Lascelles, deMercado & Co. Limited

Notes to the Group Financial Statements

September 30, 2003

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1 The company

The company is incorporated in Jamaica under the Companies Act, and its ordinary and preference stock units are listed on the Jamaica Stock Exchange.

The principal activities of the company are the provision of management services to its subsidiaries (as listed in note 25) and the holding of investments.

At September 30, 2003, the company and its subsidiaries employed 2,038 (2002: 2,085) persons.

2 Statement of compliance, basis of preparation and significant accounting policies

(a) Statement of compliance:

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), interpretations issued by the International Financial Reporting Interpretation Committee of the IASB, and recommendations by the Institute of Chartered Accountants of Jamaica and conform to the requirements of the Companies Act.

The financial statements are prepared using IFRS for the first time. Consequently, where necessary, prior year comparatives have been reclassified and restated to conform to IFRS. IFRS 1 - First time adoption of IFRS, has been adopted early, with the application of appropriate exemptions. The effects of adopting IFRS on stockholders' equity and net profit attributable to members, as previously reported, are detailed in note 29.

(b) Basis of preparation:

The financial statements are presented in Jamaica dollars (J$), which is the measurement currency of the company.

The financial statements are prepared under the historical cost convention, modified for the inclusion of available-for-sale investments at fair value, and certain classes of property, plant and equipment at deemed cost at the IFRS transition date (note 29).

The preparation of the financial statements to conform to IFRS requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, contingent assets and contingent liabilities at the balance sheet date, and the income and expense for the year then ended. Actual amounts could differ from these estimates.

(c) Basis of consolidation:

A "subsidiary" is an enterprise controlled by the company. Control exists when the company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The consolidated financial statements comprise the financial results of the company and its subsidiaries prepared to September 30, 2003. The principal operating subsidiary companies are listed in note 25. The company and its subsidiaries are collectively referred to as "the group". Non-redeemable preference shares held by third parties in the company's subsidiaries are reported in the financial statements as minority interests.

Associated companies are those enterprises in which the group has significant influence, but not control, over their financial and operating policies. Interests in associated companies (as listed in note 13) are accounted for on the equity basis, based on the results disclosed in their latest available audited financial statements adjusted for significant events, if any, occurring between the last audited balance sheet date and September 30, 2003. When the group's share of losses exceeds its carrying value in respect of the associated company, the carrying amount is reduced to nil, and recognition of further losses is discontinued except to the extent that the group has incurred obligations in respect of the associated company.

Intra-group balances and transactions, and any unrealised gains arising from intra-group transactions are eliminated in preparing the consolidated financial statements but the amount attributable to minority interests in subsidiaries is recognised.

(d) Cash and cash equivalents:

Cash and cash equivalents comprise cash and bank balances, and include short-term deposits and other monetary investments with maturities ranging between one and twelve months from balance sheet date.

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

(e) Accounts receivable:

Trade and other receivables are stated at cost less impairment losses.

(f) Inventories:

Inventories are valued at the lower of cost, determined consistently on the same bases, and net realisable value. In the case of manufactured inventories, net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Cost includes an appropriate share of overheads based on normal operating capacity.

The bases are as follows:

Rum and other liquors and motor vehicle spare parts	-	First-In; First-Out
Raw and packaging material	-	First-In; First-Out
Molasses	-	Weighted average cost
Estate supplies	-	Weighted average cost
Motor vehicle units	-	Specific identification

(g) Biological assets:

Biological assets materially comprise cultivation expenses, which will be written off against the crop to which they relate. The balance is stated at cost less impairment losses measured by reference to estimated sugar cane proceeds less cultivation, reaping, harvesting and transportation expenses to the point of sale.

(h) Accounts payable:

Trade and other payables, are stated at cost.

(i) Provisions:

A provision is recognised in the balance sheet when the company and its subsidiaries have a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, 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, where appropriate, the risks specific to the obligation.

(j) Insurance funds:

Underwriting results, including gross written premiums of the general insurance subsidiaries, are accounted for in compliance with the recommendations and practices of the Jamaican insurance industry, and comply with the provisions of the Insurance Act 2001.

In determining underwriting results, claims provisions are computed by a qualified independent actuary appointed by the insurance subsidiaries' management. The appointed actuary's reports outline the scope of the valuations, the actuary's opinion, and are utilised by the auditors in carrying out their work.

(k) Related parties:

Entities subject to the same ultimate control or significant influence as the company are referred to in the financial statements as 'related parties'.

(l) Employee benefits:

Employee benefits comprising pensions and other post-employment assets and obligations included in these financial statements have been actuarially determined by a qualified independent actuary, appointed by management. The appointed actuary's report outlines the scope of the valuation and the actuary's opinion. The actuarial valuations were conducted in accordance with IAS 19, and the financial statements reflect the group's post-employment benefit asset and obligations as computed by the actuary. In carrying out their audit, the auditors make use of the work of the actuary and the actuary's report.

(i) Pension assets:

The company and its subsidiaries are participating employers in various trusteed pension schemes, the assets of which are held separately from those of the group. The adoption of IAS 19 does not affect the pension schemes, which continue to be governed by the approved trust deeds and rules, and remain under the full control of the appointed trustees.

Obligations for contributions to defined contribution pension schemes are recognised as an expense in the income statement as incurred.

The group's net obligation in respect of defined benefit pension schemes is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that value is discounted to determine the present value, and the fair value of any scheme assets is deducted. To the extent that the obligation is less than the fair value of scheme assets, the asset recognised is restricted to the discounted value of future benefits available to the group. The discount rate applied is the yield at balance sheet date on long-term government instruments that have maturity dates approximating the terms of the group's obligation. The calculation is performed using the projected unit credit method.

(ii) Other post-retirement benefits:

The group provides post-retirement health care benefits, which are not entitlements, to certain of its retirees. These benefits are usually conditional upon 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 a methodology similar to that for defined benefit pension plans and the present value of future benefits at the balance sheet date is shown as an obligation on the balance sheet.

In calculating the group's constructive obligation in respect of post-retirement benefits, to the extent that any cumulative unrecognised gain or loss exceeds 10% of the present value of the benefit obligation, that portion is recognised in the income statement over the expected average remaining working lives of the employees affected; otherwise, the actuarial gain or loss is not recognised.

(m) Investments:

Available-for-sale investments are stated at fair value, except where fair value cannot be reliably determined, in which case they are stated at cost, with any movements in fair value included in equity revaluation reserve. Where the company and its subsidiaries acquire securities on the primary market, they are classified as originated loans and receivable, and are measured at amortised cost less impairment losses.

The fair value of available-for-sale investments is based on their quoted market bid price at the balance sheet date. Where a quoted market price is not available, fair value is estimated using discounted cash flow techniques.

Available-for-sale investments are recognised or derecognised by the company and its subsidiaries on the date they commit to purchase or sell the investments. Other investments are recognised or derecognised on the day they are transferred to/by the company and its subsidiaries.

(n) Intangible assets:

(i) Goodwill:

Goodwill arising on an acquisition represents the excess of the cost of the acquisition over the fair value of the net identifiable tangible assets acquired. Goodwill is stated at cost less accumulated amortisation and impairment losses.

(ii) Trademarks:

This represents expenditure incurred for the acquisition of trademarks, primarily for liquor products, which are stated at cost less accumulated amortisation and impairment losses. Expenses relating to internally developed trademarks, including registration and subsequent renewal expenses, are charged to the income statement as and when these are incurred.

(iii) Amortisation

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets. The estimated useful lives for goodwill and trademarks are 20 years and 10 years, respectively.

(o) Income taxes:

Taxation on the profit or loss for the year comprises current and deferred tax. Taxation is recognised in the income statement, except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the income for the year, using tax rates enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is computed using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted at the balance sheet date.

A deferred tax liability is recognised for all taxable temporary differences associated with investments in subsidiaries, branches and associates and interests in joint ventures, except to the extent that the company and its subsidiaries are able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(p) Property, plant & equipment:

(i) Owned assets:

Items of property, plant & equipment are stated at cost or deemed cost [see notes 2(b) and 29], less accumulated depreciation and impairment losses. The cost of self-constructed assets includes the cost of materials, direct labour and related costs to put the asset into service.

(ii) Leased assets:

Lease arrangements through which the company and its subsidiaries assume substantially all the risks and rewards of ownership are classified as finance leases. Plant and equipment acquired by way of finance lease is stated at an amount equal to the lower of its fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses.

(iii) Depreciation:

Depreciation is computed on the straight-line basis at annual rates estimated to write off the fixed assets over their expected useful lives.

No depreciation is charged on freehold land or construction in progress.

Depreciation rates are as follows:

Freehold buildings	2 1/2%
Machinery, equipment and vehicles	5-33 1/3%
Computers and related software	100% except for major computerisation projects depreciated at 33 1/3%.

Depreciation rates applied to leased assets are consistent with similar owned assets, except where there is no reasonable certainty that the lessee will obtain ownership by the end of the lease term; in which case the asset is depreciated at the shorter of the lease term or its useful life.

(q) Share capital:

Preference share capital is classified as equity in accordance with the Companies Act. The relevant stock units are non-redeemable and have preferential voting rights.

Dividends are recognised in the period in which they are declared.

(r) Long-term liabilities:

(i) Interest-bearing borrowings:

Interest-bearing borrowings are recognised initially at cost. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost, with any difference between cost and redemption value being recognised in the income statement over the period of the borrowing on an effective interest basis.

(ii) Finance leases:

Arrangements by which all the risks and rewards incident to ownership have been transferred to the subsidiaries are treated as finance leases. The fair value of the asset is capitalised at the inception of the lease and the corresponding obligation is recorded. The interest portion of lease instalments is charged against income as and when the instalments fall due for payment.

(s) Foreign currencies:

(i) Foreign currency transactions:

Transactions in foreign currencies are converted at the rates of exchange ruling at the dates of those transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Jamaica dollars at the rates of exchange ruling on that date. Gains and losses arising from fluctuations in exchange rates are recognised in the income statement. Non-monetary assets and liabilities denominated in foreign currencies are stated at fair value and are translated to Jamaica dollars at foreign exchange rates ruling at the dates the values were determined.

For the purpose of the statement of cash flows, all foreign currency gains and losses recognised in the income statement are treated as cash items and included in cash flows from operating or financing activities along with movements in the principal balances.

(ii) Financial statements of foreign subsidiaries:

The reporting currencies of the foreign subsidiaries (see note 25) are also the currencies in which their economic decisions are formulated. For the purpose of the financial statements, revenues, expenses, gains and losses have been translated at the average exchange rates prevailing during the year under review; assets and liabilities have been translated at exchange rates ruling at the balance sheet date and net stockholders' equity has been translated at historical exchange rates.

Unrealised gains and losses arising on translation of net stockholders' equity in foreign subsidiaries are recognised directly to equity on the group balance sheet and added or deducted to reflect the underlying group cash flows from operating activities in the group statement of cash flows.

(t) Revenue recognition:

Revenue from the sale of goods is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or material associated costs on the possible return of goods.

The proceeds from the sale of the sugarcane crop of the group's estates are recognised in accordance with the accounting practices of the Jamaican sugar industry. Revenue relating to the current crop of cane is estimated based on the latest available prices and any differences arising on final settlement are consistently accounted for in subsequent periods.

Dividend income is recognised in the income statement on the date of declaration.

(u) Expenses:

(i) Net finance costs:

Net finance costs comprise interest payable on borrowings calculated using the effective interest rate method, interest receivable on funds invested, material bank charges and foreign exchange gains and losses recognised in the income statement.

Interest income is recognised in the income statement as it accrues, taking into account the effective yield on the asset.

The interest expense component of finance lease payments is recognised in the income statement using the effective interest rate method.

(ii) Operating lease payments:

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease.

(v) Impairment:

(i) The carrying amounts of the company's and its subsidiaries' assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated at each balance sheet date. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

The recoverable amount of the company's and its subsidiaries' receivables is calculated as the present value of expected future cash flows, discounted at the original effective interest rate inherent in the asset. Receivables with a short duration are not discounted.

The recoverable amount of other assets is the greater of their net selling price and value in use. 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. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

(ii) Reversals of impairment:

An impairment loss in respect of receivables is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised. An impairment loss in respect of goodwill is not reversed unless the loss was caused by a specific external event of an exceptional nature that is not expected to recur, and the increase in recoverable amount relates clearly to the reversal of the effect of that specific event. For all other assets, an impairment loss is reversed if there has been a change in the estimate 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.

(w) Determination of profit and loss:

Profit is determined as the difference between the revenues from the goods and services rendered and the costs and other charges incurred during the year. Profits on transactions are taken in the year in which they are realised. A transaction is realised at the moment of delivery. Losses are taken in the year in which they are realised or determinable.

(x) Segment reporting:

A segment is a distinguishable component of the group that is engaged either in providing products (business segment), or in providing products within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

Segment information is presented in respect of the group's business and geographical segments. The primary format, business segments, is based on the group's management and internal reporting structure.

Inter-segment pricing is determined on an arm's length basis.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

The activities of the group are organised into the following primary segments:

(i) Liquor, rums, wines and sugar: This includes cane cultivation, sugar manufacturing, distillation, blending, bottling, distribution and export of alcohol, rums, wines and other liquor based products.

(ii) General merchandise: This includes the manufacture, the wholesale and retail merchandising of provisions, household goods and electronic telephone cards, and the manufacture and distribution of pharmaceutical preparations.

(iii) General insurance: This comprises the underwriting of property, casualty and other general insurance risks.

(iv) Investments: This primarily comprises the holding of investments.

(v) Transportation and other: This includes aircraft handling, distribution of motor vehicles and spares, servicing and repair of motor vehicles.

The business segments are managed on a worldwide basis, and are classified geographically as "Jamaica" and "Overseas".

(y) Financial instruments:

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise. For the purpose of these financial statements, financial assets have been determined to include cash and cash equivalents, accounts receivable, loans and other receivables, related party receivables and investments. Similarly, financial liabilities include accounts payable, short and long-term borrowings, excluding obligations under finance leases, and related party payables.

(z) Fair value disclosures:

Fair value amounts represent estimates of the arm's length consideration that would be currently agreed between knowledgeable, willing parties who are under no compulsion to act and is best evidenced by a quoted market price, if one exists. Some financial instruments lack an available trading market. These instruments have been valued using present value or other valuation techniques and the fair value shown may not necessarily be indicative of the amounts realisable in an immediate settlement of the instruments.

3 Cash and cash equivalents

These include bank deposits of the group in the amount of US$10,000,000 and J$98,943,000 (2002: US$14,000,000) held to secure certain group indebtedness as described in notes 7 and 17.

4 Accounts receivable

	The Company		The Group	
	2003	2002	2003	2002
	$'000s	$'000s	$'000s	$'000s
Trade accounts receivable	473	473	1,733,480	1,246,474
Investment income receivable	74,263	74,263	172,874	90,196
Prepayments	158	116	62,727	63,048
Other receivables and advances	152	222	347,925	481,088
	75,046	75,074	2,317,006	1,880,806
Less: Provisions for doubtful debts	(473)	(473)	(54,100)	(93,319)
	74,573	74,601	2,262,906	1,787,487

Other receivables and advances, in 2002, for the group, included a loan to Long Pond Estates Limited in the aggregate amount of US$2,963,045. The loan was guaranteed by Agricultural Credit Bank, a Government of Jamaica entity, bore interest at 12% per annum, and was fully repaid in February 2003.

5 Inventories

	The Group	
	2003	2002
	$'000s	$'000s
In-bond rum and other liquors	1,693,927	1,206,661
Duty-paid liquors and other finished goods held for sale	714,821	699,492
Raw and packaging materials	507,779	470,014
Molasses	83,526	18,994
Estate supplies	89,775	91,974
Motor vehicle units and spare parts	334,535	302,930
	3,424,363	2,790,065

6 Biological assets

	2003	2002
	$'000s	$'000s
Immature sugarcane, at cost	171,941	112,392
Less: Impairment losses recognised	(18,232)	(75,860)
	153,709	36,532

7. Bank loans and overdrafts

	The Company		The Group	
	2003	2002	2003	2002
	$'000	$'000	$'000	$'000
Bank loans:				
Fully secured	-	-	561,155	487,036
Partly secured	-		150,000	150,000
	-	-	711,155	637,036
Bank overdraft - partly secured (2002: fully secured)	-	5,127	341,316	122,845
	-	5,127	1,052,471	759,881

The secured bank loans and overdrafts, in 2002, were part of facilities extended by banks to the company and its subsidiaries. Under the Banking Act, a portion of the facilities advanced to a group of companies in excess of a limit based on a bank's capital base are required to be secured. The company therefore, pledged certain of its investments as material security for facilities in excess of permitted limits (see note 12). At September 30, 2003, these securities were materially released and related bank indebtedness made subject to negative pledges by the company and certain of its subsidiaries.

Security, for specified short-term bank indebtedness of the group, has been furnished in the form of bank deposits aggregating US$10,000,000 and J$98,943,000 (2002: US$8,000,000) and investments with a fair value of $109,902,000 (2002: $227,204,000) [see notes 3 and 12].

Bank loans and overdrafts include net foreign currency indebtedness aggregating approximately US$1,940,000 (2002: US$4,070,000).

8 Other unsecured loans

These include loans from related parties aggregating $123,717,355 for the group (2002: $106,417,562 for the company and the group), contracted strictly at arm's length in the ordinary course of business.

9 Accounts payable and provisions

	The Company		The Group	
	2003	**2002**	**2003**	**2002**
	$'000	**$'000**	**$'000**	**$'000**
Trade accounts payable	151	155	1,435,000	882,216
Customer deposits	-	-	32,618	18,898
Other payables and provisions	3,944	3,544	408,111	439,166
	4,095	3,699	1,875,729	1,340,280

Other payables and provisions include provisions as follows:

	The Group	
	2003	**2002**
	$'000	**$'000**
Balance at beginning of year	23,096	19,386
Provisions made during the year	19,652	3,745
Provisions uti lised during the year	(3,901)	(35)
Balance at end of year	38,847	23,096

10. Insurance funds

	The Group	
	2003	**2002**
	$'000	**$'000**
Outstanding claims	640,297	300,030
Unearned premiums	306,982	137,798
	947,279	437,828

Outstanding claims relate to incidents occurring prior to the balance sheet date but not settled at that date.

Unearned premiums are accounted for in periods for which risks have been underwritten.

11. Employee benefits

(a) Pension assets:

	The Company 2003 $'000	The Company 2002 $'000	The Group 2003 $'000	The Group 2002 $'000
Present value of funded obligations	(1,307,900)	(1,160,900)	(1,441,500)	(1,264,600)
Fair value of plan assets	3,414,000	2,722,700	3,628,200	2,927,800
Unrecognised actuarial gains	(186,900)	(96,600)	(184,000)	(95,700)
Unrecognised amount due to limitation	(1,166,800)	(753,500)	(1,206,000)	(822,900)
Unrecognised past service costs	5,000	-	5,000	-
Recognised asset	757,400	711,700	801,700	744,600

(i) Plan assets include ordinary shares issued by the company with a fair value of $132,855,032 (2002: $132,855,032). Plan assets also include investments in assets leased to the group under operating and finance lease arrangements with a fair value of $261,706,000 (2002: $ 229,795,000)

(ii) Movements in the net asset recognised in the balance sheet:

	The Company 2003 $'000	The Company 2002 $'000	The Group 2003 $'000	The Group 2002 $'000
Balance at beginning of year	711,700	615,100	744,600	644,600
Contributions paid	36,600	33,100	45,900	43,500
Credit recognised in the income statement	9,100	63,500	11,200	56,500
Balance at end of year	757,400	711,700	801,700	744,600

(iii) Expense/(credit) recognised in the income statement:

	The Company		The Group	
	2003	**2002**	**2003**	**2002**
	$'000	**$'000**	**$'000**	**$'000**
Current service costs	33,800	29,300	34,700	31,900
Interest on obligations	145,700	122,600	158,200	134,300
Actuarial gains recognised	(395,300)	(176,300)	(361,200)	(192,500)
Expected return on plan assets	(245,200)	(200,700)	(264,600)	(216,500)
Change in disallowed assets	413,300	161,600	383,100	186,300
Post service costs - non-vested benefits	800	-	800	-
Post service costs - vested benefits	37,800	-	37,800	-
	(9,100)	(63,500)	(11,200)	(56,500)
Actual return on plan assets	675,900	483,700	678,400	513,400

(iv) Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	2003	**2002**
Discount rate	15%	12.5%
Expected return on plan assets	11%	9%
Future salary increases	9.5%	8%
Future pension increases	0-6%	0-6%

(b) Other post-retirement benefits:

	The Group	
	2003	**2002**
	$'000	**$'000**
Present value of obligations	170,700	189,200
Unrecognised actuarial gains	54,100	900
Recognised liability	224,800	190,100

(i) Movements in the net liability recognised in the balance sheet:

	The Group	
	2003	2002
	$'000	$'000
Balance at beginning of year	190,100	160,500
Expense recognised in the income statement	34,700	29,600
Balance at end of year	224,800	190,100

(ii) Expense recognised in the income statement:

	The Group	
	2003	2002
	$'000	$'000
Current service costs	11,000	9,600
Interest on obligations	23,700	20,000
	34,700	29,600

(iii) Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	2003	2002
Discount rate	15%	12.5%
Medical claims growth	11%	11%

12. Investments

	The Company		The Group	
	2003	2002	2003	2002
	$'000	$'000	$'000	$'000
Available-for-sale:				
Quoted	2,265,796	2,105,890	2,710,773	2,469,115
Unquoted at cost, less impairment loses	115	126	379,768	170,556
Originated securities:				
Government of Jamaica securities	-	-	447,550	425,828
Building society deposits	-	-	19,473	18,273
	2,265,911	2,106,016	3,557,564	3,083,772

These include investments of the group in the amount of $109,902,000 (2002: $227,204,000 for the company and the group), held to secure group indebtedness as described in note 7.

13. Interests in associated companies

	The Group	
	2003	**2002**
	$'000	**$'000**
Shares, at cost	75,993	75,993
Group's share of associated companies' reserves	8,497	6,919
Loan accounts	582	582
	85,072	83,494
Less: Impairment losses recognised	(76,641)	(76,641)
	8,431	6,853
	========	========

At September 30, 2003 and 2002, certain subsidiaries held equity capital in the following companies, incorporated in Jamaica:

Company	Holding	Main activity	Latest audited results
Jamaica Joint Venture Investment Company Limited	33.3%	Investment	December 31, 2002
West Indies Glass Company Limited	39.7%	Dormant	December 31, 2002

14. Goodwill

This materially represents the excess of cost over the fair value of net identifiable tangible assets on acquisition of 100% of the ordinary shares of Globe Insurance Company of Jamaica Limited (formerly The Jamaica General Insurance Co. Ltd.) and the interest of minority shareholders of Federated Pharmaceutical Company Limited [see notes 25(d)(ii) and (iii)].

15. Property, plant & equipment

(a) The Company:

	Freehold land $'000s	Freehold buildings $'000s	Machinery, equipment and vehicles $'000s	Total $'000s
At cost or deemed cost:				
September 30, 2002 and 2003	4,213	11,985	3,638	9,836
Depreciation:				
September 30, 2002	-	1,528	3,638	5,166
Charge for the year		41	-	41
September 30, 2003	-	1,569	3,638	5,207
Net book values:				
September 30, 2003	4,213	416	-	4,629
September 30, 2002	4,213	457	-	4,670

(b) The Group:

	Freehold land $'000s	Freehold buildings $'000s	Machinery, equipment and motor vehicles $'000s	Construction in progress $'000s	Total $'000s
At cost or deemed cost:					
September 30, 2002	89,291	756,308	2,669,460	459,591	3,974,650
Additions	29,309	98,641	551,408	263,385	942,743
Transfers and reclassifications	-	42,750	454,725	497,475	-
Disposals	(13,000)	(8,139)	(15,578)	(3,270)	(39,987)
September 30, 2003	105,600	889,560	3,660,015	222,231	4,877,406
Depreciation:					
September 30, 2002	-	134,803	1,005,522	-	1,140,325
Charge for the year	-	24,092	380,466	-	404,558
Impainnent losses	-	-	3,080	-	3,080
Eliminated on disposals	-	-	(5,841)	-	(5,841)
September 30, 2003	-	158,895	1,383,227		1,542,122
Net book values:					
September 30, 2003	105,600	730,665	2,276,788	222,231	3,335,284
September 30, 2002	89,291	621,505	1,663,938	459,591	2,834,325

(c) Machinery, equipment and motor vehicles for the group include leased assets at a net book value of $166,341,000 (2002: Nil).

(d) Certain items of freehold land and buildings that had been revalued to fair value on or prior to October 1, 2001, the date of transition to IFRS, are accounted for on the deemed cost basis less appropriate depreciation. At September 30, 2003, gross deemed cost included in the financial statements aggregated $1,654,000 (2002: $1,654,000) for the company and $292,874,000 (2002: $292,874,000) for the group.

16. Deferred tax

(a) Deferred tax assets:

Deferred tax assets are attributable mainly to the tax value of losses carried forward by certain subsidiaries and are expected to be realised in the foreseeable future. All movements in temporary differences are recognised in the income statement.

Deferred tax assets have not been recognised in respect of tax losses of certain subsidiaries aggregating $791 million (2002: $774 million).

(b) Deferred tax liabilities:

Deferred tax liabilities are attributable to the following:

	The Company		**The Group**	
	2003	**2002**	**2003**	**2002**
	$'000s	**$'000s**	**$'000s**	**$'000s**
Fixed assets	73	83	455,673	345,740
Accounts receivable	-	-	49,112	22,721
Accounts payable and provisions	-	-	(16,134)	(11,803)
Tax value of losses carry-forward	-	-	(3,563)	(15,718)
Finance leases	-	-	(42,591)	-
Employee benefits	252,467	237,233	191,287	184,196
Other	-	-	(38)	328
	252,540	237,316	633,746	525,464

All movements in temporary differences are recognised in the income statement.

At September 30, 2003, a deferred tax liability of approximately $1,606 million (2002: $1,365 million) relating to investment in certain subsidiaries and associated companies has not been recognised, as the company controls, or significantly controls, whether any liability will be incurred and management is satisfied that it will not be incurred in the foreseeable future.

17. Long-term liabilities

	The Group	
	2003	**2002**
	$'000s	**$'000s**
(a) Bank loans - 2004-2006 (2002: 2002-2006)	356,308	465,895
(b) Foreign currency denominated loans [US$0.3 million (2002: US$6.3 million)]	16,638	312,676
(c) Government of Jamaica loans 2004-2006 (2002: 2003-2006)	15,453	11,854
(d) Mortgage loan	-	5,403
(e) Loan from related party	52,396	3,655
(f) Other	205,000	205,000
(g) Obligations under finance leases	193,866	-
	839,661	1,004,483
Less: Current maturities	(397,475)	(593,597)
	442,186	410,886

The long-term liabilities are unsecured and repayable in Jamaica dollars unless otherwise disclosed. They bear interest at market-determined rates which, during the year, ranged from 8.5-30% (2002: 3-16%). The liabilities are subject to the following repayment terms:

(a) The bank loans are repayable in monthly, quarterly or semi-annual instalments. Bank loans in the amount of $274,984,000 (2002: $381,571,000) form part of subsidiaries' bank borrowings covered by the arrangements described in note 7. Bank loans in the amount of $81,324,000 (2002: $84,324,000) are fully secured on the assets financed.

(b) The foreign currency denominated loans are materially repayable by January 2007 and include US$99,000 (2002: US$337,000) which is part of the bank borrowing arrangements described in note 7, Nil (2002: US$6 million) secured by a similar amount in bank deposits (note 3), and US$210,000 (2002: Nil) secured by a bill of sale over certain fixed assets of a subsidiary.

(c) The Government of Jamaica loans are part of a programme of support for the sugar industry. These are repayable over three crop years, after a moratorium of one crop year, out of future sugar cane sales by the group's estates.

(d) The mortgage loan, which was secured by the property purchased, was fully repaid during the year.

(e) These loans are repayable on demand. The lender has undertaken not to make any calls within twelve months of the balance sheet date.

(f) These loans are repayable in full on or before September 30, 2004

(g) The group restructured all its operating lease arrangements, effective October 1, 2002, into finance lease obligations, which are materially with a related party. Future payments under these leases relative to balance sheet date are as follows:

	The Group	
	2003	**2002**
	$'000s	**$'000s**
Future lease payments due within:		
One year	105,741	-
Two years	65,553	-
Three years	56,407	-
Four years and over	15,593	-
	243,294	-
Less: Future finance charges	(49,428)	-
Present value of minimum lease payments	193,866	-
	=========	=====
Current portion	78,829	-
Long-term portion	115,037	-
	193,866	-
	=========	=====

18. Share capital

	2003 $'000s	2002 $'000s
Authorised in shares, issued and fully paid in stock units:		
96,000,000 Ordinary units of 20 cents each	19,200	19,200
10,000 6% non-redeemable cumulative preference units of $20 each	200	200
50,000 15% non-redeemable cumulative preference units of $20 each	1,000	1,000
	20,400	20,400

Stockholders are entitled to one vote for every 1,600 ordinary units, and one vote for each preference unit. The holders of ordinary units are entitled to receive dividends as declared from time to time and holders of cumulative preference units receive a cumulative dividend on the par value of their stockholdings.

19. Reserves

	The Company		The Group	
	2003 $'000s	2002 $'000s (restated)	2003 $'000s	2002 $'000s (restated)
Capital reserve	569,761	569,761	1,887,709	1,894,136
Unrealised translation reserve	-	-	980,520	402,971
Equity revaluation reserve	2,262,896	2,103,002	2,623,413	2,306,514
	2,832,657	2,672,763	5,491,642	4,603,621

20. Operating revenue

This represents the price of goods and services sold to external customers, after deducting returns and discounts, and includes consumption taxes aggregating $1,616,679,000 (2002: $1,274,765,000).

Operating revenue for 2002 has been restated to include primary segment investment income aggregating $287,803,000, previously reported in other income.

21. Disclosure of (income)/expenses

(a) In 2002, other income included a net realised gain of $245,151,000 on sale of stock units held in Kingston Wharves Limited.

(b) Net finance costs:

	The Group	
	2003	**2002**
	$'000	**$'000**
Interest expense:		
Long term liabilities	60,251	84,051
Bank loans and overdrafts	58,382	64,770
Finance leases	33,081	-
Other related parties	27,541	16,972
Other third parties	223,077	117,662
Interest income:		
Bank deposits	(4,850)	(626)
Other related parties	(6,850)	(8,032)
Bank charges	19,478	16,573
Loss on exchange, net	133,254	25,982
Other investment income (including third-party interest)	(504,588)	(274,264)
	38,776	43,088

(c) Profit before taxation is stated after charging/(crediting):

	The Group	
	2003	**2002**
	$'000	**$'000**
Depreciation	404,558	216,899
Amortisation and other impairment losses	27,771	40,612
Directors' emoluments:		
Fees	1	1
Management remuneration	14,569	12,516
Audit fees		
Company and its Jamaican subsidiaries	19,703	19,123
Overseas subsidiaries	6,581	3,383
Staff costs	1,659,083	1,419,895

22. Taxation

	2003 $'000	2002 $'000
Current tax expense:		
Income tax	97,276	42,840
Tax credits in respect of bonus shares issued by subsidiaries	-	(8,500)
Prior year under provision	10	-
	97,286	34,340
Deferred taxation:		
Origination and reversal of temporary differences	77,239	80,416
	174,525	114,756

(a) Reconciliation of effective tax rate:

	2003 $'000s	2002 $'000s
Computed "expected" tax expense @ 33 1/3%	372,366	419,394
Difference between profit for financial statements and tax reporting purposes on:		
Tax losses brought forward utilised	(13,822)	(20,821)
Losses in subsidiaries with no tax charge	9,863	25,955
Net profits in overseas subsidiaries with lower tax rate	(49,213)	(122,566)
Tax-free dividend income	(99,863)	(106,391)
Tax-free capital gain	-	(81,717)
Tax-free interest income	(34,887)	(16,976)
Finance leases	(57,937)	-
Exchange losses disallowed	34,852	17,076
Disallowed expenses and other capital adjustments	13,166	9,302
Tax credit on bonus shares issued by subsidiaries	-	(8,500)
Actual tax expense	174,525	114,756

(b) At September 30, 2003, taxation losses of subsidiaries, subject to agreement by the Commissioner, Taxpayer Audit and Assessment Department, available for offset against future profits of those subsidiaries, amounted to approximately $967 million (2002: $999 million). Of this amount, $249 million (2002: $248 million) of farm losses and investment allowances can only be utilised in respect of future profits arising from farming and sugar manufacturing activities, All taxation losses can be carried forward indefinitely.

(c) Unappropriated profits of the group include profits from subsidiary companies' approved farming operations available for distribution free of tax to Jamaican stockholders, aggregating approximately $87,851,000 (2002: $87,851,00).

23. Earnings per ordinary stock unit

The calculation of earnings per ordinary stock unit (EPS) is based on the net profit attributable to members, less fixed preference dividends, and the 96,000,000 fully paid ordinary stock units of 20 cents each in issue. Excluding the effect of the gain on sale of the company's stockholding in Kingston Wharves Limited in 2002 [see note 2 1 (a)], the EPS for that year would have been $9.37 per stock unit.

24. Dividends and distributions

Dividends and distributions paid, gross, are as follows:

	The Company	
	2003	**2002**
	$'000	**$'000**
Ordinary stock units @ 2 cents per stock unit	1,920	1,920
6% cumulative preference stock units	12	12
15% cumulative preference stock units	150	150
	2,082	2,082

The distribution to ordinary stockholders was declared payable out of accumulated franked income and is therefore, relieved of taxation to stockholders.

25. Subsidiaries

(a) The principal operating subsidiaries, in which the company holds equity capital, are:

Company	Holding	Main activities
Ajas Limited	100%	Handling of passenger and cargo operations for international airlines.
C. P. Stephenson Limited	100%	Holding of investments.
Federated Pharmaceutical Company Limited, and its wholly-owned subsidiary, Lascelles Laboratories Limited [see note (d) (iii)]	84.3%	Manufacture and distribution of pharmaceutical preparations and other personal care products, and agricultural chemicals.
Globe Insurance Company of the West Indies Limited, and its wholly-owned subsidiary, GWI Limited	100%	General insurance underwriters; holding of investments.
Globe Holdings Limited and its wholly-owned subsidiary, Globe Insurance Company of Jamaica Limited (formerly The Jamaica General Insurance Co. Ltd.) [see note (d) (ii)]	100%	General insurance underwriters; holding of investments,
John Crook Limited	100%	Holding of investments; distribution of motor vehicles and spares, servicing and repair of motor vehicles.
Lascelles Merchandise Limited	100%	Distribution of food, liquor and other consumer supplies.
Tradewell Limited	100%	Holding of investments.
Transportation Agencies Limited	100%	General sales agents of international airlines.

Turks Islands Importers Limited and its wholly-owned subsidiary, Timco Limited	100%	Wholesale and retail merchandising of provisions and household goods; holding of investments.
West Indies Metal Products Limited	66.67%	Manufacture of metal caps and seals; holding and rental of real estate.
Wray & Nephew Group Limited and its wholly-owned subsidiaries	100%	See note (b).

(b) The main activities of the Wray & Nephew Group of companies are the cultivation of sugar cane; manufacture of sugar; distillation, blending, bottling, distribution and export of alcohol, rum, wines and other liquor based products; tours in the hospitality industry; distribution of motor vehicles and spares; servicing and repair of motor vehicles; and the manufacture of plastic consumables.

The principal operating subsidiaries of Wray & Nephew Group Limited, all of which are wholly-owned, are:

Company	Company
J. Wray & Nephew Limited	Plastic Containers Limited
Daniel Finzi & Co. (Suc) Limited [see note (d)(i)]	CICO Limited
New Yarmouth Limited	J. Wray & Nephew (International) Limited
Newton Cane Farms Limited	The Rum Company (International) Limited
Henriques Brothers Limited	Wray & Nephew (Canada) Limited
Sterling Motors Limited	J. Wray & Nephew (U.K.) Limited
Cars & Commercials Limited	Rum Company (New Zealand) Limited
Kingston Industrial Garage Limited	J. Wray y Sobrino de Costa Rica, S. A.
Edwin Charley (Jamaica) Limited [see note (d)(i)]	
The Rum Company (Jamaica) Limited	
Estate Industries Limited [see note (d)(i)]	

(c) Except as noted, all subsidiaries are wholly-owned and are incorporated and resident in Jamaica. The subsidiaries incorporated and resident outside Jamaica are:

Company	Territory of incorporation
Turks Islands Importers Limited	Turks and Caicos Islands
Timco Limited	Turks and Caicos Islands
CICO Limited	The Bahamas
J. Wray & Nephew (U.K.) Limited	England
Rum Company (New Zealand) Limited	New Zealand
J. Wray & Nephew (International) Limited	Cayman Islands
The Rum Company (International) Limited	Cayman Islands
Wray & Nephew (Canada) Limited	Canada
J. Wray y Sobrino de Costa Rica, S. A.	Costa Rica
Globe Holdings Limited	St. Lucia

(d) There were no material changes in the group during the year, except as described below:

(i) As of October 1, 2002, Daniel Finzi & Co. (Suc) Limited and Estate Industries Limited transferred their existing manufacturing and distribution operations to J. Wray & Nephew Limited and Lascelles Merchandise Limited. On October 1, 2002, Edwin Charley (Jamaica) Limited transferred its manufacturing operations to J. Wray & Nephew Limited. Subsequently, it transferred its distribution operations to J. Wray & Nephew Limited and Lascelles Merchandise Limited.

(ii) During the year, the company incorporated a wholly owned subsidiary, Globe Holdings Limited, in St. Lucia for the purposes of regional expansion of the group's insurance business. Globe Holdings Limited subsequently acquired 100% of the ordinary shares of The Jamaica General Insurance Co. Ltd., a company incorporated under the laws of Jamaica, renamed Globe Insurance Company of Jamaica Limited on December 31, 2003.

(iii) On September 19, 2003, the shareholders of Federated Pharmaceutical Company Limited approved the sale of its business, including its assets and liabilities, to Lascelles Merchandise Limited, effective October 1, 2003, and commenced voluntary winding up proceedings. The impact of the liquidation on these financial statements is that minority interest relating to Federated Pharmaceutical Company Limited has been eliminated and related goodwill arising has been capitalised. Formal liquidation proceedings are still in progress.

26 Segmented results

(i) Business segments:

2003	Liquor, rums wines & sugar $'000s	General merchandise $'000s	General insurance $'000s	Investments $'000s	Transportation & other $'000s	Eliminations $'000s	Total $'000s
Revenue:							
External	7,624,662	1,967,416	693,775	376,630	1,461,129	-	-
Internal	1,590,771	-	252,378	-	104,378	-	-
Total revenue	9,215,433	1,967,416	946,153	376,630	1,565,507	(1,947,527)	12,123,612
Segment results	735,460	57,659	40,366	320,085	2,306		1,155,876
Segment assets	7,661,170	628,759	2,767,406	5,426,545	754,431		17,238,311
Unallocated assets							175,544
							17,413,855
Segment liabilities	3,142,740	105,805	1,250,497	527,145	362,559		5,388,746
Unallocated liabilities							668,460
Other segment items:							6,057,206
Additions to property, plant and equipment	650,764	144,054	67,804	-	80,121		942,743
Depreciation, amortisation and impairment	315,660	41,430	23,525	-	33,482		414,097
Other non-cash items	241,938	85,785	1,200	270,399	6,312		605,634

	2002						
	Liquor, rums wines & sugar $'000s	**General merchandise $'000s**	**General insurance $'000s**	**Investments $'000s**	**Transportation & other $'000s**	**Eliminations $'000s**	**Total $'000s**
Revenue:							
External	7,334,239	1,556,895	710,856	287,803	1,433,174		
Internal	953,135	-	179,327	30,501	6,244		
Total revenue	8,287,374	1,556,895	890,183	318,304	1,439,418	(1,169,207)	11,322,967
Segment results	672,291	19,897	14,452	622,935	(28,305)		1,301,270
Segment assets	6,823,678	423,788	1,246,505	4,968,797	666,362		14,129,130
Unallocated assets							127,721
							14,256,851
Segment liabilities	2,904,125	15,748	612,745	322,754	337,207		4,192,579
Unallocated liabilities							543,634
							4,736,213
Other segment items:							
Additions to property, plant and equipment	704,229	24,452	7,118	88	14,045		749,932
Depreciation, amortisation and impairment	181,191	19,452	8,663	79	10,196		219,581
Other non-cash items	78,411	21,164	400	(252,886)	800		(152,111)

(ii) Geographical segments:

	Jamaica		Overseas		Total	
	2003	**2002**	**2003**	**2002**	**2003**	**2002**
	$'000s	**$'000s**	**$'000s**	**$'000s**	**$'000s**	**$'000s**
Revenue from external customers	9,191,930	8,699,174	2,931,682	2,623,793	12,123,612	11,322,967
Segment assets	14,971,234	12,470,757	2,267,077	1,658,373	17,238,311	14,129,130
Additions to property, plant, and equipment	906,499	743,144	36,244	6,788	942,743	749,932

27. Commitments and contingencies

(a) Capital commitments:

At September 30, 2003, approximately $303 million (2002: $348 million) had been authorised for capital expenditure by various subsidiaries, for which no provision has been made in these financial statements.

(b) Lease commitments:

At September 30, 2003, there was a non-cancellable operating lease commitment to a related party in respect of an office building for a fifteen-year period terminating in 2012 at an aggregate annual sum of $11,347,000.

(c) Contingent liabilities:

The company guarantees the bank loans, overdrafts and long-term liabilities of all its subsidiaries. At September 30, 2003, the indebtedness covered by these guarantees aggregated approximately $344,629,000 (2002: $370,011,000).

28. Financial instruments

(a) Financial instrument risk:

Exposure to various types of financial instrument risk arises in the ordinary course of the group's business. Derivative financial instruments are not materially used to reduce exposure to fluctuations in interest and foreign exchange rates.

(i) 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.

The group generally does not require collateral in respect of non-cash financial assets. The group has credit policies and processes in place to minimise exposure to credit risk including the performance of credit evaluations on all customers requiring credit. Cash and cash equivalents are placed with substantial counter-parties who are believed to have minimal risk of default.

At September 30, 2003, there was no significant concentration of credit risk (2002: see note 4).

(ii) Interest rate risk:

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The group seeks to contract long-term liabilities at fixed interest rates for the duration of the loans. Bank overdrafts, short-term loans and other fixed term loans are also subject to interest rates which are fixed in advance but which may be varied by appropriate notice by the lender.

At September 30, 2003, financial liabilities subject to interest aggregated approximately $2,147 million (2002: $2,224 million).

Interest-bearing financial assets mainly comprise certain receivables, monetary instruments, bank deposits and other short-term investments, which have been contracted at fixed interest rates for the duration of their terms. At September 30, 2003, financial assets subject to interest aggregated $3,523 million (2002: $3,064 million).

(iii) Foreign currency risk:

The group incurs foreign currency risk primarily on purchases and borrowings that are denominated in a currency other than the Jamaica dollar. Such exposures comprise the monetary assets and liabilities of the group that are not denominated in that currency. The main foreign currency risks of the group are denominated in United States dollars (US$), which is the principal intervening currency for the company and its Jamaican subsidiaries.

The company and its subsidiaries jointly manage foreign exchange exposure by maintaining adequate liquid resources in appropriate currencies and by managing the timing of payments on foreign currency liabilities.

At September 30, 2003, net foreign currency assets aggregated approximately US$33,366,000 (2002: US$27,392,000).

Exchange rates for the US dollar, in terms of Jamaica dollars, were as follows:

At September 30, 2002: $49.27
At September 30, 2003: $59.71
At December 31, 2003: $60.56

In accordance with accounting policies applied consistently, exchange gains and losses are recognised in the income statement when incurred [see note 2(s)].

(iv) Market risk:

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market. The group's significant exposure to market risk relates to the holding of quoted investments which are reflected in the financial statements at fair value. Unrealised changes in market value of these investments are recognised in equity revaluation reserve. These investments are monitored as part of the group's short and long term investment portfolio and risks are managed through geographic and industry diversification.

(v) Liquidity risk:

Liquidity risk, also referred to as funding risk, is the risk that the group will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at, or close to, its fair value. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, and the availability of funding through an adequate amount of committed credit facilities. The group manages liquidity risk by maintaining adequate amounts of liquid financial assets of appropriate terms and currencies, and by maintaining committed financing to meet all contractual obligations and other recurring payments.

(vi) Cash flow risk:

Cash flow risk is the risk that future cash flows associated with a monetary financial instrument will fluctuate in amount. The group manages this risk through budgetary measures, ensuring, as far as possible, that fluctuations in cash flows relating to monetary financial assets and liabilities are matched, to mitigate any significant adverse cash flows.

(b) Fair value disclosures:

The fair values of amounts disclosed as cash and cash equivalents, accounts receivable, short term borrowings, accounts payable and balances due to/from related parties are assumed to approximate to their carrying value, due to their short-term nature. Long-term liabilities are carried at their contracted settlement value. Material investments are stated at fair value. Amounts due to/from subsidiaries are considered to approximate their carrying value as they represent an ability to effect set-offs in future in the amounts disclosed.

29. Effect of first-time adoption of International Financial Reporting Standards

As stated in note 2(a), these are the group's first consolidated financial statements prepared in accordance with IFRS.

The accounting policies, set out in note 2, have been applied in preparing the financial statements for the year ended September 30, 2003, and the comparative information presented in the financial statements for the year ended September 30, 2002 and in the preparation of an opening IFRS balance sheet at October 1, 2001 (the group's date of transition).

In preparing comparative financial statements under IFRS, the group has adjusted amounts previously reported in accordance with previous Jamaican GAAP. An explanation of how the transition from previous Jamaican GAAP to MRS has affected the group's equity and profit as reported under previous Jamaican GAAP is detailed below. Consequent adjustments to the group statement of cash flows in respect of comparative information were also made.

(a) October 1, 2001 (transition date): Reconciliation of stockholders' equity:

	Capital reserve $'000s	Investment revaluation reserve $'000s	Unappropriated profits $'000s	Total $'000s
IFRS 1 - First time adoption of IFRS (note i)	144,833	-		144,833
IAS 12 - Income taxes (note ii)	(39,000)	-	(342,916)	(381,916)
IAS 16 - Property, plant and equipment (note iii)	-	-	(3,000)	(3,000)
IAS 19 - Employee benefits (note iv)	-		464,361	464,361
IAS 38 - Intangible assets (note vi)	-	-	(2,596)	(2,596)
IAS 39 - Financial instruments - recognition and measurement (note vii)	-	2,575,047	-	2,575,047
	105,833	2,575,047	115,849	2,796,729

(b) Year ended September 30, 2002: Reconciliation of net profit for the year attributable to members:

	Net profit $'000s
As previously reported	1,196,102
Effect of first-time adoption of IFRS:	
IAS 12 - Income taxes (note ii)	(80,416)
IAS 16 - Property, plant and equipment (note iii)	(3,000)
IAS 19 - Employee benefits (note iv)	70,549
IAS 37 - Provisions (note v)	161
IAS 38 - Intangible assets (note vi)	1,408
IAS 41 - Biological assets (note viii)	(40,538)
Aggregate effect of first-time adoption of IFRS	(51,836)
As restated	1,144,266

(i) Certain freehold land and buildings were revalued by independent professional valuers and management using independent market values at various dates between 1984 and 2001. The directors and management have elected to use these values as deemed costs using the exemption of IFRS 1, as these are broadly comparable to fair values at the IFRS transition date of October 1, 2001. Revaluation surpluses previously reported are included in capital reserve.

(ii) No provision for deferred tax was recognised under previous Jamaican GAAP as applied by the company. Under IFRS, full provision is made for deferred tax on all temporary differences using the balance sheet liability method.

(iii) This represents depreciation adjustments in respect of freehold buildings carried at deemed cost [see note (i)].

(iv) Assets and liabilities arising under defined benefit pension plans and other post-retirement benefit obligations as well as for vacation and sick leave outstanding were not recognised under previous Jamaican GAAP. They are recognised under 1AS 19 based on actuarial valuations using the projected unit credit method. The transition adjustments represent the recognition of pension assets and liabilities for defined benefit pension schemes, vacation and sick leave outstanding, and post-retirement medical and life insurance obligations.

(v) This represents the reversal of general provisions not permitted under IFRS.

(vi) The transition adjustment represents an amortisation adjustment in respect of trademarks to comply with IFRS.

(vii) Under previous Jamaican GAAP, the group measured all investments at lower of cost and market value. Under IFRS, available-for-sale investments are measured at fair value.

(viii) Under IFRS, full provision is made for any impairment losses identified and measured at the balance sheet date. The transition adjustment therefore represents impairment losses recognised in respect of cane cultivation costs.