



## UNAUDITED FINANCIAL RESULTS FOR THE THREE MONTHS ENDED DECEMBER 31, 2015

### RELEASE TO SHAREHOLDERS

The Board of Directors of SWEET RIVER ABATTOIR & SUPPLIES COMPANY LIMITED is please to present the unaudited financial statements for the three months ended December 31, 2015.

#### MANAGING DIRECTOR'S REPORT FOR THE 3 MONTHS PERIOD ENDING DECEMBER 31, 2015

The usual high demand for pork and pork products in the Christmas season as well as the unexpected higher than normal demand for chicken meat which was not met have resulted in significant increase in our pork sales. The relative low supply of pigs continues to see farmers demanding higher prices for their pigs. This higher price paid to farmers was not passed on to our customers as prices were agreed before.

With such challenges experienced for the quarter we suffered a loss of \$2.1m before tax compared to a profit of \$0.9m for the same period in 2014. However, our year to date performance is showing a net profit of \$0.5m as compared to a loss of \$2.4m for the same period in 2014. This practice of price gorging by farmers during the peak demand is harmful to the industry. SRA will mitigate this through a more rigorous application of our contract pig rearing where prices are agreed on mutually using a formula that computes prices periodically as needed based on input cost movements.

We have identified the required number of farmers to be contracted under the MOU signed with Hi Pro Feed in August 2014. These farmers are actively upgrading and expanding as well as building new facilities to produce and supply their quotas. Their major challenges are the unavailability in quantity and quality of breeding stock and Weaners to jump start production. This has resulted in a slower rate of increase production as projected a year ago. We have decided to work with the

available animals while adopting a continuous upgrading programme through the use of artificial insemination.

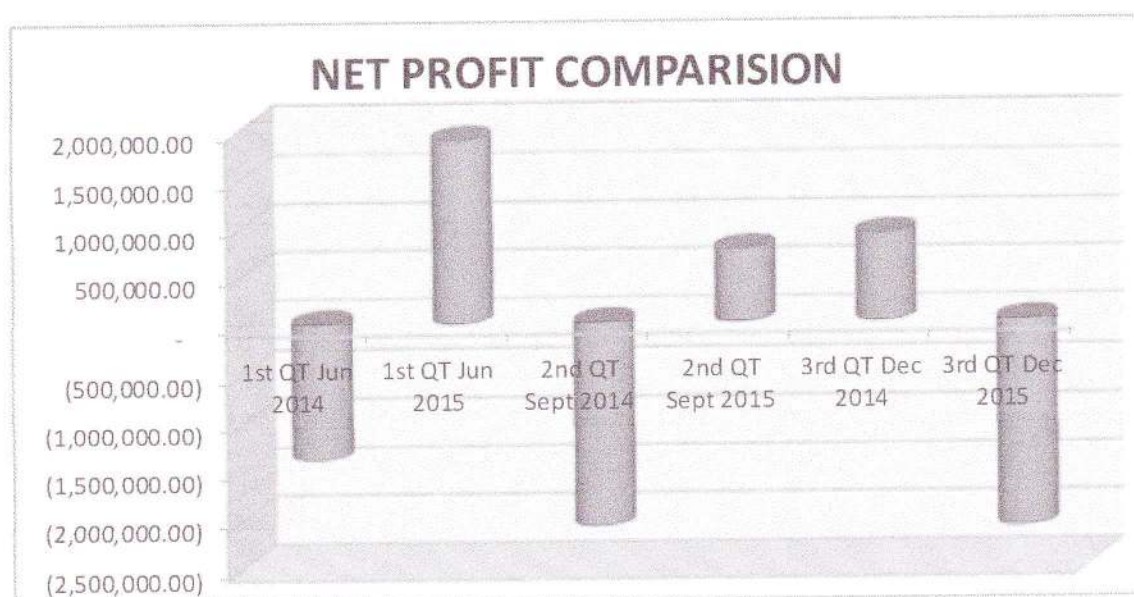
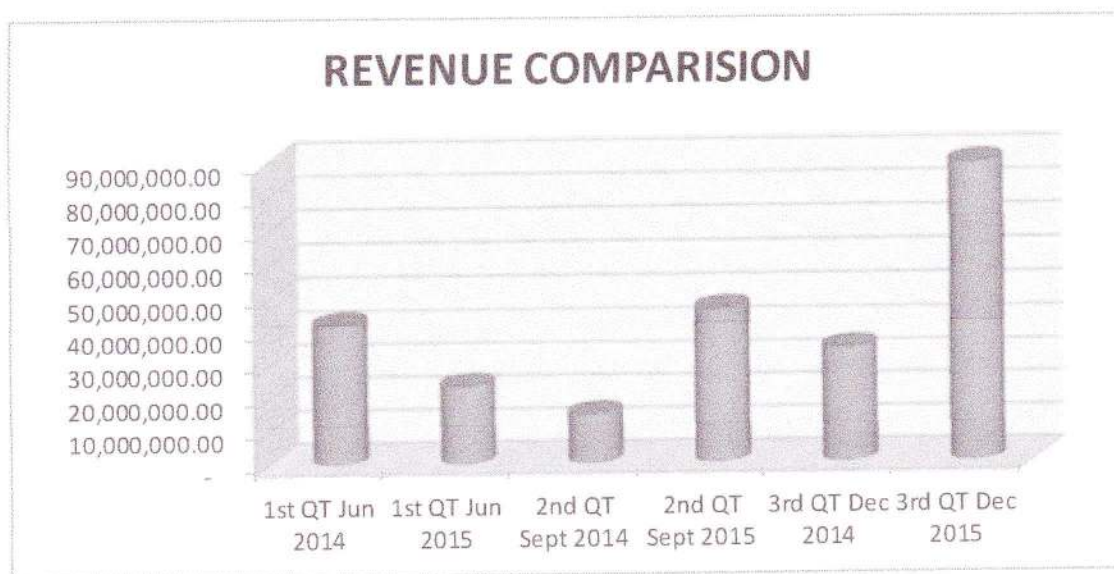
Our demand for pork is great and we are working closely with our primary markets as we build our capacity to produce and supply them. We are confident that the measures being pursued will mitigate any recurrence of such shortage as our production is geared to be in equilibrium with our current market and to respond to additional growth both locally and regionally.

The new abattoir is over 95% completed with only three pieces of equipment that have been ordered to be installed and commissioned. We have begun the process of engaging the various ministries and agencies that are required to give certification for the plant to operate.

## THIRD QUARTER FINANCIAL HIGHLIGHTS

### Highlights of the three months ended December 31, 2015

	<u>Dec 2015</u>	<u>Dec 2014</u>	<u>Inc/(Dec)%</u>
⬆ Sales revenue	\$89.2m	\$34.6m	158 %
⬆ Net profit/ (Loss)	(\$2.1m)	\$0.9m	(334) %
⬆ Earnings per stock unit	(0.03) cents	0.02cents	(250) %
⬆ Total assets	\$347m	\$333m	4%
⬆ Total stockholders 'equity	\$167m	\$168m	(1)%



**Three Months Ended December 31st, 2015 compared to December 31st, 2014**

- **Sales Revenue**

The company generated sales revenues in the third quarter of 2015 in the amount of \$89.2m compared to \$34.6m of the previous year; an increase of \$54.6m or 158 %. This increase is due to the usual demand for the Christmas/Holiday seasons, combined with an increase in pig



availability versus the shortage which prevailed last year.

▪ **Gross Profit**

Gross profit of \$5.3m compared to \$9.0m; a decrease of \$3.7m or (41)%, This decrease in gross profit was due to a higher cost of sales incur to secure pigs for slaughter. The increased cost could not be passed on to our customers as this would make us less competitive, and in some cases the prices were previously agreed.

▪ **Expenses**

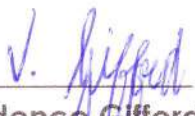
Total operational expenses of \$6.8m compared to \$8.0m; a decrease of \$1.2m or (16) %. This decrease was due to saving on electricity and haulage expenses.

▪ **Net Profit**

A net loss of (\$2.1m) was incurred when compared to a net profit of \$0.9m for the previous period; a decrease of (\$3.m) or (334) %.

**Nine Months Ended December 31, 2015 compared to December 31, 2014**

- Sales revenue of \$159.3m, when compared to the in 2014 where sales revenue was \$ 91.8m an increase of \$67.5m or 73%.
- Gross profit of \$20.5m, an increase of \$3.1m or 18% when compared to the previous period in 2014 when gross profit was of \$17.4m.
- Total operational expenses of \$18.3m, a decrease of \$1.3m or (6) % when compared to the previous period of 19.6m in 2014.
- Net Profit of \$0.516m this represent an turn around when compared to the previous period in 2014 which showed a net loss of (\$2.4m) or (121) % .

  
Valdense Gifford  
Managing Director  
February 9, 2016

**SWEET RIVER ABATTOIR & SUPPLIES COMPANY LIMITED**

**Unaudited Statement of**

**Comprehensive Income**

**For the Nine Months Period Ending December 31 st, 2015**


	Three months to December 2015	Three months to December 2014	Nine months to December 2015	Nine months to December 2014
	\$	\$	\$	\$
Revenue	89,157,599	34,572,866	159,276,319	91,821,769
Cost of sales	(83,863,020)	(25,603,452)	(138,817,701)	(74,468,327)
Gross Profit	5,294,579	8,969,414	20,458,618	17,353,442
Administrative and General Expenses	(6,782,579)	(8,047,224)	(18,342,317)	(19,598,426)
Operating (loss)/profit	(1,488,000)	922,190	2,116,301	(2,244,984)
Finance Income	70,605	597,474	81,708	720,026
Finance Cost	(688,801)	(621,435)	(1,681,235)	(910,465)
(Loss)/profit before Taxation	(2,106,196)	898,229	516,774	(2,435,423)
Taxation	-	-	-	-
(Loss)/profit after taxation, being total comprehensive (loss)/profit for the period	(2,106,196)	898,229	516,774	(2,435,423)
Earnings per share (Note 6)	(0.02)	0.02	0.01	(0.02)

# SWEET RIVER ABATTOIR & SUPPLIES COMPANY LIMITED

Unaudited statement of financial position as at  
December 31 st 2015

	9 Months To Dec 31, 2015 \$	9 Months To Dec 31, 2014 \$	(Audited) Mar 31, 2015 \$
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	319,795,680	280,678,804	288,504,553
Deferred Tax Asset	1,432,522	-	1,432,522
Goodwill	6,580,000	6,580,000	6,580,000
Total non-current assets	327,808,202	287,258,804	296,517,075
<b>Current Assets</b>			
Directors' Current Account	-	-	2,000
Cash and Cash Equivalents	1,683,471	19,547,730	22,346,111
Trade and other receivables	16,543,817	13,063,993	17,862,746
Inventories	1,709,645	13,194,456	19,746,979
Total current assets	19,936,933	45,806,179	59,957,836
<b>TOTAL ASSETS</b>	<b>347,745,135</b>	<b>333,064,983</b>	<b>356,474,911</b>
<b>LIABILITIES &amp; EQUITY</b>			
<b>Current Liabilities</b>			
Bank overdraft	16,086,669	7,886,188	6,861,644
Trade and Other Payables	10,063,329	8,475,179	35,845,489
Income Tax Payable	4,940,443	5,410,446	5,364,048
Directors' current account	282,752	928,420	0
Shareholders Loan	7,572,811	-	-
Current portion of long-term loans	21,481,826	21,481,826	25,388,388
Total current liabilities	60,427,831	44,182,059	73,459,569
<b>Long Term Liabilities</b>			
Long-term liabilities	120,346,051	120,346,051	116,560,862
Deferred tax liability	-	42,603	-
Total Liabilities	180,773,882	164,570,713	190,020,431
<b>Equity</b>			
Share capital	143,695,713	143,495,713	143,695,713
Accumulated surplus	23,275,541	24,998,557	22,758,767
Total Equity	166,971,254	168,494,270	166,454,480
Total Liabilities & Equity	347,745,135	333,064,983	356,474,911

Approved for issue by the Board of Directors on February 9th, 2016 and signed on its behalf by:

  
Henry Graham -Chairman

  
Valence Gifford- Director



# SWEET RIVER ABATTOIR & SUPPLIES COMPANY LIMITED

Unaudited statement of changes in shareholders' equity  
For the Nine (9) months ending December 31, 2015

	Share Capital \$	Share Advance \$	Retained Earnings \$	Total \$
Balances as at March 31, 2014	4,500	32,957,629	27,433,980	60,396,109
Monies received for shares purchased	-	-	-	-
	4,500	32,957,629	27,433,980	60,396,109
	-	-	-	-
	4,500	32,957,629	27,433,980	60,396,109
Balance as at September 01, 2014	4,500	32,957,629	27,433,980	60,396,109
Monies received for shares purchased	-	-	-	-
	4,500	32,957,629	27,433,980	60,396,109
Changes in share advance	32,957,629	(32,957,629)		
Monies received for shares purchased	118,173,829	-		118,173,829
Share issue cost	(7,640,245)			(7,640,245)
Net profit attributable to shareholders			(2,435,423)	(2,435,423)
Balances as at December 31, 2014	143,495,713	-	24,998,557	168,494,270
Balances as at March 31, 2015	4,500	32,957,629	22,758,767	166,454,480
Converted share advance	32,957,629	(32,957,629)	-	-
Share issue net of Transaction cost	110,733,584	-	-	-
		-	-	-
Net profit/(Loss) attributable to shareholders	-	-	516,774	516,774
Balances as at December 31, 2015	143,695,713	-	23,275,541	166,971,254

# SWEET RIVER ABATTOIR & SUPPLIES COMPANY LIMITED

## Unaudited statement of Cash flows

For the Nine (9) months ending December 31 2015

	Dec 31, 2015	Dec 31, 2014	(Audited) Mar 31, 2015
	\$	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation	516,774	(2,435,423)	(4,675,213)
Adjustments to reconcile profit for year to net cash provided by operating activities:			
Bad debt	-	-	-
Depreciation	202,600	210,312	280,416
Deferred tax Income	-	-	(1,475,125)
Interest income	(81,708)	(720,026)	(465,409)
Taxation Provision	-	-	60,000
Operating surplus before changes in working capital	637,666	(2,945,137)	(6,275,331)
Trade and other receivables	1,318,929	13,197,999	8,399,246
Inventories	18,037,334	6,887,928	335,405
Directors' current account	2,000	-	(479,806)
Shareholders loan	7,572,811		
Accounts payable & provisions	(25,782,160)	(59,475,091)	(32,104,781)
Directors' current account	282,752	450,614	-
<b>Net cash generated by operations</b>	2,069,332	(41,883,687)	(30,125,267)
Taxation	(423,605)	-	(106,398)
Interest received	81,708	720,026	465,409
<b>Net cash inflows from operating activities</b>	1,727,435	(41,163,661)	(29,766,256)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of property, plant and equipment	(31,493,727)	(32,885,686)	(40,781,539)
<b>Net cash outflows from investing activities</b>	(31,493,727)	(32,885,686)	(40,781,539)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds of long term loans	-	(4,418,182)	(4,296,809)
Repayment of long term loans	(121,373)	-	-
Converted share advances	-	(32,957,629)	(32,757,629)
Monies received for shares purchased	-	143,491,213	143,491,213
<b>Net cash inflows from financing activities</b>	(121,373)	106,115,402	106,436,775
<b>(Decrease)/Increase in cash resources</b>	(29,887,665)	32,066,055	35,888,980
<b>Cash resources at the start of the year</b>	15,484,467	(20,404,513)	(20,404,513)
	(14,403,198)	11,661,542	15,484,467
<b>Cash resources comprise:</b>			
Cash and bank balances	1,683,471	19,547,730	22,346,111
Bank overdraft	(16,086,669)	(7,886,188)	(6,861,644)
	(14,403,198)	11,661,542	15,484,467



**1. Identification**

Sweet River Limited ("the company") is incorporated in Jamaica under the Jamaican Companies Act. The company is domiciled in Jamaica with its registered office located at Sweet River, Sav-la-mar, Westmoreland and was listed on the Jamaica Junior Stock Exchange on September 19, 2014. The company's main activities are the purveying of pork products and provision of abattoir services.

**2. Basis Of Preparation**

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and comply with the relevant requirements of the Jamaican Companies Act. The financial statements have been prepared under the historical cost basis and are expressed in Jamaican Dollars. The Interim financial statement has been prepared using the same Accounting policies and method of computation as used in the most recent Audited Financial Statement.

**3. Segment Reporting**

An operating segment is a component of the company that engages in business activities from which it may earn revenues and incur expenses. An operating segment's operating results are received regularly by the Board of Directors to make decisions about resources to be allocated to the segment and assess its performances.

Based on the nature of the company's business activities, management has determined that disclosure of segment information is not applicable as the company is operating in one segment.

**4. Taxation**

The company's shares were listed on the Junior Market of the Jamaica Stock Exchange on September 19, 2014. Consequently the company is entitled to a remission of the taxes for 5 years. Taxation has been calculated at 25% of taxable profit for the period April – July 2014 as the remission of taxes does not apply to that period. The company is however entitled to 50% remission of income tax for a period of five years from the date of listing.

# SWEET RIVER ABATTOIR & SUPPLIES COMPANY LIMITED

## Notes to the Unaudited Financial Statements

Three Months Period Ended December 31st, 2015

### 5. Shareholders' Information

	No. Of Units
<b>Directors' Holdings</b>	
<b>As at December 31, 2015:</b>	
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
<b>Top Ten Shareholders</b>	
<b>As at December 31, 2015:</b>	
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
NEVIL GRANT	4,654,073
J.C.S.C.D TRUSTEE SERVICE	3,886,005
<b>Holding of Senior Managers as December 31, 2015</b>	
Valdence Gifford	4,995,058
Sean Forbes	4,000
Shareholdings include connected person *	