

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 41, which comprise the company balance sheet and group balance sheet as at November 30, 2008, the group and the company statements of changes in equity, income and cash flows for the year then ended, 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 relating to 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.

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 position of the group and the company as at November 30, 2008, and of the group's and the company's changes in equity, financial performance, 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.

April 7, 2009

THE JAMAICA LIVESTOCK ASSOCIATION LIMITEDCompany Balance Sheet
November 30, 2008

	<u>Notes</u>	<u>2008</u> (\$'000)	<u>2007</u> (\$'000)
Assets			
Investments	4	2,543	3,020
Property, plant and equipment	6	958,430	215,792
Employee benefit asset	7(a)	<u>52,499</u>	<u>55,277</u>
Total non-current assets		<u>1,013,472</u>	<u>274,089</u>
Cash		1,249	12,466
Accounts receivable	5, 8	56,273	66,798
Taxation recoverable		2,301	2,297
Inventories	9	<u>179,974</u>	<u>246,953</u>
Total current assets		<u>239,797</u>	<u>328,514</u>
Total assets		<u>1,253,269</u>	<u>602,603</u>
Equity			
Share capital	10(a)	115,877	115,877
Capital reserves	10(b)	612,248	74,441
Investment revaluation reserve	10(c)	198	675
(Deficit)/retained earnings		<u>(157,270)</u>	<u>8,083</u>
Total equity		<u>571,053</u>	<u>199,076</u>
Liabilities			
Long-term liabilities	11	98,553	79,355
Deferred tax liabilities	12	131,638	13,347
Post-employment benefit obligation	7(b)	<u>735</u>	<u>534</u>
Total non-current liabilities		<u>230,926</u>	<u>93,236</u>
Bank overdrafts	13	109,158	65,304
Current and past-due maturities of long-term liabilities	11	34,800	22,221
Due to related parties	5	84,847	45,668
Accounts payable	14, 5	220,515	175,128
Taxation payable		<u>1,970</u>	<u>1,970</u>
Total current liabilities		<u>451,290</u>	<u>310,291</u>
Total liabilities		<u>682,216</u>	<u>403,527</u>
Total equity and liabilities		<u>1,253,269</u>	<u>602,603</u>

The financial statements on pages 3 to 41 were approved for issue by the Board of Directors on April 7, 2009 and signed on its behalf by:

_____ Chairman
Henry J. Rainford

_____ Director

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

THE JAMAICA LIVESTOCK ASSOCIATION LIMITED

Group Balance Sheet
November 30, 2008

	<u>Notes</u>	<u>2008</u> (\$'000)	<u>2007</u> (\$'000)
Assets			
Investments	4	2,543	3,020
Property, plant and equipment	6	958,430	215,792
Employee benefit asset	7(a)	<u>52,499</u>	<u>55,277</u>
Total non-current assets		<u>1,013,472</u>	<u>274,089</u>
Cash		1,257	12,476
Accounts receivable	5, 8	56,273	67,185
Taxation recoverable		2,418	2,413
Inventories	9	<u>179,974</u>	<u>246,953</u>
Total current assets		<u>239,922</u>	<u>329,027</u>
Total assets		<u>1,253,394</u>	<u>603,116</u>
Equity			
Share capital	10(a)	115,877	115,877
Capital reserves	10(b)	612,248	74,441
Investment revaluation reserve	10(c)	198	675
(Deficit)/retained earnings		(155,456)	<u>10,489</u>
Total equity		<u>572,867</u>	<u>201,482</u>
Liabilities			
Long-term liabilities	11	98,553	79,355
Deferred tax liabilities	12	131,638	13,347
Post-employment benefit obligation	7(b)	<u>735</u>	<u>534</u>
Total non-current liabilities		<u>230,926</u>	<u>93,236</u>
Bank overdrafts	13	109,158	65,305
Current and past-due maturities of long-term liabilities	11	34,800	22,221
Due to related parties	5	82,934	43,527
Accounts payable	14, 5	220,739	175,375
Taxation payable		<u>1,970</u>	<u>1,970</u>
Total current liabilities		<u>449,601</u>	<u>308,398</u>
Total liabilities		<u>680,527</u>	<u>401,634</u>
Total equity and liabilities		<u>1,253,394</u>	<u>603,116</u>

The financial statements on pages 3 to 41 were approved for issue by the Board of Directors on
, 2009 and signed on its behalf by:

_____ Chairman
Henry J. Rainford

_____ Director

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, 2008

	Share capital (\$'000) [Note 10(a)]	Capital reserves (\$'000) [Note10(b)]	Investment revaluation reserve (\$'000) [Note 10(c)]	Retained earnings/(deficit) (\$'000)	Total (\$'000)
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	<u>-</u>	<u>-</u>	<u>(1,052)</u>	<u>-</u>	<u>(1,052)*</u>
Balances at November 30, 2007	115,877	74,441	675	10,489	201,482
Loss for the year	-	-	-	(161,636)	(161,636)*
Revaluation surplus on property, plant and equipment, net of deferred tax	-	537,807	-	-	537,807 *
Dividends (note 19)	-	-	-	(4,309)	(4,309)
Decrease in fair value of investments	<u>-</u>	<u>-</u>	<u>(477)</u>	<u>-</u>	<u>(477)*</u>
Balances at November 30, 2008	<u>115,877</u>	<u>612,248</u>	<u>198</u>	<u>(155,456)</u>	<u>572,867</u>
Retained in the financial statements of –					
The company	115,877	612,248	198	(157,270)	571,053
Subsidiary	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,814</u>	<u>1,814</u>
November 30, 2008	<u>115,877</u>	<u>612,248</u>	<u>198</u>	<u>(155,456)</u>	<u>572,867</u>
The company	115,877	74,441	675	8,083	199,076
Subsidiaries	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,406</u>	<u>2,406</u>
November 30, 2007	<u>115,877</u>	<u>74,441</u>	<u>675</u>	<u>10,489</u>	<u>201,482</u>

* Total recognised gains/(losses) for year \$375,694,000 [2007: \$(23,337,000)].
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, 2008

	Share capital (\$'000) [Note 10(a)]	Capital reserves (\$'000) [Note 10(b)]	Investment revaluation reserve (\$'000) [Note 10(c)]	Retained earnings/(deficit) (\$'000)	Total (\$'000)
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	<u>-</u>	<u>-</u>	<u>(1,052)</u>	<u>-</u>	<u>(1,052)*</u>
Balances at November 30, 2007	115,877	74,441	675	8,083	199,076
Loss for the year	-	-	-	(161,044)	(161,044)*
Revaluation surplus on property, plant and equipment, net of taxes	-	537,807	-	-	537,807*
Dividends (note 19)	-	-	-	(4,309)	(4,309)
Decrease in fair value of investments	<u>-</u>	<u>-</u>	<u>(477)</u>	<u>-</u>	<u>(477)*</u>
Balances at November 30, 2008	<u>115,877</u>	<u>612,248</u>	<u>198</u>	<u>(157,270)</u>	<u>571,053</u>

* Total recognised gains/(losses) for year \$376,286,000 [2007: \$(22,883,000)].
The accompanying notes form an integral part of the financial statements.

THE JAMAICA LIVESTOCK ASSOCIATION LIMITED

Group Income Statement
Year ended November 30, 2008

	<u>Notes</u>	<u>2008</u> (\$'000)	<u>2007</u> (\$'000)
Gross operating revenue	15	<u>1,007,685</u>	<u>1,199,104</u>
Cost of operating revenue, excluding inventory losses		(713,066)	(847,821)
Inventory losses		(<u>120,172</u>)	<u>-</u>
Total cost of operating revenue		(<u>833,238</u>)	(<u>847,821</u>)
Gross profit		174,447	351,283
Other income:			
Interest received		138	507
Dividend received		165	30
Miscellaneous		<u>28,097</u>	<u>18,468</u>
		<u>202,847</u>	<u>370,288</u>
Expenses:			
Administration		(285,073)	(281,680)
Selling		(64,569)	(65,048)
Depreciation		(<u>10,179</u>)	(<u>18,866</u>)
		(<u>359,821</u>)	(<u>365,594</u>)
(Loss)/profit from operations	16	(156,974)	4,694
Finance costs - interest		(<u>63,396</u>)	(<u>38,384</u>)
Loss before taxation		(220,370)	(33,690)
Taxation	17	<u>58,734</u>	<u>11,853</u>
Loss for the year	18	(<u>161,636</u>)	(<u>21,837</u>)
Loss per stock unit	20	(<u>281.34¢</u>)	(<u>38.01¢</u>)

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

THE JAMAICA LIVESTOCK ASSOCIATION LIMITED

Company Income Statement
Year ended November 30, 2008

	<u>Notes</u>	<u>2008</u> (\$'000)	<u>2007</u> (\$'000)
Gross operating revenue	15	<u>1,007,685</u>	<u>1,199,104</u>
Cost of operating revenue, excluding inventory losses		(713,066)	(847,821)
Inventory losses		(<u>120,172</u>)	<u>-</u>
Total cost of operating revenue		(<u>833,238</u>)	(<u>847,821</u>)
Gross profit		174,447	351,283
Other income:			
Interest received		136	448
Dividend received		165	30
Miscellaneous		<u>28,098</u>	<u>18,468</u>
		<u>202,846</u>	<u>370,229</u>
Expenses:			
Administration		(284,480)	(281,180)
Depreciation		(10,179)	(18,856)
Selling		(<u>64,569</u>)	(<u>65,047</u>)
		(<u>359,228</u>)	(<u>365,083</u>)
(Loss)/profit from operations	16	(156,382)	5,146
Finance costs - interest		(<u>63,396</u>)	(<u>38,382</u>)
Loss before taxation		(219,778)	(33,236)
Taxation	17	<u>58,734</u>	<u>11,853</u>
Loss for the year	18	(<u>161,044</u>)	(<u>21,383</u>)

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, 2008

	<u>2008</u> (\$'000)	<u>2007</u> (\$'000)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the year	(161,636)	(21,837)
Adjustments for:		
Depreciation	10,179	18,866
Gain on disposal of investments	-	(326)
Pension asset	2,778	(3,166)
Post-retirement obligation	201	22
Deferred taxation (net)	(58,734)	(11,853)
Interest income	(138)	(507)
Interest expense	<u>63,396</u>	<u>38,384</u>
	(143,954)	19,583
Change in other assets	-	626
Change in accounts receivable	10,912	(2,720)
Change in taxation recoverable	(5)	(497)
Change in inventories	66,979	8,116
Change in accounts payable	45,364	(13,456)
Due to related parties	<u>39,407</u>	<u>(8,148)</u>
	18,703	3,504
Interest paid	(63,396)	(38,384)
Net cash used by operating activities	<u>(44,693)</u>	<u>(34,880)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of investments	-	2,503
Interest received	138	507
Additions to property, plant and equipment	(37,985)	(9,360)
Acquisition of investments	<u>-</u>	<u>(1,820)</u>
Net cash used by investing activities	<u>(37,847)</u>	<u>(8,170)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Bank overdrafts	43,853	28,575
Loan (net)	31,777	28,018
Dividends paid	(4,309)	(4,309)
Net cash provided by financing activities	<u>71,321</u>	<u>52,284</u>
Net (decrease) / increase in cash	(11,219)	9,234
Cash at beginning of the year	<u>12,476</u>	<u>3,242</u>
Cash at end of the year	<u>1,257</u>	<u>12,476</u>

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

THE JAMAICA LIVESTOCK ASSOCIATION LIMITEDCompany Statement of Cash Flows
Year ended November 30, 2008

	<u>2008</u> (\$'000)	<u>2007</u> (\$'000)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the year	(161,044)	(21,383)
Adjustments for:		
Depreciation	10,179	18,856
Gain on disposal of investments	-	(326)
Pension asset	2,778	(3,166)
Post-retirement obligation	201	22
Deferred taxation	(58,734)	(11,853)
Interest income	(136)	(448)
Interest expense	<u>63,396</u>	<u>38,382</u>
	(143,360)	20,084
Change in other assets	-	626
Change in accounts receivable	10,525	(3,579)
Change in taxation recoverable	(4)	(468)
Change in inventories	66,979	8,116
Change in accounts payable	45,387	(13,421)
Due related parties	<u>39,179</u>	<u>(7,796)</u>
	18,706	3,562
Interest paid	<u>(63,396)</u>	<u>(38,382)</u>
Net cash used by operating activities	<u>(44,690)</u>	<u>(34,820)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	136	448
Additions to property, plant and equipment	(37,985)	(9,360)
Acquisition of investments	-	(1,820)
Proceeds from disposal of investments	<u>-</u>	<u>2,503</u>
Net cash used by investing activities	<u>(37,849)</u>	<u>(8,229)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Bank overdrafts	43,854	28,575
Loan (net)	31,777	28,018
Dividends paid	<u>(4,309)</u>	<u>(4,309)</u>
Net cash provided by financing activities	<u>71,322</u>	<u>52,284</u>
Net (decrease)/increase in cash	(11,217)	9,234
Cash at beginning of the year	<u>12,466</u>	<u>3,232</u>
Cash at end of the year	<u>1,249</u>	<u>12,466</u>

*Reclassified to conform with current year presentation.

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

THE JAMAICA LIVESTOCK ASSOCIATION LIMITEDNotes to the Financial Statements
November 30, 20081. 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 [note 2(d)] 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, as well as 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 that date, 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.

At the end of the year, the group had in its employment 188 (2007: 188) persons, including part-time employees.

THE JAMAICA LIVESTOCK ASSOCIATION LIMITED

Notes to the Financial Statements (Continued)
November 30, 2008

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, issued by the International Accounting Standards Board (IASB) and comply with the provisions of the Jamaican Companies Act.

New standards and interpretations effective during the year:

Certain new IFRS, and interpretations of and amendments to existing standards which were in issue, came into effect for the current financial year. Those considered relevant to and adopted by the company and group were as follows:

- *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 management of capital are disclosed in note 24.
- *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 had no impact on the company's or the group's financial statements.

New and revised IFRS and interpretation not yet effective:

At the date of authorisation 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 group has not early-adopted. The group has assessed the relevance of all such new standards, amendments and interpretations with respect to its operations and has concluded as follows:

- *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 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 company's or the group's financial statements has not yet been determined.

THE JAMAICA LIVESTOCK ASSOCIATION LIMITED

Notes to the Financial Statements (Continued)
November 30, 2008

2. Basis of preparation, statement of compliance and consolidation

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

New and revised IFRS and interpretation not yet effective (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 and a statement of comprehensive income. IAS 1 (revised) becomes effective for accounting periods beginning on or after January 1, 2009. Management has not yet determined how the non-owner's change in equity will be presented.
- *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 becomes effective for financial periods beginning on or after January 1, 2009. Management has not yet assessed the impact on the company or the group'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 company or the group'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 company or the group's or financial statements.
- Amendments to *IAS 39 Financial Instruments: Recognition and Measurement* permit an entity to reclassify non-derivative financial assets (other than those designated at fair value through profit or loss by the entity upon initial recognition) out of the fair value through profit or loss category in particular circumstances. The amendments also permit an entity to transfer from the available-for-sale category to the loans and receivables category a financial asset that would have met the definition of loans and receivables (if the financial asset had not been designated as available-for-sale), if the entity has the intention and ability to hold that financial asset for the foreseeable future. These amendments are effective for annual periods beginning on or after July 1, 2008. The group is assessing the impact that the revised standard will have on the financial statements.

THE JAMAICA LIVESTOCK ASSOCIATION LIMITED

Notes to the Financial Statements (Continued)
November 30, 2008

2. Basis of preparation, statement of compliance and consolidation

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

New and revised IFRS and interpretation not yet effective (cont'd):

- Amended IAS 27 *Consolidated and Separate Financial Statements* (2008) requires accounting for changes in ownership interests by the group in a subsidiary, while maintaining control, to be recognised as an equity transaction. When the group loses control of a subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognised in profit or loss. The amendments to IAS 27, which become mandatory for annual periods beginning on or after January 1, 2009, are not expected to have a significant impact on the company or the group's financial statements.
- Amendments to IFRS 7 *Financial Instruments: Disclosures* requires enhanced disclosures in respect of two aspects: disclosures over fair value measurement relating to financial instruments specifically in relation to disclosures over the inputs used in valuation techniques and the relation to disclosures over the inputs used in valuation techniques and the uncertainty associated with such valuations; and improving disclosures over liquidity risk to address current diversity in practice. The amendments will become mandatory for annual periods beginning on or after July 1, 2008 and is not expected to have any significant impact on the company or the group's financial statements.

(b) Basis of preparation:

The financial statements are prepared on the historical cost basis, except that available-for-sale investments (note 4) and certain land and buildings (note 6) are stated at fair value.

The financial statements are presented in Jamaica dollars, which is the functional currency of the group, unless otherwise stated.

The preparation of the financial statements in accordance with IFRS assumes that the company will continue in operational existence for the foreseeable future. This means, in part, that the income statement and the balance sheet assume no intention or necessity to liquidate or curtail the scale of operations. This is commonly referred to as the going concern basis. The company reported a loss for the current and previous years and has working capital and accumulated deficit at the balance sheet date. Having regard, however, to a commitment by a director to provide continuing financial support to the company, management believes that the going concern basis continues to be appropriate in the preparation of the financial statements.

(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 JAMAICA LIVESTOCK ASSOCIATION LIMITED

Notes to the Financial Statements (Continued)
November 30, 2008

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

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

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 income statement 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.

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.

THE JAMAICA LIVESTOCK ASSOCIATION LIMITED

Notes to the Financial Statements (Continued)
November 30, 2008

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

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

(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 Henmor Limited, made up to November 30, 2008. 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, which are incorporated in Jamaica, are collectively referred to as "the group". The subsidiary's main activity is 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 revalued amount less accumulated depreciation (see below) and impairment losses [see note 3(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 group 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.

THE JAMAICA LIVESTOCK ASSOCIATION LIMITED

Notes to the Financial Statements (Continued)
November 30, 2008

3. Significant accounting policies (cont'd)

(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, computers	20%
Wharf and grain off-loading facilities	2½%

The depreciation methods, useful lives and residual values are reassessed at each 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 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.

Gains and losses arising from fluctuations in exchange rates are included in the income statement.

For the purpose of the statement of cashflows, all foreign currency gains and losses recognised in the income statement are treated as cash items and included in cashflows used by/from operating and financial activities respectively, along with movements in principal balances.

(f) Revenue:

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

THE JAMAICA LIVESTOCK ASSOCIATION LIMITED

Notes to the Financial Statements (Continued)
November 30, 2008

3. Significant accounting policies (cont'd)

(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 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 group'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 income statement on the 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 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 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.

(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.

THE JAMAICA LIVESTOCK ASSOCIATION LIMITED

Notes to the Financial Statements (Continued)
November 30, 2008

3. Significant accounting policies (cont'd)

(h) Taxation:

Income tax on the 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.

(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 JAMAICA LIVESTOCK ASSOCIATION LIMITED

Notes to the Financial Statements (Continued)
November 30, 2008

3. Significant accounting policies (cont'd)

(j) Impairment (cont'd):

(i) Calculation of recoverable amount (cont'd)

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.

(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.

(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.

THE JAMAICA LIVESTOCK ASSOCIATION LIMITED

Notes to the Financial Statements (Continued)
November 30, 2008

3. Significant accounting policies (cont'd)

(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

	<u>Company and Group</u>	
	<u>2008</u>	<u>2007</u>
	(\$'000)	(\$'000)
Available-for-sale:		
Quoted securities	<u>2,543</u>	<u>3,020</u>

THE JAMAICA LIVESTOCK ASSOCIATION LIMITED

Notes to the Financial Statements (Continued)
November 30, 2008

5. Related party balances and transactions

- (a) The company has a related party relationship with its subsidiary, directors, senior officers and executives, as well as those of its subsidiary. The directors, senior officers and executives are collectively referred to as “key management personnel”.
- (b) 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:

	<u>Company</u>		<u>Group</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
	\$'000	\$'000	\$'000	\$'000
Long term liabilities:				
Company owned by a director	14,702	-	14,702	-
Accounts receivable:				
Directors	151	78	151	78
Companies held by directors	<u>339</u>	<u>1,806</u>	<u>339</u>	<u>1,806</u>
Due to related parties:				
Subsidiary	1,913	2,141	-	-
Company owned by a director (i)	4,620	4,281	4,620	4,281
Close relative of a director (ii)	57,994	39,246	57,994	39,246
Directors (iii)	<u>20,320</u>	<u>-</u>	<u>20,320</u>	<u>-</u>
	<u>84,847</u>	<u>45,668</u>	<u>82,934</u>	<u>43,527</u>

- (i) This is an unsecured short-term loan of US\$60,000 (2007: US\$60,000) bearing interest at 10% per annum and an additional 10% for late payments.
- (ii) This represents short-term loans of US\$750,000 (2007:US\$500,000) bearing interest at 8% to 12.5% per annum with no fixed repayment terms and an additional 10% for late payments. The loans are unsecured.
- (iii) This represents unsecured short-term loans of US\$163,165 (2007:US\$Nil) and J\$8million (2007:US\$Nil) bearing interest of 12% and 15%, respectively and no fixed repayment terms.
- (c) 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:

	<u>Company and Group</u>	
	<u>2008</u>	<u>2007</u>
	(\$'000)	(\$'000)
Directors:		
Finance charge	1,128	-
Sales	<u>1,133</u>	<u>903</u>

THE JAMAICA LIVESTOCK ASSOCIATION LIMITED

Notes to the Financial Statements (Continued)
November 30, 2008

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

- (c) 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 (cont'd):

	<u>Company and Group</u>	
	<u>2008</u>	<u>2007</u>
	(\$'000)	(\$'000)
Companies held by directors:		
Sales	6,964	11,044
Travel expenses	729	1,496
Lease rental charges	1,566	480
Finance charge	<u>328</u>	<u>384</u>
Close relative of a director:		
Finance charge	<u>4,045</u>	<u>5,780</u>
Key management personnel compensation comprised:		
Post-employment benefits	153	295
Short-term employee benefits	<u>7,272</u>	<u>7,319</u>

6. Property, plant and equipment

The Company:

	<u>Freehold land and buildings</u>	<u>Furniture, fixtures, computers, plant, machinery and vehicles</u>	<u>Wharf and grain off-loading facilities</u>	<u>Total</u>
	(\$'000)	(\$'000)	(\$'000)	(\$'000)
At cost:				
November 30, 2006	118,126	164,528	148,626	431,280
Additions	<u>557</u>	<u>8,803</u>	<u>-</u>	<u>9,360</u>
November 30, 2007	118,683	173,331	148,626	440,640
Additions	35,878	2,107	-	37,985
Revaluation adjustment	<u>679,602</u>	<u>-</u>	<u>254,416</u>	<u>934,018</u>
November 30, 2008	<u>834,163</u>	<u>175,438</u>	<u>403,042</u>	<u>1,412,643</u>
Depreciation:				
November 30, 2006	23,606	132,165	50,221	205,992
Charge for the year	<u>3,043</u>	<u>12,377</u>	<u>3,436</u>	<u>18,856</u>
November 30, 2007	26,649	144,542	53,657	224,848
Revaluation adjustment	130,041	-	89,145	219,186
Charge for the year	<u>2,016</u>	<u>8,163</u>	<u>-</u>	<u>10,179</u>
November 30, 2008	<u>158,706</u>	<u>152,705</u>	<u>142,802</u>	<u>454,213</u>
Net book values:				
November 30, 2008	<u>675,457</u>	<u>22,733</u>	<u>260,240</u>	<u>958,430</u>
November 30, 2007	<u>92,034</u>	<u>28,789</u>	<u>94,969</u>	<u>215,792</u>
November 30, 2006	<u>94,520</u>	<u>32,363</u>	<u>98,405</u>	<u>225,288</u>

THE JAMAICA LIVESTOCK ASSOCIATION LIMITED

Notes to the Financial Statements (Continued)
November 30, 2008

6. Property, plant and equipment (cont'd)**The Group:**

	<u>Freehold land and buildings</u> (\$'000)	<u>Furniture, fixtures, computers, plant, machinery and vehicles</u> (\$'000)	<u>Wharf and grain off-loading facilities</u> (\$'000)	<u>Total</u> (\$'000)
At cost or valuation:				
November 30, 2006	118,047	167,485	148,626	434,158
Additions	<u>557</u>	<u>8,803</u>	<u>-</u>	<u>9,360</u>
November 30, 2007	118,604	176,288	148,626	443,518
Additions	35,878	2,107	-	37,985
Revaluation adjustment	<u>679,602</u>	<u>-</u>	<u>254,416</u>	<u>934,018</u>
November 30, 2008	<u>834,084</u>	<u>178,395</u>	<u>403,042</u>	<u>1,415,521</u>
Depreciation:				
November 30, 2006	23,527	135,112	50,221	208,860
Charge for the year	<u>3,043</u>	<u>12,387</u>	<u>3,436</u>	<u>18,866</u>
November 30, 2007	26,570	147,499	53,657	227,726
Charge for the year	2,016	8,163	-	10,179
Revaluation adjustment	<u>130,041</u>	<u>-</u>	<u>89,145</u>	<u>219,186</u>
November 30, 2008	<u>158,627</u>	<u>155,662</u>	<u>142,802</u>	<u>457,091</u>
Net book values:				
November 30, 2008	<u>675,457</u>	<u>22,733</u>	<u>260,240</u>	<u>958,430</u>
November 30, 2007	<u>92,034</u>	<u>28,789</u>	<u>94,969</u>	<u>215,792</u>
November 30, 2006	<u>94,520</u>	<u>32,373</u>	<u>98,405</u>	<u>225,298</u>

The company's feedmill and wharf grain off-loading facilities were revalued by Winsett Engineering Incorporation, independent valuers; on November 15, 2008, based on current replacement costs, less observed depreciation.

The company's land and buildings were revalued by D.C. Tavares & Finson Realty Limited, independent valuers, on October 27, 2008, based on fair open market values.

The carrying amount of freehold land and buildings and wharf and grain off-loading facilities, had they not been revalued would have been \$125,357,000 and \$91,770,000 respectively (2007: \$92,034,000 and \$94,969,000) respectively.

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 \$223,000,000 (2007: \$39,049,000) for the company and the group.

THE JAMAICA LIVESTOCK ASSOCIATION LIMITED

Notes to the Financial Statements (Continued)
November 30, 2008

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 2008 disclosed a surplus.

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

(a) Pension asset:

	<u>Company and Group</u>	
	<u>2008</u>	<u>2007</u>
	(\$'000)	(\$'000)
Present value of funded obligations	(125,932)	(129,922)
Fair value of plan assets	162,227	155,160
Unrecognised actuarial gains	<u>16,204</u>	<u>30,039</u>
Asset recognised in balance sheet	<u>52,499</u>	<u>55,277</u>

	<u>Company and Group</u>	
	<u>2008</u>	<u>2007</u>
	(\$'000)	(\$'000)
The plans asset consists of the following:		
Preference shares	2,200	10
Quoted equities	10,330	10,150
Fixed income investments	126,477	79,040
Short-term investments	-	45,770
Receivables	22,730	19,490
Cash and cash equivalents	<u>490</u>	<u>700</u>
	<u>162,227</u>	<u>155,160</u>

Movement in the fair value of plan assets:

	<u>Company and Group</u>	
	<u>2008</u>	<u>2007</u>
	(\$'000)	(\$'000)
Fair value of plan assets at beginning of year	155,160	154,111
Contributions	6,878	6,719
Expected return on plan assets	15,362	15,176
Benefits paid	(9,957)	(11,418)
Actuarial loss on plan assets	<u>(5,216)</u>	<u>(9,428)</u>
Fair value of plan assets at end of year	<u>162,227</u>	<u>155,160</u>

THE JAMAICA LIVESTOCK ASSOCIATION LIMITED

Notes to the Financial Statements (Continued)
November 30, 2008

7. Employee benefits (cont'd)

(a) Pension asset (cont'd):

Movement in the present value of funded obligation:

	<u>Company and Group</u>	
	<u>2008</u>	<u>2007</u>
	(\$'000)	(\$'000)
Present value of obligation at beginning of year	129,922	100,481
Current service cost	7,887	6,568
Interest cost	16,604	12,161
Benefits paid and administration expenses	(9,957)	(11,418)
Actuarial (gains)/loss on obligation	(18,524)	<u>22,130</u>
Present value of obligation at end of year	<u>125,932</u>	<u>129,922</u>

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

	<u>Company and Group</u>	
	<u>2008</u>	<u>2007</u>
	(\$'000)	(\$'000)
Balance at beginning of year	55,277	52,111
Contributions paid	3,076	3,026
(Expense)/credit recognised in the income statement	(5,854)	<u>140</u>
Balance at end of year	<u>52,499</u>	<u>55,277</u>

(ii) (Expense)/credit recognised in the income statement

	<u>Company and Group</u>	
	<u>2008</u>	<u>2007</u>
	(\$'000)	(\$'000)
Actuarial loss recognised in year	(527)	-
Current service costs	(4,085)	(2,875)
Interest on obligations	(16,604)	(12,161)
Expected return on plan assets	<u>15,362</u>	<u>15,176</u>
	(5,854)	<u>140</u>
Actual return on plan assets	<u>10.0%</u>	<u>10.0%</u>

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

	<u>2008</u>	<u>2007</u>
Discount rate	13.0%	12.5%
Expected return on plan assets	10.0%	10.0%
Future salary increases	9.5%	9.5%
Future pension increases	<u>3.5%</u>	<u>3.5%</u>

THE JAMAICA LIVESTOCK ASSOCIATION LIMITED

Notes to the Financial Statements (Continued)
November 30, 2008

7. Employee benefits (cont'd)

(b) Post-retirement obligation:

	<u>Company and Group</u>	
	<u>2008</u>	<u>2007</u>
	(\$'000)	(\$'000)
Present value of obligation	2,064	1,515
Unrecognised actuarial losses	(1,329)	(981)
Liability recognised in balance sheet	<u>735</u>	<u>534</u>

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

	<u>Company and Group</u>	
	<u>2008</u>	<u>2007</u>
	(\$'000)	(\$'000)
Balance at beginning of year	534	512
Contributions paid	(110)	(111)
Current service and interest costs	<u>311</u>	<u>133</u>
Balance at end of year	<u>735</u>	<u>534</u>

(ii) Expense recognised in the income statement:

	<u>Company and Group</u>	
	<u>2008</u>	<u>2007</u>
	(\$'000)	(\$'000)
Actuarial losses	42	11
Current service costs	77	30
Interest on obligations	<u>192</u>	<u>92</u>
	<u>311</u>	<u>133</u>

(iii) Movement in the present value of obligation:

	<u>Company and Group</u>	
	<u>2008</u>	<u>2007</u>
	(\$'000)	(\$'000)
Present value of obligation at beginning of year	1,515	791
Current service cost	77	30
Interest cost	192	92
Benefits paid	(110)	(113)
Actual loss on obligation	<u>390</u>	<u>715</u>
Present value of obligation at end of year	<u>2,064</u>	<u>1,515</u>

THE JAMAICA LIVESTOCK ASSOCIATION LIMITED

Notes to the Financial Statements (Continued)
November 30, 2008

7. Employee benefits (cont'd)

(c) Historical information:

Defined benefit pension plan:

	<u>2008</u> (\$'000)	<u>2007</u> (\$'000)	<u>2006</u> (\$'000)	<u>2005</u> (\$'000)	<u>2004</u> (\$'000)
Present value of the defined asset	(125,932)	(129,922)	(100,481)	(81,567)	(82,467)
Fair value of plan assets	<u>162,227</u>	<u>155,160</u>	<u>154,111</u>	<u>139,200</u>	<u>122,036</u>
Surplus in the plan	<u>36,295</u>	<u>25,238</u>	<u>53,630</u>	<u>57,633</u>	<u>39,569</u>
Experience adjustments arising on plan liabilities	(<u>11,217</u>)	<u>10,302</u>	<u>4,658</u>	(<u>9,097</u>)	<u>16,240</u>
Experience adjustments arising on plan assets	(<u>5,216</u>)	(<u>9,427</u>)	<u>1,778</u>	<u>5,322</u>	<u>12,561</u>

The group expects to pay \$3,133,510 in contributions to the plan in 2009.

8. Accounts receivable

	<u>The Company</u>		<u>The Group</u>	
	<u>2008</u> (\$'000)	<u>2007</u> (\$'000)	<u>2008</u> (\$'000)	<u>2007</u> (\$'000)
Trade receivables	27,813	21,933	27,813	21,933
Deposits and prepaid expenses	11,939	9,212	11,939	9,212
Other receivables	<u>34,269</u>	<u>46,772</u>	<u>34,269</u>	<u>47,159</u>
	74,021	77,917	74,021	78,304
Provision for doubtful debts [note 24(a)]	(17,748)	(11,119)	(17,748)	(11,119)
	<u>56,273</u>	<u>66,798</u>	<u>56,273</u>	<u>67,185</u>

Deposits and prepaid expenses includes \$5,917,000 (2007: \$5,917,000) representing deposits on property (note 23).

9. Inventories

	<u>Company and Group</u>	
	<u>2008</u> (\$'000)	<u>2007</u> (\$'000)
Raw materials and supplies	17,237	48,042
Merchandise and animal health products	109,843	134,718
Hardware and lumber	21,875	26,946
Feeds	11,633	20,142
Eggs	8,968	7,707
Meats	654	310
Spare parts	-	284
Packing material	12,720	8,804
Goods-in-transit	<u>6,191</u>	<u>-</u>
	189,121	246,953
Provision for obsolescence	(<u>9,147</u>)	<u>-</u>
	<u>179,974</u>	<u>246,953</u>

THE JAMAICA LIVESTOCK ASSOCIATION LIMITED

Notes to the Financial Statements (Continued)
November 30, 2008

10. Share capital and reserves

(a) Share capital:

Authorised:

8,000 ordinary "A" shares at no par value
 120,000,000 7½% cumulative participating
 preference shares at no par value

<u>2008</u>	<u>2007</u>
(\$'000)	(\$'000)

Issued and fully paid:

6,981 ordinary "A" shares at no par
 57,452,523 preference stock units at no par

3	3
<u>115,874</u>	<u>115,874</u>
<u>115,877</u>	<u>115,877</u>

(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:

	<u>Company and Group</u>	
	<u>2008</u>	<u>2007</u>
	(\$'000)	(\$'000)
Unrealised:		
Balance at the beginning of the year	74,441	74,441
Revaluation of land and buildings (note 6)	714,766	-
Deferred taxation on revalued land and buildings	<u>(176,959)</u>	<u>-</u>
	<u>612,248</u>	<u>74,441</u>

Capital reserves represent the unrealised surplus on the revaluation of property, plant and equipment (note 6).

(c) Investment revaluation reserve:

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

THE JAMAICA LIVESTOCK ASSOCIATION LIMITED

Notes to the Financial Statements (Continued)
November 30, 2008

11. Long-term liabilities

	<u>Company and Group</u>	
	<u>2008</u>	<u>2007</u>
	(\$'000)	(\$'000)
(a) 16.45% bank loan	4,449	8,615
(b) 13.00% bank loan	35,000	-
(c) 8.30% bank loan (denominated in US\$)	4,200	5,828
(d) 19.75% bank loan	1,849	2,991
(e) 18.25% bank loan	31,214	36,642
(f) 18.25% bank loan	37,500	47,500
(g) 20.00% related party loan	14,702	-
(h) 20.00% bank loan	<u>4,439</u>	<u>-</u>
	133,353	101,576
Less: current and past due maturities	<u>(34,800)</u>	<u>(22,221)</u>
	<u>98,553</u>	<u>79,355</u>

- (a) The loan is repayable in equal monthly instalments of \$283,333, plus interest, the final instalment being due on April 30, 2010.
- (b) The loan is repayable in equal monthly instalments of \$486,112, plus interest, the final instalment is due on November 24, 2014.
- (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.
- (g) The loan is from a company owned by a director and is repayable in monthly instalments of \$397,408 including interest. The final instalment being due on September 26, 2013.
- (h) The loan is repayable in equal monthly instalments of \$926,345 plus interest, the final instalment being due on April 30, 2009.

The bank overdrafts (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 (a), (b), and (c) are secured by promissory notes.

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

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

Loan (g) is secured by mortgage on property and promissory notes.

THE JAMAICA LIVESTOCK ASSOCIATION LIMITED

Notes to the Financial Statements (Continued)
November 30, 2008

12. Deferred tax liabilities**The Company and the Group**

Deferred tax liabilities are attributable to the following:

	<u>2008</u> (\$'000)	<u>2007</u> (\$'000)
Investment	66	-
Pension asset	17,501	18,426
Property, plant and equipment	197,726	7,392
Retirement benefit obligation	(245)	(178)
Unrealised loss on foreign exchange	(58)	(246)
Tax value of loss carry-forwards utilised	<u>(83,352)</u>	<u>(12,047)</u>
	<u>131,638</u>	<u>13,347</u>

Movement in temporary differences during the year:

	<u>Balance at</u> <u>December 1, 2007</u> (\$'000)	<u>Recognised</u> <u>in income</u> (\$'000) [note 17(ii)]	<u>Recognised</u> <u>in equity</u> (\$'000)	<u>Balance at</u> <u>November 30, 2008</u> (\$'000)
Pension asset	18,426	(925)	-	17,501
Property, plant and equipment	7,392	13,375	176,959	197,726
Post retirement obligation	(178)	(67)	-	(245)
Unrealised loss on foreign exchange	(246)	188	-	(58)
Tax value of loss carry-forwards utilised	(12,047)	(71,305)	-	(83,352)
Investment	<u>-</u>	<u>-</u>	<u>66</u>	<u>66</u>
	<u>13,347</u>	<u>(58,734)</u>	<u>177,025</u>	<u>131,638</u>

13. Bank overdrafts

The bank overdrafts are secured as disclosed in note 11, and as at November 30, 2008, bore interest at a variable rate of 20.125% - 21.75% (2007: 19% - 21.75%) for the company and the group.

14. Accounts payable

	<u>Company</u>		<u>Group</u>	
	<u>2008</u> (\$'000)	<u>2007</u> (\$'000)	<u>2008</u> (\$'000)	<u>2007</u> (\$'000)
Promissory note (i)	50,000	15,000	50,000	15,000
Trade payables	155,199	143,220	155,199	143,220
Other payables and accruals	<u>15,316</u>	<u>16,908</u>	<u>15,540</u>	<u>17,155</u>
	<u>220,515</u>	<u>175,128</u>	<u>220,739</u>	<u>175,375</u>

THE JAMAICA LIVESTOCK ASSOCIATION LIMITED

Notes to the Financial Statements (Continued)
November 30, 2008

14. Accounts payable (cont'd)

- (i) Promissory note represents money market facility provided out of a multi-purpose line of credit of \$131,000,000. The note which bears interest at 15.00% per annum became repayable on December 25, 2007. Interest on overdue interest and on the principal outstanding at maturity is payable at 24.00% 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:

	<u>The Company</u>		<u>The Group</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Staff costs	90,491	94,099	90,491	94,099
Directors' emoluments:				
Fees	350	325	350	325
Management remuneration	7,425	6,553	7,425	6,553
Auditors' remuneration	<u>3,900</u>	<u>3,650</u>	<u>4,135</u>	<u>3,900</u>

17. Taxation

Taxation is based on the results for the year, adjusted for tax purposes and is comprised as follows:

	<u>Company</u>		<u>Group</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
	(\$'000)	(\$'000)	(\$'000)	(\$'000)
(i) Current taxation	-	-	-	-
(ii) Deferred taxation (note 12):				
Taxation losses unutilised	(286)	(128)	(286)	37*
Origination and reversal of other temporary differences	(58,448)	(11,725)	(58,448)	(11,890)*
	<u>(58,734)</u>	<u>(11,853)</u>	<u>(58,734)</u>	<u>(11,853)</u>

* Reclassified to conform to current year presentation.

THE JAMAICA LIVESTOCK ASSOCIATION LIMITED

Notes to the Financial Statements (Continued)
November 30, 2008

17. Taxation (cont'd)

The effect of differences between treatment of items for financial statements and taxation purposes are:

	Company		Group	
	2008	2007	2008	2007
	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Loss before taxation	(219,778)	(33,236)	(220,370)	(33,690)
Computed "expected" tax credit @ 33½%	(73,259)	(11,079)	(73,457)	(11,229)
Difference between profit for financial statements and tax reporting purposes on -				
Depreciation charge and capital allowances	12,786	(930)	12,778	(945)
Tax losses unutilised	(286)	(128)	(153)	37
Other	2,025	284	2,098	284
Actual taxation credit	(58,734)	(11,853)	(58,734)	(11,853)

Taxation losses, subject to agreement by the Commissioner of Taxpayer Audit and Assessment, available for relief against future taxable profits amounted to approximately \$250,057,000 (2007: \$36,141,000) and \$250,602,000 (2007: \$36,638,000) for the company and the group respectively.

18. Loss for the year

Of the loss for the year, loss of \$161,044,000 (2007: \$21,383,000) 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 loss for the year of \$161,636,000 (2007: \$21,837,000) and the 57,452,523 preference stock units in issue.

THE JAMAICA LIVESTOCK ASSOCIATION LIMITED

Notes to the Financial Statements (Continued)
November 30, 2008

21. Lease commitments

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

	<u>Company and Group</u>	
	<u>2008</u>	<u>2007</u>
	<u>(\$'000)</u>	<u>(\$'000)</u>
Within one year	2,831	7,658
Subsequent years	<u>2,425</u>	<u>5,256</u>
	<u>5,256</u>	<u>12,914</u>

Lease rentals during the year amounted to \$12,275,000 (2007: \$11,094,000) 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 its 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 with the GCT and Income Tax Acts between January 2003 and August 2005. The company is currently disputing the assessments.

23. Capital commitment

At November 30, 2008, \$5,917,000 (2007: \$18,152,000) has been committed for capital expenditure in respect of which deposits amounting to \$5,917,000 (2007: \$5,917,000) are included in accounts receivable (note 8).

24. Financial risk management

The group has exposure to the following risks from its use of financial instruments: credit risk, liquidity risk and market risk.

This note presents information about the group's exposure to each of the above risks, the group's objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout these consolidated financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the group's risk management framework. The group's risk management policies are established to identify and analyse the risks faced by the group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the group's activities. The group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

THE JAMAICA LIVESTOCK ASSOCIATION LIMITED

Notes to the Financial Statements (Continued)
November 30, 2008

24. Financial risk management (cont'd)

(a) Credit risk

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the group's receivables from customers, investment and cash and cash equivalents.

Trade and other receivables

The group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the group's customer base, including the default risk of the industry and country, in which customers operate, has less of an influence on credit risk.

A credit policy has been established under which each new customer is analysed individually for creditworthiness before the group's standard payment and delivery terms and conditions are offered. The group's review includes review of the customer's financial strength, history with the company if any, payment habits to existing suppliers and bank references. Credit limits are established for each customer and require the authorization by approved personnel. Customers that fail to meet the group's benchmark creditworthiness may transact with the group only on a prepayment basis.

In monitoring customer credit risk, customers are grouped according to the ageing of their debt.

The group does not require collateral in respect of trade and other receivables.

The group establishes an allowance for impairment that represents its estimate of specific losses in respect of trade and other receivables. The group's allowances for impairment of trade receivables are based on the extent of default, including its ageing profile and other external factors indicating inability to collect.

Based on customer default rates, the group believes that no impairment allowance is necessary in respect of trade receivables not past due or past due to 30 days.

The allowance accounts in respect of accounts receivables are used to record impairment losses unless the group is satisfied that no recovery of the amount owing is possible, at that point the amounts considered irrecoverable are written off the financial asset directly. The allowance for doubtful debts is analysed as follows:

	<u>Company and Group</u>	
	<u>2008</u>	<u>2007</u>
	(\$'000)	(\$'000)
Balance at beginning of year	11,119	9,608
Charge for the year	12,614	1,562
Amounts written off	(5,985)	(51)
	<u>17,748</u>	<u>11,119</u>

THE JAMAICA LIVESTOCK ASSOCIATION LIMITED

Notes to the Financial Statements (Continued)
November 30, 2008

24. Financial risk management (cont'd)

(a) Credit risk (cont'd)

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure.

The maximum exposure to credit risk at reporting date was:

	<u>Company</u>		<u>Group</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Cash and cash equivalents	1,249	12,466	1,257	12,476
Trade and other receivables	<u>56,273</u>	<u>66,798</u>	<u>62,464</u>	<u>67,185</u>
	<u>57,522</u>	<u>79,264</u>	<u>63,721</u>	<u>79,661</u>

There has been no change to the group's exposure to credit risk on the manner in which it manages and measures this risk.

(b) Liquidity risk

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due. The group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the group's reputation.

Typically the group ensures that it has sufficient cash on demand and keeping committed lines of credit available to meet expected operational expenses including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements. Management has assumed that the related party balances will be repaid within a year.

	<u>Company</u>					
	<u>2008</u>					
	<u>Carrying</u>	<u>Contractual</u>	<u>1 yr</u>			<u>More than</u>
	<u>Amount</u>	<u>cash flows</u>	<u>or less</u>	<u>1-2 yrs</u>	<u>2-5 yrs</u>	<u>5 yrs</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Long-term liabilities	133,353	199,372	57,056	47,015	84,078	11,223
Due to related parties	84,847	94,369	94,369	-	-	-
Trade and other payables	220,515	220,515	220,515	-	-	-
Bank overdraft	<u>109,158</u>	<u>109,158</u>	<u>109,158</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>547,873</u>	<u>623,414</u>	<u>481,098</u>	<u>47,015</u>	<u>84,078</u>	<u>11,223</u>

THE JAMAICA LIVESTOCK ASSOCIATION LIMITED

Notes to the Financial Statements (Continued)
November 30, 2008

24. Financial risk management (cont'd)

(b) Liquidity risk (cont'd)

The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements.

	Company					
	2007					
	Carrying Amount \$'000	Contractual cash flows \$'000	1 yr or less \$'000	1-2 yrs \$'000	2-5 yrs \$'000	More than 5 yrs \$'000
Long –term liabilities	101,576	160,650	40,153	36,578	72,115	11,804
Due to related parties	45,668	50,826	50,826	-	-	-
Trade and other payables	175,128	175,128	175,128	-	-	-
Bank overdraft	<u>65,304</u>	<u>65,304</u>	<u>65,304</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>387,676</u>	<u>451,908</u>	<u>331,411</u>	<u>36,578</u>	<u>72,115</u>	<u>11,804</u>
	Group					
	2008					
	Carrying Amount \$'000	Contractual cash flows \$'000	1 yr or less \$'000	1-2 yrs \$'000	2-5 yrs \$'000	More than 5 yrs \$'000
Long –term liabilities	133,353	199,372	57,056	47,015	84,078	11,223
Due to related parties	82,934	92,456	92,456	-	-	-
Trade and other payables	220,739	220,739	220,739	-	-	-
Bank overdraft	<u>109,158</u>	<u>109,158</u>	<u>109,158</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>546,184</u>	<u>621,725</u>	<u>479,409</u>	<u>47,015</u>	<u>84,078</u>	<u>11,223</u>
	Group					
	2007					
	Carrying Amount \$'000	Contractual cash flows \$'000	1 yr or less \$'000	1-2 yrs \$'000	2-5 yrs \$'000	More than 5 yrs \$'000
Long –term liabilities	101,576	160,650	40,153	36,578	72,115	11,804
Due to related parties	43,527	48,685	48,685	-	-	-
Trade and other payables	175,375	175,375	175,375	-	-	-
Bank overdraft	<u>65,305</u>	<u>65,305</u>	<u>65,305</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>385,783</u>	<u>450,015</u>	<u>329,518</u>	<u>36,578</u>	<u>72,115</u>	<u>11,804</u>

There has been no change to the group's exposure to liquidity risk or the manner in which it manages or measures this risk.

THE JAMAICA LIVESTOCK ASSOCIATION LIMITED

Notes to the Financial Statements (Continued)
November 30, 2008

24. Financial risk management (cont'd)

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk. There has been no change to the group's exposure to market risk or the manner in which it measures and manages this risk.

(i) Currency risk

The group is exposed to currency risk on purchases and borrowings that are denominated in a currency other than the respective functional currency of group. The main currencies are the United States dollar (US\$), Euro and Canadian dollar (Can \$).

The Group's exposure to foreign currency risk are as follows:

	Company and Group					
	2008			2007		
	USD (\$'000)	CAD (\$'000)	EURO (\$'000)	USD (\$'000)	CAD (\$'000)	EURO (\$'000)
Long term liabilities	(55)	-	-	(700)	-	-
Due to related parties	(970)	-	-	-	-	-
Trade payables	(1,074)	(72)	(31)	(1,322)	-	-
Cash and cash equivalents	(3)	-	-	155	-	-
Net exposure	<u>(2,102)</u>	<u>(72)</u>	<u>(31)</u>	<u>(1,867)</u>	<u>-</u>	<u>-</u>

Sensitivity analysis:

A 10% weakening of the Jamaica dollar against the respective currencies at November 30, 2008 would have increased loss by \$17,103,000 (2007: \$13,322,000)

A 2% strengthening of the Jamaica dollar against the respective currencies at November 30, 2008 would have decreased loss by \$3,421,000 (2007: \$2,665,000).

This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis as 2007.

(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 group's exposure to interest rate risk is limited to its cash, bank overdraft and loan balances.

THE JAMAICA LIVESTOCK ASSOCIATION LIMITED

Notes to the Financial Statements (Continued)
November 30, 2008

24. Financial risk management (cont'd)

(c) Market risk (cont'd)

(iii) Equity price risk

The Board monitors the mix of equity securities in its investment portfolio based on market expectations. This risk is managed by the monitoring of the market value of the securities on the Jamaica Stock Exchange and the companies' quarterly financial performance.

The Board monitors the mix of equity securities in its investment portfolio based on market expectations. This risk is managed by the monitoring of the market value of the securities on the Jamaica Stock Exchange and the companies' quarterly financial performance.

Sensitivity analysis – equity price risk

Most of the group's equity investments are listed on the Jamaica Stock Exchange. A 20% (2007: 2%) increase or decline in the JSE All Jamaica Composite index at the reporting date would have increased /decreased equity by approximately \$509,000 (2007: \$604,000).

There would be no impact on profit or loss at the reporting date as there were no investments designated as fair value through profit or loss.

(d) Fair values

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

Fair values versus carrying amounts

The fair value of financial instruments is based on their quoted market price at the balance sheet date without any deduction for transaction costs. Where a quoted market price is not available, the fair value of the instrument is estimated using pricing models or discounted cash flows or a generally accepted alternative method.

The fair values of financial assets and liabilities, approximate to their carrying amounts shown in the balance sheet due to their short term.

Basis for determining fair values

Available-for-sale financial assets consists of quoted equities. Quoted equities are valued using the quoted market bid prices listed on the Jamaica Stock exchange at the reporting date.

THE JAMAICA LIVESTOCK ASSOCIATION LIMITED

Notes to the Financial Statements (Continued)
November 30, 2008

24. Financial risk management (cont'd)

(e) Capital management

The group's objective is to maintain a strong capital base so as to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders.

The Board of Directors monitors the return on capital which the company defines as share capital, capital reserves, fair value reserves and retained profits.

There were no changes in the group's approach to capital management during the year.

25. Segment reporting**Group**

	2008			
	<u>Merchandise</u> (\$'000)	<u>Poultry</u> (\$'000)	<u>Feeds</u> (\$'000)	<u>Total</u> (\$'000)
Revenue from				
External customers	<u>211,528</u>	<u>228,791</u>	<u>567,366</u>	<u>1,007,685</u>
Total revenue	<u>211,528</u>	<u>228,791</u>	<u>567,366</u>	<u>1,007,685</u>
Segment results	(13,359)	(27,904)	(144,111)	(185,374)
Interest and other income				<u>28,400</u>
Loss from operations				(156,974)
Finance costs				(63,396)
Taxation				<u>58,734</u>
Loss for the year				<u>(161,636)</u>
Segment assets	443,977	159,349	597,569	1,200,895
Unallocated assets				<u>52,499</u>
Total assets				<u>1,253,394</u>
Segment liabilities	450,769	11,097	217,926	679,792
Unallocated liabilities				<u>735</u>
Total liabilities				<u>680,527</u>
Capital expenditure	<u>2,819</u>	<u>35,040</u>	<u>126</u>	<u>37,985</u>
Depreciation	<u>7,838</u>	<u>1,528</u>	<u>813</u>	<u>10,179</u>
Other non-cash expenses	<u>201</u>	<u>-</u>	<u>-</u>	<u>201</u>

THE JAMAICA LIVESTOCK ASSOCIATION LIMITED

Notes to the Financial Statements (Continued)
 November 30, 2008

25. Segment reporting (cont'd)**Group**

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

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.

