

**JONAS BROWNE AND HUBBARD (GRENADA) LIMITED
AND SUBSIDIARY COMPANY**

ANNUAL REPORT 2003

**JONAS BROWNE AND HUBBARD (GRENADA) LIMITED
AND SUBSIDIARY COMPANY**

CONTENTS

	Page
COMPANY PROFILE	3
NOTICE OF ANNUAL MEETING/AGENDA	4
CHAIRMAN'S REVIEW	5 - 6
REPORT OF THE DIRECTORS	7
AUDITORS' REPORT	8
CONSOLIDATED BALANCE SHEET	9
CONSOLIDATED STATEMENT OF INCOME	10
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	11
CONSOLIDATED STATEMENT OF CASH FLOWS	12
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	13 - 17

**JONAS BROWNE AND HUBBARD (GRENADA) LIMITED
AND SUBSIDIARY COMPANY**

DIRECTORS:

A. H. Bierzynski - Chairman
L. Hughes
R. A. Smith, O.B.E.
N. Harris
J. A. John
D. A. Greaves
G. Taylor
L. Lambert, M.B.E.
I. A. Alleyne, FCCA

SECRETARY:

Keith Renwick

REGISTERED OFFICE:

The Carenage
St. George's
Grenada, West Indies

AUDITORS:

Pannell Kerr Forster
Chartered Accountants
Pannell House
Grand Anse
St. George's
Grenada, West Indies

BANKERS:

FirstCaribbean International Bank (Barbados) Limited
Church Street
St. George's
Grenada, West Indies

Bank of Nova Scotia
Granby Street
St. George's
Grenada, West Indies

RBTT Bank Grenada Limited
Corner Cross & Halifax Streets
St. George's
Grenada, West Indies

ATTORNEYS:

J. Derek Knight, Q.C.
Church Street
St. George's
Grenada, West Indies

**JONAS BROWNE AND HUBBARD (GRENADA) LIMITED
AND SUBSIDIARY COMPANY**

NOTICE IS HEREBY GIVEN that the 32nd Annual Meeting of Jonas Browne and Hubbard (Grenada) Limited will be held at Hubbard's Building Supplies, Grand Anse, St. George's on Thursday 26th February, 2004 at 5.00 p.m.

AGENDA

1. To receive and consider the Consolidated Financial Statements and Reports of the Directors and Auditors for the year ended 30th September, 2003.
2. To elect Directors in place of those retiring.
3. To appoint Auditors for the ensuing year.

The transfer books and register of members will be closed from 13th February, 2004 to 26th February, 2004 both days inclusive.

BY ORDER OF THE BOARD:-

Keith Renwick
SECRETARY

St. George's
Grenada, West Indies

16th December, 2003

**JONAS BROWNE AND HUBBARD (GRENADA) LIMITED
AND SUBSIDIARY COMPANY**

CHAIRMAN'S REVIEW

Consolidated gross revenues marginally increased over 2002, but earnings before and after taxation declined by 4.5% and 11.5% respectively, the latter being impacted by the increase in Stamp Tax referred to in the 2002 report. The parent company's operations produced a comparable result with 2002, despite the effect for the first time of a full year of reduced operations on the Carenage. Our wholly-owned subsidiary, Grenadian General Insurance Company Limited reported a 14.9% earnings decline, mainly due to the reduction in profit commission payable by re-insurers following the major claim by Hubbard's in 2002. A return to previous levels of earnings is anticipated for the current year.

The Directors have declared a dividend of \$1.20 per share (2002 - \$1.15) or 49.5% of the earnings per share of \$2.42. Were it not for the increase in Stamp Tax, this figure would have been \$2.66, a more satisfactory result given the company's operating performance during the year. This dividend is not reflected in the current year's financial statements in accordance with International Accounting Standard No. 10.

Extensive repair work on the roof at the Grand Anse Shopping Centre over a six month period ended in May 2003, and has resulted in a substantially more comfortable environment during the rainy season. Shed construction at Building Supplies was near to completion at the year-end, with re-paving of the adjacent areas to improve accessibility. Cold Store facilities at both Supermarkets were replaced with modern equipment, and the benefits of energy efficiency and additional space have already been evident.

We concluded negotiations with the Grenada Commercial Industrial Workers Union for amendments to the collective agreement for the period February 2003 to January 2005. Salary increases agreed were:

For employees in receipt of salaries:-

	At 1/2/03	At 1/2/04
Up to \$700 per month	6.25	6.50
From \$701 - \$1,400 per month	4.75	5.25
From \$1,401 - \$2,400 per month	4.25	4.50
Over \$2,400 per month	3.0	3.0

Ms. S. J. Toppin resigned from the Board in August, following the sale of the Toppin family's shareholding in Hubbard's and bringing to an end an association of fifty years. Mr. Ian A. Alleyne F.C.C.A. was appointed to fill the casual vacancy thus arising, as a nominee of J.B.H. Holdings (St. Lucia) Limited which company now holds 35% of the outstanding shares.

**JONAS BROWNE AND HUBBARD (GRENADA) LIMITED
AND SUBSIDIARY COMPANY**

CHAIRMAN'S REVIEW
(continued)

The services of Messrs. Johnson & Griffith Collaborative have been engaged for the architectural work for the re-construction of our Carenage premises. The firm of Messrs. Joseph John & Associates has been appointed Project Manager, and once the necessary Land Development Control Authority (L.D.C.A.) approval is obtained site preparation should commence by April 2004. Preliminary drawings were published in the local press in July, and our commitment to the restoration of the architectural integrity of the Carenage is hereby re-stated.

We are cautiously optimistic regarding our prospects for 2004, based on projections for the tourism industry. The Government's stated renewal of interest in the agricultural sector is likely to promote growth in investment in this area, as well as increased consumer spending by the beneficiaries of such growth. No indication of any changes in fiscal direction are as yet available, so our oft-repeated concerns about the lack of a level playing field remain valid.

Once again, my fellow Directors, our Managers and employees have been unstinting in their support of the company during the year. They join me in expressing thanks to all our shareholders and customers for their continued support of Hubbard's.

A. H. Bierzynski

Chairman

16th December, 2003

**JONAS BROWNE AND HUBBARD (GRENADA) LIMITED
AND SUBSIDIARY COMPANY**

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30TH SEPTEMBER, 2003**

The Directors submit their Report and the audited consolidated financial statements for the year ended 30th September, 2003.

The net earnings of the group as shown in the Consolidated Statement of Income is	3,625,578
To this is added the balance of Retained Earnings brought forward from the previous year of	<u>33,976,497</u>
Giving a total of	<u>\$37,602,075</u>
Dividends paid during the year	1,725,000
Balance of Retained Earnings carried forward	<u>35,877,075</u>
	<u>\$37,602,075</u>

The Board of Directors has declared a final dividend of \$1.20 per share for the year ended 30th September, 2003. This is not recorded in the financial statements in accordance with IAS 10.

In accordance with Section 4.5 of By-Law No. 1, Messrs. G. Taylor and L. Lambert retire, and being eligible, offer themselves for re-election.

Mr. Ian A. Alleyne, F.C.C.A. joined the Board in October, 2003. In accordance with Section 4.6 of By-Law No. 1 he must retire, but being eligible offers himself for re-election.

Mr. Leonard Hughes having attained the age of 80 years, in accordance with company policy will retire at the close of the Annual Meeting. It is proposed to elect another Director to replace him with immediate effect. Section 4.2 of By-Law No. 1 provides that no person shall be eligible for election as a Director at any general meeting unless either:

- (a) he is recommended by the Board of Directors, or
- (b) not less than 10 clear days nor more than 50 clear days before the date appointed for the general meeting, written notice, signed by not less than the number of persons holding at least five per cent of the issued and outstanding shares of the company, has been given to the company of the intention to propose a person for election together with a letter of consent signed by that person confirming his willingness to be appointed and to serve as a Director if elected.

J.B.H. Holdings (St. Lucia) Limited has advised of their intent to propose for election Mr. M.J.K. Pritchard, B.A. (Econ.), F.C.C.A., F.C.M.A.

The Auditors, Messrs. Pannell Kerr Forster, Chartered Accountants, retire, and being eligible, offer themselves for re-appointment.

BY ORDER OF THE BOARD

A. H. Bierzynski - Managing Director
N. Harris - Director

St. George's
16th December, 2003

REPORT OF THE AUDITORS TO THE MEMBERS OF
JONAS BROWNE AND HUBBARD (GRENADA) LIMITED
AND SUBSIDIARY COMPANY

We have audited the accompanying consolidated balance sheet at 30th September, 2003 and the consolidated statements of income, changes in shareholders' equity and cash flows for the year then ended. These financial statements are the responsibility of the Group's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with approved auditing standards. These standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above, as set out on pages 9 to 17 present fairly in all material respects, the financial position of the Group as at 30th September, 2003 and the results of its operations and the changes in its financial position for the year then ended in conformity with approved accounting standards except that no depreciation is provided on buildings as disclosed in Note 2(c).

GRENADA:

20th November, 2003


Chartered Accountants:

**CONSOLIDATED BALANCE SHEET
AT 30TH SEPTEMBER, 2003**

	Notes	2003	2002
CURRENT ASSETS			
Cash at bank and on hand		9,712,379	3,226,028
Accounts receivable		9,517,750	9,816,303
Other receivable		-	8,402,184
Inventories	3	<u>30,303,812</u>	<u>28,413,759</u>
		<u>49,533,941</u>	<u>49,858,274</u>
CURRENT LIABILITIES			
Bank overdrafts	4	-	16,248
Accounts payable and accrued expenses		9,678,892	9,304,914
Deposit accounts	5	13,506,492	14,372,671
Provision for taxation		<u>90,760</u>	<u>380,942</u>
		<u>23,276,144</u>	<u>24,074,775</u>
WORKING CAPITAL		26,257,797	25,783,499
INVESTMENTS	6	3,868,800	2,869,502
MORTGAGES	7	2,128,044	2,263,687
FIXED ASSETS	8	<u>20,798,184</u>	<u>20,235,559</u>
		<u>\$53,052,825</u>	<u>\$51,152,247</u>
FINANCED BY:			
SHAREHOLDERS' EQUITY			
STATED CAPITAL	9	17,175,750	17,175,750
RETAINED EARNINGS		<u>35,877,075</u>	<u>33,976,497</u>
		<u>\$53,052,825</u>	<u>\$51,152,247</u>

The notes on pages 12 to 17 form part of these financial statements

: Director

: Director

**CONSOLIDATED STATEMENT OF INCOME
FOR THE YEAR ENDED 30TH SEPTEMBER, 2003**

	2003	2002
Sales and Commission Income	92,871,394	92,306,808
Cost of Sales	<u>71,163,310</u>	<u>70,200,383</u>
Gross profit and commission income	<u>21,708,084</u>	<u>22,106,425</u>
Direct expenses	10,288,335	10,229,243
General and administrative expenses	5,430,401	5,118,598
Interest expense - (Net)	360,117	646,294
Depreciation	<u>806,356</u>	<u>970,156</u>
	<u>16,885,209</u>	<u>16,964,291</u>
NET OPERATING INCOME	4,822,875	5,142,134
OTHER INCOME		
Rents	631,013	686,911
Gain on disposal of fixed assets	107,995	8,818
Miscellaneous	<u>76,852</u>	<u>64,637</u>
EARNINGS BEFORE TAXATION	<u>5,638,735</u>	<u>5,902,500</u>
Deduct: Provision for taxation		
Stamp tax	491,195	130,312
Income tax	<u>1,521,962</u>	<u>1,677,729</u>
	<u>2,013,157</u>	<u>1,808,041</u>
NET EARNINGS FOR THE YEAR AFTER TAXATION	<u>\$3,625,578</u>	<u>\$4,094,459</u>

The notes on pages 12 to 17 part of these financial statements

**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
AT 30TH SEPTEMBER, 2003**

	Stated Capital	Retained Earnings	Total
Balance at 1 st October, 2001	17,175,750	30,736,988	47,912,738
2002 profit for the year after tax	-	4,094,459	4,094,459
Redemption of preference shares	<u>-</u>	<u>(854,950)</u>	<u>(854,950)</u>
Balance at 30 th September, 2002	17,175,750	33,976,497	51,152,247
2003 profit for the year after tax	-	3,625,578	3,625,578
Dividends paid	<u>-</u>	<u>(1,725,000)</u>	<u>(1,725,000)</u>
Balance at 30 th September, 2003	<u>\$17,175,750</u>	<u>\$35,877,075</u>	<u>\$53,052,825</u>

The notes on pages 12 to 17 part of these financial statements

**JONAS BROWNE AND HUBBARD (GRENADA) LIMITED
AND SUBSIDIARY COMPANY**



**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH SEPTEMBER, 2003**

	2003	2002
OPERATING ACTIVITIES		
Net Profit for year before taxation	5,638,735	5,902,500
Adjustments for:		
Depreciation	806,356	970,156
Gain on disposal of fixed assets	(107,995)	(8,818)
(Decrease)/increase in deposit accounts	(866,179)	3,231,204
Decrease in accounts receivable	344,046	403,935
(Increase)/decrease in inventory	(1,890,053)	8,157,856
Decrease in accounts payable and accrued charges	(117,217)	(650,277)
Increase in investments	(999,298)	(769,500)
Decrease/(increase) in other receivables	8,402,184	(8,402,184)
Payment of income tax	<u>(1,857,635)</u>	<u>(1,530,479)</u>
Cash generated from operating activities	<u>9,352,944</u>	<u>7,304,393</u>
INVESTING ACTIVITIES		
Loss of assets - fire	-	3,512,542
Proceeds of disposal of fixed assets	108,000	88,050
Decrease in mortgages	135,643	809,418
Purchase of fixed assets	<u>(1,368,988)</u>	<u>(1,129,035)</u>
Cash (used in)/provided by investing activities	<u>(1,125,345)</u>	<u>3,280,975</u>
FINANCING ACTIVITIES		
Redemption of preference shares	-	(854,950)
Loan repaid	-	(3,405,280)
Payment of dividends	<u>(1,725,000)</u>	<u>(1,585,495)</u>
Cash used in financing activities	<u>(1,725,000)</u>	<u>(5,845,725)</u>
Net increase in cash and cash equivalents	6,502,599	4,739,643
Net cash/(overdraft) - at the beginning of the year	<u>3,209,780</u>	<u>(1,529,863)</u>
Net cash - at the end of the year	<u>\$9,712,379</u>	<u>\$3,209,780</u>
REPRESENTED BY:		
Cash at bank and on hand	9,712,379	3,226,028
Bank overdraft	<u>-</u>	<u>(16,248)</u>
	<u>\$9,712,379</u>	<u>\$3,209,780</u>

The notes on pages 12 to 17 form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER, 2003

1. INCORPORATION AND PRINCIPAL ACTIVITY

The Companies are registered in Grenada and were issued certificates of continuance under section 365 of the Companies Act.

The Group's principal activities are merchandising and distribution, acting as commission and shipping agents, and risk insurance.

2. PRINCIPAL ACCOUNTING POLICIES

(a) Basis of Accounting

These financial statements have been prepared in compliance with International Accounting Standards and in accordance with the historical cost convention, modified by the revaluation of land and buildings as disclosed in Note 11, and are expressed in Eastern Caribbean Currency Dollars.

(b) Basis of Consolidation

These financial statements include the assets, liabilities and results of operations of Grenadian General Insurance Company Limited. The Companies' year ends are coterminous.

(c) Depreciation

Depreciation is provided on fixed assets by the straight line method at the following rates which are estimated to write off the cost of the assets over the period of their estimated useful lives:-

Plant, machinery and equipment	16 2/3% to 20%
Furniture and fittings	10% to 20%
Motor vehicles	25% to 33 1/3%
Data processing equipment	33 1/3%

Depreciation on the Group's freehold buildings as required by International Accounting Standard No. 4, has not been provided. Maintenance and repairs are charged to current operations, and the costs of improvements capitalised.

The cost of fixed assets replaced, retired, or otherwise disposed of and the accumulated depreciation thereon are eliminated from the financial statements and the resulting gains or losses reflected in current operations.

(d) Inventories

Inventories are valued at the lower of cost and net realisable value. In general, cost is determined on a first in, first out basis. Net realisable value is the price at which stock can be realised in the normal course of business. Provision is made for obsolete, slow-moving and defective stocks.

(e) Foreign Currencies

Foreign currency transactions during the year have been effected at the rates of exchange ruling at the dates of the transactions. Assets and liabilities expressed in foreign currencies are translated to Eastern Caribbean Currency Dollars at the rates of exchange ruling at the end of the financial year. Differences arising from fluctuations in exchange rates are included in the statement of income.

(f) Revenue Recognition

Commissions earned are accounted for in current operations when actually received.

The Company does not recognise prepayments in its financial statements. On a going concern basis this has no material effect on the results of any one year.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER, 2003
(continued)**

3. INVENTORIES

	2003	2002
Lumber Department	3,100,758	3,134,044
Building Supplies	6,252,529	5,629,304
Hardware	4,164,622	3,703,109
Agency	3,497,721	2,621,922
Appliances	2,498,148	2,223,697
Food Fairs	5,261,710	4,950,840
Home Centre	488,636	407,763
Motor Department	2,498,940	3,234,405
LAND Shop	434,431	467,041
Business Equipment and Stationery	1,463,934	1,468,699
Packaging materials	74,972	89,584
Goods-in-transit	<u>567,411</u>	<u>483,351</u>
	<u>\$30,303,812</u>	<u>\$28,413,759</u>

4. BANK OVERDRAFT

	2003	2002
FirstCaribbean International Bank (Barbados) Limited	<u>\$ -</u>	<u>\$16,248</u>

The parent company has an authorized overdraft facility of \$4,000,000. This facility is unsecured, however the title deeds of properties are deposited with the Bank.

5. DEPOSIT ACCOUNTS

These accounts are on deposit on terms from call to one year and carry varying rates of interest from 6% to 9% per annum.

6. INVESTMENTS

	2003	2002
Government of St. Kitts - 7.5% fixed rate bonds	1,000,000	-
Angostura Limited - 11.25% fixed rate bonds	769,500	769,500
Government of Grenada - 8% 2006/2007 Bonds - at cost	635,000	635,000
- Statutory Deposit	1,464,300	1,464,300
Shares in other companies	<u>-</u>	<u>702</u>
	<u>\$3,868,800</u>	<u>\$2,869,502</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER, 2003
(continued)**

7. MORTGAGES

Housing loans to staff members are secured by first demand mortgages executed in favour of the Company. The loans bear interest at the rate of six per cent per annum, and are repayable over twelve years. Not all mortgages had been registered by the balance sheet date.

8. FIXED ASSETS

	Land and Building	Motor Vehicles	Furniture Fittings and equipment	Work in Progress	Total
COST					
Balance at 1st October, 2002	17,958,597	3,439,957	6,973,436	19,476	28,391,466
Additions for the year	521,283	423,584	296,820	127,301	1,368,988
Disposals for the year	_____ -	(418,222)	_____ -	_____ -	(418,222)
Balance at 30th September, 2003	<u>18,479,880</u>	<u>3,445,319</u>	<u>7,270,256</u>	<u>146,777</u>	<u>29,342,232</u>
ACCUMULATED DEPRECIATION					
Balance at 1st October, 2002	-	2,883,560	5,272,347	-	8,155,907
Charge for the year	-	341,575	464,781	-	806,356
Disposals for the year	_____ -	(418,215)	_____ -	_____ -	(418,215)
Balance at 30th September, 2003	_____ -	<u>2,806,920</u>	<u>5,737,128</u>	_____ -	<u>8,544,048</u>
NET BOOK VALUE 2003	<u>\$18,479,880</u>	<u>\$638,399</u>	<u>\$1,533,128</u>	<u>\$146,777</u>	<u>\$20,798,184</u>
NET BOOK VALUE 2002	<u>\$17,958,597</u>	<u>\$556,397</u>	<u>\$1,701,089</u>	<u>\$19,476</u>	<u>\$20,235,559</u>



**NOTES TO THE FINANCIAL STATEMENTS
AT 30TH SEPTEMBER, 2003
(Continued)**

9. STATED CAPITAL

	2003	2002
Authorised		
- 1,500,000 ordinary shares of no par value		
Issued and Fully Paid		
- 1,500,000 Ordinary shares of no par value	16,309,480	16,309,480
- Capital redemption reserve	<u>866,270</u>	<u>866,270</u>
	<u>\$17,175,750</u>	<u>\$17,175,750</u>

10. LAND AND BUILDINGS

The parent company's land and buildings were professionally valued on 30th September, 1972. These assets are therefore shown at the 1972 valuation of \$4,929,700 with subsequent additions at cost.

11. EARNINGS PER SHARE

This is based on the net earnings for the year after taxation.

12. CONTINGENT LIABILITIES

The parent company is contingently liable for letters of indemnity, letters of credit and warehouse bonds totalling approximately \$4,370,000.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER, 2003
(Continued)**

13. FIVE-YEAR FINANCIAL SUMMARY

	2003	2002	2001	2000	1999
Stated Capital	17,175,750	17,175,750	17,175,750	17,175,750	14,556,790
Shareholders' equity	53,052,825	51,152,247	47,912,738	45,264,067	41,620,083
Net earnings after taxation	3,625,578	4,094,459	4,234,166	5,008,192	5,070,016
Dividends paid	1,725,000	-	1,585,495	1,885,495	1,885,495
Earnings per share	\$2.4	\$2.5	\$2.5	\$3.2	\$3.2

