



Our mission is to display excellence and goodwill in every task undertaken and to exceed the expectations of our customers, employees and shareholders.

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Notice of the One Hundred and Twenty - Sixth Annual Meeting of Shareholders

Notice is hereby given that the One Hundred and Twenty - Sixth Annual Meeting of the shareholders of BICO Limited will be held at the Cricket Legends of Barbados, Herbert House, Fontabelle, St. Michael on Tuesday 22nd February, 2011 at 5:00 p.m. for the following purposes:

- (1) To receive and consider the Report of the Directors, the Report of the Auditors and the Audited Financial Statements for the year ended 30th September 2010.
- (2) To elect Directors. The Directors who retire by rotation and being eligible offer themselves for re-election are Mr Stephen 'Robin' Alleyne, Mr Lionel Moe and Mr Edwin Thirlwell.
- (3) To re-appoint Auditors for the ensuing year.
- (4) To consider any other business which may properly come before an Annual Meeting of Shareholders.

By order of the Board of Directors

L Rudder

Laura W. Rudder B.Sc., LL.B.
Company Secretary

Harbour Industrial Park, Bridgetown
January 20, 2011

BICO Limited Registered Office

Harbour Industrial Park
Bridgetown, BB11145, Barbados
Tel: (246) 430-2100 Fax: (246) 426-2198
Email: admin@bicold.com
www.bicoicecream.com

Board of Directors

F. Edwin Thirlwell, C.I.M- Executive Chairman
Alwyne M. Horsley
Robert Foster
Lionel A. Moe, F.C.C.A.
Stephen Robin Alleyne.
Shafik Faizool - BBA-Finance and Data Processing (Minor)

Alternate Directors

Paula Lett, LL. B (Hons.) for Alwyne M. Horsley
Peter Downes, B. Sc. (Hons.), CMA, FCA

Secretary

Laura W. Rudder, B.Sc. (Hons.), LL.B.

Auditors

M. E. Murrell & Company
Public Accountants

Attorneys-at-Law

Wilfred A. Abrahams, LL.B (Hons.)

Bankers

First Caribbean International Bank
Broad Street
Bridgetown, Barbados

Royal Bank of Canada
Broad Street
Bridgetown, Barbados

Republic Bank Limited
Promenade Centre
72 Independence Square
Port of Spain
Trinidad and Tobago

Officers & Senior Personnel

F. Edwin Thirlwell C.I.M
Chairman

Stephen Robin Alleyne
Cold Storage Director

Shafik Faizool, BBA-Finance and Data Processing (Minor)
Chief Financial Officer

Colin Corbin, B.Sc. Accounting, MBA, ACIM, PMDP, CPC
Commercial Director

Randy Harris
Sales Manager

Desmond S. Williams
Production Manager

Orlando Ward
Accountant

Sylvia M Newsam, B.Sc. (Hons)
Purchasing Officer

Directors Report

The overall performance for the year ended 30th September 2010 was commendable after considering the destruction of our manufacturing facilities by fire in August 2009. We were unable to rebuild our production facilities within the last financial year, however (as at December 2010) our insurers have now settled our claims and we are moving ahead with reconstruction, which is expected to be completed by June 2011.

Following the fire, export markets suffered the most as Canadian-produced BICO ice cream cannot compete in regional export markets with ice cream produced within Caricom.

At September year-end local ice cream revenues were down 7% on the previous year; this was an improvement over the first half-year's results when local sales were, at that stage, down 14%, in line with the depressed local market.

Harbour Cold Store revenues were down by 12% in line with the general downturn in the economy.

DIVIDENDS – The Board of Directors have recommended that no dividend be paid for the year ended September 30, 2010, so that available resources can be fully utilized for rebuilding.

AUDITORS – The auditors M.E. Murrell & Company retire and offer their services for the current year at a fee to be determined. We recommend that the directors be authorized to re-appoint the auditors and to determine the auditor's fee.

DIRECTORS – The Directors retiring by rotation and being eligible offering themselves for re-election are Mr Stephen Robin Alleyne, Mr Lionel Moe and Mr Edwin Thirlwell.

In keeping with the staggering of the appointments of the Directors and in order to ensure that an equal number of directors come up for re-appointment each year it is proposed that Mr Stephen Robin Alleyne and Mr Edwin Thirlwell be re-appointed for a period of three (3) years while Mr Lionel Moe be re-appointed for a period of two (2) years.

OUTLOOK – Indications for the first quarter of the new financial year show an increase of 7% in cold storage revenues and a 6% increase in ice cream sales when compared to the same period last year. Energy prices are expected to rise but we have taken steps to mitigate the effects on operations. A photovoltaic pilot installation on the roof of a new building is already producing power and we plan to extend the production of electricity from solar panels, in order to reduce our operating costs and reduce dependence on fossil fuels. We are cautiously optimistic for a modest improvement in 2011.

We wish to thank the entire team at BICO Ice Cream and Harbour Cold Store for their loyalty and hard work during the period under review.

On behalf of the Board of Directors.



F. Edwin Thirlwell
Chairman

Directors & Substantial Interests

Interest of Shareholders holding more than 5% of the issued common shares on the dates indicated were as follows:

	30-09-10	06-01-11
Nordev One Ltd.	555,809	No change
Windsong Investments Ltd.	462,557	No change
Nordev Two Ltd	220,666	No change
Sagicor (Equity) Fund/Global Balanced Fund/Life Inc.	193,404	No change
Tropic Ice Unlimited Inc.	118,374	No change

According to the Company's share register, no director held an interest in the Company at the above noted dates.





M. E. Murrell & Co.



Public Accountants
Established 1960

Member Firm of International Association of Practising Accountants
Affiliated Offices Worldwide

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AUDITORS' REPORT
To the shareholders of Bico Limited

We have audited the balance sheet of **Bico Limited** as at September 30, 2010 and the statements of income, changes in shareholders' equity and cash flows for the year then ended.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform an audit to obtain reasonable assurance that the financial statements are free of material misstatement whether due to fraud or error. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements.

An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of **Bico Limited** as at September 30, 2010 and the results of its operations and changes in its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Barbados
January 10 2011

Partners: Marcel E. Murrell (Sr.) BCH, JP, FCBA • Marcel E. Murrell (Jr.) CGA, CA

Balance Sheet

As at September 30, 2010

(with comparatives as at September 30, 2009)

(expressed in Barbados dollars)	Note	2010 \$	2009 \$
Property, plant and equipment	5	14,101,233	4,561,437
Pension fund asset	14	1,484,735	1,543,558
Investments	6	10,245	10,245
Deferred tax asset	7	442,323	130,504
Total non-current assets		16,038,536	6,245,744
Inventories	8	2,498,865	1,496,784
Trade and other receivables	9	4,849,611	8,579,263
Prepaid expenses		400,785	311,162
Cash and cash equivalents	10	783,421	81,725
Total current assets		8,532,682	10,468,934
Total assets		24,571,218	16,714,678
Equity			
Issued capital	11	2,383,828	2,383,828
Capital appraisal surplus	5	7,697,390	-
Retained earnings		6,937,024	6,605,909
Total equity attributable to equity holders of the company		17,018,242	8,989,737
Liabilities			
Long-term loans	13	5,806,402	3,777,979
Total non-current liabilities		5,806,402	3,777,979
Current liabilities			
Accounts payable and accrued liabilities	15	1,545,569	1,641,765
Due to related parties	20	-	1,800,000
Current portion of long-term loans	13	201,005	505,197
Total current liabilities		1,746,574	3,946,962
Total liabilities		7,552,976	7,724,941
Total equity and liabilities		24,571,218	16,714,678

Approved by the Board of Directors on January 10, 2011 and signed on their behalf by:

Director

Director

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

BICO Limited

Statement of Changes in Equity

As at September 30, 2010

(with comparatives as at September 30, 2009)

(expressed in Barbados dollars)

	Share Capital	Capital Appraisal Surplus	Retained Earnings	Total Equity
	\$	\$	\$	\$
Balance at October 1, 2008	2,383,828		4,907,534	7,291,362
Net income for the year			1,698,375	1,698,375
Balance at September 30, 2009	2,383,828		6,605,909	8,989,737
Balance at October 1, 2009	2,383,828		6,605,909	8,989,737
Dividends paid			(231,587)	(231,587)
Capital appraisal surplus		7,697,390		7,697,390
Net income for the year			562,702	562,702
Balance at September 30, 2010	2,383,828	7,697,390	6,937,024	17,018,242

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

Statement of Comprehensive Income

For the year ended September 30, 2010

(with comparatives for year ended September 30, 2009)

(expressed in Barbados dollars)

	Note	2010 \$	2009 \$
Revenue	21	12,971,670	15,145,261
Cost of sales		(8,922,379)	(9,216,543)
Gross profit		4,049,291	5,928,718
Other operating income	2	2,978,451	382,503
Distribution expenses		(2,991,245)	(3,796,663)
Administration expenses		(2,728,411)	(2,440,239)
Engineering expenses		(639,515)	(760,319)
Other operating expenses		(21,484)	(19,140)
Operating profit/(loss) before financing costs	21	647,087	(705,140)
Other non-operating income			
Gain on disposal of plant and equipment		21,116	2,504,635
Gain on disposal of property		-	655,884
Net other non-operating income		21,116	3,160,519
Financial income	4	21,145	(16,995)
Financial expenses	4	(438,465)	(477,414)
Net financing costs		(417,320)	(494,409)
Profit before corporation tax		250,883	1,960,970
Taxation	7	311,819	(262,595)
Income for the year		562,702	1,698,375
Basic earnings per share	12	0.24	0.73
Diluted earnings per share	12	0.24	0.73

The following item is included above:

Depreciation	733,828	1,129,662
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The accompanying notes form an integral part of these financial statements.

Statement of Cash Flows

For the year ended September 30, 2010

(with comparatives for year ended September 30, 2009)

(expressed in Barbados dollars)

	Note	2010 \$	2009 \$
Cash flows from operating activities			
Profit before corporation tax		250,883	1,960,970
Adjustments for:			
Depreciation	5	733,828	1,129,662
(Gain) on disposal of property, plant and equipment		(21,116)	(3,160,519)
Interest expense	4	438,465	477,414
Interest income	4	(21,145)	16,995
Operating earnings before changes in working capital		1,380,915	424,522
Decrease/(Increase) in pension fund asset	14	58,823	(164,643)
(Increase)/Decrease in inventories		(1,002,081)	2,244,696
Decrease/(Increase) in accounts receivable		3,729,652	(6,000,138)
(Increase) in prepaid expenses		(89,623)	(106,558)
(Decrease)/Increase in accounts payable and accrued liabilities		(96,196)	523,635
Cash from/(used by) operations		3,981,490	(3,078,486)
Interest paid		(438,465)	(477,414)
Net cash from/(used by) operating activities		3,543,025	(3,555,900)
Cash flows used in investing activities			
Purchase of property, plant and equipment	5	(2,576,234)	(359,694)
Interest received	4	21,145	(16,995)
Proceeds on disposal of property, plant and equipment		21,116	4,725,384
Net cash (used in)/from investing activities		(2,533,973)	4,348,695
Cash flows from financing activities			
Decrease in amounts due to related parties		(1,800,000)	- -
Dividends paid		(231,587)	- -
Proceeds from long-term loans		5,124,014	- -
Repayment of long-term loans		(3,399,783)	(511,793)
Net cash used by financing activities		(307,356)	(511,793)
Net increase in cash and cash equivalents		701,696	281,002
Cash and cash equivalents at September 30, 2009		81,725	(199,277)
Cash and cash equivalents at September 30, 2010		783,421	81,725

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

Notes to the Financial Statements

For the year ended September 30, 2010
(with comparatives for year ended September 30, 2009)

(expressed in Barbados dollars)

1 Significant accounting policies

Bico Limited is a company domiciled in Barbados. The registered office of the company is Harbour Industrial Park, St. Michael, Barbados. The financial statements of the company for the year ended 30 September 2010 comprise the company and its branch in Trinidad.

The financial statements were authorised for issue by the directors on January 10th 2011.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Principal activities

The principal activities of the Company are the manufacture and distribution of ice cream and the rental of cold storage space.

(b) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and its interpretations adopted by the International Accounting Standards Board (IASB).

(c) Basis of preparation

The financial statements are prepared on the historical cost basis and are expressed in Barbados dollars.

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results could differ from estimates made by management.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(d) Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Barbados dollars at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currency are translated using the exchange rate at the date of the transaction.

Notes to the Financial Statements

For the year ended September 30, 2010

(with comparatives for year ended September 30, 2009)

(expressed in Barbados dollars)

(e) Property, plant & equipment

Items of property, plant and equipment are stated at cost, as deemed cost, less accumulated depreciation and impairment losses. The cost of self-constructed assets includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads.

The Company recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the Company and the cost of the item can be measured reliably. All other costs are recognised in the income statement as an expense as incurred.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment.

The principal annual rates used for this purpose are as follows:

Ice cream and cold storage machinery	10%
Motor vehicles and delivery equipment	20%
Furniture, fixtures and fittings	10%
Computer hardware	25%
Computer software	33%

The residual value, if not insignificant, is reassessed annually.

The cost of leasehold buildings is being written off over the period of the lease of the land or the estimated useful life of the buildings if less than lease term.

(f) Leased assets

Leases under the terms of which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Plant and equipment acquired by way of finance lease is stated at an amount equal to the lower of its fair value and the present value of minimum lease payments at the inception of the lease less accumulated depreciation and impairment losses. The interest expense component of finance lease payments is recognised in the income statement using the effective interest rate method.

(g) Investments

Investments are classified as available-for-sale and are stated at fair value, unless it is impracticable to determine the fair value, in which case they are stated at cost less impairment losses. Gains and losses arising from the change in fair value are recognised directly in equity, except for impairment losses.

(h) Trade and other receivables

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

Notes to the Financial Statements

For the year ended September 30, 2010
(with comparatives for year ended September 30, 2009)

(expressed in Barbados dollars)

(i) Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. In general, cost is determined on an average cost basis and includes transport and handling costs. In the case of manufactured inventories and work in progress, cost includes all direct expenditure and production overheads based on a normal level of activity. Provision is made for defective stock.

(j) Impairment

The carrying amounts of the Company's assets other than inventories and deferred tax asset are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then, to reduce the carrying amount of the other assets in the unit on a pro rata basis.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the carrying amount of the asset does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(k) Employee benefits

At October 1, 2007 the Company sponsored two defined benefit Pension Plans for its employees under Segregated Fund Policies with Sagicor Life Inc. The Plans were non-contributory defined benefit career average Pension Plans and funded taking into account recommendations of independently qualified actuaries. Eligible employees were required to join one of the Plans as a condition of employment.

Effective October 1, 2007, a new Defined Benefit component was added to each Plan and was made mandatory for new members joining on or after this date but also offered as an alternative option for the existing members to elect. The Plans were amended to allow members the option to keep their existing benefits under the non-contributory defined benefit career average section of the Plan that they were enrolled on or have their benefits based on the contributory defined benefit final average section of that Plan.

The Company's net obligation in respect of their defined benefit Pension Plans is calculated separately for each Plan by estimating the amount of future benefit that members have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value and the fair value of Plan assets is deducted.

The cost of the Company's defined benefit Pension Plans is charged to the income statement over the service life of the employees in the Plan. The pension costs are assessed in accordance with the advice of independent consulting actuaries. Actuarial gains on the Plan are recognised over a five year period.

Notes to the Financial Statements

For the year ended September 30, 2010
(with comparatives for year ended September 30, 2009)

(expressed in Barbados dollars)

Employee benefits continued

Where the calculation results in a benefit to the Company, the recognised asset is limited to the net total of any unrecognised actuarial losses and past service costs and the present value of any future refunds from the plan or reductions in future contribution to the Plan.

(l) Accounts payable and other liabilities

Accounts payable and other liabilities are stated at cost.

(m) Revenue recognition

Revenue from the sale of goods is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer. Revenue from cold storage services is recognised at the point when goods enter the cold storage facility.

(n) Operating lease payments

Payments made under operating leases are recognised in the income statement on a straight line basis over the term of the lease. Lease incentives received are recognised in the income statement as a part of the total lease expense.

(o) Deferred tax

Deferred taxation is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

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

(p) Restructuring costs

A provision for restructuring is recognised only when the Company has approved a detailed and formal restructuring plan, and the restructuring has either commenced or has been announced publicly. Future operating costs are not provided for.

(q) Segment reporting

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

(r) Borrowing costs

Borrowing costs are recognised in the income statement as an expense in the period in which they are incurred.

Notes to the Financial Statements

For the year ended September 30, 2010
(with comparatives for year ended September 30, 2009)

(expressed in Barbados dollars)

2 Other operating (expenses)\ income

	2010	2009
	\$	\$
Miscellaneous (expenses)\ income	117,193	338,111
Exchange gains and losses	80,382	44,392
Business interruption insurance claim	2,780,876	-
	<u>2,978,451</u>	<u>382,503</u>

3 Personnel expenses

	2010	2009
	\$	\$
Salaries and wages	3,501,460	4,203,480
National insurance	299,427	360,485
Pension cost	59,863	(158,067)
Medical and health cost	70,489	105,675
	<u>3,931,239</u>	<u>4,511,573</u>

The average number of persons employed by the Company during the year was 87 (2009 - 108).

4 Net financing costs

	2010	2009
	\$	\$
Finance revenue	21,145	(16,995)
	<u>21,145</u>	<u>(16,995)</u>
Interest expense	438,465	477,414
Net financing costs	<u>417,320</u>	<u>494,409</u>

Notes to the Financial Statements

For the year ended September 30, 2010

(with comparatives for year ended September 30, 2009)

5 Property, plant and equipment

	Buildings on leased land \$	Plant and equipment \$	Furniture and fittings \$	Total \$
Cost				
Balance - beginning of year	7,185,374	14,236,662	1,452,785	22,874,821
Additions	785,025	1,751,504	39,705	2,576,234
Additions – appraisal surplus	7,697,390	- -	- -	7,697,390
Disposals	- -	- -	- -	- -
Balance - end of year	15,667,789	15,988,166	1,492,490	33,148,445
Accumulated Depreciation				
Balance - beginning of year	4,972,587	11,956,236	1,384,561	18,313,384
Depreciation for year	71,357	641,573	20,898	733,828
Disposals	- -	- -	- -	- -
Balance - end of year	5,043,944	12,597,809	1,405,459	19,047,212
Net book value				
Beginning of year	2,212,787	2,280,426	68,224	4,561,437
End of year	10,623,845	3,390,357	87,031	14,101,233

The buildings are erected on lands leased from The Barbados Port Incorporated for a period of ten years from December 2006, with an option to renew for a further period of fifteen years.

The buildings are stated by a professional independent valuation carried out during April 2010 in the amount of \$10,155,565. The excess of the valuation over historical cost of \$7,697,390 has been credited to the capital appraisal surplus account.

6 Investments

	2010 \$	2009 \$
N.S.R. Ltd. - preference shares	10,245	10,245
	10,245	10,245

This amount represents the conversion of debt owed by Julie 'N Lady Care Limited. As the transfer of the shares is restricted, it is not possible to reliably determine the fair value of the investment.

Notes to the Financial Statements

For the year ended September 30, 2010

(with comparatives for year ended September 30, 2009)

(expressed in Barbados dollars)

7 Taxation

The taxation charge for the year is comprised as follows:

	2010 \$	2009 \$
Corporation tax on current year's earnings	-	-
Deferred tax charge/(release)	(311,819)	262,595
	<u>(311,819)</u>	<u>262,595</u>

The Company has tax losses of \$2,965,199 available to be carried forward and offset against future taxable income.

The losses have not been agreed by the Commissioner of Inland Revenue but are not in dispute.

The tax on the Company's net income before tax differs from the theoretical amount that would arise using the basic tax rate.

	2010 \$	2009 \$
Profit before taxation	250,883	1,960,970
Tax calculation at 15% (2009-15%)	37,632	294,146
Tax effect of non - deductible expenses	17,987	(186,730)
Tourism Development Fund allowance	(438)	(438)
Tax effect of manufacturing allowance	(86,899)	(81,814)
Tax effect of investment allowance	(53,615)	(86,286)
Tax effect of (under)/over statement of taxable losses in prior year	(226,486)	323,717
	<u>(311,819)</u>	<u>262,595</u>

The deferred tax asset consists of the following components:

	2010 \$	2009 \$
Pension fund asset	1,484,735	1,543,558
Tax losses	(2,965,199)	(1,483,193)
Accelerated tax depreciation	(1,468,358)	(930,395)
	<u>(2,948,822)</u>	<u>(870,030)</u>

Deferred tax (asset)/liability at the statutory corporation tax rate of 15% (2009 - 15%)

<u>(442,323)</u>	<u>(130,504)</u>
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Except for tax losses, the above noted temporary differences have no expiry date.

Notes to the Financial Statements

For the year ended September 30, 2010

(with comparatives for year ended September 30, 2009)

(expressed in Barbados dollars)

8 Inventories

These comprise the following:

	2010 \$	2009 \$
Raw materials	147,505	-
Packaging materials	419,937	168,763
Finished goods	1,611,670	955,085
Goods in transit	193,305	316,699
Other	126,448	56,236
	<u>2,498,865</u>	<u>1,496,783</u>

9 Trade and other receivables

	2010 \$	2009 \$
Trade receivables - net of provisions for non-recoverability	1,322,030	1,318,920
Insurance claim receivable	2,920,039	6,702,424
Other receivables	607,542	557,919
	<u>4,849,611</u>	<u>8,579,263</u>

At 30 September 2010, the balance owed by a former director was \$223,458 which represents litigation settlement, interest and legal costs relating to a civil judgement obtained against the former director. Based on future cash flows the balance owed will be repaid in eighteen years (nineteen years 2009). Due to the long-term nature of the receivable, the amount has been discounted at a rate of 8 per cent to arrive at an amount \$115,205 which is included in other receivables.

10 Cash and cash equivalents

	2010 \$	2009 \$
Cash and bank balances	445,273	81,725
Money Market investment	338,148	-
	<u>783,421</u>	<u>81,725</u>

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Notes to the Financial Statements

For the year ended September 30, 2010

(with comparatives for year ended September 30, 2009)

(expressed in Barbados dollars)

11 Share capital**(a) Authorised**

An unlimited number of common shares of no par value.

(b) Issued

	2010	2009
	\$	\$
2,315,871 (2009 -2,315,871) common shares, stated value	2,383,828	2,383,828

12 Earnings per share

The earnings per share is based on the net earnings for the year and the average number of shares in issue during the year.

13 Interest-bearing loans and borrowings

	2010	2009
	\$	\$
Secured bank loans	940,069	4,283,176
Related party loans (see note 20)	5,067,338	-
Current portion	(201,005)	(505,197)
	<u>5,806,402</u>	<u>3,777,979</u>

Long-term loans

In March 2007, the company negotiated a term loan of \$1,690,000 to assist with the extension of the cold storage facility. The loan is repayable in monthly instalments of blended principal and interest of \$18,816 and bears interest at the rate of 5.5% per annum. The maturity date is March 2017.

In July 2010, the company negotiated a demand loan of \$5,067,338 with two related parties to repay the overdraft and long-term loans of the RBC Royal Bank of Canada (Barbados) Limited. The loan interest is payable monthly at 6.25% p.a, fluctuating based on Minimum Savings Rate. Principal payments have been deferred. Interest paid on these loans was \$79,785.

Notes to the Financial Statements

For the year ended September 30, 2010

(with comparatives for year ended September 30, 2009)

(expressed in Barbados dollars)

13 Interest-bearing loans and borrowings continued

The following are pledged as security for the loans:

- a) A debenture over fixed and floating assets of the Company stamped to secure \$4,410,000 as outlined below:
 - 1. A fixed first charge over the fixed assets of the Company.
 - 2. A floating charge over the floating assets of the Company.
- b) Fire policy covering buildings, plant, equipment and stock with mortgage clause in favour of the bank.
- c) Letter of undertaking by the Company not to further encumber its fixed assets without the bank's consent.

Notes to the Financial Statements

For the year ended September 30, 2010

(with comparatives for year ended September 30, 2009)

(expressed in Barbados dollars)

14. Pension fund asset

	2010 \$	2009 \$
The amounts recognised in the Balance Sheet are as follows:		
Present value of funded obligation	(5,132,821)	(4,995,467)
Fair value of plan assets	6,252,708	6,245,682
Unrecognised actuarial gain	1,119,887 364,848	1,250,215 293,343
	<u>1,484,735</u>	<u>1,543,558</u>

Movement in pension fund asset recognised in the Balance Sheet is as follows:

Pension fund asset - beginning of the year	1,543,558	1,378,915
Net pension (expense)/gain for the year	(58,823)	164,643
Pension fund asset - end of the year	<u>1,484,735</u>	<u>1,543,558</u>

The amounts recognised in the Statement of Income are as follows:

Current service costs	114,345	117,428
Interest cost	345,964	337,842
Expected return on plan assets	(460,153)	(490,360)
	156	(35,090)
Net actuarial gain recognised in the year	58,667	(129,553)
Past service costs – vested benefit	-	-
Pension payments excluded from pension	-	-
Net pension cost included in administrative expenses	<u>58,823</u>	<u>(164,643)</u>

The actual return on plan assets was a gain \$157,422 (2009 – Loss of \$28,894).

Assumptions:	2010	2009
Discount rate at end of year	7.00%	7.00%
Expected return on assets at end of year	7.50%	7.50%
Future salary increases	6.00%	6.00%
Future pension increases	0.00%	0.00%
Future changes in NIS ceiling	3.50%	3.50%
Population of employees opting for early retirement	0.00%	0.00%

Notes to the Financial Statements

For the year ended September 30, 2010

(with comparatives for year ended September 30, 2009)

(expressed in Barbados dollars)

15 Trade and other payables

	2010 \$	2009 \$
Trade payables	1,179,003	1,270,163
Non-trade payables and accrued expenses	366,566	371,602
	<u>1,545,569</u>	<u>1,641,765</u>

16 Financial instruments

The financial assets of the Company comprise cash, trade and other receivables and investments.

Financial liabilities comprise bank overdraft, accounts payable and accrued liabilities, due to related parties and short-term and long-term loans.

The accounting policies for financial assets and liabilities are set out in note 1.

a) Interest rate risk

The interest rates and terms of repayment of financial liabilities are disclosed in note 13.

b) Credit risk

Credit risk is not considered to be significant as accounts receivable is stated net of provisions for non-recoverability.

c) Fair value

The fair value of cash, trade and other receivables, bank overdraft, accounts payable and accrued liabilities, short-term and long-term loans and amounts due to related parties, are not considered to be materially different from their carrying values. See note 6 for details on the investment.

17 Operating leases

The Company leases some of its motor vehicles under operating leases.

The motor vehicle leases typically run for a period of five years. None of these leases includes contingent rentals.

During the year ended September 30, 2010 \$183,892 was recognized as an expense in the income statement in respect of operating leases (2009 – \$207,484).

18 Capital commitments

At the year end the Company's commitment to purchase capital assets contracted but not yet paid for was \$2,756,633 (2009 - \$97,000).

(expressed in Barbados dollars)

19 Contingencies

- (I) The Company is pursuing legal actions against a former employee, a third party and former auditors. The outcome of these actions is uncertain.
- (II) Legal action is being pursued against the Company by a former employee for wrongful dismissal. The outcome of this action is uncertain.
- (III) The company is pursuing legal action against a third party for uninsured losses caused by the fire in August 2009.
- (iv) At September 30, 2010 the company has bonds of guarantee amounting to \$261,000.
- (v) Letter of Credit \$101,938.

20 Related party transactions and balances

Parties are considered to be related parties if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

A number of transactions are entered into with related parties in the normal course of business. These transactions are carried out on commercial terms and conditions and at market rates.

The Company has a related party relationship with its directors and executive officers.

Transactions with key management personnel

Loans and advances from directors amounted to \$300,000 (2009 - \$1,800,000) and interest incurred amounted to \$102,333 (2009 - \$138,951). Interest is payable monthly at 6.25% p.a, fluctuating based on Minimum Savings Rate. Loan repayments amounted to \$1,500,000 (2009 - zero).

Salaries and fees earned by related parties amounted to \$899,359 (2009 - \$860,920). In addition to their salaries, the executive directors and executive officers participate in the Company's performance bonus scheme.

The key management compensation is as follows:

	2010 \$	2009 \$
Directors fees	29,100	29,250
Executive officers fees/salaries	870,259	831,670
	<u>899,359</u>	<u>860,920</u>

Executive officers fees/salaries are included in "personnel expenses" (see note 3)

Notes to the Financial Statements

For the year ended September 30, 2010
(with comparatives for year ended September 30, 2009)

(expressed in Barbados dollars)

21 Segment reporting

Segment information is presented in respect of the Company's business. The primary format, business segments, is based on the Company's management and internal reporting structure. Inter-segment pricing is determined on an arm's length basis.

The Company's operations are conducted in Barbados. All revenues are earned from Barbados. Segment assets consist primarily of property, plant and equipment, inventories and accounts receivable. Segment liabilities comprise operating liabilities and exclude taxation and long-term loans. Capital expenditure comprises additions to property, plant and equipment.

Some comparative figures have been changed to comply with this year's presentation

Notes to the Financial Statements

For the year ended September 30, 2010
(with comparatives for year ended September 30, 2009)

(expressed in Barbados dollars)

21 Segment reporting continued**Business segment reporting**

Year ended September 30, 2010

	Ice cream \$	Cold storage \$	Unallocated \$	Total \$
Gross trading revenue	9,599,595	3,372,075	-	12,971,670
Operating cost	(6,633,250)	(2,301,923)	(3,389,410)	(12,324,583)
Operating profit/ (loss)	2,966,345	1,070,152	(3,389,410)	647,087
Net financing costs			(417,320)	(417,320)
Miscellaneous income			21,116	21,116
Earnings before corporation tax	2,966,345	1,070,152	(3,785,614)	250,883
Corporation tax			311,819	311,819
Net earnings for the year	2,966,345	1,070,152	(3,473,795)	562,702
Segment assets	9,997,842	4,393,680	10,179,696	24,571,218
Segment liabilities	561,687	-	983,882	1,545,569
Capital expenditure	2,152,601	303,077	120,556	2,576,234
Depreciation	426,409	191,685	115,734	733,828

Year ended September 30, 2009

	Ice cream \$	Cold storage \$	Unallocated \$	Total \$
Gross trading revenue	11,304,548	3,840,713	-	15,145,261
Operating cost	(10,285,287)	(2,345,416)	(3,219,698)	(15,850,401)
Operating profit/ (loss)	1,019,261	1,495,297	(3,219,698)	(705,140)
Net financing costs			(494,409)	(494,409)
Miscellaneous income			3,160,519	3,160,519
Earnings before corporation tax	1,019,261	1,495,297	(553,588)	1,960,970
Corporation tax			(262,595)	(262,595)
Net earnings for the year	1,019,261	1,495,297	(816,183)	1,698,375
Segment assets	10,843,667	2,888,080	2,982,931	16,714,678
Segment liabilities	1,123,988	-	2,822,974	3,946,962
Capital expenditure	183,968	33,500	142,226	359,694
Depreciation	783,538	234,298	111,826	1,129,662