the REBIRTH

ANNUAL REPORT

21 Caribbean ADDY Awards

for Single Barrel, Angostura® orange bitters,
Bold Launch, Angostura® aromatic bitters and White Oak.

GOLD WINNERS

BEST OF SHOW RADIO
Single Barrel Radio
"Angels Prefer Rum"

Single Barrel
Box Design

Angostura® orange bitters
"Upside Down Martini"

Single Barrel Radio
"Angels Prefer Rum"

Angostura® orange bitters
Press Campaign

Silver Awards

- Angostura® Sauces Labels
- Angostura® orange bitters POP
- Bold Launch Invite/Coaster
- Bold Puncheon Billboard
- Bold Drape On McCann Building
- Bold Billboard Launch Campaign
- Angostura® orange bitters "Ice Cream"
- White Oak "Football Splash"
- White Oak "Football Bar Top Play Offs"
- Angostura® aromatic bitters Campaign "All Round Flavour"
- Bold Launch Press Campaign
- Bold Radio "Not Just Another Rum Ad"
- Bold Launch TV
- Angostura® aromatic bitters TV
- Overall Bold Launch Campaign (Press, Radio & TV)
- Single Barrel "Rum Don't Walk" Campaign Launch
- Overall Angostura® aromatic bitters Campaign (Press, Radio, TV)

OUR VISION

To be the most profitable rum company in the Caribbean and continuously improve our position as the largest aromatic bitters company in the world.

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN, that the Twenty-Ninth Annual General Meeting of Angostura Holdings Limited, (the "Company") will be held at the House of Angostura, Angostura Complex, Eastern Main Road, Laventille, Trinidad and Tobago, on Monday 9th May, 2011 at 10:00 am for the following purposes:

1. To receive, consider and approve the Report of the Directors, the Audited Financial Statements of the Company for the financial year ended December 31st, 2010, together with the report of the Auditors thereon, and

2. To appoint Messrs. KPMG as auditors of the Company for the financial year ending December 31st, 2011, and authorize the Directors to fix their remuneration thereon.

BY ORDER OF THE BOARD

Lyn Patricia Lopez
Secretary
April 8, 2011

NOTES

1. Every member who is entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and on a poll to vote in that member's place. A proxy need not be a member of the company. Where a proxy is appointed by a corporate member, the form of proxy should be executed under seal or be signed by its attorney

2. No service contracts not expiring or determinable within 10 years have been entered into between the company and any of its directors

3. To obtain a copy of the consolidated financial statements for the year ended 2010, please log onto our website (www.angostura.com) or contact the Company Secretary at 623 1841 ext.123 or lopezl@angostura.com

BOARD OF DIRECTORS

April 8, 2011

Gerald Yetming
Chairman

Fraser Thornton
Deputy Chairman

Krishna Boodhai

Vidia Doodnath

Marlon Holder

Carolyn John

Joseph Teixeira

Wayne Yip Choy
CEO

Directors' & Substantial SHAREHOLDINGS

Gerald Yetming (Chairman)	Nil
Fraser Thornton (Deputy Chairman)	Nil
Krishna Boodhai	Nil
Vidia Doodnath	2,970
Marlon Holder	Nil
Carolyn John	Nil
Joseph Texeira	Nil
Wayne Yip Choy (CEO)	Nil
Rumpro Company Limited	92,551,212
Colonial Life Insurance Company *(T&T Limited)*	66,971,877

A substantial interest means 5% or more of the issued share capital of the Company.

Meet two of T&T's finest

Beauty and Bitters

Giselle Laronde-West
Miss World 1986

Photo taken from **Abstract Home magazine** Photographer: **Michael Bonaparte**

Born to the World **1824**

CORPORATE INFORMATION

Company Secretary
Lyn Patricia Lopez,
L.L.B. (Hons.) L.E.C., Counsel

Registered Office
Corner Eastern Main Road & Trinity Avenue
Laventille, Trinidad and Tobago
E-mail: corphq@angostura.com
Website: www.angostura.com

Registrar & Transfer Office
Trinidad and Tobago Central Depository Limited
10th Floor, Nicholas Towers,
63-65 Independence Square,
Port of Spain, Trinidad and Tobago

Auditors for period ending December 31, 2010
KPMG
TRINRE Building,
69-71 Edward Street,
PO Box 1328 Port of Spain, Trinidad and Tobago

Bankers
- **Citibank (Trinidad and Tobago) Limited**
  12 Queen's Park East, Port of Spain, Trinidad and Tobago
- **First Caribbean International Bank Limited**
  Warren's St. Michael, Barbados
- **First Citizens Bank Limited**
  Corporate Banking Unit, 2nd Floor, Corporate Centre
  9 Queen's Park East, Port of Spain, Trinidad and Tobago
- **Intercommercial Bank Limited**
  Old Southern Main Road,
  Chaguanas, Trinidad and Tobago
- **RBTT Bank Limited**
  St. Clair Place, 7-9 St. Clair Avenue,
  Port of Spain, Trinidad and Tobago
- **Republic Bank Limited**
  Promenade Centre, 72 Independence Square,
  Port of Spain, Trinidad and Tobago

Attorneys-at-law
J.D. Sellier & Company
129-131 Abercromby Street, Port of Spain,
Trinidad and Tobago

MESSAGE FROM THE CHAIRMAN

We are pleased to report a 2010 Group after tax profit of $370.6M, up 380% from restated net losses of $132.2M in 2009. Net of other income of $201.8M (2009: $1.8M), fair value gains of $41.7M (2009: fair value losses of $15.7M) and foreign exchange gains of $8.0M (2009: foreign exchange losses of $29.4M), the Group has earned $119.1M in net profit, a 233.9% improvement over 2009 net losses of $88.9M. In addition, reductions of $39.9M (29%) in selling and marketing costs and $62.0M (38%) in administrative expenses have contributed to the healthy net profit position.

This marks the strongest annual performance of the business since a historical high of $66.8M (excluding one-off items), and is a reflection of the turnaround work done in 2010 to bring the Group back to solid profitability.

This performance has been driven by demand growth of our flagship brands as well as improvements in operational efficiency at all points along the supply chain. Among the contributing factors to the turnaround are the re-imaging of our major brands, significant improvement of our production process through capital investments, and re-focused expansion of our export Bitters business. Of note, 2010 net sales of Bitters amounted to $95.5M compared to $46.3M in 2009 (a 106.2% improvement) while Bitters contribution grew by $38.1M or 293.3% over that same period. In addition, the Bitters business accounted for improvements in our cash collections of $43.0M in 2010.

Also contributing to the reported net profits was the recovery of a previously impaired receivable from a related party of $167.4M, and write back of a related provision taken in 2008 in respect thereof. The Group has secured an asset in settlement of the debt and has recorded this recovery within other income and fair value gains on the consolidated statement of comprehensive income.

The Group has now returned to a positive net equity position with an EPS of $0.58 (excluding one-off items) compared to negative $0.43 in 2009 (a 234.8% improvement). Furthermore, trading of the Company's shares on the Trinidad and Tobago Stock Exchange resumed effective February 14, 2011.

Now that we have moved to a positive net equity position, the Board of Directors is even further committed to re-building more robust and sustainable retained earnings reserves, to return value to our shareholders. The Board wishes to commend the sterling leadership of management which was equally matched by the unwavering dedication, hard work and support of all staff, in effecting the Group's positive turnaround. We look forward to a significant improvement in 2011 over 2010 as a result of the full year impact of the strategies implemented in 2010, and extend our appreciation to all our stakeholders for your continued support into the future.

Gerald Yetming
Chairman
April 8, 2011

Gerald Yetming
Chairman

MESSAGE FROM THE CEO

Thank you to all our stakeholders! Your trust and patience is well placed in Angostura.

2010 has been a groundbreaking year for the Angostura Group. Indeed it gives me great honour to report the Company's strongest ever performance in its history, net of non-recurring transactions.

Net sales have grown by $17.4M (3%) while gross profits have seen a $97.9M (37%) improvement over 2009. Underlying this improvement is a combination of improved operational efficiencies resulting from capital expenditure and enhancements of the production process, as well as the continued performance of our local cased rum business (representing the Company's major revenue stream), growth of our export bulk rum business and recovery and expansion of exports in our hallmark brand, Angostura aromatic bitters.

Core rum brands (White Oak Rum and Forres Park Puncheon) have maintained their leading positions in the local market while the Single Barrel Reserve brand has been well received by consumers who praise its taste, flavour and smoothness. Angostura Bitters, a treasured icon has finally been paid homage in our export markets with the appointment of new distributors who possess the knowledge and resources to properly market the brand and enable the Company to begin to realise the earnings potential of this product.

We have scaled back our interest in multiple low-earning brands in favour of more targeted and returns-driven investments in the brands that work best for us and by extension, for you. As a consequence, we have saved $39.9M in selling and marketing costs for the year (a 29% improvement over 2009).

This principle has clearly worked for the Company, yielding tangible results as demonstrated by our net profit of $119.1M (when adjusted for one-off items) compared to adjusted net losses of $88.9M in 2009, a turnaround of $208.9M or 234%. Further enhancing the year end results has been a reduction of $101.9M in total operating expenses (selling and marketing costs as well as administrative expenses) owing to improvements in many Company processes as well as a concerted Company wide effort to take advantage of cost savings wherever possible without compromising standards, quality and values.

As disclosed in the consolidated statement of comprehensive income (SCI), the Company has earned a significant amount of 'Other income' for the year and in addition, has benefited from significant 'Fair value gains'. Both of these components of the SCI have contributed materially to the favourable year end profit and have been primarily the result of the Company's recovery of a significant related party receivable which was fully impaired in 2008 due to uncertainties surrounding its collectibility. During the year extensive negotiations with the related party have enabled us to assume its interest in a European based Drinks Company which is also a member of the C L Financial Group (Burn Stewart Distillers Ltd.). I am confident that this asset is a viable investment and holds considerable earnings potential in the near to medium term future. We expect financial returns as well as strategic benefits in export advertising and distribution to accrue to the Company from this new alliance.

Perhaps one of our greatest achievements in relation to the consolidated financial statements has been the resolution of issues related to our United States subsidiary, Angostura Spirits & Wines Inc. As reported for the past two years, the net impact of this operation on the Group's overall business was unknown and this incurred Disclaimers of Opinion from our then auditors for both years. We are relieved to have resolved this issue and are convinced that the restatement of our 2008 and 2009 results (as reported in 2010) has validated Management's view that the net impact of this entity was immaterial to the Group. This represents a victory in its own right as we can now present to you, our valued shareholders, consolidated financial statements accompanied by an unqualified audit opinion.

Rebirth to me means more than mere dollars and cents. Notwithstanding our drive to save costs, we must acknowledge that to grow we must spend, and as such, we are committed to investing in our people, our equipment and our brands in order to access the growth capacity of this business and realise its true earnings potential.

The BOLD launch which revealed our BOLD new packaging and which took place in September 2010, showcased the new image of our major brands and simultaneously unveiled a new image for the Company. This event ushered in a fresh phase in our history; one which will see our brands command respect across the market; from spirits consumers to spirits connoisseurs our aim is to present a product whose taste will delight any palette and whose quality can rival even international giants for a place in the industry. I believe that we have the resources to achieve this goal.

Success is made possible by a myriad of factors. While a return to profitability is key to Angostura's rebirth, I feel that a return of the Company's Spirit has also been attained this year. Not only seen in our rebound into the social sector of the National Community and our increased presence in national arts and culture, but also seen in the community of the Company itself.

Our Staff – our People – are our greatest resource therefore with their renewed energy and belief in the potential of this business, along with their unquestionable skills and dedication; I can only imagine the heights that can be reached. Your Company has a talented and driven Management team which is committed to engendering the continued success of the Company; I am honoured to have the opportunity to work with such a dynamic group of professionals towards growing your wealth.

As a Company, we are grateful for our loyal customers whose continued support over the years has given us roots to withstand even the gravest of challenges; our obliging suppliers and lenders with whom great relationships have been forged and who have given us the ability to meet demand even in the face of obstacles; our regulators who have safeguarded the interest of our shareholders with integrity and objectivity; and you, our valued shareholders who have patiently worked with us towards the turnaround that has now been achieved. I extend my gratitude to all of you for your roles played in restoring Angostura to its rightful glory.

In closing, permit me to say that in spite of the turnaround attained to date, the best is yet to come for Angostura, and I look forward with great anticipation to what the future holds for this Company. I invite you to join us in the pursuit of continued success as we see where our rebirth can take us.

Thank you.

Wayne Yip Choy
CEO
April 8, 2011

DIRECTORS' REPORT

The Directors present their Report and Statement of Account for the year ended December 31st, 2010.

Financial Results for the Year	$'000
Profit attributable to shareholders	368,903
Other reserve movements	(13,153)
Dividends on ordinary stock	
Final Dividend paid - 0¢	(0)
Interim paid - 0¢	(0)
	(0)
Restated accumulated deficit from the previous year	(513,559)
Accumulated deficit at the end of the year	(157,809)

DIVIDENDS
The Directors have not declared any dividends for the year.

AUDITORS
To appoint Messrs. KPMG, as auditors of the Company for the financial year ending December 31, 2011, who offer themselves for re-election.

April 8, 2011
Corner Eastern Main Road and
Trinity Avenue,
Laventille,
Trinidad and Tobago

BY ORDER OF THE BOARD

Lyn Patricia Lopez
Secretary

re-imagine

Consolidated Financial Statements of

ANGOSTURA HOLDINGS LIMITED
DECEMBER 31, 2010

(Expressed in Trinidad and Tobago Dollars)

KPMG
Chartered Accountants
Trinre Building
69-71 Edward Street
P.O. Box 1328
Port of Spain
Trinidad and Tobago, W.I.

Telephone (868) 623 1081
Fax (868) 623 1084
e-Mail kpmg@kpmg.co.tt

Independent Auditors' Report to the Shareholders of Angostura Holdings Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Angostura Holdings Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2010, and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising 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.

Auditors' 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 relevant ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the 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, we consider 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 controls. 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 consolidated financial position of the Group as at December 31, 2010, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Other Matter

The consolidated financial statements of the Group as at and for the year ended December 31, 2009 were audited by another auditor who did not express an opinion on those statements on December 06, 2010 due to the non-consolidation of a wholly owned subsidiary of Angostura Holdings Limited for which management was unable to provide comprehensive and comparative accounting records.

KPMG

Chartered Accountants

March 24, 2011
Port of Spain
Trinidad, W.I.

ANGOSTURA HOLDINGS LIMITED
Consolidated Statement of Financial Position
December 31, 2010 *(Expressed in Trinidad and Tobago Dollars)*

	Notes	2010	*Restated Unaudited 2009	*Restated Unaudited 2008
		$'000	$'000	$'000
ASSETS				
Non-current assets				
Property, plant and equipment	7	283,640	357,735	341,630
Intangible assets	8	-	315	668
Available-for-sale financial assets	10	49,725	51,880	58,439
Investment in associate	11	204,870	-	-
Deferred income tax asset	22	54,635	33,194	18,827
Retirement benefit asset – Pension benefit	12	30,011	27,871	29,747
Cash in escrow	13	1,732	1,618	1,618
		624,613	472,613	450,929
Current assets				
Inventories	14	170,568	146,941	217,967
Trade and other receivables	15	145,691	111,185	251,399
Cash and cash equivalents	16	114,541	118,513	67,098
Held-for-sale financial assets	17	25,308	3,558	-
		456,108	380,197	536,464
Total assets		1,080,721	852,810	987,393
EQUITY AND LIABILITIES				
Equity				
Share capital	19	118,558	118,558	118,558
Other reserves	20	103,827	94,440	58,884
Accumulated deficit		(157,809)	(513,559)	(377,982)
		64,576	(300,561)	(200,540)
Non-controlling interest		9,894	9,171	8,335
Total equity		74,470	(291,390)	(192,205)

ANGOSTURA HOLDINGS LIMITED
Consolidated Statement of Financial Position
December 31, 2010 *(Expressed in Trinidad and Tobago Dollars)*

	Notes $'000	2010 $'000	*Restated Unaudited 2009 $'000	*Restated Unaudited 2008
Liabilities				
Non-current liabilities				
Borrowings	21	358,025	234,201	190,222
Other liabilities	23	651	10,534	17,528
Deferred income tax liability	22	38,584	34,088	36,336
		397,260	278,823	244,086
Current liabilities				
Borrowings	21	425,279	642,943	698,666
Taxation payable		4,075	6,063	456
Trade and other payables	24	179,637	216,371	236,390
		608,991	865,377	935,512
Total liabilities		**1,006,251**	**1,144,200**	**1,179,598**
Total equity and liabilities		**1,080,721**	**852,810**	**987,393**

* Refer to Note 2(e) for basis of restatement of prior year balances.
The accompanying notes form an integral part of these consolidated financial statements.

Gerald Yetming, Director

Wayne Yip Choy, Director

March 24, 2011

ANGOSTURA HOLDINGS LIMITED
Consolidated Statement of Comprehensive Income
December 31, 2010 *(Expressed in Trinidad and Tobago Dollars)*

	Notes	2010 $'000	*Restated Unaudited 2009 $'000
Sales		620,905	603,543
Cost of goods sold		(259,107)	(339,607)
Gross profit		**361,798**	**263,936**
Other income	26	201,824	1,827
Selling and marketing costs		(95,856)	(135,720)
Administrative expenses		(99,462)	(161,477)
Finance costs	27	(66,966)	(68,648)
Finance income	28	8,558	350
Fair value gain (loss) on financial assets and financial liabilities	29	41,773	(15,718)
Exchange gains (losses)		8,026	(29,372)
Group profit (loss) before tax		359,695	(144,822)
Taxation	30	10,910	12,573
Profit (loss) from continuing operations		**370,605**	**(132,249)**
Other comprehensive income			
Gain on revaluation of land and buildings		-	31,386
Investment revaluation loss on available-for-sale financial assets		(1,889)	(601)
Gain on translation of financial statements of foreign operations		617	7,063
Other		(2,494)	(4,557)
Other comprehensive (loss) income for the year		(3,766)	33,291
Taxation		-	-
Other comprehensive (loss) income for the year, net of tax		(3,766)	33,291
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR		**366,839**	**(98,958)**

ANGOSTURA HOLDINGS LIMITED
Consolidated Statement of Comprehensive Income
December 31, 2010 *(Expressed in Trinidad and Tobago Dollars)*

	Notes	2010 $'000	*Restated Unaudited 2009 $'000
Profit (loss) attributable to:			
Owners of the Company		368,903	(133,279)
Non-controlling interest		1,702	1,030
		370,605	(132,249)
Total comprehensive income (loss) attributable to:			
Owners of the Company		365,137	(99,988)
Non-controlling interest		1,702	1,030
		366,839	(98,958)
Earnings per share for losses attributable to the equity holders of the Company during the year:			
- Basic and Diluted	31	$ 1.79	(0.65)

* Refer to Note 2(e) for basis of restatement of prior year balances.

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

ANGOSTURA HOLDINGS LIMITED
Consolidated Statement of Changes in Equity
December 31, 2010 *(Expressed in Trinidad and Tobago Dollars)*

	Attributable to equity holders of the Company				
	Share Capital $'000 (Note 19)	Other Reserves $'000 (Note 20)	Accumulated Deficit $'000	Non-Controlling Interest $'000	Total Equity $'000
Balance at January 1, 2010	118,558	94,440	(513,559)	9,171	(291,390)
Revaluation of investments	-	(1,889)	-	-	(1,889)
Currency translation differences	-	2,957	(2,340)	55	672
Other reserve movements	-	8,319	(10,813)	(1,034)	(3,528)
Net income (expenses) recognised directly in equity	-	9,387	(13,153)	(979)	(4,745)
Profit for the year	-	-	368,903	1,702	370,605
Total recognised income	-	9,387	355,750	723	365,860
Balance at December 31, 2010	118,558	103,827	(157,809)	9,894	74,470
Balance at January 1, 2009 (unaudited)	118,558	58,884	(361,877)	8,335	(176,100)
Prior year adjustment to recognise the impact of subsidiary not previously consolidated*	-	-	(16,105)	-	(16,105)

ANGOSTURA HOLDINGS LIMITED
Consolidated Statement of Changes in Equity
December 31, 2010 *(Expressed in Trinidad and Tobago Dollars)*

	Attributable to equity holders of the Company				
	Share Capital $'000 (Note 19)	Other Reserves $'000 (Note 20)	Accumulated Deficit $'000	Non-Controlling Interest $'000	Total Equity $'000
Restated balance at January 1, 2009	**118,558**	**58,884**	**(377,982)**	**8,335**	**(192,205)**
Revaluation of investments	-	(601)	-	-	(601)
Revaluation of land and buildings	-	31,386	-	-	31,386
Currency translation differences	-	6,184	846	(194)	6,836
Other reserve movements	-	(1,413)	(3,144)	-	(4,557)
Net income (expenses) recognised directly in equity	-	35,556	(2,298)	(194)	33,064
Loss for the year	-	-	(133,279)	1,030	(132,249)
Total recognised income (expenses)	-	35,556	(135,577)	836	(99,185)
Balance at December 31, 2009	**118,558**	**94,440**	**(513,559)**	**9,171**	**(291,390)**

*Refer to Notes 2(e) and 35 for basis of restatement of prior year balances and impact on consolidated financial statements.
The accompanying notes form an integral part of these consolidated financial statements.

ANGOSTURA HOLDINGS LIMITED
Consolidated Statement of Cash Flows
December 31, 2010 *(Expressed in Trinidad and Tobago Dollars)*

	Notes	2010 $'000	*Restated Unaudited 2009 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit (loss) before taxation		359,695	(144,822)
Adjustments for:			
Depreciation	7	18,453	20,171
Amortisation and impairment charges	8	315	26
Loss on disposal of property, plant and equipment		1,601	7,047
Impairment loss (revaluation gain) on fixed assets		50,827	(24,127)
Gain on disposal of investments		(1,756)	(355)
Net fair value losses (gains)	29	(41,773)	15,718
Recognition of investment in associate	11	(204,870)	-
Pension charge	12	6,069	3,059
Finance costs	27	66,966	68,648
Finance income	28	(8,558)	(350)
Exchange (gains) losses		(8,026)	29,372
Operating loss before working capital changes		238,943	(25,613)
Change in trade and other receivables		(30,477)	130,549
Change in inventories		(30,076)	72,532
Change in trade and other payables		(34,107)	(24,534)
Cash generated from operating activities		144,283	152,934
Interest paid		(69,068)	(103,698)
Corporation tax paid		(3,840)	(3,617)
Retirement benefits paid		(441)	(400)
Net cash from operating activities		70,934	45,219

ANGOSTURA HOLDINGS LIMITED
Consolidated Statement of Cash Flows
December 31, 2010 *(Expressed in Trinidad and Tobago Dollars)*

	Notes	2010 $'000	*Restated Unaudited 2009 $'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds on disposal of property, plant and equipment		908	3,144
Proceeds on disposal of investments		5,978	298
Acquisition of property, plant and equipment	7	(19,444)	(21,818)
Acquisition of available-for-sale financial assets	10	(663)	(117)
Acquisition of intangibles	8	-	(19)
Dividends received		90	243
Interest received		8,468	96
Change in other assets		(25)	1,876
Change in other liabilities		(9,778)	30,464
Net cash (used in) from investing activities		(14,466)	14,168
CASH FLOWS FROM FINANCING ACTIVITIES			
Loan proceeds		17,861	62,293
Repayment of loans		(78,301)	(25,628)
Net cash (used in) from financing activities		(60,440)	36,665
(Decrease) increase in cash and cash equivalents		(3,972)	96,052
Net cash balances at January 1		118,513	22,461
Cash and cash equivalents at December 31	16	114,541	118,513

*Refer to Note 2(e) for basis of restatement of prior year balances.
The accompanying notes form an integral part of these consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1 General Information

Angostura Holdings Limited (the Company) is a limited liability company incorporated and domiciled in the Republic of Trinidad and Tobago. The address of its registered office is corner Eastern Main Road and Trinity Avenue, Laventille, Trinidad and Tobago. The Company has its primary listing on the Trinidad and Tobago Stock Exchange. It is a holding company whose subsidiaries are engaged in the manufacture and sale of rum, ANGOSTURA® aromatic bitters and other spirits, the bottling of beverage alcohol and other beverages on a contract basis and the production and sale of food products. The consolidated financial statements of the Company as at and for the year ended December 31, 2010 comprise the Company and its subsidiaries (together referred to as the “Group” and individually as the “Group entities”).

The principal subsidiaries are:

Company	Country of incorporation	Percentage Owned
Angostura Limited	Trinidad and Tobago	100%
Trinidad Distillers Limited	Trinidad and Tobago	100%
Angostura Canada, Inc.	Canada	100%
Suriname Alcoholic Beverages, NV	Suriname	75%

The Company’s ultimate parent entity is C L Financial Limited, a company incorporated in the Republic of Trinidad and Tobago.

These consolidated financial statements were approved for issue by the Board of Directors on March 24, 2011.

2 Basis of Preparation

(a) Statement of compliance
The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

(b) Basis of measurement
The consolidated financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial position:
- financial instruments at fair value through profit or loss are measured at fair value;
- available-for-sale financial assets are measured at fair value;
- the defined benefit asset is recognised as the net total of the plan assets, plus unrecognised past service cost and unrecognised actuarial losses, less unrecognised actuarial gains and the present value of the defined benefit obligation;
- investments in associates are measured at fair value.

(c) Functional and presentation currency
These consolidated financial statements are presented in Trinidad and Tobago dollars, which is the Company’s functional currency. All financial information presented in Trinidad and Tobago dollars has been rounded to the nearest thousand.

(d) Use of estimates and judgements
The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material misstatement within the next financial year are included in the following notes:

Note 12 - Measurement of defined benefit assets and obligations
Note 22 - Recognition of tax losses
Note 36 - Contingent liabilities.

(d) Use of estimates and judgements
Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements is included in the following notes:
Note 4 - Determination of fair value
Note 11 - Assessment of attainment of significant influence
Note 15 - Inventories
Note 16 - Trade and other receivables
Note 17 - Loans receivable
Note 34 - Determination of the lease classification
Note 35 - Classification of discontinued operation
Note 37 - Related party balances.

(e) Basis of restatement and prior period adjustment
A Group entity holds a 100% stake in a US based company called Angostura Spirits and Wines Inc (ASW). The operating results and financial position of this wholly owned subsidiary were unknown as at the end of 2009 and 2008 and accordingly, the subsidiary was not consolidated as at that year end, however, it was accounted for on a cost basis by the Company. This resulted in a disclaimer of opinion by the auditors as the Group did not apply IAS 27 – Consolidated and separate financial statements. During 2010, sufficient information was obtained to enable the Group to consolidate the opening results and financial position of ASW with comparative financial information being restated to ensure consistency of application for all periods presented in the consolidated financial statements. The subsidiary was considered a discontinued operation at the year end (Note 35).

3. Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by Group entities.

(a) Basis of consolidation

(i) Subsidiaries
Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(ii) Acquisitions from entities under common control
Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative year presented or, if later, at the date that common control was established; for this purpose comparatives are restated. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within Group equity and any gain/loss arising is recognised directly in equity.

3. Significant Accounting Policies (continued)
(a) Basis of consolidation (continued)

(iii) Loss of control
Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an Investment in associate or as an available-for-sale financial asset depending on the level of influence retained.

(iv) Investments in associates and jointly controlled entities
Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 and 50 percent of the voting power of another entity. Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.

Investments in associates and jointly controlled entities are accounted for using the equity method and are recognised initially at cost being the fair value of the investment for transfer purposes. Transaction costs on initial recognition are treated as expenses and reported within 'Administrative expenses' in the statement of comprehensive income.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

When the Group's share of losses exceeds its interest in an Investment in associate, the carrying amount of that interest, including any long-term investments, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

(v) Jointly controlled operations
A jointly controlled operation is a joint venture carried on by each venturer using its own assets in pursuit of the joint operations. The consolidated financial statements include the assets that the Group controls and the liabilities that it incurs in the course of pursuing the joint operation and the expenses that the Group incurs and its share of the income that it earns from the joint operation.

(vi) Transactions eliminated on consolidation
Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with Investment in associates are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency

(i) Foreign currency transactions
Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the

functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity investments, a financial liability designated as a hedge of the net investment in a foreign operation that is effective, or qualifying cash flow hedges, which are recognised in other comprehensive income.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Trinidad and Tobago dollars at exchange rates at the reporting date. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to Trinidad and Tobago dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other income/expense, and presented in other reserves in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in other reserves related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and presented in other reserves in equity.

(c) Financial instruments

(i) Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through profit or loss.

On initial designation of the derivative as the hedging instrument, the Group formally documents the relationship between the hedging instrument and hedged item, including the risk management objectives and strategy in undertaking the hedge transaction and the hedged risk, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, of whether the hedging instruments are expected to be "highly effective" in offsetting the changes in the fair value or cash flows of the respective hedged items attributable to the hedged risk.

3. Significant Accounting Policies (continued)

(c) Financial instruments (continued)

(i) Derivative financial instruments (continued)

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as other comprehensive income.

(ii) Non-derivative financial assets

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables and available-for-sale financial assets.

Financial assets at fair value through profit or loss

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

Financial assets designated at fair value through profit or loss comprise equity securities that otherwise would have been classified as available-for-sale.

Held-to-maturity financial assets

If the Group has the positive intent and ability to hold debt securities to maturity, then such financial assets are classified as held-to-maturity. Held-to-maturity financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition held-to-maturity financial assets are measured at amortised cost using the effective interest method, less any impairment losses. Any sale or reclassification of a more than insignificant amount of held-to-maturity investments not close to their maturity would result in the reclassification of all held-to-maturity investments as available-for-sale, and prevent the Group from classifying investment securities as held-to-maturity for the current and the following two financial years.

Held-to-maturity financial assets comprise debentures.

Loans and receivables
Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents, and trade and other receivables.

Cash and cash equivalents
Cash and cash equivalents includes cash in hand, deposits held at call with banks, 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 balance sheet.

Available-for-sale financial assets
Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the above categories of financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale debt instruments, are recognised in other comprehensive income and presented in the investment revaluation reserve in equity. When an investment is derecognised, the gain or loss accumulated in equity is reclassified to profit or loss. Available-for-sale financial assets comprise equity securities and debt securities.

(iii) Non-derivative financial liabilities
The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise loans and borrowings, bank overdrafts, and trade and other payables.

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(iv) Share capital
Ordinary shares
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Repurchase, disposal and reissue of share capital (treasury shares)
When share capital recognised as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the reserve for own shares. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is presented in share premium.

3. Significant Accounting Policies (continued)

(d) Property, plant and equipment
(i) Recognition and measurement
Land and buildings comprise mainly factories and offices. Land and buildings are shown at fair value, based on periodic, but at least quintennial valuations, less subsequent depreciation for buildings. 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 is stated at historical cost less depreciation. Cost includes expenditure that is directly attributable to the acquisition of the assets. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign assets of property, plant and equipment.

(ii) Subsequent costs
The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation
Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method for buildings and reducing balance method for all other assets to allocate their cost or revalued amounts to their residual values over their estimated useful lives. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

The estimated useful lives for the current and comparative years are as follows:

- Land and buildings	25-40 years
- Plant, machinery and equipment	3-15 years
- Casks	6 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment, and is recognised net within other income/expense in profit or loss. When revalued assets are sold, any related amount included in capital reserves are transferred to retained earnings.

(e) Intangible assets
(i) Goodwill
Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets.

Subsequent measurement
Goodwill is measured at cost less accumulated impairment losses. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the Investment in associate.

(ii) Trademarks and licences

Separately acquired trademarks and licences are shown at historical cost. Trademarks and licences acquired in a business combination are recognised at fair value at the acquisition date. Trademarks and licences have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of trademarks and licences over their estimated useful lives of not exceeding 25 years.

(iii) Research and development

Expenditure on research activities undertaken with the prospect of gaining new scientific or technical knowledge and understanding is recognised in profit or loss as incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset.

The expenditure capitalised includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use, and capitalised borrowing costs. Other development expenditure is recognised in profit or loss as incurred.

Capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment losses.

(iv) Other intangible assets

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

(v) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

(vi) Amortisation

Amortisation is based on the cost of an asset less its residual value. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. The estimated useful lives for the current and comparative years are as follows:

- Trademarks and licenses - 25 years
- Capitalised development costs - 5 -7 years.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(f) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is measured using the average cost method and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of inventories.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

3. Significant Accounting Policies (continued)

(g) Impairment

(i) Non-derivative financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the Group, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the investment revaluation reserve in equity, to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss recognised previously in profit or loss.

Changes in impairment provisions attributable to application of the effective interest method are reflected as a component of other comprehensive income. If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised in profit or loss, then the impairment loss is reversed, with the amount of the reversal recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than biological assets, investment property, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related Cash-Generating Unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

The Group's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. 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 asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(iii) Loans and receivables

The Group considers evidence of impairment for loans and receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant loans and receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics.

In assessing collective impairment the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends. An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset ceases to be recognised. When a subsequent event (e.g. repayment by a debtor) causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

(h) Non-current assets held for sale or distribution

Non-current assets, or disposal groups comprising assets and liabilities, that are expected to be recovered primarily through sale or distribution rather than through continuing use, are classified as held-for-sale or distribution. Immediately before classification as held-for-sale or distribution, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group first is allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property or biological assets, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held-for-sale or distribution and subsequent gains and losses on re-measurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

3. Significant Accounting Policies (continued)

(h) Non-current assets held for sale or distribution (continued)

Intangible assets and property, plant and equipment once classified as held for sale or distribution are not amortised or depreciated. In addition, equity accounting of Investment in associates ceases once classified as held for sale or distribution.

(i) Employee benefits

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. Contributions to a defined contribution plan that are due more than 12 months after the end of the period in which the employees render the service are discounted to their present value.

(ii) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised past-service cost. 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 high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in the statement of changes in equity in the period in which they arise.

Past-service costs are recognised immediately in 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 defined contribution plans, the group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit 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.

(iii) Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits other than pension plans is the amount of future benefit that employees 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 any related assets is deducted. The discount rate is the yield at the reporting date on bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid. The calculation is performed using the projected unit credit method. Any actuarial gains and losses are recognised in profit or loss in the period in which they arise.

(iv)Termination benefits
Termination benefits are recognised as an expense when the Group is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Group has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

(v)Short-term employee benefits
Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(j) Provisions
A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(k) Revenue
(i) Goods sold
Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of excise taxes, returns, trade discounts and volume rebates. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

The timing of the transfer of risks and rewards varies depending on the individual terms of the sales agreement.

(ii)Services
Revenue from services rendered is recognised in profit or loss in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to surveys of work performed.

(l) Lease payments
Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

3. Significant Accounting Policies (continued)

(l) Lease payments (continued)

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Determining whether an arrangement contains a lease
At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Group the right to control the use of the underlying asset.

At inception or upon reassessment of the arrangement, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Group's incremental borrowing rate.

(m) Finance income and finance costs
Finance income comprises interest income on funds invested (including available-for-sale financial assets) and dividend income. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date.

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions and contingent consideration and dividends on preference shares classified as liabilities.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Applicable foreign currency gains and losses are reported on a net basis on the statement of comprehensive income.

(n) Income tax
Income tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(o) Discontinued operations

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale or distribution, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier.

(p) Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

(q) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's Chief Executive Officer (CEO) to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, and intangible assets other than goodwill.

3. Significant Accounting Policies (continued)

(r) New standards and interpretations not adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after January 1, 2010, and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except for IFRS 9 Financial Instruments, which becomes mandatory for the Group's 2013 consolidated financial statements and could change the classification and measurement of financial assets. The Group does not plan to adopt this standard early and the extent of the impact has not yet been determined.

4. Determination of Fair Values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) Property, plant and equipment

The fair value of property, plant and equipment recognised as a result of a business combination is the estimated amount for which a property could be exchanged on the date of acquisition between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably. The fair value of items of plant, equipment, fixtures and fittings is based on the market approach and cost approaches using quoted market prices for similar items when available and replacement cost when appropriate. Depreciated replacement cost estimates reflect adjustments for physical deterioration as well as functional and economic obsolescence.

(ii) Intangible assets

The fair value of patents and trademarks acquired in a business combination is based on the discounted estimated royalty payments that have been avoided as a result of the patent or trademark being owned. The fair value of customer relationships acquired in a business combination is determined using the multi-period excess earnings method, whereby the subject asset is valued after deducting a fair return on all other assets that are part of creating the related cash flows.

The fair value of other intangible assets is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

(iii) Inventories

The fair value of inventories acquired in a business combination is determined based on the estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

(iv) Equity and debt securities

The fair value of equity and debt securities is determined by reference to their quoted closing bid price at the reporting date, or if unquoted, determined using a valuation technique. Valuation techniques employed include market multiples and discounted cash flow analysis using expected future cash flows and a market-related discount rate. The fair value of held-to maturity investments is determined for disclosure purposes only.

(v) Trade and other receivables

The fair value of trade and other receivables, excluding construction work in progress, but including service concession receivables, is estimated at the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes or when acquired in a business combination.

(vi) Derivatives

The fair value of forward exchange contracts is based on their quoted price, if available. If a quoted price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

The fair value of interest rate swaps is based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group entity and counterparty when appropriate.

(vii) Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

In respect of the liability component of convertible notes, the market rate of interest is determined by reference to similar liabilities that do not have a conversion option. For finance leases the market rate of interest is determined by reference to similar lease agreements.

5. Financial Risk Management

Overview

The Group has exposure to the following risks from its use of financial instruments:
- credit risk
- liquidity risk
- market risk.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board is responsible for developing and monitoring the Group's risk management policies. The Board meets regularly to review and assess its risk management activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

a) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk.

5. Financial Risk Management (continued)

a) Credit risk (continued)

The Group has no significant concentrations of credit risk. It has policies in place to ensure that wholesale sales of products are made to customers with an appropriate credit history. The Group's Credit Committee has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, when available, and in some cases bank references. Purchase limits are established for each customer and are reviewed on an ongoing basis. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a cash basis.

For the purposes of credit risk assessment, customers are segregated into categories and reviews take account of the specific trading relationship of each category of debtor with the Company. Credit risk assessment presents significant implications for two major categories of debtors: Trade receivables and Related party receivables.

Trade receivables – Management assesses the creditworthiness of major trade customers on an ongoing basis and revises credit limits based on the findings of analyses performed. Discretionary allowances are made for individual customers where temporary breaches in credit limits are deemed acceptable. This is usually the case at the year end when credit terms are adjusted for preferred customers who trade in high volumes.

Related party receivables – Trade with related parties occurs on terms comparable with those offered to third parties. Significant transactions falling outside the scope of regular trade require approval by the Board of Directors. Transactions undertaken with related parties are monitored during the year to ensure agreement of balances by relevant parties.

Credit risk with banks and financial institutions is managed through the purchase and sale of foreign currency, transfer of balances between financial institutions to take advantage of interest rates and where beneficial to the Company, investment in short term, easily convertible, liquid assets. In addition, the Group maintains banking relationships with prominent local and foreign banks with a proven history of stability and corporate resilience. The financial results of banking institutions are monitored by Management and frequent liaison with representatives of banks ensures early warnings are received in the event that banks encounter the risk of financial or operational difficulties.

The table below shows the carrying values at the balance sheet date of major categories of debtors.

	2010 $'000	2009 $'000
Trade receivables:		
Third party - net (Note 15)	139,514	64,059
Related party - net (Note 37)	6,075	44,491
	145,589	108,550
Loan to director (Note 37)	-	2,500

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

(b) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. Due to the dynamic nature of the underlying businesses, the Group aims to maintain flexibility in funding by keeping committed credit lines available.

The Group uses activity-based standard costing to cost its products and services, which assists it in monitoring cash flow requirements and optimising its cash return on investments. Typically the Group ensures that it has sufficient cash on demand to meet expected working capital requirements and operational expenses including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(i) Currency risk

The Group operates internationally and is exposed to foreign exchange currency risk arising from various currency exposures, primarily with respect to the US dollar, UK pound and the Jamaican dollar. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

The group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the group's foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies.

At December 31, 2010, if the Trinidad and Tobago dollar had strengthened by 0.9% against the United States dollar with all other variables held constant, post tax profits would have been $2,272 thousands higher (2009: post tax losses would have been $2,234 thousand higher) mainly as a result of foreign exchange gains on translation of US dollar denominated borrowings. If the Trinidad and Tobago dollar had weakened by 4.5% against the Euro, post tax profits would have been $15,799 thousand lower (2009: post tax losses would have been $14,341 thousand higher) mainly as a result of foreign exchange losses on translation of Euro denominated borrowings.

After tax losses were comparably sensitive to movement in the Trinidad and Tobago dollar/US dollar and Trinidad and Tobago dollar/Euro exchange rates in 2010 and 2009 because the Group maintained similar levels of borrowings in US dollars and Euros in both years.

At December 31, 2010, if the Trinidad and Tobago dollar had weakened by 0.6% against the Jamaican dollar with all other variables held constant, investment revaluation gains would have been $302 thousand lower (2009: investment revaluation revenues would have been $313 thousand lower) mainly as a result of foreign exchange losses on translation of investments denominated in Jamaican dollars.

Investment revaluation reserves were comparably sensitive to movement in Trinidad and Tobago dollar/Jamaican dollar exchange rates in 2010 and 2009 because the Group maintained similar levels of investments in Jamaican securities during both years.

Currency exposures arising from UK pound borrowings are offset by cash held in sterling. As at December 31, 2010, if the Trinidad and Tobago dollar had weakened by 4.8% against the Great Britain

5. Financial Risk Management (continued)

(c) Market risk (continued)

(i) Currency risk (continued)

Pound with all other variables held constant, post tax profits would have been $9,846 thousand lower mainly as a result of foreign exchange losses on translation of investments denominated in Pounds Sterling.

(ii) Price risk

Equity price risk arises from available-for-sale equity securities held by the Group and classified on the consolidated balance sheet as available for sale. Management of the Group monitors the mix of debt and equity securities in its investment portfolio based on market indices. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Senior Management Committee.

The Group's investments in equity of other entities that are publicly traded are included in the Jamaica Stock Exchange main index (Jamaica equity securities). The Group also has investments in unquoted equity investments.

The tables below summarise the impact of increases in the above named index as well as on unquoted equity investments, on the Group's post-tax profit for the year and on equity. The analyses are based on the assumption that the equity index and unquoted equities decreased by 5.5% with all other variables held constant and all the Group's equity instruments moved according to a positive correlation with this movement.

	2010 $'000	2009 $'000
Impact on post tax profit (loss):		
Jamaica Stock Exchange main index	-	3,747
Unquoted equity investments	15,175	-
	15,175	3,747
Impact on equity:		
Jamaica Stock Exchange main index	3,119	-

The Group does not have a policy for managing price risk arising from the investments held in foreign currencies since such investments were not acquired with the intention of maintaining an investment portfolio for group purposes. Investments were acquired for ancillary reasons involving the Group's ultimate parent, C L Financial Limited.

(iii) Cash flow and fair value interest rate risk

The Group has significant interest-bearing assets in the form of loans receivable as well as significant long-term borrowings. Loans receivable and long-term borrowings at variable rates expose the Group to cash flow interest rate risk while loans receivable and long-term borrowings at fixed rates expose the Group to fair value interest rate risk.

Differences in contractual re-pricing or maturity dates and changes in interest rates expose the Group to interest rate risk. The Group's exposure to interest rate risks on its financial assets and liabilities are disclosed in Notes 17 and 21, respectively.

The Group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the Group calculates the impact on profit and loss of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies. The scenarios are run only for liabilities that represent the major interest-bearing positions.

At December 31, 2010, if interest rates on United States dollars denominated borrowings had been 1.6% lower with all other variables held constant, post-tax profit for the year would have been $58 thousand higher (2009: post tax loss would have been $346 thousand lower), mainly as a result of lower interest expense on floating rate borrowings. The Group has no interest rate risk in relation to Euro denominated borrowings since all Euro borrowings are subject to fixed interest rates.

(d) *Capital risk*
The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders 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, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated statement of financial position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated statement of financial position plus net debt.

The gearing ratios at December 31, 2010 and 2009 were as follows:

		2010 $'000	2009 $'000
Total borrowings (Note 21)		783,304	877,144
Less: Cash at bank and in hand (Note 16)		(114,541)	(118,513)
Net debt	A	668,763	758,631
Total equity		74,470	(291,390)
Total capital	B	743,233	467,241
Gearing ratio	A/B	89.9%	162.3%

The Group manages its gearing through the cash planning process where debt reduction is factored into the planned allocation of cash resources in the medium to long-term future.

As a condition of certain of the Group's borrowings, covenants with respect to gearing, liquidity and profitability have been established and are reported on at least quarterly. Departures from minimum/maximum required measures must be explained to lenders and where explanations are not accepted, remedial action must be taken. Failure to comply with covenants can result in a request for immediate repayment of the relevant facility or reclassification to current liabilities on the consolidated statement of financial position.

Subsequent to the year end but prior to the approval of these consolidated financial statements by the Board of Directors, Management commenced negotiations with financial institutions with a view to restructuring the Group's debt. Management expects that a restructured debt portfolio bearing interest at adjusted rates and subject to an adjusted tenor will aid in the improvement of the Group's gearing in the medium to long-term future.

6. Segment Information

Primary reporting format – geographical segments
The Group's business segments operate in two main geographical areas, even though they are managed on a worldwide basis.

The home country of the Company – which is also the main operating country – is the Republic of Trinidad and Tobago. The areas of operation are principally the manufacturing and sale of alcoholic and food products.

	Sales		Total Assets		Capital Expenditure	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Trinidad and Tobago	576,236	467,370	976,427	687,105	14,954	17,587
Overseas	44,669	136,173	104,294	165,705	4,490	4,231
	620,905	603,543	1,080,721	852,810	19,444	21,818

	2010 $'000	2009 $'000
Analysis of sales by category		
Sales of goods	601,131	592,935
Revenue from services	19,774	10,608
	620,905	603,543

Secondary reporting format – business segments
Management has determined the operating segments based on the reports reviewed by the Senior Management Committee that are used to make strategic decisions. During the year the Group ceased the activities of its food manufacturing segment since this operation was not considered profitable. As such, the Group no longer has any business segments.

7. Property, Plant and Equipment

	Land and Buildings (Restated) $'000	Plant, Machinery, Equipment $'000	Casks $'000	Assets in Progress $'000	Total $'000
Year ended December 31, 2010					
Opening net book amount	243,758	85,761	16,903	11,313	357,735
Additions	17	5,447	-	13,980	19,444
Transfers	43	13,288	-	(13,331)	-
Disposals	-	(1,801)	-	(708)	(2,509)
Depreciation charge	(3,338)	(11,852)	(3,263)	-	(18,453)
Transfer to held-for-sale assets	(18,105)	(3,645)	-	-	(21,750)
Exchange differences and impairment charge	(34,987)	(15,844)	-	4	(50,827)
Closing net book amount	187,388	71,354	13,640	11,258	283,640
At December 31, 2010					
Cost or valuation	197,460	238,905	28,003	11,258	475,626
Accumulated depreciation	(10,072)	(167,551)	(14,363)	-	(191,986)
Net book amount	187,388	71,354	13,640	11,258	283,640
At January 1, 2009					
Cost or valuation	242,000	266,987	26,618	15,676	551,281
Accumulated depreciation	(21,318)	(178,953)	(9,380)	-	(209,651)
Net book amount	220,682	88,034	17,238	15,676	341,630

	Land and Buildings (Restated) $'000	Plant, Machinery, Equipment $'000	Casks $'000	Assets in Progress $'000	Total $'000
Year ended December 31, 2009					
Opening net book amount	220,682	88,034	17,238	15,676	341,630
Additions	5,280	4,769	6,546	5,223	21,818
Transfers	3,007	6,579	-	(9,586)	-
Disposals	(1,162)	(6,079)	(2,950)	-	(10,191)
Depreciation charge	(4,124)	(12,116)	(3,931)	-	(20,171)
Revaluation of land and buildings	24,128	-	-	-	24,128
Exchange differences and impairment charge	(4,053)	4,574	-	-	521
	243,758	85,761	16,903	11,313	357,735
At December 31, 2009					
Cost or valuation	261,055	247,818	28,003	11,313	548,189
Accumulated depreciation	(17,297)	(162,057)	(11,100)	-	(190,454)
Net book amount	243,758	85,761	16,903	11,313	357,735

The Group's land and buildings were last revalued on December 31, 2009 by qualified independent experts. Valuations were made on the basis of market value. Revaluation surpluses were credited to 'revaluation surpluses' in other reserves (Note 20) and revaluation losses were charged to 'other (expenses) income' in the consolidated statement of comprehensive income.

The net impact on the consolidated financial statements of revaluation of land and buildings was nil (2009: $31,386 thousand).

Property, plant and equipment with a net book value of $226,468 thousand (2009: $302,226 thousand) are pledged as security for borrowings.

Impairment charges were recognised in respect of the assets of two of the Group's overseas subsidiaries that ceased operations during the year. The assets were fair valued to their net realisable values which were agreed to by third parties. Assets identified for sale to third parties were transferred to held-for-sale financial assets at December 31, 2010 at a value of $21,750 thousand which represents the expected proceeds on sale of the assets.

8. Intangible Assets

	Trademarks $'000	Other $'000	Total $'000
Year ended December 31, 2010			
Opening net book amount	315	-	315
Amortisation and impairment charge	(315)	-	(315)
Closing net book amount	-	-	-
At December 31, 2010			
Cost	787	-	787
Accumulated amortisation and impairment	(787)	-	(787)
Net book amount	-	-	-
At January 1, 2009			
Cost	719	507	1,226
Accumulated amortisation and impairment	(446)	(112)	(558)
Net book amount	273	395	668
Year ended December 31, 2009			
Opening net book amount	273	395	668
Additions	19	-	19
Amortisation and impairment charge	(26)	-	(26)
Fair value adjustments	-	(395)	(395)
Exchange difference	49	-	49
Closing net book amount	315	-	315
At December 31, 2009			
Cost	787	507	1,294
Accumulated amortisation and impairment	(472)	(507)	(979)
Net book amount	315	-	315

8. Intangible Assets (continued)

Intangible assets are trademarks held by another of the Group's subsidiaries and were fair valued at the end of 2010 pending the finalisation of the wind down of that subsidiary in the subsequent period.

9. Investment in Joint Venture

Company	Country of incorporation	Percentage Owned
Tobago Plantations Limited	Trinidad and Tobago	50%

The carrying value of the joint venture operation was reduced to nil in 2007 when the Group's share of the operating losses incurred by the joint venture surpassed the carrying value of the investment. It is the Group's policy to recognise a share of losses only to the extent of its investment in the joint venture operation (Note 3(a)).

10. Available-for-Sale Financial Assets

	2010 $'000	2009 $'000
Balance at January 1	51,880	58,439
Additions	663	117
Disposals	(311)	(100)
Loss recognised on revaluation (Note 20)	(1,889)	(601)
Other (Note 29)	(618)	(5,975)
Balance at December 31	49,725	51,880

Available-for-sale financial assets include the following:

	2010 $'000	2009 $'000
Listed securities:		
Equity securities – Trinidad and Tobago	-	2,163
Equity securities – English speaking Caribbean	49,260	49,014
Unlisted securities	465	703
	49,725	51,880

Impairment provisions on available-for-sale financial assets were nil (2009: nil).

Available-for-sale financial assets with a value of $48,401 thousand (2009: $49,013 thousand) are pledged as security for borrowings.

11. Investment in Associate

Company	Country of incorporation	Percentage Owned 2010	Percentage Owned 2009
Burn Stewart Distillers Limited	Scotland	28.91%	-

A Group entity acquired an investment in a related party's interest in Burn Stewart Distillers Limited, effective December 31, 2010. The fair value of the investment in associate at the year end was $204,870 thousand.

The valuation was performed by qualified independent experts, using a net asset basis. Fair value gains on acquisition were recorded within 'Other income' in the statement of comprehensive income.

12. Retirement Benefit Asset – Pension Benefit

(i) The amounts recognised in the consolidated statement of financial position are determined as follows:

	2010 $'000	2009 $'000
Fair value of plan assets	171,642	144,978
Present value of funded obligations	(170,136)	(150,873)
	1,506	(5,895)
Present value of unfunded obligations	(2,235)	(2,029)
Unrecognised actuarial gains	30,740	35,795
Asset in the consolidated statement of financial position	30,011	27,871

(ii) The movement for the year in the fair value of plan assets is as follows:

	2010	2009
Balance at January 1	144,978	138,284
Expected return on plan assets	11,219	12,235
Adjustments	3,920	(3,219)
Actuarial gains (losses)	11,720	(4,371)
Employer contributions	3,992	4,053
Employee contributions	3,992	4,053
Benefits paid	(8,179)	(6,057)
Balance at December 31	171,642	144,978
Actual return on plan assets	22,939	7,864

(iii) The movement for the year in the defined benefit obligation is as follows:

	2010 $'000	2009 $'000
Present value of obligation at January 1	(152,903)	(125,159)
Interest cost	(11,377)	(11,807)
Current service cost – employer	(3,638)	(3,282)
Current service cost – employee	(3,992)	(4,053)
Benefits paid	8,179	6,057
Past service cost	(792)	-
Actuarial losses on obligation	(7,847)	(14,659)
Present value of obligation at December 31	(172,370)	(152,903)

(iv) The amounts recognised in the consolidated statement of comprehensive income are as follows:

	2010	2009
Net actuarial loss recognised during the year	(1,481)	(205)
Current service cost	(3,638)	(3,282)
Interest cost	(11,377)	(11,807)
Expected return on plan assets	11,219	12,235
Past service cost	(792)	-
Total charge in the consolidated statement of comprehensive income (Note 32)	(6,069)	(3,059)

The total charge has been included in administrative expenses in the consolidated statement of comprehensive income.

12. Retirement Benefit Asset – Pension Benefit (continued)

(v) The movement for the year in the asset recognised in the consolidated statement of financial position is as follows:

	2010 $'000	2009 $'000
Balance at January 1	27,871	29,747
Total charge in the consolidated statement of comprehensive income (Note 32)	(6,069)	(3,059)
Employer contributions	3,992	4,053
Severance payments	297	349
Adjustments	3,920	(3,219)
Balance at December 31	30,011	27,871

(vi) The principal actuarial assumptions used were as follows:

	2010	2009
Discount rate	6.0%	7.0%
Expected return on plan assets	6.0%	7.0%
Future salary increases	4.5%	5.5%

Assumptions regarding future mortality experience are set based on US Table GAM94.

The average life expectancy in years of a pensioner retiring at age 60 is as follows:

	2010	2009
Male	21	21
Female	26	26

The plan's assets are fully invested in a diversified general portfolio fund managed by the carrier, Colonial Life Insurance Company Limited.

(vii) Plan assets are comprised as follows:

	2010 %	2009 %
Equities	76.6	70.9
Cash and other short term assets	10.6	14.8
Bonds	6.8	7.8
Fixed deposits	6.0	6.5

12.1% (2009: 13.1%) of the managed fund assets are invested in the Company's ordinary shares.

The expected return on plan assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the reporting date. Expected returns on equity reflect long term real rates of return experienced in the respective markets.

	2010 $'000	2009 $'000	2008 $'000	2007 $'000	2006 $'000
Fair value of plan assets	158,085	144,978	138,284	124,459	113,110
Present value of defined benefit obligation	(172,370)	(152,903)	(125,159)	(108,061)	(96,663)
	(14,285)	(7,925)	13,125	16,398	16,447
Experience adjustments on plan liabilities	(5,964)	(1,782)	(6,654)	358	1,142
Experience adjustments on plan assets	(11,720)	(4,371)	2,618	(1,722)	924

13. Cash in Escrow

	2010 $'000	2009 $'000
Balance at January 1	1,618	1,618
Interest earned	25	-
Gain on foreign currency translation	89	-
Balance at December 31	1,732	1,618

Cash in escrow was held in respect of a loan facility held by the Group.

14. Inventories

	2010	2009
Raw and packaging materials	89,132	54,147
Work in progress	92,905	80,873
Finished goods	24,965	27,568
	207,002	162,588
Less provision for obsolescence	(36,434)	(15,647)
	170,568	146,941

Inventories pledged as security for borrowings totalled $158,076 thousand (2009: $129,934 thousand).

15. Trade and Other Receivables

	2010 $'000	2009 $'000
Trade receivables	144,097	103,015
Less provision for impairment of trade receivables	(4,583)	(38,956)
	139,514	64,059
Receivables from related party – net (Note 37 (iv))	6,075	46,991

	2010 $'000	2009 $'000
Trade receivables – net	145,589	111,050
Prepayments and other receivables	27	98
Taxation refundable	75	37
	145,691	111,185

There is no concentration of credit risk with respect to trade receivables, as the Group has a large number of customers, internationally dispersed.

The fair values of trade and other receivables approximate their carrying values.

The aging of trade and other receivables (net of prepayments and taxation refundable) at the year end was:

	Gross 2010 $'000	Impairment 2010 $'000	Gross 2009 $'000	Impairment 2009 $'000
Not past due	87,075	-	64,308	-
Past due 0 – 30 days	8,947	-	-	-
Past due 31 – 60 days	3,769	-	1,146	-
Past due 61 – 90 days	3,728	-	2,607	-
Past due 90 – 120 days	601	-	-	-
Past due more than 120 days	51,506	(10,037)	84,382	(41,393)
	155,626	(10,037)	152,443	(41,393)

15. Trade and Other Receivables (continued)

As of December 31, 2010, trade receivables of $41,469 thousand (2009: $42,989 thousand) were more than 120 days past due but not impaired. These relate to a number of third party customers for whom there is no recent history of default and management is of the opinion that these amounts are collectible. The impaired receivables mainly relate to wholesalers and retailers which have defaulted on payments. The ageing of these receivables is as disclosed above.

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

	2010 $'000	2009 $'000
United States dollar	66,324	73,905
Trinidad and Tobago dollar	64,020	35,571
Canadian dollar	14,111	1,709
Euro	1,236	-
	145,691	111,185

Movements in the Group provision for impaired receivables are as follows:

	2010	2009
At January 1	38,956	29,623
Write-offs against provisions	(37,477)	-
Increase in provision	3,104	9,333
At December 31	4,583	38,956

The creation and release of provision for impaired receivables have been included in 'Selling and marketing costs' in the statement of comprehensive income. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash. None of the classes within trade and other receivables contain impaired assets other than as disclosed above.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The Group does not hold any collateral as security.

16. Cash and Cash Equivalents

	2010 $'000	2009 $'000
Cash at bank and in hand	114,541	118,513

17. Held-for-Sale Financial Assets

	2010 $'000	2009 $'000
Balance at January 1	3,558	-
Additions	21,750	6,383
Fair value adjustment through consolidated statement of comprehensive income (Note 29)	-	(2,825)
Balance at December 31	25,308	3,558

Held-for-sale financial assets, added during the year, represent the fair value of the assets of a group entity which have been identified for sale within twelve months of the year end. These assets were transferred from property, plant and equipment (Note 7). The balance as at January 1, 2010 represents real estate which is intended for sale to external parties. All held-for-sale assets have been recognised at their fair values which are the values agreed for sale/transfer purposes with relevant external parties.

Impairment provisions on held-for-sale financial assets at the year end were nil (2009: nil).

18. Loans Receivable

	2010 $'000	2009 $'000
Unsecured loan notes to related company bearing interest at 10½% per annum payable semi-annually. Principal repayments commenced in June 2007	-	167,414
Less provision for impairment of loans receivable	-	(167,414)
	-	-

The loan was settled in full during the year and resulted in the recognition of an investment in associate (Note 11).

The effective interest rates on loans receivables were as follows:

	2010	2009
Loans receivable	5.0%	-

Interest was recognised in 2010 due to re-instatement of the receivables, however, no interest was recognised in 2009 since the receivable was impaired as at that year end.

Movements in the Group provision for impaired loans receivable are as follows:

	2010 $'000	2009 $'000
At January 1	167,414	167,414
Write back of provision due to re-instatement of receivable	(167,414)	-
At December 31	-	167,414

19. Share Capital

	2010	2009
Number of shares in issue (000)	206,277	206,277
Treasury shares (000)	(457)	(457)
	205,820	205,820
Ordinary shares ($'000)	119,369	119,369
Treasury shares ($'000)	(811)	(811)
	118,558	118,558

20. Other Reserves

	Revaluation Surplus $'000	Investment Revaluation Reserve $'000	Capital Reserves $'000	Total $'000
Balance at January 1, 2009	46,490	2,491	9,903	58,884
Revaluation of investments	-	(601)	-	(601)
Revaluation of land and buildings	31,386	-	-	31,386
Currency translation differences	-	-	6,184	6,184
Other reserve movements	-	-	(1,413)	(1,413)
Balance at December 31, 2009	77,876	1,890	14,674	94,440
Balance at January 1, 2010	77,876	1,890	14,674	94,440
Revaluation of investments	-	(1,889)	-	(1,889)
Currency translation differences	-	-	2,957	2,957
Other reserve movements	-	-	8,319	8,319
Balance at December 31, 2010	77,876	1	25,950	103,827

Revaluation surplus represent land and buildings revaluation in relation to certain of the Group entities. The subsidiaries' land and buildings were last revalued on December 31, 2009 by qualified independent experts.

Investment revaluation reserve represents gains (losses) recognised in equity upon revaluation of available-for-sale investments.

20. Other Reserves (continued)

Capital reserves represent general reserves maintained by one of the Company's wholly owned subsidiaries as well as accumulated foreign exchange gains (losses) recognised in equity upon revaluation of the Group's interest in foreign operations.

21. Borrowings

	2010 $'000	2009 $'000
Non-current		
Secured borrowings	358,025	-
Debentures and other loans	-	234,201
	358,025	234,201
Current		
Bank overdrafts	-	14
Unsecured borrowings	-	585,781
Secured borrowings	224,571	47,668
Debentures and other loans	200,708	9,480
	425,279	642,943
Total borrowings	783,304	877,144

The effective interest rates at the reporting date were as follows:

2010

Nature of borrowing	TT$	US$	£	€	CAD$
Unsecured borrowings	-	-	-	-	-
Secured borrowings	11.1%	9.5%	-	4.3%	-
Debentures and other loans	9.37%	10.1%	3.6%	-	-

2009

Nature of borrowing	TT$	US$	£	€	CAD$
Unsecured borrowings	11.5%	10.1%	-	3.2%	6.5%
Secured borrowings	-	-	-	-	6.5%
Debentures and other loans	11.8%	9.3%	3.6%	-	-

The carrying amounts and fair values of the non-current borrowings are as follows:

	Carrying amounts 2010 $'000	Carrying amounts 2009 $'000	Fair values 2010 $'000	Fair values 2009 $'000
Debentures and other loans	358,025	234,201	243,640	202,356

The fair values are based on cash flows discounted using rates based on the borrowing rates prevailing at the reporting date, in the respective countries where the debts exist.

The carrying amounts of short-term borrowings approximate their fair value.

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

	2010 $'000	2009 $'000
Euro	352,039	338,185
Trinidad and Tobago dollar	184,546	201,780
United States dollar	246,272	324,462
Pound sterling	447	447
Canadian dollar	-	12,270
	783,304	877,144

The exposure of the Group's borrowings to interest rate changes and the contractual re-pricing dates at the reporting date are as follows:

	2010 $'000	2009 $'000
6 months or less	253,571	339,365
Between 6 months and 1 year	12,199	17,358
Between 1 and 5 years	352,039	357,670
	617,809	714,393
Fixed rate borrowings	165,495	162,751
	783,304	877,144

Debentures and other loans and secured borrowings are secured by charges on certain of the Group's investments (Note 10), property, plant and equipment (Note 7), inventories (Note 14) as well as the cash in escrow (Note 13). Bank overdrafts are unsecured.

The maturity of non-current borrowings is as follows:

	2010 $'000	2009 $'000
Between 1 and 2 years	5,986	234,201
Between 2 and 5 years	352,039	-
	358,025	234,201

The terms of the debentures and other loans include certain standard covenants with which certain subsidiaries have to comply. Some of the Group's borrowings are subject to covenant clauses, whereby the Group is required to meet certain key performance indicators.

22. Deferred Income Tax Asset (Liability)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on the net basis. The Group does not offset deferred tax assets and deferred tax liabilities.

(i) The movement in deferred tax assets and liabilities during the year is as follows:

	2009 $'000	(Charged) credited to Statement of Comprehensive Income $'000	2010 $'000
Deferred tax assets			
Tax losses carried forward	33,194	21,441	54,635
Deferred tax liabilities			
Accelerated tax depreciation	(26,209)	(3,953)	(30,162)
Pension asset	(6,629)	(534)	(7,163)
Other	(1,250)	(9)	(1,259)
	(34,088)	(4,496)	(38,584)
Net deferred tax liability	(894)	16,945	16,051
Deferred tax assets			
Tax losses carry forward	18,827	14,367	33,194
Deferred tax liabilities			
Accelerated tax depreciation	(28,795)	2,586	(26,209)
Pension asset	(7,429)	800	(6,629)
Other	(112)	(1,138)	(1,250)
	(36,336)	2,248	(34,088)
Net deferred tax liability	(17,509)	16,615	(894)

22. Deferred Income Tax Asset (Liability) (continued)

(ii) The gross movement on the deferred tax account is as follows:

	2010 $'000	2009 $'000
Balance at January 1	(894)	(17,509)
Deferred tax credited to the consolidated statement of comprehensive income	16,945	16,615
Balance at December 31	16,051	(894)

Deferred tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group did not recognise deferred tax assets of $9,099 thousand (2009: $229,609 thousand) in respect of losses amounting to $2,276 thousand (2009: $57,402 thousand) that can be carried forward against future taxable income. The Group has tax losses of $148,719 thousand (2009: $294,920 thousand) that have not yet been agreed with the Board of Inland Revenue.

23. Other Liabilities

		2010 $'000	2009 $'000
Amounts due to related parties	(i)	-	3,607
Currency swap derivative	(ii)	-	6,199
Retirement benefits		651	728
		651	10,534

(i) The amounts due at December 31, 2009 were unsecured and interest free and settlement was completed during 2010.

(ii) A currency swap instrument related to certain of the borrowings held by one of the subsidiaries was fully repaid during 2010. The related borrowings were also settled during the year. Fair value losses incurred in relation to the instruments are included within 'Fair value losses' on the statement of comprehensive income.

24. Trade and Other Payables

	2010 $'000	2009 $'000
Trade payables	71,257	122,820
Amounts due to related parties (Note 37 (vi))	12,734	50,707
Provisions	32,597	10,000
Accruals and other payables	63,049	32,844
	179,637	216,371

Provisions comprise amounts related to expected advertising and promotional expenses and other amounts for which expenses are expected to be incurred in the following period.

25. Operating Profit

	2010 $'000	2009 $'000
Included are the following operating income (expense) items:		
Amortisation and impairment of intangible assets (Note 8)	(315)	(26)
Impairment of fixed assets and exchange differences	(50,827)	521
Depreciation (Note 7)	(18,453)	(20,171)
Employee benefits (Note 32)	(96,239)	(105,309)
Fair value gains (losses) (Note 29)	41,773	(15,718)
Gain on sale of investments	1,756	355
Operating lease payments (Note 34)	(1,677)	(7,399)
Research and development	(489)	(694)
Repairs and maintenance	(14,181)	(12,924)

26. Other Income

	2010 $'000	2009 $'000
Gain from early retirement of debt	8,866	-
Loss on disposal of fixed assets	(1,601)	(7,047)
Reversal of provision for related party debt, now settled	161,087	-
Gains on reversal of related party debts	14,086	-
Gains on disposal of trade investments	1,756	-
Grant income received	4,021	-
Write back of excess provision for advertising costs	-	6,031
Other income	13,609	2,843
	201,824	1,827

27. Finance Costs

Bank overdrafts	-	464
Debentures and other loans	28,586	13,315
Financing costs amortised	-	4,184
Secured borrowings	38,380	14,436
Unsecured borrowings	-	36,249
	66,966	68,648

28. Finance Income

	2010 $'000	2009 $'000
Dividend income	90	243
Interest income	8,468	107
	8,558	350

29. Fair Value Gains (Losses)

	2010 $'000	2009 $'000
Fair value adjustment on held-for-sale assets (Note 17)	-	(2,825)
Fair value adjustment on available-for-sale financial assets (Note 10)	(618)	(5,975)
Fair value losses on foreign currency swap derivative	(1,170)	(6,918)
Net fair value adjustments on overseas subsidiaries	(222)	-
Fair value gain on acquisition of investment in associate	43,783	-
	41,773	(15,718)

30. Taxation

Current charge	6,035	4,042
Deferred tax credit (Note 22 (i))	(16,945)	(16,615)
Net credit	(10,910)	(12,573)

The tax on the Group's loss before tax differs from that calculated at the tax rate in Trinidad and Tobago applicable to profits of the consolidated companies as follows:

	2010 $'000	2009 $'000
Profit (loss) before taxation	359,695	(144,822)
Tax charge at statutory rate of 25%	89,923	(36,206)
Effect of different tax rates in other countries	1,956	(1,221)
Permanent differences	(45,345)	(34,460)
Tax losses previously unrecognised	(57,402)	-
Revenue based taxes	2,234	1,912
Tax losses not recognised	2,276	57,402
	(10,910)	(12,573)

31. Earnings per Share

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the number of ordinary shares in issue during the year, excluding ordinary shares purchased by the Company and held as treasury shares (Note 19).

	2010	2009
Profit (loss) attributable to equity holders of the Company ($'000)	368,903	(133,279)
Number of ordinary shares in issue (000) (Note 19)	205,820	205,820
Basic and diluted earnings per share ($)	1.79	(0.65)

32. Employee Benefit Expense

	2010 $'000	2009 $'000
Wages, salaries and other benefits	88,433	100,090
Social security costs	859	1,038
Pension costs – defined contribution plans	878	1,122
Pension costs – defined benefit plans (Note 12 (iv))	6,069	3,059
	96,239	105,309

33. Dividends per Share

No interim dividend or final dividend has been declared in respect of the year ended December 31, 2010. The total dividend declared in respect of 2009 was nil.

34. Leases

The Group has non-cancellable operating leases for vehicles and office space.

	2010 $'000	2009 $'000
Expense for the year	1,677	7,399
Future minimum lease payments under these leases at December 31 are as follows:		
Within 1 year	644	7,552
Between 1 and 5 years	421	8,455
	1,065	16,007

35. Discontinued Operation

As of December 31, 2009, the operations of one of the Group's wholly owned US based subsidiaries (Angostura Spirits and Wines Inc. (ASW)) were ceased and legal proceedings commenced to wind down the subsidiary. The Group held no assets in respect of ASW at the year end and due to legal arrangements in respect of this subsidiary, no title could be claimed in respect of any asset owned by the subsidiary but not held by the Group.

The impact at the year end on the accounts payable of the Group in respect of liabilities held by ASW was as follows:

	2010 $'000	2009 $'000
ASW accounts payables	24,375	16,238

The impact at the year end on the retained earnings of the Group in respect of retained losses held by ASW was as follows:

	2010 $'000	2009 $'000
ASW retained losses	(16,105)	(24,691)

36. Contingent Liability

In 2008, the Company guaranteed borrowings in the amount of US$102,000 thousand undertaken by its parent company, C L Financial Limited (CLF) in respect of its acquisition of Jamaican conglomerate, Lascelles de Mercado & Company Limited (Lascelles). Based on the conditions of the guarantee, the Company could be called upon to make good its guarantee for any amount in excess of the value realised on the sale of security held by the lender, specifically, 26,284,806 shares in Lascelles.

As at the year end, at a closing bid price of US$3.15/share, the exposure under the guarantee was US$19,061 thousand however, no liability crystallised since no calls were made. Accordingly, no adjustments to the financial statements were necessary in respect of this guarantee at the year end.

37. Related Party Transactions

The following transactions were carried out with related parties:

	2010 $'000	2009 $'000
(i) Sales of goods and services		
Sales of goods:		
- Entities controlled by Parent	30,735	24,755
- Key management	247	457
	30,982	25,212
Interest and other income:		
- Entities controlled by Parent	8,443	-
	39,425	25,212
(ii) Purchases of goods and services		
Purchases of goods:		
-Entities controlled by Parent	11,597	16,266
Purchases of services & interest charges:		
- Entities controlled by Parent	58,513	69,411
	58,513	69,411
	70,110	85,677

	2010 $'000	2009 $'000
(iii) Key management compensation		
Salaries and other short-term employee benefits	7,987	11,140
Pension contributions	525	516
	8,512	11,656

37. Related Party Transactions (continued)

	2010 $'000	2009 $'000
(iv) Year-end balances arising from sales/purchases of goods/services		
Current receivables from related parties:		
- Parent	971,793	974,202
- Less provision for impairment of receivable	(971,973)	(974,202)
	-	-
- Entities controlled by Parent	10,929	41,469
- Less provision for impairment of receivables	(5,454)	(2,437)
	5,475	39,032
- Key management	600	5,459
- Loan to director	-	2,500
	600	7,959
	6,075	46,991

The loan due from director was settled in full during 2010.

Analysis of movements in related party impairment provisions

	2010 $'000	2009 $'000
Opening balance	2,437	26,321
Increase in provision	24,481	20,058
Amounts written off	(21,464)	(43,942)
Closing provision	5,454	2,437

	2010 $'000	2009 $'000
(v) Loans to related parties (Note 17)		
Entities controlled by Parent	4,989	172,403
Less: provision for impairment of receivable	(4,989)	(172,403)
	-	-
(vi) Payables to related parties (Note 24)		
Parent	2,410	2,410
Entities controlled by Parent	10,324	48,297
	12,734	50,707
Loan from related parties		
Entities controlled by Parent	576,610	580,468

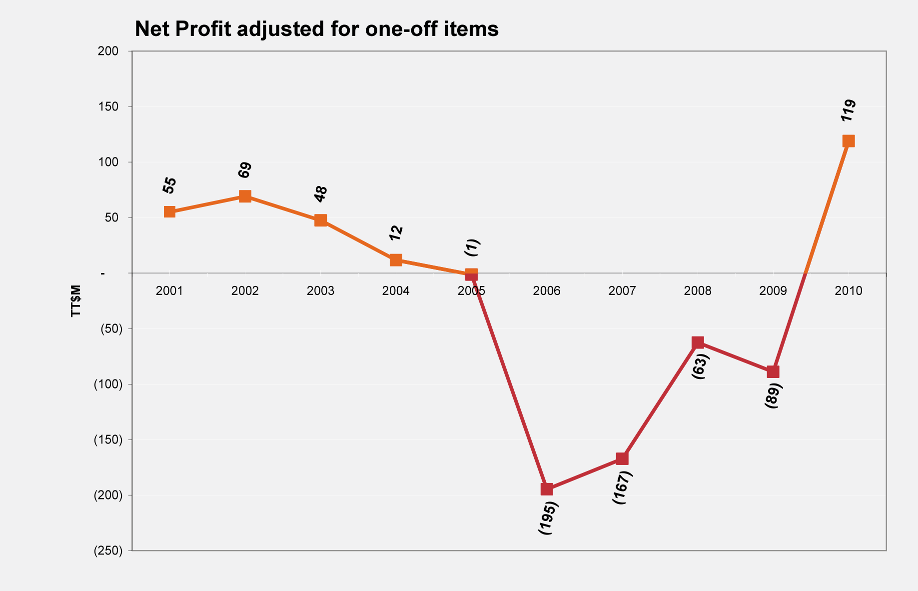
Supplementary Information

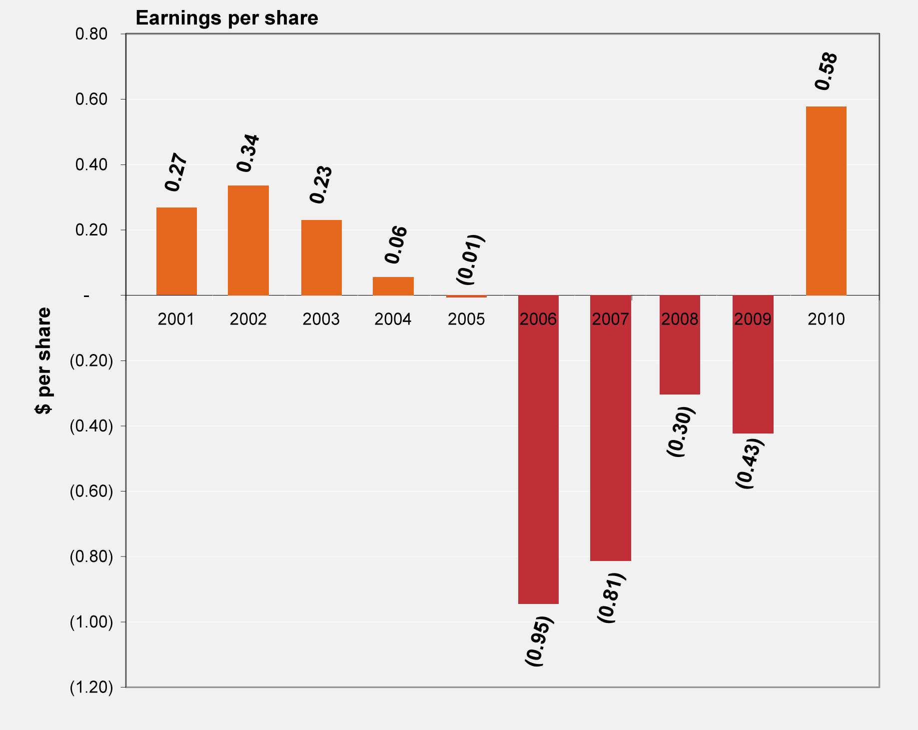
Ten Year Review: 2001 - 2010

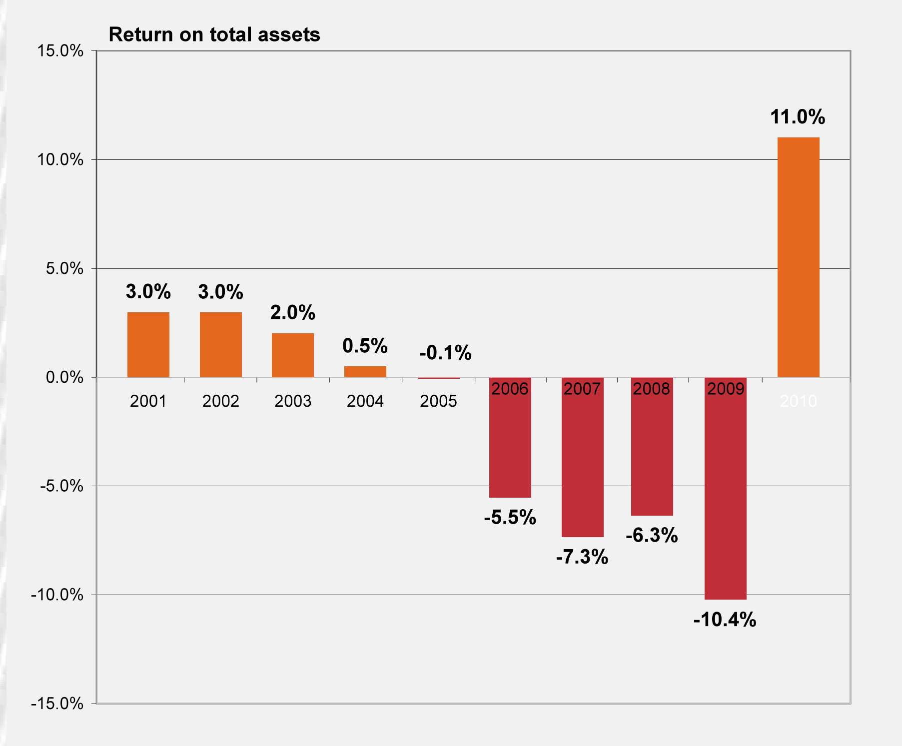
Expressed in millions of Trinidad & Tobago Dollars unless otherwise stated

	Unit	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Net Sales	$M	621	604	604	679	683	1,199	1,014	1,026	1,034	1,018
Net Profit adjusted for one-off items*	$M	119	(89)	(87)	(167)	(195)	(1)	12	48	69	55
Total Assets	$M	1,081	853	853	2,282	3,528	2,477	2,393	2,354	2,327	1,846
Return on total assets*	%	11.0%	-10.4%	-10.2%	-7.3%	-5.5%	-0.1%	0.5%	2.0%	3.0%	3.0%
Total Equity	$M	74	(291)	(291)	1,156	1,301	1,138	909	843	789	714
Return on total equity*	%	160%	31%	30%	-14%	-15%	0%	1%	6%	9%	8%
Shares in issue	M	206	206	206	206	206	206	206	206	206	206
Earnings per share*	$	0.58	(0.43)	(0.42)	(0.81)	(0.95)	(0.01)	0.06	0.23	0.34	0.27
Share price	$	6.90	6.90	6.90	5.11	4.50	5.76	5.00	4.25	6.00	4.50
Price/earnings ratio*	Times	11.9	(16.0)	(16.3)	(6.3)	(4.8)	(830.8)	88.3	18.4	17.9	16.8

*Net Profit adjusted for one-off items is Profit(loss) from continuing operations less other income, fair value and foreign exchange








ANGOSTURA
aromatic bitters
global cocktail challenge
ANGOSTURA
global cocktail


FERNANDES
BL
BLACK LABEL
RUM


FERNANDES
BL
BLACK LABEL
RUM


ANGOSTURA


ANGOSTURA


ROYAL OAK
SELECT
Trinidad
RUM

MANAGEMENT PROXY CIRCULAR

Republic of Trinidad and Tobago
The Companies Act, 1995
(Section 144)

1 **Name of Company:**
ANGOSTURA HOLDINGS LIMITED. Company No. A-719(C).

2 **Particulars of Meeting:**
Twenty-Ninth Annual Meeting of the Company to be held on the 9th of May, 2011 at 10.00 a.m. at the House of Angostura, Angostura Complex, Eastern Main Road, Laventille, Trinidad.

3 **Solicitation:**
It is intended to vote the Proxy solicited hereby (unless the Shareholder directs otherwise) in favour of all resolutions specified therein.

4 **Any Director's statement submitted pursuant to Section 76 (2):**
No statement has been received from any Director pursuant to Section 76 (2) of the Companies Act, 1995.

5 **Any Auditor's statement submitted pursuant to Section 171 (1):**
No statement has been received from the Auditors of the Company pursuant to Section 171 (1) of the Companies Act, 1995.

6 **Any Shareholder's proposal submitted pursuant to Sections 116 (a) and 117 (2):**
No statement has been received from Shareholder pursuant to Sections 116 (a) and 117 (2) of the Companies Act, 1995.

Lyn Patricia Lopez
Secretary

DATE: April 8, 2011

PROXYFORM

ANGOSTURA HOLDINGS LIMITED
Company No.: A-719(C)

I/We the undersigned, being a shareholder(s) of Angostura Holdings Limited, hereby appoint

…………………………………………………………………of…………………………………………………………………………

Or failing him/her, the Chairman of the meeting, as my proxy to vote for me and on my behalf at the Annual General Meeting of the Company, to be held on the 9th day of May, 2011 at 10:00 am and any adjournment thereof.

ORDINARY BUSINESS

ITEM	RESOLUTION	FOR	AGAINST
Resolution 1	To receive, consider and approve the Report of the Directors, the Audited Financial Statements of the Company for the financial year ended December 31st, 2010, together with the report of the Auditors thereon.		
Resolution 2	To appoint KPMG as auditors of the Company for the financial year ending December 31st, 2011 and to authorize the Directors to fix their Remuneration thereon.		

Signed this: ……………………………………………………… day of ……………………20……………

Signed:……………………………………………………………………………………………………

Name:……………………………………………………………………………………………………

Notes:

1. Proxies should be deposited at the registered office of the Company not less than forty eight (48) hours before the meeting.
2. In the case of a Corporation, this proxy should be under its common seal or under the hand of an officer or attorney so authorized in that behalf.
3. In the case of joint holders, the signature of any one of them will suffice, but all names of all holders must be named.

RETURN TO:
The Secretary
Angostura Holdings Limited
P.O. Box 62
Port of Spain
TRINIDAD AND TOBAGO


Rum
Don't Walk!
ANGOSTURA
Single Barrel
RESERVE
AGED IN OAK
Angostura Single Barrel
RESERVE RUM
Sip Responsibly


Stop living in white and black.
Rum is Rich
in Colour.
ANGOSTURA
Single Barrel
RESERVE
AGED IN OAK
Sip Responsibly
Angostura Single Barrel
RESERVE RUM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