

# THE BARBADOS SHIPPING & TRADING COMPANY LIMITED

REPORT TO SHAREHOLDERS FOR THE YEAR ENDED SEPTEMBER 30, 2006 EXPRESSED IN THOUSANDS OF BARBADOS DOLLARS

## CONSOLIDATED STATEMENT OF INCOME YEAR ENDED SEPTEMBER 30, 2006

	2006 \$	Restated 2005 \$
<b>Revenue</b>	<b>735,882</b>	<b>679,154</b>
<b>Trading profit</b>	<b>47,473</b>	<b>21,865</b>
Interest expense	(12,346)	(11,484)
Other expense, net	(548)	(2,502)
Gain on disposal of investments	63	57,763
<b>Profit before taxation – parent and subsidiaries</b>	<b>34,642</b>	<b>65,642</b>
Share of net income after tax of associated companies	5,993	4,810
<b>Income before taxation</b>	<b>40,635</b>	<b>70,452</b>
Taxation	(4,682)	(2,107)
<b>Net income for the year</b>	<b>35,953</b>	<b>68,345</b>
<b>Attributable to:</b>		
Equity holders of the parent	33,233	64,327
Minority interest	2,720	4,018
	35,953	68,345
Basic earnings per share attributable to equity holders of the parent	44.2¢	85.8¢

## CONSOLIDATED STATEMENT OF CASH FLOWS YEAR ENDED SEPTEMBER 30, 2006

	2006 \$	Restated 2005 \$
<b>Cash flows from operating activities</b>		
Profit before taxation -parent and subsidiaries	34,642	65,642
Adjustments for items not involving the movement of funds	16,861	(14,260)
Interest expense	12,346	11,484
Operating profit before working capital changes	63,849	62,866
Changes in working capital	(30,332)	72,976
Taxation paid	(2,035)	(1,441)
Interest paid	(12,346)	(11,484)
Net cash from operating activities	19,136	122,917
<b>Cash flows from investing activities</b>		
Proceeds from disposal of investments, properties & equipment	2,038	4,811
Purchase of fixed assets	(13,372)	(12,018)
Purchase of investments associates & subsidiary	(9,433)	(19,145)
Dividends from associated companies	3,972	5,404
Net cash used in investing activities	(16,795)	(20,948)
<b>Cash flows from financing activities</b>		
(Repurchase) issue of ordinary shares, net	(153)	1,187
Repayments of borrowings	(10,076)	(43,244)
Payments to minority interests	(3,129)	(2,448)
Net cash used in financing activities	(26,933)	(57,255)
<b>(Decrease) increase in cash and cash equivalents</b>	<b>(24,592)</b>	<b>44,714</b>
<b>Cash and cash equivalents – beginning of year</b>	<b>50,699</b>	<b>5,985</b>
<b>Cash and cash equivalents – end of year</b>	<b>26,107</b>	<b>50,699</b>

## Directors' Statement

The BS&T Group produced a pleasing operating performance for the 2005/06 Financial Year with Trading Profits increasing from \$21.9 million last year to \$47.5 million this year. Even considering that last year's trading results were impacted negatively by various restructuring charges and fire related losses, this demonstrates good progress with our core businesses which collectively grew their profits at a far higher rate than their growth in revenue.

Our associate companies performed better generally but our recent hotel ventures are not yet in a position to deliver the level of returns which we should begin to realise over the next two years.

In the prior year we benefited substantially from gains derived from the sale of a portion of the shares held in Neal & Massy while this year no such sale took place. Further, last year's figures in respect of these gains have been restated in accordance with the revised requirements of accounting standard IAS 39 as it relates to 'Available-for-Sale Investments'.

Changes in the value of such investments must now be recognised within our Reserves in the Balance Sheet until the investment is sold and only at that time will the realised gain or loss be recorded in our Income Statement. Accordingly, the restatement of last year's income figures removes all unrealised gains while the realised gain on the sale of the shares we did sell has increased, reflecting the gain over the original cost at which the investment was established rather than the gain over the prior year's closing value, as previously reported. Further information on the effects of this revised standard is provided in our Annual Report which will shortly be published.

Earnings per share of 44.2¢ were achieved for the 2005/06 year in comparison to last year's re-stated figure of 85.8¢ which was substantially boosted by the above mentioned sale of investments not repeated this year. Meanwhile the Group's net assets per share improved to \$7.04 from \$6.67 at the close of the last Financial Year.

As a result of the Group's positive performance, the Directors have declared a dividend of 18.5 cents per share, an increase of 0.5 cents per share over last year and the eighth successive annual increase.

  
Senator Sir Allan Fields  
Chairman

  
G. Anthony King  
Chief Executive Officer

## CONSOLIDATED BALANCE SHEET AT SEPTEMBER 30, 2006

	2006 \$	Restated 2005 \$
<b>Current assets</b>		
Cash and short-term deposits	47,364	50,699
Short-term investments	104,603	102,626
Accounts receivable	188,848	162,533
Current portion of loans receivable	2,489	5,379
Inventories	96,037	74,338
	439,341	395,575
<b>Current liabilities</b>		
Bank overdraft	21,257	-
Accounts payable & provision for tax	94,761	60,936
Liabilities on insurance contracts	143,022	127,629
Current portion of long-term liabilities	26,096	22,418
	285,136	210,983
Working capital	154,205	184,592
<b>Investments in associated companies</b>	153,594	143,931
<b>Long-term investments &amp; loans receivable</b>	87,129	67,322
<b>Properties, plant &amp; equipment</b>	295,961	275,979
<b>Intangible assets</b>	11,751	11,865
<b>Pension plan surplus</b>	3,111	2,517
<b>Deferred tax asset</b>	10,476	12,673
	716,227	698,879
Long-term liabilities	(144,118)	(157,872)
<b>Net assets employed</b>	<b>572,109</b>	<b>541,007</b>
<b>Equity attributable to equity holders of the parent</b>		
Share capital	96,933	96,705
Capital reserves	137,601	127,371
Reinvested earnings	294,498	276,543
	529,032	500,619
Minority interests	43,077	40,388
<b>Total equity</b>	<b>572,109</b>	<b>541,007</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY YEAR ENDED SEPTEMBER 30, 2006

	Attributable to equity holders of the parent			
	Share Capital	Capital Reserves	Reinvested Earnings	Total
	\$	\$	\$	\$
<b>Balance at September 30, 2005</b>				
As previously stated	96,333	89,083	315,203	500,619
Changes due to the adoption of new/revised accounting standards	372	38,288	(38,660)	-
<b>As restated</b>	96,705	127,371	276,543	500,619
Share of adjustment arising due to changes to associated companies	-	483	-	483
Unrealised loss on available-for-sale investments	-	(11,883)	-	(11,883)
Revaluation of property	-	19,927	-	19,927
Net gains recognised directly in equity	-	8,527	-	8,527
Net income for the year	-	-	33,233	33,233
Total recognised gains and income for the year	-	8,527	33,233	41,760
Shares issued	1,077	-	-	1,077
Shares repurchased	(1,230)	-	-	(1,230)
Share-based payment	381	-	-	381
Transferred to catastrophe reserve	-	1,703	(1,703)	-
Ordinary dividends paid (18¢ per share)	-	-	(13,575)	(13,575)
	228	10,230	17,955	28,413
<b>Balance at September 30, 2006</b>	96,933	137,601	294,498	529,032