Courts (Jamaica) Limited

Notes to the Financial Statements

31 March 2004

1 Segmental Financial Information

A segment is a distinguishable component of the company that is engaged either in providing products (business segment), or in providing products within a particular economic environment (geographic segment), which is subject to risks and rewards that are different from those of other segments. The Directors are of the view that there are no material segments into which the company's business should be disclosed.

2 Turnover and Cost of Sales

(a) Turnover comprises the invoiced value of goods and hire purchase credit charges, net of discounts allowed and General Consumption Tax.

(b) Cost of sales comprises the cost of goods sold, selling expenses (including bad debt provisions, debt collection expenses and advertising), branch operating expenses (including insurance, depreciation and occupancy) and the amortisation of goodwill.

3 Finance (Costs)/Income

	2004 $'000	2003 $'000
Foreign exchange gain	12,068	1,779
Interest income	30,043	83,920
	42,111	85,699
Interest expense -		

Related companies	(1,421)	(613)
Loans and overdraft	(146,779)	(14,024)
	(148,200)	(14,637)
	(106,089)	71,062
	========	======

4 Profit before Taxation

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

	2004 **$'000**	**2003** **$'000**
Auditors' remuneration	2020	1766
Bad debts written off and increase in provision for impairment of doubtful accounts	196,665	104,115
Cost of inventories recognised as expense	2,860,555	2,444,813
Depreciation	47,938	45,369
Directors' emoluments -		
Executive remuneration (included in staff cost)	86,402	76,074
Fees as directors	867	814
Gain on disposal of fixed assets	(677)	(2,853)
Goodwill amortisation	750	750
Operating lease rentals	31,747	25,933
Repairs and maintenance expense	32,010	33,368
Staff costs (Note 5)	626,859	567,713
	=======	=======

5 Staff Costs

	2004 **$'000**	**2003** **$'000**
Wages and salaries	504,888	480,446
Statutory contributions	64,316	48,053
Pension (Note 11)	(16,566)	(16,314)
Other	74,221	55,528
	626,859	567,713
	========	========

Number of persons employed by the company at the end of the year:

	2004	2003
	No.	No.
Full - time	660	739
Part - time	141	127
	801	866

6 Taxation Expense

(a) Income tax is computed on the profit for the year adjusted for tax purposes and comprises income tax at 33 1/3%

	2004 $'000	2003 $'000
Current tax	290,448	393,866
Tax credit on bonus issue of shares	(97,388)	(49,940)
Adjustment to prior year provision	(2,541)	(38)
Deferred tax (Note 21)	90,370	155,904
	280,889	499,792

(b) Reconciliation of applicable tax charge to effective tax charge:

	2004 $'000	2003 $'000
Profit before taxation	1,140,995	1,657,227
Tax calculated at 33 1/3%	380,332	552,409
Adjusted for the effect of:		
Tax credit on bonus issue of shares	(97,388)	(49,940)
Adjustment to prior year provision	(2,541)	(38)
Other charges and allowances	486	(2,639)
Income tax expense	280,889	499,792

7 Dividends

	2004 $'000	2003 $'000
Ordinary, gross -		
Interim declared - 0.45 cents per share (2003 - 55 cents)	10,787	878,945
Final proposed - 10 cents per share (2003 - 0.42 cents)	239,712	10,068
	250,499	889,013

8 Earnings per Stock Unit

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

	2004	2003
Net profit attributable to stockholders ($'000)	860,106	1,157,435
Weighted average number of ordinary stock units in issue ('000)	2,397,123	2,397,123
Basic earnings per stock unit	$0.36	$0.48

The comparative figure for the previous year has been adjusted to reflect the issue of 799,040,533 bonus shares during the year (Note 19(a)).

There was no dilution of earnings per share as a result of the share options outstanding at year end (Note 19(b)).

9 Fixed Assets

	Freehold Land & Buildings $'000	Equipment, Fixtures & Fittings $'000	Motor Vehicles $'000	Total $'000
Cost or Valuation -				
1 April 2003	1,002,676	311,475	33,805	1,347,956
Additions	18,354	53,400	17,023	88,777
Disposals	-	(249)	(2,278)	(2,527)
31 March 2004	1,021,030	364,626	48,550	1,434,206

Depreciation -				
1 April 2003	-	164,046	20,397	184,443
Charge for the year	8,094	32,990	6,854	47,938
On disposals	-	(94)	(2,084)	(2,178)
31 March 2004	8,094	196,942	25,167	230,203
Net Book Value -				
31 March 2004	1,012,936	167,684	23,383	1,204,003
31 March 2003	1,002,676	147,429	13,408	1,163,513

(a) Freehold land and buildings includes $211,677,000 in respect of land.

(b) Freehold land and buildings were revalued in 2003, on the basis of open market value, by Langford and Brown, valuers and real estate agent. The deficit arising from these valuations was written off against capital reserves arising from previous upward valuation of the same properties (Note 20).

(c) The historical cost of land is $49,575,000. If buildings were stated on the historical cost basis, the cost would be $275,366,000 with accumulated depreciation of $21,717,000 (2003 - $18,964,000).

10 Goodwill

This represents goodwill arising on the acquisition of an established furniture retailing business, and is being amortised over 20 years commencing 1999.

	2004	**2003**
	$'000	**$'000**
Cost	15,000	15,000
Less: Amortisation	(4,500)	(3,750)
	10,500	11,250

11 Retirement Benefit Asset

The company operates a defined benefit pension plan administered by Guardian Life Limited, in which all permanent employees must participate. The company contributes at a rate of 5%

of pensionable salaries. Employees contribute at a mandatory rate of 5%, and may make voluntary contributions not exceeding a further 5%. The plan is valued by independent actuaries annually using the Projected Unit Credit Method.

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

	2004 $'000	**2003 $'000**
Fair value of plan assets	515,379	315,471
Present value of funded obligation	(114,980)	(116,679)
	400,399	198,792
Unrecognised actuarial (gains)/losses	(163,722)	18,188
Asset in the balance sheet	236,677	216,980

Movement in the asset recognised in the balance sheet:

	2004 $'000	**2003 $'000**
At 1 April	216,980	191,183
Amounts recognised in the profit and loss account	16,566	16,314
Contributions paid	3,131	9,483
At 31 March	236,677	216,980

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

	2004 $'000	**2003 $'000**
Current service cost, net of employee contributions	2,007	933
Interest cost	(16,119)	(11,328)
Expected return on plan assets	30,678	26,709
Included in staff costs	16,566	16,314

The actual return on plan assets was $184,991,000 (2003 - $26,976,000).

The principal actuarial assumptions used were as follows:

	2004	**2003**

Discount rate	12.5%	12.5%
Inflation rate	7.5%	7.5%
Future pension increases	2.5%	2.5%
Expected return on plan assets	9.5%	9.5%
Future salaries increases	10.0%	10.0%
	========	========

The average expected remaining working lives of the employees was 25.5 years (2003 - 26.3).

12 Long Term Hire Purchase Receivables

	2004 $'000	2003 $'000
Hire purchase receivables	5,325,329	4,160,567
Less: Unearned charges	(984,316)	(701,510)
	4,341,013	3,459,057
Less: Impairment for doubtful accounts	(179,758)	(153,357)
	4,161,255	3,305,700
Less: Current portion (Note 13)	(1,934,452)	(1,035,439)
	2,226,803	2,270,261
	=========	=========

13 Receivables

	2004 $'000	2003 $'000
Current portion of hire purchase receivables (Note 12)	1,934,452	1,035,439
Prepayments	8,738	8,344
Other	68,844	92,036
	2,012,034	1,135,819
	=========	==========

14 Inventories

	2004 $'000	2003 $'000
Merchandise for resale	749,389	540,679

Gifts	18,842	20,134
Goods in transit	25,173	87,178
	793,404	647,991
	========	========

15 Cash and Cash Equivalents

	2004	**2003**
	$'000	**$'000**
(a) Cash	45,623	20,739
(b) Government of Jamaica Investment Debenture	25,000	25,000
(c) Securities purchased under resale agreements	427,929	-
	498,552	45,739
Short term loans and overdrafts (Note 18)	(1,031,247)	(293,258)
	(532,695)	(247,519)
	=========	=========

(a) Cash is comprised mainly of amounts held in current accounts, which do not attract interest.

(b) This security has been classified as available-for-sale and attracts an interest rate of 18% (2003 - 18%). The security matures in 90 days (2003 - 70 days).

(c) The company entered into resale agreements collateralised by Government of Jamaica securities. These agreements may result in credit exposure in the event that the counterparty to the transaction is unable to fulfill its contractual obligation. The weighted average effective interest rate on these fixed rate resale agreements was 26% (2003 - 17%) and these investments have an average maturity of 4 days.

16 Payables

	2004	**2003**
	$'000	**$'000**
Trade payables	65,071	57,690
Accrued vacation	19,783	10,637
Accruals	128,225	122,897
Other payables	14,381	54,492
	227,460	245,716

	=========	=========

17 Provisions

	2004 $'000	2003 $'000
Warranty provisions -		
At 1 April	56,024	36,889
Additional provisions	41,347	65,679
Utilised during the year	(49,643)	(46,544)
At 31 March	47,728	56,024
Customs Department assessment provision (Note 27)	60,925	-
	108,653	56,024
	=========	=========

18 Short Term Loans and Overdrafts

	2004 $'000	2003 $'000
(a) Bank loan - unsecured	100,000	190,000
(b) Promissory notes	680,405	-
(c) Bank overdrafts - unsecured	250,842	103,258
	1,031,247	293,258
	=========	=========

(a) The bank loan represents working capital borrowings repayable on 1 April 2004 (2003 - 30 April 2003).
The loan attracts interest at a rate of 20% (2003 - 36%) per annum and is unsecured.

(b) The promissory notes represent working capital borrowings with a weighted average interest rate of 15.51% and an average maturity of 30 days. Approximately $79 million is guaranteed by a Letter of Comfort from the parent company, Courts plc. The balance is unsecured.

(c) The company has unsecured overdraft facilities of $300,000,000 with The Bank of Nova Scotia Jamaica Limited, $260,000,000 with RBTT Bank Jamaica Limited and $350,000,000 with The National Commercial Bank (Jamaica) Limited. The weighted average effective interest rate on the overdraft facilities was 20.79% (2003 - 22.56%).

19 Share Capital

	2004 $'000	2003 $'000
Authorised 2,400,000,000 (2003 - 1,600,000,000) ordinary shares of 50 cents each	1,200,000	800,000
	=========	========
Issued and fully paid, 2,397,123,000 (2003 - 1,598,082,000) ordinary stock units of 50 cents each	1,198,562	799,041
	=========	========

(a) During the year, the authorised share capital of the company was increased by $400,000,000 by the creation of 800,000,000 ordinary shares of 50 cents each. A total of 799,040,553 shares were then issued at par as fully paid up bonus shares by the capitalisation of $399,520,277 of current year profits. The shares were then converted to stock units ranking parri passu with existing stock units.

(b) Share options -

The Share Option Trust has purchased shares from which future share options are exercisable. At the year end, there were outstanding share options exercisable as follows:

(i) Exercisable by 2 Executive Directors, 1 of whom is to acquire 50,000 shares and the other 66,667 shares. These options are exercisable on or after 17 January 2005 at a price of $2.83 per share.

(ii) Exercisable by an Executive Director to acquire 50,000 shares. This option is exercisable on or after 17 January 2005 at a price of $5.55 per share.

(iii) Exercisable by 2 Executive Directors to acquire 50,000 shares each. These options are exercisable on or after 31 October 2007 at a price of $3.38 per share.

(iv) Exercisable by an Executive Director to acquire 60,000 shares. These options are exercisable on or after 10 December 2008 at a price of $2.61 per share.

(v) Exercisable by 5 Senior Managers to acquire 10,000 shares each. These options are exercisable on or after 17 January 2005 at a price of $2.83 per share.

(vi) Exercisable by a Senior Manager to acquire 10,000 shares. This option is exercisable on or after 17 January 2005 at a price of $5.55 per share.

(vii) Exercisable by a Senior Manager to acquire 15,000 shares. This option is exercisable on or after 31 October 2007 at a price of $3.38 per share.

The option agreement provides for a proportionate increase in the number of shares available under the option, in respect of bonus shares issued by way of capitalisation of profits or reserves.

(c) At 31 March 2004, the Share Option Trust held 18,152,000 (2003 - 12,101,000) units of the company's stock.

20 Capital Reserve

	2004 $'000	2003 $'000
Realised capital gains	-	10,905
Unrealised surplus on revaluation of fixed assets, net of applicable deferred taxes	390,565	390,565
	390,565	401,470

21 Deferred Income Taxes

Deferred income taxes are calculated in full on temporary differences under the liability method using a principal rate of 33 1/3%. The movement on the deferred income tax account is as follows:

	2004 $'000	**2003 $'000**
At 1 April	616,959	471,083
Credited to equity - revaluation of buildings	-	(10,028)
Charged to the profit and loss account (Note 6)	90,370	155,904
At 31 March	707,329	616,959

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities.

The movement in deferred tax assets and liabilities, prior to offsetting of balances, is as follows:

	2004 $'000	2003 $'000
Deferred income tax assets		
Excess of depreciation over capital allowances	43,402	40,249
Other	9,802	7,711
	53,204	47,960

	2004 $'000	2003 $'000
Deferred income tax liabilities		
Hire purchase profits deferred for taxation purposes	478,462	389,760
Retirement benefits	78,892	72,327
Revaluation of buildings	195,283	195,283
Other	7,896	7,549
	760,533	664,919

These balances include the following:

	2004 $'000	2003 $'000
Deferred tax assets to be settled after more than 12 months	43,402	40,249
Deferred tax liabilities to be recovered after more than 12 months	274,175	267,610

The deferred tax charged to the profit and loss account comprises the following temporary differences:

	2004 $'000	2003 $'000
Hire purchase profits deferred for taxation purposes	88,702	154,543
Retirement benefits	6,565	8,599
Excess of depreciation over capital allowances	(3,153)	(9,519)
Other	(1,744)	2,281
	90,370	155,904

22 Related Party Transactions

During the year, the company entered into transactions with related companies as follows:

	2004 $'000	2003 $'000
Computer charges	61,299	24,858
Interest income	20,932	899
Interest expense	1,421	613
Management fees	-	7,693
Other charges	20,039	12,442
Purchases and expenses	2,421,960	1,307,184

Related companies include the parent company and fellow subsidiaries.

23 Commitments

Commitments under operating leases are scheduled for payment as follows:

	2004 $'000	2003 $'000
In the year ending 31 March 2004	-	14,256
2005	19,775	13,696
2006	19,542	11,351
2007	7,762	5,287
2008	4,621	1,320
2009	3,197	-
	54,897	45,910

24 Financial Risk Management

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

(a) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. The main currencies giving rise to this risk are the United States dollar, British pound and Eastern Caribbean dollar.

	2004			2003		
	US$'000	£'000	EC$'000	US$'000	£'000	EC$'000
Assets						
Cash and bank	152	-	-	215	-	-
Securities purchased under resale agreements	713	-	-	-	-	-
Parent company	-	110	-		-	-
Due from affiliates	-	-	149	-	-	112
	865	110	149	215	-	112
Liabilities						
Payables	-	-	-	(55)	-	-
Short term loans and overdrafts	5,449			-	-	-
Parent company	-	-	-	-	(147)	-
Due to affiliates	661	-	-	(1,116)	-	-
	6,110	-	-	(1,171)	(147)	-
Net Assets/(Liabilities)	(5,245)	110	149	(956)	(147)	112

(b) 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 table below summarises the company's exposure to interest rate risks. Included in the table are the company's assets and liabilities at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

Floating rate	Fixed rate	Non rate sensitive	Total	Weighted average period for which rate is fixed	Weighted average interest rate	Weighted average period until maturity
$'000	$'000	$'000	$'000	years	%	years

Assets							
Long term hire-purchase receivables	-	2,226,803	-	2,226,803	1.70	19	1.70
Receivables	-	1,934,452	68,844	2,012,034	1	19	1
Investment securities	-	25,000	-	(25,000)	1	18	0.25
Securities purchased under resale agreements	-	427,929	-	427,929	0.01	26	0.08
Parent company	-	12,030		12,030	1	-	0.08
Due to affiliates	-	-	46,774	46,774	-	-	0.08
Cash and bank	-	-	45,623	45,623	-	-	-
	-	4,626,214	161,241	4,787,455			
Liabilities							
Payables	-	-	336,113	336,113	-	-	0.08
Due to affiliates	-	-	49,418	49,418	-	-	0.08
Bank and short term loans	780,405	250,842	-	1,031,247	0.08	17.30	0.08
	780,405	250,842	385,531	1,416,778			
Net Assets/(Liabilities)	(780,405)	4,375,372	(224,290)	3,370,677			

(c) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The company has no significant concentration of credit risk attaching to hire purchase receivables as the company has a large and diverse customer base, with no significant balances arising from any single economic or business sector, or any single entity or group of entities. The company has policies in place to ensure that sales are made to customers with an appropriate credit history. Hire purchase receivables balance are shown net of provision for impairment for doubtful debts.

Cash and short-term investments are held with substantial financial institutions. A significant level of investments is held in various forms of government instruments.

(d) Liquidity risk

Liquidity risk, also referred to as funding risk, is the risk that the company 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 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. Due to the dynamic nature of the underlying businesses, the management of the company aims at maintaining flexibility in funding by keeping committed lines of credit available.

(e) Cash flow risk

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

25 Fair Values of Financial Instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Market price is used to determine fair value where an active market exists as it is the best evidence of the fair value of a financial instrument. However, market prices are not available for a significant number of the financial assets and liabilities held and issued by the company. Therefore, for financial instruments where no market price is available, the fair values presented have been estimated using present value or other estimation and valuation techniques based on market conditions existing at balance sheet dates. The values derived from applying these techniques are significantly affected by the underlying assumptions used concerning both the amounts and timing of future cash flows and the discount rates. The following methods and assumptions have been used:

(a) the fair value of liquid assets and other assets maturing within one year is assumed to approximate their carrying amount. This assumption is applied to liquid assets and the short-term elements of all other financial assets and financial liabilities;

(b) the fair value of variable rate financial instruments is assumed to approximate their carrying amounts; and

(c) the fair value of long term hire purchase receivables are determined by discounting the expected cash inflows using the market rate of interest for similar instruments.

The following table summarises the carrying amount and fair value of financial asset not presented on the company's balance sheet at its fair value:

	Carrying Value 2004 $'000	Fair Value 2004 $'000	Carrying Value 2003 $'000	Fair Value 2003 $'000
Long term hire purchase receivables - gross	5,325,329	4,050,120	4,160,567	3,161,054

26 Contingent Liabilities

(a) The company has received from the Commissioner of Inland Revenue notices of reassessment in respect of its corporate tax liabilities for the years ended 31 March 1992 - 1994 and 1996 - 1997 which, if successful, would result in demands for increased taxation for those periods totalling $53,701,000. The reassessment, against which the company has already lodged a formal objection, results from the bringing into account for tax purposes, profits deferred by the company in its accounts.

At the date of these financial statements, these matters remain under discussion, however it is the opinion of the Board of Directors, that they will be favourably resolved.

(b) The company serves jointly, along with other subsidiaries of Courts PLC, as guarantor for revolving credit facilities extended to the group through the parent company by a consortium of financial institutions. The company's obligation under this guarantee is limited to the aggregate from time to time of:

(i) the outstanding amount of all letters of credit issued in relation to obligations of the company; and

(ii) the aggregate amount directly or indirectly attributed to the company out of the proceeds of the facility by way of intercompany loan or otherwise.

27 Subsequent Events

The company had been assessed by the Customs Department for increased duties and General Consumption Tax of approximately $61 million in respect of merchandise imported during the period January 1997 to August 2000. The additional charge was based on the Customs

Department's contention that amounts paid to Courts Worldwide Purchasing should have been included in the valuation of the imported merchandise.

The Board of Directors had been appealing the matter, on the grounds that these payments were part of a cost-recovery charge by Courts Worldwide Purchasing. Subsequent to the year end, the company was unsuccessful in its appeal and a provision for the entire amount has been made in these financial statements (Note 17).

28 Financial Effects of Adopting International Financial Reporting Standards

The company adopted International Financial Reporting Standards (IFRSs) effective 1 April 2003. Prior to that date, the financial statements of the company were prepared in accordance with Jamaican generally accepted accounting principles (JGAAP). The results and financial position for the year ended 31 March 2003 have been restated to reflect the changes. The financial effects of conversion from JGAAP to IFRSs are set out as follows:

(a) Reconciliation of stockholders' equity at 1 April 2002:

	Previous JGAAP $'000	**Effect of Transition to IFRSs $'000**	**IFRSs $'000**
Non-Current Assets			
Fixed assets	1,050,284	-	1,050,284
Goodwill	12,000	-	12,000
Retirement benefit asset (i)	-	191,183	191,183
Long term hire purchase receivables (ii)	522,376	705,650	1,228,026
Net current assets (ii), (iii), (iv)	1,650,635	20,602	1,671,237
	3,235,295	917,435	4,152,730
Stockholders' Equity			
Share capital	599,281	-	599,281
Capital reserve (v)	617,903	(205,311)	412,592
Dividends proposed (iv)	-	28,415	28,415
Retained earnings (i), (ii), (iii), (v)	2,018,111	623,248	2,641,359
	3,235,295	446,352	3,681,647
Non-Current Liabilities			
Deferred tax liabilities (v)	-	471,083	471,083
	3,235,295	917,435	4,152,730

(b) Reconciliation of stockholders' equity at 31 March 2003:

	Previous JGAAP $'000	Effect of Transition to IFRSs $'000	IFRSs $'000
Non-Current Assets			
Fixed assets	1,163,513	-	1,163,513
Goodwill	11,250	-	11,250
Retirement benefit asset (i)	-	216,980	216,980
Long term hire purchase receivables (ii)	1,100,981	1,169,280	2,270,261
Net current assets (ii), (iii), (iv)	876,124	(569)	875,555
	3,151,868	1,385,691	4,537,559
Stockholders' Equity			
Share capital	799,041	-	799,041
Capital reserve (v)	596,753	(195,283)	401,470
Dividends proposed (iv)	-	10,068	10,068
Retained earnings (i), (ii), (iii), (iv)	1,756,074	953,947	2,710,021
	3,151,868	768,732	3,920,600
Non-Current Liabilities			
Deferred tax liabilities (v)	-	616,959	616,959
	3,151,868	1,385,691	4,537,559

(c) Reconciliation of net profit for year ended 31 March 2003:

	Previous JGAAP $'000	Effect of Transition to IFRSs $'000	IFRSs $'000
Turnover (ii)	5,545,689	(110,833)	5,434,856
Cost of sales	(3,409,757)	-	(3,409,757)
Gross Profit	2,135,932	(110,833)	2,025,099
Other operating income	51,631	-	51,631
Administration expenses (i), (iii)	(294,311)	22,974	(271,337)
Distribution costs	(219,228)	-	(219,228)
Operating Profit	1,674,024	(87,859)	1,586,165
Finance income, net	71,062	-	71,062

Profit before deferred profit transfer	1,745,086	(87,859)	1,657,227
Deferred profit transfer (ii)	(574,462)	574,462	-
Profit before Taxation	1,170,624	486,603	1,657,227
Taxation (ii), (v)	(343,888)	(155,904)	(499,792)
NET PROFIT	826,736	330,699	1,157,435
	=========	========	=========

Brief description of each item of difference:

(i) Provision for pension obligations, which was not required under previous JGAAP, is now made in full (Note 11). The provision for pension obligations is determined by independent actuaries using the Projected Unit Credit Method.

(ii) Profits previously deferred on hire purchase contracts have been included in accordance with IAS 17- Leases, which provides for the recognition of such contracts and IAS 18 - Revenue, which requires the gross inflows of economic benefits received and receivable by the enterprise on its own account to be included in turnover.

(iii) Under IFRSs, companies are required to recognise outstanding vacation due to employees. As a result, $10,637,000 (2002 - $7,813,000) was accrued and included in payables.

(iv) IAS 10 determines when an enterprise should adjust its financial statements for events after the balance sheet date. Where dividends to holders of equity shares are proposed or declared after the balance sheet date, an enterprise should not recognise those dividends as a liability at the balance sheet date. Accordingly, dividends payable amounting to $10,068,000 (2002 - $28,415,000) have been reclassified and shown as proposed dividends as a separate component of stockholders' equity.

(v) Provision for deferred tax is made in full using the liability method (Note 20). No provision for deferred tax was made under previous JGAAP.