



CAVE SHEPHERD & CO. LIMITED

Consolidated Balance Sheet

As at September 30, 2010

(With comparatives as at September 30, 2009)

	(Unaudited) September 30, 2010 \$	(Audited) December 31, 2009	(Unaudited) September 30, 2009 \$
Current Assets			
Cash and cash equivalents	11,017,808	16,058,159	14,030,167
Financial assets held for trading	28,267,001	15,736,400	14,639,046
Trade and other receivables and prepayments	14,185,975	17,579,059	13,870,192
Inventories	3,970,158	4,605,246	6,630,946
Other current assets	6,127,683	6,634,640	6,546,686
	<u>63,568,625</u>	<u>60,613,504</u>	<u>55,717,037</u>
Current Liabilities			
Trade and other payables	3,570,052	2,913,915	3,577,253
Other current liabilities	1,185,038	5,691,544	2,439,014
	<u>4,755,090</u>	<u>8,605,459</u>	<u>6,016,267</u>
Working Capital	58,813,535	52,008,045	49,700,770
Investment in Associates and at Fair Value through Profit and Loss	70,605,626	72,045,397	70,959,063
Intangible Assets and Goodwill	7,670,364	12,503,724	13,734,824
Investment Property	2,560,000	2,560,000	2,519,446
Property, Plant and Equipment	1,480,030	2,040,917	2,316,410
Loan due by associate	8,800,000	8,800,000	10,400,000
Other Long Term Assets	627,649	627,649	627,649
Fixed Income Certificates Payable and Other Long Term Liabilities	<u>(28,171,255)</u>	<u>(24,463,096)</u>	<u>(23,253,524)</u>
	<u>122,385,949</u>	<u>126,122,636</u>	<u>127,004,638</u>
Capital and Reserves attributable to the equity holders of the company			
Share capital	39,572,958	39,584,581	39,584,581
Retained earnings	76,994,506	81,379,218	81,701,442
	<u>116,567,464</u>	<u>120,963,799</u>	<u>121,286,023</u>
Non-controlling interest	5,818,485	5,158,837	5,718,615
	<u>122,385,949</u>	<u>126,122,636</u>	<u>127,004,638</u>

CAVE SHEPHERD & CO. LIMITED

Consolidated Statement of Income

For the Nine Months Ended September 30, 2010

(With comparatives for the nine months ended September 30, 2009)

	(Unaudited) September 30, 2010 \$	(Unaudited) September 30, 2009 \$
Income		
Revenue from operations	11,712,665	11,015,545
Other gains/(losses)	1,301,367	-
Total Income	<u>13,014,032</u>	<u>11,015,545</u>
Expenses		
Other operating expenses	9,541,387	11,308,604
Depreciation, amortisation and impairment	4,315,069	1,349,238
	<u>13,856,456</u>	<u>12,657,842</u>
Net Operating (Loss)/Profit	(842,424)	(1,642,297)
Share of Results of Associates	(258,501)	(2,780,318)
(Loss)/Income Before Taxation	(1,100,925)	(4,422,615)
Corporation Tax	(723,264)	(611,014)
(Loss)/Net Income for the Period	<u>(1,824,189)</u>	<u>(5,033,629)</u>
Attributable to:		
Equity holders of the company	(2,483,837)	(5,558,131)
Non-controlling interest	659,648	524,502
	<u>(1,824,189)</u>	<u>(5,033,629)</u>
	-	-
Earnings per share (EPS) – basic and diluted	<u>(\$0.13)</u>	<u>(\$0.30)</u>

Directors' Statement

The Cave Shepherd Group recorded a loss of \$1.8 million for the nine months to September 2010 compared to a loss of \$5.0 million for the same period in the prior year. Of this loss, \$660 thousand profit is attributable to the non-controlling interest with the resulting \$2.5 million loss being attributable to the equity holders of the company. This equates to a negative EPS of 13 cents as compared to a negative 30 cents in the prior year. Included in the above results is an impairment of goodwill of \$3 million (16 cents per share) on our Tortola retail operations. This leaves a further \$1 million of goodwill relating to this operation which may need to be written-off in the final quarter.

The first nine months of the financial year encompasses two slow trading quarters, especially for our retail operations. The Caribbean Region has continued to be affected by the economic downturn in our main tourism markets along with the reduction in spending. The improvement in the results is largely due to the expense control measures within our Duty Free Caribbean retail operations.

Our financial services businesses, Fortress Fund Managers, Signia Financial Group and DGM Bank & Trust, continue to operate profitably and remain financially sound.

The Group has maintained a strong Balance Sheet with healthy working capital and cash positions due to the continued emphasis on stringent expense controls, reduction of inventory levels, and limited capital expenditures.

We expect that the continued credible performance of the financial services companies together with the historically better fourth quarter in our retail sales will translate into an improvement in the results for the last quarter of the financial year.

R. Geoffrey Cave
Chairman

John M. B. Williams
Chief Executive Officer

25 November 2010