

Consolidated Balance Sheet As at September 30, 2012 (With comparatives as at September 30, 2011)

	(Unaudited) Sept 30 2012 \$	(Unaudited) Sept 30 2011 \$	(Audited) December 31 2011 \$
Current Assets			
Cash and cash equivalents	14,497,142	17,279,682	14,765,043
Financial assets held for trading	26,681,091	24,415,587	29,399,929
Trade and other receivables and prepayments	16,492,263	14,695,342	19,146,113
Inventories	-	5,178,620	4,845,896
Other current assets	12,971,315	5,702,149	9,813,333
	70,641,811	67,271,380	77,970,314
Current Liabilities			
Trade and other payables	3,390,806	4,866,678	5,036,194
Other current liabilities	5,675,902	6,364,702	12,746,066
	9,066,708	11,231,380	17,782,260
Working Capital	61,575,103	56,040,000	60,188,054
Investment in Associates and at Fair Value through Profit and Loss	69,515,922	67,809,508	70,654,727
Intangible Assets and Goodwill	4,784,933	5,629,333	5,418,233
Investment Property	-	2,560,000	-
Property, Plant and Equipment	1,283,169	1,102,062	1,012,415
Loan due by associate	5,800,000	8,560,000	5,800,000
Other Long Term Assets	905,192	903,242	905,192
Fixed Income Certificates Payable and Other Long Term Liabilities	(33,742,104)	(28,837,217)	(30,493,972)
	110,122,215	113,766,928	113,484,649
Capital and Reserves attributable to the equity holders of the company			
Share capital	38,689,673	38,850,491	38,689,673
Share option reserve	52,506	-	52,506
Retained earnings	68,056,382	71,616,204	71,509,425
	106,798,561	110,466,695	110,251,604
Non-controlling interest	3,323,654	3,300,233	3,233,045
	110,122,215	113,766,928	113,484,649

DIRECTORS' STATEMENT

Report to the Financial Statements - Nine months ended September 30, 2012

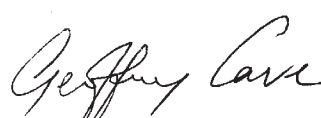
The Cave Shepherd Group recorded a loss attributable to the equity holders of the Company of \$(1.6) million for the first nine months of 2012 compared to \$(0.8) million for the same period in 2011. This equates to earnings per share (EPS) of negative \$(0.09) compared to a negative \$(0.05) for the comparable period last year.

The decline in performance is primarily attributable to restructuring expenses within our retail businesses. These include the closure of our loss making retail operations in Tortola, as a result of which we have recorded \$0.6 million in costs. In addition, our principal retail associate, Duty Free Caribbean Holdings, undertook a voluntary redundancy program, the majority of the cost of which was expensed in June. This, together with reduced local sales, is the main reason for the Share of Results of Associates reflecting a loss of \$(0.4) million compared to a prior period profit of \$1.1 million.

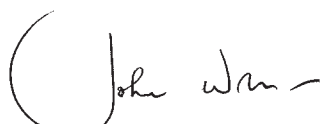
Generally our financial services businesses continue to perform in line with expectations although they are themselves being affected by the depressed business conditions.

The Group Balance Sheet reflects changes compared to prior year in the areas of Inventory and Other Current Assets which are as a result of the closure of the Tortola operations. Working Capital and Liquid Assets have been maintained at very comfortable levels.

Although economic and market conditions remain challenging we are hopeful of a reasonable upturn in our retail business in the traditionally strong final quarter of the financial year allowing us to have a modest full year profit in line with 2011.



R. Geoffrey Cave
Chairman
22 November 2012



John M. B. Williams
Chief Executive Officer

Consolidated Statement of Comprehensive Income For the Nine Months Ended September 30, 2012 (With comparatives for the nine months ended September 30, 2011)

	(Unaudited) Sept 30 2012 \$	(Unaudited) Sept 30 2011 \$	(Audited) December 31 2011 \$
Income			
Revenue from operations	11,297,200	11,060,292	15,838,781
Other gains	100,624	(264)	315,213
Total income	11,397,824	11,060,028	16,153,994
Expenses			
Other operating expenses	10,593,949	10,076,567	12,964,952
Depreciation, amortisation and impairment	971,151	1,023,326	1,363,327
	11,565,100	11,099,893	14,328,279
Net Operating (Loss)/Profit	(167,276)	(39,865)	1,825,715
Share of Results of Associates	(399,956)	565,802	1,053,229
(Loss)/Income before Taxation	(567,232)	525,937	2,878,944
Corporation Tax	(685,797)	(759,941)	(993,938)
Net (Loss)/Income for the Period	(1,253,029)	(234,004)	1,885,006
Attributable to:			
Equity holders of the company	(1,613,638)	(849,910)	1,073,788
Non-controlling interest	360,609	615,906	811,218
	(1,253,029)	(234,004)	1,885,006
Earnings per share (EPS) - basic and fully diluted	(\$0.09)	(\$0.05)	\$0.06

Consolidated Statement of Changes in Equity For the Nine Months Ended September 30, 2012 (With comparatives for the nine months ended September 30, 2011)

	Attributable to equity holders of the Company:			Non-controlling Interest	Total \$
	Share Capital \$	Retained Earnings \$	Share Option Reserve \$	\$	
(Unaudited) Balance as at December 31, 2010	39,113,043	74,626,932	-	5,084,327	118,824,302
Total comprehensive income for the period	-	(849,910)	-	615,906	(234,004)
	39,113,043	73,777,022	-	5,700,233	118,590,298
Dividends	-	(1,848,296)	-	-	(1,848,296)
Dividends paid to non-controlling interest	-	-	-	(2,400,000)	(2,400,000)
Repurchase of shares	(262,552)	(312,522)	-	-	(575,074)
Balance as at Sept 30, 2011	38,850,491	71,616,204	-	3,300,233	113,766,928
(Audited) Balance as at December 31, 2010	39,113,043	74,626,932	-	5,084,327	118,824,302
Total comprehensive income for the year	-	1,073,788	-	811,218	1,885,006
	39,113,043	75,700,720	-	5,895,545	120,709,308
Dividends	-	(3,687,700)	-	-	(3,687,700)
Dividends paid to non-controlling interest	-	-	-	(2,662,500)	(2,662,500)
Employee share options	-	-	52,506	-	52,506
Repurchase of shares	(423,370)	(503,595)	-	-	(926,965)
Balance as at December 31, 2011	38,689,673	71,509,425	52,506	3,233,045	113,484,649
(Unaudited) Balance as at December 31, 2011	38,689,673	71,509,425	52,506	3,233,045	113,484,649
Total comprehensive income for the period	-	(1,613,638)	-	360,609	(1,253,029)
	38,689,673	69,895,787	52,506	3,593,654	112,231,620
Dividends	-	(1,839,405)	-	-	(1,839,405)
Dividends on preference shares	-	-	-	(270,000)	(270,000)
Balance as at September 30, 2012	38,689,673	68,056,382	52,506	3,323,654	110,122,215

Consolidated Statement of Cash Flows For the Nine Months Ended September 30, 2012 (With comparatives for the nine months ended September 30, 2011)

	(Unaudited) Sept 30 2012 \$	(Unaudited) Sept 30 2011 \$	(Audited) December 31 2011 \$
Cash flows from operating activities			
Net cash from operating activities	(2,503,252)	215,296	5,291,175
Cash flows from investing activities			
Net cash from investing activities	2,666,029	(2,535,674)	(7,679,907)
Cash flows from financing activities			
Net cash from financing activities	(430,678)	431,837	(2,014,448)
Net decrease in cash and cash equivalents	(267,901)	(1,888,541)	(4,403,180)
Net cash at beginning of year	14,765,043	19,168,223	19,168,223
Net cash at end of year	14,497,142	17,279,682	14,765,043