



Jamaica Broilers Group Limited

**Financial Statements
2 May 2015**

Jamaica Broilers Group Limited

Index

2 May 2015

	Page
Independent Auditor's Report to the Members	
Statutory Financial Statements	
Group statement of comprehensive income	1
Group balance sheet	2
Group statement of changes in stockholders' equity	3
Group statement of cash flows	4 – 5
Company statement of comprehensive income	6
Company balance sheet	7
Company statement of changes in stockholders' equity	8
Company statement of cash flows	9 - 10
Notes to the financial statements	11 - 83



Independent Auditor's Report

To the Members of
Jamaica Broilers Group Limited

Report on the Consolidated and Company Stand-Alone Financial Statements

We have audited the accompanying consolidated financial statements of Jamaica Broilers Group Limited and its subsidiaries, set out on pages 1 to 83, which comprise the consolidated balance sheet as at 2 May 2015, and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information, and the accompanying financial statements of Jamaica Broilers Group Limited standing alone, which comprise the balance sheet as at 2 May 2015, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated and Company Stand-Alone Financial Statements

Management is responsible for the preparation of consolidated and company stand-alone financial statements that give a true and fair view in accordance with International Financial Reporting Standards and with the requirements of the Jamaican Companies Act, and for such internal control as management determines is necessary to enable the preparation of consolidated and company stand-alone financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated and company stand-alone 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 about whether the consolidated and company stand-alone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated and company stand-alone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated and company stand-alone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated and company stand-alone financial statements that give a true and fair view 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 consolidated and company stand-alone financial statements.

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

PricewaterhouseCoopers, Scotiabank Centre, Duke Street, Box 372, Kingston, Jamaica
T: (876) 922 6230, F: (876) 922 7581, www.pwc.com/jm



**Members of Jamaica Broilers Group Limited
Independent Auditor's Report
Page 2**

Opinion

In our opinion, the consolidated financial statements Jamaica Broilers Group Limited and its subsidiaries, and the financial statements of Jamaica Broilers Group Limited standing alone give a true and fair view of the financial position of Jamaica Broilers Group Limited and its subsidiaries and the Jamaica Broilers Group Limited standing alone as at 2 May 2015, and of their financial performance and cash flows for the year then ended, so far as concerns the members of Jamaica Broilers Group Limited, in accordance with International Financial Reporting Standards and the requirements of the Jamaican Companies Act.

Report on Other Legal and Regulatory Requirements

As required by 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 kept, so far as appears from our examination of those records, and the accompanying financial statements are in agreement therewith and give the information required by the Jamaican Companies Act, in the manner so required.

PricewaterhouseCoopers

Chartered Accountants
3 July 2015
Kingston, Jamaica

Jamaica Broilers Group Limited

Group Statement of Comprehensive Income

Year ended 2 May 2015

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2 May 2015 \$'000	Restated 3 May 2014 \$'000
Revenue		34,570,050	30,851,350
Cost of sales		(26,548,665)	(24,343,646)
Gross Profit		8,021,385	6,507,704
Other income/gains	6	174,117	203,304
Distribution costs		(1,033,495)	(863,079)
Administration and other expenses		(5,041,235)	(4,482,845)
Operating Profit		2,120,772	1,365,084
Finance income	9	145,781	300,088
Finance costs	9	(704,701)	(592,076)
Profit before Taxation		1,561,852	1,073,096
Taxation	10	(552,198)	(153,987)
Net Profit		1,009,654	919,109
Other Comprehensive Income, net of taxes -			
Item that will not be reclassified to profit or loss -			
Re-measurements of post-employment/pension benefits - , net of taxes		(112,225)	(103,750)
Item that will be reclassified to profit or loss -			
Exchange differences on translating foreign operations		155,624	317,800
Total other comprehensive income		43,399	214,050
Total Comprehensive Income		1,053,053	1,133,159
Net Profit Attributable to:			
Stockholders of the company	11	1,036,168	957,283
Non-controlling interests	17	(26,514)	(38,174)
		1,009,654	919,109
Total Comprehensive Income Attributable to:			
Stockholders of the company		1,078,675	1,167,079
Non-controlling interests	17	(25,622)	(33,920)
		1,053,053	1,133,159
Earnings per Stock Unit		Cents	Cents
	12	86.40	79.82

Jamaica Broilers Group Limited

Group Balance Sheet

2 May 2015

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2 May 2015 \$'000	Restated 3 May 2014 \$'000	Restated 27 April 2013 \$'000
Non-Current Assets				
Property, plant and equipment	13	9,939,598	9,395,304	8,308,510
Intangible assets	14	890,602	931,016	105,702
Investment property	15	23,315	58,098	58,988
Investments	16	68,749	65,669	60,289
Deferred income taxes	18	-	14,510	16,643
Post-employment benefit assets	19	-	-	62,300
Affiliate	30	18,683	123,018	86,004
		<u>10,940,947</u>	<u>10,587,615</u>	<u>8,698,436</u>
Current Assets				
Inventories	20	3,948,883	3,693,396	2,964,774
Biological assets	21	2,569,781	2,267,869	1,344,672
Receivables	22	2,789,062	2,699,011	2,127,522
Taxation recoverable		18,447	4,057	3,655
Financial assets at fair value through profit or loss	23	472,482	436,046	741,048
Cash and short term investments	24	1,828,446	670,757	1,511,999
		<u>11,627,101</u>	<u>9,771,136</u>	<u>8,693,670</u>
Current Liabilities				
Payables	25	3,666,685	2,825,867	1,879,759
Taxation payable		463,486	155,523	116,024
Borrowings	27	2,763,024	2,635,849	2,202,134
		<u>6,893,195</u>	<u>5,617,239</u>	<u>4,197,917</u>
Net Current Assets				
		<u>4,733,906</u>	<u>4,153,897</u>	<u>4,495,753</u>
		<u>15,674,853</u>	<u>14,741,512</u>	<u>13,194,189</u>
Stockholders' Equity				
Share capital	28	765,137	765,137	765,137
Capital reserve	29	1,850,181	1,746,374	1,432,828
Retained earnings		8,816,721	8,045,730	7,384,081
		<u>11,432,039</u>	<u>10,557,241</u>	<u>9,582,046</u>
Non-controlling interests				
	17	<u>(35,625)</u>	<u>(36,023)</u>	<u>(55,877)</u>
		<u>11,396,414</u>	<u>10,521,218</u>	<u>9,526,169</u>
Non-Current Liabilities				
Shareholders loan payable		-	-	43,643
Borrowings	27	3,591,907	3,568,071	3,241,562
Deferred income taxes	18	567,032	530,823	367,715
Pension scheme benefit liabilities	19	94,700	105,900	-
Post-employment benefit obligations	19	24,800	15,500	15,100
		<u>15,674,853</u>	<u>14,741,512</u>	<u>13,194,189</u>

Approved for issue by the Board of Directors on 3 July 2015 and signed on its behalf by:

Robert E. Levy

Chairman

Christopher Levy

Director

Jamaica Broilers Group Limited

Group Statement of Changes in Stockholders' Equity

Year ended 2 May 2015

(expressed in Jamaican dollars unless otherwise indicated)

	Note	Attributable to the Company's Stockholders				Non-controlling Interests	Total Equity
		Number of Shares	Share Capital	Capital Reserve	Retained Earnings		
		'000	\$'000	\$'000	\$'000		
Balance at 27 April 2013		1,199,277	765,137	1,432,828	7,384,081	(55,877)	9,526,169
Remeasurements of pension asset/obligation, net of taxes		-	-	-	(103,750)	-	(103,750)
Exchange differences on translating foreign operations		-	-	313,546	-	4,254	317,800
Total other comprehensive income		-	-	313,546	(103,750)	4,254	214,050
Net profit		-	-	-	957,283	(38,174)	919,109
Total comprehensive income		-	-	313,546	853,533	(33,920)	1,133,159
Dividends	26	-	-	-	(191,884)	-	(191,884)
Additional investment/loan conversion	17	-	-	-	-	53,774	53,774
Total transactions with owners		-	-	-	(191,884)	53,774	(138,110)
Movement during the year		-	-	313,546	661,649	19,854	995,049
Balance at 3 May 2014		1,199,277	765,137	1,746,374	8,045,730	(36,023)	10,521,218
Remeasurements of pension asset/obligation, net of taxes		-	-	-	(112,225)	-	(112,225)
Exchange differences on translating foreign operations		-	-	154,732	-	892	155,624
Total other comprehensive income		-	-	154,732	(112,225)	892	43,399
Net profit		-	-	-	1,036,168	(26,514)	1,009,654
Total comprehensive income		-	-	154,732	923,943	(25,622)	1,053,053
Dividends	26	-	-	-	(203,877)	-	(203,877)
Additional investment	17	-	-	-	-	26,020	26,020
Transfer from capital reserves	29	-	-	(50,925)	50,925	-	-
Total transactions with owners		-	-	(50,925)	(152,952)	26,020	(177,857)
Movement during the year		-	-	103,807	770,991	398	875,196
Balance at 2 May 2015		1,199,277	765,137	1,850,181	8,816,721	(35,625)	11,396,414

Jamaica Broilers Group Limited

Group Statement of Cash Flows

Year ended 2 May 2015

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2 May 2015 \$'000	3 May 2014 \$'000
Cash Flows from Operating Activities			
Net profit		1,009,654	919,109
Adjustments for:			
Depreciation	13	732,134	622,509
Amortisation	14	90,517	70,209
Property, plant and equipment write-off	13	6,314	8,332
Property, plant and equipment adjustment	13	(2,741)	-
Loss/(gain) on disposal of property, plant and equipment	6	5,702	(18,346)
Loss on disposal of intangible assets		55	-
Loss on disposal of subsidiaries	33	1,323	-
Investment write-off		3,566	-
Impairment of investment		31,217	-
Fair value loss on investment property		-	890
Fair value loss/(gain) on financial assets at fair value through profit or loss	6	28,248	(3,227)
Changes in post-employment benefits		(150,800)	30,400
Taxation expense	10	552,198	153,987
Interest income	9	(23,715)	(18,368)
Unrealised foreign exchange losses		60,567	11,069
Interest expense	9	664,405	470,333
		<u>3,008,644</u>	<u>2,246,897</u>
Changes in operating assets and liabilities:			
Inventories		(264,354)	(708,622)
Biological assets		(354,912)	(450,425)
Receivables		(22,489)	(463,276)
Payables		761,387	776,002
Financial assets at fair value through profit or loss		(64,684)	308,229
Translation gain on working capital of foreign subsidiaries		(66,382)	(161,495)
		<u>2,997,210</u>	<u>1,547,310</u>
Taxation paid		<u>(195,420)</u>	<u>(131,195)</u>
Cash provided by operating activities		<u>2,801,790</u>	<u>1,416,115</u>

Jamaica Broilers Group Limited

Group Statement of Cash Flows (Continued)

Year ended 2 May 2015

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2 May 2015 \$'000	3 May 2014 \$'000
Cash Flows from Operating Activities (Page 4)		2,801,790	1,416,115
Cash Flows from Investing Activities			
Acquisition of subsidiaries, net of cash acquired	32	-	(1,292,941)
Purchase of property, plant and equipment	13	(1,060,948)	(1,131,891)
Proceeds from disposal of property, plant and equipment		8,094	36,208
Purchase of intangible assets	14	(3,615)	(4,726)
Loan repayments received		6,335	-
Proceeds from disposal of subsidiaries	33	88,103	-
Interest received		23,715	18,368
Cash used in investing activities		(938,316)	(2,374,982)
Cash Flows from Financing Activities			
Long term loans repaid		(1,342,756)	(1,918,794)
Long term loans received		1,455,094	2,679,839
Additional investments from non-controlling interest	17	26,020	10,131
Interest paid		(665,643)	(468,138)
Dividends paid		(203,877)	(191,884)
Cash (used in)/provided by financing activities		(731,162)	111,154
Effect of changes in exchange rates on cash and cash equivalents		21,617	36,554
Increase/(decrease) in cash and cash equivalents		1,153,929	(811,159)
Cash and cash equivalents at beginning of year		514,628	1,325,787
CASH AND CASH EQUIVALENTS AT END OF YEAR	24	<u>1,668,557</u>	<u>514,628</u>

Non-cash additions during the year amounted to \$8,867,000. These amounts were transferred from inventory.

Jamaica Broilers Group Limited
Company Statement of Comprehensive Income
Year ended 2 May 2015
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2 May 2015 \$'000	Restated 3 May 2014 \$'000
Revenue		26,732,162	25,286,157
Cost of sales		(21,306,394)	(20,650,066)
Gross Profit		5,425,768	4,636,091
Other income/gains	6	1,469,614	932,846
Distribution costs		(806,177)	(621,233)
Administration and other expenses		(3,578,088)	(3,454,412)
Operating Profit		2,511,117	1,493,292
Finance income	9	270,029	403,289
Finance costs	9	(558,023)	(529,334)
Profit before Taxation		2,223,123	1,367,247
Taxation	10	(291,648)	(61,186)
Net Profit		1,931,475	1,306,061
Other Comprehensive Income, net of taxes -			
Item that will not be reclassified to profit or loss -			
Re-measurements of post-employment benefits		(100,275)	(99,450)
TOTAL COMPREHENSIVE INCOME		<u>1,831,200</u>	<u>1,206,611</u>

Jamaica Broilers Group Limited

Company Balance Sheet

2 May 2015

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2 May 2015 \$'000	Restated 3 May 2014 \$'000	Restated 27 April 2013 \$'000
Non-Current Assets				
Property, plant and equipment	13	3,829,523	3,503,655	2,806,903
Intangible asset	14	90,066	96,023	99,576
Investments	16	7,136	10,702	10,702
Interest in subsidiaries		888,116	920,460	410,612
Affiliate	30	18,683	123,018	86,004
Loans receivable	30	2,412,668	2,585,473	1,908,014
Post-employment benefit assets	19	-	-	58,500
		<u>7,246,192</u>	<u>7,239,331</u>	<u>5,380,311</u>
Current Assets				
Inventories	20	3,434,202	3,318,526	2,540,585
Biological assets	21	500,388	629,195	467,075
Receivables	22	1,782,235	1,834,903	1,642,002
Subsidiaries	30	3,148,840	2,721,524	2,641,964
Taxation recoverable		14,792	1,413	265
Cash and short term investments	24	1,599,112	339,483	1,040,529
		<u>10,479,569</u>	<u>8,845,044</u>	<u>8,332,420</u>
Current Liabilities				
Payables	25	2,977,456	2,288,846	1,504,673
Taxation payable		194,828	96,763	89,529
Subsidiaries	30	289,138	749,868	787,110
Borrowings	27	2,102,727	2,128,859	1,925,996
		<u>5,564,149</u>	<u>5,264,336</u>	<u>4,307,308</u>
Net Current Assets				
		<u>4,915,420</u>	<u>3,580,708</u>	<u>4,025,112</u>
		<u>12,161,612</u>	<u>10,820,039</u>	<u>9,405,423</u>
Stockholders' Equity				
Share capital	28	765,137	765,137	765,137
Capital reserve	29	133,201	133,201	133,201
Retained earnings		7,772,069	6,144,746	5,130,019
		<u>8,670,407</u>	<u>7,043,084</u>	<u>6,028,357</u>
Non-Current Liabilities				
Borrowings	27	3,085,651	3,405,805	3,038,560
Deferred income taxes	18	291,054	255,650	324,506
Pension scheme benefit liabilities	19	91,100	101,200	-
Post-employment benefit obligations	19	23,400	14,300	14,000
		<u>12,161,612</u>	<u>10,820,039</u>	<u>9,405,423</u>

Approved for issue by the Board of Directors on 3 July 2015 and signed on its behalf by:

Robert E. Levy

Chairman

Christopher Levy

Director

Jamaica Broilers Group Limited

Company Statement of Changes in Stockholders' Equity

Year ended 2 May 2015

(expressed in Jamaican dollars unless otherwise indicated)

	Number of Shares	Share Capital	Capital Reserve	Retained Earnings	Total
Note	'000	\$'000	\$'000	\$'000	\$'000
Balance at 27 April 2013	1,199,277	765,137	133,201	5,130,019	6,028,357
Remeasurement of pension asset/obligation, net of taxes	-	-	-	(99,450)	(99,450)
Total other comprehensive income	-	-	-	(99,450)	(99,450)
Net profit, as restated	-	-	-	1,306,061	1,306,061
Total comprehensive income	-	-	-	1,206,611	1,206,611
Dividends	-	-	-	(191,884)	(191,884)
Movement during the year	-	-	-	1,014,727	1,014,727
Balance at 3 May 2014	1,199,277	765,137	133,201	6,144,746	7,043,084
Remeasurement of pension asset/obligation, net of taxes	-	-	-	(100,275)	(100,275)
Total other comprehensive income	-	-	-	(100,275)	(100,275)
Net profit	-	-	-	1,931,475	1,931,475
Total comprehensive income	-	-	-	1,831,200	1,831,200
Dividends	-	-	-	(203,877)	(203,877)
Movement during the year	-	-	-	1,627,323	1,627,323
Balance at 2 May 2015	1,199,277	765,137	133,201	7,772,069	8,670,407

Jamaica Broilers Group Limited

Company Statement of Cash Flows

Year ended 2 May 2015

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2 May 2015 \$'000	Restated 3 May 2014 \$'000
Cash Flows from Operating Activities			
Net profit		1,931,475	1,306,061
Adjustments for:			
Depreciation	13	287,861	239,315
Amortisation	14	22,154	19,707
Property, plant and equipment write off		6,314	8,332
Property, plant and equipment adjustment		(2,741)	-
Gain on disposal of property, plant and equipment	6	(561)	(3,561)
Investment write off		3,566	-
Changes in post-employment benefits		(134,700)	27,400
Taxation expense	10	291,648	61,186
Interest income	6,9	(146,209)	(121,568)
Dividend income	6	(1,224,120)	(855,458)
Unrealised foreign exchange gains		(132,251)	(167,983)
Interest expense	9	545,051	481,712
		<u>1,447,487</u>	<u>995,143</u>
Changes in operating assets and liabilities:			
Inventories		(124,543)	(777,941)
Biological assets		128,807	(162,120)
Receivables		154,152	(185,783)
Subsidiaries		(625,495)	(95,946)
Payables		609,653	672,954
		<u>1,590,061</u>	<u>446,307</u>
Taxation paid		<u>(138,133)</u>	<u>(90,806)</u>
Cash provided by operating activities		<u>1,451,928</u>	<u>355,501</u>

Jamaica Broilers Group Limited

Company Statement of Cash Flows (Continued)

Year ended 2 May 2015

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2 May 2015 \$'000	Restated 3 May 2014 \$'000
Cash Flows from Operating Activities (Page 9)		1,451,928	355,501
Cash Flows from Investing Activities			
Acquisition of subsidiary	32	-	(111,160)
Disposal of subsidiaries		32,344	-
Loan repayments received		123,951	299,587
Loans issued		-	(1,139,688)
Purchase of property, plant and equipment	13	(624,373)	(972,189)
Proceeds from disposal of property, plant and equipment		3,917	3,561
Purchase of intangible asset	14	(3,615)	(559)
Interest received		131,189	121,568
Dividend received		1,224,120	855,458
Cash provided by/(used in) investing activities		887,533	(943,422)
Cash Flows from Financing Activities			
Long term loans repaid		(1,017,737)	(1,661,856)
Long term loans received		675,000	2,210,000
Interest paid		(551,275)	(479,517)
Dividends paid		(203,877)	(191,884)
Cash used in financing activities		(1,097,889)	(123,257)
Effect of changes in exchange rates on cash and cash equivalents		21,617	37,984
Increase/(decrease) in cash and cash equivalents		1,263,189	(673,194)
Cash and cash equivalents at beginning of year		183,354	856,548
CASH AND CASH EQUIVALENTS AT END OF YEAR	24	1,446,543	183,354

Non-cash additions during the year amounted to \$8,867,000. These amounts were transferred from inventory.

Jamaica Broilers Group Limited

Notes to the Financial Statements

2 May 2015

(expressed in Jamaican dollars unless otherwise indicated)

1. Identification

Jamaica Broilers Group Limited (the company) is a company limited by shares, incorporated and domiciled in Jamaica. Its registered office is located at Content, McCooks Pen, St. Catherine. The company was incorporated in 1958.

The principal activities of the company and its subsidiaries include the production and distribution of poultry products, animal feeds and agricultural items (Note 2(b)). In addition, one of the company's subsidiaries, JB Ethanol Limited contractually processes fuel products on behalf of customers for a fee.

The company's subsidiaries together with the company are referred to as "the Group".

The company is listed on the Jamaica Stock Exchange.

2. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The consolidated financial statements of Jamaica Broilers Group Limited have been prepared in accordance with International Financial Reporting Standards (IFRS) under the historical cost convention, as modified by the revaluation of biological assets and certain financial assets.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. Although these estimates are based on management's best knowledge of current events and action, actual results could differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

Certain new standards, interpretations and amendments to existing standards have been published that became effective during the current financial year. The Group has assessed the relevance of all such new standards, interpretations and amendments and has put into effect the following IFRS, which are immediately relevant to its operations.

- Amendment to IAS 32, 'Financial instruments: Presentation' (effective for annual periods beginning on or after 1 January 2014) on offsetting financial assets and financial liabilities. This amendment clarifies that the right of set-off must not be contingent on a future event. It must also be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The amendment also considers settlement mechanisms. The amendment did not have a significant effect on the group financial statements.
- Amendments to IAS 36, 'Impairment of assets', (effective for annual periods beginning on or after 1 January 2014) on the recoverable amount disclosures for non-financial assets. This amendment removed certain disclosures of the recoverable amount of CGUs which had been included in IAS 36 by the issue of IFRS 13. The adoption of this amendment did not have a significant impact on the financial statements.
- IFRIC 21, 'Levies', (effective for annual periods beginning on or after 1 January 2014) sets out the accounting for an obligation to pay a levy if that liability is within the scope of IAS 37 'Provisions'. The interpretation addresses what the obligating event is that gives rise to pay a levy and when a liability should be recognised. The Group is not currently subjected to significant levies so the impact on the Group is not material.

Jamaica Broilers Group Limited

Notes to the Financial Statements

2 May 2015

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Standards, interpretations and amendments to published standards that are not yet effective and have not been early adopted by the Group

The Group has concluded that the following standards which are published but not yet effective are relevant to its operations and will impact the Group's accounting policies and financial disclosures as discussed below. These standards and amendments to existing standards are mandatory for the Group's accounting periods beginning after 2 May 2015 or later periods, but the Group has not early adopted them:

- Amendment to IAS 1, 'Disclosure initiative'. These amendments clarify the existing requirements of IAS 1 and provide additional assistance to apply judgement when meeting the presentation and disclosure requirements in IFRS. The amendment does not affect recognition and measurement and is effective for accounting periods beginning on or after 1 January 2016. The amendment is not expected to have a significant impact on the financial statements.
- IFRS 9, 'Financial Instruments' (effective for annual periods beginning on or after 1 January 2018). This standard specifies how an entity should classify and measure financial instruments, including some hybrid contracts. It requires all financial assets to be classified on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset; initially measured at fair value plus, in the case of a financial asset not at fair value through profit or loss, particular transaction costs; and subsequently measured at amortised cost or fair value. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of IAS 39. They apply a consistent approach to classifying financial assets and replace the four categories of financial assets in IAS 39, each of which had its own classification criteria. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. There has been no significant change in the recognition and measurement of financial liabilities carried at amortised cost from that obtained under IAS 39. While adoption of IFRS 9 is mandatory from 1 January 2018, earlier adoption is permitted. The Group is considering the implications of the standard, the impact on the Group and the timing of its adoption.
- IFRS 15, 'Revenue from Contracts with Customers'. The IASB has published its new revenue standard, IFRS 15 'Revenue from Contracts with Customers'. The U.S. Financial Accounting Standards Board (FASB) has concurrently published its equivalent revenue standard which is the result of a convergence project between the two Boards. IFRS 15 applies to nearly all contracts with customers: the main exceptions are leases, financial instruments and insurance contracts. It specifies how and when an entity will recognise revenue. It also requires entities to provide more informative, relevant disclosures. The standard supersedes IAS 18, 'Revenue', IAS 11, 'Construction Contracts' and a number of revenue-related interpretations. Application of the standard is mandatory for accounting periods beginning on or after 1 January 2017. The Group is assessing the impact of future adoption of the standard.
- IAS 19 (Amendment) – 'Defined Benefit Plans: Employee Contributions', (effective for annual periods beginning 1 July 2014). The amendment allows entities to recognise employee contributions as a reduction in the service cost in the period in which the related employee service is rendered, instead of attributing the contributions to the periods of service, if the amount of the employee contributions is independent of the number of years of service. The Group will apply the standard effective 3 May 2015 but does not expect any significant impact from its adoption.

Jamaica Broilers Group Limited

Notes to the Financial Statements

2 May 2015

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Standards, interpretations and amendments to published standards that are not yet effective and have not been early adopted by the Group (Continued)

IASB Annual Improvements -

The IASB annual improvements project for the 2010 - 2012 cycle resulted in amendments to the following standards which may be relevant to the Group's operations. These amendments are effective for the accounting periods beginning on or after 1 July 2014. The Group is assessing the impact of future adoption of the amendments.

- IFRS 8, 'Operating Segments'. The standard is amended to require disclosure of the judgements made by management in aggregating operating segments. This includes a description of the segments which have been aggregated and the economic indicators which have been assessed in determining that the aggregated segments share similar economic characteristics. The standard is further amended to require a reconciliation of segment assets to the entity's assets when segment assets are reported.
- IFRS 13, 'Fair value measurements'. When IFRS 13 was published, certain paragraphs of IAS 39 were deleted as consequential amendments. This led to a concern that entities no longer had the ability to measure short-term receivables and payables at invoice amounts where the impact of not discounting is immaterial. The IASB has amended the basis for conclusions of IFRS 13 to clarify that it did not intend to remove the ability to measure short-term receivables and payables at invoice amounts in such cases.
- IAS 16, 'Property, plant and equipment' and IAS 38, 'Intangible assets'. Both standards are amended to clarify how the gross carrying amount and the accumulated depreciation are treated where an entity uses the revaluation model. The carrying amount of the asset is to be restated to the revalued amount. The split between gross carrying amount and accumulated depreciation is treated in one of two ways. The gross carrying amount may be restated in a manner consistent with the revaluation of the carrying amount, and the accumulated depreciation is adjusted to equal the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses. Alternatively, the accumulated depreciation may be eliminated against the gross carrying amount of the asset.

IASB Annual Improvements -

The IASB annual improvements project for the 2012 - 2014 cycle resulted in amendments to the following standards which may be relevant to the Group's operations. These amendments are effective for the accounting periods beginning on or after 1 January 2016. The Group is assessing the impact of future adoption of the amendments.

- IFRS 7, 'Financial instruments: Disclosures'. The amendment clarifies, among other things, that the additional disclosure required by the amendments to IFRS 7, 'Disclosure – Offsetting financial assets and financial liabilities' is not specifically required for all interim periods, unless required by IAS 34.
- IAS 19 (Revised), 'Employee benefits'. The amendment clarifies that, when determining the discount rate for post-employment benefit obligations, it is the currency that the liabilities are denominated in that is important, and not the country where they arise. The assessment of whether there is a deep market in high-quality corporate bonds or not is based on corporate bonds in that currency, and not corporate bonds in a particular country. Similarly, where there is no deep market in high-quality corporate bonds in that currency, government bonds in the relevant currency should be used.

Jamaica Broilers Group Limited

Notes to the Financial Statements

2 May 2015

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Standards, interpretations and amendments to published standards that are not yet effective and have not been early adopted by the Group (Continued)

IASB Annual Improvements -

- IAS 34, 'Interim financial reporting'. The amendment clarifies what is meant by the reference in the standard to 'information disclosed elsewhere in the interim financial report'. The amendment further amends IAS 34 to require a cross-reference from the interim financial statements to the location of that information.

There are no other IFRS or IFRIC interpretations that are published but not yet effective that would be expected to have an impact on the accounting policies or financial disclosures of the Group.

(b) Consolidation

(i) *Subsidiaries*

Subsidiaries are all entities (including structured entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity. The Group also assesses existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control. De-facto control may arise in circumstances where the size of the Group's voting rights relative to the size and dispersion of holdings of other shareholders give the Group the power to govern the financial and operating policies, etc. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition- by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

If a business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Jamaica Broilers Group Limited

Notes to the Financial Statements

2 May 2015

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(b) Consolidation (continued)

(i) Subsidiaries (continued)

Goodwill is recorded at cost and represents the excess of the value of consideration paid over the Group's interest in net fair value of the identifiable assets, liabilities and contingent liabilities of the acquire and the fair value of the non-controlling interest in the acquire. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segment.

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

Jamaica Broilers Group Limited

Notes to the Financial Statements

2 May 2015

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(b) Consolidation (continued)

(i) Subsidiaries (continued)

The consolidated financial statements include the financial statements of the company and its operating divisions and subsidiaries as follows:

	Principal Activities	% Ownership by Company at 2 May 2015	% Ownership by Group at 2 May 2015
Resident in Jamaica:			
Operating divisions			
Best Dressed Chicken (including Best Dressed Feed Mill and Best Dressed Further Processing Facility)	Poultry and pullet production and feed milling, processing and sale of salted products/pickled products	100	100
Best Dressed Foods	Distributors of chicken, beef, fish and imported of protein products	100	100
Hi-Pro Ace	Feed sales, suppliers of farming equipment and supplies		
Subsidiaries			
Best Dressed Chicken Limited	Non-trading	100	100
Content Agricultural Products Limited	Property rental	100	100
Energy Associates Limited and its subsidiary:	Holding and investment company	100	100
CE Jamaica Inc.	Non-trading	-	100
EAL/ERI Co-generation Partners, LP	Generation of electricity	-	100
ERI Jam, LLC (subsidiary of ERI Services (St. Lucia) Limited)	Non-trading	-	100
Hamilton Smoke House Limited	Non-trading	100	100
JB Ethanol Limited			
(subsidiary of ERI Services (St. Lucia) Limited)	Fuel processing	-	100
Jabexco Limited	Non-trading	100	100
Jamaica Eggs Limited	Non-trading	100	100
Jamaica Poultry Breeders Limited	Fertile egg production and cattle rearing for sale	100	100
Levy Industries Limited	Property rental	100	100
Master Blend Feeds Limited	Property rental	100	100
JB. Trading Limited	Non-trading	100	100
Trafalgar Agriculture Development Limited	Non-trading	100	100
S.G Developments Limited	Non-trading	100	100
Resident outside of Jamaica:			
Atlantic United Insurance Company Limited, St. Lucia	Captive insurance	100	100
ERI Services (St. Lucia) Limited, St. Lucia	Holding company	100	100
International Poultry Breeders, Inc, Arkansas USA and its subsidiaries	Holding company	100	100
England Packing Company Inc Arkansas, USA	Holding company	-	100
England Transport Company Inc, USA	Transportation	-	100
England Farms Inc, USA	Fertile egg production	-	100
Haiti Broilers, S.A. and its subsidiary:	Production and sale of broilers, layer pullets, table eggs and animal feeds	68	68
T&S Rice S.A., Haiti	Lessee of production facilities in Haiti	-	68
Wincorp Air Services Limited, St. Lucia	Aircraft ownership	100	100
International Poultry Breeders LLC Georgia, U.S.A.	Fertile egg production	90	90
Jabexco Cayman Limited, Cayman	Non-trading	40	40
Wincorp International, Inc., U.S.A. and its subsidiary:	Procurers and distributors of agricultural and industrial supplies	100	100
Consolidated Freight and Shipping, Inc.	Ocean freight consolidator	-	100

Jamaica Broilers Group Limited

Notes to the Financial Statements

2 May 2015

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(b) Consolidation (continued)

(ii) *Changes in ownership interests in subsidiaries without change of control*

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions, that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(iii) *Disposal of subsidiaries*

When the Group ceases to have control any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(iv) *Changes in year*

During the year the Group disposed of two of its subsidiaries, Aquaculture Jamaica Limited and Aqualapia Limited (Note 33).

(c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is the President and Chief Executive Officer.

(d) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of General Consumption Tax, returns, discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Group and specific criteria have been met in relation to the Group's activities as described below:

Sales of goods

Sales are recognised upon delivery of products, customer acceptance of the products and collectibility of the related receivables is reasonably assured.

Sales of services

Fees and commission income fees arising from tolling and insurances contracts are generally recognised on an accrual basis when the service has been provided.

Dividend income

Dividend income is recognised when the right to receive payment is established.

Jamaica Broilers Group Limited

Notes to the Financial Statements

2 May 2015

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(d) Revenue recognition (continued)

Interest income

Interest income is recognised in profit or loss for all interest bearing instruments on an accrual basis using the effective yield method based on the actual purchase price. Interest income includes coupons earned on fixed income investments and accrued discount on other discounted instruments.

(e) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Jamaican dollars, which is the Group's presentation currency and the company's functional currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in other comprehensive income. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement in other income.

Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss, except when deferred in equity as gains or losses from qualifying cash flow hedging instruments.

All foreign exchange gains and losses recognised in the profit or loss are presented net in the profit or loss within the corresponding item. Foreign exchange gains and losses on other comprehensive income items are presented in other comprehensive income within the corresponding item.

Changes in the fair value of monetary securities denominated in foreign currency classified as available-for-sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in stockholders' equity.

Translation differences on non-monetary financial instruments, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary financial instruments, such as equities classified as available-for-sale financial assets, are included in the capital reserve in stockholders' equity.

Jamaica Broilers Group Limited

Notes to the Financial Statements

2 May 2015

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(e) Foreign currency translation (continued)

(iii) *Group companies*

The results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (a) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- (b) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- (c) all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

(f) **Income taxes**

Taxation expense in profit or loss comprises current and deferred tax charges.

(i) Current taxation

Current tax charges are based on taxable profit for the year, which differs from the profit before tax reported because it excludes items that are taxable or deductible in other years, and items that are never taxable or deductible. The Group's liability for current tax is calculated at tax rates that have been enacted at balance sheet date.

(ii) Deferred taxation

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability settled.

Deferred tax assets are recognised where it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising from investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the difference will not reverse in the foreseeable future.

The tax effects of income tax losses available for carry-forward are recognised as an asset when it is probable that future taxable profits will be available against which these losses can be utilised.

Jamaica Broilers Group Limited

Notes to the Financial Statements

2 May 2015

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(g) Property, plant and equipment

Property, plant and equipment are stated at historical cost, less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Land is carried at cost and is not depreciated. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized.

Depreciation is calculated on the straight line basis at such rates as will write off the carrying value of the assets over the period of their estimated useful lives. The expected useful lives are as follows:

Freehold buildings	11 – 100 years
Leasehold property	Life of lease
Plant, machinery and equipment	4 – 33 years
Furniture and fixtures	10 years
Motor vehicles	3 – 5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals of property, plant and equipment are determined by comparing the proceeds with the carrying amount and are recognised in other income in profit or loss.

Repairs and maintenance expenditure are charged to profit or loss during the financial period in which they are incurred.

Jamaica Broilers Group Limited

Notes to the Financial Statements

2 May 2015

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(h) Intangible assets

(i) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the acquisition date. Goodwill on acquisition of subsidiaries is included in intangible assets. Separately recognised goodwill is tested for impairment annually and carried at cost less accumulated impairment. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

An excess of the identifiable net assets acquired over the acquisition cost is treated as negative goodwill. Negative goodwill related to expected post-acquisition losses is taken to profit or loss during the period the future losses are recognised. Negative goodwill which does not relate to expected future losses is recognised as income immediately.

For the purposes of impairment testing goodwill acquired in a business combination is assigned to cash generating units that is expected to benefit from the synergies of the combination.

(ii) Computer software

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over the estimated useful life of ten years for software on a straight line basis. Amortisation is recognised in the profit or loss in administration and other expenses.

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred.

(iii) Brands

Brands are recorded at historical cost. They are acquired in a business combination and are recognised at the fair value at acquisition date. These costs have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight line method over their expected useful lives of 7 years.

(iv) Customer relationships

Customer relationships are recorded at cost and represent the value of the consideration paid to acquire customer contract and the related customer relationships. These costs are amortised over the estimated useful lives of the relationships, of 10 years.

(v) Non-compete agreements

Non-compete agreements are recorded at cost and represent the attributed consideration paid to acquire them. These costs are amortised over the estimated useful lives of the non-compete agreements which is between 2 to 10 years.

(vi) Product formulation

Product formulation are recorded at cost and represent the value of the consideration paid to have rights to the use of recipes and formulations. These costs are amortised over their estimated useful lives of 20 years.

Jamaica Broilers Group Limited

Notes to the Financial Statements

2 May 2015

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(i) Investment properties

Investment properties are held for long-term rental yields and are not occupied by the Group. Investment properties are treated as long-term investments and are carried at deemed cost less accumulated depreciation. Freehold buildings are depreciated on the straight line basis over their expected useful lives of 60 years.

(j) Impairment of non-financial assets

Property, plant and equipment and other non-current assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the greater of an asset's net selling price and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

(k) Financial assets

The Group classifies its financial assets into the following categories: financial assets at fair value through profit or loss, loans and receivables and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

(i) Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and those designated as fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance sheet date.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date, which are classified as non-current assets. Loans and receivables are classified as 'trade and other receivables' in the balance sheet.

(iii) Available-for sale financial assets

Available-for-sale investments are non-derivative financial assets intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices. Available-for-sale investments are initially recognised at fair value, which is the cash consideration including any transaction costs.

Purchases and sales of available-for-sale financial assets are recognised at the trade date – the date on which the Group commits the purchase or sell the asset. Loans and receivables are recognised when cash is advanced to the borrowers.

Jamaica Broilers Group Limited

Notes to the Financial Statements

2 May 2015

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(k) Financial assets (continued)

Subsequent to initial recognition at cost, financial assets at fair value through profit or loss and available-for-sale financial assets are carried at fair value. Loans and receivables financial assets are carried at amortised cost using the effective interest method. Gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised directly in other comprehensive income, until the financial asset is derecognised or impaired. At this time, the cumulative gain or loss previously recognised in other comprehensive income is recognised in profit or loss. However, interest calculated using the effective interest method and foreign currency gains and losses on monetary assets classified as available for sale are recognised in the profit or loss. Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payment is established.

The fair values of quoted investments in active markets are based on current bid prices. Unquoted securities are recorded initially at cost. They are subsequently measured at fair value. Where fair value cannot be measured reliably they are measured at cost less impairment.

Financial assets are derecognised when the right to received cash flows from the financial assets have expired or where the Group has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognised when they are extinguished, that is, when the obligation is discharged, cancelled or expires.

The group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and that loss event has an impact on the estimated cash flows of the financial asset or financial group of assets that can be reliably estimated.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying value amount and the present value of estimated cash flows discounted at the financial asset's original effective interest rate. The carrying amount is reduced and the amount of the loss is recognised in the consolidated profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the reversal of the previously recognised impairment loss is recognised in the consolidated profit or loss.

For equity investments, a significant or prolonged decline in the fair value of the security below its costs is also evidence that the assets are impaired. If any such assets exists the cumulative loss is removed from the equity and recognised in the profit or loss. Impairment losses recognised in the consolidated profit or loss on equity instruments are not reversed through the profit or loss.

Financial liabilities

The Group's financial liabilities are initially measured at fair value, and are subsequently measured at amortised cost using the effective interest method. These liabilities are classified as current and non-current liabilities.

(l) Interest in subsidiaries

Interests in subsidiaries are stated at cost.

Jamaica Broilers Group Limited

Notes to the Financial Statements

2 May 2015

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(m) Employee benefits

(i) Pension obligations

The Group has a defined benefit plan; the assets of which are generally held in separate trustee-administered funds. The pension obligations are determined by periodic actuarial calculations.

Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The asset or liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension liability.

The current service cost of the defined benefit plan, recognised in the income statement in employee benefit expense, except where included in the cost of an asset, reflects the increase in the defined benefit obligation resulting from employee service in the current year, benefit changes curtailment and settlements.

Past-service costs are recognised immediately in income.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the profit or loss.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions of the defined benefit obligation are charged or credited to equity in other comprehensive income in the period in which they arise.

An overseas subsidiary operates a defined contribution plan. The subsidiary's contributions are based primarily on employee participation. Once the contributions have been paid, the subsidiary has no further legal or constructive obligations. The contributions are recognized as employee benefit expense when they are due.

(ii) Other post-employment benefits

The Group also provides supplementary medical and life insurance benefits to qualifying employees upon retirement. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans. Actuarial gains and losses arising from experience adjustments, and changes in actuarial assumptions are charged or credited to equity in other comprehensive income. These obligations are valued annually by independent qualified actuaries.

(iii) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits.

Jamaica Broilers Group Limited

Notes to the Financial Statements

2 May 2015

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(m) Employee benefits (continued)

(iii) Termination benefits (continued)

The Group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the balance sheet date are discounted to present value.

(iv) Leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

(v) Profit-sharing and performance incentives

The Group recognises a liability and an expense for performance incentives and profit-sharing based on a formula that takes into consideration the profit before taxation after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(n) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method.

Net realisable value is the estimated selling price in the ordinary course of business, less the cost of selling expenses.

(o) Biological assets

Biological assets include beef cattle, breeder flocks held for the production of hatching eggs, layer pullets being grown for sale to table egg farmers, layer pullets held for the production of table eggs, and broiler flocks at various stages of growth.

There is an active market in Jamaica for beef cattle.

No active markets exist for breeder flocks, layer pullets in grow out and broiler flocks at various stages of growth. Biological assets, except breeder flocks and pullets in production, are measured at fair value less cost to sell. Fair value is determined by reference to available market data. In the absence of market data, fair value is based on management's best estimate considering available data and benchmark statistics. Gains and losses arising from changes in fair values are recorded in profit or loss for the period in which they arise.

Breeder flocks and pullets in production are capitalised. Breeder flocks and pullets in production are not sold and no active market exists for these birds. Other references to market prices such as market prices for similar assets are also not available. Valuation based on a discounted cash flow method is considered to be unreliable given the uncertainty with respect to mortality rates and production. Consequently, breeder flocks and pullets in production are measured at cost, less depreciation and impairment losses.

Pullets in production are depreciated on a straight line basis over the production life cycle which is estimated to be one year on average

Breeder flocks are depreciated over the production cycle which is estimated to be nine months on average based on the anticipated production output month to month.

Jamaica Broilers Group Limited

Notes to the Financial Statements

2 May 2015

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(p) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the profit or loss in administration and other expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited in profit or loss.

(q) Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of the cash flow statement, cash and cash equivalents comprise cash at bank and in hand, short term deposits and investments with original maturity dates of ninety days or less, net of short term loans and bank overdrafts.

(r) Trade payables

Trade payables are stated at cost.

(s) Borrowings and borrowing costs

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective yield method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of these assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(t) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, if it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

(u) Leases

Leases of property, plant and equipment, where the Group has substantially all the risks and rewards of ownership, are classified as finance leases. Finance leases are recognised at the inception of the lease at the lower of the fair value of the leased asset or the present value of minimum lease payments. Each lease payment is allocated between the liability and interest charges so as to produce a constant rate of charge on the lease obligation. The interest element of the lease payments is charged to profit or loss over the lease period.

Property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset or the lease term.

Jamaica Broilers Group Limited

Notes to the Financial Statements

2 May 2015

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(u) **Leases (continued)**

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

(v) **Dividends paid**

Dividends on ordinary shares are recognised in stockholders' equity in the period in which they are approved by the company's stockholders.

Dividends for the year that are declared after the balance sheet date are dealt with in the subsequent events note.

3. Financial Risk Management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme includes a focus on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

The Group's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Group regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

The Board of Directors is ultimately responsible for the establishment and oversight of the Group's risk management framework. The Board approves principles for overall risk management. The Board has established functions/committees for managing and monitoring risks, as follows:

(i) **Treasury Function**

The Treasury function is responsible for managing the Group's assets and liabilities and the overall financial structure. It is also primarily responsible for the funding and liquidity risks of the Group. The Treasury function identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units.

(ii) **Audit Committee**

The Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

The most important types of risk are credit risk, liquidity risk and market risk. Market risk includes currency risk, interest rate and other price risk.

(a) **Credit risk**

The Group takes on exposure to credit risk, which is the risk that its customers or counterparties will cause a financial loss for the Group by failing to discharge their contractual obligations. Credit exposures arise principally from the Group's receivables from customers and investment activities. The Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to a single counterparty or groups of related counterparties.

Jamaica Broilers Group Limited

Notes to the Financial Statements

2 May 2015

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(a) Credit risk (continued)

Credit review process

The Group has an established credit process which involves regular analysis of the ability of borrowers and other counterparties to meet repayment obligations.

(i) Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Customers of the Group include wholesalers, farm store and feed customers, and chicken farmers. There is a credit policy in place under which each wholesaler and feed customer is analysed individually for creditworthiness prior to the Group offering them a credit facility. Customers are assigned credit limits, which represent the maximum credit allowable. The Group has procedures in place to restrict customer orders if the orders will exceed their credit limits. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group on a prepayment basis.

The credit quality of the customer is assessed, taking into account its financial position, past experience and other factors. The utilisation of credit limits is regularly monitored. Sales to farm store customers are settled in cash or by the use of major credit cards.

JB Ethanol Limited contractually processes fuel products on behalf of customers for a fee; credit risk is managed by entering into contracts with reputable customers.

The Group establishes a provision for impairment that represents its estimate of incurred losses in respect of trade and other receivables. Impairment is assessed for each customer balance over 30 days.

The Group's credit period on the sale of goods ranges from 7 to 30 days. The Group has provided fully for all receivables where collectibility is deemed doubtful.

(ii) Investments

The Group limits its exposure to credit risk by investing mainly in liquid securities, with counterparties that have high credit quality and Government of Jamaica securities. Accordingly, management does not expect any counterparty to fail to meet its obligations.

Jamaica Broilers Group Limited

Notes to the Financial Statements

2 May 2015

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(a) Credit risk (continued)

Ageing analysis of trade receivables that are past due but not impaired

Trade receivables that are less than 30 days past due are not considered impaired. Trade receivables over 30 days overdue are considered for impairment assessment.

As of 2 May 2015, trade receivables of \$457,046,000 (2014 - \$554,478,000) and \$286,866,000 (2014 - \$244,041,000) for the Group and company, respectively, were past due for more than 30 days. The amount of the provision was \$312,171,000 (2014 - \$212,337,000) and \$262,578,000 (2014 - \$177,182,000) for the Group and company, respectively. The impairment recognised represents an estimate of incurred losses in respect of trade receivables. The main components of the provision for impairment are a specific loss component that relates to individually significant exposures, and a collective loss component based on the time value of money. The impaired receivables mainly relate to wholesalers who are in unexpected difficult economic situations. It was assessed that a portion of the receivables is expected to be recovered.

	The Group		The Company	
	2 May 2015 \$'000	3 May 2014 \$'000	2 May 2015 \$'000	3 May 2014 \$'000
Past due 31 to 60 days	129,256	210,828	91,462	136,646
Past due 61 to 90 days	97,600	172,022	71,604	24,774
Past due over 91 days	230,190	171,628	123,800	82,621
	<u>457,046</u>	<u>554,478</u>	<u>286,866</u>	<u>244,041</u>

Movement on the provision for impairment of trade receivables

The movement on the provision for impairment of trade receivables was as follows:

	The Group		The Company	
	2 May 2015 \$'000	3 May 2014 \$'000	2 May 2015 \$'000	3 May 2014 \$'000
At beginning of year	212,337	176,601	177,182	143,062
Provision for receivables impairment	104,721	39,775	90,890	38,071
Receivables written off during the year as uncollectible	(2,720)	(4,783)	(2,155)	(2,101)
Recoveries	(3,339)	(1,850)	(3,339)	(1,850)
Translation	1,172	2,594	-	-
At end of year	<u>312,171</u>	<u>212,337</u>	<u>262,578</u>	<u>177,182</u>

Jamaica Broilers Group Limited

Notes to the Financial Statements

2 May 2015

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(a) Credit risk (continued)

Movement on the provision for impairment of trade receivables (continued)

The creation and release of provision for impaired receivables have been included in expenses in profit or loss. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

There are no significant financial assets other than those listed above that were individually impaired.

Exposure to credit risk for trade receivables

The following table summarises the Group's and company's credit exposure for trade receivables at their carrying amounts, as categorised by the customer sector:

	The Group		The Company	
	2 May 2015 \$'000	3 May 2014 \$'000	2 May 2015 \$'000	3 May 2014 \$'000
Supermarket chains	136,532	141,632	125,869	127,702
Wholesalers and retail distributors	612,977	460,610	483,530	357,118
Hotels	154,702	171,132	148,696	165,589
Farmers/farm stores	540,860	372,003	4,043	2,927
Other	978,632	904,175	782,366	712,128
	2,423,703	2,049,552	1,544,504	1,365,464
Less: Provision for impairment	(312,171)	(212,337)	(262,578)	(177,182)
	<u>2,111,532</u>	<u>1,837,215</u>	<u>1,281,926</u>	<u>1,188,282</u>

Jamaica Broilers Group Limited

Notes to the Financial Statements

2 May 2015

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(a) Credit risk (continued)

Exposure to credit risk for investments

The following table summarises the Group's and company's credit exposure for investments at their carrying amounts, as categorised by issuer. The carrying amounts below represent the total for investments (adjusted for equity securities) included in financial assets at fair value through profit or loss in Note 23 and short term investments included in Note 24:

	The Group		The Company	
	2 May 2015 \$'000	3 May 2014 \$'000	2 May 2015 \$'000	3 May 2014 \$'000
Financial institutions	1,551,204	476,231	1,078,522	40,185

(b) Liquidity risk

Liquidity risk is the risk that the Group may be unable to meet its payment obligations associated with its financial liabilities when they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

Liquidity risk management process

The Group's liquidity management process, as carried out within the Group and monitored by the Treasury function, includes:

- (i) Monitoring future cash flows and liquidity periodically. This incorporates an assessment of expected cash flows;
- (ii) Maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;
- (iii) Maintaining committed lines of credit;
- (iv) Managing the concentration and profile of debt maturities

Jamaica Broilers Group Limited

Notes to the Financial Statements

2 May 2015

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(b) Liquidity risk (continued)

The matching and controlled mismatching of the maturities and interest rates of assets and liabilities are fundamental to the management of the Group. It is unusual for companies ever to be completely matched since business transacted is often of uncertain term and of different types. An unmatched position potentially enhances profitability, but can also increase the risk of loss.

The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as they mature, are important factors in assessing the liquidity of the Group and its exposure to changes in interest rates and exchange rates.

Financial liabilities cash flows

The tables below summarise the maturity profile of the Group's and company's financial liabilities at 2 May 2015 and 3 May 2014 based on contractual undiscounted payments.

	The Group				Total \$'000
	Within 3 Months \$'000	4 to 12 Months \$'000	2 to 5 Years \$'000	Over 5 Years \$'000	
	As at 2 May 2015				
Payables	3,647,403	-	-	-	3,647,403
Borrowings	1,196,865	1,809,052	3,885,147	483,628	7,374,692
Total financial liabilities (contractual maturity dates)	4,844,268	1,809,052	3,885,147	483,628	11,022,095

	The Group				Total \$'000
	Within 3 Months \$'000	4 to 12 Months \$'000	2 to 5 Years \$'000	Over 5 Years \$'000	
	As at 3 May 2014				
Payables	2,825,867	-	-	-	2,825,867
Borrowings	945,382	1,921,016	3,506,405	375,766	6,748,569
Total financial liabilities (contractual maturity dates)	3,771,249	1,921,016	3,506,405	375,766	9,574,436

Jamaica Broilers Group Limited

Notes to the Financial Statements

2 May 2015

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(b) Liquidity risk (continued)

Financial liabilities cash flows (continued)

	The Company				
	Within 3	3 to 12	1 to 5	Over	Total
	Months	Months	Years	5 Years	
	\$'000	\$'000	\$'000	\$'000	\$'000
As at 2 May 2015					
Payables	2,927,939	-	-	-	2,927,939
Borrowings	1,027,028	1,264,005	3,400,560	319,217	6,010,810
Total financial liabilities (contractual maturity dates)	3,954,967	1,264,005	3,400,560	319,217	8,938,749
As at 3 May 2014					
Payables	2,288,846	-	-	-	2,288,846
Borrowings	919,320	1,681,751	3,456,880	339,622	6,397,573
Total financial liabilities (contractual maturity dates)	3,208,166	1,681,751	3,456,880	339,622	8,686,419

Assets available to meet liabilities and to cover financial liabilities include cash and short term investments.

Jamaica Broilers Group Limited

Notes to the Financial Statements

2 May 2015

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(b) Liquidity risk (continued)

Off-balance sheet items – Contingent liabilities and commitments

- (a) The company has issued a letter of comfort indicating its intention to provide financial support to its subsidiaries, International Poultry Breeders LLC, ERI Services (St. Lucia) Limited and Wincorp Air Services Limited.
- (b) The company has guaranteed \$400,000,000 (2014 - \$686,963,000) and US\$4,860,000 (2014 - US\$3,860,000) in favour of various financial institutions for loans undertaken by the company and certain subsidiaries.
- (c) The Group has capital commitments authorised but not contracted for amounting to \$92,592,000 (2014 - \$190,249,000).
- (d) JB Ethanol Limited, a subsidiary, has no guarantees at year end and US\$3,500,000 for 2014 in favour of the company with Inter-American Investment Corporation.
- (e) The Group has obligations under long term operating leases for premises. Future minimum lease payments under such commitments are as follows:

	The Group		The Company	
	2 May 2015 \$'000	3 May 2014 \$'000	2 May 2015 \$'000	3 May 2014 \$'000
Not later than 1 year	78,355	74,806	16,978	17,244
Later than 1 year and not later than 5 years	126,369	188,811	-	16,173
Later than 5 years	40,866	85,565	-	-
	<u>245,590</u>	<u>349,182</u>	<u>16,978</u>	<u>33,417</u>

- (f) The Group is subject to various claims, disputes and legal proceedings, in the normal course of business. Provisions are made for such matters when in the opinion of management and its legal counsel, it is probable that a payment will be made by the Group and the amount can be reasonably estimated.

Jamaica Broilers Group Limited

Notes to the Financial Statements

2 May 2015

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(c) Market risk

The Group takes on exposure to market risk, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks mainly arise from changes in foreign currency exchange rates, interest rates and commodity prices. Market risk is monitored by the Group's Treasury function which carries out research and monitors the price movement of financial assets on the local and international markets. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

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

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

The Group manages its foreign exchange risk by ensuring that the net exposure in foreign assets and liabilities is kept to an acceptable level by monitoring currency positions. The Group further manages this risk by maximising foreign currency earnings and holding foreign currency balances.

The Group has operations in two functional currencies, Jamaican dollar and United States dollar, which provide a natural hedge in currency risk.

The Group's balance sheet at 2 May 2015 includes aggregate net foreign liabilities of approximately US\$6,890,000 (2014 – US\$13,823,000) in respect of transactions arising in the ordinary course of business.

The company's balance sheet at 2 May 2015 includes aggregate net foreign assets of approximately US\$26,956,000 (2014 – US\$22,391,000), in respect of transactions arising in the ordinary course of business.

Foreign currency sensitivity

The following tables indicate the currencies to which the Group and company had significant exposure on its monetary assets and liabilities and its forecast cash flows. The change in currency rate below represents management's assessment of the possible change in foreign exchange rates with all variables held constant. The sensitivity analysis on pre-tax profit is based on outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for 1% (2014 – 1%) depreciation and a 10% (2014 – 15%) appreciation of the US dollar against the Jamaican dollar. There was no impact on other components of equity.

Jamaica Broilers Group Limited

Notes to the Financial Statements

2 May 2015

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(c) Market risk (continued)

(i) Currency risk (continued)

The Group				
	% Change in Currency Rate	Effect on Pre-Tax Profit	% Change in Currency Rate	Effect on Other Comprehensive Income
	2 May 2015	2 May 2015 \$'000	2 May 2015	2 May 2015 \$'000
Currency:				
USD	+10	(100,347)	+10	541,613
USD	-1	10,035	-1	(54,161)

The Group				
	% Change in Currency Rate	Effect on Pre-Tax Profit	% Change in Currency Rate	Effect on Other Comprehensive Income
	3 May 2014	3 May 2015 \$'000	3 May 2014	3 May 2014 \$'000
Currency:				
USD	+15	(219,041)	+15	755,141
USD	-1	14,603	-1	(50,340)

The Company				
	% Change in Currency Rate	Effect on Pre-Tax Profit	% Change in Currency Rate	Effect on Pre-Tax Profit
	2 May 2015	2 May 2015 \$'000	3 May 2014	3 May 2014 \$'000
Currency:				
USD	+10	311,275	+15	269,237
USD	-1	(31,128)	-1	(24,616)

Jamaica Broilers Group Limited

Notes to the Financial Statements

2 May 2015

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(c) Market risk (continued)

(ii) Interest rate risk

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Floating rate instruments expose the Group to cash flow interest risk, whereas fixed interest rate instruments expose the Group to fair value interest risk.

The Group's interest rate risk mainly arises from its long term investments and borrowings. This risk is managed by analysing the economic environment and obtaining fixed rate loans when interest rates are expected to rise and floating rate loans when interest rates are expected to fall. The policy also requires it to manage the maturities of interest bearing financial assets and liabilities.

Investments

At 2 May 2015 and 3 May 2014, the Group's investments were fixed rate instruments.

Interest rate sensitivity

The following tables indicate the sensitivity to a reasonable possible change in interest rates, with all other variables held constant, on the Group's and company's profit or loss and stockholders' equity.

The sensitivity of the profit or loss is the effect of a 2.5% increase/1% decrease (2014 – 2.5% increase and 1% decrease) for Jamaican dollar denominated loans and a 2.5% increase/1% decrease for US dollar denominated loans for 2015 and 2014 in interest rates on pre-tax profit based on the floating rate borrowings. The sensitivity of other components of stockholders' equity is calculated by revaluing fixed rate available-for-sale financial assets for the effects of an assumed change in interest rates. There were no available-for-sale financial assets at the current or prior year end.

	The Group		The Company	
	Effect on Pre-tax Profit 2 May 2015 \$'000	Effect on Pre-tax Profit 3 May 2014 \$'000	Effect on Pre-tax Profit 2 May 2015 \$'000	Effect on Pre-tax Profit 3 May 2014 \$'000
Change in basis points:				
Jamaican dollars				
- 100(2014: -100)	5,493	1,516	5,093	316
+ 250(2014: 250)	(13,732)	(3,790)	(12,732)	(790)
US dollars				
- 100(2014: -100)	433	687	433	687
+ 250(2014: 250)	(1,733)	(2,748)	(1,733)	(2,748)

Jamaica Broilers Group Limited

Notes to the Financial Statements

2 May 2015

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(c) Market risk (continued)

(iii) Commodity price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market.

The Group and the company are exposed to price risk relating to corn, soya bean meal and ethanol.

The Group and the company enter into commodity contracts or related financial instruments in respect of its future usage requirements. The price of these commodities is reviewed regularly in considering the need for active financial risk management.

To manage price risk in the ethanol operation, purchases and related sales are effected on the same bases to the extent possible to create a hedge. In the few instances in which a mismatch occurs a short term financial hedging instrument may be used to minimise attendant risks. Price risk is also managed by entering into contracts to process hydrous alcohol into anhydrous ethanol on behalf of customers for a fee.

To manage price risk on imported corn and soya bean meal, the prices are tracked and items purchased in advance if prices are increasing.

(d) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for its stockholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital as well as meet externally imposed capital requirements. The Board of Directors monitors the return on capital, which the Group defines as net operating income divided by total stockholders' equity. The Board of Directors also monitors the level of dividends to ordinary stockholders.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as borrowings divided by total capital. Borrowings include current and non-current borrowings as shown in the consolidated balance sheet. Total capital is calculated as 'stockholders' equity' as shown in the consolidated balance sheet plus borrowings.

During 2015, the Group's strategy, which was unchanged from 2014, was to maintain the gearing ratio below 1:1. The gearing ratios at 2 May 2015 and 3 May 2014 were as follows:

	The Group	
	2 May 2015 \$'000	3 May 2014 \$'000
Borrowings	6,354,931	6,203,920
Total capital	17,786,970	16,761,161
Gearing ratio	1:3	1:3

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

Jamaica Broilers Group Limited

Notes to the Financial Statements

2 May 2015

(expressed in Jamaican dollars unless otherwise indicated)

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Critical judgments in applying the Group's accounting policies

In the process of applying the Group's accounting policies, management has made no significant judgements regarding the amounts recognised in the financial statements.

(b) Key sources of estimation uncertainty

Income taxes

Estimates are required in determining the provision for income taxes. There are some transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for possible tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were originally recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Post-employment benefits

Accounting for some post employment benefits requires the use of actuarial techniques to make a reliable estimate of the amount of benefit that employees have earned in return for their service in the current and prior periods. These actuarial assumptions are based on management's best estimates of the variables that will determine the ultimate cost of providing post-employment benefits and comprise both demographic and financial assumptions. Variations in the financial assumptions can cause material adjustments in the next financial year, if it is determined that the actual experience differed from the estimate (Note 19).

Depreciable assets

Estimates of the useful life and the residual value of property, plant and equipment are required in order to apply an adequate rate of transferring the economic benefits embodied in these assets in the relevant periods. The Group applies a variety of methods in an effort to arrive at these estimates from which actual results may vary. Actual variations in estimated useful lives and residual values are reflected in profit or loss through impairment or adjusted depreciation provisions.

Assessment of goodwill

The Group test annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2h. The assessment of goodwill impairment involves the determination of the value in use. Determination of value in use involves the estimation of future cash flows from the business taking into consideration the growth rates, inflation rates and the discount rate. Any changes in these variables would impact the value in use calculations. A 1% increase in the discount rates would result in a reduction in the value in use by \$1,766,758,000 which would not result in an impairment of goodwill of \$372,545,000 (Note 14).

Jamaica Broilers Group Limited

Notes to the Financial Statements

2 May 2015

(expressed in Jamaican dollars unless otherwise indicated)

5. Segmental Financial Information

Management has determined the operating segments based on the reports reviewed by the President and Chief Executive Officer that are used to make strategic decisions.

During the year, with the expansion into operations overseas in the previous year, management has revised the operating segments which are reported on. These reports are reviewed by the President and Chief Executive Officer in making strategic decisions.

Segment information is provided for reportable segments as follows:

- Jamaica Operations
- US Operations
- Other Caribbean Operations

The business is now considered primarily from a geographical perspective.

Interest income and interest expense are not included in the measure of segment results and are not regularly reviewed by the President and Chief Executive Officer.

The 2014 segment report was restated to conform to the revised operating segments.

Jamaica Broilers Group Limited

Notes to the Financial Statements

2 May 2015

(expressed in Jamaican dollars unless otherwise indicated)

5. Segmental Financial Information (Continued)

	2015				Group \$'000
	Jamaica Operations \$'000	US Operations \$'000	Other Caribbean Operations \$'000	Eliminations \$'000	
External revenues	26,205,116	7,127,917	1,237,017	-	34,570,050
Revenue from other segments	401,213	2,160,374	412,987	(2,974,574)	-
Total revenue	26,606,329	9,288,291	1,650,004	(2,974,574)	34,570,050
Segment result	2,141,453	1,001,403	148,506	-	3,291,362
Unallocated corporate expenses					(1,170,590)
Operating profit					2,120,772
Finance income					145,781
Finance costs					(704,701)
Profit before tax					1,561,852
Taxation					(552,198)
Net profit					1,009,654
Segment assets -					
Current assets	11,259,012	4,085,236	3,402,175	(7,119,323)	11,627,101
Non-current assets	11,638,397	1,299,030	1,269,031	(3,265,501)	10,940,947
Total assets	22,897,409	5,384,266	4,671,206	(10,384,824)	22,568,048
Segment liabilities -					
Current liabilities	10,692,246	3,789,410	1,943,696	(9,532,157)	6,893,195
Non-current liabilities	3,848,796	427,091	2,552	-	4,278,439
Total liabilities	14,541,042	4,216,501	1,946,248	(9,532,157)	11,171,634
Other segment items-					
Capital expenditure	651,295	306,159	115,976	-	1,073,430
Amortisation	33,641	56,876	-	-	90,517
Depreciation	581,597	53,762	96,792	-	732,151
Impairment charge	-	-	31,217	-	31,217

Jamaica Broilers Group Limited

Notes to the Financial Statements

2 May 2015

(expressed in Jamaican dollars unless otherwise indicated)

5. Segmental Financial Information (Continued)

	2014				
	Jamaica Operations	US Operations	Other Caribbean Operations	Eliminations	Group
	\$'000	\$'000	\$'000	\$'000	\$'000
External revenues	25,356,721	4,590,184	904,445	-	30,851,350
Revenue from other segments	445,549	2,378,212	465,125	(3,288,886)	-
Total revenue	25,802,270	6,968,396	1,369,570	(3,288,886)	30,851,350
Segment result	2,000,665	299,488	186,460	-	2,486,613
Unallocated corporate expenses					(1,121,529)
Operating profit					1,365,084
Finance income					300,088
Finance costs					(592,076)
Profit before tax					1,073,096
Taxation					(153,987)
Net profit					919,109
Segment assets -					
Current assets	13,780,612	2,534,647	3,212,782	(9,756,905)	9,771,136
Non-current assets	11,775,398	1,053,912	1,218,370	(3,460,065)	10,587,615
Total assets	25,556,010	3,588,559	4,431,152	(13,216,970)	20,358,751
Segment liabilities -					
Current liabilities	13,685,507	2,565,074	1,709,093	(12,342,435)	5,617,239
Non-current liabilities	3,886,446	333,848	-	-	4,220,294
Total liabilities	17,571,953	2,898,922	1,709,093	(12,342,435)	9,837,533
Other segment items-					
Capital expenditure	1,005,087	30,917	100,613	-	1,136,617
Amortisation	27,076	43,133	-	-	70,209
Depreciation	504,761	45,349	73,290	-	623,400

Jamaica Broilers Group Limited

Notes to the Financial Statements

2 May 2015

(expressed in Jamaican dollars unless otherwise indicated)

6. Other Income/Gains

	The Group		The Company	
	2 May 2015 \$'000	Restated 3 May 2014 \$'000	2 May 2015 \$'000	Restated 3 May 2014 \$'000
Dividend income from subsidiary	-	-	1,224,120	855,458
Fair value (loss)/gain on financial assets at fair value through profit or loss (Note 23)	(28,248)	3,227	-	-
Foreign exchange gains	21,585	37,984	21,585	37,984
(Loss)/gain on sale of property, plant and equipment	(5,702)	18,346	561	3,561
Loss on disposal of subsidiaries (Note 33)	(1,323)	-	(36,271)	-
Interest income	23,715	-	21,961	-
Management fees	-	-	207,168	-
Reinsurance commissions	38,330	50,564	-	-
Other	125,760	93,183	30,490	35,843
	<u>174,117</u>	<u>203,304</u>	<u>1,469,614</u>	<u>932,846</u>

7. Expenses by Nature

	The Group		The Company	
	2 May 2015 \$'000	Restated 3 May 2014 \$'000	2 May 2015 \$'000	Restated 3 May 2014 \$'000
Auditors' remuneration	46,393	32,090	14,226	11,865
Advertising and promotions	481,162	424,695	447,094	377,802
Amortisation of intangible assets (Note 14)	90,518	70,209	22,153	19,707
Impairment charge	31,217	-	-	-
Bad debts	105,477	53,949	91,645	43,407
Cost of inventories recognised as expense	19,549,244	17,822,816	16,360,346	15,645,027
Fuel	813,178	906,544	497,244	515,945
Depreciation (Note 13)	732,134	623,399	287,861	239,315
Occupancy – rent and utilities	715,791	729,233	513,290	540,689
Repairs and maintenance	935,443	964,389	850,645	875,962
Staff costs (Note 8)	5,635,852	4,362,184	3,722,229	3,493,027
Trucking	995,964	859,116	768,646	618,350
Other expenses	2,491,022	2,840,946	2,115,280	2,344,615
	<u>32,623,395</u>	<u>29,689,570</u>	<u>25,690,659</u>	<u>24,725,711</u>

Expenses by nature include the total of cost of sales, distribution costs, administration and other expenses.

Jamaica Broilers Group Limited

Notes to the Financial Statements

2 May 2015

(expressed in Jamaican dollars unless otherwise indicated)

8. Staff Costs

	The Group		The Company	
	2 May 2015 \$'000	Restated 3 May 2014 \$'000	2 May 2015 \$'000	Restated 3 May 2014 \$'000
Wages, salaries and contractors' costs	4,887,044	3,600,234	3,210,864	2,884,674
Payroll taxes - Employer's portion	289,937	225,019	225,815	183,678
Pension costs - defined contribution plan	20,771	7,803	-	-
Pension costs - defined benefit plan (Note 19)	(103,100)	72,500	(89,200)	68,500
Post-employment medical benefits (Note 19)	1,400	1,400	1,300	1,300
Termination costs	45,783	22,276	36,462	22,020
Other - benefits and welfare	494,017	432,952	336,988	332,855
	<u>5,635,852</u>	<u>4,362,184</u>	<u>3,722,229</u>	<u>3,493,027</u>

9. Finance Income and Costs

	The Group		The Company	
	2 May 2015 \$'000	Restated 3 May 2014 \$'000	2 May 2015 \$'000	Restated 3 May 2014 \$'000
Finance income -				
Foreign exchange gains	145,781	281,720	145,781	281,720
Interest income	-	18,368	124,248	121,569
	<u>145,781</u>	<u>300,088</u>	<u>270,029</u>	<u>403,289</u>
Finance costs -				
Foreign exchange losses	40,298	54,872	6,608	47,622
Interest expense	638,689	470,333	533,125	469,786
Amortisation of debt financing fees and other expenses	25,714	66,871	18,290	11,926
	<u>704,701</u>	<u>592,076</u>	<u>558,023</u>	<u>529,334</u>

10. Taxation

The Group's subsidiary, JB Ethanol Limited, is an approved enterprise under the Jamaica Export Free Zone Act 1982, and accordingly has been granted total relief from income tax in respect of profits earned from its manufacturing and retailing operations until December 2015.

Subsidiaries incorporated and domiciled in Jamaica, United States of America and St. Lucia are taxable at a rate of 25%, 34% and 1% on their income, respectively.

The companies located in Haiti has been given a tax relief status of ten years. This expires in 2023.

Jamaica Broilers Group Limited

Notes to the Financial Statements

2 May 2015

(expressed in Jamaican dollars unless otherwise indicated)

10. Taxation (Continued)

(a) Taxation is based on the profit for the year adjusted for tax purposes and comprises:

	The Group		The Company	
	2 May 2015 \$'000	3 May 2014 \$'000	2 May 2015 \$'000	3 May 2014 \$'000
Current taxation	459,957	170,292	195,643	96,892
Prior year under provision	28,713	-	27,176	-
Deferred taxation (Note 18)	63,528	(16,305)	68,829	(35,706)
	<u>552,198</u>	<u>153,987</u>	<u>291,648</u>	<u>61,186</u>

(b) The tax on the Group's and company's profit differs from the theoretical amount that would arise using the applicable tax rate as follows:

	The Group		The Company	
	2 May 2015 \$'000	Restated 3 May 2014 \$'000	2 May 2015 \$'000	3 May 2014 \$'000
Profit before taxation for taxable entities	1,886,326	1,142,196	2,223,123	1,367,247
Loss before taxation for non-taxable entities	(324,474)	(69,100)	-	-
	<u>1,561,852</u>	<u>1,073,096</u>	<u>2,223,123</u>	<u>1,367,247</u>
Tax calculated at applicable tax rates	390,463	268,274	555,781	341,812
Adjusted for:				
Income not subject to tax	(7,250)	(52,800)	(332,359)	(213,864)
Employment tax credit	(52,239)	-	(52,239)	-
Adjustment to deferred tax	70,308	(2,207)	70,993	-
Effect of changes in tax rates	-	(58,689)	-	(53,044)
Prior year under provision - current tax	28,713	-	27,176	-
Different tax rate in other countries	68,073	6,077	-	-
Expenses not deductible for tax purposes	60,390	1,513	30,500	1,513
Other allowances	(6,260)	(8,181)	(8,204)	(15,231)
Income tax expense	<u>552,198</u>	<u>153,987</u>	<u>291,648</u>	<u>61,186</u>

Jamaica Broilers Group Limited

Notes to the Financial Statements

2 May 2015

(expressed in Jamaican dollars unless otherwise indicated)

10. Taxation (Continued)

(c) The tax charge/(credit) relating to components of other comprehensive income is as follows:

	The Group		The Company	
	2 May 2015 \$'000	3 May 2014 \$'000	2 May 2015 \$'000	3 May 2014 \$'000
Other comprehensive income -				
Retirement benefit assets				
Remeasurements on retirement benefit	148,900	138,200	133,700	132,600
Tax charge (Note 18)	(36,675)	(34,450)	(33,425)	(33,150)
	<u>112,225</u>	<u>103,750</u>	<u>100,275</u>	<u>99,450</u>

11. Net Profit/Retained Earnings Attributable to the Stockholders

	2 May 2015 \$'000	3 May 2014 \$'000
Net profit attributable to:		
Holding company	1,931,475	1,306,061
Intercompany dividend and management fees	(1,431,288)	(855,458)
Adjusted Holding company profits	500,187	450,603
Subsidiaries	535,981	506,680
	<u>1,036,168</u>	<u>957,283</u>
Retained earnings attributable to:		
Holding company	7,772,069	6,144,746
Subsidiaries	1,044,652	1,900,984
	<u>8,816,721</u>	<u>8,045,730</u>

12. Earnings Per Stock Unit

The calculation of earnings per ordinary stock unit is based on the Group's net profit and 1,199,277,000 ordinary stocks units in issue.

Jamaica Broilers Group Limited

Notes to the Financial Statements

2 May 2015

(expressed in Jamaican dollars unless otherwise indicated)

13. Property, Plant and Equipment

	The Group							Total \$'000
	Freehold Land	Freehold Buildings	Leasehold Property	Plant, Machinery & Equipment	Furniture & Fixtures	Motor Vehicles	Capital Work in Progress	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
At Cost -								
At 3 May 2014	354,746	2,512,080	274,559	8,396,956	975,303	690,820	915,857	14,120,321
Additions	29,332	83,848	74,798	52,769	51,600	85,800	691,668	1,069,815
Disposals	-	-	(2,063)	(4,000)	(1,502)	(31,630)	-	(39,195)
Transfer from CWIP	-	221,459	13,736	814,330	17,164	28,148	(1,108,459)	(13,622)
Transfer from intangible assets	-	-	-	11,177	-	-	-	11,177
Transfer from investment property	10,110	137,379	-	-	-	-	-	147,489
Disposal of subsidiaries	-	(155,860)	-	(115,108)	(18,014)	(16,958)	-	(305,940)
Reclassifications/ adjustment	-	-	-	82,900	(78,294)	(1,865)	-	2,741
Write off	-	-	-	(134,805)	(10,278)	(4,624)	-	(149,707)
Translation	2,900	21,249	6,229	256,443	18,748	5,584	2,826	313,979
At 2 May 2015	397,088	2,820,155	367,259	9,360,662	954,727	755,275	501,892	15,157,058
Depreciation -								
At 3 May 2014	-	892,017	34,681	2,771,536	596,962	429,821	-	4,725,017
Charge for the year	-	82,052	30,031	438,696	79,953	100,543	-	731,275
Relieved on disposals	-	-	(2,028)	(748)	(1,476)	(21,147)	-	(25,399)
Transfer from intangible assets	-	-	-	8,218	-	-	-	8,218
Transfer from investment property	-	113,565	-	-	-	-	-	113,565
Disposal of subsidiaries	-	(139,331)	-	(106,466)	(18,014)	(17,970)	-	(281,781)
Reclassifications/ adjustment	-	-	-	78,370	(76,451)	-	-	1,919
Write off	-	-	-	(130,959)	(3,539)	(8,895)	-	(143,393)
Translation	-	7,860	988	64,678	11,352	3,161	-	88,039
At 2 May 2015	-	956,163	63,672	3,123,325	588,787	485,513	-	5,217,460
Net Book Value -								
At 2 May 2015	397,088	1,863,992	303,587	6,237,337	365,940	269,762	501,892	9,939,598

Jamaica Broilers Group Limited

Notes to the Financial Statements

2 May 2015

(expressed in Jamaican dollars unless otherwise indicated)

13. Property, Plant and Equipment (Continued)

	The Group							
	2014							
	Freehold Land	Freehold Buildings	Leasehold Property	Plant, Machinery & Equipment	Furniture & Fixtures	Motor Vehicles	Capital Work in Progress	Total
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At Cost -								
At 28 April 2013	317,646	2,256,414	131,840	7,605,606	875,151	597,485	484,447	12,268,589
Additions	-	79,433	7,395	28,598	6,252	73,886	936,327	1,131,891
Acquisition of subsidiaries	34,882	55,193	-	56,716	845	30,183	-	177,819
Translation	2,218	34,200	9,214	492,265	35,933	8,431	4,041	586,302
Disposals	-	-	-	-	-	(20,353)	-	(20,353)
Transfers/reclassifications	-	86,840	126,110	213,771	57,122	1,188	(485,031)	-
Write-off	-	-	-	-	-	-	(8,332)	(8,332)
Transfer to intangible assets	-	-	-	-	-	-	(15,595)	(15,595)
At 3 May 2014	354,746	2,512,080	274,559	8,396,956	975,303	690,820	915,857	14,120,321
Depreciation -								
At 28 April 2013	-	811,456	16,230	2,280,578	513,686	338,129	-	3,960,079
Charge for the year	-	66,643	17,209	384,838	64,371	89,448	-	622,509
Translation	-	13,918	1,242	106,120	18,905	4,735	-	144,920
Relieved on disposals	-	-	-	-	-	(2,491)	-	(2,491)
At 3 May 2014	-	892,017	34,681	2,771,536	596,962	429,821	-	4,725,017
Net Book Value -								
At 3 May 2014	354,746	1,620,063	239,878	5,625,420	378,341	260,999	915,857	9,395,304

Jamaica Broilers Group Limited

Notes to the Financial Statements

2 May 2015

(expressed in Jamaican dollars unless otherwise indicated)

13. Property, Plant and Equipment (Continued)

	The Company							
	Freehold Land	Freehold Buildings	Leasehold Property	Machinery & Equipment	Furniture & Fixtures	Motor Vehicles	Capital Work in Progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At Cost -								
At 28 April 2013	78,182	1,239,600	13,510	2,197,922	462,362	459,308	346,383	4,797,267
Additions	-	77,798	-	25,633	732	55,822	812,204	972,189
Transfers from CWIP	-	81,820	-	91,525	27,023	-	(200,368)	-
Transferred to subsidiary	-	-	-	-	-	-	(12,195)	(12,195)
Write off	-	-	-	-	-	-	(8,332)	(8,332)
Transfer to intangible assets	-	-	-	-	-	-	(15,595)	(15,595)
At 3 May 2014	78,182	1,399,218	13,510	2,315,080	490,117	515,130	922,097	5,733,334
Additions	-	33,443	25,000	12,930	31,370	40,478	490,019	633,240
Disposals	-	-	-	(3,239)	-	(11,265)	-	(14,504)
Transfers from CWIP	-	215,096	-	811,963	10,918	27,686	(1,079,285)	(13,622)
Transfer from intangible assets	-	-	-	11,177	-	-	-	11,177
Reclassifications/ adjustment	-	-	-	82,900	(78,294)	(1,865)	-	2,741
Write off	-	-	-	(134,805)	(10,278)	(4,624)	-	(149,707)
At 2 May 2015	78,182	1,647,757	38,510	3,096,006	443,833	565,540	332,831	6,202,659
Depreciation -								
At 28 April 2013	-	336,316	3,983	1,082,779	302,836	264,450	-	1,990,364
Charge for the year	-	31,539	398	118,855	24,138	64,385	-	239,315
At 3 May 2014	-	367,855	4,381	1,201,634	326,974	328,835	-	2,229,679
Charge for the year	-	36,070	3,164	147,545	30,443	70,639	-	287,861
Disposal	-	-	-	-	-	(11,148)	-	(11,148)
Transfer from intangible assets	-	-	-	8,218	-	-	-	8,218
Reclassifications/ adjustment	-	-	-	78,370	(76,451)	-	-	1,919
Write off	-	-	-	(130,959)	(3,539)	(8,895)	-	(143,393)
At 2 May 2015	-	403,925	7,545	1,304,808	277,427	379,431	-	2,373,136
Net Book Value -								
At 2 May 2015	78,182	1,243,832	30,965	1,791,198	166,406	186,109	332,831	3,829,523
At 3 May 2014	78,182	1,031,363	9,129	1,113,446	163,143	186,295	922,097	3,503,655

Depreciation is charged to cost of sales and administration and other expenses in profit or loss.

Jamaica Broilers Group Limited

Notes to the Financial Statements

2 May 2015

(expressed in Jamaican dollars unless otherwise indicated)

14. Intangible Assets

						The Group	The Company
	Goodwill	Brands and Customer Relationships	Non-Compete Agreement	Product Formulation	Computer Software	Total	Computer Software
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cost -							
At 28 April 2013	-	-	-	-	216,848	216,848	206,500
Additions	-	-	-	-	4,726	4,726	559
Acquisition of subsidiaries	357,217	409,064	89,550	20,780	-	876,611	-
Transfer from PPE	-	-	-	-	15,595	15,595	15,595
Translation	-	-	-	-	837	837	-
At 3 May 2014	357,217	409,064	89,550	20,780	238,006	1,114,617	222,654
Additions	-	-	-	-	3,615	3,615	3,615
Disposal	-	-	-	-	(3,239)	(3,239)	-
Transfer to PPE	-	-	-	-	(11,177)	(11,177)	(11,177)
Transfer from CWIP	-	-	-	-	13,622	13,622	13,622
Disposal of subsidiary	-	-	-	-	(4,511)	(4,511)	-
Translation	15,328	18,020	4,188	-	546	38,082	-
At 2 May 2015	372,545	427,084	93,738	20,780	236,862	1,151,009	228,714
Amortisation -							
At 28 April 2013	-	-	-	-	111,146	111,146	106,924
Charge for the year	-	32,101	15,084	606	22,418	70,209	19,707
Translation	-	1,390	646	-	210	2,246	-
At 3 May 2014	-	33,491	15,730	606	133,774	183,601	126,631
Charge for the year	-	43,252	20,384	1,039	25,842	90,517	22,154
Relieved on disposal	-	-	-	-	(3,184)	(3,184)	-
Transfer to PPE	-	-	-	-	(8,218)	(8,218)	(8,218)
Adjustment	-	-	-	-	(1,919)	(1,919)	(1,919)
Disposal of subsidiary	-	-	-	-	(3,703)	(3,703)	-
Translation	-	2,138	994	-	181	3,313	-
At 2 May 2015	-	78,881	37,108	1,645	142,773	260,407	138,648
Net Book Value -							
2 May 2015	372,545	348,203	56,630	19,135	94,089	890,602	90,066
3 May 2014	357,217	375,573	73,820	20,174	104,232	931,016	96,023

Jamaica Broilers Group Limited

Notes to the Financial Statements

2 May 2015

(expressed in Jamaican dollars unless otherwise indicated)

14. Intangible Assets (Continued)

Impairment tests for goodwill

The Group determines whether goodwill is impaired at least on an annual basis or when events or changes in circumstances indicate the carrying value may be impaired. This requires an estimation of the recoverable amount of the cash generating unit (CGU) to which the goodwill is allocated. The recoverable amount is usually determined by reference to the value in use. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the CGU and also to choose an appropriate discount rate in order to calculate the present value of those future cash flows.

The amortisation of intangible assets is included in administration and other expenses in profit or loss.

The allocation of goodwill to the Group's cash generating units (CGUs) identified according to segment is as follows:

	2 May 2015 \$'000	3 May 2014 \$'000
US operations	319,512	304,184
Jamaica operations	53,033	53,033
	<u>372,545</u>	<u>357,217</u>

The recoverable amount of a CGU is determined based on value in use. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. The growth rate does not exceed the long-term average growth rate for the business in which the CGU operates.

Key assumptions used for value in use calculations:

	Revenue Growth Rate	EBITDA to Revenue	Capital Expenditure to Revenue	Discount Rate
England Farms operations	9.0%	13.0%	0.3%	15.3%
Best Dressed Foods operations	7.6%	8.9%	0.1%	14.0%

Jamaica Broilers Group Limited

Notes to the Financial Statements

2 May 2015

(expressed in Jamaican dollars unless otherwise indicated)

15. Investment Property

	<u>The Group</u>
	<u>Land and Buildings</u>
	<u>\$'000</u>
Cost -	
At 28 April 2013 and 3 May 2014	206,428
Transfer to property, plant & equipment	<u>(147,489)</u>
At 3 May 2015	<u>58,939</u>
Depreciation -	
At 28 April 2013	147,439
Charge for the year	<u>891</u>
At 3 May 2014	148,330
Charge for the year	859
Transfer to property, plant & equipment	<u>(113,565)</u>
At 3 May 2015	<u>35,624</u>
Net Book Value -	
At 3 May 2015	<u>23,315</u>
At 3 May 2014	<u>58,098</u>

The investment properties were valued by independent valuers, Property Consultants Limited as at March 2012 and Allison Pitter & Company as at December 2014, on the basis of open market value. The market value of the two properties is estimated to be \$132,000,000.

During the year a property was transferred from investment property to property, plant and equipment as it was being occupied by a company within the group.

Rental income earned on these properties amounted to \$10,826,000 (2014 - \$9,936,000). Repairs and maintenance on the properties amounted to Nil (2014 - \$169,000).

Jamaica Broilers Group Limited

Notes to the Financial Statements

2 May 2015

(expressed in Jamaican dollars unless otherwise indicated)

16. Investments

	The Group		The Company	
	2 May 2015 \$'000	3 May 2014 \$'000	2 May 2015 \$'000	3 May 2014 \$'000
Available-for-sale - Unquoted equities- at cost	68,749	65,669	7,136	10,702

17. Non-controlling Interests

	The Group	
	2 May 2015 \$'000	3 May 2014 \$'000
Beginning of year	(36,023)	(55,877)
Share of total comprehensive income, as restated:		
Share of net profit of subsidiaries	(26,514)	(38,174)
Revaluation surplus	892	4,254
Conversion of shareholder's loan	-	43,643
Additional investments during the year	26,020	10,131
End of year	(35,625)	(36,023)

Summarised financial information on subsidiaries with material non-controlling interests

Set out below is the summarised financial information for the subsidiary that has non-controlling interests that are material to the Group.

Summarised balance sheet

	The Group	
	2 May 2015 \$'000	3 May 2014 \$'000
Current		
Assets	504,621	515,827
Liabilities	(1,042,752)	(979,632)
Total current net assets	(538,131)	(463,805)
Non-current		
Assets	623,468	603,192
Total non-current net assets	623,468	603,192
Net assets	85,337	139,387

Jamaica Broilers Group Limited

Notes to the Financial Statements

2 May 2015

(expressed in Jamaican dollars unless otherwise indicated)

17. Non-controlling Interests (Continued)

Summarised financial information on subsidiaries with material non-controlling interests

Set out below is the summarised financial information for the subsidiary that has non-controlling interests that are material to the Group.

Summarised income statement

	The Group	
	2 May 2015 \$'000	3 May 2014 \$'000
Revenue	1,237,018	904,444
Loss before income tax	(82,858)	(119,294)
Taxation expense	-	-
Loss after tax	(82,858)	(119,294)
Other comprehensive income	-	-
Total comprehensive income	(82,858)	(119,294)
Total comprehensive income allocated to non-controlling interest	(25,622)	(33,920)
Dividends paid to non-controlling interest	-	-

Summarised cash flows

	The Group	
	2 May 2015 \$'000	3 May 2014 \$'000
Cash flows from operating activities		
Cash generated from operations	69,635	68,500
Interest paid	(12,652)	(34,529)
Income tax recovered	-	-
Net cash generated from operating activities	56,983	33,971
Net cash used in investing activities	(60,529)	(128,230)
Net cash (used in)/provided by financing activities	(41,216)	151,256
Net (decrease)/increase in and cash equivalents	(44,762)	56,997
Cash and cash equivalents at the beginning of year	70,090	13,093
Cash and cash equivalents at end of year	25,328	70,090

The information above represents amounts before intercompany eliminations.

Jamaica Broilers Group Limited

Notes to the Financial Statements

2 May 2015

(expressed in Jamaican dollars unless otherwise indicated)

18. Deferred Income Taxes

Deferred income taxes are calculated on all temporary differences under the liability method using an effective tax rate of 25% (2014 – 25%).

	The Group		The Company	
	2 May 2015 \$'000	3 May 2014 \$'000	2 May 2015 \$'000	3 May 2014 \$'000
Deferred tax assets	-	(14,510)	-	-
Deferred tax liabilities	567,032	530,823	291,054	255,650
	<u>567,032</u>	<u>516,313</u>	<u>291,054</u>	<u>255,650</u>

The movement on the deferred income tax account is as follows:

	The Group		The Company	
	2 May 2015 \$'000	3 May 2014 \$'000	2 May 2015 \$'000	3 May 2014 \$'000
Balance at start of year	516,313	351,072	255,650	324,506
Credited to profit or loss (Note 10)	63,528	(16,305)	68,829	(35,706)
Credited to other comprehensive income (Note 10)	(36,675)	(34,450)	(33,425)	(33,150)
Acquisition of intangibles	-	215,852	-	-
Disposal of subsidiaries	11,136	-	-	-
Translation	12,730	144	-	-
Balance as at end of year	<u>567,032</u>	<u>516,313</u>	<u>291,054</u>	<u>255,650</u>

The deferred tax assets and liabilities at the end of the year are as follows:

	The Group		The Company	
	2 May 2015 \$'000	3 May 2014 \$'000	2 May 2015 \$'000	3 May 2014 \$'000
Deferred income tax assets -				
Pension and other post-employment benefits	29,725	30,225	28,625	28,875
Accrued vacation and general provisions	10,562	11,401	8,860	10,308
Tax losses unused	1,664	390	-	-
Interest payable	14,979	14,978	13,731	14,977
Other	3,774	2,521	-	-
	<u>60,704</u>	<u>59,515</u>	<u>51,216</u>	<u>54,160</u>
Deferred income tax liabilities -				
Property, plant and equipment	386,417	281,835	292,274	218,585
Unrealised foreign exchange gains	41,293	91,089	41,283	91,089
Intangible assets	191,313	202,768	-	-
Other	8,713	136	8,713	136
	<u>627,736</u>	<u>575,828</u>	<u>342,270</u>	<u>309,810</u>
Net deferred tax liability	<u>567,032</u>	<u>516,313</u>	<u>291,054</u>	<u>255,650</u>

Jamaica Broilers Group Limited

Notes to the Financial Statements

2 May 2015

(expressed in Jamaican dollars unless otherwise indicated)

18. Deferred Income Taxes (Continued)

The deferred tax credited in profit or loss and other comprehensive income comprises the following temporary differences:

	The Group		The Company	
	2 May 2015 \$'000	3 May 2014 \$'000	2 May 2015 \$'000	3 May 2014 \$'000
Profit or loss				
Property, plant and equipment	90,130	(94,906)	73,690	(96,214)
Accrued vacation and general provisions	895	7,118	1,448	6,731
Post-employment benefits	37,175	(10,078)	33,675	(9,075)
Tax losses	(1,664)	34,780	-	-
Unrealised foreign exchange losses/gains	(49,796)	65,375	(49,806)	65,373
Intangible assets	(20,402)	(13,376)	-	-
Interest payable	(1)	(2,494)	1,246	(2,494)
Other temporary differences	7,191	(2,724)	8,576	(27)
	63,528	(16,305)	68,829	(35,706)
Other comprehensive income				
Post-employment benefits	(36,675)	(34,450)	(33,425)	(33,150)

Deferred income tax liabilities have not been provided for in respect of the withholding and other taxes that would be payable on the undistributed earnings of certain subsidiaries to the extent that such earnings are permanently reinvested. Such undistributed earnings, included in the consolidated results, totalled \$915,013,000 (2014 - \$509,600,000). These undistributed earnings are in foreign subsidiaries.

Jamaica Broilers Group Limited

Notes to the Financial Statements

2 May 2015

(expressed in Jamaican dollars unless otherwise indicated)

18. Deferred Income Taxes (Continued)

These balances include the following:

	The Group		The Company	
	2 May 2015 \$'000	3 May 2014 \$'000	2 May 2015 \$'000	3 May 2014 \$'000
Deferred tax assets -				
Deferred tax assets to be recovered after more than 12 months	31,389	30,885	28,625	28,875
Deferred tax assets to be recovered within 12 months	29,315	27,740	22,591	25,285
	<u>60,704</u>	<u>58,625</u>	<u>51,216</u>	<u>54,160</u>
Deferred tax liabilities -				
Deferred tax liabilities to be recovered after more than 12 months	577,730	483,713	292,274	218,585
Deferred tax liabilities to be recovered within 12 months	50,006	91,225	49,996	91,225
	<u>627,736</u>	<u>574,938</u>	<u>342,270</u>	<u>309,810</u>
Net deferred tax liability	<u>567,032</u>	<u>516,313</u>	<u>291,054</u>	<u>255,650</u>

19. Post-employment Benefits

Amounts recognised in the balance sheet are as follows:

	The Group		The Company	
	2 May 2015 \$'000	3 May 2014 \$'000	2 May 2015 \$'000	3 May 2014 \$'000
Pension scheme benefit liabilities	(94,700)	(105,900)	(91,100)	(101,200)
Post-employment benefit obligations	<u>(24,800)</u>	<u>(15,500)</u>	<u>(23,400)</u>	<u>(14,300)</u>
Amounts recognised in the profit or loss (Note 8) -				
Pension scheme benefit liabilities	(103,100)	72,500	(89,200)	68,500
Post-employment benefit obligations	1,400	1,400	1,300	1,300
	<u>(101,700)</u>	<u>73,900</u>	<u>(87,900)</u>	<u>69,800</u>
Amounts recognised in other comprehensive income				
Pension scheme benefit assets	138,800	137,400	123,900	131,900
Post-employment benefit obligations	10,100	800	9,800	700
	<u>148,900</u>	<u>138,200</u>	<u>133,700</u>	<u>132,600</u>

Jamaica Broilers Group Limited

Notes to the Financial Statements

2 May 2015

(expressed in Jamaican dollars unless otherwise indicated)

19. Post-employment Benefits (Continued)

(a) Pension scheme benefits

The Group participates in a defined benefit scheme, which is open to all permanent employees and administered by an external agency. The plan provides benefits to members based on average earnings for the final two years of service or the two years in which the highest salaries of the employee have been earned. The defined benefit scheme is valued by independent actuaries annually using the Projected Unit Credit Method. The latest actuarial valuation was carried out as at 2 May 2015.

The Board of the pension fund is required by law and its articles and association to act in the interest of the fund and all relevant stakeholders. The Board of the fund is responsible for the investment policy with regard to the assets of the fund. The funds are managed by NCB Insurance Company Limited who has responsibilities for the general management of the portfolio of investments and the administration of the fund.

The post-employment benefit asset recognised in the balance sheet was determined as follows:

	The Group		The Company	
	2 May 2015 \$'000	3 May 2014 \$'000	2 May 2015 \$'000	3 May 2014 \$'000
Fair value of plan assets	2,531,600	2,201,800	2,435,500	2,105,100
Present value of obligations	(2,626,300)	(2,307,700)	(2,526,600)	(2,206,300)
	<u>(94,700)</u>	<u>(105,900)</u>	<u>(91,100)</u>	<u>(101,200)</u>

Pension plan assets include investment in ordinary stock units of the company with a fair value of \$58,000,000 (2014 - \$13,124,000).

The pension fund earned and received rental income from the company of \$2,557,000 (2014 - \$2,375,000).

The movement in the defined benefit asset during the year was as follows:

	The Group		The Company	
	2 May 2015 \$'000	3 May 2014 \$'000	2 May 2015 \$'000	3 May 2014 \$'000
At start of year	(105,900)	62,300	(101,200)	58,500
Transfer from subsidiary	-	-	-	1,000
Amounts recognised in profit or loss (Note 8)	103,100	(72,500)	89,200	(68,500)
Amounts recognised in other comprehensive income (Note 8)	(138,800)	(137,400)	(123,900)	(131,900)
Contributions paid	46,900	41,700	44,800	39,700
At end of year	<u>(94,700)</u>	<u>(105,900)</u>	<u>(91,100)</u>	<u>(101,200)</u>

Jamaica Broilers Group Limited

Notes to the Financial Statements

2 May 2015

(expressed in Jamaican dollars unless otherwise indicated)

19. Post-employment Benefits (Continued)

(a) Pension scheme benefits (continued)

The movement in the present value of obligations was as follows:

	The Group		The Company	
	2 May 2015 \$'000	3 May 2014 \$'000	2 May 2015 \$'000	3 May 2014 \$'000
At start of year	2,307,700	1,944,500	2,206,300	1,825,500
Transfer from subsidiary	-	-	-	30,800
Current service cost	88,900	71,600	84,600	67,700
Interest cost	229,900	204,000	220,000	194,500
Past service cost	(210,500)	-	(191,400)	-
	<u>2,416,000</u>	<u>2,220,100</u>	<u>2,319,500</u>	<u>2,118,500</u>
Remeasurement loss on obligations	210,300	82,500	201,300	85,400
Members contribution	77,800	69,600	74,100	66,300
Benefits paid	(77,800)	(64,500)	(68,300)	(63,900)
At end of year	<u>2,626,300</u>	<u>2,307,700</u>	<u>2,526,600</u>	<u>2,206,300</u>

The movement in the fair value of plan assets was as follows:

	The Group		The Company	
	2 May 2015 \$'000	3 May 2014 \$'000	2 May 2015 \$'000	3 May 2014 \$'000
At start of year	2,201,800	2,006,800	2,105,100	1,884,000
Transfer from subsidiary	-	-	-	31,800
Members' contribution	77,800	69,600	74,100	66,300
Employer's contribution	46,900	41,700	44,800	39,700
Interest income on plan assets	211,400	203,100	202,400	193,700
Benefits paid	(77,800)	(64,500)	(68,300)	(63,900)
Remeasurement loss on plan assets	71,500	(54,900)	77,400	(46,500)
At end of year	<u>2,531,600</u>	<u>2,201,800</u>	<u>2,435,500</u>	<u>2,105,100</u>

Jamaica Broilers Group Limited

Notes to the Financial Statements

2 May 2015

(expressed in Jamaican dollars unless otherwise indicated)

19. Post-employment Benefits (Continued)

(a) Pension scheme benefits (continued)

The amount recognised in profit or loss is determined as follows:

	The Group		The Company	
	2 May 2015 \$'000	3 May 2014 \$'000	2 May 2015 \$'000	3 May 2014 \$'000
Current service cost	88,900	71,600	84,600	67,700
Interest cost	229,900	204,000	220,000	194,500
Interest income on plan assets	(211,400)	(203,100)	(202,400)	(193,700)
Past service costs	(210,500)	-	(191,400)	-
Total included in staff costs (Note 8)	<u>(103,100)</u>	<u>72,500</u>	<u>(89,200)</u>	<u>68,500</u>

The amount recognised in other comprehensive income is determined as follows:

	The Group		The Company	
	2 May 2015 \$'000	3 May 2014 \$'000	2 May 2015 \$'000	3 May 2014 \$'000
Remeasurements of the defined benefit obligation	210,300	82,500	201,300	85,400
Remeasurements of the plan assets	(71,500)	54,900	(77,400)	46,500
Total	<u>138,800</u>	<u>137,400</u>	<u>123,900</u>	<u>131,900</u>

At the last valuation date, the present value of the defined benefit obligation was comprised of approximately \$2,163,900,000 and \$2,101,900,000 relating to active members, \$169,000,000 and \$167,400,000 relating to deferred members, \$289,700,000 and \$254,200,000 relating to the members in retirement and 3,700,000 and \$3,100,000 relating to other liabilities for the group and the company respectively.

Expected yields on fixed interest investments are based on gross redemption yields as at the balance sheet date. Expected returns on equity and property investments reflect long-term real rates of return experienced in the respective markets.

Expected employer contributions to the plan for the year ended 2 May 2016 amount to \$110,800,000 for the group and \$107,600,000 for the company.

The principal actuarial assumptions used were as follows:

	2 May 2015	3 May 2014
Discount rate	9.5%	9.5%
Future salary increases	7.0%	4.25%
Future pension increases	<u>2.5%</u>	<u>8.5%</u>

Jamaica Broilers Group Limited

Notes to the Financial Statements

2 May 2015

(expressed in Jamaican dollars unless otherwise indicated)

19. Post-employment Benefits (Continued)

(a) Pension scheme benefits (continued)

The sensitivity of the defined benefit obligation to changes in the principal assumptions is:

	The Group		
	Impact on post-employment obligations		
	Change in assumption	Increase in assumption	Decrease in assumption
		\$'000	\$'000
Discount rate	1%	(389,300)	514,500
Future salary increases	1%	239,400	(191,500)
Pension increases	1%	236,900	(196,200)

	The Company		
	Impact on post-employment obligations		
	Change in assumption	Increase in assumption	Decrease in assumption
		\$'000	\$'000
Discount rate	1%	(376,700)	498,900
Future salary increases	1%	233,400	(482,400)
Pension increases	1%	228,300	(188,400)

	The Group		The Company	
	Increase Assumption by One Year	Decrease Assumption by One Year	Increase Assumption by One Year	Decrease Assumption by One Year
	\$'000	\$'000	\$'000	\$'000
Life expectancy	28,600	(32,500)	27,800	(31,000)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

Jamaica Broilers Group Limited

Notes to the Financial Statements

2 May 2015

(expressed in Jamaican dollars unless otherwise indicated)

19. Post-employment Benefits (Continued)

(b) Post-employment medical benefits

In addition to pension benefits, the Group offers qualifying retirees medical and life insurance benefits. Funds are not built up to cover the obligations under these retirement benefit schemes. The method of accounting and frequency of valuations are similar to those used for the defined benefit pension scheme. In addition to the assumptions used for the pension scheme, the main actuarial assumption is a long term increase in health costs of 8% per year (2014 – 8.5% per year).

The liability recognised in the balance sheet was determined as follows:

	The Group		The Company	
	2 May 2015 \$'000	Restated 3 May 2014 \$'000	2 May 2015 \$'000	Restated 3 May 2014 \$'000
Present value of funded obligations	24,800	15,500	23,400	14,300

The movement in the liability during the year was as follows:

	The Group		The Company	
	2 May 2015 \$'000	3 May 2014 \$'000	2 May 2015 \$'000	3 May 2014 \$'000
At start of year	15,500	15,100	14,300	14,000
Amounts recognised in profit or loss (Note 8)	1,400	1,400	1,300	1,300
Amounts recognised in other comprehensive income	10,100	800	9,800	700
Contributions paid	(2,200)	(1,800)	(2,000)	(1,700)
At end of year	24,800	15,500	23,400	14,300

Jamaica Broilers Group Limited

Notes to the Financial Statements

2 May 2015

(expressed in Jamaican dollars unless otherwise indicated)

19. Post-employment Benefits (Continued)

(b) Post-employment medical benefits (continued)

The movement in the present value of obligations was as follows:

	The Group		The Company	
	2 May 2015 \$'000	3 May 2014 \$'000	2 May 2015 \$'000	3 May 2014 \$'000
At start of year	15,500	15,100	14,300	14,000
Interest cost	1,400	1,400	1,300	1,300
Benefits paid	(2,200)	(1,800)	(2,000)	(1,700)
Remeasurement loss on obligation	10,100	800	9,800	700
At end of year	<u>24,800</u>	<u>15,500</u>	<u>23,400</u>	<u>14,300</u>

The amount recognised in profit or loss is as follows:

	The Group		The Company	
	2 May 2015 \$'000	3 May 2014 \$'000	2 May 2015 \$'000	3 May 2014 \$'000
Interest cost	1,400	1,400	1,300	1,300
Total included in staff costs (Note 8)	<u>1,400</u>	<u>1,400</u>	<u>1,300</u>	<u>1,300</u>

The amount recognised in other comprehensive income is determined as follows:

	The Group		The Company	
	2 May 2015 \$'000	3 May 2014 \$'000	2 May 2015 \$'000	3 May 2014 \$'000
Remeasurements of the defined benefit obligation	<u>10,100</u>	<u>800</u>	<u>9,800</u>	<u>700</u>

Jamaica Broilers Group Limited

Notes to the Financial Statements

2 May 2015

(expressed in Jamaican dollars unless otherwise indicated)

19. Post-employment Benefits (Continued)

(b) Post-employment medical benefits (continued)

The sensitivity of the defined benefit obligation to changes in the principal assumptions is:

	The Group		
	Impact on post-employment obligations		
	Change in assumption	Increase in assumption	Decrease in assumption
		\$'000	\$'000
Discount rate	1%	(6,400)	(3,200)
Medical cost	1%	(3,200)	(6,400)

	The Company		
	Impact on post-employment obligations		
	Change in assumption	Increase in assumption	Decrease in assumption
		\$'000	\$'000
Discount rate	1%	(6,200)	(3,200)
Medical cost	1%	(3,200)	(6,200)

	The Group		The Company	
	Increase Assumption by One Year	Decrease Assumption by One Year	Increase Assumption by One Year	Decrease Assumption by One Year
	\$'000	\$'000	\$'000	\$'000
Life expectancy	1,000	(1,800)	800	(1,600)

Jamaica Broilers Group Limited

Notes to the Financial Statements

2 May 2015

(expressed in Jamaican dollars unless otherwise indicated)

19. Post-employment Benefits (Continued)

(c) Distribution of pension plan assets -

	The Group			
	2 May 2015 \$'000	3 May 2015 %	3 May 2014 \$'000	3 May 2014 %
Equities	682,800	27	556,600	25
Property	272,000	11	247,500	11
Government securities and reverse repurchase agreements	1,136,600	45	999,600	46
Corporate bonds	228,500	9	159,900	7
Leased assets	43,700	2	39,500	2
Other	168,000	6	198,700	9
	<u>2,531,600</u>	<u>100</u>	<u>2,201,800</u>	<u>100</u>

	The Company			
	2 May 2015 \$'000	2 May 2015 %	3 May 2014 \$'000	3 May 2014 %
Equities	656,900	27	532,100	25
Property	261,700	11	236,600	11
Government securities and reverse repurchase agreements	1,093,500	45	956,000	46
Corporate bonds	219,800	9	152,800	7
Leased assets	42,000	2	37,700	2
Other	161,600	6	189,900	9
	<u>2,435,500</u>	<u>100</u>	<u>2,105,100</u>	<u>100</u>

Jamaica Broilers Group Limited

Notes to the Financial Statements

2 May 2015

(expressed in Jamaican dollars unless otherwise indicated)

19. Post-employment Benefits (Continued)

(d) Other pension plan disclosures -

Risks associated with pension plans and post-employment plans

Through its defined benefit pension plans and post-employment medical plans, the Company is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility

The plan liabilities are calculated using a discount rate set with reference to Government of Jamaica bond yields; if plan assets underperform this yield, this will create a deficit.

As the plan matures, the Company intends to reduce the level of investment risk by investing more in assets that better match the liabilities. The Government bonds represent investments in Government of Jamaica securities.

The Company believes that due to the long-term nature of the plan liabilities, a level of continuing equity investment is an appropriate element of the Company's long term strategy to manage the plans efficiently. See below for more details on the Company's asset-liability matching strategy.

Changes in bond yields

A decrease in Government of Jamaica bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings.

Inflation risk

Higher inflation will lead to higher liabilities. The majority of the plan's assets are either unaffected by fixed interest bonds, meaning that an increase in inflation will reduce the surplus or create a deficit.

Life expectancy

The majority of the plan's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan's liabilities. This is particularly significant, where inflationary increases result in higher sensitivity to changes in life expectancy.

The Company ensures that the investment positions are managed within an asset-liability matching (ALM) framework that has been developed to achieve long-term investments that are in line with the obligations under the pension scheme. Within this framework, the company's ALM objective is to match assets to the pension obligations by investing in long-term fixed interest securities with maturities that match the benefit payments as they fall due. The Company actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the pension obligations. The Company has not changed the processes used to manage its risks from previous periods. The Company does not use derivatives to manage its risk. Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets. A large portion of assets in 2015 consists of bonds and equities.

Funding levels are monitored on an annual basis and the agreed employer contribution rate was 5% of pensionable salaries up to May 2, 2015. The next triennial valuation is due to be completed as at 30 April 2017.

Jamaica Broilers Group Limited

Notes to the Financial Statements

2 May 2015

(expressed in Jamaican dollars unless otherwise indicated)

20. Inventories

	The Group		The Company	
	2 May 2015 \$'000	3 May 2014 \$'000	2 May 2015 \$'000	3 May 2014 \$'000
Grain and feed ingredients	896,839	1,607,345	720,744	1,456,274
Inventories for resale and spares	2,215,859	1,908,814	2,002,780	1,700,617
Processed broilers, beef and fish	13,053	6,474	-	-
Goods in transit and others	871,130	214,791	748,087	195,054
	3,996,881	3,737,424	3,471,611	3,351,945
Less: Provision for obsolescence	(47,998)	(44,028)	(37,409)	(33,419)
	<u>3,948,883</u>	<u>3,693,396</u>	<u>3,434,202</u>	<u>3,318,526</u>

There were no inventory write-downs for the current or the previous year.

21. Biological Assets

	The Group		The Company	
	2 May 2015 \$'000	3 May 2014 \$'000	2 May 2015 \$'000	3 May 2014 \$'000
Cattle	54,274	61,878	-	-
Fish	-	85,014	-	32,014
Poultry	2,515,507	2,120,977	500,388	597,181
	<u>2,569,781</u>	<u>2,267,869</u>	<u>500,388</u>	<u>629,195</u>

The movement in biological assets at fair value was determined as follows:

	The Group		The Company	
	2 May 2015 \$'000	3 May 2014 \$'000	2 May 2015 \$'000	3 May 2014 \$'000
At start of year	724,993	684,145	480,150	352,172
Fair value (losses)/gains	(3,775)	1,458	-	-
Increase due to purchases and transfers	6,390,230	4,716,343	6,389,549	4,451,747
Decrease due to sales	(6,637,245)	(4,681,509)	(6,504,996)	(4,323,769)
Disposal of subsidiary	(53,000)	-	-	-
Translation	(2,227)	4,556	-	-
At end of year	<u>418,976</u>	<u>724,993</u>	<u>364,703</u>	<u>480,150</u>

Jamaica Broilers Group Limited

Notes to the Financial Statements

2 May 2015

(expressed in Jamaican dollars unless otherwise indicated)

21. Biological Assets (Continued)

The movement in biological assets at cost was determined as follows:

	The Group		The Company	
	2 May 2015 \$'000	3 May 2014 \$'000	2 May 2015 \$'000	3 May 2014 \$'000
At start of year	1,542,877	660,527	149,045	114,903
Increase due to purchases and acquisition	5,065,534	4,411,008	1,876,566	1,865,686
Decrease due to sales and depreciation	(4,523,126)	(3,587,900)	(1,889,926)	(1,831,544)
Translation	65,520	59,242	-	-
At end of year	<u>2,150,805</u>	<u>1,542,877</u>	<u>135,685</u>	<u>149,045</u>

Biological assets for the Group comprise of:

	The Group		The Company	
	2 May 2015 \$'000	3 May 2014 \$'000	2 May 2015 \$'000	3 May 2014 \$'000
Biological assets at fair value	418,976	724,993	364,703	480,150
Biological assets at cost	<u>2,150,805</u>	<u>1,542,877</u>	<u>135,685</u>	<u>149,045</u>
	<u>2,569,781</u>	<u>2,267,869</u>	<u>500,388</u>	<u>629,195</u>

Fair value of livestock is determined as the best available estimate for livestock with similar attributes. Any gains or losses arising on initial recognition of livestock at fair value less estimated point of sale costs and from a change in fair value less estimated point of sale costs is included in other income in the period in which it arises.

The physical quantities at the end of the year and output for each group of biological assets are as follows:

(i) Cattle

The number of cattle at the end of the year was 723 (2014 – 898).

The number of cattle harvested during the year was 407 (2014 – 343).

(ii) Fish

The estimated weight of fish and fingerlings at the end of the year was Nil (2014 – 60 tonnes).

The estimated weight of fish and fingerlings harvested during the year was 173 tonnes (2014 – 173 tonnes).

(iii) Poultry

The number of birds in the field, including broilers, breeders, and layer pullets at year end was 4,994,685 (2014 – 5,005,950) and the number of eggs at year end was 4,459,268 (2014 – 5,565,001).

The total number of birds produced during the year was 43,428,000 (2014 – 43,248,000).

The total number of eggs produced during the year was 16,898,180 (2014 – 12,894,847) dozens.

Jamaica Broilers Group Limited

Notes to the Financial Statements

2 May 2015

(expressed in Jamaican dollars unless otherwise indicated)

22. Receivables

	The Group		The Company	
	2 May 2015 \$'000	3 May 2014 \$'000	2 May 2015 \$'000	3 May 2014 \$'000
Trade receivables	2,423,703	2,049,552	1,544,504	1,365,464
Less: Provision for impairment	(312,171)	(212,337)	(262,578)	(177,182)
	<u>2,111,532</u>	<u>1,837,215</u>	<u>1,281,926</u>	<u>1,188,282</u>
Contract farmers' receivables	136,450	187,988	136,450	187,988
Deposits	8,935	55,127	2,247	42,247
G.C.T recoverable	10,292	150,028	879	111,538
Insurance claims receivable	71,110	15,733	11,649	10,222
Jamaica Broilers Trust (Note 30)	98,000	-	98,000	-
Prepayments	181,102	187,170	122,893	116,481
Staff receivables	25,782	24,569	17,545	17,889
Other	146,177	241,499	110,964	160,574
	<u>2,789,380</u>	<u>2,699,329</u>	<u>1,782,553</u>	<u>1,835,221</u>
Less: Provision for impairment	(318)	(318)	(318)	(318)
	<u><u>2,789,062</u></u>	<u><u>2,699,011</u></u>	<u><u>1,782,235</u></u>	<u><u>1,834,903</u></u>

23. Financial Assets at Fair Value through Profit or Loss

This represents amount invested in investment funds that have been designated at fair value on initial recognition.

Changes in fair values of financial assets at fair value through profit or loss are included in other (losses)/gains (Note 6).

24. Cash and Short Term Investments

	The Group		The Company	
	2 May 2015 \$'000	3 May 2014 \$'000	2 May 2015 \$'000	3 May 2014 \$'000
Cash at bank and in hand	745,995	630,572	516,661	299,298
Short term investments	1,078,522	40,185	1,078,522	40,185
	<u>1,824,517</u>	<u>670,757</u>	<u>1,595,183</u>	<u>339,483</u>
Interest receivable	3,929	-	3,929	-
	<u><u>1,828,446</u></u>	<u><u>670,757</u></u>	<u><u>1,599,112</u></u>	<u><u>339,483</u></u>

Jamaica Broilers Group Limited

Notes to the Financial Statements

2 May 2015

(expressed in Jamaican dollars unless otherwise indicated)

24. Cash and Short Term Investments (Continued)

The weighted average effective interest rate on Jamaica dollar and US dollar short term deposits was 4% (2014 – 5.75%) and 1% (2014 – 1%) respectively. These represent call deposits which are repayable on demand. In prior year, the deposits had an average maturity of 28 days.

For the purposes of the cash flow statement, cash and cash equivalents comprise the following:

	The Group		The Company	
	2 May 2015 \$'000	3 May 2014 \$'000	2 May 2015 \$'000	3 May 2014 \$'000
Cash and short term investments	1,828,446	670,757	1,599,112	339,483
Short term borrowings and bank overdraft	(159,889)	(156,129)	(152,569)	(156,129)
	<u>1,668,557</u>	<u>514,628</u>	<u>1,446,543</u>	<u>183,354</u>

25. Payables

	The Group		The Company	
	2 May 2015 \$'000	3 May 2014 \$'000	2 May 2015 \$'000	3 May 2014 \$'000
Accrued charges	448,829	318,612	385,418	262,490
Contractors retention payable	7,057	438	724	414
GCT payable	644	-	-	-
Payroll taxes payable	49,312	46,413	49,518	46,413
Staff related payables	88,712	87,661	14,585	24,971
Trade payables	2,777,158	2,025,167	2,206,024	1,618,937
Unclaimed cheques	70,408	68,360	70,408	68,360
Other	224,565	279,216	250,779	267,261
	<u>3,666,685</u>	<u>2,825,867</u>	<u>2,977,456</u>	<u>2,288,846</u>

Jamaica Broilers Group Limited

Notes to the Financial Statements

2 May 2015

(expressed in Jamaican dollars unless otherwise indicated)

26. Dividends

	The Group and The Company	
	2 May 2015 \$'000	3 May 2014 \$'000
First interim – 8 cents per stock unit (2014 – 8 cents)	95,942	95,942
Second interim –9 cents per stock unit (2014 – 8 cents)	107,935	95,942
	<u>203,877</u>	<u>191,884</u>

27. Borrowings

	The Group		The Company	
	2 May 2015 \$'000	3 May 2014 \$'000	2 May 2015 \$'000	3 May 2014 \$'000
Non-Current -				
Borrowings	3,591,907	3,568,071	3,085,651	3,405,805
Current -				
Short term borrowings and bank overdraft	1,756,917	1,545,905	1,257,569	1,136,129
Current portion of non-current borrowings	946,193	1,030,034	790,231	932,820
Interest payable	59,914	59,910	54,927	59,910
	<u>2,763,024</u>	<u>2,635,849</u>	<u>2,102,727</u>	<u>2,128,859</u>
	<u>6,354,931</u>	<u>6,203,920</u>	<u>5,188,378</u>	<u>5,534,664</u>

Interest rates on these loans ranged from 7% to 10% on Jamaican currency loans and 4.34% to 6.19% on United States currency loans.

Negative pledges have been issued in respect of loans, guarantees and other banking facilities extended by the various financial institutions.

At year end the group has access to undrawn financing facilities amounting to \$782,004,000.

Jamaica Broilers Group Limited

Notes to the Financial Statements

2 May 2015

(expressed in Jamaican dollars unless otherwise indicated)

28. Share Capital

	Number of Stock Units '000	Ordinary Stock Units \$'000
2 May 2015	1,199,277	765,137
3 May 2014	1,199,277	765,137

The total authorised number of ordinary shares is 1,209,324,000 shares (2014 – 1,209,324,000).

The stock units in 2015 and 2014 are stated in these financial statements without a nominal or par value.

29. Capital Reserve

	The Group		The Company	
	2 May 2015 \$'000	3 May 2014 \$'000	2 May 2015 \$'000	3 May 2014 \$'000
At start of year -				
Realised capital gains	32,618	32,618	3,227	3,227
Unrealised surplus on revaluations	399,975	399,975	139,198	139,198
Fair value loss on available-for-sale securities	-	-	(538)	(538)
Translation loss on subsidiary assumed	-	-	(8,686)	(8,686)
Gains on translation of financial statements of foreign subsidiaries	1,313,781	1,000,235	-	-
	<u>1,746,374</u>	<u>1,432,828</u>	<u>133,201</u>	<u>133,201</u>
Movements during the year -				
Translation gain	154,732	313,546	-	-
Transfer to retained earnings	(50,925)	-	-	-
At end of year	<u>1,850,181</u>	<u>1,746,374</u>	<u>133,201</u>	<u>133,201</u>
Consisting of -				
Realised capital gains	32,618	32,618	3,227	3,227
Unrealised surplus on revaluations	349,050	399,975	139,198	139,198
Fair value loss on available-for-sale securities	-	-	(538)	(538)
Translation loss on subsidiary assumed	-	-	(8,686)	(8,686)
Gains on translation of financial statements of foreign subsidiaries	1,468,513	1,313,781	-	-
	<u>1,850,181</u>	<u>1,746,374</u>	<u>133,201</u>	<u>133,201</u>

Jamaica Broilers Group Limited

Notes to the Financial Statements

2 May 2015

(expressed in Jamaican dollars unless otherwise indicated)

30. Related Party Transactions and Balances

Parties are considered to be related if one party has the ability to control or exercise significant influence over the other party in making financial or operational decisions.

Related parties include fellow subsidiaries, directors and key management.

Subsidiaries buy and sell inventory to other entities within the Group.

Key management includes directors (executives and non-executives) and members of the senior management team.

(i) The following transactions were carried out between the company and its related parties:

	2 May 2015 \$'000	3 May 2014 \$'000
Sale of goods	<u>878,836</u>	<u>775,157</u>
Purchases of goods	<u>3,010,283</u>	<u>3,180,066</u>
Interest income earned	<u>124,248</u>	<u>104,409</u>
Management fees earned	<u>207,168</u>	<u>-</u>
Rental expense incurred	<u>4,680</u>	<u>7,743</u>
Dividend received	<u>1,224,120</u>	<u>855,458</u>
Other expenses	<u>55,590</u>	<u>-</u>

(ii) Key management compensation

	The Group		The Company	
	2 May 2015 \$'000	3 May 2014 \$'000	2 May 2015 \$'000	3 May 2014 \$'000
With directors and key management -				
Salaries, profit sharing and other short-term employee benefits	348,794	167,325	295,995	167,325
Payroll taxes - Employer's portion	29,742	15,171	28,018	15,171
Pension benefits	5,899	4,452	4,690	4,452
Professional fees paid	<u>11,048</u>	<u>23,071</u>	<u>11,048</u>	<u>9,361</u>
	<u>395,483</u>	<u>210,019</u>	<u>339,750</u>	<u>196,309</u>
Directors' emoluments -				
Fees	18,503	17,780	18,503	17,780
Management remuneration (included above)	<u>222,445</u>	<u>117,507</u>	<u>214,656</u>	<u>117,507</u>

Jamaica Broilers Group Limited

Notes to the Financial Statements

2 May 2015

(expressed in Jamaican dollars unless otherwise indicated)

30. Related Party Transactions and Balances (Continued)

(iii) Year end balances with related parties:

	The Group		The Company	
	2 May 2015 \$'000	3 May 2014 \$'000	2 May 2015 \$'000	3 May 2014 \$'000
Directors and key management -				
Receivables	1,109	7,613	844	2,440
Receivable from subsidiaries	-	-	3,148,840	2,721,524
Payable to subsidiaries	-	-	289,138	749,868
Loan to Jamaica Broilers Trust(a)	116,683	123,018	116,683	123,018
Loan to Haiti Broilers S.A.(b)	-	-	222,263	197,160
Loans receivable :				
Loan to JB Ethanol Limited long term portion of loans receivable (c)	-	-	1,331,010	1,471,948
Loan to International Poultry Breeder Inc. long term portion of loans receivable (d)	-	-	1,081,658	1,113,525
	-	-	2,412,668	2,585,473

- (a) Loan receivable from Jamaica Broilers Trust is payable by August 2016 and interest is payable at WATBY plus 2% per annum. The loan is secured with stock units in Jamaica Broilers Group Limited. The current portion of the balance is included in receivables (Note 22) and the long term portion is \$18,683,000 (2014 - \$123,018,000).
- (b) The balance represents the outstanding amounts on a loan of US\$1,655,000 at a rate of 8% and has no set repayment.
- (c) The balance represents the outstanding amounts on a loan of US\$18,000,000 at a rate of LIBOR + 2% and matures 2022. Principal is repaid quarterly in the amount of US\$500,000. Included in receivable from subsidiaries is the current portion of the loan in the amount of \$324,072,000 (2014 - \$220,500,000).
- (d) The balance represents the outstanding amounts on a loan of US\$10,750,000 at a rate of US Prime + 3% and matures 2023. Principal is repaid quarterly in the amount of US\$700,000. Included in receivable from subsidiaries is the current portion of the loan in the amount of \$80,549,000 (2014 - Nil).

31. Fair Value of Financial Instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Market price is used to determine fair value where an active market (such as a recognised stock exchange) exists as it is the best evidence of the fair value of a financial instrument. However, market prices are not available for a significant number of the financial assets and liabilities held and issued by the Group. Therefore, for financial instruments where no market price is available, the fair values presented have been estimated using present value or other estimation and valuation techniques based on market conditions existing at balance sheet dates.

Jamaica Broilers Group Limited

Notes to the Financial Statements

2 May 2015

(expressed in Jamaican dollars unless otherwise indicated)

31. Fair Value of Financial Instruments (Continued)

The values derived from applying these techniques are significantly affected by the underlying assumptions used concerning both the amounts and timing of future cash flows and the discount rates. The following methods and assumptions have been used:

- (i) Financial assets at fair value through profit or loss are measured at fair value by reference to quoted prices when available. If quoted market prices are not available, then fair values are estimated on the basis of pricing models, or discounted cash flows. Fair value is equal to the carrying amount of these items;
- (ii) Investment securities classified as available-for-sale are measured at cost. Fair value cannot be reliably determined as no active market for these securities exist as they relate to investment in private entities.
- (iii) The fair value of long term borrowings approximates carrying value as the contractual cash flows are at current market interest rates that are available to the Group for similar financial instruments; and
- (iv) The amounts included in the financial statements for receivables, cash and short term investments, payables short term borrowings and bank overdraft reflect their fair values due to the short term maturity of these instruments.

Financial instruments that are measured in the balance sheet at fair value are grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- (i) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- (ii) Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- (iii) Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial assets measured at fair value are all categorised as level 2 and comprise financial assets at fair value through profit or loss amounting to \$472,482,000 (2014 - \$436,046,000) for the Group. These investments represent units in investment funds which are stated at unit prices determined by the fund manager.

There were no transfers between levels in the year.

Biological assets which are measured at fair value totalling \$418,977,000 (2014 – \$724,993,000) and \$364,703,000 (\$480,150,000) for the Group and the Company respectively are included in Level 2.

Jamaica Broilers Group Limited

Notes to the Financial Statements

2 May 2015

(expressed in Jamaican dollars unless otherwise indicated)

32. Business Combinations

During the previous year, the Group acquired the entire share capital of two entities:

In July 2013, the Group acquired England Packing Co. Inc., an entity incorporated in the United States. The principal activity of this entity is the production and distribution of fertile (hatching) eggs to the poultry industry. As a result of the acquisition, the Group is expected to increase its presence in the North American, Caribbean and Central American markets.

In October 2013, the Group acquired Hamilton Smoke House Limited, an entity incorporated in Jamaica. The principal activity of this entity is the production and distribution of further processed meat products. This entity was acquired to expand the processed food line.

The acquired businesses contributed revenues of \$1,781,676,000 and profits of \$139,911,000 for the year ended 3 May, 2014. Had the companies been acquired at the beginning of the year, they could have contributed revenues of approximately \$2,229,600,000 and profits of approximately \$202,641,000 to the Group for the year ended 2 May 2014.

Details of the net assets acquired, goodwill and net cash outlay on acquisition, determined on a provisional basis, were as follows:

	Total Fair Values \$'000
Net assets arising on the acquisition	<u>935,731</u>
Goodwill on acquisition:	\$'000
Purchase consideration	1,292,948
Less: Fair value of net assets acquired	<u>(935,731)</u>
	<u>357,217</u>
Net cash outlay on acquisition:	\$'000
Purchase consideration paid in cash	1,292,948
Cash and cash equivalents acquired	<u>(7)</u>
	<u>1,292,941</u>

The goodwill acquired in both entities represents the synergies inherent in the consolidation of a market competitor.

33. Disposal of Subsidiaries

During the year the Group disposed of two of its subsidiaries, Aquaculture Jamaica Limited and Aqualapia Limited. The disposals were not significant to the Group's operations as there were no operating activities during the year. The operations were previously included in the Jamaica Operations segment.

	\$'000
Proceeds received	88,103
Net assets disposed	<u>(89,426)</u>
Loss on disposal	<u>(1,323)</u>

Jamaica Broilers Group Limited

Notes to the Financial Statements

2 May 2015

(expressed in Jamaican dollars unless otherwise indicated)

34. Restatement

Restatement of certain prior year balances relate to reclassification between categories are as follows:

- (a) The balance due from the affiliate which was previously included in current assets has been reclassified to non-current assets based on its maturity date.
- (b) Intercompany loans receivable was previously included in full in current assets, the long term portion has been reclassified to non-current assets.
- (c) Foreign exchange gains previously included in cost of sales have been reclassified to finance income and other gains/(losses).
- (d) Costs relating to the transportation of products previously included in cost of sales and administrative and other expenses have been reclassified to distribution costs.

There was no impact on the net profit for either the Group or the Company from these reclassifications and therefore no impact on the Group or the Company statement of changes in equity.

Effect on balance sheet at 27 April 2013:

	Note	Group		As Restated
		At 27 April 2013	Adjustment	
		\$'000	\$'000	\$'000
Non-Current Assets				
Affiliate	(a)	-	86,004	86,004
Other non-current assets		8,612,432	-	8,612,432
Total Non-Current Assets		8,612,432	86,004	8,698,436
Current Assets				
Receivables	(a)	2,213,526	(86,004)	2,127,522
Other current assets		6,566,148	-	6,566,148
Total Current Assets		8,779,674	(86,004)	8,693,670
Total Current Liabilities		4,197,917	-	4,197,917
Net Current Assets		4,581,757	(86,004)	4,495,753
		13,194,189	-	13,194,189
Stockholders' Equity				
		9,582,046	-	9,582,046
Non-controlling interest		(55,877)	-	(55,877)
Non-Current Liabilities		3,668,020	-	3,668,020
		13,194,189	-	13,194,189

Jamaica Broilers Group Limited

Notes to the Financial Statements

2 May 2015

(expressed in Jamaican dollars unless otherwise indicated)

34. Restatement (Continued)

Effect on balance sheet at 3 May 2014:

	Note	Group		As Restated \$'000
		At 3 May 2014	Adjustment	
		\$'000	\$'000	
Non-Current Assets				
Affiliate	(a)	-	123,018	123,018
Other non-current assets		10,464,597	-	10,464,597
Total Non-Current Assets		10,464,597	123,018	10,587,615
Current Assets				
Receivables	(a)	2,822,029	(123,018)	2,699,011
Other current assets		7,072,125	-	7,072,125
Total Current Assets		9,894,154	(123,018)	9,771,136
Total Current Liabilities		5,617,239	-	5,617,239
Net Current Assets		4,276,915	(123,018)	4,153,897
		14,741,512	-	14,741,512
Stockholders' Equity				
		10,557,241	-	10,557,241
Non-controlling interest		(36,023)	-	(36,023)
Non-Current Liabilities		4,220,294	-	4,220,294
		14,741,512	-	14,741,512

Jamaica Broilers Group Limited

Notes to the Financial Statements

2 May 2015

(expressed in Jamaican dollars unless otherwise indicated)

34. Restatement (Continued)

Effect on statement of comprehensive income at 3 May 2014:

	Note	Group		
		At 3 May 2014	Adjustment	As Restated
		\$'000	\$'000	\$'000
Revenue		30,851,350	-	26,522,970
Cost of sales	(c), (d)	(24,127,169)	(216,477)	(24,343,646)
Gross Profit		6,724,181	(216,477)	6,507,704
Other gains/(losses)	(c)	165,320	37,984	203,304
Distribution costs	(d)	(991,747)	128,667	(863,080)
Administration and other expenses	(d)	(4,250,950)	(231,895)	(4,482,845)
Operating Profit		1,646,804	(281,721)	1,365,083
Finance income	(c)	18,368	281,721	300,089
Finance costs		(592,076)	-	(592,076)
Profit before Taxation		1,073,096	-	1,073,096
Taxation		(153,987)	-	(153,987)
Net Profit		919,109	-	919,109
Other Comprehensive Income, net of taxes -				
Item that will not be reclassified to profit or loss -				
Re-measurements of post-employment benefits		(103,750)	-	(103,750)
Item that will be reclassified to profit or loss -				
Exchange differences on translating foreign operations		317,800	-	317,800
Total other comprehensive income		214,050	-	214,050
Total Comprehensive Income		1,133,159	-	1,133,159
Net Profit Attributable to:				
Stockholders of the company		957,283	-	957,283
Non-controlling interests		(38,174)	-	(38,174)
		919,109	-	919,109
Total Comprehensive Income Attributable to:				
Stockholders of the company		1,167,079	-	1,167,079
Non-controlling interests		(33,920)	-	(33,920)
		1,133,159	-	1,133,159
		Cents	Cents	Cents
Earnings per Stock Unit		79.82	-	79.82

There was no impact on the statement of cash flows from the above reclassifications.

Jamaica Broilers Group Limited

Notes to the Financial Statements

2 May 2015

(expressed in Jamaican dollars unless otherwise indicated)

34. Restatement (Continued)

Effect on balance sheet at 27 April 2013:

	Note	Company		
		At 27 April 2013	Adjustment	As Restated
		\$'000	\$'000	\$'000
Non-Current Assets				
Affiliate	(a)	-	86,004	86,004
Loans receivable	(b)	366,229	1,541,785	1,908,014
Other non-current assets		3,386,293	-	3,386,293
Total Non-Current Assets		3,752,522	1,627,789	5,380,311
Current Assets				
Receivables	(a)	1,728,006	(86,004)	1,642,002
Subsidiaries	(b)	4,183,749	(1,541,785)	2,641,964
Other current assets		4,048,454	-	4,048,454
Total Current Assets		9,960,209	(1,627,789)	8,332,420
Total Current Liabilities		4,307,308	-	4,307,308
Net Current Assets		5,652,901	(1,627,789)	4,025,112
		9,405,423	-	9,405,423
Stockholders' Equity				
		7,043,084	-	7,043,084
Non-Current Liabilities				
		2,362,339	-	2,362,339
		9,405,423	-	9,405,423

Jamaica Broilers Group Limited

Notes to the Financial Statements

2 May 2015

(expressed in Jamaican dollars unless otherwise indicated)

34. Restatement (Continued)

Effect on balance sheet at 3 May 2014:

	Note	Company		As Restated \$'000
		At 3 May 2014	Adjustment	
		\$'000	\$'000	
Non-Current Assets				
Affiliate	(a)	-	123,018	123,018
Loans receivable	(b)	-	2,585,473	2,585,473
Other non-current assets		4,530,840	-	4,530,840
Total Non-Current Assets		4,530,840	2,708,491	7,239,331
Current Assets				
Receivables	(a)	1,957,921	(123,018)	1,834,903
Subsidiaries	(b)	5,306,997	(2,585,473)	2,721,524
Other current assets		4,288,617	-	4,288,617
Total Current Assets		11,553,535	(2,708,491)	8,845,044
Total Current Liabilities		5,264,336	-	5,264,336
Net Current Assets		6,289,199	(2,708,491)	3,580,708
Total Assets		10,820,039	-	10,820,039
Equity and Liabilities				
Stockholders' Equity		7,043,084	-	7,043,084
Non-Current Liabilities		3,776,955	-	3,776,955
Total Equity and Liabilities		10,820,039	-	10,820,039

Jamaica Broilers Group Limited

Notes to the Financial Statements

2 May 2015

(expressed in Jamaican dollars unless otherwise indicated)

34. Restatement (Continued)

Effect on statement of comprehensive income at 3 May 2014:

	Note	Company	
		At 3 May 2014	As Restated
		\$'000	\$'000
Revenue		25,286,157	26,286,157
Cost of sales	(c), (d)	(20,433,589)	(20,650,066)
Gross Profit		4,852,568	4,636,091
Other gains/(losses)	(c)	894,862	932,846
Distribution costs	(d)	(749,900)	(621,233)
Administration and other expenses	(d)	(3,222,517)	(3,454,412)
Operating Profit		1,775,013	1,493,292
Finance income	(c)	121,568	403,289
Finance costs		(529,334)	(529,334)
Profit before Taxation		1,367,247	1,367,247
Taxation		(61,186)	(61,186)
Net Profit		1,306,061	1,306,061
Other Comprehensive Income, net of taxes - Item that will not be reclassified to profit or loss -			
Re-measurements of post-employment benefits		(99,450)	(99,450)
Total Comprehensive Income		1,206,611	1,206,611

Jamaica Broilers Group Limited

Notes to the Financial Statements

2 May 2015

(expressed in Jamaican dollars unless otherwise indicated)

34. Restatement (Continued)

Impact on statement of cash flows for the year ended 3 May 2014

	Company		
	At 3 May 2014 \$'000	Adjustment \$'000	As Restated 3 May 2014 \$'000
Cash Flows from Operating Activities			
Net profit	1,306,061	-	1,306,061
Adjustments for:			
Depreciation	239,315	-	239,315
Amortisation	19,707	-	19,707
Write-off property, plant and equipment	8,332	-	8,332
Gain on disposal of property, plant and equipment	(3,561)	-	(3,561)
Changes in post-employment benefits	27,400	-	27,400
Taxation expense	61,186	-	61,186
Interest income	(121,568)	-	(121,568)
Dividend income	(855,458)	-	(855,458)
Unrealised foreign exchange losses/(gains)	113,737	(281,720)	(167,983)
Interest expense	481,712	-	481,712
	1,276,863	(281,720)	995,143
Changes in operating assets and liabilities:			
Inventories	(777,941)	-	(777,941)
Biological assets	(162,120)	-	(162,120)
Receivables	(222,797)	37,014	(185,783)
Subsidiaries	(1,180,753)	1,084,807	(95,946)
Payables	672,954	-	672,954
	(393,794)	840,101	446,307
Taxation paid	(90,806)	-	(90,806)
Cash provided by operating activities	(484,600)	840,101	355,501
Cash flows from investing activities			
Loans repayments received	-	299,587	299,587
Loans issued		(1,139,688)	(1,139,688)
Cash used in investing activities	(103,321)	(840,101)	(943,422)
Cash flows from financing activities			
Cash provided by financing activities	(123,257)	-	(123,257)
Effect of changes in exchange rates on cash and cash equivalents	37,984	-	37,984
Increase in cash and cash equivalents	(673,194)	-	(673,194)
Cash and cash equivalents at the beginning of the year	856,548	-	856,548
Cash and cash equivalents at the end of year	183,354	-	183,354