THE JAMAICA LIVESTOCK ASSOCIATION LIMITED

FINANCIAL STATEMENTS

NOVEMBER 30, 2007

KPMG
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INDEPENDENT AUDITORS' REPORT

To the Members of
THE JAMAICA LIVESTOCK ASSOCIATION LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of The Jamaica Livestock Association Limited (the company), set out on pages 3 to 37, which comprise the company balance sheet and consolidated balance sheet as at November 30, 2007, the group and the company statements of income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the Jamaican Companies Act. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error, selecting and consistently applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether or not the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal controls relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

KPMG

To the Members of
THE JAMAICA LIVESTOCK ASSOCIATION LIMITED

Report on the Financial Statements (cont'd)

Auditors' Responsibility (cont'd)

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial positions of the group and the company as at November 30, 2007, and of the group's and the company's financial performance, changes in equity and cash flows for the year then ended in accordance with International Financial Reporting Standards, and the Jamaican Companies Act, so far as concerns members of the company.

Report on additional requirements of the Jamaican Companies Act

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit. In our opinion, proper accounting records have been maintained, proper returns have been received for branches not visited by us and the financial statements, which are in agreement therewith, give the information required by the Jamaican Companies Act in the manner so required.

KPMG

May 5, 2008

THE JAMAICA LIVESTOCK ASSOCIATION LIMITED

Company Balance Sheet
November 30, 2007

	Notes	2007 ($'000)	2006 ($'000)
Assets			
Other assets		-	626
Investments	4	3,020	4,877
Interest in subsidiaries	5	-	-
Property, plant and equipment	6	215,792	225,288
Pension asset	7(a)	55,277	52,111
Total non-current assets		274,089	282,902
Cash		12,466	3,232
Accounts receivable	5, 8	66,798	63,219
Taxation recoverable		2,297	1,829
Inventories	9	246,953	255,069
Total current assets		328,514	323,349
Total assets		602,603	606,251
Equity			
Share capital	10(a)	115,877	115,877
Capital reserves	10(b)	74,441	74,441
Investment revaluation reserve	10(c)	675	2,175
Retained earnings		8,083	33,775
Total equity		199,076	226,268
Liabilities			
Long-term liabilities	11	79,355	46,797
Deferred tax liabilities	12	13,347	25,200
Post-retirement obligation	7(b)	534	512
Total non-current liabilities		93,236	72,509
Bank overdrafts	13	65,304	36,730
Current and past-due maturities of long-term liabilities	11	22,221	26,761
Due to related parties	5	45,668	53,464*
Accounts payable	14,5	175,128	188,549*
Taxation payable		1,970	1,970
Total current liabilities		310,291	307,474
Total liabilities		403,527	379,983
Total equity and liabilities		602,603	606,251

The financial statements on pages 3 to 37 were approved for issue by the Board of Directors on May 5, 2008 and signed on its behalf by:

John Masterton — Chairman

Henry J. Rainford — Managing Director

*Reclassified to conform with current year presentation.

The accompanying notes form an integral part of the financial statements.

THE JAMAICA LIVESTOCK ASSOCIATION LIMITED

Consolidated Balance Sheet
November 30, 2007

	Notes	2007 ($'000)	2006 ($'000)
Assets			
Other assets		-	626
Investments	4	3,020	4,877
Property, plant and equipment	6	215,792	225,298
Pension asset	7(a)	55,277	52,111
Total non-current assets		274,089	282,912
Cash		12,476	3,242
Accounts receivable	5, 8	67,185	64,465
Taxation recoverable		2,413	1,916
Inventories	9	246,953	255,069
Total current assets		329,027	324,692
Total assets		603,116	607,604
Equity			
Share capital	10(a)	115,877	115,877
Capital reserves	10(b)	74,441	74,441
Investment revaluation reserve	10(c)	675	2,175
Retained earnings		10,489	36,635
Total equity		201,482	229,128
Liabilities			
Long-term liabilities	11	79,355	46,797
Deferred tax liabilities	12	13,347	25,200
Post-retirement obligation	7(b)	534	512
Total non-current liabilities		93,236	72,509
Bank overdrafts	13	65,305	36,730
Current and past-due maturities of long-term liabilities	11	22,221	26,761
Due to related parties	5	43,527	51,675*
Accounts payable	14, 5	175,375	188,831*
Taxation payable		1,970	1,970
Total current liabilities		308,398	305,967
Total liabilities		401,634	378,476
Total equity and liabilities		603,116	607,604

The financial statements on pages 3 to 37 were approved for issue by the Board of Directors on May 5 , 2008 and signed on its behalf by:

_________________________ Chairman
John Masterton

_________________________ Managing Director
Henry J. Rainford

*Reclassified to conform with current year presentation.

The accompanying notes form an integral part of the financial statements.

THE JAMAICA LIVESTOCK ASSOCIATION LIMITED

Group Statement of Changes in Equity
Year ended November 30, 2007

The Group

	Share capital ($'000) [note 10(a)]	Capital reserves ($'000) [note10(b)]	Investment revaluation reserve ($'000) [note 10(c)]	Retained earnings ($'000)	Total ($'000)
Balances at November 30, 2005	115,877	74,446	2,169	54,399	246,891
Transfer of capital reserves	-	(5)	-	5	-
Loss for the year	-	-	-	(13,460)	(13,460)*
Dividends (note 19)	-	-	-	(4,309)	(4,309)
Increase in fair value of investments	-	-	6	-	6*
Balances at November 30, 2006	115,877	74,441	2,175	36,635	229,128
Loss for the year	-	-	-	(21,837)	(21,837)*
Realised gain on sale of investments transferred to income statement	-	-	(448)	-	(448)*
Dividends (note 19)	-	-	-	(4,309)	(4,309)
Decrease in fair value of investments	-	-	(1,052)	-	(1,052)*
Balances at November 30, 2007	115,877	74,441	675	10,489	201,482
Retained in the financial statements of –					
The company	115,877	74,441	675	8,083	199,076
Subsidiary	-	-	-	2,406	2,406
November 30, 2007	115,877	74,441	675	10,489	201,482
The company	115,877	74,441	2,175	33,775	226,268
Subsidiaries	-	-	-	2,860	2,860
November 30, 2006	115,877	74,441	2,175	36,635	229,128

* Total recognised losses for year $23,337,000 (2006: $13,454,000).

The accompanying notes form an integral part of the financial statements.

THE JAMAICA LIVESTOCK ASSOCIATION LIMITED

Company Statement of Changes in Equity
Year ended November 30, 2007

The Company

	Share capital ($'000) [note 10(a)]	Capital reserves ($'000) [[note10(b)]	Investment revaluation reserve ($'000) [note 10(c)]	Retained earnings ($'000)	Total ($'000)
Balances at November 30, 2005	115,877	51,704	1,189	43,789	212,559
Loss for the year	-	-	-	(12,480)	(12,480)*
Transfers from subsidiaries	-	22,737	980	6,775	30,492
Dividends (note 19)	-	-	-	(4,309)	(4,309)
Increase in fair value of investments	-	-	6	-	6*
Balances at November 30, 2006	115,877	74,441	2,175	33,775	226,268
Loss for the year	-	-	-	(21,383)	(21,383)*
Realised gain on sale of investments transferred to income statement	-	-	(448)	-	(448)*
Dividends (note 19)	-	-	-	(4,309)	(4,309)
Decrease in fair value of investments	-	-	(1,052)	-	(1,052)*
Balances at November 30, 2007	115,877	74,441	675	8,083	199,076

* Total recognised losses for year $22,883,000 (2006: $12,474,000).

The accompanying notes form an integral part of the financial statements.

THE JAMAICA LIVESTOCK ASSOCIATION LIMITED

Group Income Statement
Year ended November 30, 2007

	Notes	2007 ($'000)	2006 ($'000)
Gross operating revenue	15	1,199,104	1,148,498
Cost of operating revenue		(847,821)	(799,891)
Gross profit		351,283	348,607
Other income:			
Interest received		507	4,951
Dividend received		30	19
Miscellaneous		18,468	11,256
Profit on disposal of property, plant and equipment		-	1,367
		370,288	366,200
Expenses:			
Administration		(281,680)	(254,068)
Selling		(65,048)	(65,368)
Depreciation		(18,866)	(21,097)
		(365,594)	(340,533)
Profit from operation	16	4,694	25,667
Finance costs	3(p)	(38,384)	(37,700)
Loss before taxation		(33,690)	(12,033)
Taxation	17	11,853	(1,427)
Loss for the year	18	(21,837)	(13,460)
Loss per stock unit	20	(38.01¢)	(23.43¢)

The accompanying notes form an integral part of the financial statements.

THE JAMAICA LIVESTOCK ASSOCIATION LIMITED

Company Income Statement
Year ended November 30, 2007

	Notes	2007 ($'000)	2006 ($'000)
Gross operating revenue	15	1,199,104	1,148,498
Cost of operating revenue		(847,821)	(799,891)
Gross profit		351,283	348,607
Other income:			
Interest received		448	4,693
Dividend received		30	19
Miscellaneous		18,468	11,256
Profit on disposal of property, plant and equipment		-	1,117
		370,229	365,692
Expenses:			
Administration		(281,180)	(252,763)
Depreciation		(18,856)	(21,037)
Selling		(65,047)	(65,368)
		(365,083)	(339,168)
Profit from operation	16	5,146	26,524
Finance costs	3(p)	(38,382)	(37,694)
Loss before taxation		(33,236)	(11,170)
Taxation	17	11,853	(1,310)
Loss for the year	18	(21,383)	(12,480)

The accompanying notes form an integral part of the financial statements.

THE JAMAICA LIVESTOCK ASSOCIATION LIMITED

Group Statement of Cash Flows
Year ended November 30, 2007

	2007 ($'000)	2006 ($'000)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the year	(21,837)	(13,460)
Adjustments for:		
Depreciation	18,866	21,097
Profit on disposal of property, plant and equipment	-	(1,367)
Gain on disposal of investments	(326)	-
Pension asset	(3,166)	(5,242)
Post-retirement obligation	22	48
Deferred taxation (net)	(11,853)	1,280
Income tax expense	-	234
Interest income	(507)	(4,951)
Interest expense	38,384	37,700
	19,583	35,339
Change in other assets	626	-
Change in accounts receivable	(2,720)	(2,895)
Change in taxation recoverable	(497)	(128)
Change in inventories	8,116	(1,298)
Change in accounts payable	(13,456)	(71,255)*
Due to related parties	(8,148)	51,675*
	3,504	11,438
Interest paid	(38,384)	(37,700)
Income tax paid	-	(4,642)
Net cash used by operating activities	(34,880)	(30,904)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of investments	2,503	-
Interest received	507	4,951
Additions to property, plant and equipment	(9,360)	(15,843)
Acquisition of investments	(1,820)	(2,177)
Proceeds from disposal of property, plant and equipment	-	1,367
Net cash used by investing activities	(8,170)	(11,702)
CASH FLOWS FROM FINANCING ACTIVITIES		
Bank overdrafts	28,574	(11,140)
Loan (net)	28,018	57,470
Dividends paid	(4,309)	(4,309)
Net cash provided by financing activities	52,283	42,021
Net increase/(decrease) in cash	9,234	(585)
Cash at beginning of the year	3,242	3,827
Cash at end of the year	12,476	3,242

*Reclassified to conform with current year presentation.

The accompanying notes form an integral part of the financial statements.

THE JAMAICA LIVESTOCK ASSOCIATION LIMITED

Company Statement of Cash Flows
Year ended November 30, 2007

	2007 ($'000)	2006 ($'000)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the year	(21,383)	(12,480)
Adjustments for:		
Depreciation	18,856	21,037
Gain on disposal of investments	(326)	-
Profit on disposal of property, plant and equipment	-	(1,117)
Pension asset	(3,166)	(5,242)
Post-retirement obligation	22	48
Deferred taxation	(11,853)	1,280
Income tax expense	-	30
Interest income	(448)	(4,693)
Interest expense	38,382	38,096
	20,084	36,959
Change in other assets	626	-
Change in accounts receivable	(3,579)	(7,614)
Change in taxation recoverable	(468)	(41)
Change in inventories	8,116	(1,298)
Due from subsidiaries	-	34,121
Change in accounts payable	(13,421)	(65,551)*
Due related parties	(7,796)	53,464*
	3,562	50,040
Interest paid	(38,382)	(38,096)
Income taxes paid	-	(4,438)
Net cash (used)/provided by operating activities	(34,820)	7,506
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	448	4,693
Additions to property, plant and equipment	(9,360)	(15,858)
Acquisition of investments	(1,820)	(2,217)
Proceeds from disposal of property, plant and equipment	-	1,117
Proceeds from disposal of investments	2,503	-
Transfer to property, plant and equipment	-	(138,053)
Interest in subsidiary	-	59,274
Net cash used by investing activities	(8,229)	(91,044)
CASH FLOWS FROM FINANCING ACTIVITIES		
Bank overdrafts	28,574	271
Loan (net)	28,018	57,470
Dividends paid	(4,309)	(4,309)
Capital reserve transferred from subsidiaries	-	22,737
Retained earnings transferred from subsidiaries	-	6,775
Net cash provided by financing activities	52,283	82,944
Net increase/(decrease) in cash	9,234	(594)
Cash at beginning of the year	3,232	3,826
Cash at end of the year	12,466	3,232

*Reclassified to conform with current year presentation.

The accompanying notes form an integral part of the financial statements.

1. The company

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

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.

The operations of JLA Feeds Limited and JLA Hatchery Limited are carried out by the company with effect from September 1, 2005. All of the property, assets and rights of JLA Feeds Limited and JLA Hatchery Limited were transferred and vested in The Jamaica Livestock Association Limited by virtue of a court order dated November 9, 2006.

On November 9, 2006, the Supreme Court of Judicature of Jamaica sanctioned a Scheme of Arrangement whereby:

(a) The whole of the undertaking and all of the property, assets and rights of JLA Feeds Limited as now existing (including without limitation all of its interest in the lands registered at Volume 1118 Folios 706 and 707) shall, by virtue of this Order, and without further act or deed be transferred to and vested in The Jamaica Livestock Association Limited for all the estate and interest of JLA Feeds Limited therein subject to all mortgages, charges and encumbrance, if any, now affecting the same or any part of parts thereof and that from the date hereof all the liabilities and obligations of JLA Feeds Limited as now existing shall by virtue of this Order and without further act or deed, be transferred and become the liabilities and obligations of The Jamaica Livestock Association Limited;

(b) The whole of the undertaking and all of the property, assets and rights of JLA Hatchery Limited as now existing (including without limitation all of its interest in the lands registered at Volume 1153 Folio 914) shall, by virtue of this Order, and without further act or deed be transferred to and vested in The Jamaica Livestock Association Limited for all the estate and interest of JLA Hatchery Limited therein subject to all mortgages, charges and encumbrance, if any, now affecting the same or any part of parts thereof and that from the date hereof all the liabilities and obligations of JLA Hatchery Limited as now existing shall by virtue of this Order and without further act or deed, be transferred and become the liabilities and obligations of The Jamaica Livestock Association Limited;

(c) All proceedings (if any) pending by or against JLA Feeds Limited and/or JLA Hatchery Limited be continued by or against The Jamaica Livestock Association Limited; and

(d) JLA Feeds Limited and JLA Hatchery Limited and The Jamaica Livestock Association Limited do each within 7 days after the date of this Order cause an Office Copy of this Order to be delivered to the Registrar of Companies for registration and at the expiration of six (6) months from the date of this Order that JLA Feeds Limited and JLA Hatchery Limited shall be deemed to be dissolved without winding up and the Registrar of Companies shall place all documents registered with him/her and relating to JLA Feeds Limited and JLA Hatchery Limited on the file kept by him/her in relation to The Jamaica Livestock Association Limited and the file relating to JLA Feeds Limited and JLA Hatchery Limited shall be consolidated with the file relating to The Jamaica Livestock Association Limited accordingly.

1. The company (cont'd)

At the end of the year, the group had in its employment 188 (2006: 207) persons, including part-time employees.

2. Basis of preparation, statement of compliance and consolidation

(a) Statement of compliance:

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

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.

Certain new IFRS, and interpretations of and amendments to existing standards which were in issue, came into effect for the current financial year as follows:

- *IFRIC 7 Applying the Restatement Approach under* IAS 29 *Financial Reporting* in *Hyperinflationary Economies* addresses the application of IAS 29 when an economy first becomes hyperinflationary and, in particular, the accounting for deferred tax. IFRIC 7 has no impact on the Group's or the company's financial statements.

- *IFRIC 8 Scope of IFRS 2 Shared-based Payment* addresses the accounting for share-based payment transactions in which some or all goods or services received cannot be specially identified. IFRIC 8 has no impact on the Group's or the company's financial statements.

- *IFRIC 9 Reassessment of Embedded Derivatives* requires that a reassessment of whether an embedded derivative should be separated from the underlying host contract should be made only when there are changes to the contract. IFRIC 9 has no impact on the Group's or the company's financial statements.

- *IFRIC 10 Interim Financial Reporting and Impairment* prohibits the reversal of an impairment loss recognised in a previous interim period in respect of goodwill, an investment, an equity instrument or a financial asset carried at cost. IFRIC 10 has no impact on the Group's or the company's financial statements.

The adoption of the above standards had no material effect on the Group's or the company's accounting policies nor its financial position and performance.

New standards, and interpretations of and amendments to existing standards, that are not yet effective:

At the date of authorization of the financial statements, certain new standards, and amendments to and interpretations of existing standards, have been issued which are not yet effective and which the company has not early-adopted. The company has assessed the relevance of all such new standards, amendments and interpretations with respect to its operations and has determined that the following may be relevant to its operations and has concluded as follows:

2. Basis of preparation, statement of compliance and consolidation (cont'd)

(a) Statement of compliance (cont'd):

- *IFRS 7 Financial Instruments: Disclosures and the Amendments to IAS 1 Presentation of Financial Statements: Capital Disclosures* (effective for accounting periods beginning on or after January 1, 2007) require disclosures about the significance of financial instruments for an entity's financial position and performance, and qualitative and quantitative disclosures on the nature and extent of risks. The additional disclosures with respect to the Group's and company's financial instruments and share capital are not expected to have any impact on the reported profits or financial position of the Group or the company.

- *IFRS 8 Operating Segments* (effective for accounting periods beginning on or after January 1, 2009) requires segment disclosure based on the components of the company that management monitors in making decisions about operating matters, as well as qualitative disclosures on segments. Segments will be reportable based on threshold tests related to revenues, results and assets. IFRS 8 is not expected to have any significant impact on the Group's or the company's financial statements.

- *IFRIC 11 – IFRS 2 – Group and Treasury Share Transactions* (effective for accounting periods beginning on or after March 1, 2007) addresses the classification of a share-based payment transaction (as equity or cash-settled), in the financial statements of the entity whose employees are entitled to the share-based payment, where equity instruments of the parent or another group company are transferred in settlement of the obligation. IFRIC 11is not considered relevant for the Group and the company and is not expected to have any impact on the Group's or the company's financial statements.

- *IFRIC 12 Service Concession Arrangements* (effective for accounting periods beginning on or after January 1, 2008) addresses the accounting requirements for public-to-private service concession arrangements in private sector entities. IFRIC 12 is not expected to have any impact on the Group's or the company's financial statements.

- *IFRIC 13 Accounting for Customer Loyalty Programmes*, creates consistency in accounting for customer loyalty plans. The interpretation is applicable to all entities that grant awards as part of a sales transaction (including awards that can be redeemed for goods or services not supplied by the entity). IFRIC 13, effective for periods beginning on or after July 1, 2008, and is not expected to have any impact on the Group's or the company's financial statements.

- *IFRIC 14, IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction,* which becomes effective for accounting periods beginning on or after January 1, 2008, provides guidance on assessing the limit set in IAS 19 on the amount of the surplus that can be recognised as an asset. It also explains how the pension asset or liability may be affected by a statutory or contractual minimum funding requirement. The impact of any potential effect of IFRIC 14 and IAS 19 on the Group's and the company's financial statements has not yet been determined.

2. Basis of preparation, statement of compliance and consolidation (cont'd)

(a) Statement of compliance (cont'd):

- *IAS 1 (Revised) Presentation of Financial Statements,* requires the presentation of all non-owners' changes in equity in one or two statements: either in a single statement of comprehensive income, or in an income statement of comprehensive income. IAS 1 (revised), which becomes effective for accounting periods beginning on or after January 1, 2009, and is not expected to have any significant impact on the Group's or the company's financial statements.

- *IAS 23 (Revised) - Borrowing Costs* removes the option of either capitalising borrowing costs relating to qualifying assets or expensing the borrowing costs, and requires management to capitalise borrowing costs attributable to qualifying assets. Qualifying assets are assets that take a substantial time to get ready for their intended use or sale. IAS 23, which becomes effective for financial periods beginning on or after January 1, 2009, and is not expected to have any significant impact on the Group's or the company's financial statements.

- *Amendments to IFRS 2 Share-based payment – Vesting Conditions and Cancellations* is effective for annual periods beginning on or after January 1, 2009. Under the amendment, non-vesting conditions are taken into account in measuring the grant date fair value of the share-based payment and there is no adjustment for differences between expected and actual outcomes. This amendment is not expected to have any impact on the Group's or the company's financial statements.

- *Revised IFRS 3 Business Combinations* and *amended IAS 27 Consolidated and Separate Financial Statements* are effective for annual periods beginning on or after July 1, 2009. The definition of a business combination has been revised and focuses on control. All items of consideration transferred by the acquirer are measured and recognised at fair value as of the acquisition date, including contingent consideration. An acquirer can elect to measure non-controlling interest at fair value at the acquisition date or on a transaction by transaction basis. New disclosure requirements have been introduced. The revisions are not expected to have any significant impact on the Group's or the company's financial statements.

- Amendments to *IAS 32 Financial instruments: Presentation and IAS 1, Presentation of Financial Statements* is effective for annual periods beginning on or after January 1, 2009. The amendments allow certain instruments that would normally be classified as liabilities to be classified as equity if certain conditions are met. Where such instruments are reclassified, the entity is required to disclose the amount, the timing and the reason for the reclassification. The revisions are not expected to have any significant impact on the Group's or the company's financial statements.

(b) Basis of preparation:

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, which is the functional currency of the group.

2. Basis of preparation, statement of compliance and consolidation (cont'd)

(c) Use of estimates and judgements:

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 estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRS that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next financial year are discussed below:

(i) Residual value and expected useful life of property, plant and equipment:

The residual value and the expected useful life of an asset is reviewed at least at each financial year-end and, if expectations differ from previous estimates, the change is accounted for. The useful life of an asset is defined in terms of the asset's expected utility to the company.

(ii) Allowance for impairment losses on receivables:

In determining amounts recorded for impairment losses in the financial statements, management makes judgements regarding indicators of impairment, that is, whether there are indicators that suggest there may be a measurable decrease in the estimated future cash flows from receivables, for example, default and adverse economic conditions. Management also makes estimates of the likely estimated future cash flows from impaired receivables as well as the timing of such cash flows. Historical loss experience is applied where indicators of impairment are not observable on individual significant receivables with similar characteristics, such as credit risks.

(iii) Pension and other post-employment benefits:

The amounts recognised in the balance sheet and revenue and expenses accounts for pension and other post-retirement benefits are determined actuarially using several assumptions. The primary assumptions used in determining the amounts recognised include expected long-term return on plan assets, the discount rate used to determine the present value of estimated future cash flows required to settle the pension and other post-retirement obligations and the expected rate of increase in medical costs for post-retirement medical benefits.

2. Basis of preparation, statement of compliance and consolidation (cont'd)

(c) Use of estimates and judgements (cont'd):

(iii) Pension and other post-employment benefits (cont'd:

The assumed expected return on plan assets considers the long-term historical returns, asset allocation and future estimates of long-term investment returns. The discount rate is determined based on the estimate of yield on long-term government securities that have maturity dates approximating the terms of the company's obligation. In the absence of such instruments in Jamaica, it has been necessary to estimate the rate by extrapolating from the longest-tenor security on the market. The estimate of the expected rate of increase in medical costs is determined based on inflationary factors. Any changes in these assumptions will impact the amounts recorded in the financial statements for these obligations.

(iv) Net realisable value of inventories:

Estimates of net realisable value are based on the most reliable evidence available at the time the estimates are made, of the amount the inventories are expected to realise. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after the end of the year to the extent that such events confirm conditions existing at the end of the year.

Estimates of net realisable value also take into consideration the purpose for which the inventory is held.

It is reasonably possible, based on existing knowledge, that outcomes with the next financial year that are different from these assumptions would require material adjustment to the carrying amounts reflected in the financial statements.

(d) Basis of consolidation:

Subsidiaries are entities controlled by the company. Control exists when the company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefit from its activities.

The consolidated financial statements include the financial statements of the company and its wholly-owned subsidiary made up to November 30, 2007. Intra-group balances and any unrealised gains and losses or income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

The company and its subsidiary, Henmor Limited, which are incorporated in Jamaica, are collectively referred to as "the group". The subsidiary's main activity was the provision of transportation for the operations of the parent company.

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)]. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied in the part will flow to the company and its cost can be reliably measured.

The cost of day-to-day servicing of property, plant and equipment is recognised in profit or loss as incurred.

(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	$1\frac{2}{3}$% - 4%
Furniture, fixtures, computers, plant, machinery and equipment	10%
Motor vehicles, computers	20%
Wharf and grain off-loading facilities	2½%

The depreciation methods, useful lives and residual values are reassessed at the reporting date.

(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. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(d) Investments:

Quoted equities are classified as available-for-sale and are stated at fair value. Fair value is determined as the quoted bid price. Any resultant gain/loss arising from 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 group income statement.

(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.

3. Significant accounting policies (cont'd)

(f) Revenue:

Revenue from the sale of goods is recognised in the group income statement 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 income statement 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 group income statement.

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 income statement 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.

3. Significant accounting policies (cont'd)

(g) Employee benefits (cont'd):

(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 income statement except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the 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 group income statement.

3. Significant accounting policies (cont'd)

(j) Impairment (cont'd):

(i) Calculation of recoverable amount

The recoverable amount of the group's 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.

An impairment loss in respect of an available-for-sale investment is calculated by reference to its current fair value.

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 a 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.

The reversal of an impairment loss is recognised in the income statement, except for available-for-sale equity securities which is recognised directly in equity.

(k) Accounts receivables:

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

(l) Accounts payable:

Trade and other payables are stated at amortised cost.

(m) Cash:

Cash comprises cash and bank balances. For purposes of the statement of cash flows, bank overdraft is treated as a financing activity.

3. Significant accounting policies (cont'd)

(n) Preference share capital:

Preference share capital is classified as equity as it is non-redeemable and dividend thereon is partly discretionary. Ordinary 'A' shareholders have no right to receive dividends. Dividends are recognised when declared as distributions within equity.

(o) Related parties:

A party is related to the company if:

(i) directly or indirectly the party:

- controls, is controlled by, or is under common control with the company;
- has an interest in the company that gives it significant influence over the company; or
- has joint control over the company.

(ii) the party is a member of the key management personnel of the company.

(iii) the party is a close member of the family of any individual referred to in (i) or (ii) above.

(iv) the party is a post-employment benefit plan for the benefit of employees of the company, or any entity that is a related party of the company.

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

Balances and transactions with related parties are disclosed in note 5.

(p) Expenses:

(i) Finance cost:

Finance cost comprises bank and loan interest, recognised on the accrual basis using the effective interest method.

(ii) Operating lease payments:

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

(q) 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* – sale of animal health products, hardware, lumber and farm equipment.

4. Investments

	Company and Group	
	2007	2006
	($'000)	($'000)
Available-for-sale:		
Quoted securities	3,020	4,877

5. 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:

	Company		**Group**	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
Interest in subsidiary – shares, at cost	-	-		
Accounts receivable				
Directors	78	200	78	200
Companies held by directors	1,806	2,757	1,806	2,757
Due to related parties:				
Subsidiary	2,141	1,789	-	-
Company owned by a director (i)	4,281	4,015	4,281	4,015
Close relative of a director (ii)	39,246	33,460	39,246	33,460
The JLA Pension Plan (iii)	-	14,200	-	14,200
	45,668	53,464	43,527	51,675

(i) This is a short-term loan of US$60,000 (2006: US$60,000) bearing interest at 10% per annum and an additional 10% for late payments.

(ii) This represents short-term loans of US$550,000 (2006: US$500,000) bearing interest at 10% per annum with no fixed repayment terms and an additional 10% for late payments.

(iii) This was a short-term loan (note 7(a)] bearing interest of 15%. The loan was repaid during the year.

(b) The income statement 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:

	Company and Group	
	2007	2006
	($'000)	($'000)
Directors:		
Sales	903	404

5. Related party balances and transactions (cont'd)

(b) Income statement (cont'd):

	Company and Group	
	2007 ($'000)	2006 ($'000)
Companies held by directors:		
Sales	11,044	15,848
Purchases	-	2,948
Travel expenses	1,496	2,519
Lease rental charges	480	2,747
Finance charge	384	342
Close relative of a director:		
Finance charge	5,780	3,067
Key management personnel compensation comprised:		
Post-employment benefits	295	496
Short-term employee benefits	7,319	11,134

6. Property, plant and equipment

The Company:

	Freehold land and buildings ($'000)	Furniture, fixtures, computers, plant, machinery and vehicles ($'000)	Wharf and grain off-loading facilities ($'000)	Total ($'000)
At cost:				
November 30, 2005	81,237	69,130	-	150,367
Group transfers	35,771	83,217	148,626	267,614
Additions	1,118	14,740	-	15,858
Disposal	-	(2,559)	-	(2,559)
November 30, 2006	118,126	164,528	148,626	431,280
Additions	557	8,803	-	9,360
November 30, 2007	118,683	173,331	148,626	440,640
Depreciation:				
November 30, 2005	15,906	42,047	-	57,953
Transfers	4,757	79,854	44,950	129,561
Charge for the year	2,943	12,823	5,271	21,037
Eliminated on disposal	-	(2,559)	-	(2,559)
November 30, 2006	23,606	132,165	50,221	205,992
Charge for the year	3,043	12,377	3,436	18,856
November 30, 2007	26,649	144,542	53,657	224,848
Net book values:				
November 30, 2007	92,034	28,789	94,969	215,792
November 30, 2006	94,520	32,363	98,405	225,288
November 30, 2005	65,331	27,083	-	92,414

6. Property, plant and equipment (cont'd)

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, 2005	116,929	155,438	148,626	420,993
Additions	1,118	14,725	-	15,843
Disposals	-	(2,678)	-	(2,678)
November 30, 2006	118,047	167,485	148,626	434,158
Additions	557	8,803	-	9,360
November 30, 2007	118,604	176,288	148,626	443,518
Depreciation:				
November 30, 2005	20,584	124,907	44,950	190,441
Charge for the year	2,943	12,883	5,271	21,097
Eliminated on disposals	-	(2,678)	-	(2,678)
November 30, 2006	23,527	135,112	50,221	208,860
Charge for the year	3,043	12,387	3,436	18,866
November 30, 2007	26,570	147,499	53,657	227,726
Net book values:				
November 30, 2007	92,034	28,789	94,969	215,792
November 30, 2006	94,520	32,373	98,405	225,298
November 30, 2005	96,345	30,531	103,676	230,552

The revalued amount of land, buildings, plant and machinery was deemed as the assets' cost on transition to IFRS, 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 reserves [note 10(b)].

Freehold land and buildings include land amounting to $39,049,000 (2006: $39,049,000) for the company and $39,049,000 (2006: $39,049,000) for the group.

7. 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 2004 disclosed a surplus.

7. Employee benefits (cont'd)

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

(a) Pension asset:

	Company and Group	
	2007	2006
	($'000)	($'000)
Present value of funded obligations	(129,922)	(100,481)
Fair value of plan assets	155,160	154,111
Unrecognised actuarial gains /(losses)	30,039	(1,519)
Asset recognised in balance sheet	55,277	52,111

The plans asset consists of the following:

Preference shares	10	-
Quoted equities	10,150	10,837
Fixed income investments	79,040	49,719
Short-term investments	45,770	75,870
Receivables	19,490	17,399
Cash and cash equivalents	700	286
	155,160	154,111

Plan assets include a loan [note 5(a)(iii)] to the company of $Nil (2006: $14.2 million).

Movement in the fair value of plan assets:

	Company and Group	
	2007	2006
	($'000)	($'000)
Fair value of plan assets at beginning of year	154,111	139,200
Contributions	6,719	6,593
Expected return on plan assets	15,176	13,883
Benefits paid	(11,418)	(7,343)
Actuarial (gain)/loss on plan assets	(9,428)	1,778
Fair value of plan assets at end of year	155,160	154,111

Movement in the present value of funded obligation:

	Company and Group	
	2007	2006
	($'000)	($'000)
Present value of obligation at beginning of year	100,481	81,567
Current service cost	6,568	4,886
Interest cost	12,161	10,348
Benefits paid and administration expenses	(11,418)	(7,343)
Actuarial loss on obligation	22,130	11,023
Present value of obligation at end of year	129,922	100,481

7. Employee benefits (cont'd)

(a) Pension asset (cont'd):

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

	Company and Group	
	2007 ($'000)	2006 ($'000)
Balance at beginning of year	52,111	46,869
Contributions paid	3,026	2,953
Credit recognised in the income statement	140	2,289
Balance at end of year	55,277	52,111

(ii) Credit recognised in the income statement

	Company and Group	
	2007 ($'000)	2006 ($'000)
Current service costs	(2,875)	(1,246)
Interest on obligations	(12,161)	(10,348)
Expected return on plan assets	15,176	13,883
	140	2,289
Actual return on plan assets	10.0%	10.0%

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

	2007	2006
Discount rate	12.5%	12.0%
Expected return on plan assets	10.0%	10.0%
Future salary increases	9.5%	9.5%
Future pension increases	3.5%	3.5%

(b) Post-retirement obligation:

	Company and Group	
	2007 ($'000)	2006 ($'000)
Present value of obligation	1,515	791
Unrecognised actuarial losses	(981)	(279)
Liability recognised in balance sheet	534	512

7. Employee benefits (cont'd)

(b) Post-retirement obligation:

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

	Company and Group 2007 ($'000)	Company and Group 2006 ($'000)
Balance at beginning of year	512	464
Contributions paid	(111)	(65)
Current service and interest costs	133	113
Balance at end of year	534	512

(ii) Expense recognised in the income statement:

	Company and Group 2007 ($'000)	Company and Group 2006 ($'000)
Actuarial losses	11	-
Current service costs	30	31
Interest on obligations	92	82
	133	113

(iii) Movement in the present value of obligation:

	Company and Group 2007 ($'000)	Company and Group 2006 ($'000)
Present value of obligation at beginning of year	791	660
Current service cost	30	25
Interest cost	92	82
Benefits paid	(113)	(65)
Actual loss on obligation	715	89
Present value of obligation at endof year	1,515	791

(c) Historical information:

Defined benefit pension plan:

	2007 ($'000)	2006 ($'000)	2005 ($'000)	2004 ($'000)	2003 ($'000)
Present value of the defined asset	(129,922)	(100,481)	(81,567)	(82,467)	(52,681)
Fair value of plan assets	155,160	154,111	139,200	122,036	91,955
Surplus in the plan	25,238	53,630	57,633	39,569	39,274
Experience adjustments arising on plan liabilities	10,302	4,658	(9,097)	16,240	(11,924)
Experience adjustments arising on plan assets	(9,427)	1,778	5,322	12,561	(3,298)

The Group expects to pay $4,808,000 in contributions to the plan in 2008.

THE JAMAICA LIVESTOCK ASSOCIATION LIMITED

Notes to the Financial Statements (Continued)
November 30, 2007

8. Accounts receivable

	The Company		The Group	
	2007 ($'000)	2006 ($'000)	2007 ($'000)	2006 ($'000)
Trade receivables	21,933	30,173	21,933	30,173
Deposits and prepaid expenses	9,212	8,961	9,212	8,961
Other receivables	46,772	33,693	47,159	34,939
	77,917	72,827	78,304	74,073
Provision for doubtful debts	(11,119)	(9,608)	(11,119)	(9,608)
	66,798	63,219	67,185	64,465

Deposits and prepaid expenses includes $5,917,000 (2006: $5,917,000) representing deposits on property (note 24).

Bad debt expense amounted to $1,562,000 (2006: $1,898,000).

9. Inventories

	Company and Group	
	2007 ($'000)	2006 ($'000)
Raw materials and supplies	48,042	55,662
Merchandise and animal health products	134,718	130,017
Hardware and lumber	26,946	22,776
Feeds	20,142	13,936
Eggs	7,707	6,337
Meats	310	149
Spare parts	284	2,339
Packing material	8,804	7,681
Inventory in transit	-	16,172
	246,953	255,069

10. Share capital and reserves

(a) Share capital:

	2007 ($'000)	2006 ($'000)
Authorised:		
8,000 ordinary "A" shares at no par value		
120,000,000 $7^{1}/_{2}$% cumulative participating preference shares at no par value		
Stated capital – issued and fully paid:		
6,981 ordinary "A" shares at no par	3	3
57,452,523 preference stock units at no par	115,874	115,874
	115,877	115,877

10. Share capital and reserves (cont'd)

(a) Share capital (cont'd):

Under the Companies Act 2004 ("the Act"), which became effective on February 1, 2005, all shares in issue are deemed to be shares without a par (or nominal) value, unless the company, by ordinary resolution, elects to retain its shares with a par value. The company did not make an election to retain par. The share capital is comprised of the sum of the par value of shares in issue and share premium.

(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 7½% 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 property, plant and equipment now deemed as cost (note 6).

(c) Investment revaluation reserve:

This represents the unrealised gain arising on the change in fair value of available-for-sale investments.

11. Long-term liabilities

	Company and Group	
	2007 ($'000)	2006 ($'000)
(a) 16.45% loan	8,615	11,617
(b) 15.00% loan	-	50,000
(c) 8.30% loan	5,828	8,005
(d) 19.75% loan	2,991	3,936
(e) 18.25% loan	36,642	-
(f) 18.25% loan	47,500	-
	101,576	73,558
Less: current and past due maturities	(22,221)	(26,761)
	79,355	46,797

(a) The loan is repayable in equal monthly instalments of J$283,333, the final instalment being due on April 30, 2010.

11. Long-term liabilities (cont'd)

(b) The loan is repayable semi-annually in the amount of $10,000,000. Interest was payable every three months, however, the loan was repaid during the year.

(c) The loan is repayable in equal monthly instalments of US$2,727 plus interest, the final instalment being due on August 6, 2010.

(d) The loan is repayable in equal monthly instalments of $97,917 plus interest, the final instalment being due on February 18, 2010.

(e) The loan is repayable in equal monthly instalments of $452,380 plus interest, the final instalment being due on August 31, 2014.

(f) The loan is repayable in equal monthly instalments of $833,333 plus interest, the final instalment being due on August 31, 2012.

The bank overdrafts of the company (note 13) are secured by mortgages on certain freehold properties of the company and by a second and third debenture over certain fixed and floating assets.

Loans (e) and (f) are secured by mortgage on property at Newport East.

Loans (d) are secured by a lien on a motor vehicle.

Loans (a), (b), and (c) are secured by promissory notes.

12. Deferred tax liabilities

The Company and the Group:

Deferred tax liabilities are attributable to the following:

	2007 ($'000)	2006 ($'000)
Pension asset	18,426	17,370
Property, plant and equipment	7,392	10,393
Retirement benefit obligation	(178)	(171)
Unrealised loss on foreign exchange	(246)	(866)
Tax value of loss carry-forwards utilised	(12,047)	(1,526)
	13,347	25,200

Movement in temporary differences during the year:

	Balance at December 1, 2006 ($'000)	Recognised in income ($'000)	Balance at November 30, 2007 ($'000)
Pension asset	17,370	1,056	18,426
Property, plant and equipment	10,393	(3,001)	7,392
Retirement benefit obligation	(171)	(7)	(178)
Unrealised loss on foreign exchange	(866)	620	(246)
Tax value of loss carry-forwards utilised	(1,526)	(10,521)	(12,047)
	25,200	(11,853)	13,347

13. Bank overdrafts

The bank overdrafts of the company and the group are secured as disclosed in note 11, and as at November 30, 2007, bore interest at a variable rate of 19% - 21.75% (2006: 20.00% – 20.50%) for the company and the group.

14. Accounts payable

	Company		Group	
	2007 ($'000)	2006 ($'000)	2007 ($'000)	2006 ($'000)
Promissory note (i)	15,000	-	15,000	-
Trade payables	143,220	169,404	143,220	169,404
Other payables and accruals	16,908	19,145	17,155	19,427
	175,128	188,549	175,375	188,831

(i) Promissory note represents money market facility provided out of a multi-purpose line of credit of $126,000,000. The note which bears interest at 15.00% per annum is repayable on December 25, 2007. Interest on overdue interest and on the principal outstanding at maturity is payable at 18.25% per annum.

15. Gross operating revenue

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

16. Disclosure of expenses

Profit from operations is stated after charging:

	The Company		The Group	
	2007 ($'000)	2006 ($'000)	2007 ($'000)	2006 ($'000)
Staff costs	94,099	85,197	94,099	85,197
Directors' emoluments:				
Fees	325	350	325	350
Management remuneration	6,553	8,549	6,553	8,549
Auditors' remuneration	3,650	3,000	3,900	3,270

17. Taxation

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

	Company		Group	
	2007	2006	2007	2006
	($'000)	($'000)	($'000)	($'000)
(i) Current taxation:				
Prior year adjustment	-	30	-	147
(ii) Deferred taxation:				
Origination and reversal of temporary differences	(11,853)	1,280	(11,853)	1,280
	(11,853)	1,310	(11,853)	1,427

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

	Company		Group	
	2007	2006	2007	2006
	($'000)	($'000)	($'000)	($'000)
Loss before taxation	(33,236)	(11,170)	(33,690)	(12,033)
Computed "expected" tax credit @ 33⅓%	(11,079)	(3,723)	(11,229)	(4,011)
Difference between profit for financial statements and tax reporting purposes on -				
Depreciation charge and capital allowances	(930)	3,679	(945)	3,627
Tax losses unutilised	(128)	-	37	-
Other	284	1,354	284	1,811
Actual taxation (credit)/expense	(11,853)	1,310	(11,853)	1,427

Taxation losses, subject to agreement by the Commissioner of Taxpayer Audit and Assessment, available for relief against future taxable profits amounted to approximately $36,141,000 (2006: $4,578,000) and $36,638,000 (2006: $4,709,000) for the company and the group respectively.

18. Net loss for the year

Of the loss for the year, loss of $21,383,000 (2006: $12,480,000) are dealt with in the financial statements of the holding company.

19. Dividends

This represents amounts paid on the 7½% 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.

20. Loss per stock unit

The calculation of loss per stock unit is based on the group's net loss for the year of $21,837,000 (2006: $13,460,000) and the 57,452,523 preference stock units in issue.

21. Lease commitments

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

	The Company		The Group	
	2007 ($'000)	2006 ($'000)	2007 ($'000)	2006 ($'000)
Within one year	7,658	5,677	7,658	5,677
Subsequent years	5,256	12,653	5,256	12,653
	12,914	18,330	12,914	18,330

Lease rentals during the year amounted to $11,094,000 (2006: $10,062,000) for the company and the group.

22. Contingencies

The company has indicated that it will continue to provide such financial assistance that the subsidiary may require to meet their obligations.

The company and subsidiaries were assessed, by the Taxpayer Audit & Assessment Department, for additional taxes along with penalties and interest in respect of non-compliance to the GCT and Income Tax Act between January 2003 and August 2005. The company is currently disputing the assessment.

23. Capital commitment

At November 30, 2007, $18,152,000 (2006: $18,152,000) has been committed for capital expenditure in respect of which deposits amounting to $5,917,000 (2006: $5,917,000) are included in accounts receivable (note 8).

24. 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, due from subsidiaries and investments. Financial liabilities include bank overdraft, accounts payable, due to subsidiaries 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 and Group	
		2007	2006
		($'000)	($'000)
Net (liabilities)/asset	- US$	(545)	2,190
Net liabilities	- CDN$	-	(68)
Net liabilities	- Euro	-	(35)

24. Financial instruments (cont'd)

(a) Financial instrument risks:

(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 from and to subsidiaries and bank overdraft are assumed to approximate to their carrying values, 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, 2007 as disclosed in note 4.

25. Segment reporting

	November 30, 2007			
	Merchandise ($'000)	Poultry ($'000)	Feeds ($'000)	Total ($'000)
Revenue from				
External customers	291,404	227,954	679,746	1,199,104
Total revenue	291,404	227,954	679,746	1,199,104
Segment results	(90,264)	(54,663)	130,616	(14,311)
Interest and other income				19,005
Profit from operations				4,694
Finance costs				(38,384)
Taxation				11,853
Loss for the year				(21,837)
Segment assets	346,070	27,708	174,061	547,839
Unallocated assets				55,277
Total assets				603,116
Segment liabilities	359,114	2,778	39,208	401,100
Unallocated liabilities				534
Total liabilities				401,634
Capital expenditure	3,825	4,165	1,370	9,360
Depreciation	14,308	1,096	3,462	18,866
Other non-cash expenses	22	-	-	22

THE JAMAICA LIVESTOCK ASSOCIATION LIMITED

Notes to the Financial Statements (Continued)
November 30, 2007

25. Segment reporting (cont'd)

	November 30, 2006			
	Merchandise ($'000)	Poultry ($'000)	Feeds ($'000)	Total ($'000)
Revenue from				
External customers	475,009	142,084	531,405	1,148,498
Total revenue	475,009	142,084	531,405	1,148,498
Segment results	6,025	707	1,342	8,074
Interest and other income				17,593
Profit from operations				25,667
Finance costs				(37,700)
Taxation				(1,427)
Loss for the year				(13,460)
Segment assets	348,816	23,638	183,039	555,493
Unallocated assets				52,111
Total assets				607,604
Segment liabilities	230,549	14,318	133,097	377,964
Unallocated liabilities				512
Total liabilities				378,476
Capital expenditure	14,187	404	1,252	15,843
Depreciation	12,964	7,145	988	21,097
Other non-cash expenses	1,591	-	-	1,591

Segment reporting is presented in respect of the group's business segments. The primary format business segments are 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.