

**Jamaica Broilers Group Limited**

**Financial Statements**  
**28 April 2007**

# Jamaica Broilers Group Limited

Index

28 April 2007

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## Independent Auditors' Report

To the Members of  
Jamaica Broilers Group Limited

### Report on the Financial Statements

We have audited the accompanying financial statements of Jamaica Broilers Group Limited and its subsidiaries, and the accompanying financial statements of Jamaica Broilers Group Limited standing alone set out on pages 1 to 57, which comprise the consolidated and company balance sheets as of 28 April 2007 and the consolidated and company profit and loss accounts, statements of changes in stockholders' equity, and cash flow statements for the year then ended, and a summary of significant accounting policies and other explanatory notes.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and with the requirements of the Jamaican Companies Act. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### *Auditor's Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Members of Jamaica Broilers Group Limited  
Independent Auditors' Report  
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**Opinion**

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the group and the company as of 28 April 2007, and of financial performance and cash flows of the group and the company for the year then ended, so far as concerns the members of the company, in accordance with International Financial Reporting Standards and the requirements of the Jamaican Companies Act.

**Report on Other Legal and Regulatory Requirements**

As required by the Jamaican Companies Act, we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

In our opinion, proper accounting records have been kept, so far as appears from our examination of those records, and the accompanying financial statements are in agreement therewith and give the information required by the Act, in the manner so required.

*PricewaterhouseCoopers*

Chartered Accountants

25 July 2007

Kingston, Jamaica

# Jamaica Broilers Group Limited

Group Profit and Loss Account

Year ended 28 April 2007

(expressed in Jamaican dollars unless otherwise indicated)

	Note	28 April 2007 \$'000	29 April 2006 \$'000
<b>Turnover</b>		11,490,300	9,938,217
Cost of sales		(8,835,842)	(7,437,672)
<b>Gross Profit</b>		2,654,458	2,500,545
Other operating income	6	139,333	242,764
Distribution costs		(364,081)	(326,134)
Administration and other expenses		(1,644,986)	(1,601,455)
<b>Operating Profit</b>		784,724	815,720
Finance costs	9	(75,716)	(50,611)
<b>Profit before Taxation</b>		709,008	765,109
Taxation	10	(196,869)	(119,775)
<b>NET PROFIT</b>		512,139	645,334
Dealt with in the financial statements of:			
Holding company		433,038	311,880
Subsidiaries		79,101	333,454
		512,139	645,334
		<b>Cents</b>	<b>Cents</b>
<b>Earnings per Stock Unit</b>	11	42.70	53.81

# Jamaica Broilers Group Limited

Group Balance Sheet

28 April 2007

(expressed in Jamaican dollars unless otherwise indicated)

	Note	29 April 2007 \$'000	Restated 29 April 2006 \$'000
<b>Non-Current Assets</b>			
Property, plant and equipment	12	3,381,104	2,059,904
Intangible asset	13	101,781	99,641
Investments	14	345,638	327,848
Deferred income taxes	16	1,240	3,965
Pension plan asset	17	131,400	298,200
		<u>3,961,163</u>	<u>2,789,558</u>
<b>Current Assets</b>			
Inventories	18	1,309,470	1,034,890
Biological assets	19	563,268	508,078
Receivables	20	874,074	661,849
Affiliates	21	33,248	35,116
Taxation recoverable		6,636	12,365
Financial assets at fair value through profit or loss	22	7,056	67,885
Cash and short term investments	23	665,627	622,156
		<u>3,459,379</u>	<u>2,942,339</u>
<b>Current Liabilities</b>			
Payables	24	1,360,150	908,817
Taxation payable		197,288	118,370
Dividends payable	25	77,953	77,953
Borrowings	26	983,204	285,548
		<u>2,618,595</u>	<u>1,390,688</u>
<b>Net Current Assets</b>		<u>840,784</u>	<u>1,551,651</u>
		<u>4,801,947</u>	<u>4,341,209</u>
<b>Stockholders' Equity</b>			
Share capital	27	765,137	765,137
Capital reserve	28	761,933	720,077
Retained earnings		2,693,055	2,318,833
		<u>4,220,125</u>	<u>3,804,047</u>
<b>Non-Current Liabilities</b>			
Borrowings	26	231,845	140,202
Deferred income taxes	16	342,277	389,460
Post-employment obligation	17	7,700	7,500
		<u>4,801,947</u>	<u>4,341,209</u>

Approved for issue on behalf of the Board of Directors on 25 July 2007 and signed on its behalf by:

R. Danvers Williams

Chairman

Robert E. Levy

Director

# Jamaica Broilers Group Limited

## Group Statement of Changes in Stockholders' Equity

Year ended 28 April 2007

(expressed in Jamaican dollars unless otherwise indicated)

	Number of Shares	Share Capital	Capital Reserve	Retained Earnings	Total
Note	'000	\$'000	\$'000	\$'000	\$'000
Balance at 30 April 2005	1,199,277	599,638	839,221	1,811,416	3,250,275
Unrealised gains on available-for-sale securities	-	-	1,524	-	1,524
Translation gain	-	-	44,831	-	44,831
Net gains recognised directly in stockholders' equity	-	-	46,355	-	46,355
Net profit	-	-	-	645,334	645,334
Total income recognised in current year	-	-	46,355	645,334	691,689
Dividends	-	-	-	(137,917)	(137,917)
Transfer of share premium to share capital	-	165,499	(165,499)	-	-
<b>Balance at 29 April 2006</b>	<b>1,199,277</b>	<b>765,137</b>	<b>720,077</b>	<b>2,318,833</b>	<b>3,804,047</b>
Unrealised losses on available-for-sale securities	-	-	(2,814)	-	(2,814)
Translation gain	-	-	44,670	-	44,670
Net gains recognised directly in stockholders' equity	-	-	41,856	-	41,856
Net profit	-	-	-	512,139	512,139
Total income recognised in current year	-	-	41,856	512,139	553,995
Dividends	-	-	-	(137,917)	(137,917)
<b>Balance at 28 April 2007</b>	<b>1,199,277</b>	<b>765,137</b>	<b>761,933</b>	<b>2,693,055</b>	<b>4,220,125</b>

# Jamaica Broilers Group Limited

## Group Statement of Cash Flows

Year ended 28 April 2007

(expressed in Jamaican dollars unless otherwise indicated)

		28 April 2007 \$'000	29 April 2006 \$'000
<b>Cash Flows from Operating Activities</b>			
Net profit		512,139	645,334
Adjustments for:			
Depreciation	12	222,695	198,497
Amortisation	13	11,760	9,797
Gain on disposal of property, plant and equipment	6	(20,212)	(183)
Negative goodwill on acquisition		-	(120,339)
Fair value loss on financial assets at fair value through profit or loss		1,772	9,588
Change in pension plan asset and post-employment obligations		(33,000)	(78,900)
Taxation expense	10	196,869	119,775
Interest income	6	(60,495)	(80,085)
Foreign exchange gains		(17,549)	(24,922)
Interest expense	9	70,756	47,121
		<u>884,735</u>	<u>725,683</u>
Changes in operating assets and liabilities:			
Inventories		(274,580)	(68,612)
Biological assets		(55,190)	(30,337)
Receivables		(206,496)	210,614
Affiliates		1,868	(2,213)
Payables		451,333	(119,948)
Financial assets at fair value through profit or loss		59,057	(77,473)
Translation gain on working capital of foreign subsidiaries		25,067	47,405
		<u>885,794</u>	<u>685,119</u>
Taxation paid		(162,408)	(185,486)
Cash provided by operating activities		<u>723,386</u>	<u>499,633</u>



# Jamaica Broilers Group Limited

Group Statement of Cash Flows (Continued)

Year ended 28 April 2007

(expressed in Jamaican dollars unless otherwise indicated)

		28 April 2007	29 April 2006
	Note	\$'000	\$'000
<b>Cash Flows from Operating Activities (Page 4)</b>		723,386	499,633
<b>Cash Flows from Investing Activities</b>			
Purchase of property, plant and equipment	12	(1,558,366)	(226,172)
Proceeds from disposal of property, plant and equipment		49,711	43,323
Purchase of intangible asset	13	(13,900)	(15,828)
Purchase of investments		2,185	-
Proceeds from sale of investments		-	242,825
Refund from pension plan	17	200,000	-
Interest received		54,197	88,314
Cash (used in)/provided by investing activities		<u>(1,266,173)</u>	<u>132,462</u>
<b>Cash Flows from Financing Activities</b>			
Long term loans repaid		(76,471)	(426,813)
Long term loans received		173,556	240,000
Interest paid		(73,137)	(52,069)
Dividends paid		<u>(137,917)</u>	<u>(137,917)</u>
Cash used in financing activities		<u>(113,969)</u>	<u>(376,799)</u>
(Decrease)/increase in cash and cash equivalents		(656,756)	255,296
Effect of changes in exchange rates on cash and cash equivalents		7,675	11,624
Cash and cash equivalents at beginning of year		<u>417,608</u>	<u>150,688</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	23	<u><u>(231,473)</u></u>	<u><u>417,608</u></u>

# Jamaica Broilers Group Limited

Company Profit and Loss Account

Year ended 28 April 2007

(expressed in Jamaican dollars unless otherwise indicated)

	Note	28 April 2007 \$'000	29 April 2006 \$'000
<b>Turnover</b>		10,909,861	9,388,219
Cost of sales		<u>(8,540,264)</u>	<u>(7,280,954)</u>
<b>Gross Profit</b>		2,369,597	2,107,265
Other operating income	6	127,552	88,431
Distribution costs		(315,060)	(322,155)
Administration and other expenses		<u>(1,476,884)</u>	<u>(1,379,756)</u>
<b>Operating Profit</b>		705,205	493,785
Finance costs	9	<u>(75,089)</u>	<u>(44,440)</u>
<b>Profit before Taxation</b>		630,116	449,345
Taxation	10	<u>(197,078)</u>	<u>(137,465)</u>
<b>NET PROFIT</b>		<u><u>433,038</u></u>	<u><u>311,880</u></u>

# Jamaica Broilers Group Limited

Company Balance Sheet

28 April 2007

(expressed in Jamaican dollars unless otherwise indicated)

	Note	28 April 2007 \$'000	29 April 2006 \$'000
<b>Non-Current Assets</b>			
Property, plant and equipment	12	2,482,042	1,175,792
Intangible assets	13	98,569	95,922
Investments	14	215,935	208,257
Interest in subsidiaries	15	286,602	286,602
Pension plan asset	17	98,400	269,400
		<u>3,181,548</u>	<u>2,035,973</u>
<b>Current Assets</b>			
Inventories	18	1,244,908	974,457
Biological assets	19	261,270	269,307
Receivables	20	659,465	487,135
Subsidiaries		232,982	330,171
Affiliates	21	33,248	35,116
Taxation recoverable		5,958	11,749
Financial assets at fair value through profit or loss	22	7,056	67,885
Cash and short term investments	23	560,424	465,576
		<u>3,005,311</u>	<u>2,641,396</u>
<b>Current Liabilities</b>			
Payables	24	1,193,691	803,779
Taxation payable		192,085	113,834
Dividends payable	25	77,953	77,953
Borrowings	26	965,517	252,132
		<u>2,429,246</u>	<u>1,247,698</u>
<b>Net Current Assets</b>			
		<u>576,065</u>	<u>1,393,698</u>
		<u>3,757,613</u>	<u>3,429,671</u>
<b>Stockholders' Equity</b>			
Share capital	27	765,137	765,137
Capital reserve	28	136,655	137,101
Retained earnings		2,354,444	2,059,323
		<u>3,256,236</u>	<u>2,961,561</u>
<b>Non-Current Liabilities</b>			
Borrowings	26	202,743	128,259
Deferred income taxes	16	292,134	333,651
Post-employment obligation	17	6,500	6,200
		<u>3,757,613</u>	<u>3,429,671</u>

Approved for issue on behalf of the Board of Directors on 25 July 2007 and signed on its behalf by:

R. Danvers Williams

Director

Robert E. Levy

Director

# Jamaica Broilers Group Limited

## Company Statement of Changes in Stockholders' Equity

Year ended 28 April 2007

(expressed in Jamaican dollars unless otherwise indicated)

	Number of Shares	Share Capital	Capital Reserve	Retained Earnings	Total
Note	'000	\$'000	\$'000	\$'000	\$'000
Balance at 30 April 2005	1,199,277	599,638	312,335	1,087,664	1,999,637
Unrealised losses on available-for-sale securities	-	-	(1,049)	-	(1,049)
Net loss recognised directly in stockholders' equity	-	-	(1,049)	-	(1,049)
Net profit	-	-	-	311,880	311,880
Total (expense)/income recognised in current year	-	-	(1,049)	311,880	310,831
Dividends	25	-	-	(137,917)	(137,917)
Transfer of share premium to share capital	-	165,499	(165,499)	-	-
Translation loss on subsidiary assumed	-	-	(8,686)	-	(8,686)
Assumed on amalgamation	-	-	-	797,696	797,696
<b>Balance at 29 April 2006</b>	<b>1,199,277</b>	<b>765,137</b>	<b>137,101</b>	<b>2,059,323</b>	<b>2,961,561</b>
Unrealised losses on available-for-sale securities	-	-	(446)	-	(446)
Net loss recognised directly in stockholders' equity	-	-	(446)	-	(446)
Net profit	-	-	-	433,038	433,038
Total (expense)/income recognised in current year	-	-	(446)	433,038	432,592
Dividends	25	-	-	(137,917)	(137,917)
<b>Balance at 28 April 2007</b>	<b>1,199,277</b>	<b>765,137</b>	<b>136,655</b>	<b>2,354,444</b>	<b>3,256,236</b>

# Jamaica Broilers Group Limited

## Company Statement of Cash Flows

Year ended 28 April 2007

(expressed in Jamaican dollars unless otherwise indicated)

	Note	28 April 2007 \$'000	29 April 2006 \$'000
<b>Cash Flows from Operating Activities</b>			
Net profit		433,038	311,880
Adjustments for:			
Depreciation	12	167,979	149,831
Amortisation	13	11,253	9,697
Loss on disposal of property, plant and equipment	6	904	5,392
Fair value loss on financial assets at fair value through profit or loss		1,772	9,588
Change in pension plan asset and post-employment obligations		(29,000)	(79,600)
Taxation expense	10	197,078	137,465
Interest income	6	(51,995)	(66,361)
Dividend income	6	(68,205)	(885)
Foreign exchange gains		(6,899)	(8,630)
Interest expense	9	70,129	40,950
		<u>726,054</u>	<u>509,327</u>
Changes in operating assets and liabilities:			
Inventories		(270,451)	(128,717)
Biological assets		8,037	(47,985)
Receivables		(178,288)	83,231
Subsidiaries		97,190	212,418
Affiliates		1,867	(2,212)
Payables		389,912	(10,626)
Financial assets at fair value through profit or loss		59,057	(77,473)
		<u>833,378</u>	<u>537,963</u>
Taxation paid		<u>(148,596)</u>	<u>(181,391)</u>
Cash provided by operating activities		<u>684,782</u>	<u>356,572</u>

# Jamaica Broilers Group Limited

Company Statement of Cash Flows (Continued)

Year ended 28 April 2007

(expressed in Jamaican dollars unless otherwise indicated)

		28 April 2007 \$'000	29 April 2006 \$'000
<b>Cash Flows from Operating Activities (Page 9)</b>		684,782	356,572
<b>Cash Flows from Investing Activities</b>			
Purchase of property, plant and equipment	12	(1,483,124)	(180,305)
Proceeds from disposal of property, plant and equipment		7,991	36,347
Purchase of intangible asset	13	(13,900)	(12,673)
Proceeds from sale of investments		-	206,937
Refund from pension plan	17	200,000	-
Interest received		50,522	76,663
Dividend received		68,205	885
Cash (used in)/provided by investing activities		<u>(1,170,306)</u>	<u>127,854</u>
<b>Cash Flows from Financing Activities</b>			
Long term loans repaid		(57,734)	(406,902)
Long term loans received		146,000	240,000
Interest paid		(71,949)	(45,982)
Dividends paid		(137,917)	(137,917)
Cash used in financing activities		<u>(121,600)</u>	<u>(350,801)</u>
(Decrease)/increase in cash and cash equivalents		(607,124)	133,625
Effect of changes in exchange rates on cash and cash equivalents		3,538	6,479
Cash and cash equivalents at beginning of year		<u>273,735</u>	<u>133,631</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	23	<u><u>(329,851)</u></u>	<u><u>273,735</u></u>

# Jamaica Broilers Group Limited

## Notes to the Financial Statements

28 April 2007

(expressed in Jamaican dollars unless otherwise indicated)

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### 1. Identification

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

The principal activities of the company and its subsidiaries (the Group) include the production and distribution of poultry, beef, fish, animal feeds and agricultural items (Note 2(b)).

The company is listed on the Jamaica Stock Exchange.

### 2. Summary of Significant Accounting Policies

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

#### (a) Basis of preparation

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

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

#### ***Standards, interpretations and amendments to published standards effective in 2006***

Certain interpretations and amendments to existing standards have been published that became effective during the current financial year. The Group has assessed the relevance of all such new interpretations and amendments, and has adopted the following IFRS, which are relevant to its operations. The 2006 comparative figures have been amended as required, in accordance with the relevant requirements.

# Jamaica Broilers Group Limited

Notes to the Financial Statements

28 April 2007

(expressed in Jamaican dollars unless otherwise indicated)

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## 2. Summary of Significant Accounting Policies (Continued)

### (a) Basis of preparation (continued)

#### *Standards, interpretations and amendments to published standards effective in 2006 (continued)*

IAS 19 (Amendment)	Employee Benefits
IAS 21 (Amendment)	Net Investment in a Foreign Operation
IAS 39 (Amendment)	The Fair Value Option
IFRIC 4	Determining whether an Arrangement contains a Lease

The adoption of IAS 19, 21 and 39 and IFRIC 4 did not result in substantial changes to the Group's accounting policies. In summary:

- **IAS 19 (Amendment), Employee Benefits**, introduces the option of an alternative recognition approach for actuarial gains and losses. It may impose additional recognition requirements for multi-employer plans where insufficient information is available to apply defined benefit accounting. It also adds new disclosure requirements. As the Group does not intend to change the accounting policy adopted for recognition of actuarial gains and losses and does not participate in any multi-employer plans, adoption of this amendment only impacts the format and extent of disclosures presented in the financial statements.
- **IAS 39 (Amendment), The Fair Value Option**, Following amendments to IAS 39 Financial Instruments: Recognition and Measurement in June 2005, the ability of entities to designate a financial instrument as fair value through the profit and loss has been limited.

Financial assets that can no longer be so designated are now classified as loans and receivables, held-to-maturity or available-for-sale financial assets, and measured using a basis appropriate to the category. Financial liabilities that can no longer be so designated are classified as other liabilities and measured at amortised cost.

- **IFRIC 4, Determining whether an Arrangement contains a Lease**, IFRIC 4 requires the determination of whether an arrangement is or contains a lease to be based on the substance of the arrangement. It requires an assessment of whether: (a) fulfilment of the arrangement is dependent on the use of a specific asset or assets (the asset); and (b) the arrangement conveys a right to use the asset. The Group assessed the impact of IFRIC 4 and concluded that there are no transactions to which this applies.

There was no impact on opening retained earnings at 30 April 2006 from the adoption of any of the above-mentioned standards.



# Jamaica Broilers Group Limited

## Notes to the Financial Statements

28 April 2007

(expressed in Jamaican dollars unless otherwise indicated)

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### 2. Summary of Significant Accounting Policies (Continued)

#### (a) Basis of preparation (continued)

##### ***Standards, interpretations and amendments to published standards that are not yet effective***

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been issued which were not yet effective at balance sheet date, and which the Group has not early adopted. The Group has assessed the relevance of all such new standards, interpretations and amendments, has determined that the following may be relevant to its operations, and has concluded as follows:

- **IFRS 7 Financial Instruments: Disclosures, and a complementary Amendment to IAS 1, Presentation of Financial Statements - Capital Disclosures** (effective from 1 January 2007). IFRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk. It replaces IAS 30, Disclosures in the Financial Statements of Banks and Similar Financial Institutions, and disclosure requirements in IAS 32, Financial Instruments: Disclosure and Presentation. The amendment to IAS 1 introduces disclosures about the level of an entity's capital and how it manages capital. The Group assessed the impact of IFRS 7 and the amendment to IAS 1 and concluded that the main additional disclosures will be the sensitivity analysis to market risk and the capital disclosures required by the amendment of IAS 1. The Group will apply IFRS 7 and the amendment to IAS 1 from annual periods beginning 29 April 2007.
- **IFRIC 10 Interim Financial Reporting and Impairment** (effective for annual periods beginning on or after 1 November 2006) IFRIC 10 prohibits the impairment losses recognised in an interim period on goodwill, investments in equity instruments and investments in financial assets carried at cost to be reversed at a subsequent balance sheet date. The Group will apply IFRIC 10 from 29 April 2007, but it is not expected to have any impact on the Group's financial statements; and
- **IFRS 8 Operating Segments** (effective for annual periods beginning on or after 1 January 2009) IFRS 8 sets out requirements for disclosure of information about an entity's operating segments and also about the entity's products and services, the geographical areas in which it operates, and its major customers. It requires identification of operating segments on the basis of internal reports that are regularly reviewed by, and the amount reported for each operating segment item to be the measure reported to, the entity's chief operating decision maker in order to allocate resources to the segment and assess its performance. IFRS 8 will replace IAS 14 – Segment Reporting. The Group will apply IFRS 8 from 1 May 2009, but it is not expected to have any significant impact on the Group's financial statements.
- **IFRIC 7 Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies** (effective for annual periods beginning on or after 1 March 2006) IFRIC 7 provides guidance on how to apply the requirements of IAS 29 in a reporting period in which an entity identifies the existence of hyperinflation in the economy of its functional currency, when the economy was not hyperinflationary in the prior period. As none of the group entities have a currency of a hyperinflationary economy as its functional currency, IFRIC 7 is not relevant to the Group's operations.

# Jamaica Broilers Group Limited

Notes to the Financial Statements

28 April 2007

(expressed in Jamaican dollars unless otherwise indicated)

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## 2. Summary of Significant Accounting Policies (Continued)

### (a) Basis of preparation (continued)

#### *Standards, interpretations and amendments to published standards that are not yet effective (continued)*

The Group has concluded that the following interpretations to existing standards, which are published but not yet effective, are not relevant to the Group's operations:

- **IFRIC 9 Reassessment of Embedded Derivatives** (effective for annual periods beginning on or after 1 June 2006)
- **IFRIC 11 IFRS 2 - Group and Treasury Share Transactions** (effective for annual periods beginning on or after 1 March 2007)
- **IFRIC 12 Service Concession Arrangements** (effective for annual periods beginning on or after 1 January 2008)

### (b) Consolidation

#### Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are no longer consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the profit and loss account.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

# Jamaica Broilers Group Limited

## Notes to the Financial Statements

28 April 2007

(expressed in Jamaican dollars unless otherwise indicated)

### 2. Summary of Significant Accounting Policies (Continued)

#### (b) Consolidation (continued)

##### Subsidiaries (continued)

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

	Principal Activities	% Ownership at 28 April 2007
<b>Resident in Jamaica:</b>		
<b>Operating divisions</b>		
Best Dressed Chicken	Poultry production and feed milling, feed sales / retailers of farming equipment and supplies	100
Best Dressed Foods	Distributors of chicken, beef and fish	100
Content Agricultural Products	Beef production	100
Jamaica Eggs Services	Pullet production	100
<b>Subsidiaries</b>		
Aquaculture Jamaica Limited and its wholly owned subsidiaries:		
Aqualapia Limited	Fish farming	100
Jamaica Freshwater Snapper Limited	Fish farming	100
T.Hart Farms Limited	Fish farming	100
Content Agricultural Products Limited	Property rental	100
Energy Associates Limited	Holding and investment company	100
CE Jamaica Inc.	Non- trading	100
EAL/ERI Co-generation Partners, LP	Generation of electricity	9
ERI Services (St. Lucia) Limited	Holding company	100
Eri Jam, LLC	Non-trading	100
EAL/ERI Co-generation Partners, LP	Generation of electricity	91
Jabexco Limited	Non-trading	100
Jamaica Eggs Limited	Non-trading	100
Jamaica Poultry Breeders Limited	Hatching egg production	100
Levy Industries Limited	Property rental	100
Master Blend Feeds Limited	Property rental	100
Best Dressed Chicken Limited	Non-trading	100
J. B. Trading Limited	Non-trading	100
Trafalgar Agriculture Development Limited	Non-trading	100
<b>Resident outside of Jamaica:</b>		
Atlantic United Insurance Company Limited, Cayman	Captive insurance	100
International Poultry Breeders LLC, U.S.A.	Hatching egg production	90
Jabexco Cayman Limited, Cayman	Non-trading	40
Wincorp International, Inc., U.S.A. and its subsidiary:	Procurers and distributors of agricultural and industrial supplies	100
Consolidated Freight and Shipping, Inc.	Ocean freight consolidator	100

# Jamaica Broilers Group Limited

Notes to the Financial Statements

28 April 2007

(expressed in Jamaican dollars unless otherwise indicated)

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## 2. Summary of Significant Accounting Policies (Continued)

### (c) Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that is subject to risks and returns that are different from those of segments operating in other economic environments.

### (d) Revenue recognition

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

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

#### Sales of goods

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

#### Interest income

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

#### Dividend income

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

### (e) Foreign currency translation

#### (i) Functional and presentation currency

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

#### (ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

# Jamaica Broilers Group Limited

Notes to the Financial Statements

28 April 2007

(expressed in Jamaican dollars unless otherwise indicated)

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## 2. Summary of Significant Accounting Policies (Continued)

### (e) Foreign currency translation (continued)

#### (iii) Group companies

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

- Assets and liabilities of foreign subsidiaries are translated into Jamaican dollars at year end rates and items affecting the profit and loss account are translated at average rates.
- All resulting exchange differences are recognised as a separate component of stockholders' equity.

### (f) Income taxes

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

#### (i) Current taxation

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

#### (ii) Deferred taxation

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

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

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

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

### (g) Property, plant and equipment

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

# Jamaica Broilers Group Limited

Notes to the Financial Statements

28 April 2007

(expressed in Jamaican dollars unless otherwise indicated)

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## 2. Summary of Significant Accounting Policies (Continued)

### (g) Property, plant and equipment (continued)

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

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

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

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

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

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

### (h) Intangible assets

#### (i) Goodwill

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

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

#### (ii) Computer software

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over the estimated useful life of ten years for software.

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

# Jamaica Broilers Group Limited

Notes to the Financial Statements

28 April 2007

(expressed in Jamaican dollars unless otherwise indicated)

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## 2. Summary of Significant Accounting Policies (Continued)

### (i) Impairment of non-financial assets

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

### (j) Financial assets

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

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

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

#### (ii) Loans and receivables

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

#### (iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity.

#### (iv) Available-for sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of them within 12 months of the balance sheet date.

Purchases and sales of investments are recognised on trade-date – the date on which the Group commits to purchase or sell the asset. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit and loss. Available-for-sale financial assets are subsequently carried at fair value.

# Jamaica Broilers Group Limited

Notes to the Financial Statements

28 April 2007

(expressed in Jamaican dollars unless otherwise indicated)

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## 2. Summary of Significant Accounting Policies (Continued)

### (j) Financial assets (continued)

#### (iv) Available-for sale financial assets (continued)

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

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in stockholders' equity are included in the profit and loss account as other income. Interest on available-for-sale securities calculated using the effective interest method is recognised in the profit and loss account. Dividends on available-for-sale equity instruments are recognised in the profit and loss account when the Group's right to receive payments is established.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same and discounted cash flow analysis making maximum use of market inputs and relying as little as possible on entity-specific inputs.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of a security below its cost is considered an indicator that the security is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously not recognised in profit or loss – is removed from stockholders' equity and recognised in the profit and loss account. Impairment losses recognised in the profit and loss account on equity instruments are not reversed through the profit and loss account. Impairment provisioning of trade receivables is described in Note 2(o).

#### Financial liabilities

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

### (k) Interest in subsidiaries

Interests in subsidiaries are stated at cost.

### (l) Employee benefits

#### (i) Pension obligations

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



# Jamaica Broilers Group Limited

Notes to the Financial Statements

28 April 2007

(expressed in Jamaican dollars unless otherwise indicated)

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## 2. Summary of Significant Accounting Policies (Continued)

### (I) Employee benefits (continued)

#### (i) Pension obligations (continued)

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

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

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions in excess of the greater of 10% of the value of plan assets or 10% of the defined benefit obligation are charged or credited to income over the employees' expected average remaining working lives.

Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

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

#### (ii) Other post-employment benefits

The Group also provides supplementary medical and life insurance benefits to qualifying employees upon retirement. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans. Actuarial gains and losses arising from experience adjustments, and changes in actuarial assumptions in excess of the greater of 10% of the value of plan assets or 10% of the defined benefit obligation, are charged or credited to income over the expected average remaining working lives of the related employees. These obligations are valued annually by independent qualified actuaries.

# Jemco Broilers Group Limited

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# Jamaica Broilers Group Limited

## Notes to the Financial Statements

28 April 2007

(expressed in Jamaican dollars unless otherwise indicated)

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### 2. Summary of Significant Accounting Policies (Continued)

**(o) Trade receivables**

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

**(p) Cash and cash equivalents**

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

**(q) Trade payables**

Trade payables are stated at cost.

**(r) Borrowings**

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective yield method. Any difference between proceeds (net of transaction costs) and the redemption value is recognised in the profit and loss account over the period of the borrowings using the effective interest method.

**(s) Provisions**

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

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

**(t) Leases**

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

# Jamaica Broilers Group Limited

Notes to the Financial Statements

28 April 2007

(expressed in Jamaican dollars unless otherwise indicated)

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## 2. Summary of Significant Accounting Policies (Continued)

### (t) Leases (continued)

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

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

### (u) Dividends paid

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

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

### (v) Comparative information

Where necessary, comparative figures have been reclassified to conform with changes in presentation in the current year. In particular, comparatives have been adjusted to reflect revised fair values that were previously determined provisionally (Note 31).

## 3. Financial Risk Management

### (a) Financial risk factors

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

# Jamaica Broilers Group Limited

Notes to the Financial Statements

28 April 2007

(expressed in Jamaican dollars unless otherwise indicated)

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## 3. Financial Risk Management (Continued)

### (a) Financial risk factors (continued)

#### (i) Market risk (continued)

##### *Price risk*

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. The Group is exposed to equity securities price risk because of investments held by the Group and classified on the consolidated balance sheet either as available-for-sale or at fair value through profit or loss.

#### (ii) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group has no significant concentrations of credit risk attached to trade receivables as the Group has a large and diverse customer base, with no significant receivables arising from any single economic or business sector or any single entity or group of

# Jamaica Broilers Group Limited

Notes to the Financial Statements

28 April 2007

(expressed in Jamaican dollars unless otherwise indicated)

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## 4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

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

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

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

### (a) Key sources of estimation uncertainty

#### *Income taxes*

Estimates are required in determining the provision for income taxes. There are some transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for possible tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were originally recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. There were no significant estimates included in the income tax and deferred tax provision.

#### *Post-employment benefits*

Accounting for some post employment benefits requires the use of actuarial techniques to make a reliable estimate of the amount of benefit that employees have earned in return for their service in the current and prior periods. These actuarial assumptions are based on management's best estimates of the variables that will determine the ultimate cost of providing post-employment benefits and comprise both demographic and financial assumptions. Variations in the financial assumptions can cause material adjustments in the next financial year, if it is determined that the actual experience differed from the estimate (Note 17).

## 5. Segmental Financial Information

The Group is organised into three primary business segments:

- |                            |   |  |
|----------------------------|---|--|
| (a) Poultry Operations     | - | The rearing of poultry for fertile egg production and for sale, as well as processed broilers. |
| (b) Feed and Farm Supplies | - | The manufacture and sale of animal feeds, and the retailing of agricultural items.             |
| (c) Fish Operations        | - | The grow out, processing and sale of fish.   |

Other operations of the Group include the sale of feed ingredients, cattle rearing and energy supply.

# Jamaica Broilers Group Limited

Notes to the Financial Statements

28 April 2007

(expressed in Jamaican dollars unless otherwise indicated)

## 5. Segmental Financial Information (Continued)

	2007					
	Poultry Operations	Feed and Farm Supplies	Fish Operations	Other	Eliminations	Group
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
External revenues	6,436,588	3,478,510	514,853	1,060,349	-	11,490,300
Revenue from other segments	39,029	278,466	-	706,148	(1,023,643)	-
Total revenue	6,475,617	3,756,976	514,853	1,766,497	(1,023,643)	11,490,300
Segment result	858,400	462,802	(23,412)	80,078	-	1,377,868
Unallocated corporate expenses						(593,144)
Operating profit						784,724
Finance costs						(75,716)
Profit before tax						709,008
Taxation						(196,869)
Net profit						512,139
Segment assets	2,782,593	1,054,018	587,558	2,795,443	(2,054,046)	5,165,566
Unallocated corporate assets						2,254,976
Total assets						7,420,542
Segment liabilities	1,491,356	585,461	503,316	505,474	(1,677,002)	1,408,605
Unallocated corporate liabilities						1,791,812
Total liabilities						3,200,417
Other segment items-						
Capital expenditure	530,116	5,498	29,299	35,047	-	599,960
Unallocated capital expenditure						958,406
						1,558,366
Amortisation	8,557	583	934	1,686	-	11,760
Depreciation	170,396	1,096	25,202	26,001	-	222,695

# Jamaica Broilers Group Limited

## Notes to the Financial Statements

28 April 2007

(expressed in Jamaican dollars unless otherwise indicated)

### 5. Segmental Financial Information (Continued)

	2006					
	Poultry Operations	Feed and Farm Supplies	Fish Operations	Other	Eliminations	Group
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
External revenues	5,594,495	2,818,670	519,621	1,005,431	-	9,938,217
Revenue from other segments	28,468	296,526	-	372,797	(697,791)	-
Total revenue	5,622,963	3,115,196	519,621	1,378,228	(697,791)	9,938,217
Segment result	848,130	399,357	(100,140)	24,092	-	1,171,439
Unallocated corporate expenses						(476,118)
Negative goodwill on acquisition						120,399
Operating profit						815,720
Finance costs						(50,611)
Profit before tax						765,109
Taxation						(119,775)
Net profit						645,334
Segment assets	3,466,033	829,929	458,201	1,871,721	(2,460,225)	4,165,659
Unallocated corporate assets						1,566,238
Total assets						5,731,897
Segment liabilities	1,413,021	332,540	427,965	430,186	(2,092,369)	511,343
Unallocated corporate liabilities						1,416,507
Total liabilities						1,927,850
Other segment items-						
Capital expenditure	175,234	2,346	19,082	29,510	-	226,172
Amortisation	7,573	242	778	1,204	-	9,797
Depreciation	152,972	546	22,272	22,097	-	197,887
Unallocated depreciation						610
Total depreciation						198,497



# Jamaica Broilers Group Limited

Notes to the Financial Statements

28 April 2007

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## 6. Other Operating Income

	The Group		The Company	
	28 April 2007 \$'000	29 April 2006 \$'000	28 April 2007 \$'000	29 April 2006 \$'000
Dividend income	1,539	885	68,205	885
Fair value losses on financial assets at fair value through profit or loss	(4,681)	(9,588)	(4,681)	(9,588)
Insurance claim	29,249	4,045	-	4,045
Interest income	60,495	80,085	51,995	66,361
Gain/(loss) on sale of property, plant and equipment	20,212	183	(904)	(5,392)
Negative goodwill arising on acquisition	-	120,339	-	-
Reinsurance commissions	14,926	12,275	-	-
Other	17,593	34,540	12,937	32,120
	<u>139,333</u>	<u>242,764</u>	<u>127,552</u>	<u>88,431</u>

## 7. Expenses by Nature

	The Group		The Company	
	28 April 2007 \$'000	29 April 2006 \$'000	28 April 2007 \$'000	29 April 2006 \$'000
Auditors' remuneration	13,497	12,616	7,015	6,783
Advertising and promotions	179,985	154,031	178,570	152,395
Amortisation of intangible assets (Note 13)	11,760	9,797	11,253	9,697
Cost of inventories recognised as expense	7,017,137	6,004,628	7,261,519	6,091,796
Depreciation (Note 12)	222,695	198,497	167,979	149,831
Donations and subscriptions	21,624	16,156	20,048	16,089
Insurance	170,724	106,930	151,942	99,531
Occupancy – rent and utilities	446,300	454,860	305,545	354,077
Legal and professional fees	79,520	97,121	72,157	95,785
Repairs and maintenance	419,543	370,824	303,435	321,278
Security	47,581	38,420	44,209	37,827
Staff costs (Note 8)	1,881,554	1,626,512	1,555,905	1,366,510
Stationery	30,142	35,956	14,846	35,003
Travelling and entertainment	37,734	26,644	34,713	24,465
Trucking	234,913	188,674	191,366	188,674
Other expenses	30,200	23,595	11,706	33,124
	<u>10,844,909</u>	<u>9,365,261</u>	<u>10,332,208</u>	<u>8,982,865</u>

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

The profit and loss account includes net foreign exchange (losses)/gains of (\$87,000) (2006 – \$9,944,000).

# Jamaica Broilers Group Limited

Notes to the Financial Statements

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## 8. Staff Costs

	The Group		The Company	
	28 April 2007 \$'000	29 April 2006 \$'000	28 April 2007 \$'000	29 April 2006 \$'000
Wages, salaries and contractors' costs	1,595,547	1,440,879	1,307,819	1,217,058
Payroll taxes – Employer's portion	86,018	79,025	74,117	69,999
Pension costs - defined contribution plan	2,524	2,223	-	-
Pension costs - defined benefit plan (Note 17)	600	(48,700)	1,300	(45,800)
Post-retirement medical benefits (Note 17)	1,100	1,100	900	900
Termination costs	20,819	2,415	19,041	2,415
Other	174,946	149,570	152,728	121,938
	<u>1,881,554</u>	<u>1,626,512</u>	<u>1,555,905</u>	<u>1,366,510</u>

The number of persons employed by the Group at the year end was as follows:

	The Group		The Company	
	28 April 2007 No.	29 April 2006 No.	28 April 2007 No.	29 April 2006 No.
Full - time	273	266	227	226
Part - time	56	92	36	54
Contractors and their employees	1,587	1,557	1,348	1,333
	<u>1,916</u>	<u>1,915</u>	<u>1,611</u>	<u>1,613</u>

## 9. Finance Costs

	The Group		The Company	
	28 April 2007 \$'000	29 April 2006 \$'000	28 April 2007 \$'000	29 April 2006 \$'000
Foreign exchange losses	4,960	3,490	4,960	3,490
Interest expense	70,756	47,121	70,129	40,950
	<u>75,716</u>	<u>50,611</u>	<u>75,089</u>	<u>44,440</u>

## 10. Taxation

- (a) The egg production operation of Jamaica Poultry Breeders Limited was relieved from income tax until 1989 by virtue of the provisions of the Industrial Incentives Act. With effect from 1990 the egg production and crop growing operations were relieved from income tax for ten years under the provisions of the Income Tax (Approved Farmers) Act. A further five year period of relief was granted in 2006 by the Ministry of Finance and Planning.

# Jamaica Broilers Group Limited

Notes to the Financial Statements

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## 10. Taxation (Continued)

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

	The Group		The Company	
	28 April 2007 \$'000	29 April 2006 \$'000	28 April 2007 \$'000	29 April 2006 \$'000
Income tax at 33½%	238,957	136,543	236,247	131,909
Adjustment to prior year provision	2,370	(29,728)	2,348	(12,382)
Deferred taxation (Note 16)	(44,458)	12,960	(41,517)	17,938
	<u>196,869</u>	<u>119,775</u>	<u>197,078</u>	<u>137,465</u>

(c) The tax on the Group's profit differs from the theoretical amount that would arise using the applicable tax rate of 33½%, as follows:

	The Group		The Company	
	28 April 2007 \$'000	29 April 2006 \$'000	28 April 2007 \$'000	29 April 2006 \$'000
Profit before taxation	<u>709,008</u>	<u>765,109</u>	<u>630,116</u>	<u>449,345</u>
Tax calculated at a tax rate of 33½%	236,336	255,036	210,039	149,782
Adjusted for:				
Income not subject to tax	(89,392)	(50,199)	(28,304)	(5,678)
Negative goodwill arising on acquisition	-	(40,113)	-	-
Deferred tax not recognised on tax losses	33,182	-	-	-
Adjustment to prior year provision - current tax	2,370	(29,728)	2,348	(12,382)
Adjustment to prior year provision - deferred taxation	8,087	(9,803)	8,087	-
Expenses not deductible for tax purposes and other allowances	6,286	(5,418)	4,908	5,743
Income tax expense	<u>196,869</u>	<u>119,775</u>	<u>197,078</u>	<u>137,465</u>

Subject to agreement with the Taxpayer Audit and Assessment Department, losses available for offset against future profits of certain local subsidiaries amount to approximately \$2,934,000 (2006 – \$23,664,000).

## 11. Earnings Per Stock Unit

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

# Jamaica Broilers Group Limited

Notes to the Financial Statements

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## 12. Property, Plant and Equipment

	The Group							
	2007							
	Freehold Land \$'000	Freehold Buildings \$'000	Leasehold Property \$'000	Plant, Machinery & Equipment \$'000	Furniture & Fixtures \$'000	Motor Vehicles \$'000	Capital Work in Progress \$'000	Total \$'000
At Cost -								
At 29 April 2006	44,006	1,122,334	67,949	1,818,997	367,929	355,812	21,497	3,798,524
Additions	67,740	9,193	-	71,076	39,938	48,164	1,322,255	1,558,366
Translation	600	513	157	16,390	85	555	-	18,300
Disposals	(800)	(12,382)	-	(23,946)	(4,295)	(25,783)	-	(67,206)
Transfers/reclassifications	-	216,250	-	114,415	25,008	596	(356,269)	-
At 28 April 2007	111,546	1,335,908	68,106	1,996,932	428,665	379,344	987,483	5,307,984
Depreciation -								
At 29 April 2006	-	413,190	37,724	798,118	232,987	256,601	-	1,738,620
Charge for the year	-	32,347	2,530	113,094	39,291	35,433	-	222,695
Translation	-	257	143	2,447	65	359	-	3,271
Relieved on disposals	-	(5,053)	-	(10,178)	(2,204)	(20,271)	-	(37,706)
At 28 April 2007	-	440,741	40,397	903,481	270,139	272,122	-	1,926,880
Net Book Value -								
At 28 April 2007	111,546	895,167	27,709	1,093,451	158,526	107,222	987,483	3,381,104

# Jamaica Broilers Group Limited

Notes to the Financial Statements

28 April 2007

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## 12. Property, Plant and Equipment (Continued)

	The Group							
	2006							
	Freehold Land \$'000	Freehold Buildings \$'000	Leasehold Property \$'000	Machinery & Equipment \$'000	Furniture & Fixtures \$'000	Motor Vehicles \$'000	Capital Work in Progress \$'000	Total \$'000
At Cost -								
At 30 April 2005	38,213	1,081,438	56,948	1,427,385	314,011	323,376	59,800	3,301,171
Additions	5,124	2,656	4,846	71,545	28,206	47,405	66,390	226,172
Transferred from investment properties	-	-	3,589	-	-	-	-	3,589
Acquisition of subsidiary (Note 31)	-	-	-	326,106	205	-	-	326,311
Translation	669	841	226	4,852	104	746	-	7,438
Disposals	-	(201)	(2,791)	(40,804)	(6,111)	(15,715)	(535)	(66,157)
Transfers/reclassifications	-	37,600	5,131	29,913	31,514	-	(104,158)	-
At 29 April 2006	44,006	1,122,334	67,949	1,818,997	367,929	355,812	21,497	3,798,524
Depreciation -								
At 30 April 2005	-	382,243	34,000	709,091	198,415	233,280	-	1,557,029
Transferred from investment properties	-	-	1,136	-	-	-	-	1,136
Charge for the year	-	32,459	934	92,237	39,901	32,966	-	198,497
Translation	-	359	218	3,625	104	669	-	4,975
Relieved on disposals	-	(132)	-	(7,258)	(5,313)	(10,314)	-	(23,017)
Transfers/reclassifications	-	(1,739)	1,436	423	(120)	-	-	-
At 29 April 2006	-	413,190	37,724	798,118	232,987	256,601	-	1,738,620
Net Book Value -								
At 29 April 2006	44,006	709,144	30,225	1,020,879	134,942	99,211	21,497	2,059,904
29 April 2006 -								
As previously stated	44,006	709,144	30,225	1,053,510	134,942	99,211	21,497	2,092,535
Adjustment to valuation (Note 31)	-	-	-	(32,631)	-	-	-	(32,631)
Restated balance	44,006	709,144	30,225	1,020,879	134,942	99,211	21,497	2,059,904

# Jamaica Broilers Group Limited

## Notes to the Financial Statements

28 April 2007

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### 12. Property, Plant and Equipment (Continued)

	The Company							Total
	2007							
	Freehold Land	Freehold Buildings	Leasehold Property	Machinery & Equipment	Furniture & Fixtures	Motor Vehicles	Capital Work in Progress	
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
At Cost -								
At 29 April 2006	10,443	522,860	15,890	1,168,846	315,892	312,427	14,248	2,360,606
Additions	67,740	-	-	40,619	37,619	36,555	1,300,591	1,483,124
Disposals	-	-	-	(1,985)	(4,232)	(24,839)	-	(31,056)
Transfers/reclassifications	-	200,373	-	105,682	25,008	596	(331,659)	-
At 28 April 2007	78,183	723,233	15,890	1,313,162	374,287	324,739	983,180	3,812,674
Depreciation -								
At 29 April 2006	-	164,832	1,639	584,697	206,038	227,608	-	1,184,814
Charge for the year	-	14,593	139	84,594	37,890	30,763	-	167,979
Relieved on disposals	-	-	-	(693)	(2,141)	(19,327)	-	(22,161)
At 28 April 2007	-	179,425	1,778	668,598	241,787	239,044	-	1,330,632
Net Book Value -								
At 28 April 2007	78,183	543,808	14,112	644,564	132,500	85,695	983,180	2,482,042

# Jamaica Broilers Group Limited

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28 April 2007

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## 12. Property, Plant and Equipment (Continued)

	The Company							Total
	2006							
	Freehold Land	Freehold Buildings	Leasehold Property	Machinery & Equipment	Furniture & Fixtures	Motor Vehicles	Capital Work in Progress	
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
At Cost -								
At 30 April 2005	10,443	495,312	9,943	1,113,118	283,808	280,976	46,083	2,239,683
Additions	-	-	-	68,353	27,702	37,532	46,718	180,305
Amalgamated assets	-	-	3,607	4,443	1,519	601	535	10,705
Disposals	-	-	(2,791)	(33,770)	(26,309)	(6,682)	(535)	(70,087)
Transfers/reclassifications	-	27,548	5,131	16,702	29,172	-	(78,553)	-
At 29 April 2006	10,443	522,860	15,890	1,168,846	315,892	312,427	14,248	2,360,606
Depreciation -								
At 30 April 2005	-	154,091	-	521,312	174,060	203,163	-	1,052,626
Charge for the year	-	12,480	203	71,230	37,410	28,508	-	149,831
Relieved on disposals	-	-	-	(8,268)	(5,312)	(4,063)	-	(17,643)
Transfers/reclassifications	-	(1,739)	1,436	423	(120)	-	-	-
At 29 April 2006	-	164,832	1,639	584,697	206,038	227,608	-	1,184,814
Net Book Value -								
At 29 April 2006	10,443	358,028	14,251	584,149	109,854	84,819	14,248	1,175,792

Included in property, plant and equipment for the Group are motor vehicles and equipment with net book value of \$1,325,000 (2006 - \$3,976,000), which are being acquired under finance leases.

An amount of \$958,406,000 is included in capital work-in-progress which represents costs incurred in relation to the construction of an Ethanol Production Facility.

# Jamaica Broilers Group Limited

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## 13. Intangible Asset

	<u>The Group</u>	<u>The Company</u>
	<u>Computer Software</u>	<u>Computer Software</u>
	<u>\$'000</u>	<u>\$'000</u>
Cost -		
At 30 April 2005	98,896	97,629
Additions	15,828	12,673
At 29 April 2006	114,724	110,302
Additions	13,900	13,900
At 28 April 2007	128,624	124,202
Amortisation -		
At 30 April 2005	5,286	4,683
Charge for the year	9,797	9,697
At 29 April 2006	15,083	14,380
Charge for the year	11,760	11,253
At 28 April 2007	26,843	25,633
Net Book Value -		
28 April 2007	<u>101,781</u>	<u>98,569</u>
29 April 2006	<u>99,641</u>	<u>95,922</u>



# Jamaica Broilers Group Limited

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## 14. Investments

	The Group		The Company	
	28 April 2007 \$'000	29 April 2006 \$'000	28 April 2007 \$'000	29 April 2006 \$'000
Available-for-sale-				
Government of Jamaica securities	129,703	119,591	-	-
Quoted equities	4,506	6,582	4,506	6,582
Unquoted equities	2,623	623	2,623	623
	<u>136,832</u>	<u>126,796</u>	<u>7,129</u>	<u>7,205</u>
Held-to-maturity -				
Government of Jamaica securities	<u>198,706</u>	<u>197,283</u>	<u>203,564</u>	<u>197,283</u>
Interest receivable	<u>10,100</u>	<u>3,769</u>	<u>5,242</u>	<u>3,769</u>
	<u>345,638</u>	<u>327,848</u>	<u>215,935</u>	<u>208,257</u>

The weighted average effective interest rate on Government of Jamaica securities was 12.44% (2006 – 11.44%).

## 15. Interest in Subsidiaries

	The Company	
	28 April 2007 \$'000	29 April 2006 \$'000
Balance at start of year	286,602	81,964
Acquired	-	195,787
Disposed	-	(10,242)
Assumed on amalgamation	-	19,093
Balance at end of year	<u>286,602</u>	<u>286,602</u>

# Jamaica Broilers Group Limited

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## 16. Deferred Income Taxes

Deferred income taxes are calculated on all temporary differences under the liability method using an effective tax rate of 33 $\frac{1}{3}$  %.

	The Group		The Company	
	28 April 2007 \$'000	29 April 2006 \$'000	28 April 2007 \$'000	29 April 2006 \$'000
Deferred tax assets	(1,240)	(3,965)	-	-
Deferred tax liabilities	342,277	389,460	292,134	333,651
	<u>341,037</u>	<u>385,495</u>	<u>292,134</u>	<u>333,651</u>

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

	The Group		The Company	
	28 April 2007 \$'000	29 April 2006 \$'000	28 April 2007 \$'000	29 April 2006 \$'000
Balance at start of year	385,495	372,535	333,651	315,713
(Credited)/charged to profit and loss account (Note 10)	(44,458)	12,960	(41,517)	17,938
Balance as at end of year	<u>341,037</u>	<u>385,495</u>	<u>292,134</u>	<u>333,651</u>

# Jamaica Broilers Group Limited

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## 16. Deferred Income Taxes (Continued)

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

	The Group		The Company	
	28 April 2007 \$'000	29 April 2006 \$'000	28 April 2007 \$'000	29 April 2006 \$'000
Deferred income tax assets -				
Accrued vacation	12,635	11,209	11,797	9,185
Tax losses unused	19,706	7,888	-	-
Other	11,969	6,689	6,479	6,553
	<u>44,310</u>	<u>25,786</u>	<u>18,276</u>	<u>15,738</u>
Deferred income tax liabilities -				
Accelerated tax depreciation	330,353	308,391	275,794	256,842
Pension and other post-employment benefits	41,633	96,900	30,633	87,733
Unrealised foreign exchange gains	2,154	1,610	1,938	1,610
Other	11,207	4,380	2,045	3,204
	<u>385,347</u>	<u>411,281</u>	<u>310,410</u>	<u>349,389</u>
Net deferred tax liability	<u>341,037</u>	<u>385,495</u>	<u>292,134</u>	<u>333,651</u>

The deferred tax (credited)/charged in the profit and loss account comprises the following temporary differences:

	The Group		The Company	
	28 April 2007 \$'000	29 April 2006 \$'000	28 April 2007 \$'000	29 April 2006 \$'000
Accelerated tax depreciation	21,962	647	18,952	1,469
Accrued vacation	(1,426)	(7,485)	(2,612)	(6,098)
Post-employment benefits	(55,267)	28,000	(57,100)	26,985
Tax losses	(11,818)	3,247	-	-
Unrealised foreign exchange gains	544	(3,164)	328	(3,164)
Other temporary differences	1,547	(8,285)	(1,085)	(1,254)
	<u>(44,458)</u>	<u>12,960</u>	<u>(41,517)</u>	<u>17,938</u>

Deferred income tax liabilities have not been provided for in respect of the withholding and other taxes that would be payable on the undistributed earnings of certain subsidiaries to the extent that such earnings are permanently reinvested. Such undistributed earnings totalled \$338,611,000 (2006 - \$259,510,000).

Deferred income tax assets are recognised for tax losses carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable.

# Jamaica Broilers Group Limited

## Notes to the Financial Statements

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### 16. Deferred Income Taxes (Continued)

These balances include the following:

	The Group		The Company	
	28 April 2007 \$'000	29 April 2006 \$'000	28 April 2007 \$'000	29 April 2006 \$'000
Deferred tax assets -				
Deferred tax assets to be recovered after more than 12 months	19,706	7,888	-	-
Deferred tax assets to be recovered within 12 months	24,604	17,898	18,276	15,738
	<u>44,310</u>	<u>25,786</u>	<u>18,276</u>	<u>15,738</u>
Deferred tax liabilities -				
Deferred tax liabilities to be recovered after more than 12 months	371,986	405,291	306,427	344,575
Deferred tax liabilities to be recovered within 12 months	13,361	5,990	3,983	4,814
	<u>385,347</u>	<u>411,281</u>	<u>310,410</u>	<u>349,389</u>
Net deferred tax liability	<u>341,037</u>	<u>385,495</u>	<u>292,134</u>	<u>333,651</u>

### 17. Post-employment Benefits

Amounts recognised in the balance sheet are as follows:

	The Group		The Company	
	28 April 2007 \$'000	29 April 2006 \$'000	28 April 2007 \$'000	29 April 2006 \$'000
Pension scheme benefits	131,400	298,200	98,400	269,400
Post-employment medical benefits	<u>(7,700)</u>	<u>(7,500)</u>	<u>(6,500)</u>	<u>(6,200)</u>
Amounts recognised in the profit and loss account (Note 8) -				
Pension scheme benefits	600	(48,700)	1,300	(45,800)
Post-employment medical benefits	1,100	1,100	900	900
	<u>1,700</u>	<u>(47,600)</u>	<u>2,200</u>	<u>(44,900)</u>

# Jamaica Broilers Group Limited

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### 17. Post-employment Benefits (Continued)

#### (a) Pension scheme benefits

The Group participates in a defined benefit scheme, which is open to all permanent employees and administered by an external agency. The plan provides benefits to members based on average earnings for the final two years service or the two years in which the highest salaries of the employee have been earned. The defined benefit scheme is valued by independent actuaries annually using the Projected Unit Credit Method. The latest actuarial valuation was carried out as at 28 April 2007.

The defined benefit asset recognised in the balance sheet was determined as follows:

	The Group		The Company	
	28 April 2007 \$'000	29 April 2006 \$'000	28 April 2007 \$'000	29 April 2006 \$'000
Fair value of plan assets	1,129,900	1,206,900	1,021,000	1,096,900
Present value of obligations	(813,500)	(683,600)	(735,100)	(621,300)
	316,400	523,300	285,900	475,600
Unrecognised actuarial gains	(185,000)	(225,100)	(187,500)	(206,200)
	<u>131,400</u>	<u>298,200</u>	<u>98,400</u>	<u>269,400</u>

Pension plan assets include investment in ordinary stock units of the company with a fair value of \$23,661,000 (2006 - \$21,403,000).

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

	The Group		The Company	
	28 April 2007 \$'000	29 April 2006 \$'000	28 April 2007 \$'000	29 April 2006 \$'000
At start of year	298,200	218,900	269,400	189,500
Amalgamated assets	-	(300)	-	6,300
Refund to company	(200,000)	-	(200,000)	-
Amounts recognised in the profit and loss account (Note 8)	(600)	48,700	(1,300)	45,800
Contributions paid	33,800	30,900	30,300	27,800
At end of year	<u>131,400</u>	<u>298,200</u>	<u>98,400</u>	<u>269,400</u>

# Jamaica Broilers Group Limited

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## 17. Post-employment Benefits (Continued)

### (a) Pension scheme benefits (continued)

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

	The Group		The Company	
	28 April 2007 \$'000	29 April 2006 \$'000	28 April 2007 \$'000	29 April 2006 \$'000
At start of year	683,600	524,600	621,300	486,000
Current service cost	65,800	53,300	58,900	48,000
Interest cost	78,800	64,700	71,500	59,900
Benefits paid	(31,500)	(11,200)	(29,800)	(10,800)
Annuities purchased	(23,000)	(2,700)	(21,700)	(2,700)
Actuarial loss on obligation	39,800	54,900	34,900	40,900
At end of year	<u>813,500</u>	<u>683,600</u>	<u>735,100</u>	<u>621,300</u>

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

	The Group		The Company	
	28 April 2007 \$'000	29 April 2006 \$'000	28 April 2007 \$'000	29 April 2006 \$'000
At start of year	1,206,900	1,185,200	1,096,900	1,098,000
Members' contribution	31,800	28,800	28,600	25,800
Employer's contribution	33,800	30,900	30,300	27,800
Expected return on plan assets	106,200	120,800	95,100	111,800
Annuities purchased	(23,000)	(2,700)	(21,700)	(2,700)
Refund to company	(200,000)	-	(200,000)	-
Benefits paid	(31,500)	(11,200)	(29,800)	(10,800)
Actuarial gain/(loss)	5,700	(144,900)	21,600	(153,000)
At end of year	<u>1,129,900</u>	<u>1,206,900</u>	<u>1,021,000</u>	<u>1,096,900</u>

# Jamaica Broilers Group Limited

Notes to the Financial Statements

28 April 2007

(expressed in Jamaican dollars unless otherwise indicated)

## 17. Post-employment Benefits (Continued)

### (a) Pension scheme benefits (continued)

The amount recognised in the profit and loss account is determined as follows:

	The Group		The Company	
	28 April 2007	29 April 2006	28 April 2007	29 April 2006
	\$'000	\$'000	\$'000	\$'000
Current service cost	33,900	24,400	30,300	22,200
Interest cost	78,800	64,700	71,500	59,900
Expected return on plan assets	(106,300)	(120,800)	(95,100)	(111,800)
Net actuarial gains recognised in year	(5,800)	(17,000)	(5,400)	(16,100)
Total included in staff costs (Note 8)	600	(48,700)	1,300	(45,800)
Actual return on plan assets	111,900	(24,100)	116,700	(41,200)

The principal actuarial assumptions used were as follows:

	28 April 2007	29 April 2006
Discount rate	12.00%	12.00%
Expected return on plan assets	10.00%	10.00%
Future salary increases	9.00%	9.00%
Future pension increases	5.00%	5.00%
Remaining working lives - years	17.00	18.00

### (b) Post-employment medical benefits

In addition to pension benefits, the Group offers qualifying retirees medical and life insurance benefits. Funds are not built up to cover the obligations under these retirement benefit schemes. The method of accounting and frequency of valuations are similar to those used for the defined benefit pension scheme. In addition to the assumptions used for the pension scheme, the main actuarial assumption is a long term increase in health costs of 11% per year (2006 - 11% per year).

# Jamaica Broilers Group Limited

## Notes to the Financial Statements

28 April 2007

(expressed in Jamaican dollars unless otherwise indicated)

### 17. Post-employment Benefits (Continued)

(b) Post-employment medical benefits (continued)

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

	The Group		The Company	
	28 April 2007 \$'000	29 April 2006 \$'000	28 April 2007 \$'000	29 April 2006 \$'000
Present value of unfunded obligations	8,500	9,000	6,800	7,600
Unrecognised actuarial losses	(800)	(1,500)	(300)	(1,400)
	<u>7,700</u>	<u>7,500</u>	<u>6,500</u>	<u>6,200</u>

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

	The Group		The Company	
	28 April 2007 \$'000	29 April 2006 \$'000	28 April 2007 \$'000	29 April 2006 \$'000
At start of year	7,500	7,100	6,200	5,900
Amounts recognised in the profit and loss account (Note 8)	1,100	1,100	900	900
Contributions paid	(900)	(700)	(600)	(600)
At end of year	<u>7,700</u>	<u>7,500</u>	<u>6,500</u>	<u>6,200</u>

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

	The Group		The Company	
	28 April 2007 \$'000	29 April 2006 \$'000	28 April 2007 \$'000	29 April 2006 \$'000
At start of year	9,000	8,600	7,600	7,300
Interest cost	1,100	1,100	900	900
Benefits paid	(800)	(700)	(600)	(600)
Actuarial gain on obligation	(800)	-	(1,100)	-
At end of year	<u>8,500</u>	<u>9,000</u>	<u>6,800</u>	<u>7,600</u>



# Jamaica Broilers Group Limited

Notes to the Financial Statements

28 April 2007

(expressed in Jamaican dollars unless otherwise indicated)

## 17. Post-employment Benefits (Continued)

(b) Post-employment medical benefits (continued)

The amount recognised in the profit and loss account is as follows:

	The Group		The Company	
	28 April 2007 \$'000	29 April 2006 \$'000	28 April 2007 \$'000	29 April 2006 \$'000
Interest cost, included in staff costs (Note 8)	1,100	1,100	900	900

The effects of a 1% movement in the assumed medical cost trend rate were as follows:

	The Group		The Company	
	28 April 2007 \$'000	29 April 2006 \$'000	28 April 2007 \$'000	29 April 2006 \$'000
	Decrease	Increase	Decrease	Increase
Effect on the aggregate of current service cost and interest cost	100	-	90	-
Effect on the defined benefit obligation	600	(500)	540	(450)
	700	(500)	630	(450)

(c) Distribution of pension plan assets -

	The Group			
	28 April 2007 \$'000	28 April 2007 %	29 April 2006 \$'000	29 April 2006 %
Equities	372,600	33	396,600	33
Property	240,900	21	255,400	21
Government securities and reverse repurchase agreements	386,511	34	464,200	38
Corporate bonds	57,400	5	31,900	3
Other	72,489	7	58,800	5
	1,129,900	100	1,206,900	100

# Jamaica Broilers Group Limited

Notes to the Financial Statements

28 April 2007

(expressed in Jamaican dollars unless otherwise indicated)

## 17. Post-employment Benefits (Continued)

(c) Distribution of pension plan assets (continued) -

	The Company			
	28 April 2007 \$'000	28 April 2007 %	29 April 2006 \$'000	29 April 2006 %
Equities	336,689	33	360,453	33
Property	217,682	21	232,122	21
Government securities and reverse repurchased agreements	349,259	34	421,892	38
Corporate bonds	51,868	5	28,993	3
Other	65,502	7	53,440	5
	<u>1,021,000</u>	<u>100</u>	<u>1,096,900</u>	<u>100</u>

(d) Other pension plan disclosures -

Expected contributions to post-employment plan for the year ended 3 May 2008 are \$38,000,000.

The expected return on plan assets is based on market expectation of inflation plus a margin for real returns on a balanced portfolio.

The five-year trend for the defined benefit obligation and experience adjustments is as follows:

	The Group				
	2007 \$'000	2006 \$'000	2005 \$'000	2004 \$'000	2003 \$'000
Fair value of plan assets	1,129,900	1,206,900	1,185,200	920,600	619,500
Present value of defined benefit obligation	(822,000)	(692,600)	(533,200)	(423,900)	(475,900)
Surplus	<u>307,900</u>	<u>514,300</u>	<u>652,000</u>	<u>496,700</u>	<u>143,600</u>
Experience adjustments to plan liabilities	48,300	5,500	12,300	13,100	(24,800)
Experience adjustments to plan assets	<u>(5,700)</u>	<u>144,900</u>	<u>(134,900)</u>	<u>(374,400)</u>	<u>25,500</u>

# Jamaica Broilers Group Limited

Notes to the Financial Statements

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(expressed in Jamaican dollars unless otherwise indicated)

## 17. Post-employment Benefits (Continued)

(d) Other pension plan disclosures (continued)-

	The Company				
	2007 \$'000	2006 \$'000	2005 \$'000	2004 \$'000	2003 \$'000
Fair value of plan assets	1,021,000	1,096,900	1,098,000	847,000	581,100
Present value of defined benefit obligation	(741,900)	(628,900)	(493,300)	(389,400)	(445,900)
Surplus	279,100	468,000	604,700	457,600	135,200
Experience adjustments to plan liabilities	33,900	(12,700)	5,600	3,900	(30,200)
Experience adjustments to plan assets	(21,600)	153,000	(130,700)	(338,600)	17,000

## 18. Inventories

	The Group		The Company	
	28 April 2007 \$'000	29 April 2006 \$'000	28 April 2007 \$'000	29 April 2006 \$'000
Grain and feed ingredients	418,501	294,175	396,239	262,619
Inventories for resale and spares	515,872	492,922	492,878	464,594
Processed broilers, beef and fish	290,064	164,679	272,891	164,579
Goods in transit and others	98,169	102,125	94,314	97,407
	1,322,606	1,053,901	1,256,322	989,199
Less: Provision for obsolescence	(13,136)	(19,011)	(11,414)	(14,742)
	1,309,470	1,034,890	1,244,908	974,457

# Jamaica Broilers Group Limited

Notes to the Financial Statements

28 April 2007

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## 19. Biological Assets

	The Group		The Company	
	28 April 2007 \$'000	29 April 2006 \$'000	28 April 2007 \$'000	29 April 2006 \$'000
Cattle	44,333	59,424	44,333	59,424
Fish	108,973	78,816	-	-
Poultry	409,962	369,838	216,937	209,883
	<u>563,268</u>	<u>508,078</u>	<u>261,270</u>	<u>269,307</u>

The movement in biological assets was determined as follows:

	The Group		The Company	
	28 April 2007 \$'000	29 April 2006 \$'000	28 April 2007 \$'000	29 April 2006 \$'000
At start of year	508,078	477,471	269,307	221,322
Increases due to purchases	3,075,537	2,457,957	2,587,987	2,146,060
Decreases due to sales	<u>(3,020,347)</u>	<u>(2,427,350)</u>	<u>(2,596,024)</u>	<u>(2,098,075)</u>
At end of year	<u>563,268</u>	<u>508,078</u>	<u>261,270</u>	<u>269,307</u>

# Jamaica Broilers Group Limited

## Notes to the Financial Statements

28 April 2007

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### 20. Receivables

	The Group		The Company	
	28 April 2007 \$'000	29 April 2006 \$'000	28 April 2007 \$'000	29 April 2006 \$'000
Trade receivables	698,063	539,935	526,051	388,964
Less: Provision for impairment and doubtful debts	(51,237)	(47,215)	(43,120)	(41,322)
	646,826	492,720	482,931	347,642
Contract farmers' receivables	38,629	75,720	38,629	75,720
Deposits	14,237	701	14,237	701
G.C.T recoverable	5,636	3,501	5,636	3,501
Insurance claims receivable	6,554	5,299	2,460	5,299
Jamaica Public Service Company	-	8,109	-	8,109
Prepayments	98,070	57,462	86,513	47,984
Staff receivables	19,778	23,902	19,778	23,902
Other	55,938	31,808	20,875	16,650
	885,668	699,222	671,059	529,508
Less: Provision for doubtful debts	(11,594)	(37,373)	(11,594)	(42,373)
	<u>874,074</u>	<u>661,849</u>	<u>659,465</u>	<u>487,135</u>

### 21. Related Party Transactions and Balances

The following transactions were carried out with related parties:

(a) Key management compensation:

	28 April 2007 \$'000	29 April 2006 \$'000
Salaries, profit sharing and other short-term employee benefits	159,275	169,058
Statutory contributions	125	123
Pension benefits	4,028	3,500
Other	-	2,250
	<u>163,428</u>	<u>174,931</u>
Directors' emoluments -		
Fees	17,700	5,600
Management remuneration (included above)	78,114	91,838

# Jamaica Broilers Group Limited

Notes to the Financial Statements

28 April 2007

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## 21. Related Party Transactions and Balances (Continued)

The following transactions were carried out with related parties (continued):

(b) Due from affiliated parties:

	28 April 2007 \$'000	29 April 2006 \$'000
Portland Corporation Limited	-	10
Jamaica Broilers Trust	33,248	35,106

The loan with Jamaica Broilers Trust attracts an interest rate based on Bank of Jamaica 30-day Treasury Bill. Of the total amount, \$20 million is repayable on 20 November 2007; the remaining balance has no set repayment terms.

(c) Loan to director :

	28 April 2007 \$'000	29 April 2006 \$'000
At start of the year	2,810	3,512
Repayments	(703)	(702)
At end of the year	2,107	2,810

The loan is interest free and repayable within three years.

## 22. Financial Assets at Fair Value through Profit or Loss

This represents quoted shares designated at fair value on initial recognition.

Changes in fair values of financial assets at fair value through profit or loss are included in other operating income in the profit and loss account (Note 6).

## 23. Cash and Short Term Investments

	The Group		The Company	
	28 April 2007 \$'000	29 April 2006 \$'000	28 April 2007 \$'000	29 April 2006 \$'000
Cash at bank and in hand	409,970	287,641	304,767	174,513
Short term investments	254,763	332,771	254,763	289,319
	664,733	620,412	559,530	463,832
Interest receivable	894	1,744	894	1,744
Included in cash and cash equivalents	665,627	622,156	560,424	465,576

# Jamaica Broilers Group Limited

## Notes to the Financial Statements

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### 23. Cash and Short Term Investments (Continued)

The weighted average effective interest rate on short term deposits was 7.45% (2006 – 10.4%). These deposits have an average maturity of 21 days (2006 – 30 days).

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

	The Group		The Company	
	28 April 2007 \$'000	29 April 2006 \$'000	28 April 2007 \$'000	29 April 2006 \$'000
Cash and short term investments	665,627	622,156	560,424	465,576
Short term borrowings and bank overdraft (Note 26)	(897,100)	(204,548)	(890,275)	(191,841)
	<u>(231,473)</u>	<u>417,608</u>	<u>(329,851)</u>	<u>273,735</u>

### 24. Payables

	The Group		The Company	
	28 April 2007 \$'000	29 April 2006 \$'000	28 April 2007 \$'000	29 April 2006 \$'000
Accrued charges	278,318	196,380	252,516	168,585
Contractors retention payable	12,749	-	12,749	-
Ethanol Project payables	134,411	-	134,411	-
Jamaica Public Service Company	10,019	12,924	10,019	12,924
Statutory contributions payable	16,828	13,813	16,438	13,581
Staff related payables	24,033	14,715	24,033	14,715
Trade payables	741,136	550,885	632,072	468,121
Unclaimed cheques	29,458	29,390	29,458	29,390
Other	113,198	90,710	81,995	96,463
	<u>1,360,150</u>	<u>908,817</u>	<u>1,193,691</u>	<u>803,779</u>

# Jamaica Broilers Group Limited

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## 25. Dividends

	<u>The Group and The Company</u>	
	28 April 2007 \$'000	29 April 2006 \$'000
Interim – 5.0 cents per stock unit ( 2006 – 5.0 cents), paid	59,964	59,964
Second interim – 6.5 cents per stock unit (2006 – 6.5 cents), declared	77,953	77,953
	<u>137,917</u>	<u>137,917</u>

## 26. Borrowings

	<u>The Group</u>		<u>The Company</u>	
	28 April 2007 \$'000	29 April 2006 \$'000	28 April 2007 \$'000	28 April 2006 \$'000
Non-Current -				
Borrowings	231,845	139,895	202,743	127,952
Finance lease obligations	-	307	-	307
	<u>231,845</u>	<u>140,202</u>	<u>202,743</u>	<u>128,259</u>
Current -				
Short term borrowings and bank overdraft (Note 23)	897,100	204,548	890,275	191,841
Current portion of non-current borrowings and finance lease obligations	83,614	76,209	72,832	56,061
Interest payable	2,490	4,791	2,410	4,230
	<u>983,204</u>	<u>285,548</u>	<u>965,517</u>	<u>252,132</u>
	<u>1,215,049</u>	<u>425,750</u>	<u>1,168,260</u>	<u>380,391</u>



# Jamaica Broilers Group Limited

Notes to the Financial Statements

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## 26. Borrowings (Continued)

The Group has long term financing agreements with several financial institutions as follows:

	The Group		The Company	
	28 April 2007 \$'000	29 April 2006 \$'000	28 April 2007 \$'000	29 April 2006 \$'000
(a) Bank of Nova Scotia/Development Bank of Jamaica -13%	20,167	28,233	20,167	28,233
(b) Development Bank of Jamaica 2004/2008 – 9.5%	11,128	19,810	-	-
(c) Citibank N.A. – US\$1.08M – 2008 – 6.4%	34,808	48,497	34,808	48,497
(d) Citibank N.A. /Development Bank of Jamaica – 13%	220,600	107,193	220,510	107,193
(e) GMAC –2009 – 6.95%	928	1,281	-	-
(f) GMAC – 2012 – 7.55%	1,154	-	-	-
(g) Sundry mortgages and loans	26,674	11,000	-	-
	<u>315,459</u>	<u>216,014</u>	<u>275,485</u>	<u>183,923</u>
Finance lease obligations	90	397	90	397
	<u>315,459</u>	<u>216,411</u>	<u>275,575</u>	<u>184,320</u>
Less: Current portion of non current borrowings	<u>(83,614)</u>	<u>(76,209)</u>	<u>(72,832)</u>	<u>(56,061)</u>
	<u>231,845</u>	<u>140,202</u>	<u>202,743</u>	<u>128,259</u>

Negative pledges have been issued in respect of loans, guarantees and other banking facilities extended by Bank of Nova Scotia Jamaica Limited, Citibank N.A and National Commercial Bank Jamaica Limited to the Group.

The Development Bank of Jamaica Limited loan is repayable by 21 consecutive quarterly installments commencing March 2004. It is guaranteed by a promissory note to the value of the loan.

Under the terms of certain agreements with the Bank of Nova Scotia Jamaica Limited and Citibank N.A, the company and the Group are required to maintain certain financial ratios. At 28 April 2007, the company was in compliance with these requirements.

# Jamaica Broilers Group Limited

Notes to the Financial Statements

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## 27. Share Capital

	Number of Stock Units	Ordinary Stock Units
	'000	\$'000
28 April 2007	1,199,277	765,137
29 April 2006	1,199,277	765,137

The total authorised number of ordinary shares is 1,209,324,000 shares (2006 – 1,209,324,000).

The stock units in 2006 and 2007 are stated in these financial statements without a nominal or par value.

# Jamaica Broilers Group Limited

## Notes to the Financial Statements

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### 28. Capital Reserve

	The Group		The Company	
	28 April 2007 \$'000	29 April 2006 \$'000	28 April 2007 \$'000	29 April 2006 \$'000
At start of year -				
Share premium	-	165,499	-	165,499
Realised capital gains	32,618	32,618	3,227	3,227
Unrealised surplus on revaluations	399,975	399,975	139,198	139,198
Fair value gain on available-for-sale securities	5,935	4,411	3,362	4,411
Translation loss on subsidiary assumed	-	-	(8,686)	-
Gains on translation of financial statements of foreign subsidiaries	281,549	236,718	-	-
	<u>720,077</u>	<u>839,221</u>	<u>137,101</u>	<u>312,335</u>
Movements during the year -				
Fair value gain on available for sale securities	(2,814)	1,524	(446)	(1,049)
Transfer to share capital	-	(165,499)	-	(165,499)
Translation gain	44,670	44,831	-	(8,686)
At end of year	<u>761,933</u>	<u>720,077</u>	<u>136,655</u>	<u>137,101</u>
Consisting of -				
Realised capital gains	32,618	32,618	3,227	3,227
Unrealised surplus on revaluations	399,975	399,975	139,198	139,198
Fair value gains on available-for-sale securities	3,121	5,935	2,916	3,362
Translation loss on subsidiary assumed	-	-	(8,686)	(8,686)
Gains on translation of financial statements of foreign subsidiaries	326,219	281,549	-	-
	<u>761,933</u>	<u>720,077</u>	<u>136,655</u>	<u>137,101</u>

# Jamaica Broilers Group Limited

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## 29. Fair Value of Financial Instruments

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The nominal value less impairment provision of trade receivables and payables is assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

## 30. Commitments and Contingencies

- (a) The company has issued a letter of comfort indicating its intention to provide financial support to its subsidiary, International Poultry Breeders LLC.
- (b) The company has guaranteed a loan facility of US\$210,000 with American Banking Company DBA Ameris for one of its subsidiaries, International Poultry Breeders, LLC.
- (c) The company had capital commitments in respect of projects being undertaken of \$374,220,000 (2006 - \$122,523,000).
- (d) The Group has obligations under long term operating leases for premises. Future minimum lease payments under such commitments are as follows:

	<b>The Group</b>	
	<b>28 April 2007</b>	<b>29 April 2006</b>
	<b>\$'000</b>	<b>\$'000</b>
Not later than 1 year	7,720	6,518
Later than 1 year and not later than 5 years	31,316	5,178
	<u>39,036</u>	<u>11,696</u>

- (e) The Group is subject to various claims, disputes and legal proceedings, in the normal course of business. Provisions are made for such matters when in the opinion of management and its legal counsel, it is probable that a payment will be made by the Group and the amount can be reasonably estimated.
- (f) The Group has entered into contracts with farmers who grow fish and chicken for its operations. Fingerlings, baby chicks, feed and medication are supplied to these farmers who are then obliged to sell the harvested fish and chickens to the Group.

# Jamaica Broilers Group Limited

Notes to the Financial Statements

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## 31. Business Combination

In 2006, as part of a Settlement Agreement, the company gained control of ERI Services (St. Lucia) Limited and its wholly owned subsidiary ERI Jam LLC, a 91% partner in EAL/ERI Cogeneration Partners, LP. As permitted by IFRS 3, Business Combinations, provisional values were used to account for the identifiable assets and liabilities then acquired. During the year, the company received updated values for those identifiable assets and liabilities and has made adjustments to the provisional values, retrospectively, from the date of acquisition as follows:

	<b>Provisional Values</b>	<b>Adjustments</b>	<b>Final Values</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Property, plant and equipment	358,942	(32,631)	326,311
Payables	(42,816)	32,631	(10,185)
Net assets	316,126	-	316,126

There was no effect on net profit for the year ended 29 April 2006.