

THE JAMAICA LIVESTOCK ASSOCIATION

CONSOLIDATED NINE MONTHS INTERIM

FINANCIAL REPORT AUGUST 31, 2004

Consolidated Balance Sheet

As at August 31, 2004

	Unaudited as at August 31, 2004 \$'000	Audited as at November 30, 2003 \$'000	Unaudited as at August 31, 2003 \$'000 (Restated)
Current Assets			
Cash	162	27,519	17
Accounts receivable	31,485	37,174	25,307
Taxation recoverable	1,453	1,754	3,515
Inventories	<u>137,375</u>	<u>124,042</u>	<u>147,658</u>
	<u>170,475</u>	<u>190,489</u>	<u>176,497</u>
Current liabilities			
Bank overdraft	44,620	54,555	42,803
Current portion of long-term liabilities	2,373	12,682	2,964
Accounts payable	120,520	136,301	140,969
Deferred income	-	22	106
	<u>167,513</u>	<u>203,560</u>	<u>186,842</u>
Net current asset/(liabilities)	2,962	(13,071)	(10,345)
Fixed assets	219,731	231,132	230,043
Long-term receivable	-	-	483
Investments	3,064	1,573	1,854
Pension asset	<u>33,558</u>	<u>32,687</u>	<u>31,698</u>
	<u>259,315</u>	<u>252,321</u>	<u>253,733</u>
	=====	=====	=====
Financed by:			
Shareholders' net equity	225,493	221,389	218,467
Deferred tax liability	27,446	24,583	18,719
Long-term liabilities	5,961	5,961	16,194
Post retirement obligation	<u>415</u>	<u>388</u>	<u>353</u>
	<u>259,315</u>	<u>252,321</u>	<u>253,733</u>
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Consolidated Profit and Loss Account

Nine months ended August 31, 2004 (Unaudited)

	Unaudited Three months to August 31, 2004 \$'000	Unaudited Three months to August 31, 2003 \$'000 (Restated)	Unaudited Nine months to August 31, 2004 \$'000	Unaudited Nine months to August 31, 2003 \$'000 (Restated)
Gross operating revenue	233,876	206,280	706,093	566,015
Cost of operating revenue	<u>(172,429)</u>	<u>(143,293)</u>	<u>(509,973)</u>	<u>(396,512)</u>
Gross profit	61,447	62,987	196,120	169,503
Other operating income	<u>1,685</u>	<u>1,912</u>	<u>6,138</u>	<u>5,264</u>
	63,132	64,899	202,258	174,767
Administrative expenses	(41,186)	(36,131)	(123,480)	(105,152)
Depreciation	(5,161)	(5,066)	(15,820)	(15,149)
Other operating expenses	<u>(11,861)</u>	<u>(10,926)</u>	<u>(37,925)</u>	<u>(32,208)</u>
Profit from operations	4,924	12,776	25,033	22,258
Finance costs	<u>(5,979)</u>	<u>(6,979)</u>	<u>(17,546)</u>	<u>(18,753)</u>
(Loss)/ profit before taxation	(1,055)	5,797	7,487	3,505
Taxation	<u>1,226</u>	<u>(2,014)</u>	<u>(2,863)</u>	<u>(4,946)</u>
Net profit/(loss) for the period	<u>171</u>	<u>3,783</u>	<u>4,624</u>	<u>(1,441)</u>
	=====	=====	=====	=====
Profit/(loss) per stock unit of \$1.00	.30c	6.58c	8.00c	(2.50c)

Consolidated Statement of Changes in Equity

Nine months ended August 31, 2004 (Unaudited)

	Share capital \$'000	Share premium \$'000	Capital reserves \$'000	Investment revaluation reserve \$'000	Unappropriated Profits \$'000	Total \$'000
Balances at November 30, 2002	57,456	58,421	74,446	1,679	29,917	221,919
Net loss for the period	-	-	-	-	(1,441)	(1,441)
Decrease in fair value of investments	-	-	-	-	-	-
Total recognised losses	-	-	-	-	(1,441)	(1,441)
Dividend paid	-	-	-	-	(2,011)	(2,011)
Balances at August 31, 2003	57,456	58,421	74,446	1,679	26,465	218,467
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Balances at November 30, 2003	57,456	58,421	74,446	1,398	29,668	221,389
Net profit for the period	-	-	-	-	4,624	4,624
Increase in fair value of investments	-	-	-	1,491	-	1,491
Total recognised gains	-	-	-	1,491	4,624	6,115
Dividend paid	-	-	-	-	(2,011)	(2,011)
Balances at August 31, 2004	57,456	58,421	74,446	2,889	32,281	225,493
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Consolidated Statement of Cash Flows

Nine months ended August 31, 2004 (Unaudited)

	2004 \$'000	2003 \$'000 (Restated)
Cash flows from operating activities		
Net profit/(loss) for the period	4,624	(1,441)
Adjustments to reconcile net profit/(loss) to net cash provided/(used) by operating activities:		
Depreciation	15,820	15,149
Loss on investments	-	29
Deferred taxation	2,863	4,946
Post retirement obligation	27	-
Pension asset	(871)	(130)
Gain on sale of fixed assets	(540)	(3,689)
	21,923	14,864
(Increase)/decrease in current assets		
Accounts receivable	5,689	(1,484)
Taxation recoverable	301	(1,745)
Inventories	(13,333)	(34,154)
Increase/(decrease) in current liability		
Deferred income	(22)	-
Accounts payable	(15,781)	22,842
Net cash (used)/provided by operating activities	(1,223)	323
Cash flows from investing activities		
Additions to fixed assets	(5,290)	(5,909)
Proceeds from disposal of fixed assets	1,411	5,750
Net cash used by investing activities	(3,879)	(159)
Cash flows from financing activities		
Bank overdraft	(9,935)	(3,239)
Loan repayments	(10,309)	(15,727)
Dividends paid	(2,011)	(2,011)
Net cash used by financing activities	(22,255)	(20,977)
Net decrease in cash	(27,357)	(20,813)
Cash at beginning of the period	27,519	20,830
Cash at end of period	162	17
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Notes to the Interim Consolidated Financial Statements

Nine months ended August 31, 2004

1. Group's operations

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 feed, the operation of a wharf and grain off-loading facilities.

There were no significant changes to the group's operations for the period under review. The group accounts for the nine months ended August 31, 2004, include the Company and its three wholly owned subsidiaries JLA Feeds Limited, JLA Hatchery Limited and Henmor Limited. The company and its subsidiaries are incorporated in Jamaica.

2. Basis of preparation

The financial statements have been prepared in accordance with, and comply with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board, and have been prepared on the historical cost basis modified for the inclusion of certain available-for-sale investments at fair value.

The accounting policies used in the preparation of these interim consolidated financial statements are consistent with those used in the year-end audited consolidated financial statements.

3. Gross operating revenue

Gross operating revenue represents the invoiced value of sales by the group net of returns and General Consumption Tax.

4. Accounting policies

The following accounting policies have been used in the preparation of the financial statements in compliance with IFRS.

(a) Deferred taxation:

Deferred income tax is provided in full, using the liability method, on temporary differences between the tax bases of assets and liabilities and their carrying amounts. A tax asset is recognised for unutilised tax losses only to the extent that reversal can reasonably be expected.

(b) Investments:

The group's investments are initially recognised at cost and classified at the time of purchase in accordance with IFRS. Available-for-sale investments are subsequently remeasured at fair value. Unrealised gains or losses arising from changes in fair value are taken to investment revaluation reserve.

(c) Employee benefits:

Employee benefits comprise pension and post-retirement life insurance benefits. 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 future periods; that value is discounted to determine the present value, and the fair value of plan assets deducted.

Where the fair value of plan assets exceed the present value of the obligation, a pension asset is recorded to the extent of economic benefits which can be obtained in the form of reduction in future contributions to the plan. The obligation is calculated using the projected unit credit method.

The obligation in respect of post retirement benefits is computed on a basis similar to that for the defined benefit pension plan.

(d) Segment reporting:

The Group is organised into three business segments which provide products that are subject to risks and returns dissimilar to each other:

- a. Animalfeed- milling, manufacture and sale of animal feeds;
- b. Poultry - production and sale of day old chicks; and
- c. Merchandise - sale of animal health products, hardware, lumber and farm equipment.

5. Segment results

	\$'000
Sales	
Animal feeds	398,391
Poultry	127,769
Merchandise	<u>177,933</u>
	706,093
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Profit before tax	
Animal feeds	(12,897)
Poultry	809
Merchandise	<u>19,575</u>
	7,487
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6. Taxation

Taxation on the consolidated profit and loss account comprises deferred tax credit/(charge) for the period.

7. Dividends

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

8. Profit per stock unit

The calculation of profit per stock unit is based on the group's net profit for the period of \$4,624,000 (2003: \$1,441,000) and 57,452,523 preference stock units in issue.

On behalf of the Board

John Masterton
Chairman

Henry Rainford
Director

October 13, 2004