt to asset ratios at September 30, 2012 and 2011 are as follows:

	2012	2011
Total debt	335,874	340,157
Total assets	897,176	887,556
Debt to asset ratio	27:73	28:72

Statutory compliance

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

Section 34 of the Insurance Act states that a general insurer will be deemed to be insolvent if its assets do not exceed the sum of its liabilities by the greater of $148 or twenty per cent (20%) of its premium income in respect of its general insurance business in its last preceding financial year. Premium income of a company shall be assessed as the net amount, after deductions for any premiums paid by the company for reinsurance in that year in respect of all general insurance business carried on by the company. The Company was deemed solvent as of September 30, 2012.

Section 80 of the Insurance Act requires that a general insurer (carrying on motor vehicle and insurance business other than long-term insurance) shall deposit with the Registrar either the greater of $56 or an amount equal to 40% of its net premium income in respect of business transacted during the last preceding financial year. The Company was in compliance with this requirement as of September 30, 2012.

Section 88 of the Insurance Act requires that the company establishes a motor vehicle insurance fund equal to its liability and contingency reserves for motor vehicle insurance business less amounts held on deposit with the Registrar. The Company was in compliance with this requirement as of September 30, 2012.

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

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

	2012	2011
Regulatory capital held	2,370	2,370
Minimum regulatory capital	555	555

(Expressed in thousands of Barbados Dollars)

3. Risk management... continued

d) Insurance risk

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

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

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

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

Reinsurance arrangements

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

Type of Insurance Contract	Retention of Insurers
Property risks	Maximum net retention of $74 Maximum gross retention of $5,555 per risk Maximum net retention of $1,000 for catastrophe risk
Motor & Liability	Maximum net retention of $2,370 for single risk Treaty limits for motor of $2,963 Treaty limits for liability of $2,963
Miscellaneous Accident	Maximum net retention of $74 Treaty limits of $740 any one risk
Marine	Maximum net retention of $65 per shipment and $102 per bottom Maximum gross retention of $259 for single risk Maximum retention of $185 any one bond Treaty limit of $407 for any one known bottom

4. Critical accounting estimates and judgements

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

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

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

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

4. Critical accounting estimates and judgements... continued

Impairment of intangible assets

a) Goodwill

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

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

b) Other intangible assets

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

5. Segmental reporting

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

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

Notes to the Consolidated Financial Statements

September 30, 2012

(Expressed in thousands of Barbados Dollars)

5. Segmental reporting... continued

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

Operating segments

	Import, distribution and marketing	Manufacturing and services	Catering and ground handling	Hotels and financial services	Eliminations/ unallocated	Total
2012						
Revenue						
External sales	666,525	132,234	204,534	–	(4,145)	999,148
Inter-segment sales	14,289	50,550	1,430	–	(66,269)	–
Associated companies' sales	–	82,195	79,254	146,769	(308,218)	–
Total revenue	680,814	264,979	285,218	146,769	(378,632)	999,148
Segment result						
Profit from operations	12,386	6,146	25,002	–	9,252	52,786
Other (losses)/gains – net	820	(94)	(1,240)	–	(1,126)	(1,640)
Finance costs	(7,139)	(1,330)	(252)	–	(3,672)	(12,393)
Share of (loss)/income of associated companies	–	(114)	2,433	5,547	–	7,866
Income before non-controlling interests and taxation	6,067	4,608	25,943	5,547	4,454	46,619
Non-controlling interests	(52)	(871)	(11,982)	–	12,905	–
Income before taxation	6,015	3,737	13,961	5,547	17,359	46,619
Taxation						(12,705)
Net income for the year						33,914
Other information						
Operating assets	402,019	113,611	98,464	–	94,601	708,695
Intangible assets	30,628	10,499	3,688	–	–	44,815
Investments in associated companies	–	19,730	9,132	39,835	–	68,697
Unallocated corporate assets	–	–	–	–	74,969	74,969
Consolidated corporate assets	432,647	143,840	111,284	39,835	169,570	897,176
Capital expenditure	20,240	2,809	4,312	–	11,225	38,586
Depreciation	9,043	6,919	6,630	–	530	23,122
Amortisation of intangible assets	1,119	661	208	–	–	1,988
Impairment of intangible assets	3,683	–	–	–	–	3,683
Employee numbers	2,242	680	2,053	–	48	5,023

(Expressed in thousands of Barbados Dollars)

5. Segmental reporting... continued

Operating segments... continued

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

Notes to the Consolidated Financial Statements

September 30, 2012
(Expressed in thousands of Barbados Dollars)

5. Segmental reporting... continued

Operating segments... continued

A reconciliation of adjustments to income before non-controlling interests and taxation is provided as follows:

	2012	2011
Total income before non-controlling interests and taxation for reportable segments	42,165	17,567
Eliminations/unallocated		
Unallocated group companies	1,910	1,522
Intercompany eliminations	2,544	–
Write-off of associated companies	–	(14,298)
Gain arising on acquisition	–	155
Loss on remeasurement of previous equity interest in associate at fair value	–	(44)
Gain arising on disposal of investment in associated company	–	875
Total eliminations/unallocated	4,454	(11,790)
Total income before taxation	46,619	5,777

Reportable segment assets are reconciled to total assets as follows:

	2012	2011
Total assets for reportable segments	727,606	727,653
Unallocated assets		
Operating assets for unallocated group companies	94,601	80,821
Current income tax assets	2,697	2,451
Investment property	13,496	19,372
Financial investments	40,375	43,739
Deferred income tax assets	8,285	6,824
Pension plan assets	6,052	5,759
Long-term trade and other receivables	4,064	937
Total unallocated assets	169,570	159,903
Total assets	897,176	887,556

Geographical information

	External sales		Non-current assets	
	2012	2011	2012	2011
Barbados	231,977	211,027	208,906	186,180
St. Lucia	272,203	291,052	122,655	129,784
Grenada	92,029	88,839	53,934	64,830
Other Caribbean	194,059	211,063	81,435	73,277
Latin America	116,817	95,683	21,969	21,828
Other	92,063	51,634	–	–
Total	999,148	949,298	488,899	475,899

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

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

(Expressed in thousands of Barbados Dollars)

5. Segmental reporting... continued

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

Geographical segments	Barbados	Other Caribbean	Latin America	Eliminations/ unallocated	Total
2012					
Revenue					
External sales	307,717	588,784	106,792	(4,145)	999,148
Inter-segment sales	55,608	10,661	–	(66,269)	–
Associated companies' sales	167,438	120,173	20,607	(308,218)	–
Total revenue	530,763	719,618	127,399	(378,632)	999,148
Segment result					
Profit from operations	8,025	17,481	18,028	9,252	52,786
Other (losses)/gains – net	2,647	(945)	(2,216)	(1,126)	(1,640)
Finance costs	(2,595)	(6,126)	–	(3,672)	(12,393)
Share of income of associated companies	5,709	451	1,706	–	7,866
Income before non-controlling interests and taxation	13,786	10,861	17,518	4,454	46,619
Non-controlling interests	(2,319)	(2,294)	(8,292)	12,905	–
Income before taxation	11,467	8,567	9,226	17,359	46,619
Taxation					(12,705)
Net income for the year					33,914
Other information					
Operating assets	190,680	372,092	51,322	94,601	708,695
Intangible assets	10,601	34,076	138	–	44,815
Investments in associated companies	52,230	12,876	3,591	–	68,697
Unallocated corporate assets	–	–	–	74,969	74,969
Consolidated corporate assets	253,511	419,044	55,051	169,570	897,176
Capital expenditure	11,523	14,058	1,780	11,225	38,586
Depreciation	9,487	10,631	2,474	530	23,122
Amortisation of intangible assets	661	1,327	–	–	1,988
Impairment of intangible assets	–	3,683	–	–	3,683
Employee numbers	1,111	2,829	1,035	48	5,023

(Expressed in thousands of Barbados Dollars)

5. Segmental reporting... continued

Geographical segments... continued

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

(Expressed in thousands of Barbados Dollars)

6. Cash and cash equivalents

	2012	2011
Cash	55,583	47,152
Bank overdraft (note 11)	(29,328)	(33,930)
	26,255	13,222

Significant concentrations of cash are as follows:

	2012	2011
CIBC FirstCaribbean International Bank (unrated)	18,848	15,532
CIBC (Long Term Issue Credit Rating A+ by Standard & Poor's)	7,731	10,076
Banesco Banco Universal, C.A. (rated B by Fitch)	7,097	1,782

7. Trade and other receivables

	2012	2011
Trade receivables	92,873	92,408
Other receivables	24,621	34,047
Trade and other receivables	117,494	126,455
Less: Provision for impairment of receivables	(9,978)	(8,313)
Trade and other receivables – net	107,516	118,142
Loans receivable (other)	5,220	1,174
Loans receivable (mortgages)	316	328
Total	113,052	119,644
Less: Long-term portion – loans receivable	(4,064)	(937)
Current portion	108,988	118,707

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

a) *Trade receivables*

Total fully performing trade receivables without external ratings:

	2012	2011
New customers (< 6 months)	6,848	4,146
Existing customers (> 6 months) – no past defaults	23,130	23,351
Existing customers (> 6 months) – some past defaults fully recovered	23,645	20,318
	53,623	47,815

(Expressed in thousands of Barbados Dollars)

7. Trade and other receivables... continued

a) *Trade receivables... continued*

Counterparties with external ratings:

	2012	2011
British Airways (Rated BB by Standard & Poor's)	1,331	1,280
American Airlines (Rated CCC+ by Standard & Poor's)	907	1,003
Delta Air Lines (Rated B+ by Standard & Poor's)	1,083	760
US Airways (Rated B- by Standard & Poor's)	379	170
Continental Airlines (Rated B by Standard & Poor's)	477	428
Air Canada (Rated B- by Standard & Poor's)	191	129
UPS (Rated A+ by Standard & Poor's)	27	23
	4,395	3,793
Total fully performing trade receivables	58,018	51,608

Trade receivables that are less than three months past due are not considered impaired. Based on historical information and customer relationships some trade receivables which are greater than three months past due but not greater than twelve months are not considered impaired. As of September 30, 2012, trade receivables of $25,516 (2011 – $32,916) were past due but not impaired. The aging of these trade receivables is as follows:

	2012	2011
Up to 3 months	17,230	23,575
3 to 6 months	3,951	4,147
6 to 12 months	4,335	5,194
	25,516	32,916

As of September 30, 2012, trade receivables of $9,339 (2011 – $7,884) were impaired and provided for. A portion of these receivables is expected to be recovered. The aging of these trade receivables is as follows:

	2012	2011
3 to 6 months	511	213
6 to 12 months	1,961	1,846
Over 12 months	6,867	5,825
	9,339	7,884
Total trade receivables	92,873	92,408

b) *Other receivables*

	2012	2011
Total fully performing other receivables	9,885	15,427

(Expressed in thousands of Barbados Dollars)

7. Trade and other receivables... continued

b) *Other receivables... continued*

Other receivables that are less than three months past due are not considered impaired. As of September 30, 2012, other receivables of $14,097 (2011 – $18,191) were past due but not impaired. The aging of these other receivables is as follows:

	2012	2011
Up to 3 months	5,028	7,895
3 to 6 months	2,639	3,180
6 to 12 months	1,024	1,779
Over 12 months	5,406	5,337
	14,097	18,191

As of September 30, 2012, other receivables of $639 (2011 – $429) were impaired and provided for. A portion of these receivables is expected to be recovered. The aging of these other receivables is as follows:

	2012	2011
3 to 6 months	41	2
6 to 12 months	211	4
Over 12 months	387	423
	639	429
Total other receivables	24,621	34,047

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

	2012	2011
Balance – beginning of year	8,313	10,266
Subsidiaries acquired during the year	–	239
Provision for impairment of receivables	2,840	1,690
Less: Receivables written off during the year as uncollectible	(921)	(3,353)
Unused amounts reversed	(406)	(530)
Exchange adjustment	152	1
Balance – end of year	9,978	8,313

The creation and release of provision for impairment of receivables is included in selling, marketing and administrative expenses in the consolidated statement of income. Amounts charged to the provision for impairment of receivables are written off when there is no expectation of receiving additional cash. Direct write-offs for impaired receivables to the consolidated statement of income were $1,143 (2011 – $509).

The Group only holds collateral in respect of loans receivable (mortgages). The estimated fair value of this collateral at year end was $507 (2011 – $1,006).

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

Loans receivable (mortgages) do not include impaired assets.

(Expressed in thousands of Barbados Dollars)

7. Trade and other receivables... continued

b) Other receivables... continued

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

	2012	2011
Loans receivable (mortgages)	**6%**	6%

8. Due by/to associated companies

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

9. Reinsurance assets

	2012	2011
Outstanding claims	**541**	4.485
Deferred reinsurance costs	**6,436**	5,724
	6,977	10,209

10. Inventories

	2012	2011
Finished goods	**135,394**	140,081
Raw materials	**24,243**	21,187
Work in progress	**756**	763
	160,393	162,031
Less: Provision for obsolescence	**(1,126)**	(846)
Total	**159,267**	161,185

The cost of inventories written down and recognised as an expense and included in cost of sales amounted to $5,883 (2011 – $5,941).

11. Borrowings

	2012	2011
Non-current		
Bank term loans at interest rates between 4.75% – 10.75% (2011 – 4.75% – 10.50%) repayable in regular instalments maturing at various intervals through 2020 (2011 – through to 2020) – see note (a)	**95,072**	85,658
Current		
Bank term loans at interest rates between 4.22% – 10.75% (2011 – 4.75% – 10.50%) repayable in regular instalments maturing at various intervals through 2020 (2011 – through to 2020) – see note (a)	**34,265**	41,043
Short-term loans repayable on demand – see note (b)	**9,124**	10,531
Preference shares – redeemable up to 2023 at a dividend rate of 6.5% payable semi-annually – see note (c)	**32,434**	32,434
Bank overdraft (interest rates of 7% – 16.85%) (2011 – 7.00% – 18.05%) (note 6) – see note (a)	**29,328**	33,930
	105,151	117,938
Total	**200,223**	203,596

(Expressed in thousands of Barbados Dollars)

11. Borrowings... continued

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

b) The short-term loans are unsecured and bear interest at rates varying between 3% and 8% (2011 – 3% and 8%) per annum.

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

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

Antigua: Floating charge debenture over business assets.

Barbados: Letters of charge, demand debentures and first legal mortgages over land and buildings and assets of certain subsidiary companies stamped to secure $59,390, guarantee bond and postponement of claims by Goddard Enterprises Limited for full liability, assignment of fire and other perils insurance policies over fixed and floating assets to the bank.

St. Kitts: A registered first demand mortgage on buildings stamped to $1,556 and assignment of fire insurance on buildings, inventory, computer equipment, cold storage equipment and office equipment.

St. Lucia: A hypothecary obligation and mortgage debentures stamped up to a limit of $47,337 over the fixed and floating assets of subsidiary companies, guarantee and postponement of claims from a related company, and assignment of fire insurance policies over property and equipment to the bank.

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

Grenada: A registered demand mortgage over the fixed and floating assets stamped to secure $741 and assignment of fire and perils insurance coverage on a commercial property.

Jamaica: A registered first demand debenture providing a fixed and floating charge over assets stamped for $134 with power to up-stamp and assignment of fire and perils insurance over business assets.

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

	2012	2011
No exposure	174,770	181,765
Less than 1 year	23,478	21,500
1 – 5 years	1,975	331
	200,223	203,596

The fair value of the Group's fixed rate borrowings was $110,342 at the year end.

(Expressed in thousands of Barbados Dollars)

11. Borrowings... continued

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

	2012	2011
Barbados dollar	**72,907**	68,739
East Caribbean dollar	**63,297**	74,954
Jamaica dollar	**340**	217
US dollar	**63,679**	59,686
	200,223	203,596

12. Trade and other payables

	2012	2011
Trade payables	**54,364**	55,482
Accrued liabilities	**56,410**	54,787
	110,774	110,269

13. Insurance contracts

	2012	2011
Provision for losses and loss adjustment expenses	**1,796**	5,572
Unearned premiums	**9,236**	8,580
	11,032	14,152

(Expressed in thousands of Barbados Dollars)

14. Property, plant and equipment

	Freehold land and buildings	Construction in progress	Leasehold buildings	General equipment	Total
At September 30, 2010					
Cost or valuation	259,494	–	36,852	243,827	540,173
Accumulated depreciation	(24,124)	–	(20,725)	(170,059)	(214,908)
Net book amount	235,370	–	16,127	73,768	325,265
Year ended September 30, 2011					
Opening net book amount	235,370	–	16,127	73,768	325,265
Exchange differences	339	–	(7)	87	419
Subsidiary acquired during year	–	–	121	2,588	2,709
Additions	6,379	8,066	1,562	18,818	34,825
Disposals	(1)	–	(2)	(756)	(759)
Reclassifications	(34)	–	–	34	–
Hyperinflationary revaluation	–	–	235	244	479
Depreciation charge (note 24)	(3,054)	–	(1,432)	(18,585)	(23,071)
Transfer from investment property (note 15)	4,500	–	–	–	4,500
Closing net book amount	243,499	8,066	16,604	76,198	344,367
At September 30, 2011					
Cost or valuation	268,244	8,066	38,340	267,493	582,143
Accumulated depreciation	(24,745)	–	(21,736)	(191,295)	(237,776)
Net book amount	243,499	8,066	16,604	76,198	344,367
Year ended September 30, 2012					
Opening net book amount	243,499	8,066	16,604	76,198	344,367
Exchange differences	(176)	–	(207)	(415)	(798)
Additions	4,416	10,883	574	22,713	38,586
Disposals	(24)	–	(112)	(6,367)	(6,503)
Reclassifications	(4,060)	–	3,560	500	–
Hyperinflationary revaluation	–	–	348	351	699
Depreciation charge (note 24)	(2,365)	–	(2,147)	(18,610)	(23,122)
Revaluation deficit	(1,585)	–	–	–	(1,585)
Transfer from investment property (note 15)	6,183	–	–	–	6,183
Closing net book amount	**245,888**	**18,949**	**18,620**	**74,370**	**357,827**
At September 30, 2012					
Cost or valuation	247,810	18,949	48,080	273,551	588,390
Accumulated depreciation	(1,922)	–	(29,460)	(199,181)	(230,563)
Net book amount	**245,888**	**18,949**	**18,620**	**74,370**	**357,827**

(Expressed in thousands of Barbados Dollars)

14. Property, plant and equipment... continued

Independent valuations of the Group's freehold land and buildings situated in Barbados, St. Lucia, St. Vincent, Antigua, Grenada, Cayman Islands, Uruguay and Guatemala were performed by valuers in those countries as at September 30, 2012. The valuations which conform to International Valuation Standards, were determined by reference to the income capitalisation, market based and depreciated replacement cost methods. The most significant inputs into these valuation models are rental income generated and the capitalisation rate, comparable sales, and the substitution cost of the asset and depreciation factor applied respectively. The net revaluation deficit was debited to other comprehensive income and is shown in revaluation surplus in equity. Where decreases in the carrying amounts were greater than the amount in the revaluation surplus, the deficit was debited to other (losses)/gains – net in the consolidated statement of income.

Depreciation expense of $5,852 (2011 – $6,477) and $17,270 (2011 – $16,594) respectively has been included in cost of sales and selling, marketing and administrative expenses.

Operating lease rental expenses amounting to $6,624 (2011 – $6,051) have been included in selling, marketing and administrative expenses.

Land and buildings up to a total value of $92,129 (2011 – $81,451) have been provided as security for various bank borrowings.

During the year, the Group capitalised borrowing costs amounting to $717 (2011 – $59) on qualifying assets. Borrowing costs were capitalised at the rate of 7.5% (2011 – 7.5%).

15. Investment property

	2012	2011
Balance – beginning of year	**19,372**	23,557
Transfer to property, plant and equipment (note 14)	**(6,183)**	(4,500)
Additions	–	463
Fair value gains/(losses) on revaluation of investment property (note 25)	**307**	(148)
Balance – end of year	**13,496**	19,372

The Group's investment properties are situated in Barbados and Cayman Islands. These were revalued as of September 30, 2012 by independent professional real estate valuers in those countries. Valuations were performed based on an income capitalisation approach.

Rental income from investment properties amounted to $1,736 (2011 – $1,694) and direct operating expenses totalled $150 (2011 – $387) for the year.

(Expressed in thousands of Barbados Dollars)

16. Intangible assets

	Goodwill	Trade names	Customer relationships	Supplier relationships	Total
At September 30, 2010					
Cost	32,810	14,991	7,576	300	55,677
Accumulated amortisation	–	(1,933)	(1,520)	(170)	(3,623)
Net book amount	32,810	13,058	6,056	130	52,054
Year ended September 30, 2011					
Opening net book amount	32,810	13,058	6,056	130	52,054
Acquisition of subsidiary company	757	569	2,311	–	3,637
Impairment of intangible assets	(13,986)	–	–	–	(13,986)
Amortisation charge	–	(610)	(513)	(11)	(1,134)
Closing net book amount	19,581	13,017	7,854	119	40,571
At September 30, 2011					
Cost	33,567	15,560	9,887	300	59,314
Accumulated amortisation and impairment	(13,986)	(2,543)	(2,033)	(181)	(18,743)
Net book amount	19,581	13,017	7,854	119	40,571
Year ended September 30, 2012					
Opening net book amount	19,581	13,017	7,854	119	40,571
Acquisition of intangible assets	–	694	9,221	–	9,915
Impairment of intangible assets	(3,683)	–	–	–	(3,683)
Amortisation charge	–	(694)	(1,283)	(11)	(1,988)
Closing net book amount	**15,898**	**13,017**	**15,792**	**108**	**44,815**
At September 30, 2012					
Cost	33,567	16,254	19,108	300	69,229
Accumulated amortisation and impairment	(17,669)	(3,237)	(3,316)	(192)	(24,414)
Net book amount	**15,898**	**13,017**	**15,792**	**108**	**44,815**

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

	Allocation beginning of year	Impairment	Balance end of year
Import, distribution and marketing	17,368	(3,683)	13,685
Manufacturing and services	1,243	–	1,243
Catering and ground handling	970	–	970
	19,581	(3,683)	15,898

(Expressed in thousands of Barbados Dollars)

16. Intangible assets... continued

The recoverable amount of a cash generating unit is determined based on its value-in-use calculations. These calculations use pre-tax cash flow projections prepared by management for the next five years. During the year the carrying amounts of two cash generating units within the import, distribution and marketing segment were reduced to their estimated recoverable amounts through recognition of an impairment loss of $3,683 in respect of goodwill to reflect declining performances. This loss has been included in other (losses)/gains – net in the consolidated statement of income.

A sensitivity analysis was conducted on the recoverable amount of all major cash generating units. A weighted average approach to the revenue growth assumptions, a gradual increase to the rate of revenue growth and mid-year discount factors were applied. This resulted in no additional impairment of the cash generating units.

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

	2012	
	Discount factor	Residual growth rate
Import, distribution and marketing	10.6% - 15.7%	2%
Manufacturing and services	14%	2%

On October 1, 2011 the Group acquired the assets of the agency and stevedoring business and operations of Sea Freight Agencies (Barbados) Limited which gave rise to intangible assets totalling $9,915.

17. Investments in associated companies

	2012	2011
Original cost of investments	**40,754**	54,110
Increase in equity value over cost from acquisition to end of previous year	**29,898**	31,000
	70,652	85,110
Investments and loans made during the year	**557**	3,927
Investment transferred to subsidiary company status	**–**	(974)
Exchange differences	**(301)**	126
Share of net income less dividends received for the year (see below)	**3,119**	1,409
Reserve movements (note 22)	**(5,330)**	(2,511)
Disposal of investment in associated companies	**–**	(2,137)
Write-off of associated companies	**–**	(14,298)
	68,697	70,652

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

	2012	2011
Share of income before taxation	**10,764**	6,682
Taxation	**(2,898)**	(2,002)
Share of net income	**7,866**	4,680
Dividends received (note 34)	**(4,747)**	(3,271)
As above	**3,119**	1,409

(Expressed in thousands of Barbados Dollars)

17. Investments in associated companies... continued

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

	2012	2011
Assets	**204,810**	198,421
Liabilities	**136,113**	127,769
Revenue	**120,415**	129,676
Net income	**7,866**	4,680

18. Financial investments

	2012	2011
Available-for-sale:		
Debt securities (listed)	**699**	539
Equity securities (listed)	**17,928**	17,383
Equity securities (unlisted)	**983**	1,044
	19,610	18,966
Less: Provision for impairment of financial investments	**(50)**	–
	19,560	18,966
Loans and receivables:		
Debt securities (unlisted)	**16,257**	18,239
Fixed deposits	**4,558**	6,534
	20,815	24,773
Total	**40,375**	43,739

Significant concentrations of financial investments are as follows:

	2012	2011
Debt securities and fixed deposits:		
Government of St. Lucia Bonds (unrated)	**3,092**	3,462
East Caribbean Financial Holding Co. – Bank of St. Lucia (unrated)	**3,010**	3,541
Grenada Co-Operative Bank Limited Fixed Deposit (unrated)	**1,872**	1,787
RBTT Fixed Deposit (unrated)	**1,481**	3,589
First Citizens Investment Services Ltd. (unrated)	**4,898**	4,587
EC Home Mortgage Bank Bonds (unrated)	**4,014**	3,962
Equity securities:		
Banks Holdings Limited (unrated)	**1,933**	2,095
CIBC FirstCaribbean International Bank (unrated)	**1,350**	1,302
OAM Asian Recovery Fund (unrated)	**4,005**	3,445
OAM European Value Fund (unrated)	**2,508**	2,212
Sagicor Financial Corporation (unrated)	**856**	972

Debt securities carry fixed interest rates ranging from 1.5% to 7.25% (2011 – 3.75% to 7.50%) and maturity dates between 2012 and 2057 (2011 – 2011 and 2014).

No debt securities were past due at the consolidated balance sheet date.

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

Loans and receivables amounting to $4,156 (2011 – $4,843) were used as securities for the statutory deposits and motor insurance fund for the Group's insurance company.

(Expressed in thousands of Barbados Dollars)

19. Deferred income tax assets/(liabilities)

	2012	2011
Deferred income tax assets (net) – beginning of year	3,111	933
Acquisition of subsidiary company	–	95
Deferred income tax release (note 28)	1,124	2,081
Exchange adjustment	37	2
Deferred income tax assets (net) – end of year	4,272	3,111
Represented by:		
Deferred income tax assets	8,285	6,824
Deferred income tax liabilities	(4,013)	(3,713)
	4,272	3,111

The deferred income tax assets consist of the following components:

	2012	2011
Delayed tax depreciation	17,403	15,538
Taxed provisions	2,668	2,236
Pension plan assets net of liabilities	(2,681)	(941)
Unutilised tax losses	25,745	18,984
Other	256	234
	43,391	36,051
Deferred income tax assets at applicable corporation tax rates	8,285	6,824

The deferred income tax liabilities consist of the following components:

	2012	2011
Accelerated tax depreciation	(16,532)	(15,460)
Taxed provisions	77	77
Pension plan assets net of liabilities	(1,502)	(1,307)
Unutilised tax losses	2,486	3,125
Other	(624)	(591)
	(16,095)	(14,156)
Deferred income tax liabilities at applicable corporation tax rates	(4,013)	(3,713)

	2012	2011
Deferred income tax assets:		
Deferred income tax assets to be recovered after more than 12 months	6,592	5,222
Deferred income tax assets to be recovered within 12 months	1,693	1,602
	8,285	6,824

(Expressed in thousands of Barbados Dollars)

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

	2012	2011
Deferred income tax liabilities:		
Deferred income tax liabilities to be settled after more than 12 months	(1,640)	(1,688)
Deferred income tax liabilities to be settled within 12 months	(2,373)	(2,025)
	(4,013)	(3,713)

The Group has not recognised potential deferred income tax assets which consist of the following components:

	2012	2011
Accelerated tax depreciation	246	(480)
Pension plan asset	–	(1,172)
Unutilised tax losses	14,147	5,626
Intangible assets	(9,254)	–
	5,139	3,974
Deferred income tax assets at applicable corporation tax rates	1,527	1,002

20. Pension plans

The Company and certain of its subsidiary companies operate defined benefit pension plans for their employees under segregated fund policies with Sagicor Life Inc. as well as with Morgan Stanley Private Wealth Management, a financial institution registered in the United States of America. Annual valuations of the pension plans are performed by independent actuaries and the companies' contributions are adjusted according to the actuaries' recommendations. Interim actuarial valuations of the plans were performed as of September 30, 2012.

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

Pension plan assets

	2012	2011
Fair value of plan assets	87,503	93,907
Present value of funded obligations	(83,295)	(83,489)
	4,208	10,418
Amount not recognised because of limit placed on the economic value of surplus	(4)	–
Unrecognised actuarial losses/(gains)	1,848	(4,659)
Net assets – end of year	6,052	5,759

Pension plan liabilities

	2012	2011
Fair value of plan assets	44,724	41,670
Present value of funded obligations	(46,517)	(40,970)
	(1,793)	700
Unrecognised actuarial gains	(76)	(2,953)
Net liabilities – end of year	(1,869)	(2,253)

(Expressed in thousands of Barbados Dollars)

20. Pension plans... continued

	2012	2011
Accelerated tax depreciation	246	(480)
Pension plan asset	–	(1,172)
Unutilised tax losses	14,147	5,626
Intangible assets	(9,254)	–
	5,139	3,974
Deferred income tax assets at applicable corporation tax rates	1,527	1,002

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

	2012	2011
Fair value of plan assets – beginning of year	135,577	126,059
Acquisition of subsidiary company	–	1,289
Expected return on plan assets	10,302	12,914
Actuarial losses	(12,935)	(2,685)
Contributions – employer and employee	4,055	4,484
Benefits paid	(4,772)	(6,484)
Fair value of plan assets – end of year	132,227	135,577

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

	2012	2011
Present value of funded obligations – beginning of year	124,459	110,385
Aquisition of subsidiary company	–	1,309
Current service cost	4,665	6,557
Interest cost	9,450	11,468
Past service cost	–	3,481
Actuarial gains	(3,990)	(2,257)
Benefits paid	(4,772)	(6,484)
Present value of funded obligations – end of year	129,812	124,459

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

	2012	2011
Current service cost	2,946	4,025
Interest cost	9,450	11,468
Expected return on plan assets	(10,302)	(12,914)
Net actuarial gains recognised in the year	(434)	(1,392)
Past service cost	–	3,481
Net amount recognised in the consolidated statement of income	1,660	4,668
Actual return on plan assets	(2,687)	8,660

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

	2012	2011
Net asset – beginning of year	3,506	6,197
Acquisition of a subsidiary company	–	24
Net expense recognised in the consolidated statement of income	(1,660)	(4,668)
Contributions paid	2,337	1,953
Net asset – end of year	4,183	3,506

(Expressed in thousands of Barbados Dollars)

20. Pension plans... continued

Principal actuarial assumptions used for accounting purposes were as follows:

	2012	2011
Discount rate	**7.0% - 7.8%**	6.5% - 8.0%
Expected return on plan assets	**7.0% - 8.0%**	6.5% - 8.0%
Future promotional salary increases	**3.0% - 4.5%**	3.0% - 4.0%
Future inflationary salary increases	**3.0% - 3.8%**	2.5% - 4.0%
Future pension increases	**1.5% - 3.8%**	1.0% - 4.0%
Proportion of employees opting for early retirement	**0.0%**	0.0%
Future changes in NIS ceiling	**1.5% - 3.8%**	1.0% - 4.0%

Amounts for the current and previous periods are as follows:

Pension Plan Assets

	2012	2011	2010	2009	2008
Fair value of plan assets	**87,503**	93,907	86,700	82,459	90,697
Present value of funded obligations	**(83,295)**	(83,489)	(73,108)	(72,035)	(79,441)
Surplus	**4,208**	10,418	13,592	10,424	11,256
Experience adjustments on plan liabilities (gains)/losses	**(2,712)**	(806)	(3,034)	(3,819)	238
Experience adjustments on plan assets losses	**(8,902)**	(1,711)	(372)	(10,890)	(2,458)

Pension Plan Liabilities

	2012	2011	2010	2009	2008
Fair value of plan assets	**44,724**	41,670	39,359	36,280	35,745
Present value of funded obligations	**(46,517)**	(40,970)	(37,277)	(35,850)	(34,759)
Surplus	**(1,793)**	700	2,082	430	986
Experience adjustments on plan liabilities (gains)/losses	**(1,249)**	(1,252)	(2,032)	(1,028)	192
Experience adjustments on plan assets (losses)/gains	**(4,033)**	(973)	(257)	(4,621)	95

Plan assets are comprised as follows:

	2012	2011
Bonds Fund	**8.7%**	10.2%
Equity Fund	**70.1%**	70.7%
Balanced Fund	**21.3%**	19.4%
Other	**(0.1)%**	(0.3)%
Total	**100.0%**	100.0%

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

(Expressed in thousands of Barbados Dollars)

20. Pension plans... continued

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

Expected contributions to the defined benefit pension plans for the year ending September 30, 2013 are $1,400.

The Group also operates defined contribution plans for eligible employees. Pension costs for the year in respect of the defined contribution plans amounted to $2,098 (2011 – $2,369).

21. Share capital

Authorised

The Company is authorised to issue:

i) an unlimited number of one class of shares of no par value designated common shares.
ii) 960,000 of one class of shares of no par value designated preference shares.

Issued	2012	2011
Common shares	43,842	43,337

	2012		2011	
	Number of shares	$	Number of shares	$
Balance – beginning of year	59,877,643	43,337	59,707,790	42,454
Shares issued during the year – see (a) & (b)	99,051	505	169,853	883
Balance – end of year	59,976,694	43,842	59,877,643	43,337

Changes during the year were as follows:

a) In November 2011, employees of the Company and its Barbados subsidiary companies were offered shares in part payment of bonus payable in December 2011, as permitted by law. A total of 69,926 shares were issued at a price of $5.10 each. Subsequently, in May 2012, 29,125 shares were allotted under the Employee Share Purchase Scheme at $5.10 per share. These shares qualified for the 2012 interim dividend paid in August 2012.

b) During the year, no employee share options were exercised. 46,567 share options expired during the year (note 23).

(Expressed in thousands of Barbados Dollars)

22. Other reserves

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

(Expressed in thousands of Barbados Dollars)

22. Other reserves... continued

	Financial investments reserve	Revaluation surplus	Translation reserve	Share-based payments reserve	Statutory reserve	Total
Balance at October 1, 2011	1,644	112,300	(9,274)	1,226	2,332	108,228
Other comprehensive income/(loss):						
Share of revaluation surplus:						
– Group	–	2,947	–	–	–	2,947
– Associated companies (note 17)	–	(5,364)	–	–	–	(5,364)
Unrealised gains on available-for-sale financial investments:						
– Group	1,318	–	–	–	–	1,318
Losses transferred to income on disposal of available-for-sale financial investments:						
– Group	107	–	–	–	–	107
– Associated companies (note 17)	34	–	–	–	–	34
Transfer to retained earnings	(415)	–	–	–	–	(415)
Currency translation differences	–	–	(614)	–	–	(614)
Hyperinflationary revaluations	–	729	–	–	–	729
Other comprehensive income/(loss) for the year	1,044	(1,688)	(614)	–	–	(1,258)
Value of employee services:						
– Other share-based plans	–	–	–	110	–	110
Balance at September 30, 2012	**2,688**	**110,612**	**(9,888)**	**1,336**	**2,332**	**107,080**

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

23. Share option plan

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

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

	2012		2011	
	Number of share options	Weighted average exercise price $	Number of share options	Weighted average exercise price $
Outstanding – beginnning of year	**233,537**	**6.257**	379,693	7.224
Granted	**1,667**	**6.000**	3,390	5.900
Exercised	**–**	**–**	(31,250)	6.070
Expired	**(46,567)**	**6.070**	(118,296)	9.400
Outstanding – end of year	**188,637**	**6.301**	233,537	6.257

(Expressed in thousands of Barbados Dollars)

23. Share option plan... continued

Terms of the options outstanding at September 30:

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

	Exercise price $	Number 2012	Number 2011
Expiry date			
October 1, 2011	6.07	–	46,567
October 1, 2012	6.20	131,827	131,827
October 1, 2013	7.72	16,917	16,917
October 1, 2014	6.04	34,836	34,836
October 1, 2015	5.90	3,390	3,390
October 1, 2016	6.00	1,667	–
		188,637	233,537

The fair value of all options made available to employees in respect of services provided during the year is less than the purchase price of the options resulting in no expense recorded by the Group for the year (2011 – $Nil). The fair value of the options was determined using the Binomial Pricing Model. Significant assumptions underlying the valuation included an expected share price volatility of 15% (2011 – 20%), an average option life of 4.5 years (2011 – 4.5 years) and an annual risk-free interest rate of 6% (2011 – 5.5%).

24. Expenses by nature

	2012	2011
Depreciation (note 14)	23,122	23,071
Employee benefits expense (note 26)	180,010	167,531
Changes in inventories of finished goods and work in progress	12,189	(3,239)
Raw materials and consumables used	599,966	598,613
Transportation	2,580	2,475
Advertising costs	12,091	10,891
Provision for impairment of receivables	3,577	1,669
Other expenses	116,972	110,615
Total cost of sales and selling, marketing and administrative expenses	950,507	911,626

	2012	2011
Cost of sales	647,509	631,369
Selling and marketing expenses	72,860	68,791
Administrative expenses	230,138	211,466
	302,998	280,257
	950,507	911,626

(Expressed in thousands of Barbados Dollars)

25. Other (losses)/gains – net

	2012	2011
(Loss)/gain on disposal of financial investments	(104)	3,254
Gain on disposal of property, plant and equipment	883	1,055
Interest income	1,767	1,601
Rental income	3,453	3,714
Gain arising on acquisition	–	155
Loss on remeasurement of previous equity interest in associate at fair value	–	(44)
Dividends from other companies	337	415
Amortisation charge (note 16)	(1,988)	(1,134)
Impairment of intangible assets (note 16)	(3,683)	(13,986)
Gain arising on disposal of investment in associated companies	–	863
Impairment of financial investments (note 18)	(50)	–
Fair value gains/(losses) on revaluation of investment property (note 15)	307	(148)
Loss on revaluation of freehold land and buildings	(514)	–
Gain on wind-up of pension plan	66	418
Hyperinflationary adjustment	(2,114)	–
Write-off of short-term investment	–	(9,710)
Write-off of associated companies	–	(14,298)
	(1,640)	(27,845)

26. Employee benefits expense

	2012	2011
Salaries and other employee benefits	179,900	167,434
Share-based payments	110	97
	180,010	167,531

27. Finance costs

	2012	2011
Interest expense:		
Bank borrowings	8,069	7,713
Dividend on redeemable preference shares	2,108	2,108
Other borrowings	2,216	2,004
	12,393	11,825

28. Taxation

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

	2012	2011
Current income tax	13,829	13,176
Deferred income tax (note 19)	(1,124)	(2,081)
	12,705	11,095

(Expressed in thousands of Barbados Dollars)

28. Taxation... continued

The Group's effective tax rate of 27.2% (2011 – 192.1%) differs from the statutory Barbados tax rate of 25% (2011 – 25%) as follows:

	2012	2011
Income before taxation	46,619	5,777
Taxation calculated at 25% (2011 – 25%)	11,655	1,444
Effect of different tax rates in other countries	605	1,348
Tax effect of different tax rates on deferred tax assets and liabilities	39	916
Tax effect of associates' results reported net of taxes	(1,970)	(1,109)
Income not subject to taxation	(1,405)	(733)
Expenses not deductible for tax purposes	4,424	10,040
Taxation allowances	(1,226)	(2,130)
(Decrease)/increase in deferred tax assets not recognised	(300)	820
Amounts under/(over) provided in prior years	350	(48)
Amounts over provided in current year	190	42
Irrecoverable tax on foreign income	236	213
Tax effect of change in tax rate	(19)	177
Effect of losses utilised	126	8
Effect of losses expired	–	107
	12,705	11,095

Tax losses

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

Year of income	Amount	Year of expiry
2004	1,343	2013
2005	91	2014
2006	3,025	2015
2007	36	2016
2007	783	2013
2008	945	2017
2008	457	2014
2009	7,925	2018
2009	1,229	2015
2010	3,190	2019
2010	1,694	2016
2010	320	2013
2011	3,224	2020
2011	1,454	2017
2011	801	2014
2012	12,795	2021
2012	1,520	2018
2012	1,545	2015
	42,377	

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

(Expressed in thousands of Barbados Dollars)

29. Earnings per share

Basic

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

	2012	2011
Net income/(loss) for the year attributable to equity holders of the Company	24,696	(10,503)
Weighted average number of common shares in issue (thousands)	59,935	59,799
Basic earnings/(loss) per share	41.2¢	(17.6)¢

Diluted

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

	2012	2011
Net income/(loss) for the year attributable to equity holders of the Company	24,696	(10,503)
Dividend on redeemable preference shares	1,265	–
Net income/(loss) used to determine diluted earnings per share	25,961	(10,503)
Weighted average number of common shares in issue (thousands)	59,935	59,799
Adjustments for share options (thousands)	189	251
Adjustments for redeemable preference shares (thousands)	3,538	–
Weighted average number of common shares for diluted earnings per share	63,662	60,050
Diluted earnings/(loss) per share	40.8¢	(17.5)¢

30. Dividends per share

The dividends paid in 2012 and 2011 were $7,795 ($0.06 per share final for 2011 and $0.07 per share interim for 2012) and $10,770 ($0.12 per share final for 2010 and $0.06 per share interim for 2011).

At the Directors' meeting of December 11, 2012, a final dividend in respect of the 2012 financial year of eleven cents was declared. These financial statements do not reflect this dividend payable which will be accounted for in equity as an appropriation of retained earnings in the next financial year.

31. Contingent liabilities

a) Certain subsidiaries have bonds of $13,657 (2011 – $13,620) in favour of the Comptroller of Customs covering delivery of goods prior to payment of duty.

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

(Expressed in thousands of Barbados Dollars)

32. Commitments

Capital commitments
Approvals for capital expenditure to be incurred over the next year, for which no provision has been made in these financial statements, amounted to $45,786 (2011 – $48,577) at the year-end date.

Lease commitments

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

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

	2012	2011
Not later than 1 year	94	94

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

	2012	2011
Not later than 1 year	2,159	2,030
Later than 1 year and no later than 5 years	7,534	7,319

c) The Group has erected buildings on land originally leased at Grantley Adams Industrial Park from the Barbados Investment and Development Corporation. The lease dated October 25, 2011 has a 25 year term to April 30, 2034 with an option to renew for a further 25 years. The annual rent is $92.

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

	2012	2011
Not later than 1 year	253	259
Later than 1 year and no later than 5 years	1,023	1,049
	1,276	1,308

e) Buildings are also situated on lands leased from St. Lucia Air and Sea Ports Authority for a 20 year period expiring in 2032. The future aggregate minimum lease payments under the non-cancellable operating lease are as follows:

	2012	2011
Not later than 1 year	48	41
Later than 1 year and no later than 5 years	190	2
	238	43

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

	2012	2011
Not later than 1 year	400	400
Later than 1 year and no later than 5 years	800	1,200
	1,200	1,600

(Expressed in thousands of Barbados Dollars)

32. Commitments... continued

Lease commitments... continued

g) Company vehicles
The group has leased vehicles from an associated company. The future aggregate minimum lease payments for the remainder of the leases are as follows:

	2012	2011
Not later than 1 year	971	875
Later than 1 year and no later than 5 years	1,573	1,419
	2,544	2,294

33. Business combinations

Jonas Browne and Hubbard (Grenada) Ltd.

During 2012, 150 shares were purchased in Jonas Browne and Hubbard (Grenada) Ltd. at a cost of $3. This increased the shareholding from 51.91% to 51.92%

34. Related party transactions

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

	2012	2011
i) Sales of goods and services	6,256	4,606
ii) Purchases of goods and services	465	688
iii) Management fee income	754	870
iv) Insurance expense	5	12
v) Dividend income (note 17)	4,747	3,271

b) *Key management*
Key management comprises directors, divisional management and other senior Group personnel. Compensation to these individuals was as follows:

	2012	2011
Compensation		
Salaries and other short-term employee benefits	6,304	4,707
Share-based payments	12	23
	6,316	4,730

There were no loans to key management in 2012 and 2011.

(Expressed in thousands of Barbados Dollars)

35. Cash flows

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

	2012	2011
Decrease/(increase) in trade and other receivables	10,625	(18,918)
Increase in prepaid expenses	(1,586)	(1,573)
(Increase)/decrease in due by associated companies	(2,836)	3,861
Decrease/(increase) in reinsurance assets	3,232	(1,972)
Decrease/(increase) in inventories	1,918	(3,648)
Increase in trade and other payables	505	5,137
(Decrease)/increase in due to associated companies	(86)	762
(Decrease)/increase in insurance contracts	(3,120)	1,950
	8,652	(14,401)

TEXT OF RESOLUTION

Appendix A

WHEREAS:

a) Paragraph 18.1 of By-Law No. 1 of Goddard Enterprises Limited (hereinafter called the "Company") provides as follows:
"Any notice or other document required by the Act, the Regulations, the articles or the by-laws to be sent to any shareholder, debenture holder, director or auditor may be delivered personally or sent by prepaid mail or cable or telex to any such person at his latest address as shown in the records of the Company or the Company's transfer agent and to any such director at his latest address as shown in the records of the Company or in the latest notice filed under sections 66 or 74 of the Act, and to the auditor at his business address."; and

b) Paragraph 18.9 of By-Law No. 1 of the Company provides as follows:
"Where a notice required under paragraph 18.1 hereof is delivered personally to the person to whom it is addressed or delivered to his address as mentioned in paragraph 18.1 hereof, service shall be deemed to be at the time of delivery of such notice."; and

c) Paragraph 18.9.1 of By-Law No. 1 of the Company provides as follows:
"Where such notice is sent by post, service of the notice shall be deemed to be effected forty eight hours after posting if the notice was properly addressed and posted by prepaid mail."; and

d) Paragraph 18.9.2 of By-Law No. 1 of the Company provides as follows:
"Where the notice is sent by cable or telex, service is deemed to be effected on the date on which the notice is so sent."

AND WHEREAS the Board of Directors of the Company (hereinafter called "the Directors") consider it expedient and in the best interests of the Company and its shareholders to take advantage of the provisions of the Electronic Transactions Act, Chapter 308 B of the Laws of Barbados (hereinafter referred to as the "Electronic Act") to facilitate electronic communication with shareholders.

AND WHEREAS Section 7(1) of the Electronic Act provides, inter alia, that where the law requires information to be delivered, dispatched, given or sent to, a person, that requirement is met by doing so in the form of an electronic record.

AND WHEREAS the Directors deem it advisable to amend the By-law No. 1 of the Company so as to facilitate delivery to shareholders of notices or other documents required by the Act, Regulations, articles or by-laws in the form of an electronic record.

AND WHEREAS the Directors at their meeting held on September 25, 2012 resolved that By-Law No. 1 of the Company be amended as follows:

i) By deleting Article 18.1 and substituting therefor the following Article 18.1:
Any notice, communication, information or other document (hereinafter referred to as the "notice") required by the Act, the Regulations, the articles, the by-laws or otherwise to be delivered, given or sent to, or to be served on any shareholder, debenture holder, director, member of a committee of directors, officer, or auditor (hereinafter sometimes referred to as the "person") shall be sufficiently delivered, given or sent if:

a) delivered personally to the person to whom it is to be sent;

b) delivered to the person's recorded address as shown in the records of the Company or those of the Company's Registrar and Transfer Agent;

c) sent to the person at his recorded address by prepaid ordinary post or air mail;

d) sent to the person at his recorded address by any means of prepaid transmitted or recorded communication;

e) sent to the person by facsimile or other means of electronic transmission; or

f) sent in the form of an electronic record.

Text of Resolution

Appendix A

ii) By deleting Article 18.9.1 and substituting therefor the following Article 18.9.1:
Where the notice is sent by post, service of the notice shall be deemed to be effected on the day of posting.

iii) By deleting 18.9.2 and substituting therefor the following Article 18.9.2:
Where the notice is sent by facsimile or other electronic transmission or in the form of an electronic record, service is deemed to be effected on the date on which the notice is sent.

iv) By instituting a new Article 18.9.4 as follows:
18.9.4 The Company may, in the form of an electronic record, send to shareholders any notice required by law to be sent to shareholders. Where an electronic record is so sent, the shareholder to whom it is addressed shall be deemed to have acknowledged receipt of the same, and the Company shall be deemed to have received such acknowledgment, at the time of sending the notice.

v) By instituting a new Article 18.9.5 as follows:
18.9.5 Where any notice is delivered, given or sent by the Company to a shareholder by electronic means to the information-processing system designated by that shareholder for receipt of electronic communication from the Company, the shareholder to whom it is addressed shall be deemed to have acknowledged receipt of the same, and the Company shall be deemed to have received such acknowledgment, at the time of sending the notice.

vi) By instituting a new Article 18.10 as follows:

18.10 REQUESTS FOR HARD COPY FORMS

Where a shareholder receives a notice from the Company otherwise than in the form of a hard copy, such shareholder shall be entitled to request the Company to send him a hard copy form of the notice, and the Company shall deliver or send the hard copy form in accordance with Article 18.1, within 21 days of the receipt of such a request from a shareholder.

18.10.1 A shareholder may notify the Company in writing at any time of his desire to receive all notices from the Company in hard copy form and, on receipt of such written shareholder notification, the Company shall deliver or send all future notices to that shareholder in hard copy form and in accordance with Article 18.1, until further notice from that shareholder.

AND WHEREAS Section 61(2) of the Companies Act provides that the directors of a company must submit any amendment of a by-law to the shareholders of the company at the next meeting of shareholders after the amendment of the by-law; and the shareholders may, by ordinary resolution, confirm, amend or reject the amendment.

NOW BE IT RESOLVED AS FOLLOWS:

1. That the foregoing amendments to the By-Law No. 1 of the Company as approved by the Directors and outlined herein be and are hereby confirmed without amendment, incorporated into the By-Laws of the Company and known as By-Law No. 4.

2. That the Directors and Officers of the Company be and are hereby authorised to do all that is necessary to give effect to the foregoing resolution.

Management Proxy Circular

Company No. 1330

Management is required by the Companies Act, Chapter 308 of the Laws of Barbados (the "Companies Act") to send forms of proxy with the notice convening the meeting. In complying with those provisions, management is deemed to be soliciting proxies within the meaning of the Companies Act.

This Management Proxy Circular accompanies the notice of the seventy-fourth annual meeting of the shareholders of Goddard Enterprises Limited (the "Company") to be held on Thursday, January 31, 2013 at 5.30 p.m. at the Hilton Barbados Resort, Needham's Point, St. Michael (the "meeting") and is furnished in connection with the solicitation by the management of the Company of proxies for use at the meeting, or any adjournment thereof. It is expected that the solicitation will be primarily by mail. The cost of the solicitation will be borne by the Company.

APPOINTMENT AND REVOCATION OF PROXIES

A shareholder who is entitled to vote at the meeting has the right by means of the enclosed form of proxy to appoint a person to represent him at the meeting and may do so by inserting the name of such person in the space indicated on the form. The completed proxy form must be returned to the Company no later than 4.00 p.m. on Wednesday, January 30, 2013.

A proxy given by a shareholder for use at the meeting may be revoked by the shareholder at any time prior to its use. A proxy may be revoked in any manner permitted by law, including by an instrument in writing executed by the shareholder or his attorney in writing. If the shareholder is a company, the written instrument of revocation must be executed under its corporate seal or by any duly authorised officer or attorney of the company. The instrument of revocation must be deposited at the office of the Company, 2nd Floor Mutual Building, Lower Broad Street, Bridgetown, Barbados at any time up to and including the last business day preceding the day of the meeting, or any adjournment thereof, at which the proxy is to be used, or with the Chairman of the meeting on the day of the meeting, or adjournment thereof. Upon deposit in either manner, the proxy is revoked.

RECORD DATE AND VOTING SHARES

The Directors of the Company have not fixed a record date for determining the shareholders who are entitled to receive notice of the meeting. Therefore, in accordance with the Companies Act, the statutory record date applies. Accordingly, only shareholders of record at the close of business on the day immediately preceding the day on which the notice of the meeting is given will be entitled to receive notice of the meeting. Only such registered holders of shares of the Company will be entitled to vote at the meeting. In the event of a poll, each shareholder is entitled to one vote for each share held. As at the date hereof, there are 59,976,694 common shares of the Company issued and outstanding.

PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS AND THE AUDITOR'S REPORT

The Consolidated Financial Statements of the Company for the year ended September 30, 2012 and the Auditor's Report thereon are included in the 2012 Annual Report.

ELECTION OF DIRECTORS

The Board of Directors of the Company currently comprises nine members. The number of directors to be elected at this meeting is three.

The names of the persons proposed as nominees for election as directors of the Company, and for whom it is intended that votes will be cast for their election as directors pursuant to the form of proxy herewith enclosed, are as follows:

Nominee for Director	Present Principal Occupation
Mr. Martin J. K. Pritchard	Managing Director
Mr. William P. Putnam	Non-Executive Director
Mr. John Dereck Foster	Executive Chairman, Art Holdings Inc.

Messrs. Martin Pritchard and William Putnam are currently directors of the Company and will retire at the close of the seventy-fourth annual meeting in accordance with article 4.4 of the by-laws of the Company but being qualified, are both eligible for re-election. Mr. Pritchard was last re-elected to the Board at the seventy-first annual meeting of shareholders held on January 29, 2010 for a term of three years and Mr. Putnam was first elected to the Board at the seventy-third annual meeting held on January 31, 2012 for a term of one year. It is proposed that the term of office for each of Messrs. Pritchard and Putnam will expire at the close of the third annual meeting of shareholders following his election or until his successor is elected or appointed.

Mr. John Dereck Foster is not currently a director of the Company and is being proposed by the Board for election by shareholders as a non-executive director in accordance with article 4.3 of the by-laws of the Company. It is proposed that Mr. Foster's term of office will expire at the close of the third annual meeting of shareholders following his election or until his successor is elected or appointed.

The management of the Company does not contemplate that any of the persons named above will, for any reason, become unable or unwilling to serve as a director.

Mr. Joseph N. Goddard, Non-Executive Chairman, also retires by rotation at the close of the seventy-fourth annual meeting in accordance with the Company's by-laws but does not offer himself for re-election in keeping with the Company's policy on the retirement of directors. Mr. Goddard has served on the Board for forty years, following his appointment to the Board of Directors on October 1, 1972, and has served as Non-Executive Chairman for the last six years. He was last re-elected director of the Company at the seventy-first annual meeting of shareholders held on January 29, 2010 for a term of three years.

APPOINTMENT OF AUDITOR

It is proposed to nominate the firm of PricewaterhouseCoopers SRL, the incumbent Auditor of the consolidated financial statements of the Company, as Auditor of the Company to hold office until the next annual meeting of shareholders.

CONFIRMATION OF AMENDMENTS TO BY-LAW NO.1

Certain amendments to By-Law No. 1 of the Company are being proposed for confirmation by shareholders in order to facilitate the circulation to shareholders of notices, annual reports and other information or documents by electronic means in accordance with the provisions of the Electronic Transactions Act and international best practices.

The Board is of the view that the Company should adopt the modern international practice of electronic communication with shareholders in this era of increasing technological advancement. This move will also effect cost-savings in printing and postage expenses, facilitate more timely communication with shareholders and reduce the Company's carbon footprint. Shareholders may, however, request that the Company send them a hard copy of any document to which they are entitled, instead of an electronic copy.

The Companies Act requires the Directors to submit any amendment of a by-law made by the Board to the shareholders for confirmation, amendment or rejection at the next meeting of shareholders after the amendment is made. The amendments to By-Law No. 1 were made by resolution of the Board on September 25, 2012. The Directors recommend that shareholders vote for the confirmation of the amendments to By-Law No. 1 as set out in the resolution.

ALLOCATION OF SHARES FOR ALLOTMENT UNDER VARIOUS COMPANY SCHEMES

At their annual meeting held on February 17, 2005, shareholders approved the allotment of up to 3,000,000 common shares of the Company under the 1998 Executive Share Option Plan, Savings Related Employee Share Purchase Scheme and other schemes permitted by the Income Tax Act, for the purpose of enabling eligible employees to acquire shares in the Company, including shares taken in part payment of annual profit sharing bonuses. As at the date hereof, just over 100,000 shares remain for allocation from the said 3,000,000 shares authorised in February 2005.

DISCRETIONARY AUTHORITY

Management knows of no matter to come before the meeting other than the matters referred to in the Notice of Meeting enclosed herewith. However, if any other matter which is not now known to management should properly come before the meeting or any adjournment thereof, the shares represented by proxies in favour of management nominees will be voted on any such matter in accordance with the best judgment of the proxy holders.

Similar discretionary authority is deemed to be conferred with respect to any amendment to any matter identified in the Notice of Meeting.

The contents of this Management Proxy Circular and the sending thereof to all the holders of shares of the Company have been approved by the Directors of the Company.

No director's statement is submitted pursuant to section 71(2) of the Companies Act.

MANAGEMENT PROXY CIRCULAR
Company No. 1330

No auditor's statement is submitted pursuant to section 163 (1) of the Companies Act.

No shareholder's statement is submitted pursuant to sections 112 (a) and 113 (2) of the Companies Act.

December 11, 2012

Kathy-Ann L. Scantlebury
Corporate Secretary

PROXY

Goddard Enterprises Limited
Company No. 1330

The undersigned shareholder(s) of Goddard Enterprises Limited (hereinafter called the "Company") hereby appoint(s)

. . . .

of . . . .

or failing him . . . .

of . . . .

as the nominee of the undersigned to attend and act for the undersigned and on behalf of the undersigned at the 74th annual meeting of the shareholders of the Company to be held on the 31st day of January, 2013 and at any adjournment or adjournments thereof in the same manner, to the same extent and with the same powers as if the undersigned were present at the said meeting or such adjournment or adjournments thereof.

. . . .
Name of Shareholder(s)

. . . .
Signature of Shareholder(s)

. . . .
Date (DD/MM/YYYY)

Notes

1. (a) A shareholder who is entitled to vote at a meeting of shareholders may by means of a proxy appoint a proxy holder, or one or more alternate proxy holders, none of whom need be shareholders, to attend and act at the meeting in the manner and to the extent authorised by the proxy and with the authority conferred by the proxy.

   (b) In the case of a shareholder who is a body corporate or association, votes at meetings of shareholders may be given by an individual authorised by a resolution of the directors or governing body of that body corporate or association to represent it at meetings of shareholders of the Company.

2. A proxy must be executed in writing by the shareholder or his attorney authorised in writing.

3. Proxy appointments are required to be deposited at the registered office of the Company no later than 4:00 p.m. on Wednesday, the 30th day of January, 2013.

GODDARD ENTERPRISES LIMITED

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www.goddardenterprisesltd.com