

LASCELLES, deMERCADO & COMPANY LTD.

INTERIM FINANCIAL REPORT

FOR THE SIX MONTHS ENDED 31 MARCH, 2004

Group Balance Sheet

	Unaudited	Audited
	31/3/2004	30/9/2003
	\$000s	\$000s
Current assets:		
Cash resources	3,281,027	3,539,649
Accounts receivable	2,360,354	2,262,906
Taxation recoverable	98,612	93,428
Inventories	3,490,727	3,424,363
Biological assets	<u>101,332</u>	<u>153,709</u>
	9,332,052	9,474,055
Current liabilities:		
Bank loans & overdraft	542,188	1,052,471
Unsecured loans	450,793	448,806
Current maturities of long term liabilities	276,191	397,475
Accounts payable	2,264,393	1,875,729
Insurance funds	1,071,557	947,279
Taxation payable	<u>40,528</u>	<u>29,090</u>
	4,645,650	4,750,850

Net current assets	4,686,402	4,723,205
Non-current assets:		
Investments	5,527,650	3,557,564
Deferred tax assets	119,087	73,685
Interest in associated companies	8,431	8,431
Goodwill	148,091	153,763
Trademarks	9,145	9,373
Fixed assets	3,322,396	3,335,284
Employee benefits	801,700	801,700
	<u>14,622,902</u>	<u>12,663,005</u>
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Financed by:		
Stockholders' equity	13,386,426	11,356,649
Non-current liabilities:		
Minority interests	-	5,624
Employee benefits	224,800	224,800
Long term liabilities	353,776	442,186
Deferred tax liabilities	657,900	633,746
	<u>14,622,902</u>	<u>12,663,005</u>
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Approved for release to the Jamaica Stock Exchange by the Board of Directors on April 28, 2004

William A McConnell, CD
Director

Anthony J. Bell
Director

Group Income Statement

	Unaudited Six Months Ended <u>31/3/2004</u> \$000s	Restated Unaudited Six Months Ended <u>31/3/2003</u> \$000s	Unaudited Three Months Ended <u>31/3/2004</u> \$000s	Restated Unaudited Three Months Ended <u>31/3/2003</u> \$000s
Operating revenue	7,957,666	5,556,063	4,203,016	2,862,911
Cost of operating revenue	5,407,147	3,711,260	2,966,525	2,068,522
Gross profit	2,550,519	1,844,803	1,236,491	794,389
Administrative, marketing & selling expenses	2,225,635	1,578,562	1,137,643	695,301
Operating profit	324,884	266,241	98,848	99,088
Other income/(expense)	86,430	(24,518)	59,672	(1,976)
Profit before net finance costs & taxation	411,314	241,723	158,520	97,112
Net finance income / (costs)	87,340	(92,465)	40,734	(67,850)
Profit before taxation	498,654	149,258	199,254	29,262
Taxation	(77,890)	(23,314)	(31,125)	1,952
Profit after taxation and before minority interests	420,764	125,944	168,129	31,214
Minority interests of results of subsidiaries	-	(2,239)	-	(2,002)
Net profit attributable to members	420,764	123,705	168,129	29,212
Earnings per ordinary stock unit	\$4.38	\$1.29	\$1.75	\$0.31
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Statement of Changes in Stockholders' Equity

	Unaudited			
	Share capital	Capital reserve	Unappropriated profits	Total
	\$000s	\$000s	\$000s	\$000s
Balances at September 30, 2003	20,400	5,491,642	5,844,607	11,356,649
Net profit attributable to members			420,764	420,764 (a)
Changes in fair value of investments		1,729,387		1,729,387 (a)
Released on sale of investments		(87,585)		(87,585) (a)
Dividends and distributions paid			(98,001)	(98,001)
Transfers, net		51,914	(51,914)	0
Translation adjustment arising on consolidation of foreign subsidiaries		65,212		65,212 (a)
March 31, 2004	<u>20,400</u>	<u>7,250,570</u>	<u>6,115,456</u>	<u>13,386,426</u>
Balances at September 30, 2002:				
As previously reported	20,400	2,191,274	4,832,604	7,044,278
The effect of first time adoption of International Financial Reporting Standards (IFRS)		<u>2,412,347</u>	<u>64,013</u>	<u>2,476,360</u>
Balances at September 30, 2002:				
As restated using IFRS	20,400	4,603,621	4,896,617	9,520,638
Net profit attributable to members			123,705	123,705 (a)
Changes in fair value of investments		371,306		371,306 (a)
Dividends and distributions paid			(81)	(81)
Translation adjustment arising on consolidation of foreign subsidiaries		374,146		374,146 (a)
March 31, 2003	<u>20,400</u>	<u>5,349,073</u>	<u>5,020,241</u>	<u>10,389,714</u>

Recognised gains:

(a) Total recognised gains for the period aggregated \$2,127,778,000 (2003: \$869,157,000)

(b) Recognised gains per ordinary stock unit for the period were \$22.16 (2003: \$9.05)

Group Statement of Cash Flows

	Unaudited	Restated
	31/3/2004	31/3/2003
	\$000s	\$000s
Cash flows from operating activities:		
Profit for the period attributable to the group	420,764	123,705
Items not affecting cash	<u>232,893</u>	<u>514,490</u>
	653,657	638,195
Increase in non-cash working capital	<u>407,762</u>	<u>160,194</u>
Cash provided by operating activities	1,061,419	798,389
Cash used by investing activities	(504,051)	(392,276)
Cash used by financing activities	<u>(717,989)</u>	<u>(450,655)</u>
Net cash used before dividend and distribution payments	(160,621)	(44,542)
Dividends and distributions paid	<u>(98,001)</u>	<u>(81)</u>
Net decrease in cash and cash equivalents	(258,622)	(44,623)
Cash and cash equivalents at beginning of year	<u>3,539,649</u>	<u>2,903,802</u>
Cash and cash equivalents at end of period	<u>3,281,027</u>	<u>2,859,179</u>
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Notes

1. General

Lascelles, deMercado & Co. Limited is incorporated under the Laws of Jamaica. The activities of the company and its subsidiaries (collectively "the Group"), some of which are domiciled in jurisdictions other than Jamaica, are organized into the following primary segments:

- Liquors, 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;
- 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, phannaceutical preparations;
- General insurance: This comprises the underwriting of property, casualty and other general insurance risks;
- Investments: This primarily comprises the holding of investments; and
- Transportation and other: This includes aircraft handling, distribution of motor vehicles and spares, and servicing and repairing of motor vehicles.

The Segment information is contained in note 8 below.

There were no material changes in the group during the period.

2. Basis of preparation

The same accounting policies and methods of computation are followed as those used for the audited financial statements for the year ended September 30, 2003.

3. 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 Standards Interpretation Committee of the IASB and recommendations by the Institute of Chartered Accountants of Jamaica and conform, in all material respects, with the requirements of the Companies Act.

The financial statements for the year ended September 30, 2003 were prepared using IFRS for the first time. Consequently, where necessary, prior year comparatives for the six months ended March 31, 2003 have been reclassified and restated to conform to IFRS. The effects of adopting IFRS on equity and net profit as previously reported essentially follow those reported in detail the audited financial statements for the year ended September 30, 2003.

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

Operating revenue represents:

- The price of goods and services sold to external customers, after deducting returns and discounts, and includes consumption taxes;
- The proceeds from the sale of the sugar cane crop of the group's estates is recognized 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 and other investment income is recognized in the income statement on the date of declaration or accrual whichever is appropriate;
- 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.

5. 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 taxable 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 realized.

6. Earnings per ordinary stock unit

The calculation of earnings per ordinary stock unit is based on the net profit attributable to members, less fixed preference dividends, and the 96,000,000 fully paid ordinary stock units of 20c each in issue in both years.

Other segment items:						
Additions to property, plant and equipment	107,344	40,658	46,894	-	28,236	223,132
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Depreciation and amortisation	193,039	24,765	9,784	43	13,214	240,845
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Other non-cash items	44,342	6,792	6,296	(69,247)	3,865	(7,952)
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