Goodyear Jamaica Limited

Notes to the Financial Statements

31 December 2003

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1. Identification and Principal Activities

Goodyear Jamaica Limited (the company) is a limited liability company incorporated and domiciled in Jamaica. It is a 60% subsidiary of the Goodyear Tire and Rubber Company, which is incorporated in Akron, Ohio, U.S.A. Its principal activities are, the importation and distribution of tyres, tubes and related rubber products, all of which are imported from affiliates. The company's registered office is located at 230 Spanish Town Road, Kingston 11, Jamaica. The company is listed on the Jamaica Stock Exchange.

All amounts in these financial statements are in Jamaican dollars unless otherwise stated.

2. Significant Accounting Policies

(a) Basis of preparation
These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and have been prepared under the historical cost convention as modified by the revaluation of financial assets.

Jamaica adopted IFRS as its national accounting standards, effective for accounting periods beginning on or after 1 July 2002. The financial statements for the year ended 31 December 2003 have therefore been prepared in accordance and comply with IFRS and comparative information has been restated to conform to the provisions of IFRS. In particular, the company has opted for early adoption of IFRS 1, First-time Adoption of International Financial Reporting Standards and has applied the provisions of that standard in the preparation of these financial statements. The effect of adopting IFRS on the equity and net profit as

previously reported is detailed in Note 23.

The preparation of financial statements in conformity with IFRS 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. Although these estimates are based on management's best knowledge of current events and actions, actual results could ultimately differ from those estimates.

(b) Inventories
Inventories are valued at the lower of cost and net realisable value, cost being determined on a weighted average cost basis. Net realisable value is the estimated selling price in the ordinary course of business, less the cost of completion and selling expenses

(c) Revenue recognition
Revenue from the sale of goods is recognised when significant risks and rewards of owning the goods are transferred to the buyer. Revenue comprises the invoiced value for the sale of goods net of General Consumption Tax, rebates and discounts. Interest income is recognised on an accruals basis unless collectibility is in doubt.

(d) Foreign currency translation
Foreign currency transactions are accounted for at the exchange rates prevailing at the dates of the transactions. At the balance sheet date, monetary assets and liabilities denominated in foreign currencies are translated using the Bank of Jamaica weighted average closing exchange rates.

Exchange differences resulting from the settlement of transactions at rates different from those at the dates of the transactions, and unrealised foreign exchange differences on unsettled foreign currency monetary assets and liabilities are recognised in the profit and loss account.

(e) Property, plant and equipment
All property, plant and equipment are carried at historical cost, less accumulated depreciation except for freehold land which is not depreciated. Other property, plant and equipment are depreciated on the straight-line basis at rates that will write off their carrying value over their expected useful lives.

The rates are as follows:

Leasehold improvements	20%
Machinery, equipment, furniture & fixtures	10%-20%
Motor vehicles	25%

Gains or losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit.

Repairs and maintenance expenses are charged to the profit and loss account during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits is in excess of the originally assessed standard of performance of the existing asset that will flow to the company. Major renovations are depreciated over the remaining useful life of the related asset.

(f) Cash and cash equivalents

Cash and cash equivalents are carried at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash at bank and in hand, and deposits held at call with banks.

(g) Trade receivables

Trade receivables are carried at original invoice amount less provision made for impairment of these receivables. A provision for impairment of trade receivables is established when there is an objective evidence that the company will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of expected cash flows, discounted at the market rate of interest for similar borrowers.

(h) Dividends

Dividends are recorded as a deduction from stockholders' equity in the period in which they are approved.

(i) Intangible assets

Costs that are directly associated with identifiable and unique software products controlled by the company and will probably generate economic benefits beyond one year, are recognised as intangible assets. The costs are amortised using the straight line method over their expected useful lives of three years.

(j) Income taxes

Deferred tax liabilities are recognised for temporary differences between the carrying amounts of assets and liabilities and their amounts as measured for tax purposes, which will result in taxable amounts in future periods. Deferred tax assets are recognised for temporary differences which will result in deductible amounts in future periods, but only to the extent it is probable that sufficient taxable profits will be available against which these differences can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the asset will be realised or the liability will be settled based on enacted rates.

Tax assets and liabilities are offset when they relate to the same tax authority and when the legal right of offset exists.

Current and deferred taxes are recognised as income tax expense or benefit in the profit and loss account.

(k) Leases

Leases of property, plant and equipment where the company assumes substantially all the benefits and risks of ownership are classified as finance leases. Finance leases are capitalised at the estimated present value of the underlying lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate of the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in finance lease obligations. The interest element of the finance cost is charged to the profit and loss account over the lease period. The property, plant and equipment acquired under finance leasing contracts are depreciated over the shorter of the useful life of the assets or the lease term.

(l) Impairment of non-current assets

Property, plant and equipment and other non-current assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount which is the higher of an asset's net selling price and value in use. For the purposes of assessing impairment, assets are grouped at the lower level for which there are separately identifiable cash flows.

(m) Employee benefits

(i) Pension obligations

The company operates a defined benefit plan, the assets of which are generally held in separate trustee-administered funds. The pension plans are funded by payments from employees and by the relevant companies, taking into account the recommendations of qualified actuaries.

The asset or liability in respect of defined benefit plans is the difference between the present value of the defined benefit obligation at the balance sheet date and the fair value of plan assets, adjusted for unrecognised actuarial gains/losses and past service cost. Where a pension asset arises, the amount recognised is limited to the net total of any cumulative unrecognised net actuarial losses and past service cost and the present value of any economic benefits available in the form of refunds from the plan or reduction in future contributions to the plan. The pension costs are assessed using the Projected Unit Credit Method. Under this method, the cost of providing pensions is charged to the profit and loss account so as to spread the regular cost over the service lives of the employees in accordance with the advice of the actuaries, who carry out a full valuation of the plans every year in accordance with IAS 19. The pension obligation is measured at the present value of the estimated future cash outflows using estimated discount rates based on market yields on government securities which have terms to maturity approximating the terms of the related liability.

A portion of actuarial gains and losses is recognised in the profit and loss account if the net cumulative unrecognised actuarial gains or losses at the end of the previous reporting period exceeded 10 percent of the greater of the present value of the gross defined benefit obligation and the fair value of plan assets at that date. Any excess actuarial gains or losses are recognised in the statement of operations over the average remaining service lives of the participating employees.

(ii) Other post-retirement obligations

The entitlement to these benefits is usually based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment, using an accounting methodology similar to that for the defined benefit pension plan. Those obligations are valued annually by the independent qualified actuaries.

(iii) Termination benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The company recognises termination benefits when it is

demonstrably committed to either terminate the employment of current employees according to the term of employment or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

(n) Trade payables
Trade payables are stated at their invoiced amount.

(o) Fair value of financial instruments
Financial instruments carried on the balance sheet include receivables, cash and short-term deposits, finance lease obligations, payables and group companies, The amounts carried on the balance sheet reflect their approximate fair values because of the short-term nature of these instruments.

(p) Segment reporting
Geographical segments provide products or services within a particular economic environment that is subject to risks and returns that are different from those of components operating in the other economic environments. Business segments provide products or services that are subject to risks and returns that are different from those of other business segments.

(q) Provisions
Provisions are recognised when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Where the company expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

(r) Comparative information
Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year. In particular, comparatives have been adjusted or extended to take account of the requirements of IFRS (Note 23).

3. Segment Information

		2003	
	Jamaica	Eastern Caribbean	Consolidated

		$'000	$'000
Revenue	631,149	233,053	864,202
Segment result			
Profit from operations	23,001	37,772	60,773
Unallocated income			18,469
Finance income, net			17,361
Profit before tax			96,603
Taxation			(33,569)
Net profit			63,034
Segment assets	412,193	-	412,193
Unallocated assets			135,343
Total assets			547,536
Segment liabilities	127,424	-	127,424
Unallocated liabilities			23,063
Total liabilities			150,487
Other information			
Capital expenditure	9,335	-	9,335
Depreciation	6,794	-	6,794
Amortisation	585	-	585

2002

	Jamaica	Eastern Caribbean $'000	Consolidated $'000
Revenue	544,131	167,375	711,506
Segment result			
Profit from operations	8,490	20,943	29,433
Unallocated income			3,676
Finance income, net			14,319
Profit before tax			47,428

Taxation			(13,517)
Net profit			33,911
Segment assets	404,954	-	404,954
Unallocated assets			107,731
Total assets			512,685
Segment liabilities	119,134	-	119,134
Unallocated liabilities			6,076
Total liabilities			125,210
Other information			
Capital expenditure	2,551	-	2,551
Depreciation	8,428	-	8,428
Amortisation	1,098	-	1,098

4. Operating Profit

The following items have been charged/(credited) in arriving at operating profit:

	2003	Restated 2002
	$'000	$'000
Amortisation of intangible assets	585	1,098
Auditors' remuneration	1,495	1,300
Depreciation	6,794	8,428
Directors' emoluments -		
Fees	150	200
Management remuneration	8,385	7,111
(Gain)/loss on disposal of property, plant and equipment	(598)	42
Staff costs (Note 5)	15,631	27,654

5. Staff Costs

2003	Restated 2002

	$'000	$'000
Salaries and wages	27,790	25,185
Statutory contributions	2,310	2,545
Pension costs (Note 11)	(18,431)	(3,755)
Other post-retirement benefits (Note 11)	550	590
Other	3,412	3,089
	15,631	27,654
	=======	=======

Number of persons employed full-time by the company at end of year was 16 (2002 - 18).

6. Finance Income, net

	2003	Restated 2002
	$'000	$'000
Interest income	17,525	14,917
Interest expense -		
Bank	(56)	(2)
Lease obligations	(108)	(596)
	(164)	(598)
	17,361	14,319
	========	========

7. Taxation

Taxation is based on profit for the year adjusted for taxation purposes and comprises income tax at 33 1/3%:

	2003	Restated 2002
	$'000	$'000
Current tax	19,266	17,012
Deferred tax (Note 16)	14,303	(3,275)
Adjustment to prior year provision	-	(220)
	33,569	13,517
	=======	=======

The tax expense differs from the theoretical amount that would arise as follows:

	2003	Restated 2002
	$'000	$'000
Profit before tax	96,603	47,428
Tax calculated at 33 1/3%	32,201	15,809
Adjusted for the effect of:		
Income not subject to tax	(200)	(1,601)
Expenses not deductible for tax purposes	895	510
Adjustment to prior year provision	-	(220)
Other	673	(981)
Income tax expense	33,569	13,517

8. Earnings per Stock Unit

Earnings per stock unit is calculated by dividing the net profit attributable to stockholders by the weighted average number of stock units in issue during the year.

	2003	2002
Net profit attributable to stockholders ($'000)	63,034	33,911
Weighted average number of stock units in issue ('000)	59,400	59,400
Earnings per stock unit	$1.06	$0.57

9. Property, Plant and Equipment

	Leasehold Improvements	Machinery, Equipment, Furniture & Fixture	Motor Vehicles	Motor Vehicles under finance lease	Construction Work in Progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000
At Cost -						
1 January 2003	10,508	20,960	5,380	12,735	-	49,583
Additions	-	7,369	-	-	1,966	9,335
Disposal	-	-	-	(4,073)	-	(4,073)
Transfer	-	790	8,662	(8,662)	(790)	-
December 2003	10,508	29,119	14,042	-	1,176	54,845

Depreciation -						
1 January 2003	4,531	16,143	1,502	10,951	-	33,127
Charge for the year	2,107	2,005	1,346	1,336	-	6,794
On disposals	-	-	-	(3,737)	-	(3,737)
Transfer	-	-	8,550	(8,550)	-	-
At 31 December 2003	6,638	18,148	11,398	-	-	36,184
Net Book Value -						
31 December 2003	3,870	10,971	2,644	-	1,176	18,661
31 December 2002	5,977	4,817	3,878	1,784	-	16,456

During the year finance leases were repaid (Note 17) and ownership of the motor vehicles effectively transferred to the company.

10. Intangible Assets

	2003 $'000	2002 $'000
Cost	7,120	5,633
Accumulated amortisation	(4,296)	(3,711)
Net book amount	2,824	1,922

	2003 $'000	2002 $'000
Opening net book amount	1,922	3,020
Additions	1,487	-
Amortisation charge	(585)	(1,098)
Closing net book amount	2,824	1,922

These represent the cost of acquired software projects.

11. Retirement Benefits

(Assets)/liabilities recognised on the balance sheet are as follows:

	2003	2002
	$'000	$'000
Pension schemes	(40,422)	(21,805)
Other post-retirement benefits	4,902	4,754
	=======	=======

The amounts recognised on the balance sheet are determined as follows:

	2003	2002
	$'000	$'000
Present value of funded obligations	79,022	60,753
Fair value of plan assets	(256,507)	(227,387)
	(177,485)	(166,634)
Unrecognised actuarial gains	25,234	29,017
Limitation on asset due to uncertainty of obtaining economic benefits	111,829	115,812
Asset on the balance sheet	(40,422)	(21,805)
	=======	=======

The pension plan assets include the company's stock units with a fair value of $297,000 (2002 - $459,000).

The amounts recognised in the profit and loss account are as follows:

	2003	2002
	$'000	$'000
Current service cost	1,155	849
Interest cost	7,317	6,832
Expected return on plan assets	(22,606)	(18,248)
Net actuarial gains recognised	(314)	-
Change in limitation on asset	(3,983)	6,812
Total, included in staff costs (Note 5)	(18,431)	(3,755)
	========	=======

The actual return on plan assets was $31,774,000 (2002 - $46,406,000).

Movements in the amounts recognised in the balance sheet:

	2003	2002
	$'000	$'000
Asset at beginning of year	(21,804)	(17,846)

Total income, as above	(18,431)	(3,755)
Contributions paid	(187)	(204)
Asset at end of year	(40,422)	(21,805)
	=======	========

The principal actuarial assumptions used were as follows:

	2003	2002
Discount rate	15.0%	12.5%
Expected return of plan assets	12.5%	10.0%
Future salary increases	10.0%	8.0%
Future pension increases	7.0%	6.0%
	======	======

Other post-retirement obligations

In addition to pension benefits, the company offers medical benefits to retirees. The method of accounting and frequency of valuations is similar to those used for defined benefit pension schemes.

In addition to the assumptions used for pension schemes, the main actuarial assumption is a long-term increase in health costs of 13% per year (2002 - 11 %).

The amounts recognised in the balance sheet are determined as follows:

	2003	2002
	$'000	$'000
Present value of the obligation	7,138	4,224
Unrecognised actuarial (gains)/losses	(2,236)	530
Liability in the balance sheet	4,902	4,754
	=======	=======

The amounts recognised in the profit and loss account are as follows:

	2003	2002
	$'000	$'000
Current service cost	52	50
Interest cost	503	540
Actuarial gain recognised	(5)	-
Total, included in staff costs (Note 5)	550	590
	=====	=====

Movements in the amounts recognised in the balance sheet:

	2003 $'000	2002 $'000
Liability at beginning of year	4,754	4,472
Total expense, as above	550	590
Contribution paid	(402)	(308)
Liability at end of year	4,902	4,754

12. Inventories

	2003 $'000	2002 $'000
Merchandise	110,147	109,425
Goods in transit	45,586	49,859
	155,733	159,284

13. Receivables

	2003 $'000	Restated 2002 $'000
Trade	168,228	142,638
Advances to dealers	19,463	21,133
Due from fellow subsidiaries (Note 19)	13,100	13,010
Prepayments	6,688	7,234
Other	2,758	14,681
	210,237	198,696
Less: Impairment provision	(41,322)	(28,885)
	168,915	169,811

14. Cash and Short Term Deposits

	2003 $'000	2002 $'000
Cash at bank and in hand	66,061	57,481
Short-term deposits	90,156	80,655
	156,217	138,136

The weighted average effective interest rate on short-term deposits was 17.6% (2002 - 14.3%). These deposits have maturities of less than 90 days.

15. Share Capital

	2003 $'000	2002 $'000
Authorised, issued and fully paid -		
59,400,000 stock units of 20c each	11,880	11,880
	========	========

16. Deferred Taxation

Deferred income taxes are calculated in full on temporary differences under the liability method using a principal tax rate of 33 1/3%.

The movement on the deferred income tax account is as follows:

	2003 $'000	Restated 2002 $'000
(Asset)/liability at beginning of year	(2,795)	480
Deferred tax charge/(credit) (Note 7)	14,303	(3,275)
Liability/(asset) at end of year	11,508	(2,795)
	=======	=======

Deferred income tax assets and liabilities are due to the following items:

	2003 $'000	2002 $'000
Deferred income tax assets:		
Property, plant and equipment	1,068	(546)
Unrealised foreign exchange loss	-	(208)
Finance lease obligation	-	(440)
Retirement benefit obligations	1,634	(1,585)
Provisions for impairment	-	(7,835)
	(2,702)	10,614
	=======	=======
Deferred income tax liabilities:		
Unrealised foreign exchange gain	576	-
Retirement benefit asset	13,474	7,268

Other	160	551
	14,210	7,819
	=======	=======

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

The following amounts are shown net on the balance sheet:

	2003	2002
	$'000	$'000
Deferred tax assets	(2,702)	(10,614)
Deferred tax liabilities	14,210	7,819
	11,508	(2,795)
	========	========

17. Finance Lease Obligations

The company had entered into finance lease arrangements with West Indies Trust Company Limited, at interest rates ranging between 15% and 17% for the purchase of motor vehicles in 2002 (Note 9). These lease obligations were repaid during the year. Future payments under these lease commitments are as follows:

	2002
	$'000
For the year ending 31 December 2003	1,429
Less: Finance charges	(107)
Present value of minimum lease payments	1,322
Less: Current portion	(1,322)
	-
	=======

18. Payables

	2003	2002
	$'000	$'000
Trade	3,989	3,152
Accruals	16,444	9,783
Statutory deductions	626	576

Other	1,330	5,942
	22,389	19,453
	=======	=======

19. Related Party Transactions and Balances

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related party transactions and balances are recognised and disclosed for the following:

(i) Enterprises and individuals owning directly or indirectly an interest in the voting power of the company that gives them significant influence over the company's affairs and close members of the family of these individuals.

(ii) Key management personnel, that is those persons having authority and responsibility for planning, directing and controlling the activities of the company, including directors and officers and close members' of the families of these individuals.

Transactions and balances with related parties are as follows:

(a) Purchases of goods

	2003 $'000	2002 $'000
Fellow subsidiaries	366,379	301,848
Parent company	130,775	160,768
	497,154	462,616
	========	========

(b) Year-end payables arising from purchases of goods

	2003 $'000	2002 $'000
Payables to related parties:		
Fellow subsidiaries	53,663	56,072

Parent company	47,432	39,663
	101,095	95,735
	========	=======

(c) Amounts due from fellow subsidiaries included in receivables were $13,100,000 (2002 - $13,010,000). These amounts have been provided for in full.

20. Dividends

	2003 $'000	2002 $'000
First interim, paid out of unfranked income, gross $0.45 (2002 - $0.60)	26,730	35,640
Second interim, paid out of unfranked income, gross $0.45 (2002 - $0. 10)	26,730	5,940
	53,460	41,580
	========	=======

21. Net Cash Provided by Operating Activities

	2003 $'000	Restated 2002 $'000
Net profit	63,034	33,911
Items not affecting cash:		
Depreciation	6,794	8,428
Amortisation of intangible assets	585	1,098
(Gain)/loss on disposal of property, plant and equipment	(598)	42
Income tax charge	19,266	16,792
Interest income	(17,525)	(14,917)
Interest expense	164	598
Deferred tax	14,303	(3,275)
Additions to intangible assets	(1,487)	-
Changes in retirement benefit asset/obligations	(18,469)	(3,677)
	66,067	39,000
Changes in operating assets and liabilities:		
Receivables	(278)	(3,589)
Inventories	3,551	(41,359)
Payables	(839)	(5,406)
Group companies	5,360	33,012

Cash generated from operations	73,861	21,658
	========	========

22. Financial Risk Management

The company's activities expose it to a variety of financial risks, including the effects of changes in debt market prices, foreign currency exchange rates and interest rates. Management seeks to minimise potential adverse effects on the financial performance of the company by applying procedures to identify, evaluate and manage these risks, based on guidelines set by the Board of Directors.

(a) Currency risk
Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. The company is primarily exposed to such risks arising from purchases and sales denominated in foreign currencies.

The balance sheet at 31 December 2003 include aggregate net foreign assets of US$734,000 and liabilities of Euro 93,000. In 2002 net foreign assets were approximately US$80,000 and liabilities of Euro 177,000 and Yen 4,706,000.

(b) Interest rate risk
The company is exposed to interest rate risk either through market value fluctuations of balance sheet items or changes in interest income or expenses. Interest rate risk mainly arises through interest-bearing liabilities and assets. The company's operating cash flows are substantially independent of changes in market interest rates. At 31 December 2003, the company has interest-bearing assets as disclosed in Note 13 and interest-bearing liabilities as disclosed in Notes 17.

(c) Credit risk
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. A significant portion of the company's business is billed through exclusive dealers. The company has policies in place that provide for regular review of the credit worthiness of these dealers. Cash and short-term deposits are with substantial financial institutions.

(d) Liquidity risk
Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. Prudent liquidity risk management

implies maintaining sufficient cash and cash equivalents and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the management of the company aims at maintaining sufficient liquidity by efficient cash management and by investing in liquid interest-bearing securities.

23. Effects of Transition to IFRS

The company adopted IFRS effective 1 January 2002. Prior to that date, the financial statements of the company were prepared in accordance with Jamaican GAAP. The financial statements for the year ended 31 December 2002 (the immediately preceding comparative period) have been restated to reflect the financial position and results under IFRS. The financial effects of conversion to IFRS are set out as follows:

(a) Reconciliation of stockholders' equity at 1 January 2002 (Date of transition to IFRS):

	Notes	Previous Jamaican GAAP $'000	Effect of Transition to IFRS $'000	IFRS $'000
ASSETS				
Non-current Assets				
Property, plant and equipment		22,388	-	22,388
Intangible assets	(i)	4,285	(1,265)	3,020
Retirement benefit asset	(ii)	-	17,846	17,846
		26,673	16,581	43,254
Current Assets				
Inventories		117,925	-	117,925
Taxation recoverable		1,688	-	1,688
Receivables	(iii)	168,918	(4,016)	164,902
Loan to parent company		80,633	-	80,633
Cash and short term deposits		86,032	-	86,032
		455,196	4,016	451,180
Total Assets		481,869	12,565	494,434

	Notes			
STOCKHOLDERS' EQUITY				
Share capital		11,880	-	11,880
Retained earnings	(i),(ii),(iii),(iv)	372,439	10,825	383,264
		384,319	10,825	395,144
LIABILITIES				
Non-current Liabilities				
Deferred tax liability	(iv)	3,212	(2,732)	480
Retirement benefit obligations	(ii)	-	4,472	4,472
Finance lease obligation		1,626	-	1,626
		4,838	1,740	6,578
Current Liabilities				
Finance lease obligations		2,408	-	2,408
Payables		23,099	-	23,099
Taxation payable		466	-	466
Dividend payable		4,016	-	4,016
Group companies		62,723	-	62,723
		92,712	-	92,712
Total Liabilities		97,550	1,740	99,290
Total Equity and Liabilities		481,869	12,565	494,434

(b) Reconciliation of stockholders' equity at 31 December 2002:

	Notes	Previous Jamaican GAAP $'000	Effect of Transition to IFRS $'000	IFRS $'000
ASSETS				
Non-current Assets				
Property, plant and equipment		16,456	-	16,456
Intangible assets	(i)	2,803	(881)	1,922
Deferred tax (liabilities)/assets	(iv)	(880)	3,675	2,795
Retirement benefit asset	(ii)	-	21,805	21,805
		18,379	24,599	42,978
Current Assets				
Inventories		159,284	-	159,284
Taxation recoverable		2,476	-	2,476

Receivables	(iii)	168,205	1,606	169,811
Cash and short term deposits		138,136	-	138,136
		468,101	1,606	469,707
Total Assets		486,480	26,205	512,685

(c) Reconciliation of profit for the year ended 31 December 2002:

	Notes	Previous Jamaican GAAP $'000	Effect of Transition to IFRS $'000	IFRS $'000
Turnover		711,506	-	711,506
Cost of sales		(587,688)	-	(587,688)
Gross Profit		123,818	-	123,818
Other operating income		497	-	497
Selling and distribution costs	(iii)	(64,018)	4,040	(59,978)
Administrative expenses	(i),(ii)	(35,288)	4,060	(31,228)
Operating Profit		25,009	8,100	33,109
Finance income, net	(iii)	12,736	1,583	14,319
Profit before Taxation		37,745	9,683	47,428
Taxation	(iv)	(14,460)	943	(13,517)
Net Profit		23,285	10,626	33,911

(i) Certain intangible assets that were capitalised under Jamaican GAAP were written off as they did not meet the IFRS criteria for capitalisation.

(ii) Assets arising under defined benefit pension plans and other post-retirement benefit obligations were not recognised under previous Jamaican GAAP. They are recognised under IFRS based on valuations carried out by independent actuaries, Duggan Consulting Limited, using the projected unit credit method.

(iii) Receivables are carried at cost less impairment provision. The impairment provision under IFRS has been determined using discounted cash flows. Under previous Jamaican GAAP, impairment provision was not based on discounted cash flows.

(iv) Although the company previously provided for deferred tax, it was not done in full

compliance with the requirements of IFRS. Under IFRS, full provision is made for deferred tax on all temporary differences using the liability method.