# MONTEGO FREEPORT LTD. and Its Subsidiaries

## NOTES TO THE FINANCIAL STATEMENTS

## YEAR ENDED 31 MARCH 2004

### 1. Identification

Montego Freeport Limited (the company) is a company limited by shares. The Government of Jamaica, through the Urban Development Corporation, owns approximately 82% of the issued share capital of the company, which is listed on the Jamaica Stock Exchange, and has its registered office at Montego Freeport Shopping Centre, Montego Bay.

The company and its subsidiaries (the Group) are incorporated and domiciled in Jamaica. The principal activity of the Group is property rental.

All amounts in these financial statements are stated in Jamaican dollars

### 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 as modified by the revaluation of investment properties.

Jamaica adopted International Financial Reporting Standards (IFRS) as its national accounting standards, effective 1 July 2002. The financial statements for the year ended 31 March 2004 have therefore been prepared in accordance with and comply with IFRS and comparative information has been restated to conform with the provisions of IFRS. The Group has opted for early adoption of IFRS 1, First-Time Adoption of International Financial

Reporting Standards, and has applied the provisions of that standard in the preparation of these financial statements. The effects of adopting IFRS on the equity and net profit as previously reported are detailed in Note 22.

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

**(b) Basis of consolidation**

Subsidiaries, which are those entities in which the Group has an interest of more than one half of the voting rights or otherwise has power to govern the financial and operating policies, are consolidated.

Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases. The purchase method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition plus costs directly attributable to the acquisition. The excess of the cost of acquisition over the fair value of the net assets of the subsidiary acquired is recorded as goodwill.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated; unrealised losses are also eliminated unless cost cannot be recovered.

The subsidiaries consolidated and percentage ownership are as follows:

| | |
|---|---|
| Trading: | |
| Montego Shopping Centre Limited | 100% |
| Seawind Limited | 100% |
| Seawind Beach Hotel Limited | 100% |
| | |
| Non-Trading: | |
| Montego Wharves Limited | 100% |

| | |
|---|---|
| Montego Shipping Services Limited | 100% |
| Montego Stevedoring Limited | 100% |

**(c) Foreign currency translation**

Foreign currency transactions are translated into Jamaican dollars using the exchange rates prevailing at the dates of the transactions. At balance sheet date, assets and liabilities denominated in foreign currencies are translated using the closing exchange rate. Gains or losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are included in the profit and loss account.

**(d) Revenue Recognition**

Revenue is recognised on an accrual basis net of general consumption tax and after eliminating sales within the Group.

**(e) Property, plant and equipment**

Land and buildings are recorded at valuation or deemed cost, less accumulated depreciation for buildings. Under IFRS 1, a first time adopter may elect to use a previous GAAP revaluation of an item of property, plant and equipment at or before the date of transition to IFRS as deemed cost at the date of the revaluation. The Group has elected to apply this provision. All other property, plant and equipment are stated at historical cost less accumulated depreciation.

Depreciation is calculated on the straight line basis at such rates as will write off the carrying value of the assets over the period of their expected useful lives. The rates used are:

| | |
|---|---|
| Buildings | 2 1/2 % |
| Furniture, fixtures and equipment | 10 % |
| Motor vehicles | 20 % |
| Jetty | 2 1/2 % |

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 recoverabe amount.

Gains and losses on disposals are determined by comparing proceeds with cost and are included in operating profit.

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

**(f) Impairment of non-current assets**

Property, plant and equipment and other non-current 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 value of the asset exceeds its recoverable amount which is the higher of an asset's net selling price and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows.

**(g) Investments**

Investments are comprised mainly of short term deposits and are stated at cost.

**(h) Investment properties**

Investment properties, which are not occupied by the Group, are treated as a long-term investment and carried at fair value, representing open market value determined annually by external valuers in the case of land and by the directors in the case of buildings. Changes in fair values are recorded in the profit and loss account.

**(i) Investments in subsidiaries**

Investments in subsidiaries are stated at cost.

**(j) Trade receivables**

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

**(k) Cash and cash equivalents**

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

**(l) Payables**

Payables are recorded at cost.

**(m) Deferred taxation**

Deferred income tax is provided in full, using the liability method, on temporary differences arising between tax bases of assets and liabilities and their carrying 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 profits will be available against which the temporary differences can be utilised.

Deferred tax is charged or credited in the profit and loss account, except where it relates to items charged or credited to equity, in which case, deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when they arise within the same company and are payable to the same taxation authority, and the Group intends to settle on a net basis.

**(n) Provisions**

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

**(o) Comparative information**

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

## 3. Operating Profit

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

| | **2004 $'000** | **2003 $'000** |
|---|---|---|
| Depreciation | 651 | 612 |
| Auditors' remuneration - | | |
| Current year | 1,046 | 990 |
| Prior year | (33) | (153) |
| Directors' emoluments - | | |
| Fees | 525 | 457 |
| Management remuneration | 800 | 800 |
| Staff costs (Note 4) | 10,670 | 9,699 |

## 4. Staff Costs

| | **2004 $'000** | **2003 $'000** |
|---|---|---|
| Salaries and wages | 8,701 | 8,783 |
| Statutory contributions | 689 | 656 |
| Other | 1,280 | 260 |
| | 10,670 | 9,699 |

The number of persons employed full-time by the Group at year end was 19 (2003 - 19).

## 5. Finance Income

| | 2004 $'000 | 2003 $'000 |
|---|---|---|
| Interest income | 48,006 | 31,388 |
| Net foreign exchange gains | 20,163 | 13,571 |
| | 68,169 | 44,959 |

## 6. Taxation

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

| | 2004 $'000 | 2003 $'000 |
|---|---|---|
| Current taxation | 15,973 | 9,344 |
| Deferred taxation (Note 12) | (20,070) | 800 |
| | (4,097) | 10,144 |

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

| | 2004 $'000 | 2003 $'000 |
|---|---|---|
| Profit before tax | 166,070 | 145,117 |
| Tax calculated at 33 1/3% | 55,357 | 48,372 |
| Adjusted for the effects of: | | |
| Income not subject to tax | (40,686) | (37,496) |
| Expenses not deductible for tax purposes | 837 | 216 |
| Utilisation of previously unrecognised tax losses | (52) | (1,362) |

| | | |
|---|---|---|
| Net effect of other charges and allowances | (19,553) | 414 |
| Tax (credit)/charge | (4,097) | 10,144 |

Subject to agreement with the Taxpayer Audit and Assessment Department, certain subsidiaries have tax losses amounting to approximately $941,000 (2003 - $1,097,000) available for offset against future taxable profits, which may be carried forward indefinitely.

7. Profit Attributable to Stockholders

| | **2004** | **2003** |
|---|---|---|
| | **$'000** | **$'000** |
| (a) Net profit is dealt with as follows in the financial statements of: | | |
| The company | 121,359 | 77,946 |
| Subsidiaries | 48,808 | 57,027 |
| | 170,167 | 134,973 |

| | **2004** | **2003** |
|---|---|---|
| | **$'000** | **$'000** |
| (b) Retained earnings/(accumulated losses) are dealt with as follows in the financial statements of: | | |
| The company | 5,775 | (42,197) |
| Subsidiaries | 51,529 | 25,859 |
| | 57,304 | (16,338) |

**8. Earnings per Stock Unit**

The calculation of the earnings per stock unit is based on the profit after taxation and the number of stock units in issue during the year.

| | **2004** | **2003** |
|---|---|---|
| Net profit attributable to stockholders ($'000) | 170,167 | 134,973 |
| Weighted average number of stock units in issue | 563,066 | 563,066 |
| Earnings per stock unit ($) | 0.30 | 0.24 |

**9. Gain on Sale of Investment Properties**

This represents the gain on sale of a hotel property in a subsidiary company as well as other investment properties held by the Group.

**10. Investment Properties**

| | **The Group** | | **The Company** | |
|---|---|---|---|---|
| | **2004** | **2003** | **2004** | **2003** |
| | **$'000** | **$'000** | **$'000** | **$'000** |
| At beginning of year | 1,853,064 | 1,759,641 | 1,530,457 | 1,481,228 |
| Disposed during the year | (406,718) | (4,651) | (98,957) | - |
| Fair value gains | 68,627 | 98,074 | 67,350 | 49,229 |
| At end of year | 1,514,973 | 1,853,064 | 1,498,850 | 1,530,457 |

Rental income and repairs and maintenance expenditure in relation to investment properties, for the Group, amounted to $5,184,092 (2003 - $17,232,464) and $971,910 (2003 - $1,662,559) respectively.

Land included in investment properties was valued at current market value as at 31 March 2004 by Chang, Rattray & Company, qualified chartered surveyors and valuers, while buildings were valued as at 31 March 2004 on the basis of current market values by the directors (Note 2h).

## 11. Property, Plant and Equipment

**The Group**

| | Freehold Land $'000 | Buildings $'000 | Furniture, Fixtures and Equipment $'000 | Motor Vehicles $'000 | Jetty $'000 | Total $'000 |
|---|---|---|---|---|---|---|
| Cost - | | | | | | |
| 1 April 2003 | 495 | 5,278 | 17,445 | 1,178 | 1,005 | 25,401 |
| Additions | - | 211 | 569 | - | - | 780 |
| Disposals | (176) | (1,709) | (289) | - | - | (2,174) |
| 31 March 2004 | 319 | 3,780 | 17,725 | 1,178 | 1,005 | 24,007 |
| Depreciation - | | | | | | |
| 1 April 2003 | - | 1,747 | 15,965 | 466 | 125 | 18,303 |
| Charge for the year | - | 128 | 299 | 199 | 25 | 651 |
| Disposals | - | (545) | (289) | - | - | (834) |
| 31 March 2004 | - | 1,330 | 15,975 | 665 | 150 | 18,120 |
| Net Book Value - | | | | | | |
| 31 March 2004 | 319 | 2,450 | 1,750 | 513 | 856 | 5,887 |
| 31 March 2003 | 495 | 3,531 | 1,480 | 712 | 880 | 7,098 |

Included in the table above are amounts totalling $3,888,000 representing previous Jamaican GAAP revalued amounts of land and buildings which have been used as the deemed cost of the assets under the provision of IFRS 1 (Note 2e).

**The Company**

| | Furniture, Fixtures a Equipment $'000 | Motor Vehicles $'000 | Jetty $'000 | Total $'000 |
|---|---|---|---|---|
| Cost - | | | | |
| 1 April 2003 | 16,571 | 1,178 | 1,005 | 18,754 |
| Additions | 510 | - | - | 510 |
| 31 March 2004 | 17,081 | 1178 | 1,005 | 19,264 |
| Depreciation - | | | | |
| 1 April 2003 | 15,449 | 466 | 125 | 16,040 |
| Charge for th | 247 | 199 | 25 | 471 |
| 31 March 2004 | 15,696 | 665 | 150 | 16,511 |
| Net Book Value - | | | | |
| 31 March 2004 | 1,385 | 513 | 855 | 2,753 |
| 31 March 2003 | 1,122 | 712 | 880 | 2,714 |

**12. Deferred Taxation**

Deferred income taxes are calculated in full on temporary differences under the liability method using a principal tax rate of 33 1/3%. Liabilities recognised on the balance sheet are as follows:

The make-up of the deferred income tax account is as follows:

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2004 $'000 | 2003 $'000 | 2004 $'000 | 2003 $'000 |
| Deferred income tax assets | (350) | (402) | - | - |
| Deferred income tax liabilities | 10,298 | 30,420 | 8,635 | 6,122 |
| | 9,948 | 30,018 | 8,635 | 6,122 |

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

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2004** | **2003** | **2004** | **2003** |
| | **$'000** | **$'000** | **$'000** | **$'000** |
| Net liability at beginning of year | 30,018 | 29,218 | 6,122 | 6,727 |
| (Credited)/charged to profit and loss account (Note 6) | (20,070) | 800 | 2,513 | (605) |
| Net liability at end of year | 9,948 | 30,018 | 8,635 | 6,122 |

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

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2004** | **2003** | **2004** | **2003** |
| | **$'000** | **$'000** | **$'000** | **$'000** |
| Deferred income tax assets: | | | | |
| Tax losses | 314 | 366 | - | - |
| Property, plant and equipment | 36 | 36 | - | - |
| | 350 | 402 | - | - |

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2004** | **2003** | **2004** | **2003** |
| | **$'000** | **$'000** | **$'000** | **$'000** |
| Deferred income tax liabilities: | | | | |
| Unrealised foreign exchange gains | 6,721 | 4,624 | 6,721 | 4,524 |
| Interest receivable | 1,731 | 1,308 | 1,628 | 1,301 |
| Investment properties | 1,018 | 23,418 | - | - |
| Property, plant and equipment | 828 | 1,170 | 286 | 297 |
| | 10,298 | 30,420 | 8,635 | 6,122 |

Deferred tax assets are recognised for tax losses carried forward to the extent that realisation of related tax benefits through future taxable profits is probable.

The deferred tax (credited) /charged in the Group's profit and loss account comprises the following temporary differences:

| | 2004 $'000 | 2003 $'000 |
|---|---|---|
| Tax losses carried forward | 52 | 1,362 |
| Property, plant and equipment | (342) | (50) |
| Investment properties | (22,400) | 78 |
| Unrealised exchange gains | 2,197 | (1,173) |
| Other items | 423 | 583 |
| | (20,070) | 800 |

Deferred income tax liabilities have not been provided for on the withholding and other taxes that would be payable on the undistributed earnings of certain subsidiaries to the extent such earnings are permanently reinvested. Such undistributed earnings totalled $51,279,000 (2003 - $25,859,000).

**13. Receivables**

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2004 $'000 | 2003 $'000 | 2004 $'000 | 2003 $'000 |
| Trade receivables | 103 | 15,715 | 53 | 10,220 |
| Less: Provision for doubtfull debts | - | (15,115) | - | (10,102) |
| | 103 | 600 | 53 | 118 |
| Deposits | 4,230 | 3,197 | 3,783 | 3,147 |
| Interest receivable | 5,192 | 3,925 | 4,885 | 3,904 |
| Other | 761 | 1,178 | 252 | 174 |
| | 10,286 | 8,900 | 8,973 | 7,343 |

## 14. Cash and Short Term Investments

| | The Group 2004 $'000 | The Group 2003 $'000 | The Company 2004 $'000 | The Company 2003 $'000 |
|---|---|---|---|---|
| Cash at bank and in hand | 3,912 | 14,940 | 2,313 | 7,321 |
| Short term deposits | 668,513 | 232,017 | 661,571 | 245,017 |
| Cash and cash equivalents | 672,425 | 246,957 | 663,884 | 252,338 |
| Short term investments | 57,890 | 62,965 | 55,890 | 47,965 |
| | 730,315 | 309,922 | 719,774 | 300,303 |

The weighted average effective interest rate on cash and short term deposits was 7.73% (2003 - 13.9%) and these deposits have an average maturity of under 90 days. Short term investments which mature between 90 days to 360 days have an effective interest rate of 6.97% (2003 - 13.76%)

## 15. Payables

| | The Group 2004 $'000 | The Group 2003 $'000 | The Company 2004 $'000 | The Company 2003 $'000 |
|---|---|---|---|---|
| Trade | 812 | 2,335 | 812 | 2,235 |
| Deposits on sale of land and building | 6,123 | 76,711 | 6,123 | 75,295 |
| Accruals | 2,783 | 2,657 | 2,327 | 2,070 |
| Other | 47 | 82 | - | - |
| | 9,765 | 81,785 | 9,262 | 79,600 |

## 16. Share Capital

| | 2004 $'000 | 2003 $'000 |
|---|---|---|
| Authorised - | | |
| 564,000,000 ordinary shares of $0.50 each | 282,000 | 282,000 |

| | | |
|---|---|---|
| Issued and fully paid - | | |
| 563,065,690 stock units of $0.50 each | 281,533 | 281,533 |

**17. Capital Reserve**

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2004 | 2003 | 2004 | 2001 |
| | $'000 | $'000 | $'000 | $'000 |
| Unrealised surplus on investment properties | 1,347,272 | 1,636,320 | 1,338,170 | 13,780,044 |
| Unrealised surplus on property, plant and equipment | 7,179 | 6,686 | - | - |
| Fair value gains on investment properties | 68,627 | 98,074 | 67,350 | 49,229 |
| Realised surplus on property, plant and equipment | 5,923 | 1,100 | - | |
| Realised surplus on investment properties | 483,257 | 73,653 | 165,655 | 705,515 |
| | 1,912,258 | 1,815,733 | 1,571,175 | 1,497,788 |

**18. Subsidiaries**

Balances due to subsidiaries are interest free, have no set repayment terms and are not due for payment within the next twelve months.

**19. Financial Risk Management**

The Group's activities exposes it to a variety of financial risks, including the effects of changes in debt and equity market prices, foreign currency exchange rates and interest rates. Risk management is carried out under policies approved by the Board of Directors.

**(i) Currency risk**

The consolidated balance sheet at 31 March 2004 includes aggregate net foreign assets of approximately US$10,593,000 (2003-US$1,699,000) in respect of transactions arising in the ordinary course of business.

**(ii) Credit risk**

There are no significant concentrations of credit risk attached to receivables as these amounts are not concentrated in any given sector or institution and are shown net of provisions for doubtful debts. Cash and short term deposits are placed with substantial financial institutions.

**(iii) Interest rate risk**
The Group's revenue and operating cash flows are subject to variations in market interest rates. The Group's exposure and interest rates on its financial assets are reflected in Note 14.

**(iv) Market risk**

The Group has no significant exposure to market risk as the financial instruments subject to this risk are not material to the Group and are held on a short term basis.

**(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 positions. Due to the dynamic nature of the underlying businesses, the Group aims at maintaining flexibility in funding by keeping committed credit lines available.

**20. Fair Values of Financial Instruments**

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 amounts included in the financial statements for cash, short term investments, receivables and payables reflect their approximate fair values because of the short term maturity of these instruments.

**21. Related Party Transactions and Balances**

The company entered into transactions in the normal course of business with its subsidiaries and parent corporation as follows:

**(a) Sales/purchases -**

| | **2004** | **2003** |
|---|---|---|
| | **$'000** | **$'000** |
| Management fees from subsidiaries | - | 4,400 |
| | ===== | ======= |
| Rental paid to subsidiaries | 835 | 835 |
| | ===== | ======= |

**(b) Loans/advances from subsidiaries (net) -**

| | **2004** | **2003** |
|---|---|---|
| | **$'000** | **$'000** |
| At beginning of year | 33,445 | 26,985 |
| Additions | 333,489 | 6,460 |
| At end of year | 366,934 | 33,445 |
| | ========= | ======== |

**(c) Loans/advances from parent corporation (net) -**

| | **2004** | **2003** |
|---|---|---|
| | **$'000** | **$'000** |
| At beginning of year | - | 2,034 |
| Additions/(repayments) | 38 | (2,034) |
| At end of year | 38 | - |
| | ==== | ======= |

**22. The Financial Effects of Adopting International Financial Reporting Standards**

The financial statements are prepared using International Financial Reporting Standards (IFRS) which were adopted by the Institute of Chartered Accountants of Jamaica with effect for financial periods beginning on or after 1 July 2002. Those standards require that certain comparative amounts are restated. The financial effects of conversion from Jamaican GAAP (JGAAP) to IFRS are as follows:

**(a) Reconciliation of equity at 1 April 2002 (Date of transition to IFRS):**

| | The Group | | | The Company | | |
|---|---|---|---|---|---|---|
| | **Previous JGAAP $'000** | **Effect of transition to IFRS $'000** | **IFRS $'000** | **Previous JGAAP $'000** | **Effect of transition to IFRS $'000** | **IFRS $'000** |
| Non-Current Assets | | | | | | |
| Investment properties (i) | - | 1,759,641 | 1,759,641 | - | 1,481,228 | 1,481,228 |
| Property, plant and equipment (i) | 422,108 | (414,797) | 7,311 | 343,518 | (340,756) | 2,762 |
| Deferred expenditure (ii) | 12,060 | (12,060) | - | 12,060 | (12,060) | - |
| Investment in subsidiaries | - | - | - | 7 | - | 7 |
| Current Assets | | | | | | |
| Receivables | 12,187 | - | 12,187 | 10,132 | - | 10,132 |
| Taxation recoverable | 12,729 | - | 12,729 | 12,509 | - | 12,509 |
| Cash and short term investments | 216,716 | - | 216,716 | 213,375 | - | 213,375 |
| | 241,632 | - | 241,632 | 236,016 | - | 236,016 |
| Current Liabilities | | | | | | |
| Payables | 16,694 | - | 16,694 | 13,691 | - | 13,691 |
| Taxation payable | 1,381 | - | 1,381 | 1,381 | - | 1,381 |
| | 18,075 | - | 18,075 | 15,072 | - | 15,072 |
| Net Current Assets | 223,557 | - | 223,557 | 220,944 | - | 220,944 |
| | 657,725 | 1,332,784 | 1,990,509 | 576,529 | 1,128,412 | 1,704,941 |
| Shareholders' Equity | | | | | | |
| Share capital | 281,533 | - | 281,533 | 281,533 | - | 281,533 |
| Capital reserve | 398,448 | 1,318,624 | 1,717,072 | 308,087 | 1,140,472 | 1,448,559 |
| Accumulated losses (i), (ii) & (iii) | (37,592) | (15,058) | (52,650) | (52,126) | (18,787) | (70,913) |
| | 642,389 | 1,303,566 | 1,945,955 | 537,494 | 1,121,685 | 1,659,179 |
| Non-Current Liabilities | | | | | | |
| Subsidiaries | - | - | - | 26,985 | - | 26,985 |
| Related company | 13,482 | - | 13,482 | 10,016 | - | 10,016 |
| Parent corporation | 1,854 | - | 1,854 | 2,034 | - | 2,034 |
| Deferred tax liabilities (iii) | - | 29,218 | 29,218 | - | 6,727 | 6,727 |
| | 657,725 | 1,332,784 | 1,990,509 | 576,529 | 1,128,412 | 1,704,941 |

**(b) Reconciliation of equity at 1 April 2003:**

| | The Group | | | The Company | | |
|---|---|---|---|---|---|---|
| | Previous JGAAP | Effect of transition to IFRS | IFRS | Previous JGAAP | Effect of transition to IFRS | IFRS |
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| Non-Current Assets | | | | | | |
| Investment properties (i) | - | 1,853,064 | 1,853,064 | - | 1,530,457 | 1,530,457 |
| Property, plant and equipment (i) | 418,834 | (411,736) | 7,098 | 343,470 | (340,756) | 21,714 |
| Deferred expenditure (ii) | 12,060 | (12,060) | - | 12,060 | (12,060) | - |
| Investment in subsidiaries | - | - | - | 7 | - | 7 |
| Current Assets | | | | | | |
| Receivables | 8,900 | - | 8,900 | 7,343 | - | 7,343 |
| Taxation recoverable | 17,162 | - | 17,162 | 16,848 | - | 16,848 |
| Cash and short term investments | 309,922 | - | 309,922 | 300,303 | - | 300,303 |
| | 335,984 | - | 335,984 | 324,494 | - | 324,494 |
| Current Liabilities | | | | | | |
| Payables | 81,785 | - | 81,785 | 79,600 | - | 79,600 |
| Taxation payable | 3,415 | - | 3,415 | 1,381 | - | 1,381 |
| | 85,200 | - | 85,200 | 80,981 | - | 80,981 |
| Net Current Assets | 250,784 | - | 250,784 | 243,513 | - | 243,513 |
| | 681,678 | 1,429,268 | 2,110,946 | 599,050 | 1,177,641 | 1,776,691 |
| Shareholders' Equity | | | | | | |
| Share capital | 281,533 | - | 281,533 | 281,533 | - | 281,533 |
| Capital reserve | 401,485 | 1,414,248 | 1,815,733 | 308,087 | 1,189,701 | 1,497,788 |
| Accumulated losses (i), (ii) & (iii) | (1,340) | (14,998) | (16,338) | (240,051) | (18,182) | (42,197) |
| | 681,678 | 1,399,250 | 2,080,928 | 565,605 | 1,171,519 | 1,737,124 |

| | | | | | | |
|---|---|---|---|---|---|---|
| Non-Current Liabilities | | | | | | |
| Subsidiaries | - | - | - | 33,445 | - | 33,445 |
| Deferred tax liabilities (iii) | - | 30,018 | 30,018 | - | 6,122 | 6,122 |
| | 681,678 | 1,429,268 | 2,110,946 | 599,050 | 1,177,641 | 1,776,691 |

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

| | The Group | | | The Company | | |
|---|---|---|---|---|---|---|
| | Previous | Effect of transition to IFRS $'000 | IFRS $'000 | Previous JGAAP $'000 | Effect of transition to IFRS $'000 | IFRS $'000 |
| Turnover | 17,936 | - | 17,936 | 1,311 | - | 1,311 |
| Other operating income (iv) | 3,173 | 3,307 | 6,480 | 7,368 | 3,307 | 10,675 |
| Fair value gains on investment properties (i) | - | 98,074 | 98,074 | - | 49,229 | 49,229 |
| Gain on sale of investment properties (i) | - | 587 | 587 | - | - | |
| Gain on sale of land and buildings (i) | 4,314 | (4,057) | 257 | 257 | - | 257 |
| Administrative expenses (i) | (9,392) | 1,740 | (7,652) | (6,643) | - | (6,643) |
| Other operating expenses | (15,664) | 140 | (15,524) | (14,759) | - | (14,759) |
| Operating Profit | 367 | 99,791 | 100,158 | (12,466) | 52,536 | 40,070 |
| Finance income | 44,959 | - | 44,959 | 44,580 | - | 44,580 |
| Exceptional items (iv) | 3,307 | (3,307) | - | 3,307 | (3,307) | - |
| Profit before Taxation | 48,633 | 96,484 | 145,117 | 35,421 | 49,229 | 84,650 |
| Taxation (iii) | (9,344) | (800) | (10,144) | (7,310) | 605 | (6,705) |
| Net Profit | 39,289 | 95,684 | 134,973 | 28,111 | 49,834 | 77,945 |

Brief descriptions of items of differences are:

(i) Certain assets which are held for appreciation or to earn rentals, which were previously included in property, plant and equipment have been reclassified to investment properties. These investment properties are being measured using the fair value model with all gains being credited to the profit and loss account as required by IFRS.

(ii) This represents the write off of development expenditure under previous Jamaican GAAP that does not meet the criteria for capitalisation under IFRS.

(iii) No provision for deferred tax was recognised under previous Jamaican GAAP. Under IFRS full provision is made for deferred tax on all temporary differences using the liability method.

(iv) Exceptional items were separately disclosed in the profit and loss account as non-operating items under previous Jamaican GAAP. Under IFRS, exceptional items are included in operations.