

Cave Shepherd & Co. Ltd.

CAVE SHEPHERD & CO. LIMITED Consolidated Balance Sheet As at June 30, 2010 (With comparatives as at June 30, 2009)

	(Unaudited) June 30, 2010 \$	(Audited) December 31, 2009 \$	(Unaudited) June 30, 2009 \$
Current Assets			
Cash and cash equivalents	11,021,035	16,058,159	12,597,757
Financial assets held for trading	26,145,610	15,736,400	13,575,629
Trade and other receivables and prepayments	14,036,126	17,579,059	13,967,207
Inventories	4,027,428	4,605,246	6,335,802
Other current assets	7,937,944	6,634,640	8,561,650
	<u>63,168,143</u>	<u>60,613,504</u>	<u>55,038,045</u>
Current Liabilities			
Trade and other payables	3,486,722	2,913,915	3,670,303
Other current liabilities	1,261,054	5,691,544	1,543,507
	<u>4,747,776</u>	<u>8,605,459</u>	<u>5,213,810</u>
Working Capital	<u>58,420,367</u>	<u>52,008,045</u>	<u>49,824,235</u>
Investment in Associates and at Fair Value through Profit and Loss	71,760,609	72,045,397	72,439,973
Intangible Assets and Goodwill	8,881,464	12,503,724	13,945,924
Investment Property	2,560,000	2,560,000	2,519,446
Property, Plant and Equipment	1,638,479	2,040,917	2,429,537
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	(27,274,405)	(24,463,096)	(20,750,048)
	<u>125,414,163</u>	<u>126,122,636</u>	<u>131,436,716</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	80,313,216	81,379,218	86,342,655
	<u>119,886,174</u>	<u>120,963,799</u>	<u>125,927,237</u>
Non-controlling interest	5,527,989	5,158,837	5,509,479
	<u>125,414,163</u>	<u>126,122,636</u>	<u>131,436,716</u>

CAVE SHEPHERD & CO. LIMITED Consolidated Statement of Income For the Six Months Ended June 30, 2010 (With comparatives for the six months ended June 30, 2009)

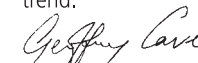
	(Unaudited) June 30, 2010 \$	(Unaudited) June 30, 2009 \$
Income		
Revenue from operations	7,747,079	8,435,632
Other gains/(losses)	967,997	-
Total Income	<u>8,715,076</u>	<u>8,435,632</u>
Expenses		
Other operating expenses	6,828,897	8,327,019
Depreciation, amortisation and impairment	2,879,156	888,431
	<u>9,708,053</u>	<u>9,215,450</u>
Net Operating (Loss)/Profit	(992,977)	(779,818)
Share of Results of Associates	771,482	(1,316,253)
(Loss)/Income Before Taxation	(221,495)	(2,096,071)
Corporation Tax	(456,349)	(387,020)
(Loss)/Net Income for the Period	<u>(677,844)</u>	<u>(2,483,091)</u>
Attributable to:		
Equity holders of the company	(1,046,995)	(2,798,457)
Non-controlling interest	369,151	315,366
	<u>(677,844)</u>	<u>(2,483,091)</u>
Earnings per share (EPS) – basic and fully diluted	<u>\$(0.06)</u>	<u>\$(0.15)</u>

DIRECTORS' STATEMENT

The Cave Shepherd Group recorded a net loss of \$678 thousand for the first half of the 2010 financial year, which was a considerable improvement over the net loss of \$2.5 million for the same period in 2009. Indeed, were it not for the provision of \$2 million for impairment of goodwill in our Tortola retail operations, the Group would have returned to profitability in the period. Underlying this better result was the improved performance of our principal retail business, Duty Free Caribbean (Holdings) Ltd, where a modest improvement in duty-free sales, combined with the benefits of strong expense controls resulted in a much reduced loss in that operation. This, together with continued commendable performances from our financial services operations, Fortress Mutual Fund, Signia Financial Group and DGM Bank & Trust, meant that at the operational level, before amortization and impairment of goodwill, the overall Group result was positive. The \$2 million provision for impairment represents approximately half of the total goodwill associated with our Tortola retail operations and it is likely that a further \$2 million charge to fully provide against the remaining goodwill will be necessary in the second half of the year.

Our Balance Sheet has further strengthened, with Working Capital of \$58.4 million, up from \$49.8 million a year ago, as we have maintained a tight control over inventory and capital expenditures. As noted in our last Annual Report we have shifted some funds from bank deposits to higher yielding yet still conservative, liquid investments. Collectively these amount to \$37.1 million at the end of June 2010.

Although the domestic demand within the Caribbean territories where we do business remains depressed, the sales from our duty-free operations over the period are reflecting modest yet encouraging increases. This improvement in our important retail operations together with the continued strength of our financial services businesses, gives rise to our optimism that the second half of 2010 will continue the improved trend.


R. Geoffrey Cave
Chairman


John M. B. Williams
Chief Executive Officer

24 August 2010