Lascelles, deMercado & Co. Limited

Notes to the Group Financial Statements

September 30, 2004

1. The company

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

The principal activities of the company are the provision of management services to its subsidiaries (as listed in note 24) and the holding of investments. The registered office of the company is situated at 23 Dominica Drive, Kingston 5, Jamaica, W.I.

At September 30, 2004, the company and its subsidiaries employed 2,029 (2003: 2,038) persons.

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

(a) Statement of compliance:

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and their interpretations adopted by the International Accounting Standards Board (IASB), and comply with the provisions of the Companies Act.

(b) Basis of preparation:

The financial statements are presented in Jamaica dollars ($), which is the currency in which the company conducts the majority of its operations.

The financial statements are prepared under the historical cost convention, modified for the inclusion of:

- available-for-sale investments at fair value; and
- certain classes of property, plant and equipment at deemed cost on the IFRS transition date of October 1, 2001.

Where necessary, prior year comparatives have been reclassified to conform to current year presentation.

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

(c) Basis of consolidation:

A "subsidiary" is an enterprise controlled by the company. Control exists when the company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The consolidated financial statements comprise the financial results of the company and its subsidiaries prepared to September 30, 2004. The principal operating subsidiary companies are listed in note 24. The company and its subsidiaries are collectively referred to as "the group". Non-redeemable preference shares held by third parties in the company's subsidiaries are reported in the financial statements as debt.

An associated company is an enterprise in which the group has significant influence, but not control, over its financial and operating policies. Interest in an associated company is accounted for on the equity basis, based on the results disclosed in its latest available audited financial statements adjusted for significant events, if any, occurring between the last audited balance sheet date and September 30, 2004. When the group's share of losses exceeds its carrying value in respect of the associated company, the carrying amount is reduced to nil, and recognition of further losses is discontinued except to the extent that the group has incurred obligations in respect of the associated company.

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

The excess of net assets over cost of subsidiaries acquired is recognised as goodwill [see note n(i)].

(d) Cash and cash equivalents:

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

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

(e) Accounts receivable:

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

(f) Inventories:

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

The bases are as follows:

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

(g) Biological assets:

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

(h) Accounts payable:

Trade and other payables, are stated at cost.

(i) Provisions:

A provision is recognised in the balance sheet when the company and its subsidiaries have a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the obligation.

(j) Insurance funds:

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

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

(k) Related parties:

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

(l) Employee benefits:

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

(i) Pension assets:

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

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

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

(ii) Other post-retirement benefits:

The group provides post-retirement health care benefits, which are not entitlements, to certain of its retirees. These benefits are usually conditional upon the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment, using a methodology similar to that for defined benefit pension plans and the present value of future benefits at the balance sheet date is shown as an obligation on the balance sheet.

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

(iii) Other employee benefits:

Employee entitlements to leave are recognised when they accrue to employees. A provision is made for the estimated liability for vacation leave, as a result of services rendered by employees up to the balance sheet date.

(m) Investments:

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

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

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

Held-to-maturity investments are stated at amortised cost. Other investments are recognised or derecognised on the day they are transferred to/by the company and its subsidiaries.

(n) Intangible assets:

(i) Goodwill:

Goodwill arising on an acquisition represents the excess of the cost of the acquisition over the fair value of the net identifiable tangible assets acquired. Goodwill is stated at cost less accumulated amortisation and impairment losses. Goodwill initially recognised is subject to adjustment within one year after the date of acquisition, as estimated fair value booked at that date, may materially vary from realisation experience.

(ii) Trademarks:

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

(iii) Amortisation:

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

(o) Taxation:

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

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

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

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

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

(p) Property, plant & equipment:

(i) Owned assets:

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

(ii) Leased assets:

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

(iii) Depreciation:

Depreciation is computed on the straight-line basis at annual rates estimated to write off the property, plant & equipment over their expected useful lives.

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

Depreciation rates are as follows:

Freehold buildings	-	2.50%
Machinery, equipment and vehicles	-	5-33 1/3%
Computers and related software	-	100% except for major computerisation projects depreciated at 33 1/3%.

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

(q) Share capital:

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

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

(r) Long-term liabilities:

(i) Interest-bearing borrowings:

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

(ii) Finance leases:

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

(s) Foreign currencies:

(i) Foreign currency transactions:

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

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

(ii) Financial statements of foreign subsidiaries:

The reporting currencies of the foreign subsidiaries (see note 24) are also the currencies in which their economic decisions are formulated, For the purpose of the financial statements, revenues, expenses, gains and losses have been translated at the average exchange rates prevailing during the year under review; assets and liabilities have been translated at exchange rates ruling at the balance sheet date and net stockholders' equity has been translated at historical exchange rates.

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

(t) Revenue recognition:

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

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

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 the provisions of the Insurance Act.

Interest and other investment income are recognized by the "General Insurance" segment on the accrual basis, except when collectibility is considered doubtful.

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

(u) Expenses:

(i) Net finance costs:

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

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

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

(ii) Operating lease payments:

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

(v) Impairment:

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

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

The recoverable amount of other assets is the greater of their net selling price and value in use. In assessing value in use, the estimated ftiture, cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

(ii) Reversals of impairment:

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

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(w) Determination of profit and loss:

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

(x) Segment reporting:

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

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

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

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

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

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

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

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

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

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

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

(y) Financial instruments:

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

(z) Determination of fair value:

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

3. Cash and cash equivalents

These include bank deposits of the group in the amount of $Nil (2003: US$10,000,000 and J$98,943,000) held to secure certain group indebtedness as described in notes 7 and 16.

4. Accounts receivable

	The Company		The Group	
	2004	2003	2004	2003
	$'000s	$'000s	$'000s	$'000s
Trade accounts receivable	473	473	2,138,520	1,733,480
Investment income receivable	-	74,263	92,346	172,874
Prepayments	-	158	87,218	62,727
Other receivables and advances	109	152	218,313	347,925
	582	75,046	2,536,397	2,317,006
Less: Allowances for doubtful debts	(473)	(473)	(99,475)	(54,100)
	109	74,573	2,436,922	2,262,906

5. Inventories

	The Group	
	2004	2003
	$'000s	$'000s
In-bond rum and other liquors	2,245,078	1,693,927
Duty-paid liquors and other finished goods held for sale	662,512	714,821
Raw and packaging materials	514,573	507,779
Molasses	119,843	83,526
Estate supplies	137,190	89,775
Motor vehicle units and spare parts	344,777	334,535
	4,023,973	3,424,363

6. Biological assets

	The Group	
	2004	2003
	$'000s	$'000s
Immature sugarcane, at cost	195,080	171,941
Less: Impairment losses recognised	(47,590)	(18,232)
	147,490	153,709

7. Bank loans and overdrafts

	The Group	
	2004	2003
	$'000s	$'000s
Bank loans:		
Fully secured	98,751	561,155
Partly secured	150,000	150,000
	248,751	711,155
Bank overdraft - partly secured	121,357	341,316
	370,108	1,052,471

Security, for specified short-term bank indebtedness of the group, has been furnished in the form of negative pledges given by the company, and bank deposits aggregating $Nil (2003: US$ 10,000,000 and J$98,943,000) and investments with fair value of $Nil (2003: $109,902,000) [see also notes 3 and 12].

Bank loans and overdrafts include net foreign currency indebtedness aggregating approximately US$566,500 (2003: US$1,940,000).

8. Other unsecured loans

These include loans from related parties aggregating $126,499,000 (2003: $123,717,355) for the group, contracted strictly at arm's length in the ordinary course of business.

9. Accounts payable and provisions

	The Company		The Group	
	2004	2003	2004	2003
	$'000s	$'000s	$'000s	$'000s
Trade accounts payable	149	151	1,341,287	1,435,000
Customer deposits	-	-	23,542	32,618
Other payables and provisions	826	3,944	650,915	408,111
	975	4095	2,015,744	1,875,729

10. Insurance funds

	The Group	
	2004	2003
	$'000s	$'000s
(a) Reinsurance recoverable:		
Claims recoverable from reinsurers	249,968	285,439
Unearned reinsurance premiums (ii)	512,651	217,422
	762,619	502,861

	The Group	
	2004	2003
	$'000s	$'000s
(b) Insurance liabilities:		
Outstanding claims (i)	1,462,007	592,422
Unearned premiums (ii)	709,319	857,718
	2,171,326	1,450,140

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

(ii) These are accounted for in periods for which risks have been underwritten.

11. Employee benefits

(a) Pension assets:

	The Company		The Group	
	2004	2003	2004	2003
	$'000s	$'000s	$'000s	$'000s
Present value of funded obligations	(1,773,000)	(1,307,900)	(1,934,800)	(1,441,500)
Fair value of plan assets	4,977,900	3,414,000	5,295,900	3,628,200
Unrecognised actuarial gains	(1,623,800)	(186,900)	(1,684,900)	(184,000)
Unrecognised amount due to limitation	(423,500)	(1,166,800)	(445,000)	(1,206,000)
Unrecognised past service costs	4,700	5,000	4,700	5,000
Recognised asset	1,162,300	757,400	1,235,900	801,700

(i) Plan assets include ordinary shares issued by the company with a fair value of $355,044,000 (2003: $132,855,000). Plan assets also include investments in assets leased under operating lease arrangements with a fair value of $245,377,000 (2003: operating and finance lease arrangements with fair value of $261,706,000) and term loans advanced to the group in the aggregate amount of $39,803,000 (2003: $52,396,000).

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

	The Company		The Group	
	2004	2003	2004	2003
	$'000s	$'000s	$'000s	$'000s
Balance at beginning of year	757,400	711,700	801,700	744,600
Contributions paid	42,300	36,600	50,000	45,900
Credit recognised in the income statement	362,600	9,100	384,200	11,200
Balance at end of year	1,162,300	757,400	1,235,900	801,700

(iii) Credit recognised in the income statement:

	The Company		The Group	
	2004	2003	2004	2003
	$'000s	$'000s	$'000s	$'000s
Current service costs	32,500	33,800	34,600	34,700
Interest on obligations	177,300	145,700	195,100	158,200
Actuarial gains recognised	(24,500)	(395,300)	24,300	(361,200)
Expected return on plan assets	(376,900)	(245,200)	400,500	(264,600)
Change in disallowed assets	(171,800)	413,300	189,900	383,100
Post service costs - non-vested benefits	800	800	800	800
Post service costs - vested benefits	-	37,800	-	37,800
	(362,600)	(9,100)	(384,200)	(11,200)
Actual return on plan assets	1,539,000	675,900	1,643,000	678,400

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

	2004	2003
Discount rate	12.5%	15.0%
Expected return on plan assets	10.0%	11.0%
Future salary increases	8.0%	9.5%
Future pension increases	0-6%	0-6%

(b) Other post-retirement benefits:

	The Group	
	2004	2003
	$'000s	$'000s
Present value of obligations	204,200	170,700
Unrecognised actuarial gains	34,200	54,100
Recognised liability	238,400	224,800

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

The Group

	2004	2003
	$'000s	$'000s
Balance at beginning of year	224,800	190,100
Expense recognised in the income statement	13,600	34,700
Balance at end of year	238,400	224,800

(ii) Expense recognised in the income statement:

	The Group	
	2004	2003
	$'000s	$'000s
Current service costs	7,600	11,000
Interest on obligations	6,000	23,700
	13,600	34,700

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

	2004	2003
Discount rate	12.5%	15.0%
Medical claims growth	11.0%	11.0%

12. Investments

	The Compan		The Group	
	2004	2003	2004	2003
	$'000s	$'000s	$'000s	$'000s
Available-for-sale:				
Quoted	2,456,005	2,265,796	3,246,489	2,710,773
Unquoted at cost, less impairment losses	114	115	338,453	379,768
Investment in associated companies	-	-	10,110	8,431
Loans and deposits:				
Urban renewal programme	-	-	2,000	-

Building society deposits	-	-	20,100	19,473
Originated securities:				
Government of Jamaica securities	-	-	1,006,879	447,550
	2,456,119	2,265,911	4,624,031	3,565,995

These include investments of the group in the amount of $Nil (2003: $109,902,000 for the company and the group), held to secure group indebtedness as described in note 7.

At September 30, 2004 and 2003, certain subsidiaries held equity capital in the following companies, incorporated in Jamaica:

Company	Holding	Main activity	Latest audited results
Jamaica Joint Venture Investment Company Limited	33.3%	Investment	December 31, 2003
West Indies Glass Company Limited	39.7%	Dormant	December 31, 2003

13. Intangible assets

This represents goodwill computed as the excess of cost over the fair value of net identifiable tangible assets on acquisition of 100% of the ordinary shares of Globe Insurance Company of Jamaica Limited (formerly The Jamaica General Insurance Co. Ltd.) and trademarks as follows:

	Goodwill $'000s	Trademarks $'000s	Total $'000s
At cost:			
Balances at September 30, 2003 and 2004	156,273	14,110	170,383
Amortisation:			
Balances at September 30, 2003	2,510	4,737	7,247
Amortisation for the year	7,530	1,411	8,941
Balances at September 30, 2004	10,040	6,148	16,188
Adjustment to goodwill	47,804	-	47,804

Carrying amounts:			
September 30, 2004	98,429	7,962	106,391
September 30, 2003	153,763	9,373	163,136

14. Property, plant & equipment

(a) The Company:

	Freehold land $'000s	Freehold buildings $'000s	Machinery, equipment and vehicles $'000s	Total $'000s
At cost or deemed cost:				
September 30, 2003 and 2004	4,213	1,985	3,638	9,836
Depreciation:				
September 30, 2003	-	1,569	3,638	5,207
Charge for the year	-	42	-	42
September 30, 2004	-	1,611	3,638	5,249
Net book values:				
September 30, 2004	4,213	374	-	4,587
September 30, 2003	4,213	416	-	4,629

(b) The Group:

	Freehold land $'000s	Freehold buildings $'000s	Machinery, equipment and motor vehicles $'000s	Construc-tion in progress $'000s	Total $'000s
At cost or deemed cost:					
September 30, 2003	105,600	889,560	3,660,015	222,231	4,877,406
Additions	-	23,035	280,280	257,846	561,161
Transfers and reclassifications	-	30,341	166,770	(197,111)	-

Disposals	-	-	(309,773)	(18,821)	(328,594)
September 30, 2004	105,600	942,936	3,797,292	264,145	5,109,973
Depreciation:					
September 30, 2003	-	158,895	1,383,227	-	1,542,122
Charge for the year	-	22,420	405,857		428,277
Eliminated on disposals	-		(193,032)		(193,032)
September 30, 2004	-	181,315	1,596,052	-	1,777,367
Net book values:					
September 30, 2004	105,600	761,621	2,201,240	264,145	3,332,606
September 30, 2003	105,600	730,665	2,276,788	222,231	3,335,284

(c) Machinery, equipment and motor vehicles for the group include leased assets at a net book value of $Nil (2003: $166,341,000) [see note 16(f)].

(d) Certain items of freehold land and buildings that had been revalued to fair value on or prior to October 1, 2001, the date of transition to IFRS, are accounted for on the deemed cost basis less appropriate depreciation. At September 30, 2004, net deemed cost included in the financial statements aggregated $1,571,000 (2003: $1,613,000) for the company and $130,588,000 (2003: $141,489,000) for the group.

15. Deferred tax

(a) Deferred tax assets:

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

Deferred tax assets aggregating $206 million (2003: $581 million) have not been recognised in respect of tax losses of certain subsidiaries.

(b) Deferred tax liabilities:

Deferred tax liabilities are attributable to the following:

(i) The Company

	2004 $'000s	2003 $'000s
Property, plant & equipment	64	73
Tax value of losses carry-forward	94	-
Employee benefits	387,433	252,467
	387,591	252,540

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

(ii) The Group

	Balance at October 1 $'000s	Recognised in income $'000s	Recognised in equity $'000s	Balance at September 30 $'000s
Property, plant & equipment	455,673	(24,505)	506	431,674
Accounts receivable	49,112	(22,796)	-	26,316
Accounts payable and provisions	(16,134)	10,040	-	(6,094)
Biological assets	-	(15,863)	-	(15,863)
Tax value of loss carried forward	(3,563)	(15,789)	-	(19,352)
Finance leases	(42,591)	42,591	-	-
Employee benefits	191,287	153,683	-	344,970
Other	(38)	(481)	-	(519)
	633,746	126,880	506	761,132

At September 30, 2004, a deferred tax liability of approximately $1,767 million (2003: $1,606 million) relating to investment in certain subsidiaries and associated companies has not been recognised, as the company controls, or significantly controls, whether any liability will be incurred and management is satisfied that it will not be incurred in the foreseeable future.

16. Long-term liabilities

	The Group 2004 $'000s	2003 $'000s
(a) Bank loans - 2005-2008 (2003: 2004-2006)	320,906	356,308

(b) Foreign currency denominated loans [US$0.063 million (2003: US$0.3 million)]	3,896	16,638
(c) Government of Jamaica loans 2005-2006 (2003: 2004-2006)	4,667	15,453
(d) Loan from related party	39,803	52,396
(e) Other	-	811
(f) Obligations under finance leases	-	193,866
	369,272	635,472
Less: Current maturities	(106,613)	(192,475)
	262,659	442,997

The long-term liabilities are unsecured and repayable in Jamaica dollars unless otherwise disclosed. They bear interest at market-determined rates which, during the year, ranged from 8.5-18% (2003: 8.5-18%). The liabilities are subject to the following repayment terms:

(a) The bank loans are repayable in monthly, quarterly or semi-annual instalments. Bank loans in the amount of $185,390,000 (2003: $274,984,000) form part of subsidiaries' bank borrowings covered by the arrangements described in note 7. Bank loans in the amount of $135,516,000 (2003: $81,324,000) are fully secured on the assets financed.

(b) The foreign currency denominated loans are materially repayable by January 2007 and include US$63,000 (2003: US$99,000) which is part of the bank borrowing arrangements described in note 7.

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

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

(e) These loans were fully repaid during the year.

(f) During the year, the group settled all its finance lease obligations, recognised a gain of $22,480,000, and replaced these with operating lease arrangements [see notes 14(c) and 26(b)].

17. Share capital

	2004	2003

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

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

18. Reserves

	The Company		The Group	
	2004	2003	2004	2003
	$'000s	$'000s	$'000s	$'000s
Capital reserve	844,756	569,761	2,236,435	1,887,709
Unrealised translation reserve	-	-	1,173,204	980,520
Equity revaluation reserve	2,453,104	2,262,896	3,098,562	2,623,413
	3,297,860	2,832,657	6,508,201	5,491,642

19. Operating revenue

	The Group	
	2004	2003
	$'000s	$'000s
This comprises primary income arising from:		
Insurance premium underwriting	1,118,582	953,755
Sale of goods and related services	16,856,257	12,669,886
Investments	517,807	376,630
	18,492,646	14,000,271
Less: Consumption taxes	(2,483,338)	(1,616,679)
	16,009,308	12,383,592

20. Disclosure of (income)/expenses

(a) Net finance costs:

	The Group	
	2004	2003
	$'000s	$'000s
Interest expense:		
Long term liabilities	12,051	60,251
Bank loans and overdrafts	55,278	58,382
Finance leases	11,536	33,081
Other related parties	410	27,541
Other third parties	169,847	202,583
Interest income:		
Bank deposits	(13,185)	(4,850)
Other related parties	-	(6,850)
Bank charges	24,103	19,478
(Gain)/loss on exchange, net	(26,265)	133,254
Other investment income (including third-party interest)	(174,703)	(224,063)
	59,072	298,807

(b) Profit before taxation is stated after charging:

	The Group	
	2004	2003
	$'000s	$'000s
Depreciation	428,277	404,558
Amortisation and other impairment losses	8,941	9,539
Directors' emoluments:		
Fees	1	1
Management remuneration	15,365	14,569
Audit fees		
Company and its Jamaican subsidiaries	22,225	19,703
Overseas subsidiaries	9,168	6,581
Staff costs	1,898,806	1,659,083

21. Taxation

	2004	2003

	$'000s	$'000s
Current tax expense:		
Income tax	194,067	76,787
Prior year's (over)/under provision	(17,537)	10
	176,530	76,797
Deferred taxation:		
Origination and reversal of temporary differences, net	120,571	97,728
	297,101	174,525

(a) Reconciliation of effective tax rate:

	2004 $'000s	2003 $'000s
Profit before taxation	1,806,827	1,117,049
Computed "expected" tax expense @ 33 1/3%	602,276	372,350
Difference between profit for financial statements and tax reporting purposes on:		
Tax losses brought forward utilised	(127,413)	(13,822)
Losses in subsidiaries with no tax charge	8,497	9,863
Net profits in overseas subsidiaries with lower tax rate	(83,494)	(49,213)
Tax-free dividend income	(168,087)	(99,863)
Tax-free capital gain	(26,022)	-
Tax-free interest income	(15,178)	(34,887)
Finance leases	41,601	(57,937)
Exchange losses disallowed	25,457	34,852
Prior year's (over)/under provision	(17,537)	10
Disallowed expenses and other capital adjustments	57,001	13,172
Actual tax expense	297,101	174,525

(b) At September 30, 2004, taxation losses of subsidiaries, subject to agreement by the Commissioner, Taxpayer Audit and Assessment Department, available for offset against future profits of those subsidiaries, amounted to approximately $745 million (2003: $967 million). Of this amount, $171 million (2003: $249 million) of farm losses and investment allowances can only be utilised in respect of future profits arising from farming and sugar manufacturing activities. All taxation losses can be carried forward indefinitely.

(c) Unappropriated profits of the group include profits from subsidiary companies' approved farming operations available for distribution free of tax to Jamaican stockholders, aggregating approximately $87,851,000 (2003: $87,851,000).

22. Earnings per ordinary stock unit

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

23. Dividends and distributions

Dividends and distributions paid, gross, are as follows:

	The Company	
	2004	2003
	$'000s	$'000s
Ordinary stock units @ 2c per stock unit	1,920	1,920
Ordinary stock units @ $1.00 per stock unit	96,000	-
6% cumulative preference stock units	12	12
15% cumulative preference stock units	150	150
	98,082	2,082

The distribution for 2004 to ordinary stockholders was declared payable out of accumulated franked income and is therefore, relieved of taxation to stockholders.

24. Subsidiaries

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

Company	Holding	Main activities
Ajas Limited	100%	Handling of passenger and cargo operations for international airlines.
C. P. Stephenson Limited	100%	Holding of investments.
Globe Insurance Company of the West Indies Limited, and its wholly-owned subsidiary, GWI Limited	100%	General insurance underwriters; holding of investments.
Globe Holdings Limited and its wholly-owned subsidiaries, Globe Insurance Company of Jamaica Limited and Twickenham Insurance Company	100%	General insurance underwriters; holding of investments.
John Crook Limited and its wholly-owned subsidiaries, John Crook (Montego Bay) Limited and Suntours Car Hire Limited	100%	Holding of investments; distribution of motor vehicles and spares; servicing and repair of motor vehicles.
Lascelles Merchandise Limited and its subsidiaries Lascelles Laboratories Limited and West Indies Metal Products Limited	100%	Distribution of food, liquor and other consumer supplies; manufacture and distribution of pharmaceutical preparations, other personal care products, and agricultural chemicals and holding of investments, respectively.
Tradewell Limited	100%	Holding of investments.
Transportation Agencies Limited	100%	General sales agents of international airlines.
Turks Islands Importers Limited	100%	Wholesale and retail

and its wholly-owned subsidiary, Timco Limited		merchandising of provisions and household goods; holding of investments.
Wray & Nephew Group Limited and its wholly-owned subsidiaries	100%	See note (b).

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

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

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

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

Company	Territory of incorporation
CICO Limited	The Bahamas
Globe Holdings Limited	St. Lucia
J. Wray & Nephew (International) Limited	Cayman Islands

J. Wray & Nephew (U.K.) Limited	England
J. Wray y Sobrino de Costa Rica, S. A.	Costa Rica
Rum Company (New Zealand) Limited	New Zealand
The Rum Company (International) Limited	Cayman Islands
Timco Limited	Turks and Caicos Islands
Turks Islands Importers Limited	Turks and Caicos Islands
Twickenham Insurance Company	Cayman Islands
Wray & Nephew (Canada) Limited	Canada

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

(i) On September 19, 2003, the shareholders of Federated Pharmaceutical Company Limited approved the sale of its business, including its assets and liabilities, to Lascelles Merchandise Limited, effective October 1, 2003, and commenced voluntary winding up proceedings. Formal liquidation proceedings were substantially completed during the year.

(ii) On August 13, 2004, Globe Holdings Limited acquired all of the issued capital of Twickenham Insurance Company, a company incorporated in the Cayman Islands.

25. Segment results

(i) Business segments:

2004

	Liquor, rums, wines & sugar $'000s	General merchandise $'000s	General insurance $'000s	Investment $'000s	Transportation & other $'000s	Elimination $'000s	Total $'000s
Revenue:							
External	9,130,121	3,670,374	1,118,582	517,807	1,572,424		
Internal	-	28,550	349,647	-	29,051		
Total revenue	9,130,121	3,698,924	1,468,229	517,807	1,601,475	(407,248)	16,009,308
Segment results	905,531	(19,070)	48,377	931,693	(632)		1,865,899

Segment assets	9,815,204	1,419,900	4,206,730	3,801,408	604,177		19,847,419
Unallocated assets							238,261
							20,085,680
Segment liabilities	2,422,030	695,765	2,374,925	5,474	303,273		5,801,467
Unallocated liabilities							847,581
							6,649,048
Other segment items:							
Additions to property, plant and equipment	289,816	152,727	69,020	-	49,598		561,161
Depreciation, amortisation and impairment	316,670	58,935	34,447	112	27,054		437,218
Other non-cash items	92,994	43,478	41,469	(336,668)	(1,506)		(160,233)

The results of the investments segment in 2004 include a credit to employee benefits assets of $404,900,000.

(i) 2003

	Liquor, rums, wines & sugar $'000s	General merchandise $'000s	General insurance $'000s	Investment $'000s	Transportation & other $'000s	Elimination $'000s	Total $'000s
Revenue:							
External	7,624,662	1,967,416	953,755	376,630	1,461,129		
Internal	-	26,417	252,378	-	104,378		
Total revenue	7,624,662	1,993,833	1,206,133	376,630	1,565,507	(383,173)	12,383,592
Segment results	735,460	57,659	300,346	320,085	2,306		1,415,856

Segment assets	9,064,281	1,029,318	3,269,906	3,623,225	754,442	17,741,172
Unallocated assets						175,544
						17,916,716
Segment liabilities	3,112,236	433,615	1,753,785	230,223	362,559	5,892,418
Unallocated liabilities						667,649
						6,560,067
Other segment items:						
Additions to property, plant and equipment	650,764	144,054	67,804	-	80,121	942,743
Depreciation, amortisation and impairment	315,660	41,430	23,525	-	33,482	414,097
Other non-cash items	770,606	80,692	19,454	(170,478)	3,088	703,362

(ii) Geographical segments:

	Jamaica		Overseas		Total	
	2004	2003	2004	2003	2004	2003
	$'000s	$'000s	$'000s	$'000s	$'000s	$'000s
Revenue from external customers	12,509,624	9,451,910	3,499,684	2,931,682	16,009,308	12,383,592
Segment assets	17,520,798	15,474,095	2,326,621	2,267,077	19,847,419	17,741,172
Additions to property, plant, and equipment	553,204	906,492	7,957	36,244	561,161	942,743

26. Commitments and contingencies

(a) Capital commitments:

At September 30, 2004, approximately $465 million (2003: $303 million) had been authorised for capital expenditure by various subsidiaries, of which $195 million (2003: $258 million) had been committed, for which no provision has been made in these financial statements.

(b) Lease commitments:

At September 30, 2004, there was a non-cancellable operating lease commitment to a related party in respect of an office building for a fifteen-year period terminating in 2012 at an aggregate annual sum of $11,347,000. In addition, there were operating leases for a twelve-month period which commenced on October 1, 2003, primarily for motor vehicles, with a related party at an estimated rental of $74,368,000. Expected future payments for the year ending September 30, 2005 aggregated approximately $87,496,000.

(c) Contingent liabilities:

The company guarantees the bank loans, overdrafts and long-term liabilities of all its subsidiaries. At September 30, 2004, the indebtedness covered by these guarantees aggregated approximately $271,425,000 (2003: $344,629,000).

27. Financial instruments

(a) Financial instrument risk:

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

(i) Credit risk:

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

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

At September 30, 2004, there was no significant concentration of credit risk.

(ii) Interest rate risk:

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

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

At September 30, 2004, financial liabilities subject to interest aggregated approximately $1,376 million (2003: $2,147 million).

Interest-bearing financial assets mainly comprise certain receivables, monetary instruments, bank deposits and other short-term investments, which have been contracted at fixed interest rates for the duration of their terms. At September 30, 2004, financial assets subject to interest aggregated $3,667 million (2003: $3,523 million).

(iii) Foreign currency risk:

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

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

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

At September 30, 2004, net foreign currency assets aggregated approximately US$46,853,000 (2001 US$33,366,000).

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

At September 30, 2003: $59.71
At September 30, 2004: $61.89
At December 28, 2004:

(iv) Market risk:

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

(v) Liquidity risk:

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

(vi) Cash flow risk:

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

(b) Fair value disclosures:

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