S.L. HORSFORD & CO. LTD.

ANNUAL REPORT 2009

TABLE OF CONTENTS

CORPORATE INFORMATION

Directors:

W. Anthony Kelsick B.A., B. Comm., C.A.	Chairman and Managing Director
Donald L. Kelsick B.A., H.B.A.	Executive Director
Christopher K. Martin B.Comm., M.B.A.	Executive Director
Malcolm C. Kirwan B.S., M.B.A.	Retired Vice-President for Administration and Finance University of the Virgin Islands
Mark A. Wilkin B.A., M.B.A.	Managing Director, Carib Brewery(St. Kitts & Nevis) Ltd
Victor O Williams B. Sc, SCL	Architect & Planner
Anthony E. Gonsalves LLB, LLM	Barrister-at-Law & Solicitor

Secretary:
Judith Ng'alla F.C.C.A.

Registered Office:
Marshall House
Independence Square West
Basseterre
St. Kitts, West Indies.

Auditors:
PKF
Chartered Accountants and Business Advisors
Independence Square North,
Basseterre, St. Kitts

Bankers:
Royal Bank of Canada, St. Kitts
First Caribbean International Bank, St. Kitts and Nevis
Bank of Nova Scotia, St. Kitts and Nevis
SKNA National Bank, St. Kitts and Nevis

Solicitors:
Kelsick, Wilkin and Ferdinand
The Sands Complex, Basseterre,
St. Kitts, West Indies

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the nineteenth Annual General Meeting of the Company, as a Public Company, will be held at Frigate Bay Resort, Frigate Bay, on Thursday 15 April 2010 at 5 o'clock in the afternoon for the following purposes:

1. To receive and consider the Financial Statements for the year ended 30 September 2009.

2. To receive and consider the Report of Directors thereon.

3. To receive and consider the Report of Auditors thereon.

4. To declare a Dividend.

5. To appoint Directors in place of those retiring.

6. To appoint Auditors and fix their remuneration.

NOTE: A member is entitled to appoint a proxy to attend and on a poll to vote instead of him/her. A form of proxy is attached. Proxies must reach Secretary at least 48 hours prior to date of Annual General Meeting.

Marshall House
1 Independence Square West
Basseterre
St. Kitts

BY ORDER OF THE BOARD

Judith P. Ng'alla
Company Secretary
Dated 16 February 2010

Additional copies of the Annual Report may be printed from the Company's website www.horsfords.com/horsford/investor.asp

COMPANY PROFILE

S.L. HORSFORD & CO. LIMITED, founded in 1875, was incorporated in 1912. Shares to the general public were first issued in 1990, signifying its conversion to a Public Company. Today, the company is a highly diversified business establishment involved in multiple trading, service and manufacturing activities through its various departments and subsidiary companies. It has traded profitably since its incorporation.

S.L. Horsford & Company Limited, comprised of several operational departments and subsidiaries, trades in both St. Kitts and Nevis. Products and services traded include building materials, hardware, furniture, appliances, petroleum products, food, cars, trucks, insurance, shipping, car rentals, hire purchase and consumer credit.

The key brands and principals represented include IGA, Nissan, Kia, Daihatsu, Geest Line, Bernuth, Holland America Line, Norwegian Cruise Line, Festival Cruises, Avis Rent a Car, NEMWIL, ORGILL Brothers Inc., General Electric Corp. and Trinidad Cement Limited.

Actively trading subsidiary companies are Ocean Cold Storage (St. Kitts) Limited, S.L. Horsford Finance Co. Limited, S. L. Horsford Nevis Ltd., and S. L. Horsford Shipping Ltd.

Associate companies include St. Kitts Masonry Products Limited, 50% owned, Carib Brewery (St. Kitts and Nevis) Limited, 20% owned, and St. Kitts Developments Limited, which is 30% owned and involved in the development of housing sites on 200 acres of land at Half Moon Bay, St. Kitts.

CHAIRMAN'S REPORT

I am pleased to report that although 2009 was a year of mixed performances; the Group was, however, able to achieve another year of record profitability; its fifth in a row.

Group sales decreased by $8,207,969 or 5.26% to $147,921,459, however, Group profit before taxation increased by $235,387 or 1.64% to $14,582,918 and after tax profits increased by $159,054 or 1.75% to $9,252,618. Of this, the parent company and wholly-owned subsidiaries contributed $7,415,122, an increase of $1,031,978, and associated companies contributed $1,837,496, a decline of $872,924.

Earnings per share were $0.31 versus $0.30 in 2008.

During 2009, the economy suffered significant declines in the construction, tourism and retail sectors. This was similar to the experiences of others in the region and was as a direct result of the financial crises in the external and regional economies and the resulting recessions.

There were mixed performances by the various operations in the group. All the departments requiring major capital outlays by our customers, namely Building Center, Nevis Center, Automotive and Furniture and Appliances experienced sales declines in varying degrees. The food operations, Valu Mart IGA and Ocean Cold Storage did, however, experience sales increases.

The reasons for the overall improved profit performance of the parent company and wholly-owned subsidiaries were due to improved inventory management and practices, focused credit and receivables management and significant debt reduction. In addition, there was the containment of expenses which declined slightly from 2008.

The reduced contribution from our associated companies was due almost entirely to St Kitts Developments Ltd, which was affected by reduced inventories as well as the reduced demand for real estate. Carib Brewery (St Kitts & Nevis) Ltd and St Kitts Masonry Products Ltd had satisfactory results similar to those of 2008.

Operating expenses declined slightly during the year, with increases limited to employment costs. There were savings in all other expense areas, most notably in finance costs.

Income tax expense had an effective rate of 36.55% versus 36.62% in 2008.

This continued good performance will enable your Directors to recommend a final dividend of $0.06 per share, which along with the interim dividend of $0.04 will result in a total annual dividend of $0.10 per share for a total of $3,014,843, allowing retention of $6,237,775.

Additionally this has created improvements in the Group's overall solvency with the debt to equity ratio reaching a low of 0.448:1 and debt to total assets of 0.273:1.

The declines in the construction and tourism sectors experienced in 2009 will continue into 2010, with the timing of a turnaround uncertain. The recovery of the external markets will also be slow, with little benefits to our economy. We will therefore need to ensure that we continue the inventory, receivables and expense management measures which were beneficial to us in 2009. We will also continue to ensure that we remain our customers "company of choice" even in these difficult times.

Construction of the long-awaited shopping facilities to house a Valu Mart IGA supermarket in Nevis have commenced in the Farm Estate area. This facility should be ready for operation during the first half of 2011.

I wish to thank all of our customers on both St Kitts and Nevis for their continued loyalty and support.

I also wish to thank our staff for their support and dedication to their work. I thank my fellow Directors for their support and valued counsel.

W ANTHONY KELSICK
B.A., B.Comm., C.A.

REPORT OF THE DIRECTORS

The Directors submit their Report and Audited Accounts for the year ended 30 September 2009

	2009	2008
Profit for the year (after providing for Taxation)	$9,252,618	$9,093,564
The Board recommends a dividend of 10 % (2008 = 8%)	$3,014,843	$2,411,874

In accordance with Articles 102 and 103 of the Articles of Association, Mr. Malcolm Kirwan and Mr. Mark Wilkin retire from the Board on rotation and being eligible offer themselves for re-appointment.

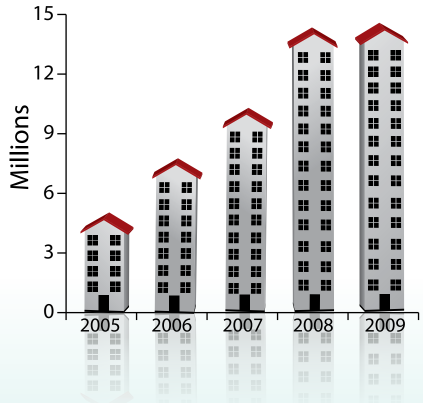
The Auditors, PKF, Chartered Accountants and Business Advisors, also, retire and being eligible, offer themselves for re-appointment.

BY ORDER OF THE BOARD

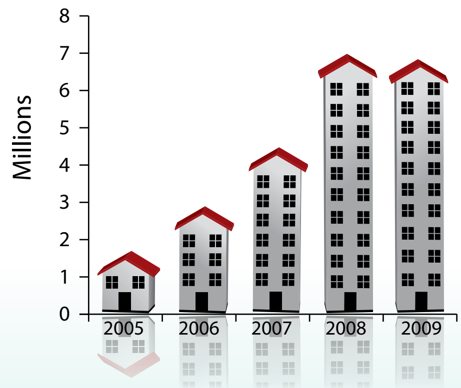
JUDITH P NG'ALLA
Company Secretary

FINANCIAL HIGHLIGHTS

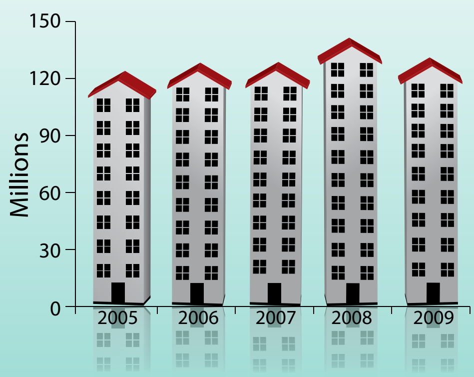
Profit Before Tax



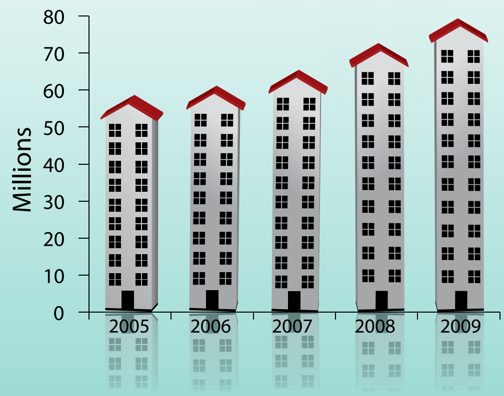
Profit Retained



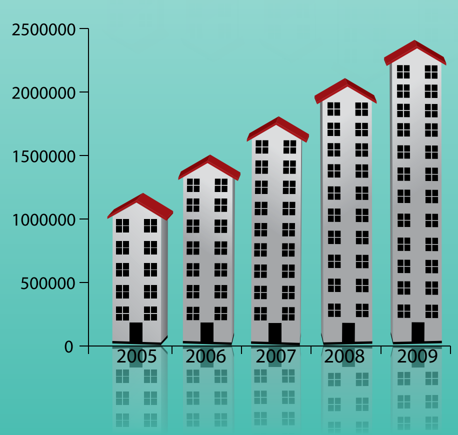
Total Assets



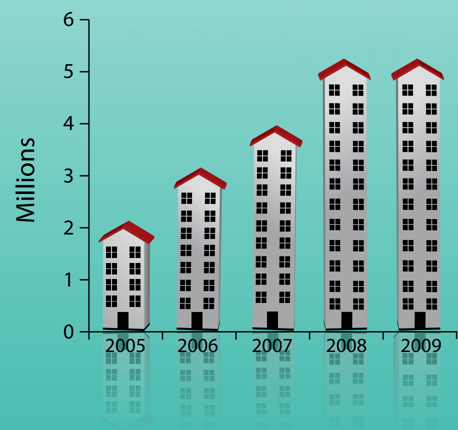
Shareholders' Equity



Dividends Paid



Corporation Tax



AUDITORS' REPORT

PKF

TO THE SHAREHOLDERS

S L HORSFORD AND COMPANY LIMITED

We have audited the accompanying consolidated financial statements of S L Horsford and Company Limited and its subsidiaries ('the Group'), which comprise the consolidated balance sheet as at 30 September 2009, and the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these 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 ethical requirements and plan and perform the audit to obtain reasonable assurance 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 financial statements. The procedures selected

AUDITORS' REPORT

depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. 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 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 give a true and fair view of the financial position of the Group as of 30 September 2009, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

PKF

CHARTERED ACCOUNTANTS:

BASSETERRE ST KITTS

21 December 2009

CONSOLIDATED BALANCE SHEET

AT 30 SEPTEMBER 2009 (Expressed in Eastern Caribbean Dollars)

	Notes	2009	2008
CURRENT ASSETS			
Cash at Bank and in Hand		**544,575**	772,509
Accounts Receivable – Current	3	**11,613,739**	12,905,754
Inventories	4	**35,957,415**	46,184,387
		48,115,729	59,862,650
CURRENT LIABILITIES			
Loans and Bank Overdrafts	5	**16,931,872**	32,092,233
Accounts Payable and Accruals	6	**10,105,379**	13,053,005
Provision for Taxation	7	**2,813,503**	2,355,534
		29,850,754	47,500,772
WORKING CAPITAL		**18,264,975**	12,361,878
INTANGIBLES	8	**18,280**	-
ACCOUNTS RECEIVABLE – Non-Current	3	**15,954,400**	16,258,447
INVESTMENT IN ASSOCIATED COMPANIES	9	**10,857,668**	9,746,593
AVAILABLE-FOR-SALE INVESTMENTS	10	**825,460**	867,611
PROPERTY, PLANT AND EQUIPMENT	5 & 11	**54,201,704**	54,417,661
TOTAL		**$100,122,487**	$93,652,190
FINANCED BY			
SHARE CAPITAL	12	**30,148,430**	30,148,430
RESERVES		**49,248,381**	42,562,681
SHAREHOLDERS' FUNDS		**79,396,811**	72,711,111
DEFERRED TAX LIABILITY	13	**2,113,901**	1,886,668
LOANS NON CURRENT	5	**18,611,775**	19,054,411
FUNDS EMPLOYED		**$100,122,487**	$93,652,190

The attached Notes form an integral part of these Consolidated Financial Statements.
Approved by the Board of Directors on 16 February 2010.

W Anthony Kelsick
Chairman

Donald Kelsick
Director

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 SEPTEMBER 2009 (Expressed in Eastern Caribbean Dollars)

	2009	**2008**
TURNOVER (Note 2 (l))	**147,921,459**	156,129,428
Cost of Sales	**(114,247,851)**	(123,479,679)
Gross Profit	**33,673,608**	32,649,749
Other Income	**9,655,782**	9,253,421
TOTAL INCOME	**43,329,390**	41,903,170
LESS: EXPENSES		
Administrative Expenses	**(20,145,490)**	(19,630,411)
Distribution Costs - Transport	**(2,070,647)**	(2,087,264)
- Advertising	**(2,343,196)**	(2,377,798)
Other Expenses	**(1,263,401)**	(1,498,225)
Depreciation and Amortisation	**(2,865,253)**	(2,847,524)
Finance Costs	**(2,840,005)**	(3,310,128)
	(31,527,992)	(31,751,350)
Profit Before Results of Associated Companies	**11,801,398**	10,151,820
Share of Profit of Associated Companies (Note 2(c))	**2,781,520**	4,195,711
PROFIT BEFORE TAXATION	**14,582,918**	14,347,531
Income Tax Expense (Note 7)	**(5,330,300)**	(5,253,967)
PROFIT FOR THE YEAR CARRIED TO STATEMENT OF CHANGES IN EQUITY	**$9,252,618**	$9,093,564
BASIC EARNINGS PER SHARE (See Note 14)	**$0.31**	$0.30

The attached Notes form an integral part of these Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2009 (Expressed in Eastern Caribbean Dollars)

	Share Capital	Revaluation Reserve	Other Capital Reserves	Unrealised Holding Gain-Investment	Retained Earnings	Total
Balance at 30 September2007	30,148,430	14,605,724	555,307	252,422	19,928,327	65,490,210
Decrease in Capital Reserve - Associated Company	-	(176,982)	-	-	-	(176,982)
Unrealised Holding Gain	-	-	-	414,708	-	414,708
Profit for the Year	-	-	-	-	9,093,564	9,093,564
Dividend Paid	-	-	-	-	(2,110,389)	(2,110,389)
Balance at 30 September 2008	**$30,148,430**	**$14,428,742**	**$555,307**	**$667,130**	**$26,911,502**	**$72,711,111**
Balance at 30 September 2008	30,148,430	14,428,742	555,307	667,130	26,911,502	72,711,111
Decrease in Capital Reserve- Associated Company	-	(112,893)	-	-	-	(112,893)
Unrealised Holding Gain	-	-	-	(42,151)	-	(42,151)
Profit for the Year	-	-	-	-	9,252,618	9,252,618
Dividend Paid	-	-	-	-	(2,411,874)	(2,411,874)
Balance at 30 September 2009	**$30,148,430**	**$14,315,849**	**$555,307**	**$624,979**	**$33,752,246**	**$79,396,811**

The attached Notes form an integral part of these Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2009 (Expressed in Eastern Caribbean Dollars)

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before Taxation	**14,582,918**	14,347,531
Adjustments for:		
Depreciation and Amortisation	**2,865,253**	2,847,524
Gain on Disposal of Property, Plant and Equipment	**(173,249)**	(77,198)
Finance costs incurred	**2,840,005**	3,310,128
Share of Income from Associated Companies	**(2,781,520)**	(4,195,711)
Operating profit before working capital changes	**17,333,407**	16,232,274
Net change in non-cash working capital balances related to Operations	**8,571,361**	(1,054,502)
Cash generated from operating activities	**25,904,768**	15,177,772
Finance costs Paid	**(2,840,005)**	(3,310,128)
Taxation Paid	**(3,701,075)**	(2,688,502)
Net Cash from Operating Activities	**19,363,688**	9,179,142
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property, Plant and Equipment	**(3,187,397)**	(3,242,556)
Proceeds from Disposal of Property, Plant and Equipment	**705,306**	721,231
Purchase of Investments	**-**	(50,000)
Purchase of Intangibles	**(12,235)**	-
Dividends received from Associated Companies	**613,528**	1,631,547
Net Cash used in Investing Activities	**(1,880,798)**	(939,778)
CASH FLOWS FROM FINANCING ACTIVITIES		
Non-Current Receivables	**304,047**	(5,614,044)
Long term Loans Repaid	**(6,401,292)**	(3,975,135)
Dividends Paid to Shareholders	**(2,411,874)**	(2,110,389)
Net Cash used in Financing Activities	**(8,509,119)**	(11,699,568)
Net Decrease in Cash and Cash Equivalents	**8,973,771**	(3,460,204)
Cash and Cash equivalents - beginning of year	**(10,183,093)**	(6,722,889)
Cash and Cash equivalents – end of year	**$(1,209,322)**	$(10,183,093)
Cash and cash equivalents comprise:		
Cash	**544,575**	772,509
Bank Overdrafts	**(1,753,897)**	(10,955,602)
	$(1,209,322)	$(10,183,093)

The attached Notes form an integral part of these Consolidated Financial Statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2009 (Expressed in Eastern Caribbean Dollars)

1 CORPORATE INFORMATION

S L Horsford and Company Limited (known locally as Horsfords) was incorporated as a Private Limited Company on 31January 1912 under the provisions of the Companies Act 1884, (No 20 of 1884) of the Leeward Islands. By Special Resolution dated 30 July 1990, the Company was converted into a Public Company.

In accordance with the provisions of The Companies Act (No 22 of 1996), of the Laws of St Kitts and Nevis, the Company was re registered as a Company with Limited Liability with its registered office located at Independence Square West, Basseterre, St Kitts, West Indies.

Horsfords is a diversified trading company and details of its subsidiary and associated companies and their main activities are set out in Note 17.

2 ACCOUNTING POLICIES

(a) Basis of Accounting:

The consolidated financial statements are prepared on the historical cost basis with the exception of certain property, plant and equipment which are included at net book values based upon valuations. The consolidated financial statements of the group have been prepared in accordance with International Financial Reporting Standards.

(b) Use of Estimates:

The preparation of financial statements in conformity with International Financial Reporting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimated.

(c) Basis of Consolidation:

The consolidated financial statements include the audited financial statements of the Company and its subsidiary undertakings made up to 30 September, together with the Group’s share of the results of associated companies.

Goodwill arising on consolidation, representing the excess of purchase consideration over the fair value of net tangible assets acquired, is written off against reserves in the year of acquisition.

(d) Foreign Currencies:

All amounts are expressed in Eastern Caribbean Dollars. Current assets and liabilities in foreign currencies are translated into Eastern Caribbean Dollars at the exchange rates prevailing at the Balance Sheet date. Fixed and other assets are reflected at the rates prevailing when acquired.

During the year, exchange differences arising from currency translations in the course of trading, and gains and losses arising from the translation of monetary current assets and liabilities are dealt with through the Profit and Loss Account.

(e) Revenue Recognition:

The group principally derives its revenue from sales to third parties, rendering of services, interest income and dividends.

Sales to third parties:

Revenue from the sale of products to third parties is recognised when the significant risks and rewards of ownership have been passed to the buyer and the amounts can be measured reliably.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2009 (Expressed in Eastern Caribbean Dollars)

(Continued)

2 ACCOUNTING POLICIES (cont'd)

(e) Revenue Recognition: (cont'd)

Rendering of services:

Revenue is recognised in the accounting period in which the services are provided by reference to the stage of completion.

Interest income:

Interest from hire purchases is apportioned over the period in which the instalments are due, in the proportion which instalments due bear to total selling price. Other interest income is recognised as the interest accrues, unless collectibility is in doubt.

Dividend:

Dividend income is recognised when the group's right to receive payment is established.

(f) Accounts Receivable:

Trade receivables are recognised and carried at original invoice amounts less an allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

(g) Inventories and Goods in Transit:

Inventories and Goods in Transit are consistently valued at the lower of cost and net realisable value on a first-in, first-out (FIFO) basis. Adequate provision has been made for obsolete and slow-moving items.

(h) Hire Purchase Sales:

Furniture:

The gross profit and interest charges relating to Hire Purchase Sales are apportioned over the periods in which the instalments are due, in the proportion which instalments due bear to total selling price.

Hire Purchase stock and debtors are valued at Hire Purchase sale price less deferred gross profit and interest charges and less cash received on account. These values are not greater than cost or net realisable value.

(i) Property, Plant and Equipment:

Property, Plant and Equipment are stated at cost or at valuation and reduced by depreciation which is provided on the straight line and reducing balance bases to write off assets over their expected useful lives.

Depreciation rates are as follows:

Freehold Buildings	2%
Leasehold Buildings	4%
Vehicles	12.5% - 30%
Cargo Handling Gear	20%
Furniture, Fittings and Equipment	10% - 20%
Coldrooms and Electrical Installations	10%
Plant and Equipment	20% - 3.33%
Boat	20%

(j) Investments:

Available-for-sale:

These are securities, which are not held with the intention of generating profits from market movements, and the general purpose is to hold these securities for an indefinite period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2009 (Expressed in Eastern Caribbean Dollars)

(Continued)

2 ACCOUNTING POLICIES (cont'd)

(j) Investments: (cont'd)

Available-for-sale: (Cont'd)

Investments are initially recognised at cost, being the fair value of the consideration given, including acquisition charges associated with the investment. For securities where there is no quoted market price, fair value has been estimated by management at cost less amounts written off. While it is not practical to determine the current market value of these investments, it is not considered necessary to make further provisions for permanent impairment in the value of investments as at 30 September 2009.

Investments in companies quoted on the Securities Exchange are carried at fair value based on quoted market prices at the year end. All unrealised gains and losses on revaluation, are reported as part of shareholders' equity in the capital reserve account, until the securities are disposed of, at which time the cumulative gain or loss previously recognised in equity is included in the Profit and Loss Account.

(k) Taxation:

The group follows the liability method of accounting for deferred tax whereby all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes are provided for at the current corporation tax rate. Deferred tax assets are only recognised when it is probable that taxable profits will be available against which the assets may be utilised.

(l) Turnover:

Turnover is defined as the net amount receivable for goods supplied. Major transactions within the group are eliminated.

(m) Borrowing costs:

Interest costs on borrowings are recognised as expenses in the period in which they are incurred.

(n) Accounts Payable and Accruals:

Liabilities for trade and other amounts payable are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the group.

(o) Provisions:

Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

(p) Intangibles:

Intangible assets are identifiable non-monetary assets without physical substance. Computer software meets this description and has been removed from property, plant and equipment in order to comply with International Accounting Standard No. 38. Acquired computer software licences, upgrades to software and related costs that are expected to contribute to the future economic benefit of the group are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives at a rate of 33 1/3% per annum.

Costs associated with maintaining computer software programmes are recognised as an expense when incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2009 (Expressed in Eastern Caribbean Dollars)

(Continued)

3 ACCOUNTS RECEIVABLE	2009	2008
Trade Receivables	**13,834,818**	15,045,477
Instalment Receivables	**20,274,528**	20,394,131
	34,109,346	35,439,608
Less: Provision for Doubtful Accounts	**(7,286,357)**	(7,129,633)
	26,822,989	28,309,975
Sundry Receivables and Prepayments	**745,150**	854,226
	27,568,139	29,164,201
Less: Non-current portion of Receivables	**(15,954,400)**	(16,258,447)
TOTAL - Current	**$11,613,739**	$12,905,754

All non-current receivables are due within six (6) years from the balance sheet date.

4 INVENTORIES	2009	2008
Merchandise	**30,731,832**	40,840,042
Stock on Hire	**3,854,359**	3,613,637
Goods In Transit	**1,371,224**	1,730,708
TOTAL	**$35,957,415**	$46,184,387

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2009 (Expressed in Eastern Caribbean Dollars)

(Continued)

5 LOANS AND BANK OVERDRAFTS	**2009**	**2008**
Current:		
Overdrafts	**1,753,897**	10,955,602
Loans – Current Portion	**15,177,975**	21,136,631
TOTAL CURRENT LOANS AND BANK OVERDRAFTS	**$16,931,872**	$32,092,233
LOANS – NON-CURRENT	**$18,611,775**	$19,054,411
Summary of Loans:		
Amount Payable:		
Within 1 year	**15,177,975**	21,136,631
2 – 5 Years	**10,813,611**	9,876,472
Over 5 Years	**7,798,164**	9,177,939
TOTAL LOANS	**$33,789,750**	$40,191,042
Analysed as follows:		
Secured	**21,267,751**	21,682,632
Unsecured	**12,521,999**	18,508,410
TOTAL	**$33,789,750**	$40,191,042

Repayment Terms:

Loans are repayable over periods varying from one (1) to twelve (12) years at rates of interest of between approximately 6% and 9%.

Collateral for Advances:

The Bank Loans and Overdrafts are secured by debentures executed by the Parent Company and two subsidiaries totalling $62,345,000 (2008 = $56,345,000).

The principal instalments due within the twelve months ending 30 September 2010 have been shown under Current Liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2009 (Expressed in Eastern Caribbean Dollars)

(Continued)

6 ACCOUNTS PAYABLE AND ACCRUALS

	2009	2008
Trade Payables	**6,550,546**	10,124,850
Sundry Payables and Accruals	**3,554,833**	2,928,155
TOTAL	**$10,105,379**	$13,053,005

7 PROVISION FOR TAXATION

	2009	2008

Balance Sheet

The taxation provision in the Balance Sheet comprises the following:

	2009	2008
Current Year	**2,813,503**	2,371,461
Previous Years	**-**	(15,927)
TOTAL	**$2,813,503**	$2,355,534

Profit and Loss Account

The Taxation charge in the Profit and Loss Account comprises the following:

	2009	2008
Provision for charge on Current Profits	**4,234,463**	3,871,053
Overprovision	**(75,420)**	-
Deferred Tax (Note 13)	**227,233**	(102,377)
	4,386,276	3,768,676
Associated Companies (Note 9)	**944,024**	1,485,291
TOTAL	**$5,330,300**	$5,253,967

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2009 (Expressed in Eastern Caribbean Dollars)

(Continued)

7 PROVISION FOR TAXATION (cont'd)

The group's effective tax rate of 37% (2008 = 37%) differs from the Statutory rate of 35% as follows:

	2009	2008
Profit before taxation	**$14,582,918**	$14,347,531
Taxes at statutory rate of 35%	**5,104,021**	5,021,636
Tax effect of expenses not deductible in determining taxable profits	**203,612**	269,813
Tax effect of income not assessable for taxation	**(15,324)**	(22,882)
Tax overprovision – previous years	**(75,420)**	-
Tax effect of Depreciation on non qualifying assets	**123,484**	(62,337)
Other	**(10,073)**	47,737
TOTAL	**$5,330,300**	$5,253,967

All income tax assessments up to and including the year of assessment 2009/08 have been examined and agreed by the Comptroller of Inland Revenue and the taxes duly paid.

8 INTANGIBLES

	2009	2008
Software – reclassification from plant and equipment (See Note 2(p))	**26,192**	-
Additions	**12,235**	-
	38,427	-
Accumulated Amortisation – reclassification	**8,585**	-
Amortisation	**11,562**	-
	20,147	-
NET BOOK VALUE	**$18,280**	$ -

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2009 (Expressed in Eastern Caribbean Dollars)

(Continued)

9 INVESTMENT IN ASSOCIATED COMPANIES

	2009	2008
Original cost of investments	**3,048,436**	3,048,436
Increase in equity over cost from acquisition to the end of previous year	**6,698,157**	5,796,266
	9,746,593	8,844,702
Capital reserve reduction	**(112,893)**	(176,982)
Share of net income less dividends received from Associated Companies (see below)	**1,223,968**	1,078,873
Balance at End of Year	**$10,857,668**	$9,746,593

Share of net income less dividends received for the year is made up as follows:

	2009	2008
Share of income before taxation	**2,781,520**	4,195,711
Taxation (Note 7)	**(944,024)**	(1,485,291)
	1,837,496	2,710,420
Dividends received	**(613,528)**	(1,631,547)
TOTAL (As Above)	**$1,223,968**	$1,078,873

The Group's share of the results of its associates, all of which are unlisted, and its share of the net assets are as follows:

	2009	2008
Assets	**15,300,624**	15,240,311
Liabilities	**4,442,956**	5,493,718
Revenue	**17,760,187**	18,786,989
Profit before Tax	**2,781,520**	4,195,711

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2009 (Expressed in Eastern Caribbean Dollars)

(Continued)

10 AVAILABLE - FOR - SALE INVESTMENTS

	2009	2008
Quoted Securities	725,460	767,611
Unquoted Securities	100,000	100,000
TOTAL	$825,460	$867,611

11 PROPERTY, PLANT AND EQUIPMENT

	Land & Buildings - at cost/ Valuation	Plant - at cost	Vehicles and Other Assets - at cost	Capital Work-in-Progress - at cost	Total
Cost/Valuation - Beginning of Year	49,277,633	605,387	22,611,032	298,583	72,792,635
Additions	-	112,460	2,537,974	536,963	3,187,397
(Disposals)	-	(5,065)	(5,547,151)	-	(5,552,216)
Cost/Valuation - End of Year	49,277,633	712,782	19,601,855	835,546	70,427,816
Accumulated Depreciation - Brought Forward	3,445,085	335,590	14,594,298	-	18,374,973
Charge	594,658	100,222	2,158,811	-	2,853,691
(Disposals)	-	(5,065)	(4,997,487)	-	(5,002,552)
Accumulated Depreciation Carried Forward	4,039,743	430,747	11,755,622	-	16,226,112
Written Down Value - 2009	$45,237,890	$282,035	$7,846,233	$835,546	$54,201,704
Written Down Value - 2008	$45,832,548	$269,796	$8,016,734	$298,583	$54,417,661

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2009 (Expressed in Eastern Caribbean Dollars)

(Continued)

11 PROPERTY, PLANT AND EQUIPMENT (cont'd)

Leasehold Lands at Pond's Industrial Site

The lands upon which warehouses of the Parent Company and the Coldrooms and Dry Goods Warehouse of a Subsidiary are built have been leased to these Companies by Government. There are four lease agreements for a period of thirty five years each effective from the following dates:

Parent Company:

1 First Lease - 35 years from 15 January 1981
2 Second Lease - 35 years from 1 June 1986

Subsidiary Company:

1 First Lease - 35 years from 1 April 1973
2 Second Lease - 35 years from 1 February 1985

The first lease effective from 1 April 1973 expired and the Company is in negotiation with the Government of St Kitts-Nevis for the purchase of this piece of land.

Revaluation:

The Parent Company's Freehold Lands and Buildings were revalued in March 1988 by Vincent Morton and Associates Limited, Professional Valuers, to an amount which approximated their replacement costs at 30 September 1987.

The Directors decided to incorporate the revalued figures in the Financial Statements for the year ended 30 September 1987. The surplus on revaluation was placed in Capital Reserve.

The Parent Company's lands and buildings were again revalued on November 30, 2003, by Williams Architectural, Professional Valuers to an amount which approximated current market values. The directors decided to include only the revalued amounts pertaining to land. The lower market value assigned to these lands by the valuers was $23,189,129. However the directors had conservatively opted to use a lower value of $18,867,398 which was incorporated in the Financial Statements for the year ended 30 September 2003.

At year end, the Parent Company was in the process of having its freehold lands and buildings revalued.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2009 (Expressed in Eastern Caribbean Dollars)

(Continued)

12 SHARE CAPITAL	**2009**	**2008**
Authorised		
50,000,000 Ordinary Shares of $1 each		
Issued and Fully Paid		
30,148,430 Ordinary Shares of $1 each	**$30,148,430**	$30,148,430

Dividend of 10% (2008 = 8%) per ordinary share (amounting to $3,014,843/2008 = $2,411,874) in respect of 2009 has been proposed by the Directors. The Financial Statements for the year ended 30 September 2009 do not reflect this proposed dividend which, if ratified, will be accounted for in equity as an appropriation of retained earnings in the year ending 30 September 2010.

13 DEFERRED TAX LIABILITY	**2009**	**2008**
Deferred Tax Liability (Net) – at beginning of year	**1,886,668**	1,989,045
Deferred Tax (Note 7)	**227,233**	(102,377)
Deferred Tax Liability (Net) – at end of year	**$2,113,901**	$1,886,668
Deferred Tax Liability (Net) comprises the following:		
Deferred Tax Asset	**(109,788)**	(194,915)
Deferred Tax Liability	**2,223,689**	2,081,583
	$2,113,901	$1,886,668
Deferred Tax Asset comprises:		
- Unutilised Capital Allowances	**(54,265)**	(146,875)
- Accelerated Depreciation	**(55,523)**	(48,040)
	$(109,788)	$(194,915)
Deferred Tax Liability comprises:		
- Accelerated Capital Allowances	**$2,223,689**	$2,081,583

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2009 (Expressed in Eastern Caribbean Dollars)

(Continued)

14 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net income for the year by the number of ordinary shares in issue at the year end.

	2009	2008
Net Income for the Year	**$9,252,618**	$9,093,564
Number of shares in issue at the year end	**30,148,430**	30,148,430
Basic earnings per share	**$0.31**	$0.30

15 CONTINGENT LIABILITIES

Parent Company:

a) Unfunded Pension:

The Company is contingently liable for unfunded pension liabilities to certain retired employees in accordance with the Company's agreement to pay such pension. The amount of the liability has not been actuarially quantified.

b) Guarantees:

The Company has given guarantees to First Caribbean International Bank, St Kitts, Bank of Nova Scotia and Royal Bank of Canada as collateral for overdraft facilities of up to $3,015,000 (2008 = $3,015,000) for its Subsidiary Companies, Ocean Cold Storage (St Kitts) Limited and S L Horsford Finance Company Limited.

The company has issued a letter of Undertaking to First Caribbean International Bank in the amount of $500,000 to meet any shortfalls in debt service of St Kitts Masonry Products Limited.

c) Letters of Credit:

At the year end, the company had outstanding letters of credit totalling $268,820 (2008 = $268,820).

d) Legal Claims:

Parent Company:

Counsel has advised that at 30 September 2009 there were no claims pending against the company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2009 (Expressed in Eastern Caribbean Dollars)

(Continued)

16 RELATED PARTY TRANSACTIONS

1. The following transactions were carried out with associated parties during the year:

		2009	2008
i)	Sales of goods and services	**5,259,014**	7,153,287
ii)	Purchases of goods and services	**6,782,292**	8,199,554
iii)	Management fees	**28,800**	28,800
iv)	Dividends received	**613,528**	1,631,547

2. Compensation of key management personnel of the Company and its subsidiaries:

	2009	2008
Short-term employee benefits and retirement contributions	**$899,026**	$814,998

17 DETAILS OF SUBSIDIARY AND ASSOCIATED COMPANIES

Subsidiary Companies	Principal Activities	Interest held in the Equity %
Marshall Plantations Limited	Sugar Plantations and Investments	100
Ocean Cold Storage (St Kitts) Limited	Food Distribution (Wholesale and Retail)	100
S L Horsford Finance Company Limited	Car Rentals, Car Sales and Insurance Agency	100
S L Horsford Shipping Limited (previously S L Horsford Motors Limited)	Shipping Agency	100
S L Horsford Nevis Limited	Retail activities and related services	100

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2009 (Expressed in Eastern Caribbean Dollars)

(Continued)

17 DETAILS OF SUBSIDIARY AND ASSOCIATED COMPANIES (Cont'd)

Associated Companies	Principal Activities	Interest held in the Equity %
St Kitts Developments Limited	Land Development	30.0
St Kitts Masonry Products Limited	Concrete and Related Products	50.0
Carib Brewery (St Kitts & Nevis) Limited	Manufacturers of Beer and non-alcoholic Beverages	20.1

18 FINANCIAL INSTRUMENTS

a) Interest Rate Risk:

Interest rates and terms of borrowing are disclosed in Note 5.

b) Credit Risk:

The group sells products and provides services to customers primarily in St Kitts-Nevis. The Group performs on-going credit evaluation of its customers and counterparties and provisions are made for potential credit losses.

c) Fair Values:

The carrying amounts of the following financial assets and liabilities approximate their fair value: cash and bank balances, accounts receivable, investments, accounts payable, loans and long-term liabilities.

d) Currency Risk:

Substantially all of the Group's transactions and assets and liabilities are denominated in Eastern Caribbean Dollars or United States Dollars. Therefore, the Group has no significant exposure to currency risk.

e) Liquidity Risk:

Liquidity risk is the risk that the group will be unable to meet its obligations when they fall due under normal circumstances. The group monitors its liquidity risk by considering the maturity of both its financial investments and financial assets and projected cash flows from operations. The group utilises surplus internal funds and available credit facilities such as loans and overdrafts to finance its operations and ongoing projects.

The following table summarises the maturity profile of the Group's financial liabilities and assets at 30 September 2009:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2009 (Expressed in Eastern Caribbean Dollars)

(Continued)

18 FINANCIAL INSTRUMENTS

e) Liquidity Risk: (cont'd)

	Due within 1 Year	>1 year to 6 years	Over 6 years	Total
Year ended 30 September 2009				
Overdrafts	1,753,897	-	-	1,753,897
Loans and bank overdrafts	15,177,975	10,813,611	7,798,164	33,789,750
Accounts payable and accruals	10,105,379	-	-	10,105,379
	$27,037,251	$10,813,611	$7,798,164	$45,649,026
Year ended 30 September 2008				
Overdrafts	10,955,602	-	-	10,955,602
Loans and bank overdrafts	21,136,631	9,876,472	9,177,939	40,191,042
Accounts payable and accruals	13,053,005	-	-	13,053,005
	$45,145,238	$9,876,472	$9,177,939	$64,199,649
Year ended 30 September 2009:				
Cash with bankers and in hand	544,575	-	-	544,575
Accounts Receivables	11,613,739	15,954,400	-	27,568,139
Investments	-	-	11,683,128	11,683,128
	$12,158,314	$15,954,400	$11,683,128	$39,795,842
Year ended 30 September 2008:				
Cash with bankers and in hand	772,509	-	-	772,509
Accounts Receivables	12,905,754	16,258,447	-	29,164,201
Investments	-	-	10,614,204	10,614,204
	$13,678,263	$16,258,447	$10,614,204	$40,550,914

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2009 (Expressed in Eastern Caribbean Dollars)

(Continued)

19 CAPITAL COMMITMENT

At year end, the Parent Company was committed to the construction of a supermarket and shopping complex at Baths, Nevis at an estimated cost of $11 million (2008 = Nil).

20 RECLASSIFICATIONS

Certain items in the Income Statement have been reclassified during the current financial year to improve the financial statement presentation. The previous year's figures have been reclassified to be consistent with this year's presentation. This reclassification has no effect on the results as reported for the current and previous years.

Computer rendition of Horsford's Valu Mart IGA Complex, now under construction at Farms Estate, Nevis. Scheduled for opening in the first half of 2011.