

SWEET RIVER

ABATTOIR

& Supplies Company Limited

Annual Report 2015

Photoby



COMPANY PURPOSE

VISION

“To be a world recognized brand in meats and meat products.”

MISSION

“To provide prime value to our customers through consistently high quality and innovative products, supported by excellent customer service, thus enabling reasonable return to shareholders, benefits to stakeholders while recognizing our corporate social responsibility.”

VALUES

T- Together we achieve more.

E- Elevating ourselves above the highest ethical standards continuously.

A- Accountability for our actions.

M- Maintaining respect for our customers, employees and the communities in which we operate.

HIGHLIGHTS OF THE YEAR IN REVIEW



Minister of Agriculture, Labour and Social Security Hon. Derrick Kellier, (right) presents a cheque valued at \$27 million representing the Jamaican Government's Grant Funding of Sweet River Abattoir's Agro Park to Managing Director Valdense Gifford, during the launch of the facility on March 26, 2015. This was the ninth Agro Park to be established by the Ministry of Agriculture and Fisheries across Jamaica. The facility was established through Public/Private partnership at a cost of \$292 million.

HIGHLIGHTS OF THE YEAR IN REVIEW



Valdence Gifford (right), Managing Director of Sweet River Abattoir and Supplies Company Limited, in discussion with (from left) Directors Audley Deidrick and Henry Graham; Devon Barrett - General Manager - Victoria Mutual Wealth Management; and Claudette Crooks - President of Money Masters Ltd, at the launch of Sweet River's Initial Public Offering (IPO) at The Jamaica Pegasus Hotel on July 29, 2014.

HIGHLIGHTS OF THE YEAR IN REVIEW



Sweet River Abattoir & Supplies Company Limited signed an agreement with **Hi-Pro Feeds** for the supply of feed to pig farmers on August 8, 2014. Standing are: Sharon Sterling and Clinton Wilson. Seated (from left) Sweet River's Managing Director Valdense Gifford, Hi-Pro Feeds' Daren Lawrence, and Sweet River's Chairman Henry Graham.

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 1st Annual General Meeting of Sweet River Abattoir & Supplies Company Limited (the "Company") will be held at the Golf View Hotel, 5 ½ Caledonia Road, Mandeville, Manchester on 25th September 2015 commencing 12:00pm to transact the following business.

1. To receive the report of the Board of Directors and the audited accounts of the Company for the financial year ended March 31, 2015.

The Company is asked to consider, and if thought fit, pass the following:

Resolution No. 1: "That the audited accounts for the year ended March 31, 2015, together with the reports of the Chairman, Directors and Auditors thereon, be and are hereby adopted."

2. To appoint auditors for the Company and authorize directors to fix their remuneration.

The Company is asked to consider, and if thought fit, pass the following resolution:

Resolution No. 2: "That the remuneration of the auditors, UHY Dawgen Chartered Accountants, who have expressed their willingness to continue in office, be such as may be agreed between the Directors of the Company and the Auditors."

3. To formally introduce the new directors and their position on the Board of Directors.

The Company is asked to consider, and if thought fit, pass the following resolution:

Resolution No. 3: "The confirmation and approval of the newest members to the Board of Directors.

4. To approve remuneration of directors for the financial year.

The Company is asked to consider, and if thought fit, pass the following resolution:

Resolution No. 4: that the amount shown in the audited accounts of the company for the year ended March 31, 2015 as fees of the Directors for their service as Directors, be and is hereby approved.

Dated this 28th day of August 2015

BY ORDER OF THE BOARD

V. Jifford
FOR Audley Delbrick
Company Secretary

CHAIRMAN'S REPORT



It is indeed a pleasure to report on the activities of our company over the past year. The past year (2014/2015) was one of challenges and changes as Sweet River Abattoir & Supplies Company Limited embarked on a journey towards becoming a globally focused, vertically integrated supplier of the highest quality pigs and small ruminants. The company, having been previously owned and operated as a Grace Kennedy & Company Limited (Grace) subsidiary for over forty (40) years, has had a long and rich history in Jamaica. With the completion of the new abattoir, the company is now operating at international quality standards; which serves to facilitate the Company's anticipated entry into the pork exportation market.

We intend to target larger markets with more stable economy not affected by significant devaluations and high inflation rates. In order to achieve this, the focus has to be placed on attaining high international manufacturing standards. Our local industry is extremely competitive, and we consider our distinct competitive advantage to be our brand, and the quality and taste of our products. We believe in the spirit of competition and the benefits it provides for the consumer.

Due to the harsh economic times, the company experienced a loss in its first year of being listed on the Junior Stock Market. Revenue (Goods sold) declined by 60.7% moving from \$309.15m in 2014 to \$121.49m in 2015 due to a difficult local climate. Gross Profits declined by 51.2% moving from \$44.24m, in 2014 to \$21.59m in 2015. Currently the management team is looking into other meat products to increase its product offering in order to broaden our revenue stream in the new financial year. In response to the mandate to reduce the company's liabilities, we are pleased to report that the company has successfully achieved this objective.

The company's total assets moved from \$304.83m to \$356.47m over the reporting period our non-current assets increased slightly to \$41.93m, current assets by \$9.71m hence reflecting an aggregate positive increase of \$51.64m in total assets. Sweet River's Capital and Reserve increased significantly from a mere \$60.4m in 2014, to a noteworthy \$166.45m in 2015; while non-current liabilities declined by \$8.25m. The company's current liabilities were relatively high in 2014, but with the application of our liabilities-monitoring initiative in 2015, liabilities reduced to \$46.17m.

The shortage of pigs experienced in 2014/2015 is one that was unforeseeable. Therefore, one could not accurately project for this major decline in the industry. Sweet River Abattoir & Supplies Company Limited will put measures in place to mitigate against any recurrence of such situation. We are pleased to advise that we have also identified key stakeholders who are interested in being a part of the supply chain. This engagement will see those persons receiving contracts ranging between three (3) to five (5) years or greater depending on the circumstances. The goal will ensure that suppliers will at all times guarantee a minimum of 80% of our output.

CHAIRMAN'S REPORT (CONT'D)

Improving Markets

We anticipate that with a positive change in the local market, our revenue stream will increase gradually. With the consistent increase in the demand of our products especially during the peak seasons, Sweet River Abattoir & Supplies Company Limited will be well positioned to take advantage of this demand. We have seen recent improvements in market access, which can be regarded as a sign of positive development for both the company and by extension the Pig industry as a whole. The Jamaican Government has also made significant progress in its negotiation of Trade Agreements with other countries.

We will continue to monitor our performance and look to navigate our way through this challenging time. The road map for continued success will be driven by our perpetual expansion and innovation along with enhancing efficiencies within our Company. The achievement of our goals will be dependent on the hard work and continued commitment of our staff, who I believe are among the finest, most knowledgeable and experienced pioneers in the Jamaica Pig and Small Ruminants industries.

Let me use this opportunity to thank our Shareholders for their patience and continued confidence in Sweet River. Our commitment to you is to ensure that the company continues to grow from strength to strength; both financially and otherwise. We are committed to employing the best business practices as we continue our journey to becoming a world-class company. Thank you for your support and we look forward to serving you along our journey.

Special thanks to our Managing Director, my fellow Board Directors, mentors partners, and all other stakeholders for their continued commitment and support.



Henry Graham
Chairman

MANAGING DIRECTOR'S REPORT



Being the first company in Westmoreland to be listed on the JSE Junior Market is indeed an honour for us at Sweet River Abattoir & Supplies Company Limited. The highlight of the year was the designation by the Government of Jamaica; through the Ministry of Agriculture establishing Sweet River Abattoir & Supplies Company Limited as Jamaica's 9th Agro Park in March 2015.

Such designation provides the platform for the provision of service to pig, sheep and goat farmers in the county of Cornwall and beyond. The facility will meet all local quality standards and certifications, thereby allowing us to become the first, and only certified Abattoir in western Jamaica.

Harsh economic measures buoyed by significant devaluation of the Jamaican dollar over the past year have resulted in diminished disposable income, which have negatively affected sales for many companies including Sweet River Abattoir & Supplies Company Ltd. Demand and supply are relative factors in the abattoir business. Customers who require or need a particular good is expecting this demand to be satisfied by suppliers. Revenue for Sweet River was greatly impacted by a decline in sales/import of our goods.

Strategy and Outlook

The year 2014/15 has been our most challenging since our inception in 2009 and more importantly the first year since we became a publicly listed company. The Board of Directors as well as the management and staff of Sweet River Abattoir & Supplies Company Limited are all committed to effecting all the necessary changes to prevent such recurrence. Having identified the problem we have moved assiduously in fixing same by working with one of our business partner with whom we have a signed Memorandum of Understanding (MOU).

It was a realization of the shared vision between Sweet River Abattoir & Supplies Company Limited and Hi Pro Feeds when in August 2014 we signed a Memorandum of Understanding (MOU) for the sustainable development of the pig and small ruminant industry. The signing of the MOU was done at an opportune time that marked the start of a mass exodus of pig farmers from the industry; which resulted in the worst shortage of pigs the country have ever experienced. Farmers reacted to the situation by selling their stock and closing their farms. This year, the company continued experiencing a decline in revenue as it did in the period April 2013 to September 2013.

The mass exodus of pig farmers from the industry is as a result of the largest number of pigs on record in the June 2012 survey (Trevor Hamilton & Associates) which showed a pig population of 144,917 animals, which resulted in a glut in 2012 and 2013.

MANAGING DIRECTOR'S REPORT (CONT'D)

A review of our data showed that of the 405 farmers we purchased pigs from over the last three years over 350 of them only sold pigs two to three times per year selling less than 10 pigs each. We therefore, took the decision to identify a core group of approximately 25-30 farmers that have the capital, capacity and commitment to become contract farmers utilizing the MOU with Hi Pro Feeds to provide feed, veterinary support and technical training to this group of farmers. So far, twelve farmers have been identified and are at varied stage of readiness to comply with established standards of management and accountability.

Highlights of Sweet River Abattoir & Supplies Company Limited Financials

	2015	2014	+ Inc/-Dec %
Revenue	121,485,373	309,150,412	-61
Cost of operating revenue	-99,898,727	-264,909,997	-62.29
Gross Profit	21,586,646	44,240,415	-51.21
Administrative Expenses	-26,124,788	-28,878,599	-9.5
(Loss)/Profit from Operations	-4,538,142	15,361,816	-129.54
Finance Income	628,923	10,378	5960.16
Finance Costs	-2,162,278	-1,271,295	70.08
(Loss)/Profit before Taxation	-6,071,497	14,100,899	143.06
Taxation	1,396,284	-3,531,475	-139.54
(Loss)/Profit for the Year	-4,675,213	10,569,424	-144.23
(Loss)/Earnings per stock unit	(\$0.06)	\$0.21	-71.43

➤ Sales Revenue (2015 compared to 2014)

The company generated sales revenues of \$121,485,373 compared to \$309,150,412, a significant decline of 60.70%. This is due to shortage of pigs in the market where previous years we had a glut, as well as the inadequacy of working capital to match the pricing and payment terms being demanded by pig farmers. These issues have now been resolved and we are working assiduously to secure enough pigs to boost our income for the upcoming high-demand holiday season, and the remainder of the financial year.

MANAGING DIRECTOR'S REPORT (CONT'D)

➤ **Gross Profit**

A Gross Profit of \$44,240,415 was realized in 2014 compared to \$21,586,646 in 2015, a decline of 51.21%. This happens as a result of a severe shortage of pigs coupled with significant increase in the cost of pigs that could not be passed on to our major customers due to contractual agreement.

➤ **Net Loss**

We experienced a net loss of \$4,675,213 2015 when compared to profit of \$10,569,424 in 2014, a decline of 144.23%. This stems directly from the shortage of pigs coupled with the increase in the cost of pigs.

The company is looking forward to the coming year, as we work assiduously to reduce our expenses while increasing our revenue through increased sale. We are looking forward to dominating the local and international market with our excellent products and services. I would like to thank our team members for their efforts in our continuous quality improvement mandate.



Valdense Gifford
Managing Director

SWEET RIVER ABATTOIR & SUPPLIES COMPANY LIMITED
SHAREHOLDERS LISTING AS AT MARCH 31, 2015

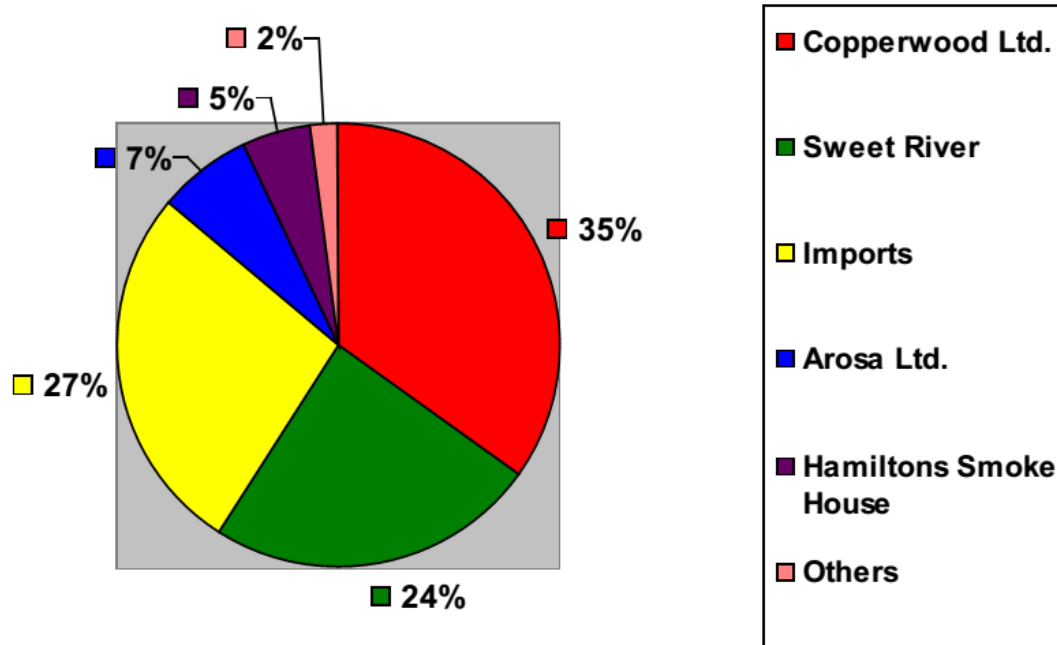
Shareholders' Information	No. of Units
Directors' Holdings as at March 31, 2015:	
HENRY GRAHAM	15,035,009
HECTOR LYONS	7,358,848
AUDLEY DEIDRICK	5,205,603
VALDENCE GIFFORD	4,995,058
NEVILLE GRANT	4,654,073
NIGEL MORGAN	919,763
LISA KAY-BRYAN*	81,700
*Shareholdings include connected person	
Top Ten Shareholders	
As at March 31, 2015:	
HENRY GRAHAM	15,035,009
HECTOR LYONS	7,358,848
AUDLEY DEIDRICK	5,205,603
VALDENCE GIFFORD	4,995,058
KIRK FONG	4,689,907
V.M.B.S (PENSION SCHEME)	4,664,000
NATIONAL INSURANCE FUNDS	4,663,300
V.M.B.SOCIETY	4,663,213
NEVILLE GRANT	4,654,073
J.C.S.D TRUSTEE SERVICE	3,886,005
Holding of Senior Managers as December 31, 2014	
Valdence Gifford	4,995,058
Sean Forbes	4,000

Percentage Shareholdings in Sweet River Abattoir and Supplies Company Limited

<i>Name of Shareholder</i>	<i>Number of Shares after Opening Date of Invitation</i>	<i>% of Issued Shares after Opening Date of Invitation (rounded to 2 decimal places)</i>
Henry Graham	14,935,009	15.32%
Hector Lyons	7,358,848	7.55%
Audley Deidrick	5,205,603	5.34%
Valdence Gifford	4,989,358	5.12%
Kirk Fong	4,689,907	4.81%
Neville Grant	4,654,073	4.77%
Nathan Meylor	2,400,000	2.46%
Derrick McKenzie	1,651,611	1.69%
Melvin Grant	1,200,000	1.23%
Nigel Morgan (Director)	935,763	0.96%
Michael Pinnock	881,397	0.90%
Andrew Lawrence	758,737	0.78%
Jack Drummond	600,000	0.62%
Robert Meghoo	600,000	0.62%
General Public	25,870,000	26.54%
Brokers' Clients Reserved Shares	9,495,000	9.74%
Customers	9,495,000	9.74%
Suppliers	1,245,000	1.28%
Employee & Mentor Applicants*	528,000	0.54%
Total Issued Share Capital	97,493,306	100%

Management Discussion and Analysis

Sweet River Abattoir & Supplies Company Limited is an exclusively owned Jamaican company incorporated on April 02, 2009 to carry out the business of slaughtering animals and the processing of carcasses. The company is headquartered at Sweet River, Ferris District in Westmoreland, where it recently acquired property for the establishment of a new state-of-the-art abattoir. This facilitates increased production capacity, administrative offices, warehousing amenities, the production of chevon and mutton thereby enabling our entry into the export market. We are the third largest suppliers in the Jamaican market.

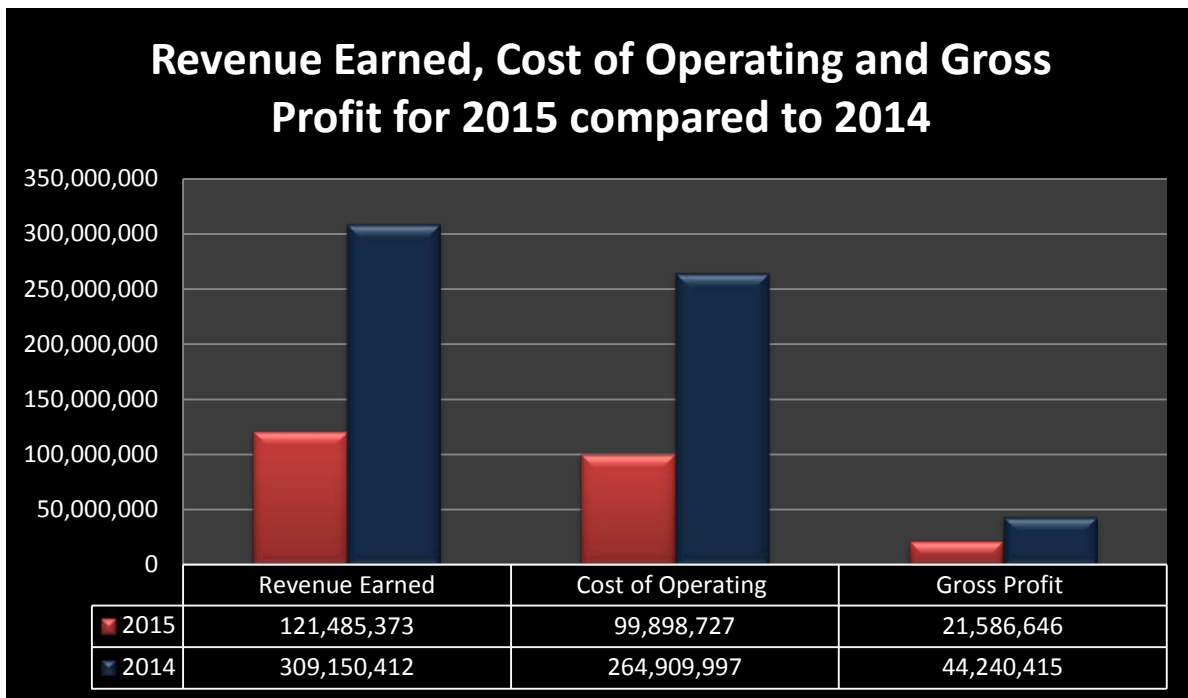


On the assumption that imports are treated as a single supplier, Sweet River Abattoir & Supplies Company Limited is the third largest supplier of pork within the market with approximately 24% market share. The Company's main customers include; Grace Foods Processors Limited, Caribbean Producers Limited, Hamilton's Smoke House/Jamaica Broilers among others.

The Company has adopted and developed a business model designed to ensure a consistent supply of our products. This will allow Sweet River Abattoir & Supplies Company Limited to meet market demand both locally and internationally. The operating procedure involves the procurement of pigs, sheep, and goats from farmers in Western Jamaica and beyond.

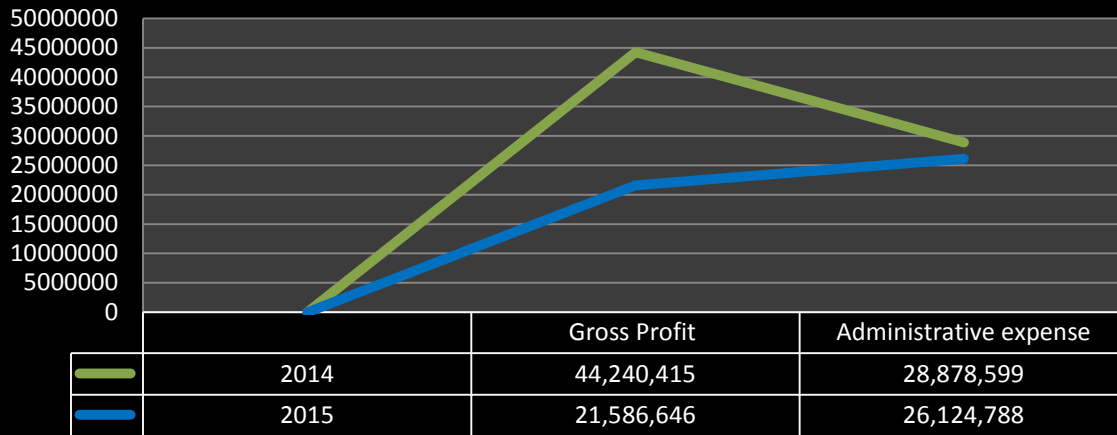
Performance Summary

Jamaica's prevailing economic condition has resulted in diminished disposable income for many persons. With limited funds available, some consumers who would normally purchase pork and its by-products are not able to. This has significantly affected the financial performance of Sweet River Abattoir & Supplies Company Limited. Revenue for the company declined significantly by 60.70% from \$309,150,412 to \$121,485,373 in 2015. Similarly, the company reported a net loss of \$4,675,213 for the 2015; the main contributing factors being the shortage of pigs, reduction in sales and also, a reduction in the price of goods sold to customers.



Total operational and administrative expenses decreased marginally over the period, which reflected positively on the company's financials. This was mainly as a result of reduction in expenses associated with utilities, professional fees and staff. The company's equity increased by 175.60%; a direct result of the expansion of the Abattoir. Non-current and current asset increased by 16% and 19% respectively, this is due to an increase in cash and cash equivalents as well as deferred taxes of \$1,432,522.00 for 2015.

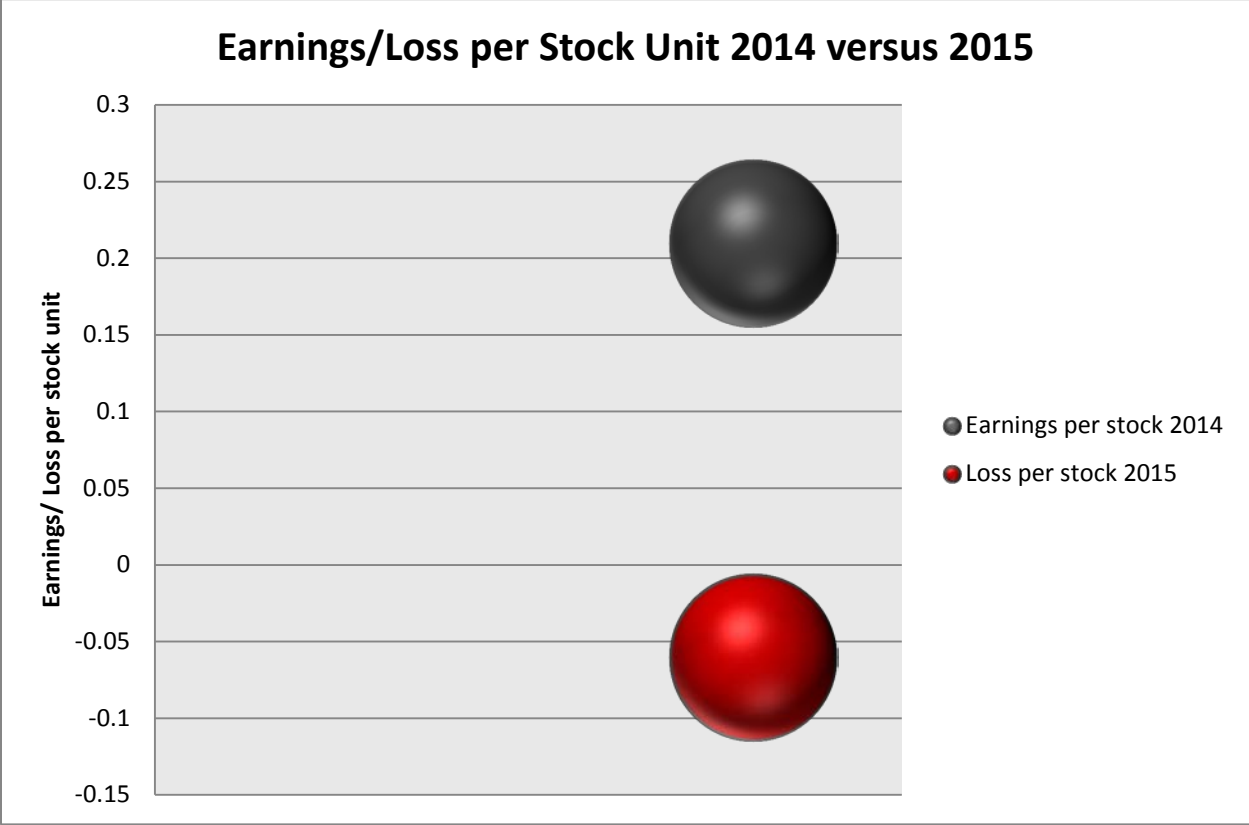
Gross Profit versus Administrative Expense 2014-2015



The Company's non-current liabilities encountered a decline of 7% from \$124,806,836 in 2014 to \$116,560,862 in 2015. Similarly current liabilities decreased by 38%, this resulted from a decrease in bank overdraft and account payables.

Profit/Loss before and after Taxation 2014- 2015





Plans for the Future

The Directors and Management team recently implemented operational and administrative systems to improve our efficiencies and ensure improved performance and profitability, thus ensuring increased shareholder value. We will continue to ensure that the expansion project of the abattoir continues to its completion, within the shortest possible time. This will lead to an increase in our production capacity, while providing a sound platform for the Company to increase their market share and product diversification. The Company’s Management approximates that currently it has a 24% market share of the pork distribution.

Human Resources

The Directors and Management have established sound management and administrative systems, and continue our efforts to improve operational efficiency to drive profitability and shareholders value.

As such, our values are found within one word that resonates our commitment to all stakeholders:
TEAM.

T - Together we achieve more

E - Elevating ourselves above the highest ethical standards continuously

A - Accountability for our actions

M - Maintaining respect to our customers, employees and the communities in which we operate.

Currently, Sweet River Abattoir & Supplies Company Limited directly employs six (6) persons and has contractual arrangements with two (2) entities that employ an additional 19 persons to carry out slaughtering and haulage operations. The on-going expansion is expected to generate additional employment proportionate to output.

Corporate Governance

Sweet River Abattoir & Supplies Company Limited reflects an organizational structure that is open and transparent, with strong corporate governance systems in place. These precepts clearly define the respective roles and responsibilities of the board and the management team; it also ensures that Sweet River Abattoir & Supplies Company Limited acts in an ethical manner, and within the confines of the law at all times.

The Board has established an Audit Committee and a Compensation Committee, each of which is a prerequisite as dictated by the rules of the Junior Stock Market. The members of both Committees include at least two independent non-executive Directors.

The Compensation Committee is charged with the responsibility of periodically reviewing and establishing fees for Directors' and Committee members; in addition for executive and administrative staff. The Compensation Committee will seek to ensure that such fees and salaries are competitive.

Environment policies have been implemented by Sweet River Abattoir & Supplies Company Limited to ensure regulatory compliance, and that we do our part in "saving" the environment. We also have put in place proper food safety and traceability systems.

Corporate Social Responsibility

Sweet River Abattoir is the only abattoir of its kind in Jamaica and the Caribbean; it boasts the highest modern technology and boasts a comprehensive state-of-the-art facility. With an estimated throughput capacity target of 250-300, livestock per day, Sweet River will significantly contribute to the economic development of Ferris and neighbouring communities; and by extension to the continued development of Jamaica's Agro Industry.

Currently, the Abattoir offers a secured market for farmers to supply their animals along with technical guidance from our management team in maintaining quality livestock for the Jamaican market.

Additionally, with the Ministry of Agriculture and Fisheries recent grant in the amount of J\$27M, Sweet River Abattoir Supplies Limited became the ninth Agro-Park in Jamaica; an achievement we are all proud to be a part of. It is estimated that on completion, the plant approximately fifty (50) persons will be employed, along with indirect on-farm employment of 1200 farmers.

Support Service to Farmers

The Memorandum of Understanding (MOU) between Sweet River and Hi Pro Feeds will result in farmers being exposed to the training in technical areas (including, but not limited to):

1. Artificial Insemination
2. Good Husbandry Practices
 - a. Genetics Selection
 - b. Nutritional requirements
 - c. Management of Breeding Herd
 - d. Management of Piglets and Commercial Herd
 - e. Proper Feeding Program
 - f. Vaccination Program
 - g. De-worming Program
3. Diseases Identification and Treatment
4. Proper use of Medication and their withdrawal
5. Proper Record Keeping to include animal identification
6. Importance of Proper Housing and Equipment (Feeders & Scale)
7. Waste Management and Disposal
8. Water Harvesting

Farmers will be able to do various tests at Jamaica Broilers Laboratory to further support the effectiveness of training and trials. They will also have access to three (3) Veterinarians, one (1) Nutritionist and four (4) Technical Sales/Field Representatives who will provide routine visits to farms.

Corporate Social Responsibility

In fulfilment of our mission, we continue to seek ways to contribute prime value to our markets, by offering innovative products and services, accomplished through operative and proficient product delivery while generating opportunities that will empower team members, Shareholders and enrich the customers that we serve.

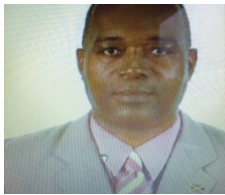
As we expand, our aim is to continue providing meaningful impacts to the lives of those we serve through community outreach initiatives, sponsorships and meaningful partnerships.

PROFILE OF DIRECTORS



Henry Graham (Chairman) - Appointed April 2, 2009

Mr. Henry Graham is a Businessman and Member of the Jamaica Pig Farmers Association. He is a qualified licensed Electrician and practiced that profession prior to his involvement pig rearing which commenced in 1992. He is also a Member of the Kiwanis Club of Savanna La Mar, Board Member of the National People's Cooperative Bank, Grange Hill Branch and Board Member of the Little London High School



Valdense Gifford (Managing Director) - Appointed April 2, 2009

Mr. Valdense Gifford is the Managing Director of Sweet River. Mr. Gifford holds a Bachelor of Science in Agribusiness (Honors) from The Florida Agricultural & Mechanical University in Tallahassee, Florida. He has been employed to the industry for over twenty-five (25) years. He is a Life Member of the Jamaica Agricultural Society and the Jamaica Pig Farmers Association.



Hector Lyons (Director) - Appointed April 2, 2009

Mr. Hector Lyons is a Businessman. He was employed to Grace Food Processors from 1967 to 2001. He later became the Managing director and Owner of H/M Butchers Limited. Since being appointed to the Board of Directors for the company, he has also become a Slaughter Contractor for the Company.



Neville Grant (Director) - Appointed April 2, 2009

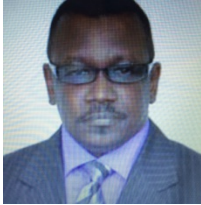
Mr. Neville Grant has served on the Board of Directors of the Company for over four years. A Dental Technologist by profession, he has had more than thirty years' experience in the Pork Industry. He is a graduate of The New York City College of Technology, where he received an Associate Degree in Dental Technology and a Bachelor of Science in Applied Science. He is an experienced and long-standing Pig Farmer.



Audley Deidrick (Director) - Appointed April 2, 2009

Mr. Audley Deidrick is the Company Secretary. He is a senior finance executive who brings to the Board over twenty-eight (28) years of experience in the field of accounting and finance. This experience covers a range of major industries and businesses in the private and public sector comprising manufacturing, distribution and sales, insurance, transportation, and the aeronautical industry.

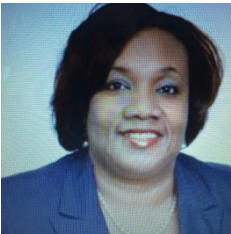
Key financial accomplishments include working on acquisitions, mergers and restructuring of entities, as well as the structuring and procurement of financing for major capital development projects. He is currently serving on a mix of public and private sector boards, including two pension fund boards of trustees, and a credit union board. Mr. Deidrick holds an MBA (Finance) degree from The University of the West Indies, Mona School of Business, and a BBA (Accounting) Degree from the University of Technology, as well as certification as an International Airport Professional (IAP).



Nigel Morgan (Director) - Appointed April 2, 2009

A former Senior Legal Officer with the Government of Jamaica, Mr. Morgan has over twenty four (24) years' experience as a prosecutor during which he handled a wide array of criminal cases. He has a high appreciation of the principles of Law and of the Constitution of Jamaica, particularly as they relate to the rights of the citizen.

Nigel Morgan is a graduate of the University of Wolverhampton, London, England; and holds a Diploma in Marketing, Certificate in Public Administration, Mediator's Certification in addition to a Bachelor of Laws (LLB) Degree.



Audrey Deer-Williams (Director) - Appointed July 18, 2014

Mrs. Audrey Deer-Williams is the Senior Director for Investments at the National Insurance Fund (NIF), which is the investment arm of the National Insurance Scheme in the Ministry of Labour & Social Security. She is responsible for developing and executing strategies to grow the \$65Billion investment portfolio, which is the single largest pension fund in Jamaica and among the largest, in the Caribbean. Mrs. Deer-Williams has over 20 years' experience in the Financial Industry.

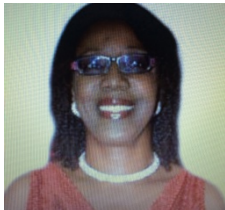
She currently serves on a number of other boards, including the National Insurance Board, Cleveland Resorts Limited, The Joan Duncan Foundation and Resorts Beach Hotel limited. Mrs. Deer-Williams, who strongly believes in giving back to her community, serves as a member of the Church Committee at Church of the Transfiguration and is a Lay Representative to Synod and Chairman of the Outreach Committee. Mrs. Deer-Williams holds a Master's Degree in Business Administration, specializing in Finance from the University of Manchester and a B.Sc. Degree in Economics and Accounting, from the University of the West Indies. She is the loving mother of two sons.



Lisa-Kaye Bryan (Mentor & Director) – Appointed September 19, 2014

Mrs. Lisa-Kaye Bryan is the Mentor to the Board and pursuant to a Mentor Agreement dated the 28th February 2014 her appointment was effective as from the date of admission of the Company to the Junior Market. She is a practicing Attorney-at-Law and holds the roles of General Counsel and Corporate Secretary of the Airports Authority of Jamaica and its subsidiary NMIA Airports Limited. She holds the ACI-ICAO International Airport Professional (IAP) designation and chairs the Legal Committee of Airports Council International – Latin America and the Caribbean.

As the Mentor of the Company, she is responsible for providing the Board with support in establishing proper procedures, systems and controls for its compliance with the Junior Market Rules requirements for financial reporting, good corporate governance, and the making of timely announcements. Mrs. Bryan was also been appointed to the Board of Directors as a non-executive independent director effective July 18, 2014 and serves as a member of the newly formed Audit and Compensation Committees.



Maxine Wilson (Director) - Appointed July 18, 2014

Ms. Maxine Wilson was appointed to the Board of Directors as a non-executive independent director, and serves as a member of the newly formed Audit and Compensation Committees. Ms. Wilson holds a MBA degree and is experienced in banking and finance. She has held various positions within the Credit Union movement over the past 32 years and currently is the General Manager of the Palisadoes Co-operative Credit Union Limited.

Corporate Data

Chairman

Henry Graham

Managing Director

Valdence Gifford J.P.

Directors

Hector Lyons

Neville Grant

Audley Deidrick

Nigel Morgan

Audrey Deer-Williams

Independent Directors

Maxine Wilson

Lisa-Kaye Bryan

Bankers

First Global Bank

Liguanea Plaza

113 Old Hope Road, Kingston 6

National Commercial Bank

68 Great Orange Street

Savanna-La-Mar Westmoreland

Sagicor Bank Jamaica Limited

56 Great Orange Street

Savanna-La-Mar, Westmoreland

Registered Office

Sweet River, Ferris

Bluefield P.O.

Westmoreland

Tel: 876-918-1758; 876-382-3823

Email: sweetriverabattoir@gmail.com

**Secretary**

Audley Deidrick

Attorneys-At-Law

Dionne N S Meyler & Associates

6 Lewis Street

Savanna-La-Mar

Westmoreland

Registrar & Transfer Agent

Jamaica Central Securities

Depository

40 Harbour Street

Kingston

Audit Committee

Audley Deidrick

Maxine Wilson

Lisa-Kaye Bryan

Auditors

UHY Dawgen

Chartered Accountants

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REPORT OF THE INDEPENDENT AUDITORS
TO THE MEMBERS OF
SWEET RIVER ABATTOIR & SUPPLIES COMPANY LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of Sweet River Abattoir & Supplies Company Limited which comprise the statement of financial position at 31st March 2015, the statement of comprehensive income, statement of changes in equity and cash flows for the year then ended together with a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Financial Reporting Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence relating to the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including our assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of 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.

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REPORT OF THE INDEPENDENT AUDITORS
TO THE MEMBERS OF
SWEET RIVER ABATTOIR & SUPPLIES COMPANY LIMITED

Auditors' Responsibility - cont'd

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Sweet River Abattoir & Supplies Company Limited as at 31st March 2015 and of its financial performance, changes in equity and its cash flows for the year the ended in accordance with International Financial Reporting Standards and comply with the provisions of the Jamaican Companies Act.

Emphasis of Matter

We were unable to obtain adequate assurance regarding the values of inventories as we were recently appointed auditors.

Other Matter

The financial statements of Sweet River Abattoir & Supplies Company Limited for the year ended 31st March 2014, were audited by another auditor who expressed an unmodified opinion on those statements on 13th November 2014.

Report on additional requirements of the Jamaican Companies Act

We have obtained all the information and explanation which, to the best of our knowledge and belief, were necessary for the purposes of our audit. In our opinion, proper accounting records have been maintained, so far as appears from our examination of those records, and the financial statements which are in agreement therewith and give the information required by the Jamaican Companies Act, in the manner so required.

UHY Dawgen

Signature

UHY DAWGEN CHARTERED ACCOUNTANTS

June 30, 2015

SWEET RIVER ABATTOIR & SUPPLIES COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION

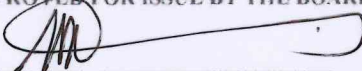
AS AT 31ST MARCH 2015

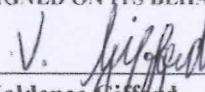
(Expressed in Jamaican Dollars unless otherwise indicated)

	<i>Notes</i>	2015 \$	2014 \$
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	4	288,504,553	248,003,430
Goodwill	5	6,580,000	6,580,000
Deferred Tax Asset	6	1,432,522	-
Total Non-Current assets		<u>296,517,075</u>	<u>254,583,430</u>
Current Assets:			
Directors' Current Account		2,000	-
Inventories	7	19,746,979	20,082,384
Trade and Other Receivables	8	17,862,746	26,261,992
Cash and Cash Equivalents	9	22,346,111	3,905,432
Total Current Assets		<u>59,957,836</u>	<u>50,249,808</u>
Total Assets		<u><u>356,474,911</u></u>	<u><u>304,833,238</u></u>
EQUITY AND LIABILITIES			
Capital and Reserves			
Issued Capital	10	143,695,713	4,500
Share Advance	10	-	32,957,629
Accumulated Profit		22,758,767	27,433,980
Total Equity		<u>166,454,480</u>	<u>60,396,109</u>
Non-Current Liabilities			
Long-Term Liabilities	11	116,560,862	124,764,233
Deferred Tax Liability		-	42,603
Total Non-Current liabilities		<u>116,560,862</u>	<u>124,806,836</u>
Current Liabilities			
Directors' Current Account		-	477,806
Current portion of long-term liabilities	11	25,388,388	21,481,826
Trade and Other Payables	12	35,845,489	67,950,270
Income Tax Payable		5,364,048	5,410,446
Bank Overdraft	13	6,861,644	24,309,945
Total Current Liabilities		<u>73,459,569</u>	<u>119,630,293</u>
Total Equity and Liabilities		<u><u>356,474,911</u></u>	<u><u>304,833,238</u></u>

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

APPROVED FOR ISSUE BY THE BOARD ON JUNE 30TH 2015 AND SIGNED ON ITS BEHALF BY:


Henry Graham
Director


Valence Gifford
Director

SWEET RIVER ABATTOIR & SUPPLIES COMPANY LIMITED**STATEMENT OF COMPREHENSIVE INCOME****YEAR ENDED 31ST MARCH 2015**

(Expressed in Jamaican Dollars unless otherwise indicated)

	<i>Notes</i>	2015 \$	2014 \$
Revenue	14	121,485,373	309,150,412
Cost of operating revenue		<u>(99,898,727)</u>	<u>(264,909,997)</u>
Gross Profit		21,586,646	44,240,415
Administrative Expenses		<u>(26,124,788)</u>	<u>(28,878,599)</u>
(Loss)/Profit from Operations		(4,538,142)	15,361,816
Finance Income		628,923	10,378
Finance Costs		<u>(2,162,278)</u>	<u>(1,271,295)</u>
(Loss)/Profit before Taxation	15	(6,071,497)	14,100,899
Taxation	16	<u>1,396,284</u>	<u>(3,531,475)</u>
(Loss)/Profit for the Year		<u>(4,675,213)</u>	<u>10,569,424</u>
(Loss)/Earnings per stock unit	17	<u>(\$0.06)</u>	<u>\$0.21</u>

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

SWEET RIVER ABATTOIR & SUPPLIES COMPANY LIMITED**STATEMENT OF CHANGES IN EQUITY****YEAR ENDED 31ST MARCH 2015**

(Expressed in Jamaican Dollars unless otherwise indicated)

	Share Capital \$	Share Advance \$	Accumulated Surplus/(Deficit) \$	Total \$
Balance at 31st March 2013	4,500	31,240,203	16,864,556	48,109,259
Shares Purchased	-	1,717,426	-	1,717,426
Profit for the year	-	-	10,569,424	10,569,424
Balance at 31st March 2014	<u>4,500</u>	<u>32,957,629</u>	<u>27,433,980</u>	<u>60,396,109</u>
Capitalization of Shareholders Loan/Allotment of shares	32,957,629	(32,957,629)	-	-
Shares Issued net of transaction costs	110,733,584	-	-	110,733,584
Loss for the year	-	-	(4,675,213)	(4,675,213)
Balance at 31st March 2015	<u>143,695,713</u>	<u>-</u>	<u>22,758,767</u>	<u>166,454,480</u>

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

SWEET RIVER ABATTOIR & SUPPLIES COMPANY LIMITED**STATEMENT OF CHANGES IN EQUITY****YEAR ENDED 31ST MARCH 2015**

(Expressed in Jamaican Dollars unless otherwise indicated)

	Share Capital \$	Share Advance \$	Accumulated Surplus/(Deficit) \$	Total \$
Balance at 31st March 2013	4,500	31,240,203	16,864,556	48,109,259
Shares Purchased	-	1,717,426	-	1,717,426
Profit for the year	-	-	10,569,424	10,569,424
Balance at 31st March 2014	<u>4,500</u>	<u>32,957,629</u>	<u>27,433,980</u>	<u>60,396,109</u>
Capitalization of Shareholders Loan/Allotment of shares	32,957,629	(32,957,629)	-	-
Shares Issued net of transaction costs	110,733,584	-	-	110,733,584
Loss for the year	-	-	(4,675,213)	(4,675,213)
Balance at 31st March 2015	<u>143,695,713</u>	<u>-</u>	<u>22,758,767</u>	<u>166,454,480</u>

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

SWEET RIVER ABATTOIR & SUPPLIES COMPANY LIMITED
STATEMENT OF CASH FLOWS
YEAR ENDED 31ST MARCH 2015
(Expressed in Jamaican Dollars unless otherwise indicated)

	2015	2014
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Total (Loss)/Profit for the year	(4,675,213)	10,569,424
Adjustments to Reconcile Total (Loss)/Profit for Year to Net Cash Provided by Operating Activities		
Depreciation	280,416	291,534
Bad Debts	-	245,854
Deferred tax income	(1,475,125)	(8,849)
Interest Income	(465,409)	(10,378)
Taxation Provision	60,000	3,540,324
	<u>(6,275,331)</u>	<u>14,627,909</u>
(Increase)/Decrease in Current Assets:		
Directors' Current Account	(479,806)	61,561
Inventories	335,405	(1,616,637)
Trade and other Receivables	8,399,246	(2,549,378)
Increase/(Decrease) in Current Liabilities:		
Trade and Other Payables	(32,104,781)	4,747,150
Directors' Current Account	-	477,806
	<u>-</u>	<u>477,806</u>
Cash Provided by Operations	(30,125,267)	15,748,411
Interest Received	465,409	10,378
Taxation Paid	(106,398)	(3,782,419)
	<u>(29,766,256)</u>	<u>11,976,370</u>
Net Cash (Used In)/Provided by Operating Activities		
Cash Flows from Investing Activities:		
Additions to Property, Plant & Equipment	(40,781,539)	(42,269,160)
	<u>(40,781,539)</u>	<u>(42,269,160)</u>
Net Cash used in Investing Activities		
Cash Flows from Financing Activities:		
Long Term Loans (Net)	(4,296,809)	2,636,995
Shareholders Loan	(32,757,629)	-
Monies received for shares purchased	143,491,213	1,717,426
Bank Overdraft	(17,448,301)	24,309,945
	<u>88,988,474</u>	<u>28,664,366</u>
Net Cash Provided by Financing Activities		
Net Increase/(Decrease) in Cash and Cash Equivalents	18,440,679	(1,628,424)
Cash and Cash Equivalents at Beginning of Year	3,905,432	5,533,856
	<u>3,905,432</u>	<u>5,533,856</u>
Cash and Cash Equivalents at End of Year	<u>22,346,111</u>	<u>3,905,432</u>

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

SWEET RIVER ABATTOIR & SUPPLIES COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST MARCH 2015

(Expressed in Jamaican Dollars unless otherwise indicated)

1. Identification:

Sweet River Abattoir & Supplies Company Limited (the company) is a limited liability company, incorporated under the laws of Jamaica on April 2, 2009. The principal activity of the company is the slaughtering of pigs for the sale of pork and other agricultural products.

The company however began operations on November 1, 2011. The registered office of the company is Sweet River, Ferris, Westmoreland.

The company's shares were listed on the Junior Market of the Jamaica Stock Exchange in September 2014.

2. Adoption of Standards, Interpretations and Amendments:

a) Standards, Interpretations and Amendments to published standards that are in effect:

The International Accounting Standards Board (IASB) issued certain new standards and interpretations as well as amendments to existing standards, which became effective during the year under review. The new standards that are considered applicable to the company's operations are as follows:

IAS 32 Financial Instruments: Presentation (Amendments) (Effective January 2014)

The objective of this amendment to IAS 32 is to clarify certain aspects because of diversity in application of the requirements on offsetting, focused on four main areas: i) the meaning of 'currently has a legally enforceable right of set-off'; ii) the application of simultaneous realisation and settlement; iii) the offsetting of collateral amounts; and iv) the unit of account for applying the offsetting requirements.

Amendments to IAS 36: Impairment of Assets: Recoverable Amount Disclosures for Non Financial Assets (Effective January 2014) -

The Amendments reduce the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required, and to introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique.

IFRIC 21: Levies (Effective January 2014) -

This provides guidance on accounting for levies in accordance with the requirements of *IAS 37, Provisions, Contingent Liabilities and Contingent Assets*. The interpretation defines a levy as an outflow from an entity imposed by a government in accordance with Legislation. It requires an entity to recognize a liability for a levy when and only when the triggering event specified in the legislation occurs.

These affected the financial statements for accounting periods beginning on or after the first day of the months stated. The adoption of these Standards and amendments had no material impact on the company's financial statements.

SWEET RIVER ABATTOIR & SUPPLIES COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS - CONT'D

YEAR ENDED 31ST MARCH 2015

(Expressed in Jamaican Dollars unless otherwise indicated)

2. Adoption of Standards, Interpretations and Amendments - cont'd:

b) Standards, Interpretations and Amendments to published standards that are not yet in effect:

IFRS 9: Financial Instruments (Effective January 1, 2018)

This replaces the existing guidance in *IAS 39, Financial Instruments: Recognition and Measurement*. IFRS 9 introduces new requirements for the classification, measurement and recognition of financial assets and financial liabilities, in order to ensure that relevant and useful information is presented to users of financial statements. It replaces the multiple classification and measurement models in IAS 39 with a single model that has only two classification categories: amortized cost and fair value. The determination of classification will be made at initial recognition and depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument.

Management has determined that the standard is relevant to existing policies for its current operations, but has not yet assessed the impact on adoption.

Improvements to IFRSs 2010–2012 cycle contains amendments to certain standards and interpretations and are effective for accounting periods beginning on or after July 1, 2014. The main amendments are as follows:

- **IFRS 13: Fair Value Measurement (Effective July 2014)**

Clarifies that issuing IFRS 13 and amending IFRS 9 and IAS 39 did not remove the ability to measure certain short-term receivables and payables on an undiscounted basis (amends basis for conclusion only).

- **IAS 16: Property, Plant and Equipment (Effective July 2014)**

Proportionate restatement of accumulated depreciation under the revaluation method.

For all depreciable assets:

The depreciable amount (cost less residual value) should be allocated on a systematic basis over the asset's useful life [IAS 16.50].

The residual value and the useful life of an asset should be reviewed at least at each financial year-end and, if expectations differ from previous estimates, any change is accounted for prospectively as a change in estimate under IAS 8. [IAS 16.51]

The depreciation method used should reflect the pattern in which the asset's economic benefits are consumed by the entity [IAS 16.60]; a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate. [IAS 16.62A]

SWEET RIVER ABATTOIR & SUPPLIES COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS - CONT'D

YEAR ENDED 31ST MARCH 2015

(Expressed in Jamaican Dollars unless otherwise indicated)

2. Adoption of Standards, Interpretations and Amendments - cont'd:

b) Standards, Interpretations and Amendments to published standards that are not yet in effect - cont'd:

Improvements to IFRSs 2010–2012 cycle contains amendments to certain standards and interpretations and are effective for accounting periods beginning on or after July 1, 2014. The main amendments are as follows - cont'd:

• **IAS 16: Property, Plant and Equipment (Effective July 2014) - cont'd:**

The depreciation method should be reviewed at least annually and, if the pattern of consumption of benefits has changed, the depreciation method should be changed prospectively as a change in estimate under IAS 8. [IAS 16.61] Expected future reductions in selling prices could be indicative of a higher rate of consumption of the future economic benefits embodied in an asset. [IAS 16.56]

Depreciation should be charged to profit or loss, unless it is included in the carrying amount of another asset [IAS 16.48].

Depreciation begins when the asset is available for use and continues until the asset is derecognised, even if it is idle. [IAS 16.55]

• **IAS 24: Related Party Disclosures (Effective July 2014)**

Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the entity, directly or indirectly, including any directors (whether executive or otherwise) of the entity. [IAS 24.9]

If an entity obtains key management personnel services from a management entity, the entity is not required to disclose the compensation paid or payable by the management entity to the management entity's employees or directors. Instead the entity discloses the amounts incurred by the entity for the provision of key management personnel services that are provided by the separate management entity*. [IAS 24.17A, 18A]

Improvements to IFRSs 2011–2013 cycle contains amendments to certain standards and interpretations and are effective for accounting periods beginning on or after July 1, 2014. The main amendment is as follows:

• **IFRS 13: Fair Value Measurement (Effective July 2014)**

Scope of paragraph 52 (portfolio exception)

Clarifies that the scope of the portfolio exception defined in paragraph 52 of IFRS 13 includes all contracts accounted for within the scope of IAS 39 Financial Instruments: Recognition and Measurement or IFRS 9 Financial Instruments, regardless of whether they meet the definition of financial assets or financial liabilities as defined in IAS 32 Financial Instruments: Presentation.

SWEET RIVER ABATTOIR & SUPPLIES COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS - CONT'D
YEAR ENDED 31ST MARCH 2015
(Expressed in Jamaican Dollars unless otherwise indicated)

2. Adoption of Standards, Interpretations and Amendments - cont'd:

b) Standards, Interpretations and Amendments to published standards that are not yet in effect - cont'd:

Improvements to IFRSs 2011–2013 cycle contains amendments to certain standards and interpretations and are effective for accounting periods beginning on or after July 1, 2014. The main amendments are as follows - cont'd:

- **IAS 24: Related Party Disclosures**

This has been amended to extend the definition of 'related party' to include a management entity that provides key management personnel services to the reporting entity, either directly or through a group entity. The reporting entity is required to separately disclose the amounts that it has recognized as an expense for those services provided by the management entity but it is not required to disclose compensation paid by the management entity to the individuals providing the key management personnel services.

Improvements to IFRSs 2012–2014 cycle contains amendments to certain standards and interpretations and are effective for accounting periods beginning on or after January 1, 2016. The main amendments are as follows:

- **IFRS 5: Non-current Assets Held for Sale and Discontinued Operations**

Adds specific guidance in IFRS 5 for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued.

- **IFRS 7: Financial Instruments: Disclosures**

Additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset, and clarification on offsetting disclosures in condensed interim financial statements.

- **IAS 19: Employee Benefits**

Clarifies that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid.

The company does not expect these amendments to have any significant impact on its 2017 financial statements.

2. Adoption of Standards, Interpretations and Amendments (cont'd):

b) Standards, Interpretations and Amendments to published standards that are not yet in effect - cont'd:

IAS 1: Presentation of Financial Statement (Effective January 2016)

The amendment addresses perceived impediments to preparers exercising their judgement in presenting their financial reports by making the following changes.

Clarifies that information should not be obscured by aggregating or by providing immaterial information materiality consideration apply to the all parts of the financial statements, and even when a standard requires a specific disclosure, materiality considerations do apply;

Clarifies that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements and clarification that an entity's share of OCI of equity-accounted associates and joint ventures should be presented in aggregated as single line items based on whether or not it will subsequently be reclassified to profit or loss;

Provides additional examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes and to demonstrate that the notes need to be presented in the order so far listed in paragraph 114 of IAS 1.

IFRS 15 - Revenue from Contracts with Customers (IAS 18 will be superseded by IFRS 15 Revenue from Contracts with Customers.) (Effective January 1, 2017)

IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers.

The five steps in the model are as follows:

- Identify the contract with the customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contracts
- Recognise revenue when (or as) the entity satisfies a performance obligation.

Guidance is provided on topics such as the point in which revenue is recognised, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced.

These affect financial statements for accounting periods beginning on or after the first day of the month stated. The company is assessing the impact these amendments will have on its 2016 financial statements

SWEET RIVER ABATTOIR & SUPPLIES COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS - CONT'D
YEAR ENDED 31ST MARCH 2015
(Expressed in Jamaican Dollars unless otherwise indicated)

3. Statement of Compliance, Basis of Preparation and Significant Accounting Policies:

(i) Statement of Compliance and Basis of Preparation:

The financial statements have been prepared in accordance with International Financial Reporting Standard (IFRS) and their interpretations adopted by the International Accounting Standards Board (IASB), and comply with the requirements of the Jamaican Companies Act. They have been prepared under the historical cost convention.

(ii) Significant Accounting Policies:

(a) Use of Estimates and Judgements:

The preparation of financial statements in accordance with International Financial Reporting Standards requires directors and management to make estimates and assumptions that affects the amounts reported in the financial statements and accompanying notes. These estimates are based on historical experience and management's best knowledge of current events and actions and are reviewed on an ongoing basis. Actual results could differ from those estimates.

(b) Property, Plant and Equipment

Property, Plant and Equipment is composed of freehold improvement, construction in progress, furniture and equipment which are held for use in the production or supply of goods and services and administrative purposes. They are recorded at historical cost less accumulated depreciation and impairment losses.

Construction in progress is carried at cost less any recognized impairment losses. Cost includes professional fees and borrowing costs have been capitalized for qualifying assets. Depreciation will be charged when the assets are ready for their intended use.

Depreciation is calculated on the straight line basis by reference to cost or valuation, at rates estimated to write off the relevant assets over their expected useful lives. The annual rates used are as follows:

Leasehold Improvement	2.5 %
Furniture	10 %
Equipment	10 %
Computer Equipment	12.5%

Freehold Improvement and Construction in Progress are not depreciated.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

SWEET RIVER ABATTOIR & SUPPLIES COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS - CONT'D

YEAR ENDED 31ST MARCH 2015

(Expressed in Jamaican Dollars unless otherwise indicated)

3. Statement of Compliance, Basis of Preparation and Significant Accounting Policies - cont'd:

(ii) Significant Accounting Policies - cont'd:

(c) Impairment of Assets

Property, plant and equipment and other long lived assets are reviewed for impairment losses 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 higher of an asset's net selling price or value in use. For the purpose of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows.

(d) Foreign Currency Transactions

Transactions in foreign currencies are converted at the rates ruling at the date of the transactions. Foreign currency balances are translated at the rate of exchange ruling at each of the dates of the statement of financial position. Exchange adjustments arising from foreign currency translations are reflected in the Statement of Comprehensive Income.

(e) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the first-in-first-out method and includes expenditure incurred in acquiring the inventories and any costs incurred in bringing them to their existing condition and location. Net realisable value is the estimated selling price in the ordinary course of business, less the cost of completion and selling expenses.

(f) Trade Receivables

Trade receivables are carried at original invoice amount less an estimate made for bad debts and doubtful receivables based on a review of all outstanding amounts at the year end. Bad debts are written off when identified.

(g) Cash and Cash Equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand, deposits held on call with banks and other short-term highly liquid investments. In the statement of financial position, bank overdrafts where evident, are included in borrowings in current liabilities and as cash flows from financing activities in the statement of cash flows.

(h) Taxation

Taxation on the profit or loss for the year comprises current and deferred tax. Taxation is recognised as income or expense in the statement of comprehensive income except to the extent that it relates to items recorded in shareholders' equity, in which case it is recognised in equity.

SWEET RIVER ABATTOIR & SUPPLIES COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS - CONT'D
YEAR ENDED 31ST MARCH 2015

(Expressed in Jamaican Dollars unless otherwise indicated)

3. Statement of Compliance, Basis of Preparation and Significant Accounting Policies - cont'd:

(ii) Significant Accounting Policies - cont'd:

(h) Taxation - cont'd

Current tax is the expected tax payable on the taxable profit for the year, adjusting for tax purposes using the tax rates enacted at the date of the statement of financial position, and any adjustment to tax payable in respect of previous years.

Deferred tax is computed using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amount used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted at each of the dates of the statement of financial position.

Deferred tax assets are recognised to the extent it is probable that future taxable profits will be available against which these assets can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Current and deferred tax assets and liabilities are set off when they arise from the same taxable entity, relate to the same tax authority and when the legal right of set-off exists.

(i) Provisions

Provisions are recognised when there is a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made.

(j) Revenue Recognition

Revenue comprises the fair value of consideration received or receivable for the provision of goods in the ordinary course of the company's activities. Revenue is shown net of discounts.

Interest Income is recognised in the statement of comprehensive income using the effective yield basis.

(k) Related Party Balances and Transactions -

A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to in IAS 24, *Related Party Disclosures* as the "reporting entity").

(a) A person or a close member of that person's family is related to the reporting entity if that person:

- (i) has control or joint control over the reporting entity;
- (ii) has significant influence over the reporting entity; or
- (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

SWEET RIVER ABATTOIR & SUPPLIES COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS - CONT'D
YEAR ENDED 31ST MARCH 2015
(Expressed in Jamaican Dollars unless otherwise indicated)

3. Statement of Compliance, Basis of Preparation and Significant Accounting Policies - cont'd:

(ii) Significant Accounting Policies - cont'd:

(k) Related Party Balances and Transactions -cont'd -

(b) An entity is related to the reporting entity if any of the following conditions applies:

- (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
- (vi) The entity is controlled, or jointly controlled by a person identified in (a).
- (vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

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

(l) Comparative Information

Where necessary, comparative figures have been reclassified to conform with changes in presentation in the current year.

SWEET RIVER ABATTOIR & SUPPLIES COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS - CONT'D
YEAR ENDED 31ST MARCH 2015
(Expressed in Jamaican Dollars unless otherwise indicated)

4. Property, Plant and Equipment:

	<i>Freehold Improvement</i>	<i>Construction Work-in- Progress</i>	<i>Leasehold Improvement</i>	<i>Computer Furniture & Equipment</i>	<i>Total</i>
	\$	\$	\$	\$	\$
<u>At Cost or Valuation:</u>					
31st March 2013	4,907,975	198,234,325	1,176,641	2,425,226	206,744,167
Additions	-	42,234,677	-	34,483	42,269,160
31st March 2014	4,907,975	240,469,002	1,176,641	2,459,709	249,013,327
Additions	-	40,781,539	-	-	40,781,539
31st March 2015	4,907,975	281,250,541	1,176,641	2,459,709	289,794,866
<u>Accumulated Depreciation:</u>					
At 31st March 2013	-	-	117,664	600,699	718,363
Charge for Year	-	-	29,417	262,117	291,534
At 31st March 2014	-	-	147,081	862,816	1,009,897
Charge for Year	-	-	29,416	251,000	280,416
At 31st March 2015	-	-	176,497	1,113,816	1,290,313
<u>Net Book Value:</u>					
31st March 2015	4,907,975	281,250,541	1,000,144	1,345,893	288,504,553
31st March 2014	4,907,975	240,469,002	1,029,560	1,596,893	248,003,430
31st March 2013	4,907,975	198,234,325	1,058,977	1,824,527	206,025,804

SWEET RIVER ABATTOIR & SUPPLIES COMPANY LIMITED**NOTES TO THE FINANCIAL STATEMENTS - CONT'D****YEAR ENDED 31ST MARCH 2015**

(Expressed in Jamaican Dollars unless otherwise indicated)

5. Goodwill

This represents the excess money paid to Grace Food Processors, over the value of the physical assets taken over for the business. No impairment was charged during the year (2014: Nil).

6. Deferred Tax Asset

Deferred income taxes are calculated in full on temporary differences under the liability method using a principal tax rate of 25%. Assets and liabilities recognised have been off-set as they accrue to the same tax authority.

Movement in the net deferred income tax balances is as follows:

	2015	2014
	\$	\$
Net liability at beginning of the year	42,603	51,452
Deferred tax income	<u>(1,475,125)</u>	<u>(8,849)</u>
Net (Asset)/liability at end of the year	<u>(1,432,522)</u>	<u>42,603</u>

Deferred tax (Asset)/liability is due to the following items:

	2015	2014
	\$	\$
<u>Deferred tax assets</u>		
Losses Carried Forward	(1,431,438)	-
Interest Payable	(32,274)	-
Computer	<u>(5,403)</u>	<u>(10,172)</u>
	<u>(1,469,115)</u>	<u>(10,172)</u>
<u>Deferred tax liabilities</u>		
Furniture, fixture & equipment	2,792	23,000
Leasehold Improvement	<u>33,801</u>	<u>29,775</u>
	<u>36,593</u>	<u>52,775</u>
Net deferred tax (Asset)/Liability	<u>(1,432,522)</u>	<u>42,603</u>

7. Inventories:

	2015	2014
	\$	\$
Packaging Materials	117,935	-
Finished Goods	389,675	20,082,384
Work In Progress	<u>19,239,369</u>	<u>-</u>
	<u>19,746,979</u>	<u>20,082,384</u>

8. Trade and Other Receivables:

	2015	2014
	\$	\$
Trade Receivables	17,036,862	25,430,655
Other Receivables	<u>825,884</u>	<u>831,337</u>
	<u>17,862,746</u>	<u>26,261,992</u>

SWEET RIVER ABATTOIR & SUPPLIES COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS - CONT'D
YEAR ENDED 31ST MARCH 2015

(Expressed in Jamaican Dollars unless otherwise indicated)

9. Cash and Cash Equivalents:

	2015	2014
	\$	\$
Current Account	1,487,275	134,510
Foreign Currency Account	29,511	3,731,712
Savings Account	20,608,290	1,683
Cash in Hand	221,035	37,527
	<u>22,346,111</u>	<u>3,905,432</u>

10. Issued Capital:

	2015	2014
	\$	\$
<u>Authorised-</u>		
100,000,000 (2014 - 5,000) ordinary shares of no par value		
<u>Issued and fully paid:</u>		
81,531,043 (2014 - 900) ordinary shares net of transaction costs	<u>143,695,713</u>	<u>4,500</u>

On 8th February 2014, the ordinary shareholders of the company unanimously passed a resolution in accordance with the Articles of Incorporation to be registered as a public company under Section 34 of the Companies Act 2004 which resulted in the increase of the authorized and issued share capital.

The Share Advance was converted to the shares at the values determined for the Initial Public Offering. At the end of the Offering, 81,531,043 shares were issued at a value of \$118,000,000.

11. Long-Term Liabilities

	2015	2014
	\$	\$
(i) First Global Bank Limited	103,549,251	107,846,060
(ii) First Global Bank Limited	<u>38,399,999</u>	<u>38,399,999</u>
	141,949,250	146,246,059
Less Current Portion	<u>(25,388,388)</u>	<u>(21,481,826)</u>
	<u>116,560,862</u>	<u>124,764,233</u>

SWEET RIVER ABATTOIR & SUPPLIES COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS - CONT'D

YEAR ENDED 31ST MARCH 2015

(Expressed in Jamaican Dollars unless otherwise indicated)

11. Long-Term Liabilities (cont'd)

- (i) This represents a loan of \$110,600,000 granted by First Global Bank Limited for the purpose of constructing an abattoir facility on May 10, 2012. Interest is charged at the rate of 9.5% per annum. There is a twenty seven (27) month moratorium on the principal repayments and thereafter, the principal amount is scheduled to be repaid by sixty nine (69) monthly payments of \$1,602,898.55.
- (ii) This represents a loan of \$40,000,000 granted by First Global Bank Limited to assist in constructing the abattoir facility on February 27, 2013. Interest is charged at the rate of 9.5% per annum. There is an eighteen (18) month moratorium on the principal repayments and thereafter, the principal amount is scheduled to be repaid by seventy (78) monthly payments of \$512,800.51.

Details of securities held are -

- A Demand debenture over the fixed and floating assets of the company.
- First legal mortgage over commercial property located at Sweet River, Ferris, Westmoreland registered at Vol. 1454 Folio 816 in the name of the company. Bill of sale over Abattoir equipment located at Sweet River, Westmoreland.
- Assignment of all-peril insurance coverage for full replacement value of the property and other assets with First Global Bank Limited's interest noted as mortgagees. Assignment of In-Course construction insurance during the construction phase of the project with the Bank's interest noted.
- Personal guarantees signed by Valdense Gifford, Neville Grant, Henry Graham, Audley Dietrick, Michael Pinnock, Derrick McKenzie, Hector Lyons, Nigel Morgan and Kirk Fong. Subordination Agreement re Shareholders' loan to bank debts.

12. Trade and Other Payables:

	2015	2014
	\$	\$
Trade Payable	26,672,619	42,672,333
Accrued Expenses	2,160,747	1,507,524
Statutory Payables	155,629	124,533
Contractual Liabilities	6,716,494	23,183,634
Other Payables	140,000	462,246
	<u>35,845,489</u>	<u>67,950,270</u>

13. Bank Overdraft:

This represents the company's liability to its banker on its current account after taking into account all cheques issued but not presented for encashment at year end. This is secured by an overdraft facility for \$5M with Sagicor Bank Jamaica Limited. Interest is accrued at the rate of 25% (2014 - 25%) per annum and the facility is secured by an unlimited personal guarantee of the directors.

SWEET RIVER ABATTOIR & SUPPLIES COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS - CONT'D
YEAR ENDED 31ST MARCH 2015
(Expressed in Jamaican Dollars unless otherwise indicated)

14. Revenue:

Revenue is measured at the invoiced value of goods supplied or sold, net of discounts.

15. (Loss)/Profit Before Taxation:

The (loss)/profit before taxation is arrived at after charging/(crediting) the under listed items:

	2015	2014
	\$	\$
Directors' Emoluments	1,544,960	1,284,177
Auditors' Remuneration	815,500	700,000
Depreciation	<u>280,416</u>	<u>291,534</u>

16. Taxation:

a. Taxation computed on profits adjusted for tax purposes for the year is as follows:

	2015	2014
	\$	\$
Income tax expense		
Income Tax @ 25 %	-	3,540,324
Deferred Tax Income	(1,475,125)	(8,849)
Contractors Levy	18,841	-
Minimum Business Tax	<u>60,000</u>	<u>-</u>
Taxation expense recognised in statement of comprehensive income	<u>(1,396,284)</u>	<u>3,531,475</u>

Tax charge reconciliation

(Loss)/Profit before taxation	<u>(6,071,497)</u>	<u>14,100,899</u>
Income Tax @ 25 %	(1,517,874)	3,525,225
Income tax consequences of the following:		
(Income)/Expenses not deductible for tax purposes	42,750	6,604
Depreciation and Capital Allowances	-	(354)
Contractors Levy	18,840	-
Minimum Business Tax	<u>60,000</u>	<u>-</u>
	<u>(1,396,284)</u>	<u>3,531,475</u>

b. Losses available for set-off against future profits amount to \$5,725,751 and are subject to agreement with the Commissioner General, Tax Administration Jamaica.

SWEET RIVER ABATTOIR & SUPPLIES COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS - CONT'D

YEAR ENDED 31ST MARCH 2015

(Expressed in Jamaican Dollars unless otherwise indicated)

16. Taxation (cont'd):

- c. The company was listed on the Junior Market of the Jamaican Stock Exchange (JSE) on September 2014 and under the Seventh Schedule of the Fiscal Incentives (Miscellaneous Provisions) Act, 2013, it is deemed a newly eligible company and is eligible for the specified incentive relief for each year of assessment falling within the incentive period. The incentive period is the period of up to five (5) years immediately following the date on which it became an eligible company. As a newly eligible company, it is exempt from the payment of one hundred percent (100 %) of income tax that the company would, under this Act, have been liable to pay in respect of income, profits and gains, had it not been an eligible company. The company must however, adhere to the following conditions in order to benefit from this income tax exemption.
- The company is required to be listed on the Junior Market of the JSE for a combined continuous period of not less than ten (10) years from the date of initial admission and should not have been temporarily delisted by reason of being suspended from the JSE for any breach of the Junior Market or delisted in other circumstances.
 - The participating voting shares must be ordinary shares or stock units, ordinary preference shares or stock units or any other shares or stock units, which qualify for equity treatment under IFRS

If any condition is breached, then the company shall immediately become liable to pay all tax under this Act from the time of its initial admission which, but for this Act would have otherwise been payable.

The company while eligible for the specified incentive relief shall not be entitled to any other incentives, credits or relief under the Fiscal Incentives (Miscellaneous Provisions) Act, 2013 and the Income Tax Relief (Large-scale Projects and Pioneer Industries) Act in respect of that year of assessment.

17. (Loss)/Earnings Per Stock Unit:

The (loss)/earnings per stock unit is computed by dividing the (loss)/profit for the year by 81,531,043 (2014 - 50,860,306), the number of shares in issue for the year.

18. Staff Costs:

Staff Costs amounted to \$6,717,480 (2014 - \$6,208,956). The number of employees as at 31st March 2015 was 5.

19. Financial Risk Management:

A financial instrument is a contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise. For the purpose of the financial statements, financial assets have been determined to include cash and cash equivalents and trade and other receivables. Financial liabilities have been determined to include trade and other payables.

SWEET RIVER ABATTOIR & SUPPLIES COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS - CONT'D
YEAR ENDED 31ST MARCH 2015

(Expressed in Jamaican Dollars unless otherwise indicated)

19. Financial Risk Management - cont'd:

The company's activities exposes it to a variety of financial risks which require evaluation, acceptance and management of some degree of risks or combination of risks. Operational risks are an inevitable consequence of being in business. The company's aim is to achieve an appropriate balance between risk and return and minimise potential adverse effects on the company's financial performance.

The company's management policies are designed to identify and analyse these risks, to set up appropriate controls and to monitor the risks by means of up-to-date information.

The Board of Directors is ultimately responsible for the establishment and oversight of the company's management framework. It provides policies for overall risk management, as well as principles and procedures covering the specific areas of risk. The Board manages and monitors those risks such as foreign exchange risk, interest rate risk and credit risk, and manages the investment of excess liquidity.

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

These risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements. The risks that the company primarily faces due to the nature of its assets and liabilities are credit risk, liquidity risk and currency risk.

a) Credit Risk

The company is exposed to credit risk, which is the risk that its customers will cause a financial loss for the company by failing to discharge their contractual obligations. Credit risk is the most important risk for the company's business; management therefore carefully manages its exposure to credit risk. Credit exposure arise principally from the company's receivables from customers.

Credit Review Process

The company has established a credit quality process and has credit policies and procedures which require regular analysis of the ability of debtors to meet payment obligations.

Maximum Exposure to Credit Risk

	2015	2014
	\$	\$
Trade Receivables	17,036,862	25,430,655
Other Receivables	825,884	831,337
Cash and Cash Equivalents	22,125,076	3,867,905
	<u>39,987,822</u>	<u>134,620,038</u>

SWEET RIVER ABATTOIR & SUPPLIES COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS - CONT'D
YEAR ENDED 31ST MARCH 2015

(Expressed in Jamaican Dollars unless otherwise indicated)

19. Financial Risk Management - cont'd:

a) **Credit Risk - cont'd:**

(i) Trade Receivables

The company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The credit policy states that each customer must be analyzed individually for credit worthiness prior to the company offering them a credit facility.

Customer credit risk are monitored according to credit characteristics such as whether it is an individual or company, geographic location, industry, aging profile and previous financial difficulties.

The company's average credit period for the sale of goods is thirty (30) days. The company considers providing fully for all receivables over one hundred and eighty (180) days.

(ii) Other Receivables

Other receivables consist mainly of amounts recoverable from employees and prepayments. There is therefore limited credit risk with regard to these items though the recovery period may be extended.

(iv) Cash and Cash Equivalents

Cash and cash equivalents on which the company faces credit risks comprise its current accounts and deposits held with financial institutions. The company limits its exposure to credit risk by placing its cash and cash equivalents with counter-parties that have high credit quality. Accordingly, management does not expect any counter-party to fail to meet its obligation.

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

b) **Liquidity Risk:**

Liquidity risk is the risk that the company is unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn.

The company manages its liquidity risk by maintaining an appropriate level of resources in liquid or near liquid form. At the date of the statement of financial position its current liabilities exceeded its current assets by \$13,501,733 (2014 - \$69,380,485).

SWEET RIVER ABATTOIR & SUPPLIES COMPANY LIMITED**NOTES TO THE FINANCIAL STATEMENTS - CONT'D****YEAR ENDED 31ST MARCH 2015**

(Expressed in Jamaican Dollars unless otherwise indicated)

19. Financial Risk Management - cont'd:**b) Liquidity Risk - cont'd:**

Liquidity risk management process

The company's liquidity management process, as carried out within the company and monitored by the Accounts Department, includes:

- i) Monitoring future cash flows and liquidity on a regular basis. This incorporates an assessment of expected cash flows and the availability of high grade collateral which could be used to secure funding if required;
- ii) Maintaining a portfolio of highly marketable and diverse assets that can easily be liquidated as protection against any unforeseen interruption to cash flows;
- iii) Optimising cash returns on investments;

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

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

The following are the contractual maturities of financial assets and liabilities including interest payments as at:

31st March 2015

	Carrying Amount and Contractual Cash Flow	0 - 6 months	6 - 12 months	No specific maturities
	₤	₤	₤	₤
Trade and other receivables				
Trade	17,036,862	17,036,862	-	-
Other	825,884	159,280	666,604	-
Directors' Current Account	2,000	-	-	2,000
Cash and cash equivalents	<u>22,346,111</u>	<u>1,708,310</u>	<u>-</u>	<u>20,637,801</u>
	<u>40,210,857</u>	<u>18,904,452</u>	<u>666,604</u>	<u>20,639,801</u>
Trade and other payables				
Trade	26,672,619	26,672,619	-	-
Accruals/others	9,172,870	2,456,376	6,716,494	-
Taxation payable	5,364,048	5,364,048	-	-
Current portion of long-term liabilities	25,388,388	-	25,388,388	-
Bank overdraft	<u>6,861,644</u>	<u>6,861,644</u>	<u>-</u>	<u>-</u>
	<u>73,459,569</u>	<u>41,354,687</u>	<u>32,104,882</u>	<u>-</u>
Net Current (liabilities)/assets	<u>(33,248,712)</u>	<u>(22,450,235)</u>	<u>(31,438,278)</u>	<u>20,639,801</u>

SWEET RIVER ABATTOIR & SUPPLIES COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS - CONT'D
YEAR ENDED 31ST MARCH 2015
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19. Financial Risk Management - cont'd:

b) **Liquidity Risk - cont'd:**

The following are the contractual maturities of financial assets and liabilities including interest payments as at -
31st March 2014

	Carrying Amount and Contractual Cash Flow	0 - 6 months	6 - 12 months	No specific maturities
	\$	\$	\$	\$
Trade and other receivables				
Trade	25,430,655	25,430,655	-	-
Other	831,337	164,733	666,604	-
Cash and cash equivalents	<u>3,905,432</u>	<u>172,037</u>	<u>-</u>	<u>3,733,395</u>
	<u>30,167,424</u>	<u>25,767,425</u>	<u>666,604</u>	<u>3,733,395</u>
Trade and other payables				
Trade	42,672,333	42,672,333	-	-
Accruals/others	25,277,937	1,632,057	23,645,880	-
Taxation payable	5,410,446	5,410,446	-	-
Current portion of long-term liabilities	21,481,826	-	21,481,826	-
Bank overdraft	<u>24,309,945</u>	<u>24,309,945</u>	<u>-</u>	<u>-</u>
	<u>119,152,487</u>	<u>74,024,781</u>	<u>45,127,706</u>	<u>-</u>
Net Current (liabilities)/assets	<u>(88,985,063)</u>	<u>(48,257,356)</u>	<u>(44,461,102)</u>	<u>3,733,395</u>

c) **Market Risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices. This arises mainly from changes in interest rates, foreign currency rates and equity prices and will affect the company's income or the value of its holdings of financial instruments. The objective of market risk management is to monitor and control market risk exposures within acceptable parameters, while optimising the return on investment. Market risk exposures are measured using sensitivity analyses.

As with most businesses, the current economic climate globally as well as nationally dictates that there could be changes to the company's exposure to market risk as well as the manner in which it manages and measures the risk. There has been major foreign currency exchange rate adjustments over the past four months with consequential movements in interest rates as the Bank of Jamaica attempts to stabilise the Jamaican dollar.

SWEET RIVER ABATTOIR & SUPPLIES COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS - CONT'D
YEAR ENDED 31ST MARCH 2015
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19. Financial Risk Management - cont'd:

c) Market Risk - cont'd:

(i) Foreign Currency Risk

Foreign currency risk is the risk that the market value of, or the cash flows from financial instruments will vary because of exchange rate fluctuations. The company carries out transactions with international entities and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar, the Canadian dollar and the UK pound. The company ensures that its net foreign currency exposure is kept at suitable levels by buying or selling currencies to address short-term needs.

Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

The company further manages this risk by maximising foreign currency earnings and holding foreign currency balances as follows:

	2015 <u>US \$</u>	2014 <u>US \$</u>
Assets		
RBC Royal Bank USD	258	34,833
Trade Receivables	<u>5,105</u>	<u>-</u>
	<u>5,363</u>	<u>34,833</u>
Liabilities		
Trade Payables	<u>-</u>	<u>(1,478)</u>
	<u>-</u>	<u>(1,478)</u>
Net Assets	<u><u>5,363</u></u>	<u><u>33,355</u></u>

Sensitivity Analysis

Exchange rates in terms of Jamaican Dollars which is the company's operating currency, were as follows:

	<u>US\$</u>
29th May 2015	116.12
31st March 2015	114.4883
31st March 2014	108.9943

Over the period 1st April 2014 to 31st March 2015, there was a 5% increase in the US dollar rate. Between March 2015 and May 2015, there has been a slight weakening of the US dollar against the Jamaica dollar. The trend is expected to continue in the short term.

A one percent (1%) revaluation and fifteen percent (15%) devaluation movement in the US dollar at 31st March 2015 would have increased/decreased profit by the amount shown below. The analysis assumes all other variables, in particular, interest rates, remain constant. The analysis is performed on the same basis for 2014.

SWEET RIVER ABATTOIR & SUPPLIES COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS - CONT'D
YEAR ENDED 31ST MARCH 2015
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19. Financial Risk Management - cont'd:

c) **Market Risk - cont'd**

(i) Foreign Currency Risk - cont'd:

		2015	2014
Jamaican Dollar:		\$	\$
	Revaluation 1%	<u>6,140</u>	<u>36,355</u>
	Devaluation 15%	<u>92,100</u>	<u>545,326</u>

(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.

The company is exposed to interest rate risk in respect of its fixed deposit account and long term loans. The company manages this risk by maintaining net earnings assets and procuring the most advantageous interest

Financial Assets

The company's interest-bearing financial asset is its US\$ Savings account and fixed deposits accounts. These accounts bear interest at varying rates which are fixed on a short term basis.

Financial Liabilities

The company's interest bearing liabilities are represented by long-term loans and a short-term loan. The company materially contracts financial liabilities at fixed interest rates for the duration of the loan terms.

SWEET RIVER ABATTOIR & SUPPLIES COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS - CONT'D

YEAR ENDED 31ST MARCH 2015

(Expressed in Jamaican Dollars unless otherwise indicated)

19. Financial Risk Management - cont'd:

c) Market Risk - cont'd

(ii) Interest Rate Risk - cont'd

At the date of the statement of financial position, the interest profile of the company's interest-bearing financial instruments were:

	Interest Rate	2015	Interest Rate	2014
	%	\$	%	\$
<i>Financial Assets:</i>				
Fixed Deposit	6	20,608,290	6	1,683
Foreign Savings Account	0.15	29,511	1.15	3,731,712
		<u>20,637,801</u>		<u>3,733,395</u>
<i>Financial Liabilities:</i>				
Long-Term Loans	9.5	141,949,250	9.5	146,246,059
Bank Overdraft	25	6,861,644	25	24,309,945
		<u>148,810,894</u>		<u>170,556,004</u>
<i>Net Financial Liabilities</i>		<u>(128,173,093)</u>		<u>(166,822,609)</u>

Interest rate sensitivity

During the period April 2014 to March 2015, interest rates on foreign savings accounts have remained relatively stable. Over the period April to March 2015, the BOJ 3-6 month commercial bank domestic rates continued to trend downwards moving by approximately 90 basis points from 6.04% to 5.14%. This is expected to continue over the foreseeable future as the Government maintains its policy of encouraging low single digit interest rates.

Assuming interest rate movements as set out below, profit and equity would be affected as follows:

	<i>Movement</i>	2015	<i>Movement</i>	2014
	%	\$	%	\$
<i>Financial Assets:</i>				
Fixed Deposit	1	206,083	1	17
Foreign Savings Account	2.5	738	2.5	93,293
		<u>206,821</u>		<u>93,310</u>
<i>Financial Liabilities:</i>				
Long-term loans	1	1,419,493	1	1,462,461
Bank overdraft	1	68,616	1	243,099
		<u>1,488,109</u>		<u>1,705,560</u>
<i>Net Financial Liabilities</i>		<u>(1,281,288)</u>		<u>(1,612,250)</u>

This assumes that all other variables, in particular exchange rates, remain constant.

SWEET RIVER ABATTOIR & SUPPLIES COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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19. Financial Risk Management - cont'd:

(d) Operational Risk:

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour.

The company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management. This responsibility is supported by the development of overall company standards for the management of operational risk in the following areas:

- (i) Requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- (ii) Requirement for appropriate segregation of duties, including the independent authorisation of transactions;
- (iii) Requirements for the reconciliation and monitoring of transactions;
- (iv) Compliance with regulatory and other legal requirements;
- (v) Documentation of controls and procedures;
- (vi) Requirements for the reporting of operational losses and proposed remedial action;
- (vii) Training and professional development;
- (viii) Ethical and business standards; and
- (ix) Risk mitigation, including insurance where this is effective.

Compliance with the company's standards is supported by periodic reviews, the results are discussed with the management and the Board of Directors.

There were no changes to the company's approach to operational risk management during the year.

d) Capital Management

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stake holders 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 equity, which the company defines as net profit attributable to equity holders of the company divided by total shareholder's equity.

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

SWEET RIVER ABATTOIR & SUPPLIES COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST MARCH 2015

(Expressed in Jamaican Dollars unless otherwise indicated)

19. Financial Risk Management - cont'd:

d) Capital Management - cont'd:

The company's capital comprises:

	2015	2014
	\$	\$
Issued Capital	143,695,713	4,500
Share Advance	-	32,957,629
Accumulated Surplus	<u>22,758,767</u>	<u>27,433,980</u>
	<u>166,454,480</u>	<u>60,396,109</u>

e) Fair Value

Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arms length transaction. Financial instruments that, subsequent to initial recognition, are measured at fair value are grouped into level 1 to 3 based on the degree to which the fair value is observable.

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical instruments. The company's assets and liabilities are reported at fair values at the reporting date. The following assumptions were used in determining fair values.

- (i) The face value less any estimated credit adjustments for financial assets and liabilities maturing less than one year. These include cash and bank balances, short term investments, trade receivables and trade payables.
- (ii) The carrying values of long term loans approximate their fair values as these loans are carried at amortized cost reflecting their contractual obligations and the interest rates reflective of current market rates for similar transactions.

Past Six Years Financial Ratio Analysis

<u>Year Ending March 31, 2015</u>	2015	2014	2013	2012	2011	2010
<u>LIQUIDITY</u>						
Current Ratio: Current Assets/Current Liabilities	0.82	0.37	0.67	0.89	0.97	1.2
Quick Ratio: Quick Assets/Current Assets	0.67	0.16	0.41	0.77	0.93	1.08
<u>PROFITABILITY</u>						
Return on Assets: Net Profit/Total Assets (EOY Figures)	-0.01%	5.31%	6.49%	-0.26%	-0.71%	0.37%
Return on Equity: Net Profit/Shareholders Equity (EOY Figures)	-0.03%	24.24%	35.18%	-0.89%	-1.79%	0.84%
Gross Profit Margin: Gross Profit/Turnover	0.18	15.99%	19.14%	11.88%	11.79%	10.77%
<u>ACTIVITY ANALYSIS</u>						
Asset Turnover: Sales/Avg. Total Assets	0.37	2.12	1.56	2.91	5.3	7.59
Accounts Receivable Turnover: Sales/Accounts Receivable	6.8	16.47	15.59	18.22	16.41	19.71
Inventory Turnover: Cost of Goods Sold/ Avg Inventory	5.02	10.3	23.74	80.44	101.68	98.82
<u>CAPITAL STRUCTURE</u>						
Debt to Equity: Total Liabilities/Total Equity	1.14	3.56	4.42	2.4	1.51	1.28
<u>Administrative Expenses as a percentage of Sales:</u>						
Admin Expenses/Sales	0.22%	9.24%	9.20%	11.58%	10.54%	10.55%



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SWEET RIVER ABATTOIR & SUPPLIES COMPANY LIMITED
FORM OF PROXY

"I/We _____ [insert name]
 of _____ [address]
 being a shareholder(s) of the above-named Company, hereby appoint:
 _____ [proxy name]
 of _____ [address]
 or failing him, _____ [alternate proxy]
 of _____ [address]

as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the company to be held at Golf View Hotel on 25th September 2015 at 12:00 pm and at any adjustment thereof. I desire this form to be used for/against the resolutions as follows (unless directed the proxy will vote as he sees fit):

No. Resolution details	Vote FOR or AGAINST <i>[Tick as appropriate]</i>	
1. To receive the report of the Board of Directors and the audited accounts of the Company for the financial year ended March 31, 2015.	[]	[]
2. To appoint auditors for the Company and authorize directors to fix their remuneration.	[]	[]
3. To formally introduce the new directors and their position on the Board of Directors.	[]	[]
4. To approve remuneration of directors for the financial year.	[]	[]

Signed this _____ day of _____ 2015:

Print Name: _____ Signature: _____

Unless otherwise directed the proxy will vote as he thinks fit.

NOTES:

1. When completed, this form must be received by the registrar of the Company address given below, not less than forty-eight 48 hours before the time for the holding the meeting.
2. The proxy form should bear a stamp duty of \$100.00 which maybe adhesive and duty cancelled by the person signing the form.
3. If the appointer is a Corporation, this Form of Proxy must be executed under its common seal or under the hand of an officer or attorney duly authorized in writing.

Send to:
 The Registrar and Transfer Agent, Jamaica Central Securities Depository, 40 Harbour Street, Kingston, Jamaica.