

THE JAMAICA LIVESTOCK ASSOCIATION LIMITED

FINANCIAL STATEMENTS

NOVEMBER 30, 2010



KPMG
Chartered Accountants
The Victoria Mutual Building
8 Duke Street
Kingston
Jamaica, W.I.

P.O. Box 76
Kingston
Jamaica, W.I.
Telephone +1 (876) 922-6640
Fax +1 (876) 922-7198
+1 (876) 922-4500
e-Mail firmmail@kpmg.com.jm

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 (company), with comparative figures comprising the consolidated financial statements of the company and its former subsidiary (group), set out on pages 3 to 41, which comprise the statements of financial position as at November 30, 2010, the statements of changes in equity, comprehensive income and cash flows for the year then ended, and notes, comprising 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 entity'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 entity'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.

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

To the Members of
THE JAMAICA LIVESTOCK ASSOCIATION LIMITED

Report on the Financial Statements (continued)

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the company as at November 30, 2010, and of its 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.

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 required.



Chartered Accountants
Kingston, Jamaica

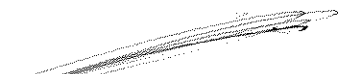
March 31, 2011


THE JAMAICA LIVESTOCK ASSOCIATION LIMITED

Statements of Financial Position
November 30, 2010

	Notes	Company		Group
		2010 \$'000	2009 \$'000	2009 \$'000
Assets				
Investments	4	1,493	1,565	1,565
Property, plant and equipment	6	493,083	370,859	370,859
Employee benefit asset	8(a)	<u>51,689</u>	<u>47,321</u>	<u>47,321</u>
Total non-current assets		<u>546,265</u>	<u>419,745</u>	<u>419,745</u>
Cash		2,893	2,557	2,557
Assets held for sale	7	-	444,772	444,772
Accounts receivable	5, 9	94,022	52,234	52,234
Taxation recoverable		115	401	401
Inventories	10	<u>111,058</u>	<u>144,929</u>	<u>144,929</u>
Total current assets		<u>208,088</u>	<u>644,893</u>	<u>644,893</u>
Total assets		<u>754,353</u>	<u>1,064,638</u>	<u>1,064,638</u>
Equity				
Share capital	11(a)	115,877	115,877	115,877
Capital reserves	11(b)	488,407	789,274	789,274
Investment revaluation reserve	11(c)	(852)	(780)	(780)
Deficit		<u>(90,395)</u>	<u>(392,090)</u>	<u>(392,090)</u>
Net equity		<u>513,037</u>	<u>512,281</u>	<u>512,281</u>
Liabilities				
Long-term liabilities	12	20,903	71,668	71,668
Post-employment benefit obligation	8(b)	<u>2,116</u>	<u>1,864</u>	<u>1,864</u>
Total non-current liabilities		<u>23,019</u>	<u>73,532</u>	<u>73,532</u>
Bank overdrafts	13	40,349	136,276	136,276
Current and past-due maturities of long-term liabilities	12	5,833	32,623	32,623
Due to related parties	5	95,056	115,106	115,106
Accounts payable	14, 5	72,470	154,783	154,783
Taxation payable		1,970	1,970	1,970
Short-term loans	15	<u>2,619</u>	<u>38,067</u>	<u>38,067</u>
Total current liabilities		<u>218,297</u>	<u>478,825</u>	<u>478,825</u>
Total liabilities		<u>241,316</u>	<u>552,357</u>	<u>552,357</u>
Total equity and liabilities		<u>754,353</u>	<u>1,064,638</u>	<u>1,064,638</u>

The financial statements on pages 3 to 41 were approved for issue by the Board of Directors on March 31, 2011 and signed on its behalf by:


Henry J. Rainford Chairman


Byron Thompson Director

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

THE JAMAICA LIVESTOCK ASSOCIATION LIMITED

Statement of Changes in Equity
November 30, 2010

GROUP:

	Share capital \$'000 [Note 11(a)]	Capital reserves \$'000 [Note 11(b)]	Investment revaluation reserve \$'000 [Note 11(c)]	Deficit \$'000	Total \$'000
Balances at November 30, 2008	<u>115,877</u>	<u>612,248</u>	<u>198</u>	<u>(155,456)</u>	<u>572,867</u>
Total comprehensive income for the year:					
Loss for the year	-	-	-	(232,329)	(232,329)
Other comprehensive income:					
Revaluation surplus on property, plant and equipment, net of deferred tax	-	177,026	-	-	177,026
Decrease in fair value of investments	<u>-</u>	<u>-</u>	<u>(978)</u>	<u>-</u>	<u>(978)</u>
Total other comprehensive income	<u>-</u>	<u>177,026</u>	<u>(978)</u>	<u>-</u>	<u>176,048</u>
Total comprehensive income for the year	<u>-</u>	<u>177,026</u>	<u>(978)</u>	<u>(232,329)</u>	<u>(56,281)</u>
Distribution to owners of the company:					
Dividends (note 20)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,305)</u>	<u>(4,305)</u>
Balances at November 30, 2009	<u>115,877</u>	<u>789,274</u>	<u>(780)</u>	<u>(392,090)</u>	<u>512,281</u>

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

THE JAMAICA LIVESTOCK ASSOCIATION LIMITED

Statement of Changes in Equity (Continued)
Year ended November 30, 2010

COMPANY:

	Share capital \$'000 [Note 11(a)]	Capital reserves \$'000 [Note11(b)]	Investment revaluation reserve \$'000 [Note 11(c)]	Deficit \$'000	Total \$'000
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 comprehensive income for the year:					
Loss for the year	-	-	-	(230,515)	(230,515)
Other comprehensive income:					
Revaluation surplus on property, plant and equipment, net of taxes	-	177,026	-	-	177,026
Decrease in fair value of investments	<u>-</u>	<u>-</u>	(978)	<u>-</u>	(978)
Total other comprehensive income	<u>-</u>	<u>177,026</u>	(978)	<u>-</u>	<u>176,048</u>
Total comprehensive income/(expense) for the year	<u>-</u>	<u>177,026</u>	(978)	<u>(230,515)</u>	(54,467)
Distribution to owners of the company:					
Dividends (note 20)	<u>-</u>	<u>-</u>	<u>-</u>	(4,305)	(4,305)
Balances at November 30, 2009	<u>115,877</u>	<u>789,274</u>	(780)	<u>(392,090)</u>	<u>512,281</u>
Total comprehensive income for the year:					
Loss for the year	-	-	-	(117,538)	(117,538)
Other comprehensive income:					
Revaluation surplus on property, plant and equipment, net of taxes	-	122,665	-	-	122,665
Transfer on disposal of assets held for sale	-	(423,532)	-	423,532	-
Decrease in fair value of investments	<u>-</u>	<u>-</u>	(72)	<u>-</u>	(72)
Total other comprehensive income/(expense)	<u>-</u>	<u>(300,867)</u>	(72)	<u>423,532</u>	<u>122,593</u>
Total comprehensive income/(expense) for the year	<u>-</u>	<u>(300,867)</u>	(72)	<u>305,994</u>	<u>5,055</u>
Distribution to owners of the company:					
Dividends (note 20)	<u>-</u>	<u>-</u>	<u>-</u>	(4,299)	(4,299)
Balances at November 30, 2010	<u>115,877</u>	<u>488,407</u>	(852)	<u>(90,395)</u>	<u>513,037</u>

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

THE JAMAICA LIVESTOCK ASSOCIATION LIMITED

Statements of Comprehensive Income
Year ended November 30, 2010

	Notes	Company		Group
		2010 \$'000	2009 \$'000	2009 \$'000
Gross operating revenue	16	<u>752,619</u>	<u>904,493</u>	<u>904,493</u>
Cost of operating revenue, excluding inventory losses		(566,994)	(645,173)	(645,173)
Inventory losses		<u>-</u>	<u>(1,153)</u>	<u>(1,153)</u>
Total cost of operating revenue		<u>(566,994)</u>	<u>(646,326)</u>	<u>(646,326)</u>
Gross profit		185,625	258,167	258,167
Other income:				
Gain/(loss) on disposal of property, plant and equipment		4,726	(2,422)	(2,422)
Interest received		658	433	433
Dividend received		44	42	42
Miscellaneous		<u>8,335</u>	<u>10,377</u>	<u>8,563</u>
		<u>199,388</u>	<u>266,597</u>	<u>264,783</u>
Expenses:				
Administration		(229,193)	(293,806)	(293,806)
Depreciation		(12,449)	(29,729)	(29,729)
Selling		<u>(37,715)</u>	<u>(55,612)</u>	<u>(55,612)</u>
		<u>(279,357)</u>	<u>(379,147)</u>	<u>(379,147)</u>
Loss from operations	17	(79,969)	(112,550)	(114,364)
Finance costs - interest		<u>(37,569)</u>	<u>(72,577)</u>	<u>(72,577)</u>
Loss before taxation		(117,538)	(185,127)	(186,941)
Taxation charge	18	<u>-</u>	<u>(45,388)</u>	<u>(45,388)</u>
Loss for the year	19	(117,538)	(230,515)	(232,329)
Other comprehensive income:				
Revaluation surplus on property, plant and equipment, net of taxes		122,665	177,026	177,026
Change in fair value of investments		<u>(72)</u>	<u>(978)</u>	<u>(978)</u>
Total comprehensive income/(expense) for the year		<u>5,055</u>	<u>(54,467)</u>	<u>(56,281)</u>
Loss as per stock unit	21	<u>(204.58)¢</u>	<u>(404.38¢)</u>	<u>(404.38¢)</u>

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

THE JAMAICA LIVESTOCK ASSOCIATION LIMITED

Statements of Cash Flows
Year ended November 30, 2010

	Company		Group
	2010	2009	2009
	\$'000	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss for the year	(117,538)	(230,515)	(232,329)
Adjustments for:			
Depreciation	12,449	29,729	29,729
(Gain)/loss on disposal of property, plant and equipment	(4,726)	2,422	2,422
Pension asset	(4,368)	5,178	5,178
Post-employment benefit obligation	252	1,129	1,129
Deferred taxation	-	45,388	45,388
Interest income	(658)	(433)	(433)
Interest expense	<u>37,569</u>	<u>72,577</u>	<u>72,577</u>
	(77,020)	(74,525)	(76,339)
Change in short-term loan	(35,448)	(14,190)	(14,190)
Change in accounts receivable	(40,689)	4,039	4,039
Change in taxation recoverable	286	1,900	2,017
Change in inventories	33,871	35,045	35,045
Change in accounts payable	(162,136)	79,439	65,025
Due to related parties	<u>(20,050)</u>	<u>30,259</u>	<u>32,172</u>
	(301,186)	61,967	47,769
Interest paid	<u>(39,458)</u>	<u>(70,688)</u>	<u>(70,688)</u>
Net cash used by operating activities	<u>(340,644)</u>	<u>(8,721)</u>	<u>(22,919)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	658	433	433
Additions to property, plant and equipment	(12,039)	(7,889)	(7,889)
Proceeds from disposal of property, plant and equipment	<u>530,142</u>	<u>37,924</u>	<u>37,924</u>
Net cash provided by investing activities	<u>518,761</u>	<u>30,468</u>	<u>30,468</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Loan (net)	(77,555)	(43,252)	(29,062)
Dividends paid	<u>(4,299)</u>	<u>(4,305)</u>	<u>(4,305)</u>
Net cash used by financing activities	<u>(81,854)</u>	<u>(47,557)</u>	<u>(33,367)</u>
Net increase/(decrease) in cash	96,263	(25,810)	(25,818)
Cash and cash equivalents at beginning of the year	<u>(133,719)</u>	<u>(107,909)</u>	<u>(107,901)</u>
Cash and cash equivalents at end of the year	<u>(37,456)</u>	<u>(133,719)</u>	<u>(133,719)</u>
Comprising cash and cash equivalents:			
Cash	2,893	2,557	2,557
Bank overdrafts	<u>(40,349)</u>	<u>(136,276)</u>	<u>(136,276)</u>
	<u>(37,456)</u>	<u>(133,719)</u>	<u>(133,719)</u>

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

THE JAMAICA LIVESTOCK ASSOCIATION LIMITED

Notes to the Financial Statements

November 30, 20101. The company

The Jamaica Livestock Association Limited (company) is incorporated under the laws of Jamaica, with registered office located at Newport East, Kingston.

The principal activities of the company are the sale of animal health products, hardware, lumber, farm equipment and supplies and day-old chicks and the sale of animal feeds.

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.

THE JAMAICA LIVESTOCK ASSOCIATION LIMITED

Notes to the Financial Statements (Continued)

November 30, 2010

1. The company (continued)

- (e) The company sold its feed plant and wharf and grain off-loading facilities on March 1, 2010 for US\$6 million (JMD\$539 million) to Agro Industries Holdings (2008) Limited. Based on the sale agreement, the company will purchase feeds produced by Agro Industries Holdings (2008) Limited and retain its rights to the “Supreme Feeds” brand (see note 7).
- (f) The shares of Henmor Limited (wholly-owned subsidiary) were transferred on December 17, 2009 to a related party.

At the end of the year, the company had in its employment 157 (2009: 171) persons, including part-time employees.

2. Statement of compliance, basis of preparation, 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 the company are as follows:

- 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 uncertainty associated with such valuations; and improving disclosures over liquidity risk to address current diversity in practice. The amendments were applied in the 2010 financial statements.
- *IFRS 8 Operating Segments* requires segment disclosure based on the components of the group 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. The amendments were applied in the 2010 financial statements in note 26.
- *IAS 1 (Revised) Presentation of Financial Statements*, requires presentation of all non-owner changes in equity, either in a single statement of comprehensive income, or in an income statement plus a statement of comprehensive income. Revised IAS 1 also requires that a statement of financial position be presented at the beginning of the comparative period when the entity restates the comparatives, a disclosure for reclassification adjustments and disclosure of dividends and related per share amounts be disclosed on the face of the statement of changes in equity or in the notes. The effect of the revision is to present a single statement of comprehensive income and the balance sheet is now referred to as the statement of financial position.

THE JAMAICA LIVESTOCK ASSOCIATION LIMITED

Notes to the Financial Statements (Continued)

November 30, 20102. Statement of compliance, basis of preparation, and consolidation (continued)

(a) Statement of compliance (continued):

New standards and interpretations effective during the year (continued):

- *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. The revision did not have any significant impact on the 2010 financial statements.

New standards, and interpretations of and amendments to existing standards that are 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 company has not early-adopted. The company has assessed the relevance of all such new standards, amendments and interpretations with respect to its operations and has concluded as follows:

- *Amendment to IAS 32 Financial Instruments: Presentation*, is effective for annual reporting periods beginning February 1, 2010. The amendment requires that rights, options or warrants to acquire a fixed number of the entity's own equity instruments for a fixed amount of any currency are equity instruments if the entity offers the rights, options or warrants pro rata to all of its existing owners of the same class of its own non-derivative equity instruments. The company is assessing the impact, if any, the amendment will have on the 2011 financial statements.
- *Disclosures – Transfer of Financial Assets (Amendments to IFRS 7)* is effective for annual reporting periods beginning on or after July 1, 2011. The amendment requires disclosure of information that enable users of financial statements to understand the relationship between transferred financial assets that are not derecognised in their entirety and the associated liabilities and to evaluate the nature of and risks associated with, the entity's continuing involvement in these derecognised assets. The company is assessing the impact, if any, the amendment will have on the 2012 financial statements.
- *IFRS 9, Financial Instruments*, which is effective for annual reporting periods beginning on or after January 1, 2013, retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortised cost and fair value. It also includes guidance on classification and measurement of financial liabilities designated as at fair value through profit or loss and incorporates certain existing requirements of *IAS 39, Financial Instruments: Recognition and Measurement*, on the recognition and de-recognition of financial assets and financial liabilities. The company is assessing the impact that the standard will have on the financial statements.

THE JAMAICA LIVESTOCK ASSOCIATION LIMITED

Notes to the Financial Statements (Continued)

November 30, 2010

2. Statement of compliance, basis of preparation, and consolidation (continued)

(a) Statement of compliance (continued):

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

- *IFRIC 14 IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction.* The amendment is effective for annual reporting periods beginning on or after January 1, 2011. It applies when an entity is subject to minimum funding requirements and makes an early payment of contributions to cover those requirements. The amendments permit such an entity to treat the benefit of such an early payment as an asset. The company is assessing the impact that the interpretation will have on the financial statements.
- *Improvements to IFRS 2010* contain amendments to six standards and to one interpretation and are effective for annual reporting periods beginning on or after January 1, 2011. The main applicable amendments are as follows:
 - *IFRS 7 Financial Instruments: Disclosures* – The standard is amended to add an explicit statement that the interaction between qualitative and quantitative disclosures better enables users to evaluate an entity’s exposure to risks arising from financial statements. Existing disclosures relating to maximum exposure to credit risk, financial effect of collateral held as security and other enhancements in respect of a financial instrument have been amended. Certain disclosures relating to carrying amount of financial assets that are not past due or are not impaired as a result of their terms having been renegotiated and description of collateral held as security for financial assets that are past due have been removed.
 - *IAS 1 Presentation of Financial Statements* – IAS 1 is amended to state that for each component of equity a reconciliation from opening to closing balances is required to be presented in the statement of changes in equity, showing separately changes arising from items recognized in profit or loss, in other comprehensive income and from transactions with owners acting in their capacity as owners.
 - *IAS 34 Interim Financial Reporting* – the amendment has resulted in the addition of a number of examples of events or transactions that require disclosure.

The company is assessing the impact, if any, that these amendments would have on the 2012 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 company, unless otherwise stated.

THE JAMAICA LIVESTOCK ASSOCIATION LIMITED

Notes to the Financial Statements (Continued)
November 30, 2010

2. Statement of compliance, basis of preparation, and consolidation (continued)

(b) Basis of preparation (continued):

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 statement of comprehensive income and the statement of financial position 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 losses for the current and previous year, and has a working capital and accumulated deficit at the reporting date. Having regard however, to the credit facility of US\$620,000 from the National Export-Import Bank of Jamaica [note 27] and plans for future actions, 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 amounts of, and disclosures relating to assets, liabilities, contingent assets and contingent liabilities at the reporting date and the income and expenses for the year then ended. Actual amounts could differ from those estimates.

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

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

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

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

(ii) Allowance for impairment losses on receivables:

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

THE JAMAICA LIVESTOCK ASSOCIATION LIMITED

Notes to the Financial Statements (Continued)

November 30, 20102. Statement of compliance, basis of preparation, and consolidation (continued)

(c) Use of estimates and judgements (continued):

(iii) Pension and other post-employment benefits:

The amounts included in the financial statements 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.

(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 amounts 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 probable, based on existing knowledge, that outcomes within 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.

In the previous year, the consolidated financial statements included the financial statements of the company and its wholly-owned subsidiary Henmor Limited, made up to November 30, 2009. Intra-group balances and any unrealised gains and losses or income and expenses arising from intra-group transactions were eliminated in preparing the consolidated financial statements.

THE JAMAICA LIVESTOCK ASSOCIATION LIMITED

Notes to the Financial Statements (Continued)

November 30, 2010

2. Statement of compliance, basis of preparation, and consolidation (continued)

(d) Basis of consolidation (continued):

The company and its subsidiary, which are incorporated in Jamaica, are collectively referred to as "the group". The subsidiary's main activity up to February 28, 2010 was the provision of transportation for the operations of the parent company.

3. Significant accounting policies

(a) Property, plant and equipment:

Property, plant and equipment are stated at cost or revalued amount less accumulated depreciation [see (b) below] and impairment losses [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 company and its cost can be reliably measured.

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

(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 down the assets to their residual values 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	2 ¹ / ₂ %

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 in other comprehensive income, unless the investment is disposed of or impaired, in which case, it is included in profit or loss.

THE JAMAICA LIVESTOCK ASSOCIATION LIMITED

Notes to the Financial Statements (Continued)

November 30, 20103. Significant accounting policies (continued)

(e) Foreign currencies:

Foreign currency balances at the reporting 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 profit or loss.

For the purpose of the statement of cashflows, all foreign currency gains and losses recognised in profit or loss 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 profit or loss when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recorded if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(g) Employee benefits:

Employee benefits comprising pensions and other post-employment assets and obligations included in these financial statements have been actuarially determined by a qualified independent actuary, appointed by management. The appointed actuary's report outlines the scope of the valuation and the actuary's opinion. The actuarial valuations were conducted in accordance with IAS 19, and the financial statements reflect the 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 company participates in a defined-benefit pension plan, the assets of which are held separately from those of the company.

The company's net obligation in respect of the defined-benefit pension plan is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that value is discounted to determine the present value, and the fair value of plan assets is deducted. The discount rate is the yield on long-term government securities that have maturity dates approximating the terms of the company's obligation. The calculation is performed by an independent qualified actuary using the projected unit credit method.

THE JAMAICA LIVESTOCK ASSOCIATION LIMITED

Notes to the Financial Statements (Continued)

November 30, 20103. Significant accounting policies (continued)

(g) Employee benefits (continued):

(i) Defined benefit pension plans (continued):

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 profit or loss 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 profit or loss.

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 profit or loss 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 company, 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 company provides post retirement life insurance benefits to retirees. The obligation with respect to this benefit is calculated on a basis similar to that for the defined-benefit pension plan.

(h) Taxation:

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

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the reporting 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 reporting 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.

THE JAMAICA LIVESTOCK ASSOCIATION LIMITED

Notes to the Financial Statements (Continued)

November 30, 20103. Significant accounting policies (continued)

(i) Provisions:

A provision is recognised in the statement of financial position when the company 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 assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated at each reporting 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 other comprehensive income.

(i) Calculation of recoverable amount

The recoverable amount of receivables is calculated as the present value of expected future cash flows, discounted at the original effective interest rate inherent in the asset. Receivables with a short duration are not discounted.

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

The recoverable amount of other assets is the greater of their net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

(ii) Reversals of impairment

An impairment loss in respect of a receivable is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

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

An impairment loss is reversed only to the extent that the assets carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

The reversal of an impairment loss is recognised in profit or loss, except for available-for-sale equity securities which is recognised directly in other comprehensive income.

THE JAMAICA LIVESTOCK ASSOCIATION LIMITED

Notes to the Financial Statements (Continued)

November 30, 2010

3. Significant accounting policies (continued)

(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, bank balances and bank overdrafts. Bank overdrafts, repayable on demand and forming an integral part of cash management activities, are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(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 within equity when declared as distributions.

(o) Related parties:

A party is related to the entity if:

(i) directly or indirectly the party:

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

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

(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 entity, or any entity that is a related party of the entity.

(v) the party is a close member of the family of any individual referred to in (i) or (iv);

(vi) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or

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

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.

THE JAMAICA LIVESTOCK ASSOCIATION LIMITED

Notes to the Financial Statements (Continued)

November 30, 2010

3. Significant accounting policies (continued)

(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 profit or loss on the straight-line basis over the term of the lease.

(q) Segment reporting:

An operating segment is a component of the company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the company's other components. All operating segments' operating results are reviewed regularly by the company's Chairman/CEO to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

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

(i) *Poultry* – production and sale of day old chicks and eggs;

(ii) *Farm supplies* – sale of animal feeds and health products, hardware, lumber and farm equipment.

(r) Assets and liabilities held for sale:

Assets and liabilities held for sale will be recovered or settled principally through a sale transaction rather than through continued use.

For a disposal group of assets and liabilities to be classified as held for sale, the assets or disposal group must be available for immediate sale in their present condition subject only to terms that are usual and customary for such sales and the sale must be highly probable.

Assets that are held for sale are measured at the lower of carrying amount and fair value, less costs to sell. Any impairment on such assets are written-off to profit or loss.

4. Investments

	<u>Company</u>		<u>Group</u>
	<u>2010</u>	<u>2009</u>	<u>2009</u>
	\$'000	\$'000	\$'000
Available-for-sale:			
Quoted securities	<u>1,493</u>	<u>1,565</u>	<u>1,565</u>

THE JAMAICA LIVESTOCK ASSOCIATION LIMITED

Notes to the Financial Statements (Continued)
November 30, 2010

5. Related party balances and transactions (continued)

- (c) The statement of comprehensive income includes the following income earned from, and expenses incurred in, transactions with related parties in the ordinary course of business:

	<u>Company</u>		<u>Group</u>
	<u>2010</u>	<u>2009</u>	<u>2009</u>
	\$'000	\$'000	\$'000
Directors:			
Finance charge	2,748	4,276	4,276
Sales	<u>-</u>	<u>392</u>	<u>392</u>
	<u>Company</u>		<u>Group</u>
	<u>2010</u>	<u>2009</u>	<u>2009</u>
	\$'000	\$'000	\$'000
Companies held by directors:			
Sales	1,926	3,578	3,578
Travel expenses	4,238	2,431	2,431
Lease rental charges	3,146	3,137	3,137
Finance charge	<u>3,880</u>	<u>669</u>	<u>669</u>
	<u>Company</u>		<u>Group</u>
	<u>2010</u>	<u>2009</u>	<u>2009</u>
	\$'000	\$'000	\$'000
Close relative of a director:			
Finance charge	4,928	5,247	5,247
Professional fees	<u>-</u>	<u>140</u>	<u>140</u>
Key management personnel compensation comprised:			
Post-employment benefits	179	163	163
Short-term employee benefits	<u>8,755</u>	<u>8,323</u>	<u>8,323</u>

THE JAMAICA LIVESTOCK ASSOCIATION LIMITED

Notes to the Financial Statements (Continued)
November 30, 2010

6. Property, plant and equipment

	<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:				
November 30, 2008	834,163	175,438	403,042	1,412,643
Additions	4,412	3,477	-	7,889
Disposals	(40,000)	(1,887)	-	(41,887)
Assets held for sale (note 7)	<u>(435,163)</u>	<u>(85,113)</u>	<u>(403,042)</u>	<u>(923,318)</u>
November 30, 2009	363,412	91,915	-	455,327
Additions	9,624	2,415	-	12,039
Revaluation surplus	122,665	-	-	122,665
Disposals	<u>-</u>	<u>(31)</u>	<u>-</u>	<u>(31)</u>
November 30, 2010	<u>495,701</u>	<u>94,299</u>	<u>-</u>	<u>590,000</u>
Depreciation:				
November 30, 2008	158,706	152,705	142,802	454,213
Eliminated on disposals	(645)	(896)	-	(1,541)
Charge for the year	12,626	7,546	9,557	29,729
Assets held for sale (note 7)	<u>(161,231)</u>	<u>(84,343)</u>	<u>(152,359)</u>	<u>(397,933)</u>
November 30, 2009	9,456	75,012	-	84,468
Charge for the year	<u>6,319</u>	<u>6,130</u>	<u>-</u>	<u>12,449</u>
November 30, 2010	<u>15,775</u>	<u>81,142</u>	<u>-</u>	<u>96,917</u>
Net book values:				
November 30, 2010	<u>479,926</u>	<u>13,157</u>	<u>-</u>	<u>493,083</u>
November 30, 2009	<u>353,956</u>	<u>16,903</u>	<u>-</u>	<u>370,859</u>
November 30, 2008	<u>675,457</u>	<u>22,733</u>	<u>260,240</u>	<u>958,430</u>

The company's feedmill and wharf grain off-loading facilities were revalued by Winsett Engineering Incorporation, independent valutors; 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 valutors, on October 27, 2008, and subsequently from November 17-22, 2010, 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 \$98,065,000 and \$Nil (2009: \$112,069,000 and \$88,573,000), respectively.

The surplus arising on revaluation, inclusive of depreciation no longer required, is included in capital reserves [note 11(b)].

Freehold land and buildings include land amounting to \$265,000,000 (2009: \$211,000,000) for the company and the group.

THE JAMAICA LIVESTOCK ASSOCIATION LIMITED

Notes to the Financial Statements (Continued)
November 30, 2010

7. Assets and liabilities held for sale

	<u>Notes</u>	<u>Company</u>		<u>Group</u>
		<u>2010</u>	<u>2009</u>	<u>2009</u>
		<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Balance at beginning of year		444,772	-	-
Assets held for sale				
Property, plant and equipment	6	-	525,385	525,385
Liability held for sale				
Other payables	14	-	(80,613)	(80,613)
Disposals		(444,772)	-	-
		<u>-</u>	<u>444,772</u>	<u>444,772</u>

During the prior year, management decided on a plan to dispose of the company's feed plant and wharf and grain-off-loading facilities as part of a strategic plan to obtain working capital support, as well as reducing significant portions of its high interest cost debts. Consequently, the related assets and liabilities are presented as held for sale in these financial statements. The sale was completed on March 1, 2010 [see note 1(e)].

8. Employee benefits

A contributory defined-benefit pension scheme administered by a life assurance company, is operated for all employees 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 also provide post-employment life insurance benefits to employees.

(a) Employee benefit asset:

	<u>Company</u>		<u>Group</u>
	<u>2010</u>	<u>2009</u>	<u>2009</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Present value of funded obligation	(124,405)	(90,374)	(90,374)
Fair value of plan assets	184,166	170,702	170,702
Unrecognised asset due to limit in 58(b)	-	(2,078)	(2,078)
Unrecognised actuarial gains	(8,072)	(30,929)	(30,929)
Asset recognised in the statement of financial position	<u>51,689</u>	<u>47,321</u>	<u>47,321</u>

THE JAMAICA LIVESTOCK ASSOCIATION LIMITED

Notes to the Financial Statements (Continued)
November 30, 2010

8. Employee benefits (continued)

(a) Employee benefit asset (continued):

The plans asset consists of the following:

	<u>Company</u>		<u>Group</u>
	<u>2010</u>	<u>2009</u>	<u>2009</u>
	\$'000	\$'000	\$'000
Preference shares	2,770	2,210	2,210
Quoted equities	8,800	8,450	8,450
Fixed income investments	141,850	130,650	130,650
Receivables	30,746	28,852	28,852
Cash and cash equivalents	-	540	540
	<u>184,166</u>	<u>170,702</u>	<u>170,702</u>

Movement in the fair value of plan assets:

Fair value of plan assets at beginning of year	170,702	162,227	162,227
Contributions	5,979	6,100	6,100
Expected return on plan assets	16,523	15,529	15,529
Benefits paid	(16,918)	(19,972)	(19,972)
Actuarial gain on plan assets	7,880	6,818	6,818
Fair value of plan assets at end of year	<u>184,166</u>	<u>170,702</u>	<u>170,702</u>

Movement in the present value of funded obligation:

Present value of obligation at beginning of year	90,374	125,932	125,932
Current service cost	5,153	8,546	8,546
Interest cost	15,672	16,184	16,184
Benefits paid and administration expenses	(16,918)	(19,972)	(19,972)
Actuarial gains/(losses) on obligation	<u>30,124</u>	<u>(40,316)</u>	<u>(40,316)</u>
Present value of obligation at end of year	<u>124,405</u>	<u>90,374</u>	<u>90,374</u>

(i) Movement in the net asset recognised in the statement of financial position:

	<u>Company</u>		<u>Group</u>
	<u>2010</u>	<u>2009</u>	<u>2009</u>
	\$'000	\$'000	\$'000
Balance at beginning of year	47,321	52,499	52,499
Contributions paid	2,678	2,716	2,716
Expense recognised in the statement of comprehensive income	(388)	(5,816)	(5,816)
Income not recognised due to limit	<u>2,078</u>	<u>(2,078)</u>	<u>(2,078)</u>
Balance at end of year	<u>51,689</u>	<u>47,321</u>	<u>47,321</u>

THE JAMAICA LIVESTOCK ASSOCIATION LIMITED

Notes to the Financial Statements (Continued)

November 30, 2010

8. Employee benefits (continued)

(a) Employee benefit asset (continued):

(ii) Expense recognised in the statement of comprehensive income:

	<u>Company</u>		<u>Group</u>
	<u>2010</u>	<u>2009</u>	<u>2009</u>
	\$'000	\$'000	\$'000
Actuarial gain recognised in year	613	-	-
Current service costs	(1,852)	(5,161)	(5,161)
Interest on obligations	(15,672)	(16,184)	(16,184)
Expected return on plan assets	<u>16,523</u>	<u>15,529</u>	<u>15,529</u>
Pension expense	(388)	(5,816)	(5,816)
Income not recognised due to limit	<u>2,078</u>	(2,078)	(2,078)
Net pension expense	<u>1,690</u>	(7,894)	(7,894)
Actual return on plan assets	<u>9.00%</u>	<u>10.0%</u>	<u>10.0%</u>

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

	<u>2010</u>	<u>2009</u>
	%	%
Discount rate	11.0	18.0
Expected return on plan assets	9.0	10.0
Future salary increases	7.0	12.5
Future pension increases	<u>3.5</u>	<u>6.0</u>

(b) Post-employment benefit obligation:

	<u>Company</u>		<u>Group</u>
	<u>2010</u>	<u>2009</u>	<u>2009</u>
	\$'000	\$'000	\$'000
Present value of obligation	3,533	1,853	1,853
Unrecognised actuarial (losses)/gains	(1,415)	14	14
Unrecognised past service cost	(2)	(3)	(3)
Liability recognised in statement of financial position	<u>2,116</u>	<u>1,864</u>	<u>1,864</u>

THE JAMAICA LIVESTOCK ASSOCIATION LIMITED

Notes to the Financial Statements (Continued)

November 30, 2010

8. Employee benefits (continued)

(b) Post-employment benefit obligation (continued):

(i) Movement in the net liability recognised in the statement of financial position:

	<u>Company</u>		<u>Group</u>
	<u>2010</u>	<u>2009</u>	<u>2009</u>
	\$'000	\$'000	\$'000
Balance at beginning of year	1,864	735	735
Contributions paid	(162)	(137)	(137)
Current service and interest costs	<u>414</u>	<u>1,266</u>	<u>1,266</u>
Balance at end of year	<u>2,116</u>	<u>1,864</u>	<u>1,864</u>

(ii) Expense recognised in the statement of comprehensive income:

	<u>Company</u>		<u>Group</u>
	<u>2010</u>	<u>2009</u>	<u>2009</u>
	\$'000	\$'000	\$'000
Actuarial losses	-	46	46
Current service costs	80	93	93
Interest on obligations	333	370	370
Past service cost-vested benefits	-	756	756
Past service cost-non-vested benefits	<u>1</u>	<u>1</u>	<u>1</u>
	<u>414</u>	<u>1,266</u>	<u>1,266</u>

(iii) Movement in the present value of obligation:

	<u>Company</u>		<u>Group</u>
	<u>2010</u>	<u>2009</u>	<u>2009</u>
	\$'000	\$'000	\$'000
Present value of obligation at beginning of year	1,853	2,064	2,064
Current service cost	80	93	93
Interest cost	333	370	370
Benefits paid	(162)	(137)	(137)
Actual loss/(gain) on obligation	1,429	(1,297)	(1,297)
Past service cost-vested benefits	-	756	756
Past service cost-non-vested benefits	<u>-</u>	<u>4</u>	<u>4</u>
Present value of obligation at end of year	<u>3,533</u>	<u>1,853</u>	<u>1,853</u>

THE JAMAICA LIVESTOCK ASSOCIATION LIMITED

Notes to the Financial Statements (Continued)

November 30, 2010

8. Employee benefits (continued)

(c) Historical information:

Defined-benefit pension plan:

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
	\$'000	\$'000	\$'000	\$'000	\$'000
Present value of the defined asset	(124,405)	(90,374)	(125,932)	(129,922)	(100,481)
Fair value of plan assets	<u>184,166</u>	<u>170,702</u>	<u>162,227</u>	<u>155,160</u>	<u>154,111</u>
Surplus in the plan	<u>59,761</u>	<u>80,328</u>	<u>36,295</u>	<u>25,238</u>	<u>53,630</u>
Experience adjustments arising on plan liabilities	(<u>3,250</u>)	(<u>11,347</u>)	(<u>11,217</u>)	<u>10,302</u>	<u>4,658</u>
Experience adjustments arising on plan assets	<u>7,880</u>	<u>6,818</u>	(<u>5,216</u>)	(<u>9,427</u>)	<u>1,778</u>

The company expects to pay \$2,915,583 in contributions to the plan in 2011.

9. Accounts receivable

	<u>Company</u>		<u>Group</u>
	<u>2010</u>	<u>2009</u>	<u>2009</u>
	\$'000	\$'000	\$'000
Trade receivables	48,410	26,264	26,264
Deposits and prepaid expenses	9,291	18,233	18,233
Other receivables	<u>46,831</u>	<u>28,404</u>	<u>28,404</u>
	104,532	72,901	72,901
Provision for doubtful debts [note 25(a)]	(<u>10,510</u>)	(<u>20,667</u>)	(<u>20,667</u>)
	<u>94,022</u>	<u>52,234</u>	<u>52,234</u>

Deposits and prepaid expenses includes \$Nil (2009: \$5,917,000) representing deposits on property (note 24).

10. Inventories

	<u>Company</u>		<u>Group</u>
	<u>2010</u>	<u>2009</u>	<u>2009</u>
	\$'000	\$'000	\$'000
Raw materials and supplies	17,332	12,103	12,103
Merchandise and animal health products	77,954	92,603	92,603
Hardware and lumber	11,700	16,613	16,613
Feeds	11,078	8,287	8,287
Eggs	5,121	13,316	13,316
Meats	33	-	-
Spare parts	-	215	215
Packing material	8,905	7,022	7,022
Goods-in-transit	-	<u>8,460</u>	<u>8,460</u>
	132,123	158,619	158,619
Provision for obsolescence	(<u>21,065</u>)	(<u>13,690</u>)	(<u>13,690</u>)
	<u>111,058</u>	<u>144,929</u>	<u>144,929</u>

THE JAMAICA LIVESTOCK ASSOCIATION LIMITED

Notes to the Financial Statements (Continued)

November 30, 2010

11. 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>2010</u>	<u>2009</u>
\$'000	\$'000

Issued and fully paid:

6,971 ordinary "A" shares
57,452,523 preference stock units

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</u>		<u>Group</u>
	<u>2010</u>	<u>2009</u>	<u>2009</u>
	\$'000	\$'000	\$'000
Realised:			
Revaluation of land and buildings sold during the year	-	30,323	30,323
Unrealised:			
Revaluation of land and buildings	488,407	581,925	581,925
Deferred taxation on revalued buildings and wharf	<u>-</u>	<u>177,026</u>	<u>177,026</u>
	<u>488,407</u>	<u>789,274</u>	<u>789,274</u>

Capital reserves represent the realised and 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, 2010

12. Long-term liabilities

	<u>Company</u>		<u>Group</u>
	<u>2010</u>	<u>2009</u>	<u>2009</u>
	\$'000	\$'000	\$'000
(a) 16.45% bank loan	-	1,714	1,714
(b) 13.00% bank loan	26,736	32,569	32,569
(c) 8.30% bank loan (denominated in US\$)	-	2,441	2,441
(d) 20.75% bank loan	-	21,528	21,528
(e) 20.35% bank loan	-	5,143	5,143
(f) 20.35% bank loan	-	27,500	27,500
(g) 20.00% related party loan	-	12,517	12,517
(h) 20.75% bank loan	-	879	879
	<u>26,736</u>	<u>104,291</u>	<u>104,291</u>
Less: current and past due maturities	<u>(5,833)</u>	<u>(32,623)</u>	<u>(32,623)</u>
	<u>20,903</u>	<u>71,668</u>	<u>71,668</u>

- (a) The loan was repayable in equal monthly instalments of \$283,333, plus interest. The loan was repaid on March 11, 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 was repayable in equal monthly instalments of US\$2,727, plus interest. The loan was repaid on August 27, 2010.
- (d) The loan was repayable in equal monthly instalments of \$347,222, plus interest. The loan was repaid on March 11, 2010.
- (e) The loan was repayable in equal monthly instalments of \$452,380, plus interest. The loan was repaid on March 1, 2010.
- (f) The loan was repayable in equal monthly instalments of \$833,333 plus interest. The loan was repaid on March 1, 2010.
- (g) The loan was from a company owned by a director and was repayable in monthly instalments of \$397,408 including interest. The loan was repaid on March 19, 2010.
- (h) The loan was repayable in equal monthly instalments of \$88,125 plus interest. The loan was repaid on August 27, 2010.

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), (c) and (d) were secured by fixed and floating assets and by mortgage on property at Newport East.

Loan (b) is secured by promissory notes.

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

Loan (g) was secured by mortgage on property and promissory notes and loan (h) was secured by a lien on a motor vehicle.

THE JAMAICA LIVESTOCK ASSOCIATION LIMITED

Notes to the Financial Statements (Continued)

November 30, 2010

13. Bank overdrafts

The bank overdrafts are secured as disclosed in note 12, and as at November 30, 2010, bore interest at a variable rate of 18.75% (2009: 21.875%) for the company and the group.

14. Accounts payable

	<u>Company</u>		<u>Group</u>
	<u>2010</u>	<u>2009</u>	<u>2009</u>
	\$'000	\$'000	\$'000
Trade payables	43,538	127,769	127,769
Other payables and accruals	<u>28,932</u>	<u>107,627</u>	<u>107,627</u>
	72,470	235,396	235,396
Other payable classified as held for sale (note 7)	<u>-</u>	<u>(80,613)</u>	<u>(80,613)</u>
	<u>72,470</u>	<u>154,783</u>	<u>154,783</u>

15. Short term loans

	<u>Company</u>		<u>Group</u>
	<u>2010</u>	<u>2009</u>	<u>2009</u>
	\$'000	\$'000	\$'000
10.0% promissory note (i)	-	1,851	1,851
Short term loan (ii)	-	32,000	32,000
7.95% loan (iii)	2,619	3,210	3,210
5.20% loan (iv)	<u>-</u>	<u>1,006</u>	<u>1,006</u>
	<u>2,619</u>	<u>38,067</u>	<u>38,067</u>

(i) Promissory note represents a three months facility of US\$20,000. The note bears interest at 10.00% per annum based on a 360 days year which became payable on November 20, 2009.

(ii) This represents a credit facility for working capital support which expires on/upon the earlier of the date of closing for the feedmill and wharf property sale and October 31, 2009, at which time the loan is to be liquidated in its entirety with the sale proceed. The loan was repaid during the year.

(iii) This represents insurance financing arrangement which is repayable in equal monthly instalments of \$802,458.27 including interest. The final instalment being due on March 7, 2010.

(iv) This represents insurance financing arrangement which is repayable in equal monthly instalments of \$503,273.19 including interest. The final instalment being due on December 1, 2009.

Loans (iii) to (iv) are secured against the unearned return premiums held by the insurance companies.

THE JAMAICA LIVESTOCK ASSOCIATION LIMITED

Notes to the Financial Statements (Continued)

November 30, 2010

16. Gross operating revenue

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

17. Disclosure of expenses

Loss from operations is stated after charging:

	<u>Company</u>		<u>Group</u>
	<u>2010</u>	<u>2009</u>	<u>2009</u>
	\$'000	\$'000	\$'000
Staff costs	106,709	110,398	110,398
Directors' emoluments:			
Fees	275	275	275
Management remuneration	8,933	8,486	8,486
Auditors' remuneration	<u>4,200</u>	<u>4,000</u>	<u>4,000</u>

18. Taxation

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

	<u>Company</u>		<u>Group</u>
	<u>2010</u>	<u>2009</u>	<u>2009</u>
	\$'000	\$'000	\$'000
Deferred taxation			
Taxation losses unutilised	-	68,224	68,224
Origination and reversal of other temporary differences	<u>-</u>	<u>(22,836)</u>	<u>(22,836)</u>
	<u>-</u>	<u>45,388</u>	<u>45,388</u>

(b) The effects of differences between treatment of items for financial statements and taxation purposes are:

	<u>Company</u>		<u>Group</u>
	<u>2010</u>	<u>2009</u>	<u>2009</u>
	\$'000	\$'000	\$'000
Loss before taxation	<u>(117,538)</u>	<u>(185,127)</u>	<u>(186,941)</u>
Computed "expected" tax credit @ 33 $\frac{1}{3}$ %	(39,179)	(61,709)	(62,314)
Difference between loss for financial statements and tax reporting purposes on -			
Depreciation charge and capital allowances	39,046	(13,063)	(13,063)
Tax losses unutilised	3,309	118,078	118,683
Other	<u>(3,176)</u>	<u>2,082</u>	<u>2,082</u>
Actual taxation	<u>-</u>	<u>45,388</u>	<u>45,388</u>

THE JAMAICA LIVESTOCK ASSOCIATION LIMITED

Notes to the Financial Statements (Continued)

November 30, 201018. Taxation (continued)

(c) Taxation losses, subject to agreement by the Commissioner of Taxpayer Audit and Assessment, available for relief against future taxable profits amounted to approximately \$512,448,000 (2009: \$398,830,000) and \$Nil (2009: \$400,143,000) for the company and the group, respectively.

(d) Deferred tax assets amounting to \$160 million (2009: \$118million) have not been recognised as management does not consider, at this time, that it is probable that future taxable profits will be available against which to utilise those losses.

19. Loss for the year

Dealt with in the financial statements of:

	<u>2010</u> \$'000	<u>2009</u> \$'000
Company	117,538	(230,515)
Subsidiary	<u>-</u>	<u>(1,814)</u>
	<u>117,538</u>	<u>(232,329)</u>

20. 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.

21. Loss per stock unit

The calculation of loss per stock unit is based on the company's loss for the year of \$117,538,000 (2009: \$230,515,000) and the group's loss of (2009: \$232,239,000) respectively and the 57,452,523 preference stock units in issue.

22. Lease commitments

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

	<u>Company</u>		<u>Group</u>
	<u>2010</u> \$'000	<u>2009</u> \$'000	<u>2009</u> \$'000
Within one year	8,461	13,912	13,912
Subsequent years	<u>20,738</u>	<u>-</u>	<u>-</u>
	<u>29,199</u>	<u>13,912</u>	<u>13,912</u>

Lease rentals during the year amounted to \$15,392,000 (2009: \$13,753,000) for the company.

THE JAMAICA LIVESTOCK ASSOCIATION LIMITED

Notes to the Financial Statements (Continued)

November 30, 201023. Contingencies

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

24. Capital commitment

At November 30, 2010, \$Nil (2009: \$5,917,000) has been committed for capital expenditure in respect of which deposits amounting to \$Nil (2009: \$5,917,000) are included in accounts receivable (note 9).

25. Financial risk management

The company 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 company's exposure to each of the above risks, the company'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 company's risk management framework. The risk management policies are established to identify and analyse the risks faced by the company, 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 company's activities. The company, 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.

(a) Credit risk:

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

Trade and other receivables

The exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the 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 company's standard payment and delivery terms and conditions are offered. The review includes review of the customer's financial strength, history with the group 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 company's benchmark creditworthiness may transact with the company only on a prepayment basis.

THE JAMAICA LIVESTOCK ASSOCIATION LIMITED

Notes to the Financial Statements (Continued)
November 30, 2010

25. Financial risk management (continued)

(a) Credit risk (continued):

Trade and other receivables (continued)

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

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

The company establishes an allowance for impairment that represents its estimate of specific losses in respect of trade and other receivables. The 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 company 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 company is satisfied that no recovery of the amount owing is possible, at which point the amounts considered irrecoverable are written off the financial asset directly. The allowance for doubtful debts is analysed as follows:

	<u>Company</u>		<u>Group</u>
	<u>2010</u>	<u>2009</u>	<u>2009</u>
	\$'000	\$'000	\$'000
Balance at beginning of the year	20,667	17,748	17,748
(Credit)/charge for the year	(4,998)	9,228	9,228
Amounts written off	(5,159)	(6,309)	(6,309)
Balance at end of the year	<u>10,510</u>	<u>20,667</u>	<u>20,667</u>

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>2010</u>	<u>2009</u>	<u>2009</u>
	\$'000	\$'000	\$'000
Cash and cash equivalents	2,893	2,557	2,557
Trade and other receivables	<u>95,241</u>	<u>54,668</u>	<u>54,668</u>
	<u>98,134</u>	<u>57,225</u>	<u>57,225</u>

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

THE JAMAICA LIVESTOCK ASSOCIATION LIMITED

Notes to the Financial Statements (Continued)

November 30, 2010

25. Financial risk management (continued)

(b) Liquidity risk:

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The approach to managing liquidity is to ensure, as far as possible, that the company 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 company's reputation.

Typically the company 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.

	Company				
	2010				
	Carrying amount	Contractual cash flows	1 yr or less	1-2 yrs	More than 2-5 yrs
	\$'000	\$'000	\$'000	\$'000	\$'000
Short-term loans	2,619	2,619	2,619	-	-
Long- term liabilities	26,736	36,089	9,309	8,551	18,229
Due to related parties	95,056	104,308	104,308	-	-
Accounts payables	72,470	72,470	72,470	-	-
Bank overdraft	<u>40,349</u>	<u>40,349</u>	<u>40,349</u>	-	-
	<u>237,230</u>	<u>255,835</u>	<u>229,055</u>	<u>8,551</u>	<u>18,229</u>

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

	Company				
	2009				
	Carrying Amount	Contractual cash flows	1 yr or less	1-2 yrs	More than 2-5 yrs
	\$'000	\$'000	\$'000	\$'000	\$'000
Short-term loans	38,067	38,662	38,662	-	-
Long- term liabilities	104,291	143,306	50,676	35,408	56,524
Due to related parties	115,106	126,710	126,710	-	-
Accounts payables	154,783	154,783	154,783	-	-
Bank overdraft	<u>136,276</u>	<u>136,276</u>	<u>136,276</u>	-	-
	<u>548,523</u>	<u>599,737</u>	<u>507,107</u>	<u>35,408</u>	<u>56,524</u>
					<u>698</u>

THE JAMAICA LIVESTOCK ASSOCIATION LIMITED

Notes to the Financial Statements (Continued)

November 30, 2010

25. Financial risk management (continued)

(b) Liquidity risk (continued):

	Group					
	2009					
	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
Short-term loans	38,067	38,662	38,662	-	-	-
Long- term liabilities	104,291	143,306	50,676	35,408	56,524	698
Due to related parties	115,106	126,710	126,710	-	-	-
Accounts payables	154,783	154,783	154,783	-	-	-
Bank overdraft	<u>136,276</u>	<u>136,276</u>	<u>136,276</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>548,523</u>	<u>599,737</u>	<u>507,107</u>	<u>35,408</u>	<u>56,524</u>	<u>698</u>

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

(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 company'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 company's exposure to market risk or the manner in which it measures and manages this risk.

(i) Currency risk:

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

The exposure to foreign currency risk are as follows:

	Company	Company			Group		
	2010	2009			2009		
	USD \$'000	USD \$'000	CAD \$'000	EURO \$'000	USD \$'000	CAD \$'000	EURO \$'000
Long term liabilities	-	(27)	-	-	(27)	-	-
Due to related parties	1,050	(1,190)	-	-	(1,190)	-	-
Trade and other payables	196	(998)	(50)	(15)	(998)	(50)	(15)
Cash and cash equivalents	(3)	11	-	-	11	-	-
Net exposure	<u>1,243</u>	<u>(2,204)</u>	<u>(50)</u>	<u>(15)</u>	<u>(2,204)</u>	<u>(50)</u>	<u>(15)</u>

THE JAMAICA LIVESTOCK ASSOCIATION LIMITED

Notes to the Financial Statements (Continued)
November 30, 2010

25. Financial risk management (continued)

(c) Market risk (continued):

(i) Currency risk (continued):

Sensitivity analysis:

A 10% weakening of the Jamaica dollar against the respective currencies at November 30, 2010 would have decreased profit/increased loss by 10,704,000 (2009: \$20,339,000) respectively.

A 2% strengthening of the Jamaica dollar against the respective currencies at November 30, 2010 would have increased profit/decreased loss by \$2,141,000 (2009: \$4,068,000) respectively.

This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis as 2009.

(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 overdrafts and loans are subject to a variable rate which may be varied by appropriate notice from the lender. The company's exposure to interest rate risk is limited to its cash, bank overdrafts and loan balances.

(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 company's 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 company's quarterly financial performance.

Sensitivity analysis – equity price risk

Most of the company's equity investments are listed on the Jamaica Stock Exchange. A 20% (2009: 20%) increase or decline in the JSE All Jamaica Composite index at the reporting date would have increased /decreased equity by approximately \$299,000 (2009: \$276,000).

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.

THE JAMAICA LIVESTOCK ASSOCIATION LIMITED

Notes to the Financial Statements (Continued)
November 30, 2010

25. Financial risk management (continued)

(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 reporting 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 statement of financial position 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.

Determination fair value and fair value hierarchy

IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. These two types of inputs have created the following fair value hierarchy:

Level 1 – Quoted prices in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The source of the input parameter for the Jamaica Sovereign yield curve is various local brokers.

Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available.

This hierarchy requires the use of observable market data when available. The company considers relevant and observable market prices in its valuations where possible.

THE JAMAICA LIVESTOCK ASSOCIATION LIMITED

Notes to the Financial Statements (Continued)
November 30, 2010

25. Financial risk management (continued)

(d) Fair values (continued):

Determination fair value and fair value hierarchy (continued)

	<u>Company</u>			
	<u>2010</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	\$'000	\$'000	\$'000	\$'000
Investments	<u>-</u>	<u>1,493</u>	<u>-</u>	<u>1,493</u>

	<u>Company</u>			
	<u>2009</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	\$'000	\$'000	\$'000	\$'000
Investments	<u>-</u>	<u>1,565</u>	<u>-</u>	<u>1,565</u>

	<u>Group</u>			
	<u>2009</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	\$'000	\$'000	\$'000	\$'000
Investments	<u>-</u>	<u>1,565</u>	<u>-</u>	<u>1,565</u>

(e) Capital management:

The company'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 company's approach to capital management during the year.

THE JAMAICA LIVESTOCK ASSOCIATION LIMITED

Notes to the Financial Statements (Continued)
November 30, 2010

26. Segment reporting

Company:

	<u>2010</u>		
	<u>Poultry</u> \$'000	<u>Farm supplies</u> \$'000	<u>Total</u> \$'000
Revenue from			
External customers	<u>239,058</u>	<u>513,561</u>	<u>752,619</u>
Total revenue	<u>239,058</u>	<u>513,561</u>	<u>752,619</u>
Segment results	(31,094)	(62,638)	(93,732)
Gain on the sale of property, plant and equipment			4,726
Interest and other net income			<u>9,037</u>
Loss from operations			(79,969)
Finance costs			(37,569)
Loss for the year			<u>(117,538)</u>
Segment assets	233,166	469,498	702,664
Unallocated assets			<u>51,689</u>
Total assets			<u>754,353</u>
Segment liabilities	75,970	163,230	239,200
Unallocated liabilities			<u>2,116</u>
Total liabilities			<u>241,316</u>
Capital expenditure	<u>1,813</u>	<u>10,275</u>	<u>12,088</u>
Depreciation	<u>2,581</u>	<u>9,868</u>	<u>12,449</u>
Other non-cash expenses	<u>-</u>	<u>-</u>	<u>252</u>

THE JAMAICA LIVESTOCK ASSOCIATION LIMITED

Notes to the Financial Statements (Continued)

November 30, 2010

26. Segment reporting (continued)

Group:

	<u>2009</u>		
	<u>Poultry</u> \$'000	<u>Farm supplies*</u> \$'000	<u>Total</u> \$'000
Revenue from			
External customers	<u>287,298</u>	<u>617,195</u>	<u>904,493</u>
Total revenue	<u>287,298</u>	<u>617,195</u>	<u>904,493</u>
Segment results	34,235	(155,215)	(120,980)
Interest and other net income			<u>6,616</u>
Loss from operations			(114,364)
Finance costs			(72,577)
Taxation expense			(45,388)
Loss for the year			<u>(232,329)</u>
Segment assets	183,762	833,555	1,017,317
Unallocated assets			<u>47,321</u>
Total assets			<u>1,064,638</u>
Segment liabilities	107,288	443,205	550,493
Unallocated liabilities			<u>1,864</u>
Total liabilities			<u>552,357</u>
Capital expenditure	<u>1,514</u>	<u>6,375</u>	<u>7,889</u>
Depreciation	<u>2,403</u>	<u>27,326</u>	<u>29,729</u>
Other non-cash expenses	<u>-</u>	<u>8,740</u>	<u>8,740</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.

27. Subsequent event

On February 10, 2011, the National Export-Import Bank of Jamaica Limited approved a revolving foreign currency line of credit facility amounting to six hundred and twenty thousand United States dollars (US\$620,000). The loan facility is available for purchase of inventory from overseas suppliers. Interest will be charged at 8% per annum calculated on the reducing balance and is secured by a charge over certain assets of the company.

* Reclassified to conform to 2010 presentation.