The Jamaica Livestock Association Limited

Notes to the Financial Statements

November 30, 2003

---

1. <u>The company</u>

The company is incorporated under the laws of Jamaica.

The principal activities of the group are the sale of animal health products, hardware, lumber, farm equipment and supplies and day-old chicks, transportation and the manufacture and sale of animal feeds, the operation of wharf and grain off-loading facilities.

At the end of the year, the group had in its employment 193 (2002: 202) persons, including part-time employees.

2. <u>Basis of preparation, statement of compliance and consolidation</u>

(a) Basis of preparation and statement of compliance

Jamaica adopted International Financial Reporting Standards (IFRS) effective July 1, 2002. Consequently, there have been significant changes in the accounting policies followed in these financial statements compared with those used in previous years. As a result, the comparative figures have been restated.

The financial statements are prepared in accordance with the provisions of the Companies Act and International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB) as well as interpretations issued by the International Financial Reporting Standards Interpretations Committee of the IASB and practice statements issued by the Institute of Chartered Accountants of Jamaica. IFRS 1 - First-time adoption of IFRS has been applied before its effective date in the preparation of these financial statements.

These are the group's first consolidated financial statements prepared in accordance with IFRS. An explanation of how the transition to IFRS has affected the reported financial position, financial performance and cash flows of the group is provided in note 25.

The significant accounting policies used in the preparation of the financial statements are summarised below and conform in all material respects to IFRS and the Companies Act.

They have been applied consistently to all periods presented in these financial statements and in preparing an opening IFRS balance sheet at December 1, 2001, for the purposes of transition to IFRS.

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

The financial statements are prepared on the historical cost basis, except that available-for-sale investments are stated at fair value.

The financial statements are presented in Jamaica dollars.

(b) Basis of consolidation:

The consolidated financial statements include the financial statements of the company and its wholly-owned subsidiaries made up to November 30, 2003. All significant inter-company transactions are eliminated.

The company and its subsidiaries, which are incorporated in Jamaica, are collectively referred to as "the group". The shareholding for 2003 and 2002 remain the same and are as follows:

Subsidiaries	Main activities
JLA Feeds Limited	Manufacture and sale of animal feeds and operation of wharf and grain off-loading facilities
JLA Hatchery Limited	Production of chicks
Henmor Limited	Transportation

3. Significant accounting policies

(a) Fixed assets:
Fixed assets are stated at cost or deemed cost less accumulated depreciation (see below) and impairment losses [see accounting policy (j)].

(b) Depreciation:
Fixed assets, with the exception of freehold land on which no depreciation is provided, are depreciated on the straight-line basis at annual rates estimated to write off the assets over their expected useful lives. The depreciation rates are as follows:

Freehold buildings	1 2/3% - 4%
Furniture, fixtures, computers, plant, machinery and equipment	10%
Motor vehicles	20%
Wharf and grain off-loading facilities	2 1/2%

(c) Inventories:
Inventories, including biological assets for which fair value cannot be reliably determined, are valued at the lower of cost, determined principally on the weighted average cost basis, and net realisable value. Finished goods include cost of materials and labour and a portion of production overheads.

(d) Investments:
Debentures which are acquired directly from the issuer are classified as originated securities and are stated at amortised cost using the effective interest rate method. Quoted equities are classified as available-for-sale and are stated at fair value. Changes in fair value is taken to an investment revaluation reserve, unless the investment is disposed of or impaired, in which case, it is included in the consolidated profit and loss account.

(e) Foreign currencies:
Foreign currency balances at the balance sheet date are translated at the rates of exchange ruling on that date.

Transactions in foreign currencies are converted at the rates of exchange ruling at the dates of those transactions.

Gains and losses arising from fluctuations in exchange rates are included in the consolidated profit and loss account, except that exchange losses, net, resulting from severe depreciation in the currency and relating to liabilities arising directly on the recent acquisition of fixed assets are included in the carrying value of the assets.

(f) Revenue:
Revenue from the sale of goods is recognised in the consolidated profit and loss account when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recorded if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(g) 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 in the actuary's opinion. The actuarial valuations were conducted in accordance with IAS 19, and the financial statements reflect the group's post-employment benefit 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) Defined benefit pension plans:

The group participates in a defined benefit pension plan, the assets of which are held separately from those of the group.

The group's net obligation in respect of defined benefit pension plan 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 plan assets is deducted. The discount rate is the yield on long-term government securities that have maturity dates approximating the terms of the company's obligation. The calculation is performed by an independent qualified actuary using the projected unit credit method.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised as an expense in the consolidated profit and loss account on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in the consolidated profit and loss account.

In calculating the group's obligation in respect of the plan, all actuarial gains and losses as at December 1, 2001, the date of transition to IFRS, were recognised. In respect of actuarial gains and losses that arise subsequent to December 1, 2001, to the extent that any cumulative unrecognised actuarial gain or loss exceeds 10 percent of the greater of the present value of the defined benefit obligation and the fair value of plan assets, that portion is recognised in the consolidated profit and loss account over the expected average remaining working lives of the employees participating in the plan. Otherwise, the actuarial gain or loss is not recognised.

Where the calculation results in a benefit to the group, the recognised asset is limited to the net total of any unrecognised actuarial losses and past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan.

(ii) Post retirement health and life insurance benefits:

The group provides post retirement life insurance benefits to retirees. The obligation with respect to this benefit is calculated on a basis similar to that for the defined benefit pension plan.

(h) Taxation:

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

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

Deferred tax is provided 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 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.

(i) Provisions:

A provision is recognised in the balance sheet when the group has 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 liability.

(j) Impairment:

The carrying amounts of the group's 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 consolidated profit and loss account.

(i) Calculation of recoverable amount

The recoverable amount of the group's originated securities and 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 future 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 an originated security or receivable is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the assets 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.

(k) Accounts receivables:

Trade and other receivables are stated at cost less impairment losses [see accounting policy (j)].

(l) Accounts payable:

Trade and other payables are stated at their costs.

(m) Cash:

Cash comprises cash and bank balances. For purposes of the statement of cash flows, bank overdraft is deducted from cash.

(n) Preference share capital:

Preference share capital is classified as equity as it is non-redeemable. Dividends are recognised when declared as distributions within equity.

(o) Related parties:

Two parties are considered to be related when:

(i) one party is able to exercise control or significant influence over the other party; or

(ii) both parties are subject to common control or significant influence from the same source.

Balances and transactions with related parties are disclosed in note 24.

(p) Segment reporting:
The group is organised into three business segments which provide products that are subject to risks and returns dissimilar to each other:

(i) Animal feed - milling, manufacture and sale of animal feeds;
(ii) Poultry - production and sale of day old chicks and eggs;
(iii) Merchandise.

4. Accounts receivable

Trade and other receivables are stated at their costs less impairment losses.

	The Company		The Group	
	2003 ($'000)	2002 ($'000)	2003 ($'000)	2002 ($'000)
Trade receivables	15,277	9,234	15,277	9,234
Prepaid expenses	1,787	1,193	2,730	2,620
Other receivables	16,007	14,221	24,364	17,077
	33,071	24,648	42,371	28,931
Provision for doubtful debt	(4,373)	(4,667)	(5,197)	(4,950)
	28,698	19,981	37,174	23,981

5. Inventories

	The Company		The Group	
	2003 ($'000)	2002 ($'000)	2003 ($'000)	2002 ($'000)
Raw materials and supplies	-	-	19,310	47,511
Merchandise and animal health products	73,044	43,282	73,044	43,282
Hardware and lumber	16,504	10,264	16,504	10,264
Feeds	5,749	3,478	8,062	6,576
Poultry	403	581	403	524
Eggs	-	-	6,102	4,467
Meats	94	489	94	489
Spare parts	308	176	523	391
	96,102	58,270	124,042	113,504

6. Bank overdraft

The bank overdraft of the company and the group is secured as discloscd in note 10, and as at November 30, 2003, bore interest at a variable rate of 24.75% (2002: 23.75%) for the company and the group.

7. Investments

	The Company		The Group	
	2003 ($'000)	2002 ($'000)	2003 ($'000)	2002 ($'000)
Available-for-sale:				
Quoted securities	947	890	1,543	1,824
Originated securities:				
Debentures, at cost	30	30	30	30
	977	920	1,573	1,854

Unquoted securities represent a 5% shareholding in Jamaica Rice Milling Company.

8. Fixed assets

The Company:

	Freehold land and buildings ($'000)	Furniture, fixtures, computers, plant, machinery and vehicles ($'000)	Total ($'000)
At cost or valuation:			
November 30, 2002	64,164	44,796	108,960
Additions	813	3,497	4,310
November 30, 2003	64,977	48,293	113,270
Depreciation:			
November 30, 2002	10,591	22,367	32,958
Charge for the year	1,361	4,554	5,915
November 30, 2003	11,952	26,921	38,873
Net book values:			
November 30, 2003	53,025	21,372	74,397
November 30, 2002	53,573	22,429	76,002

The Group:

	Freehold land and buildings ($'000)	Furniture, fixtures, computers, plant, machinery, equipment and vehicles ($'000)	Wharf and grain off-loading facilities ($'000)	Total ($'000)
At cost:				
November 30, 2002	97,793	136,964	143,858	378,615
Additions	866	6,451	4,628	11,945
Disposals	-	(6,820)	-	(6,820)
November 30, 2003	98,659	136,595	148,486	383,740
Depreciation:				
November 30, 2002	14,076	93,936	29,259	137,271
Charge for the year	1,781	13,163	5,152	20,096
Eliminated on disposals	-	(4,759)	-	(4,759)
November 30, 2003	15,857	102,340	34,411	152,608
Net book values:				
November 30, 2003	82,802	34,255	114,075	231,132
November 30, 2002	83,717	43,028	114,599	241,344

The revalued amount of land, buildings, plant and machinery has been deemed as the assets' cost in accordance with IFRS 1, First-time adoption of IFRS. The surplus arising on revaluation, inclusive of depreciation no longer required, is included in capital reserve (note 9).

Freehold land and buildings include land amounting to $11,627,000 (2002: $11,627,000) for the company and $26,627,000 (2002: $26,627,000) for the group.

Machinery and equipment include interest capitalised of $Nil (2002: $10,028,000).

Wharf and grain off-loading facilities include:

	2003 ($'000)	2002 ($'000)
Interest capitalised	17,181	17,181
Currency exchange losses, net, capitalised [note 3(d)]	19,172	14,544
	=======	=======

9. <u>Share capital and reserves</u>

(a) Share capital:

	2003 ($'000)	2002 ($'000)
Authorised:		
8,000 ordinary "A" shares of 50 cents each	4	4
120,000,000 7 1/2% cumulative participating preference shares of $1 each	120,000	120,000
	120,004	120,004
	========	========
Issued and fully paid:		
6,981 ordinary "A" shares	3	3
57,452,523 preference stock units	57,453	57,453
	57,456	57,456
	========	========

(i) Rights of ordinary "A" shareholders:
Ordinary "A" shareholders have no right to receive dividends but have the right to attend general meetings and to vote thereat.

(ii) Rights of preference stockholders:
Preference stockholders have the right to receive a fixed cumulative preference dividend at the rate of 7 1/2% per annum, plus such additional dividend as the company may decide but not exceeding 75% of the net profit of the company in any year. They also have the right to attend general meetings and to vote thereat.

(b) Capital reserves:
Capital reserves represent the unrealised surplus on the previous revaluation of fixed assets now deemed as cost (note 8).

(c) Investment revaluation reserve:
This represents the unrealised gain arising on the change in fair value of available-for-sale investments.

10. Long-term liabilities

	The Company		The Group	
	2003 ($'000)	2002 ($'000)	2003 ($'000)	2002 ($'000)
(a) 32% loan	(54)	151	(54)	151
(b) 8.5% loan	-	1,172	-	1,172
(c) 21.75% loan	-	-	-	6,493
(d) 10.51% loan	-	-	7,732	12,852
(e) 8.63/10% loan	-	-	9,355	12,195
(f) 23.75% loan	1,610	2,022	1,610	2,022
	1,556	3,345	18,643	34,885
Less: current and past-due maturities	(411)	(1,734)	(12,682)	(18,692)
	1,145	1,611	5,961	16,193
	=======	========	========	=========

(a) The loan was repaid during the year. A refund is due in respect of an over-deduction for the loan.
(b) The loan was repaid during the year.
(c) The loan was repaid during the year.
(d) The loan comprises US$127,482 (2002: US$258,000) and is repayable in equal monthly instalments of US$ 11,000, the final instalment being due on October 31, 2004.
(e) The loan comprises US$154,255 (2002: US$244,000) and is repayable in equal monthly instalments of US$8,000, the final instalment being due on June 30, 2005.
(f) The loan is repayable in equal monthly instalments of $34,000, plus interest for a period of sixty months, the final instalment being due on August 31, 2007.

Loans (a) and (b) and the bank overdraft of the company (note 6) are secured by first mortgages on certain freehold properties of the company.

Loans (c), (d), and (e) and the bank overdraft of a subsidiary (note 6) are secured by a second and third debenture over a subsidiary's fixed and floating assets, and second and third mortgages over a subsidiary's freehold land and buildings.

Loan (f) is secured by a lien on a motor vehicle.

11. Gross operating revenue

Gross operating revenue represents the invoiced value of sales by the group, net of returns and general consumption tax.

12. Disclosure of expenses

Profit from operations is stated after charging:

	The Group	
	2003 ($'000)	2002 ($'000)
Staff costs	64,368	70,174
Directors' emoluments:		
Fees	371	356
Management remuneration	5,477	4,321
Auditors' remuneration	2,540	2,235
	======	======

13. Deferred liabilities

The Company

(a) Deferred tax liabilities are attributable to the following:

	2003 ($'000)	2002 ($'000)

Pension asset	(10,787)	(10,417)
Fixed assets	(13,380)	(14,101)
Accounts payable	-	8
Retirement benefit obligation	128	116
Tax loss carried forward	1,375	10,621
	(22,664)	(13,773)

(b) Movement in temporary differences during the year:

	Balance at December 1, 2002 ($'000)	Recognised in income ($'000)	Balance at November 30, 2003 ($'000)
Pension asset	(10,417)	(370)	(10,787)
Fixed asset	(14,101)	721	(13,380)
Accounts payable	8	(8)	-
Retirement benefit obligation	116	12	128
Tax loss carried forward	10,621	(9,246)	1,375
	(13,773)	(8,891)	(22,664)

The Group

(a) Deferred tax liabilities are attributuable to the following:

	2003 ($'000)	2002 ($'000)
Pension asset	(10,787)	(10,417)
Fixed assets	(17,322)	(19,780)
Accounts payable	67	85
Tax loss carried forward	3,331	11,277
Retirement benefit obligation	128	116
	(24,583)	(18,719)

(b) Movement in temporary differences:

	Balance at December 1, 2002 ($'000)	Recognised in income ($'000)	Balance at November 30, 2003 ($'000)
Pension asset	(10,417)	(370)	(10,787)
Fixed asset	(19,780)	2,458	(17,322)
Accounts payable	85	(18)	67
Tax loss carried forward	11,277	(7,946)	3,331
Retirement benefit obligation	116	12	128
	(18,719)	(5,864)	(24,583)

14. Taxation

Taxation is based on the net profit for the year adjusted for tax purposes and is comprised as follows:

	2003 ($'000)	2002 ($'000)
(i) Current taxation: income tax at 33 1/3%	-	-
(ii) Deferred taxation: Origination and reversal of temporary differences	(5,864)	924
	(5,864)	924

The actual expense differed from the "expected" tax expense for those years as follows:

	2003	2002
Computed "expected" tax expense	3,308	-
Difference between profit for financial statements and tax reporting purposes on -		
Depreciation charge and capital allowance	8,290	8,283
Other	(11,598)	(8,283)
Deferred taxation	(5,864)	924
Actual taxation expense	(5,864)	924

Taxation losses, subject to agreement by the Commissioner of Taxpayer Audit and Assessment, available for relief against future taxable profits amounted to approximately $4,124,000 (2002: $39,566,000) and $11,028,000 (2002: $41,415,000) for the company and the group respectively.

15. Net profit for the year

Of the net loss for the year, profit of $11,663,000 (2002: profit of $3,517,000) are dealt with in the financial statements of the holding company.

16. Dividends

This represents amounts paid on the 7 1/2% preference stock units of the company. These dividends are an allowable charge for taxation purposes in accordance with the provisions of the Income Tax Act.

17. Earnings/(loss) per stock unit

The calculation of earnings/(loss) per stock unit is based on the group's net profit/(loss) for the year of $4,060,000 (2002: loss of $26,000) and the number of preference stock units in issue.

18. National Housing Trust contributions

Contributions to the National Housing Trust up to July 31, 1979 amounting to $47,134 for the company and $55,780 for the group, which were expensed in the profit and loss account, are recoverable in the years 2002/4.

19. Employee benefits

A contributory defined-benefit pension scheme administered by a life assurance company, is operated for all employees of the company and the group who have satisfied certain minimum service requirements.

The benefits are computed on the basis of final year's salary, by reference to the number of years of pensionable service.

The scheme is subject to periodic actuarial valuations and the most recent valuation as at November 2003 disclosed a surplus.

The company and group also provide post-retirement life insurance benefits to employees.

(a) Pension assets:

	Company and Group 2003 ($'000)	2002 ($'000)
Present value of funded obligations	(52,681)	(50,304)
Fair value of plan assets	91,955	78,017
Unrecognised actuarial (loss)/gain	(6,343)	3,855
Unrecognised amount due to limitation in economic benefit	(244)	-
Asset recognised in balance sheet	32,687	31,568

Plan assets include a loan to the company of $14.2 million (2002: $Nil).

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

	Company and Group 2003 ($'000)	2002 ($'000)
Balance at beginning of year	31,568	29,698
Contributions paid	2,179	1,933
Expense recognised in the income statement	(1,060)	(63)
Balance at end of year	32,687	31,568

(ii) Expense recognised in the income statement:

	Company and Group 2003 ($'000)	2002 ($'000)
Current service costs	1,935	1,267
Interest on obligations	7,132	6,129
Expected return on plan assets	(8,251)	(7,333)
Change in limitation on asset	244	-
	1,060	63

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

	2003	2002
Discount rate	14%	12.5%
Expected return on plan assets	10%	10%
Future salary increases	10%	8.5%
Future pension increases	4.5%	3.5%

(b) Post-retirement life insurance obligations:

	Company and Group	
	2003 ($'000)	2002 ($'000)
Present value of obligations	411	433
Unrecognised actuarial gain	(23)	(80)
Liability recognised in balance sheet	388	353

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

	Company and Group	
	2003 ($'000)	2002 ($'000)
Balance at beginning of year	353	318
Contributions paid	(36)	(20)
Expense recognised in the income statement	71	55
Balance at end of year	388	353

(ii) Expense recognised in the income statement

	Company and Group	
	2003 ($'000)	2002 ($'000)
Current service costs	17	15
Interest on obligations	54	40
	71	55

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

	2003	2002
Discount rate	15%	12.5%
Life insurance cost increase	9.5%	8.5%

20. Accounts payable

	Company		Group	
	2003 ($'000)	2002 ($'000)	2003 ($'000)	2002 ($'000)
Trade payable	38,685	19,651	112,144	98,584
Other payables and accruals	21,700	10,260	24,157	14,727
	60,385	29,911	136,301	113,311

Included in 2003 other payables for (the company) and the group is a short-term loan of $14.2 million bearing interest of 15% from the Jamaica Livestock Association Pension Plan.

21. Lease commitments

There were commitments under non-cancellable operating leases payable as follows:

	The Company		The Group	
	2003 ($'000)	2002 ($'000)	2003 ($'000)	2002 ($'000)
Within one year	13,831	1,796	13,831	1,796
Subsequent years	7,399	2,000	7,399	2,000
	21,230	3,796	21,230	3,796

Lease rentals during the year amounted to $21,230,000 (2002: $1,613,000) for the company and the group.

22. Contingency

The company has indicated that it will continue to provide such financial assistance that one of its subsidiaries may require to meet its obligations.

23. Financial instruments

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise. For the purpose of the financial statements, financial assets have been determined to include cash, accounts receivable, taxation recoverable and investments, Financial liabilities include bank overdraft, accounts payable and loans payable.

(a) Financial instrument risks

Exposure to credit, interest rate, foreign currency, market, liquidity and cash flow risks arises in the ordinary course of the company's and the group's business.

(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 company and the group generally do not require collateral in respect of trade receivables. Management has a credit policy in place to minimise exposure to credit risk. Credit evaluations are performed on all customers requiring credit.

At balance sheet date, there were no significant concentrations of credit risk and the maximum exposure to credit risk is represented by the carrying amount of each financial asset.

(ii) Interest rate risk:

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market rates. Bank overdraft and loans are subject to a fixed rate which may be varied by appropriate notice from the lender. The company's and the group's exposure to interest rate risk is limited to its cash, bank overdraft and loan balances.

(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 company and the group incur foreign currency risk primarily on purchases that are denominated in a currency other than the Jamaica dollar.

Exposure to exchange rate changes in respect of balances in foreign currencies amounted to the following:

	The Company 2003 ($'000)	The Company 2002 ($'000)	The Group 2003 ($'000)	The Group 2002 ($'000)
Net asset/(liabilities) - US$	306	232	(1,050)	(1,150)
Net liabilities - CDN$	(87)	(41)	(87)	(41)
Net liabilities - Pounds	(2)	(9)	(2)	(9)
Net liabilities - Euro	(23)	-	(23)	-

(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 company and the group have no significant exposure to market risk as the financial instruments subject to this risk are not material.

(v) Liquidity risk

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

(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 company manages this risk by 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

Fair value amounts represent estimates of the arm's length consideration that would be currently agreed upon between knowledgeable, willing parties who are under no compulsion to act and is best evidenced by a quoted market price, if one exists.

Determination of fair value

The fair value of cash, accounts receivable, accounts payable, due to subsidiaries and bank overdraft are assumed to approximate to their carrying value, due to their short-term nature. The fair value of unquoted securities, debentures, long-term receivable and long-term liabilities cannot be determined due to the unavailability of quoted market prices or other relevant market information.

The fair value of investments in quoted securities is based on the prevailing market prices at November 30, 2003 as disclosed in note 7.

24. Related party balances and transactions

Related parties are those which control or exercise significant influence over or are controlled or significantly influenced by the company in making financial and operating decisions, or, along with the company, are subject to common control or significant influence.

(a) The balance sheet includes the following balances, arising in the ordinary course of business, with the parent company, fellow subsidiaries, directors, companies held by directors and other related parties:

The Company:

	2003 ($'000)	2002 ($'000)
Subsidiaries:		
Investment in	5	5
Advances to (see note below)	58,274	57,901
	58,279	57,906
	=======	=======
Due from subsidiaries	6,726	-
Due to subsidiaries	6,574	4,357

The Company:

	2003 ($'000)	2002 ($'000)
Directors:		
Accounts receivable	663	62
Companies held by directors:		
Accounts receivable	2,102	2,139
Accounts payable	475	1,410
	======	======

The Group:

	2003 ($'000)	2002 ($'000)
Directors:		
Accounts receivable	663	62
Companies held by directors:		
Accounts receivable	2,102	2,139
Accounts payable	475	1,410
	======	======

Note: Advances to subsidiary are in connection with the construction of a wharf and grain off-loading facilities. They bear interest at 18% per annum (2002: interest-free) calculated on the opening balance and repayment terms have not yet been determined.

(b) The profit and loss account includes the following income earned from, and expenses incurred in, transactions with the parent company, fellow subsidiaries, and directors/ companies held by directors in the ordinary course of business:

The Company:

	2003 ($'000)	2002 ($'000)
Subsidiaries:		
Purchases	502,049	369,878
Management fees received	500	500
Commission received	11,798	15,855
Interest charge	-	6,317
Truckage charge	12,644	-

The Company:

	2003 ($'000)	2002 ($'000)
Directors:		
Sales	982	913
Legal and professional fees	109	2,045
Companies held by directors:		
Sales	19,096	9,057
Purchases	552	544
Travel expenses	864	981
Lease rental charges	1,285	1,005
Advertising	1,953	4,350
	======	======

The Group:

	2003 ($'000)	2002 ($'000)
Directors:		
Sales	982	913
Legal and professional fees	109	2,045
Companies held by directors:		
Sales	19,096	9,057
Purchases	-	603
Travel expenses	864	981
Lease rental charges	1,285	1,005
Advertising	1,953	4,350
	======	======

25. Explanation of effect of first-time adoption of IFRS

As stated in note 2, these are the group's first financial statements prepared in accordance with IFRS.

The accounting policies set out in note 3 have been applied in preparing the financial statements for the year ended November 30, 2003, the comparative information presented for the year ended November 30, 2002 and in the preparation of an opening IFRS balance sheet at December 1, 2001 (the group's date of transition to IFRS).

In preparing its opening IFRS balance sheet, the group has adjusted amounts previously reported in financial statements prepared in accordance with previous Jamaica generally accepted accounting principles (GAAP). An explanation of how the transition from previous Jamaica GAAP to IFRS has affected the company's financial position, financial performance and cash flows is set out below.

(a) Reconciliation of equity as at December 1, 2001:

	Capital reserves ($'000)	Investment revaluation reserve ($'000)	Retained profits ($'000)	Total ($'000)
Balances as previously reported	86,169	-	12,919	99,088
IAS 39 - Financial instruments - recognition and measurement (note i)	-	1,595	-	1,595
IAS 12 - Income taxes (note ii)	-	-	(19,770)	(19,770)
IAS 19 - Employee benefits (note iv)	-	-	29,380	29,380
IAS 16 - Property, plant and equipment (note iii)	(263)	-	263	-
	(263)	1,595	9,873	11,205
Balances as restated	85,906	1,595	22,792	110,293
	==========	==========	==========	==========

(b) Reconciliation of net loss for 2002:

	Net loss ($'000)
Net loss as previously reported under Jamaican GAAP	(2,785)
Effect of first-time adoption of IFRS:	
IAS 12 - Income taxes (note ii)	924
IAS 19 - Employee benefits (note iv)	1,835
Net loss for the year as restated	(26)
	======

(c) Reconciliation of equity as at November 30, 2002 (only affected balance sheet items shown).

	As previously reported under Jamaica GAAP ($'000)	IFRS adjustments ($'000)	As reported under IFRS ($'000)
Assets			
Pension asset [note (iv)]	-	31,568	31,568
Accounts receivable	23,822	159	23,981
Investments [note (i)]	175	1,679	1,854
Deferred expenses [note (ii)]	286	(286)	-
	24,283	33,120	57,403

Liabilities and shareholders' equity

	As previously reported under Jamaica GAAP ($'000)	IFRS adjustments ($'000)	As reported under IFRS ($'000)
Liabilities:			
Deferred tax liabilities (note (ii)]	-	18,719	18,719
Post retirement obligation [note (iv)]	-	353	353
Shareholders' equity:			
Capital reserves [note (iii)]	74,709	(263)	74,446
Fair value reserve [note (i)]	-	1,679	1,679
Retained profits [note (i),(ii)]	17,285	12,632	29,917
	91,994	33,120	125,114

(d) Explanation of significant adjustments:

(i) Investments were carried at the lower of cost and fair value under Jamaica GAAP. Under IFRS, investments classified as available-for-sale are shown at fair value, with changes in fair value taken to investment revaluation reserve.

(ii) Provision is made for deferred tax on all temporary differences between carrying amounts of assets and liabilities using the balance sheet liability method and tax rates enacted at the balance sheet date. Under Jamaican GAAP, no recognition was made for deferred tax.

(iii) Fixed assets were carried at revaluation under Jamaica GAAP. Under IFRS the group's policy is to carry fixed asset at cost. The revaluation surplus previously taken to capital reserve has been reversed and the accumulated depreciation on the related asset reversed and amount debited to retained earnings.

(iv) Assets and liabilities arising under defined benefit pension plan and other post-retirement life insurance obligations are recognised under IFRS. These were not recognised under previous Jamaica GAAP.

(e) Effect on statement of changes in cash flow:
There are no material differences between the statement of cash flows reported under IFRS and that previously reported under Jamaica GAAP.

26. Segment reporting

	November 30, 2003				
	Merchandise ($'000)	Poultry ($'000)	Feeds ($'000)	Eliminations ($'000)	Total ($'000)
Revenue from external customers	174,813	169,046	454,927	-	798,786
Inter-segment revenue	1,120	105,009	397,417	(503,546)	-
Total revenue	175,933	274,055	852,344	(503,546)	798,786
Segment results	5,382	(1,603)	10,434	7,400	21,613
Interest and other income					7,135
Profit from operations					28,748
Finance costs					(18,824)
Taxation					(5,864)
Net profit for year					4,060
Segment assets	299,095	27,789	168,074	(71,764)	423,194
Unallocated assets					32,687
Total assets					455,881
Segment liabilities	140,336	15,976	149,416	(71,624)	234,104
Unallocated liabilities					388
Total liabilities					234,492
Capital expenditure	4,511	262	7,172	-	11,945
Depreciation	6,746	741	12,609	-	20,096
Other non-cash expenses	4,118	(1,051)	(1,976)	-	1,091

	Merchandise ($'000)	Poultry ($'000)	Feeds ($'000)	Eliminations ($'000)	Total ($'000)
Revenue from external customers	165,410	138,929	296,071	-	600,410
Inter-segment revenue	838	96,452	274,104	(371,394)	-
Total revenue	166,248	235,381	570,175	(371,394)	600,410
Segment results	(22,059)	1,981	12,154	18,214	10,290
Interest and other income					11,070
Profit from operations					21,360
Finance costs					(22,310)
Taxation					924
Net loss for the year					(26)
Segment net assets	239,486	28,075	202,086	(65,881)	403,766
Unallocated asset					31,568
Total assets					435,334
Segment liabilities	85,065	14,339	179,474	(65,816)	213,062
Unallocated liabilities					353
Total liabilities					213,415
Capital expenditure	4,936	1,583	3,912	-	10,431
Depreciation	6,550	651	12,316	-	19,517

Other non-cash expenses	(336)	272	(2,066)	-	(2,130)

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

Inter-segment transactions are eliminated in arriving at the group's total. There are no geographical segments to disclose as the group operates in the local market only.