The Jamaica Livestock Association Limited

Notes to the Financial Statements

November 30, 2004

1. The company

The company is incorporated under the laws of Jamaica. The registered office is located at Newport East, Kingston, Jamaica, W.I.

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 (2003: 193) persons, including part-time employees.

2. Basis of preparation, statement of compliance and consolidation

(a) Basis of preparation and statement of compliance
The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations adopted by the International Accounting Standards Board (IASB) and comply with the provisions of the Companies Act.

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.

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, 2004. 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 2004 and 2003 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) Property, plant and equipment:
Property, plant and equipment are stated at cost or deemed cost less accumulated depreciation (see below) and impairment losses [see accounting policy (j)].

(b) Depreciation:
Property, plant and equipment, 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 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 benefit asset 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 receivable:

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 treated as a financing activity.

(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 26.

(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 [note 3 (j)].

	The Company		The Group	
	2004	2003	2004	2003
	($'000)	($'000)	($'000)	($'000)
Trade receivables	18,837	15,277	18,837	15,277
Prepaid expenses	9,845	1,787	11,166	2,730

Other receivables	18,169	16,007	29,563	24,364
	46,851	33,071	59,566	42,371
Provision for doubtful debts	(4,585)	(4,373)	(5,409)	(5,197)
	42,266	28,698	54,157	37,174

Prepaid expenses includes $7,492,250 (2003: Nil) representing deposits on property (note 24).

5. Inventories

	The Company		The Group	
	2004 ($'000)	2003 ($'000)	2004 ($'000)	2003 ($'000)
Raw materials and supplies	7,767	-	35,339	12,688
Merchandise and animal health products	64,342	73,044	64,342	73,044
Hardware and lumber	21,515	16,504	21,515	16,504
Feeds	7,551	5,749	10,127	8,062
Poultry	626	403	558	403
Eggs	216	-	6,383	6,102
Meats	129	94	129	94
Spare parts	274	308	489	523
Packing	-	-	4,773	4,155
Inventory in transit	41,113	-	50,843	2,467
	143,533	96,102	194,498	124,042

6. Bank overdraft

The bank overdraft of the company and the group is secured as disclosed in note 10, and as at November 30, 2004, bore interest at a variable rate of 23.75% (2003: 24.75%) for the company and the group.

7. Investments

	The Company		The Group	
	2004 ($'000)	2003 ($'000)	2004 ($'000)	2003 ($'000)

Available-for-sale:				
Quoted securities	1,714	947	3,017	1,543
Originated securities:				
Debentures, at cost	30	30	30	30
	1,744	977	3,047	1,573

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

8. Property, plant and equipment

The Company:

	Freehold land and buildings ($'000)	Furniture, fixtures, computers, plant, machinery and vehicles ($'000)	Total ($'000)
At cost:			
November 30, 2003	65,419	47,851	113,270
Additions	210	3,783	3,993
Disposal	-	(343)	(343)
November 30, 2004	65,629	51,291	116,920
Depreciation:			
November 30, 2003	12,393	26,480	38,873
Charge for the year	1,463	4,776	6,239
Eliminated on disposal	-	(343)	(343)
November 30, 2004	13,856	30,913	44,769
Net book values:			
November 30, 2004	51,773	20,378	72,151
November 30, 2003	53,026	21,371	74,397

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, 2003	99,101	136,153	148,486	383,740
Additions	436	8,333	140	8,909
Disposals	-	(2,265)	-	(2,265)
November 30, 2004	99,537	142,221	148,626	390,384
Depreciation:				
November 30, 2003	16,296	101,901	34,411	152,608
Charge for the year	1,883	13,286	5,268	20,437
Eliminated on disposals	-	(1,002)	-	(1,002)
November 30, 2004	18,180	114,185	39,679	172,044
Net book values:				
November 30, 2004	81,357	28,036	108,947	218,340
November 30, 2003	82,805	34,252	114,075	231,132

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 (2003: $11,627,000) for the company and $26,627,000 (2003: $26,627,000) for the group.

Wharf and grain off-loading facilities include:

	2004 ($'000)	2003 ($'000)
Interest capitalised	17,181	17,181
Currency exchange losses, net, capitalised [note 3 (e)]	19,321	19,172

9. Share capital and reserves

(a) Share capital:

	2004 ($'000)	2003 ($'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	
		2004	2003	2004	2003
		($'000)	($'000)	($'000)	($'000)
(a) 32%	loan	-	(54)	-	(54)
(b) 10.51%	loan	-	-	-	7,732
(c) 8.63/10%	loan	-	-	3,860	9,355
(d) 23.75%	loan	1,199	1,610	1,199	1,610
		1,199	1,556	5,059	18,643
Less: current and past-due					

maturities	(411)	(411)	(4,271)	(12,682)
	788	1,145	788	5,961

(a) A refund was due in respect of an over-deduction for the loan, this was received during the year.

(b) The loan was repaid during the year.

(c) The loan comprises US$62,625 (2003: US$154,255) and is repayable in equal monthly instalments of US$7,665, the final instalment being due on June 30, 2005.

(d) 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 the bank overdraft of the company (note 6) are secured by first mortgages on certain freehold properties of the company.

Loans (b) and (c) 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 (d) 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	
	2004	2003
	($'000)	($'000)
Staff costs	84,464	64,368
Directors' emoluments:		
Fees	350	371

Management remuneration	5,501	5,477
Auditors' remuneration	2,840	2,540

13. Deferred tax assets and liabilities

The company

Deferred tax liabilities:

Deferred tax liabilities are attributable to the following:

	2004 ($'000)	2003 ($'000)
Pension asset	(14,407)	(10,787)
Property, plant and equipment	(12,224)	(13,380)
Retirement benefit obligation	138	128
Tax loss carried forward	-	1,375
	(26,493)	(22,664)

Movement in temporary differences during the year:

	Balance at December 1, 2003 ($'000)	Recognised in income ($'000)	Balance at November 30, 2004 ($'000)
Pension asset	(10,787)	(3,620)	(14,407)
Property, plant and equipment	(13,380)	1,156	(12,224)
Retirement benefit obligation	128	10	138
Tax loss carried forward	1,375	(1,375)	-
	(22,664)	(3,829)	(26,493)

The Group

(a) Deferred tax assets:

Deferred tax assets are attributable to the following:

	2004 ($'000)	2003 ($'000)
Property, plant and equipment	17	-
Accounts payable	879	-
Tax loss carried forward	92	-
	988	-

Movement in temporary differences during the year for the Group:

	Balance at December 1, 2003 ($'000)	Recognised in income ($'000)	Balance at November 30, 2004 ($'000)
Property, plant and equipment	-	17	17
Accounts payable	-	879	879
Tax loss carried forward	-	92	92
	-	988	988

(b) Deferred tax liabilities:

Deferred tax liabilities are attributable to the following:

	2004 ($'000)	2003 ($'000)
Pension asset	(14,407)	(10,787)
Property, plant and equipment	(14,952)	(17,322)
Accounts payable	-	67
Tax loss carried forward	65	3,331
Retirement benefit obligation	138	128
	(29,156)	(24,583)

(b) Movement in temporary differences during the year for the Group:

	Balance at December 1, 2003 ($'000)	Recognised in income ($'000)	Balance at November 30, 2004 ($'000)

Pension asset	(10,787)	(3,620)	(14,407)
Property, plant and equipment	(17,322)	2,370	(14,952)
Accounts payable	67	(67)	-
Tax loss carried forward	3,331	(3,266)	65
Retirement benefit obligation	128	10	138
	(24,583)	(4,573)	(29,156)

14. Taxation

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

	2004 ($'000)	2003 ($'000)
(i) Current taxation:		
Income tax @ 33 1/3%	-	-
(ii) Deferred taxation:		
Tax benefit of unused tax losses	(13,742)	(7,946)
Origination and reversal of temporary differences	17,327	2,082
	3,585	(5,864)

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

	2004 ($'000)	2003 ($'000)
Profit before taxation	24,007	9,924
Computed "expected" tax expense @ 33 1/3%	8,002	3,308
Difference between profit for financial statements and tax reporting purposes on -		
Depreciation charge and capital allowances	3,678	2,458
Tax losses used	(13,742)	(7,946)
Other	(1,523)	(3,684)
Actual taxation expense	3,585	(5,864)

Taxation losses, subject to agreement by the Commissioner of Taxpayer Audit and Assessment, available for relief against future taxable profits amounted to approximately $60,000 (2003: $4,124,000) and $5,231,000 (2003: $11,028,000) for the company and the group respectively.

15. Net profit for the year

Of the net profit for the year, profit of $19,871,000 (2003: profit of $11,663,000) 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 per stock unit

The calculation of earnings per stock unit is based on the group's net profit for the year of $20,422,000 (2003: $4,060,000) 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 asset:

	Company and Group	
	2004	2003
	($'000)	($'000)
Present value of funded obligations	(82,467)	(52,681)
Fair value of plan assets	122,036	91,955
Unrecognised actuarial gain/(loss)	3,655	(6,343)
Unrecognised amount due to limitation in economic benefit	-	(244)
Asset recognised in balance sheet	43,224	32,687

Plan assets include a loan to the company of $14.2 million (2003: $14.2 million).

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

	Company and Group	
	2004	2003
	($'000)	($'000)
Balance at beginning of year	32,687	31,568
Contributions paid	6,478	2,179
Expense recognised in the profit and loss account	3,815	(1,060)
	42,980	-
Income not eligible for recognition due to limit	244	-
Balance at end of year	43,224	32,687

(ii) Expense recognised in the profit and loss account:

	Company and Group	
	2004	2003
	($'000)	($'000)
Current service costs	1,848	1,935
Interest on obligations	(7,625)	7,132
Expected return on plan assets	9,592	(8,251)
Change in limitation on asset	244	244
	4,059	1,060

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

	2004	2003
Discount rate	12.5%	14%
Expected return on plan assets	10%	10%
Future salary increases	9.5%	10%
Future pension increases	3.5%	4.5%

(b) Post-retirement obligation:

	Company and Group	
	2004 ($'000)	2003 ($'000)
Present value of obligations	608	411
Unrecognised actuarial gain	(202)	(23)
Liability recognised in balance	416	388

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

	Company and Group	
	2004 ($'000)	2003 ($'000)
Balance at beginning of year	388	353
Contributions paid	(44)	(36)
Expense recognised in the profit and loss account	72	71
Balance at end of year	416	388

(ii) Expense recognised in the profit and loss account:

	Company and Group	
	2004 ($'000)	2003 ($'000)
Current service costs	12	17
Interest on obligations	60	54
	72	71

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

	2004	2003
Discount rate	12.5%	15%
Life insurance cost increase	9.5%	9.5%

20. Accounts payable

	Company		Group	
	2004	2003	2004	2003
	($'000)	($'000)	($'000)	($'000)
Trade payable	64,750	38,685	142,658	112,144
Other payables and accruals	24,217	21,700	26,882	24,157
	88,967	60,385	169,540	136,301

Included in 2004 other payables for the company and the group is a short-term loan of $14.2 million (2003:$14.2) million bearing interest of 15% from the Jamaica Livestock Association Pension Plan and a short-term loan from a related party of $7.4 million (2003: Nil) bearing interest of 10% per annum, and an additional 10% for late payments.

21. Director's loan

This loan represents an unsecured loan of $6.18 million (2003: Nil) bearing interest of 10% per annum with an additional interest charge of 10% for late payments.

22. Lease commitments

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

	Company		Group	
	2004	2003	2004	2003
	($'000)	($'000)	($'000)	($'000)
Within one year	9,343	13,831	9,343	13,831
Subsequent years	41,622	7,399	41,622	7,399

50,965	21,230	50,965	21,230
====================		====================	

Lease rentals during the year amounted to $50,965,000 (2003: $21,230,000) for the company and the group.

23. 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.

24. Capital commitment

At November 30, 2004, $19,500,000 has been committed for capital expenditure in respect of which deposits amounting to $7,492,250 are included in accounts receivable (note 4).

25. 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 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:

		Company		Group	
		2004 ($'000)	2003 ($'000)	2004 ($'000)	2003 ($'000)
Net asset/(liabilities)	- US$	(564)	306	(1,769)	(1,050)
Net liabilities	- CDN$	(69)	(87)	(69)	(87)
Net liabilities	- Pound	1	(2)	1	(2)
Net liabilities	- Euro Pound	(21)	(23)	(21)	(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, 2004 as disclosed in note 7.

26. 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:

	2004 ($'000)	2003 ($'000)
Subsidiaries:		
Investment in	5	5
Advances to (see note below)	64,841	58,274
	64,846	58,279
Due from subsidiaries	5,166	6,726
Due to subsidiaries	8,309	6,574
Directors:		
Accounts receivable	29	663
Accounts payable	6,245	-
Companies held by directors:		
Accounts receivable	2,231	2,102
Accounts payable	243	475

The Group:

	2004 ($'000)	2003 ($'000)
Directors:		
Accounts receivable	29	663
Accounts payable	6,245	-
Companies held by directors:		
Accounts receivable	2,231	2,102
Accounts payable	243	475

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 (2003: 18%) calculated on the opening balance and repayment terms have not yet been determined.

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:

	2004 ($'000)	2003 ($'000)

	2004	2003
Subsidiaries:		
Purchases	562,139	502,049
Management fees received	500	500
Commission received	14,371	11,798
Truckage charge	18,943	12,644

	2004 ($'000)	2003 ($'000)
Directors:		
Sales	859	982
Legal and professional fees	11	109
Companies held by directors:		
Sales	16,881	19,096
Purchases	1,202	552
Travel expenses	1,504	864
Lease rental charges	1,566	1,285
Advertising	-	1,953

The Group:	2004 ($'000)	2003 ($'000)
Directors:		
Sales	859	982
Legal and professional fees	11	109
Companies held by directors:		
Sales	16,881	19,096
Purchases	1,202	552
Travel expenses	1,502	864
Lease rental charges	1,566	1,285
Advertising	-	1,953

27. Segment reporting

November 30,2004

	Merchandise ($'000)	Poultry ($'000)	Feeds ($'000)	Eliminations ($'000)	Total ($'000)
Revenue from external customers	242,237	194,482	502,089	-	938,808
Inter-segment					

revenue	1,274	127,253	436,977	(565,504)	-
Total revenue	243,511	321,735	939,066	(565,504)	938,808
Segment results	3,038	1,963	14,561	14,806	34,368
Interest and other income					10,354
Profit from operations					44,722
Finance costs					(20,715)
Taxation					(3,585)
Net profit for the year					20,422
Segment assets	338,670	27,443	187,880	(78,651)	475,342
Unallocated assets					43,224
Total assets					518,566
Segment liabilities	172,463	13,408	171,720	(78,416)	279,175
Unallocated liabilities					416
Total liabilities					279,591
Capital expenditure	5,324	875	2,710	-	8,909
Depreciation	6,660	813	12,964	-	20,437
Other non-cash expenses	(8,664)	(941)	1,186	-	(8,419)

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 the year					4,060
Segment net assets	299,095	27,789	168,074	(71,764)	423,194
Unallocated asset					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

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.