Salada Foods Jamaica Ltd.

Notes to the Financial Statements

30 September 2003

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1. Company Identification and Principal Activity

The company, which is incorporated and resident in Jamaica, is the sole manufacturer of instant coffee in Jamaica. Sales of instant coffee and roasted and ground beans represent approximately 80% of the company's and the group's turnover.

The registered office of the company is located at 20 Bell Road. Kingston 11.

The company is a public listed company.

These financial statements are presented in Jamaican dollars unless otherwise indicated.

2. Significant Accounting Policies

(a) Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards, and have been prepared under the historical cost convention.

Jamaica adopted International Financial Reporting Standards (IFRS) as its national accounting standards, effective for accounting periods beginning on or after 1 July 2002. The financial statements for the year ended 30 September 2003 have therefore been prepared in accordance and comply with IFRS and comparative information has been restated to conform to the provisions of IFRS.

The effects of adopting IFRS on equity and net profit as previously reported are detailed in Note 22.

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

(b) Basis of consolidation

The group's financial statements present the results of operations and financial position of the company and two of its wholly owned subsidiaries, Coffee Company of Jamaica Limited and Shirriff's (Jamaica) Limited. The excess of the cost of shares in the subsidiaries over the book value of the net assets acquired has been charged against shareholders' interests.

(c) Investment in subsidiaries

Investments by the holding company in subsidiaries are stated at cost.

(d) Foreign currency translation

Foreign currency transactions are accounted for at the exchange rate prevailing at the dates of the transactions. At the balance sheet date, monetary assets and liabilities denominated in foreign currency are translated using the closing exchange rate. Exchange differences arising from the settlement of transactions at rates different from those at the dates of the transactions and unrealised foreign exchange difference on unsettled foreign currency monetary assets and liabilities are recognised in the profit and loss account.

(e) Fixed assets

Fixed assets are recorded at historical cost or deemed cost. Under IFRS 1, a first time adopter may elect to use a previous GAAP revaluation of an item of fixed assets at or before the date of transition to IFRSs as deemed cost at the date of revaluation. The company has elected to apply this provision.

Depreciation is calculated on the straight-line basis to write off the cost of the assets to their residual value over their estimated useful lives. The rates used are as follows:

Buildings	1.67%-2.5%

Machinery and equipment	2.5%-20%
Motor vehicles	20%

Land is not depreciated.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in operating profit. When revalued assets are sold, the amounts included in fair value and other reserves are transferred to retained earnings.

Repairs and maintenance are charged to the income statement during the financial period in which they were incurred.

(f) Leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

(g) Impairment of non-current assets

Fixed assets are reviewed for impairment losses 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 assets 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 lowest level for which there are separately identifiable cash flows.

(h) Inventories

Raw and packaging materials are stated at the lower of average cost and net realisable value. Finished goods are stated at the lower of cost (which comprises materials, direct labour and a proportion of overhead expenses) and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the cost of completion and selling expenses.

(i) Trade receivables

Trade receivables are carried at original invoice amounts less provision made for impairment of these receivables. A provision for impairment of trade receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of sale. 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.

(j) Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of the cash flow statement, cash and cash equivalents comprise cash at bank and in hand and deposits held at call with banks, net of bank overdraft and after short term loans payable in less than three months.

(k) Borrowings

Borrowings are recognised initially at the proceeds received, net of transactions costs incurred. Borrowings are subsequently stated at amortised cost using the effective yield method. Any difference between proceeds, net of transaction costs, and the redemption value is recognised in the income statement over the period of the borrowings.

(l) Deferred taxation

Deferred income tax is provided in full, using the balance sheet liability method, on temporary differences arising between the tax bases and liabilities and their carry amounts in the financial statements. Currently enacted tax rates are used in the determination of deferred income tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

(m) Employee benefits

Pension obligations
A defined benefit plan is a pension plan that defines an amount of pension benefit to be provided, usually as a function of one or more factors such as age, years of service or

compensation. The company operates a defined benefit plan whereby it pays contributions to separate trustee-administered fund. All full time employees are eligible to participate in the plan.

The liability in respect of the plan is the present value of the defined benefit obligation at the balance sheet date minus the fair value of plan assets, together with adjustments for actuarial gains and losses and past service cost. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by estimating future cash outflows using interest rates of government securities, which have terms of maturity approximating the terms of the related liability.

Actuarial gains and losses arising from experience adjustments, changes in actuarial assumptions and amendments to pension plans are charged or credited to income over the average remaining service lives of the employees.

(n) Provisions

Provisions are recognised when the Group has a legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation, and when 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.

(o) Revenue recognition

Revenue comprises the invoiced value of the sale of goods net of General Consumption Tax, rebates, discounts, and after eliminating sales within the Group. Revenue from the sale of goods are recognised when significant risks and rewards of ownership of goods are transferred to the buyer

(p) Segment reporting

Business segments provide products that are subject to risk and returns that are different from those of other business segments.

(q) Comparative information

Where necessary, comparative figures have been reclassified to conform to changes in the presentation in the current year. In particular, the comparatives have been adjusted or extended to take into account the requirements of International Financial Reporting Standards (Note 22).

3. Segment Information

Primary reporting format-business segment:

	2003		
	Coffee	**Other**	**Total**
	$'000	**$'000**	**$'000**
Turnover	205,332	10,378	215,710

	2002		
	Coffee	**Other**	**Total**
	$'000	**$'000**	**$'000**
Turnover	195,785	9,676	205,461

No information has been provided for segment assets and liabilities, as these cannot be reliably separated into segments due to the nature of the operations.

There is no disclosure for secondary segment as these sales represent less than ten percent (10%) of sales for the company.

4. Profits from Operations

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

	2003	**2002**
	$'000	**$'000**
Depreciation	7,413	7,978
Loss/(gain) on disposal of fixed assets	937	(236)
Repairs and maintenance expenditure on fixed assets	5,421	5,410

Operating lease rentals	606	151
Cost of inventories recognised as expense	58,538	66,373
Directors' emoluments -		
Fees	83	75
Management remuneration	-	4,077
Auditors remuneration -		
Current year	1,211	1,200
Prior year	20	(50)
Trade receivables-impairment charge for bad and doubtful debt	837	-
Staff costs (Note 5)	63,168	56,799

5. Staff Costs

	2003 $'000	2002 $'000
Salaries and wages	47,268	40,168
Statutory contributions	4,569	4,033
Pension costs (Note 15)	1,854	2,951
Other	9,477	9,647
	63,168	56,799

The average number of persons employed full time and part time by the company during the year was 61 and 27 respectively (2002 - 49 and 21).

6. Finance Income/(Costs)

	2003 $'000	2002 $'000
Interest expense - borrowings	(1,296)	(3,007)
Interest income	6,912	494
Foreign exchange gains/(losses)	1,838	(1,665)
	7,454	(4,178)

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7. Taxation

(a) Taxation charge

Income tax is computed on the profit for the year adjusted for taxation purposes. The charge for taxation comprises:

	2003 $'000	2002 $'000
Current tax at 33 1/3%	11,657	16,395
Deferred tax (Note 14)	(1,651)	(10,433)
	10,006	5,962
	========	========

(b) Reconciliation of applicable tax charges to effective tax charge.

	2003 $'000	2002 $'000
Profit before tax	26,849	21,813
Tax calculated at 33 1/3%	8,950	7,271
Expenses not deductible for tax purposes	838	-
Net effect of other charges and allowances	218	(1,309)
Tax charge	10,006	5,962
	========	=======

8. Earnings per stock unit

Basic earnings per share is calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issue during the year.

	2003	2002
Net profit attributable to shareholders ($'000)	16,843	15,851
Weighted average number of ordinary shares in issue ('000)	10,153	7,565
Basis earnings per share	1.66	2.10

9. Share Capital

	2003 $'000	2002 $'000
Authorised -		
10,400,000 (2002 - 10,400,000) Ordinary shares of 50c each	5,200	5,200
Issued and fully paid -		
10,388,330 (2002 - 7,564,800) Ordinary stock units of 50c each	5,194	3,782

At an Annual General Meeting held on 18 September 2002, a resolution was passed to have a rights issue of three ordinary shares for every eight ordinary shares held. In October 2002, 2,823,529 ordinary shares of 50c each were issued at value of $48,000,000 and were converted into equivalent stock units. The excess of the nominal value was transferred to share premium.

10. Capital Reserve

	Group		Company	
	2003 $'000	**2002 $'000**	**2003 $'000**	**2002 $'000**
Unrealised surplus on revaluation of fixed assets	14,528	14,528	4,838	4,838
Realised gains	1,747	1,747	1,705	1,705
	16,275	16,275	6,543	6,543

11. Borrowings

	Group and Company	
	2003 $'000	**2002 $'000**
Current		
Bank overdraft	661	-
Short term loan	1,051	1,507
Long term liabilities		

- current portion	9,843	8,238
	11,555	9,745
Non Current		
Long term liabilities	27,121	32,675
	38,676	42,420
	========	=======

(a) The company's bank overdraft is unsecured and attracts interest at the rate of 65%

(b) Short term loans

	Group and Company	
	2003	**2002**
	$'000	**$'000**
(i) Pan Caribbean Merchant Bank Limited	-	1,507
(ii) George and Branday Limited	1,051	-
	1,051	1,507
	=======	=======

(i) This represents an advance for insurance premium financing over a period of eight months at a rate of 5.8% commencing April 2002.

(ii) This represents an advance for insurance premium financing over a period of six months at a rate of 6% commencing May 2003.

(c) Long term liabilities

	Group and Company	
	2003	**2002**
	$'000	**$'000**
Financial Sector Adjustment Company Limited (FINSAC)		
Foreign Currency Loan		
US $358,530 1999/09 - 12%	-	2,531
Foreign Currency Loan		

US$450,554 1999/09 - 12%	2,602	6,465
Loan - 1999/09 - 25%	-	911
Bank of Nova Scotia - Demand loan	-	591
Capitalised Interest	34,362	30,415
	36,964	40,913
Less: Due within the next 12 months	(9,843)	(8,238)
	27,121	32,575
	========	========

(i) During 1998, the Financial Sector Adjustment Company Limited (FINSAC) took over the non-performing loan portfolio of the National Commercial Bank Jamaica Limited (NCB), which included the FINSAC loans shown above. The terms and conditions of these loans were renegotiated and are now repayable within a maximum of 10 years at the rates of interest indicated above.

These loans are secured by a mortgage over land and buildings and a debenture over the fixed and floating assets of the company.

(ii) Based on the conditions of the loan restructuring agreement in October 1999 with Dennis Joslin Jamaica Inc., all accumulated unpaid interest was capitalised and a moratorium on interest payments was granted until full principal repayments have been completed. On repayment of the principal balances, outstanding interest will be repaid on a monthly basis ending in 2009. No interest is charged on the unpaid interest amounts.

12. Fixed Assets

The Group

	Freehold Land $'000	**Freehold Buildings $'000**	**Machinery, Equipment, Vehicles $'000**	**Total $'000**
At Cost or Valuation -				
At 1 October 2002	10,000	33,178	76,039	119,217
Addition	-	-	6,519	6,519

Disposals	-	-	(1,808)	(1,808)
At 30 September 2003	10,000	33,178	80,750	123,928
Depreciation -				
At 1 October 2002	-	2,082	57,622	59,704
Charge for the year	-	2,082	5,331	7,413
Relieved on disposals	-	-	(743)	(743)
At 30 September 2003	-	4,164	62,210	66,374
Net Book Value -				
30 September 2003	10,000	29,014	18,540	57,554
30 September 2002	10,000	31,096	18,417	59,513

The Company

	Freehold Land $'000	**Freehold Buildings $'000**	**Machinery, Equipment, Vehicles $'000**	**Total $'000**
At Cost or Valuation -				
At 1 October 2002	6,144	15,613	76,039	97,796
Additions	-	-	6,519	6,519
Disposals	-	-	(1,808)	(1,808)
At 30 September 2003	6,144	15,613	80,750	102,507
Depreciation -				
At 1 October 2002	-	997	57,622	58,619
Charge for the year	-	997	5,331	6,328
Relieved on disposals	-	-	(743)	(743)
At 30 September 2003	-	1,994	62,210	64,204
Net Book Value -				
30 September 2003	6,144	13,619	18,540	38,303

30 September 2002	6,144	14,616	18,417	39,177

(i) Freehold land and buildings were professionally valued by Stoppi Cairney Bloomfield in September 2001 at market values, which have been incorporated into the financial statements as fair value/deemed costs as at date of transition to IFRS (1 October 2001). The surpluses arising from these adjustments have been credited to retained earnings (Note 22).

13. Related Party Transactions and Balances

(a) During the year the company entered into the following transaction with one of its subsidiaries:

	2003 $'000	**2002 $'000**
Rent expense	71	71

(b) Investment in subsidiaries at year-end comprises:

	2003 $'000	**2002 $'000**
Shares at cost:		
Coffee Company of Jamaica Limited	790	790
Shirriff's (Jamaica) Limited	91	91
	881	881
Amounts due (to)/from subsidiaries:		
Coffee Company of Jamaica Limited	(166)	(200)
Shirriff's (Jamaica) Limited	137	49
	(29)	(151)
Net investment in subsidiaries	852	730

14. Deferred Income Taxes

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:

	Group and Company	
	2003	**2002**
	$'000	**$'000**
At beginning of year	9,483	(950)
Charge to profit and loss account (Note 7)	1,651	10,433
At end of the year	11,134	9,483

Deferred tax assets are attributable to the following items:

	2003	**2002**
	$'000	**$'000**
Excess of capital allowances over depreciation	(1,546)	(2,131)
Accrued charges	568	-
Interest payable on Finsac Loans	11,786	11,614
Unrealised exchange losses	326	-
	11,134	9,483

The amounts shown in the balance sheet include the following:

	2003	**2002**
	$'000	**$'000**
Deferred tax assets to be recovered in less than twelve months	894	-
Deferred tax assets to be recovered after more than twelve months	10,240	9,483

15. Retirement Benefits

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

	2003 $'000	2002 $'000
Fair value of plan assets	53,037	43,374
Present value of funded obligations	(18,562)	(15,715)
Present value of unfunded obligations	34,475	27,659
Unrecognised actuarial gains	(3,013)	(652)
Limitation on recognition of surplus due to uncertainty of obtaining future benefits	(11,607)	(7,719)
Asset in the balance sheet	19,855	19,288

The amounts recognised in the income statement in staff costs are as follows:

	2003 $'000	2002 $'000
Current service cost	(2,277)	(2,424)
Employee contributions	2,162	2,731
	(115)	307
Interest cost	(2,000)	(1,859)
Expected return on plan assets	4,149	3,513
Surplus not eligible for recognition due to limitation	(3,888)	(4,912)
Total, included in staff costs	(1,854)	(2,951)

The actual return on the plan assets was $9,061,000 (2002 - $3,613,000).
Movement in the asset recognised in the balance sheet:

	2003 $'000	2002 $'000
At beginning of year	19,288	18,488
Amounts recognised in the statement	(1,854)	(2,951)

	2003	2002
Contributions paid	2,421	3,751
At the end of the year	19,855	19,288

The principal actuarial assumptions used were as follows:

	2003 $'000	2002 $'000
Discount rate	15.0%	12.5%
Expected return on plan assets	10.5%	9.0%
Future salary increases	10.0%	8.0%
Future pension increases	6.5%	2.5%
Inflation rate	8.0%	6.0%

16. Inventories

	Group and Company	
	2003 $'000	**2002 $'000**
Raw and packaging materials	15,327	26,354
Finished goods	16,407	9,135
Work-in-progress	3,557	1,009
Goods in transit	1,246	3,340
Consignment stock	-	148
Stores	5,202	4,062
	41,739	44,048
Provision for obsolete stock	-	(4,975)
	41,739	39,073

17. Receivables and Prepayments

	The Group		The Company	
	2003 $'000	**2002 $'000**	**2003 $'000**	**2002 $'000**
Trade receivables	20,271	39,929	20,271	39,929

Less: Provision for impairment of receivables	(6,976)	(24,388)	(6,976)	(24,388)
Trade receivables, net	13,295	15,541	13,295	15,541
Prepayments	7,591	5,426	7,590	5,426
Other receivables	6,761	7,815	6,705	7,758
	27,647	28,782	27,590	28,725

18. Cash and Short-term Deposits

	Group and Company	
	2003	**2002**
	$'000	**$'000**
Cash in hand and bank	424	7,900
Deposits	69,837	6,709
	70,261	14,609

These deposits have an average maturity of 30 days with weighted average effective interest rates of:

	2003	**2002**
	%	**%**
US$ short - term bank deposits	8	-
J$ short - term bank deposits	25	13

For the purpose of the cash flow statement, the cash and cash equivalents comprise:

	2003	**2002**
	$'000	**$'000**
Cash and deposits	70,261	14,609
Bank overdrafts (Note (11 (a))	(661)	-
Short term loans (Note 11 (b))	(1,051)	(1,507)
	68,549	13,102

19. Payables

	The Group		The Company	
	2003 $'000	2002 $'000	2003 $'000	2002 $'000
Trade	14,397	6,148	14,397	6,148
Accruals	11,181	13,712	11,157	13,714
Other	4,739	5,824	4,739	5,824
	30,317	25,684	30,293	25,686

The movement on accrued vacation leave and staff bonus and incentives included in payables above is as follows:

	2003 $'000	2002 $'000
At beginning of year	2,779	2,932
Utilised during the year	(576)	(153)
At end of the year	2,203	2,779

20. Financial Risk Management

(a) Financial risk factors

The Group's activities expose it to a variety of financial risks, including the effects of changes in debt and equity market prices, foreign exchange rates and interest rates.

(i) Foreign exchange risk

The consolidated balance sheet at 30 September 2003 includes aggregate net foreign assets of approximately US$299,000 (2002 - GBP8,000 and Euro$7,000) and liabilities of Nil, (2002 - US$144,000).

(ii) Interest rate risk

The group's income and operating cash flows are substantially independent of changes in market interest rates. At 30 September 2003, the group has interest-bearing assets as disclosed in Note 18 and interest- bearing liabilities as disclosed in Note 11.

(iii) Market rate risk

The group has no significant exposure to market risk as the financial instruments subject to this risk are not material to the group.

(iv) Credit risk

The group has no significant concentration of credit risk. The Group has policies in place to ensure that sales of products are made to customers with an appropriate credit history. Cash and short-term deposits are held with substantial financial institutions.

(v) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market position.

(b) Fair value estimation

In assessing the fair value of financial instruments, the Group uses a variety of methods and makes assumptions that are based on market conditions existing at the balance sheet date. The estimated fair values have been determined using available market information and appropriate valuation methodologies. However, considerable judgement is necessarily required in interpreting market data to develop estimates of fair value. Accordingly, the estimates presented below are not necessarily indicative of the amounts that the Group would realise in a current market exchange.

The face value, less any estimated credit adjustments, for financial assets and liabilities with a maturity of less than one year are estimated to approximate their fair values. These financial assets and liabilities are cash, short-term deposits, trade receivables and payables, and bank overdraft.

The estimated fair values of the Group's other financial instruments are as follows:

	2003		2002	
	Carrying Amount $'000	**Fair Value $'000**	**Carrying Amount $'000**	**Fair Value $'000**
Financial liability				
Long term liabilities (including current portion)	36,964	23,354	40,913	30,364

Fair values were estimated as follows:

Long-term liabilities

For disclosure purposes, fair values of long-term liabilities are estimated by discounting the future contractual cash flows at the market rate available to the Group for similar financial instruments.

21. Operating Lease

The future aggregate minimum lease payments under non-cancellable operating lease are as follows:

	2003 $'000	**2002 $'000**
Not later than 1 year	606	606
Later than 1 year and not later than 5 years	454	1,060
	1,060	1,666

The lease is for three years initially. Renewal of the lease for a further 120 months is available subject to punctual performance of all related covenants, conditions, stipulations and obligations of the agreement.

22. Effect of Transition to IFRS

The company adopted International Financial Reporting Standards (IFRS) effective 1 October 2002. Prior to this date, the financial statements of the company were prepared in accordance with Jamaican Generally Accepted Accounting Principles (Jamaican GAAP). The financial statements for the year ended 30 September 2002 (the immediately preceding comparative period) have been restated to reflect the financial position and results under IFRS. The financial effects of conversion from Jamaican GAAP to IFRS are set out as follows:

(a) Reconciliation of equity at 1 October 2001

		The Group		
		Previous Jamaican GAAP	**Effect of Transition to IFRS**	**IFRS**
	Note	**$'000**	**$'000**	**$'000**
Assets				
Fixed assets	(i)	41,009	24,333	65,342
Pension surplus	(iii)	-	18,488	18,488
Inventories		43,178	-	43,178
Accounts receivable		18,661	-	18,661
Taxation recoverable		1,822	-	1,822
Cash and bank balances		10,502	-	10,502
Total Current Assets		74,163	-	74,163
Total Assets		115,172	42,821	157,993
Liabilities				
Accounts payable	(iv)	29,421	2,415	31,836
Short term loan		1,078	-	1,078
Current portion of long term liabilities		12,686	-	12,686
Total Current Liabilities		43,185	2,415	45,600
Long term liabilities		39,101	-	39,101
Deferred tax liabilities	(ii)	-	950	950
Total Liabilities		82,286	3,365	85,651
Total Assets Less Total Liabilities		32,886	39,456	72,342
Shareholders' Equity				
Share capital		3,782	-	3,782

Share premium		21,434	-	21,434
Capital reserve		16,275	-	16,275
Accumulated deficit	(i), (ii) (iii),(iv)	(8,605)	39,456	30,851
Total Equity		32,886	39,456	72,342

		The Company		
	Note	**Previous Jamaican GAAP $'000**	**Effect of Transition to IFRS $'000**	**IFRS $'000**
Assets				
Fixed assets	(i)	32,141	11,780	43,921
Investment in subsidiary		829	-	829
Pension surplus	(iii)	-	18,488	18,488
Inventories		43,178	-	43,178
Accounts receivable		18,603	-	18,603
Taxation recoverable		1,806	-	1,806
Cash and bank balances		10,502	-	10,502
Total Current Assets		74,089	-	74,089
Total Assets		107,059	30,268	137,327
Liabilities				
Accounts payable	(iv)	29,421	2,415	31,836
Short term loan		1,078	-	1,078
Current portion of long term liabilities		12,686	-	12,686
Total Current Liabilities		43,185	2,415	45,600
Long term liabilities		39,101	-	39,101
Deferred tax liabilities	(ii)	-	950	950
Total Liabilities		82,286	3,365	85,651
Total Assets Less Total Liabilities		24,773	26,903	51,676
Shareholders' Equity				
Share capital		3,782	-	3,782
Share premium		21,434	-	21,434
Capital reserve	(i)	6,543	-	6,543
	(i),(ii)			

Accumulated deficit	(iii),(iv)	(6,986)	26,903	19,917
Total Equity		24,773	26,903	51,676

(b) Reconciliation of equity at 30 September 2002

		The Group		
	Note	**Previous Jamaican GAAP $'000**	**Effect of Transition to IFRS $'000**	**IFRS $'000**
Assets				
Fixed assets	(i)	65,914	(6,401)	59,513
Deferred tax assets	(ii)	-	9,483	9,483
Pension surplus	(iii)	-	19,288	19,288
Inventories		39,073	-	39,073
Accounts receivable		28,782	-	28,782
Taxation recoverable		1,929	-	1,929
Cash and bank balances		14,609	-	14,609
Total Current Assets		84,393	-	84,393
Total Assets		150,307	22,370	172,677
Liabilities				
Accounts payable	(iii)	23,462	2,222	25,684
Short term loan		1,507	-	1,507
Taxation payable		16,380	-	16,380
Current portion of long term liabilities		8,238	-	8,238
Total Current Liabilities		49,587	2,222	51,809
Long term liabilities		32,675	-	32,675
Total Liabilities		82,262	2,222	84,484
Total Assets Less Total Liabilities		68,045	20,148	88,193
Shareholders' Equity				
Share capital		3,782	-	3,782
Share premium		21,434		21,434
Capital reserve	(i)	45,163	(28,888)	16,275
	(i), (ii),			

	Note			
Accumulated deficit	(iii), (iv)	(2,334)	49,036	46,702
Total Equity		68,045	20,148	88,193

The Company

	Note	Previous Jamaican GAAP $'000	Effect of Transition to IFRS $'000	IFRS $'000
Assets				
Fixed assets	(i)	41,565	(2,388)	39,177
Investment in subsidiary		730	-	730
Deferred tax assets	(ii)	-	9,483	9,483
Pension surplus	(iii)	-	19,288	19,288
Inventories		39,073	-	39,073
Accounts receivable		28,725	-	28,725
Taxation recoverable		1,929	-	1,929
Cash and bank balances		14,609	-	14,609
Total Current Assets		84,336	-	84,336
Total Assets		126,631	26,383	153,014
Liabilities				
Accounts payable	(iv)	23,462	2,224	25,686
Short term loan		1,507	-	1,507
Taxation payable		16,377	-	16,377
Current portion of long term liabilities		8,238		8,238
Total Current Liabilities		49,584	2,224	51,808
Long term liabilities		32,675	-	32,675
Total Liabilities		82,259	2,224	84,483
Total Assets Less Total Liabilities		44,372	24,159	68,531
Shareholders' Equity				
Share capital		3,782	-	3,782
Share premium		21,434	-	21,434
Capital reserve	(i)	19,877	(13,334)	6,543
Accumulated deficit	(i), (ii), (iii), (iv)	(721)	37,493	36,772
Total Equity		44,372	24,159	68,531

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(c) Reconciliation of profit and loss for the year ended 30 September 2002.

	Note	The Group		
		Previous Jamaican GAAP	**Effect of Transition to IFRS**	**IFRS**
		$'000	**$'000**	**$'000**
Sales		205,461	-	205,461
Cost of sales		(131,379)	-	(131,379)
Gross Profit		74,082	-	74,082
Other operating income		565	-	565
Selling and promotion expenses		(11,850)	-	(11,850)
Administrative expenses	(i),(iii),(iv)	(36,408)	(398)	(36,806)
Operating profit		26,389	(398)	25,991
Finance costs, net		(4,178)	-	4,178
Profit before taxation		22,211	(398)	21,813
Taxation	(ii)	(16,395)	10,433	(5,962)
Net Profit		5,816	10,035	15,851

22. Effects of Transition to IFRS

(i) Land and buildings have been revalued at open market value under IFRS at the transition date. The revaluation surplus taken to capital reserve for the year ended 30 September 2002 under previous GAAP based on the depreciated replacement cost method was reversed and the depreciation charge adjusted to reflect charges based on the new valuation.

(ii) Provision for deferred tax is being made in full using the liability method. Deferred tax was recognised as a result of excess depreciation over capital allowances, interest payable in Finsac loans, unrealised exchange losses and accrued charges.

(iii) Provision for pension obligations, which was not required under previous Jamaican GAAP, is now made in full. The provision for pension obligations is determined by independent actuaries using the projected unit credit method.

(iv) Provisions for vacation leave outstanding and performance bonuses of $2,415,000 and $2,224,000 at 1 October 2001 and 30 September 2002, respectively, are recognised under IFRS, but were not recognised under Jamaican GAAP.