PRICEWATERHOUSECOOPERS

Jamaica Broilers Group Limited

Financial Statements
1 May 2010

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PRICEWATERHOUSECOOPERS

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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 (the Group) and the financial statements of Jamaica Broilers Group Limited standing alone set out on pages 1 to 71, which comprise the consolidated and company balance sheets as of 1 May 2010 and the consolidated and company statements of comprehensive income, 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.

PRICEWATERHOUSECOOPERS

Opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial positions of the Group and the company as of 1 May 2010, and of the 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

30 June 2010
Kingston, Jamaica

Jamaica Broilers Group Limited

Group Statement of Comprehensive Income

Year ended 1 May 2010

(expressed in Jamaican dollars unless otherwise indicated)

	Note	1 May 2010 $'000	2 May 2009 $'000
Revenue		22,446,902	24,623,315
Cost of sales		(17,730,725)	(20,662,325)
Gross Profit		4,716,177	3,960,990
Other operating income	6	105,994	110,902
Distribution costs		(556,686)	(479,865)
Administration and other expenses		(2,183,773)	(2,154,824)
Operating Profit		2,081,712	1,437,203
Finance costs	9	(484,475)	(433,476)
Profit before Taxation		1,597,237	1,003,727
Taxation	10	(284,436)	(175,664)
Net Profit		1,312,801	828,063
Unrealised losses on available-for-sale securities		(570)	(9,686)
Exchange differences on translating foreign operations		13,544	369,960
Total other comprehensive income		12,974	360,274
Total Comprehensive Income		1,325,775	1,188,337
Net profit attributable to:			
Holding company		510,029	832,165
Subsidiaries		802,772	(4,102)
		1,312,801	828,063
		Cents	**Cents**
Earnings per Stock Unit	11	109.47	69.05

Jamaica Broilers Group Limited

Group Balance Sheet

1 May 2010

(expressed in Jamaican dollars unless otherwise indicated)

	Note	1 May 2010 $'000	2 May 2009 $'000
Non-Current Assets			
Property, plant and equipment	12	6,414,590	6,580,143
Intangible asset	13	70,729	77,843
Investments	14	123,607	193,481
Deferred income taxes	15	30,180	12,983
Post-employment benefit assets	16	206,200	157,400
		6,845,306	7,021,850
Current Assets			
Inventories	17	2,617,645	3,748,371
Biological assets	18	885,999	810,935
Receivables	19	1,285,190	1,030,937
Taxation recoverable		5,494	7,750
Financial assets at fair value through profit or loss	20	-	6,227
Cash and short term investments	21	1,282,938	785,596
		6,077,266	6,389,816
Current Liabilities			
Payables	22	1,480,602	1,546,793
Taxation payable		132,380	132,942
Dividends payable		-	131,921
Borrowings	24	2,243,194	3,807,595
		3,856,176	5,619,251
Net Current Assets		2,221,090	770,565
		9,066,396	7,792,415
Stockholders' Equity			
Share capital	25	765,137	765,137
Capital reserve	26	1,071,941	1,058,967
Retained earnings		5,046,553	3,973,607
		6,883,631	5,797,711
Non-Current Liabilities			
Borrowings	24	1,717,023	1,670,410
Deferred income taxes	15	456,542	316,294
Post-employment benefit obligations	16	9,200	8,000
		9,066,396	7,792,415

Approved for issue on behalf of the Board of Directors on 28 June 2010 and signed on its behalf by:

Robert E. Levy — Director

Andrew J. Mahfood — Director

Jamaica Broilers Group Limited

Group Statement of Changes in Stockholders' Equity

Year ended 1 May 2010

(expressed in Jamaican dollars unless otherwise indicated)

	Note	Number of Shares '000	Share Capital $'000	Capital Reserve $'000	Retained Earnings $'000	Total $'000
Balance at 3 May 2008		1,199,277	765,137	698,693	3,277,465	4,741,295
Unrealised losses on available-for-sale securities		-	-	(9,686)	-	(9,686)
Exchange differences on translating foreign operations		-	-	369,960	-	369,960
Total other comprehensive income		-	-	360,274	-	360,274
Net profit		-	-	-	828,063	828,063
Total comprehensive income		-	-	360,274	828,063	1,188,337
Dividends	23	-	-	-	(131,921)	(131,921)
Movement during the year		-	-	360,274	696,142	1,056,416
Balance at 2 May 2009		1,199,277	765,137	1,058,967	3,973,607	5,797,711
Unrealised losses on available-for-sale securities		-	-	(570)	-	(570)
Exchange differences on translating foreign operations		-	-	13,544	-	13,544
Total other comprehensive income		-	-	12,974	-	12,974
Net profit		-	-	-	1,312,801	1,312,801
Total comprehensive income		-	-	12,974	1,312,801	1,325,775
Dividends	23	-	-	-	(239,855)	(239,855)
Movement during the year		-	-	12,974	1,072,946	1,085,920
Balance at 1 May 2010		1,199,277	765,137	1,071,941	5,046,553	6,883,631

Jamaica Broilers Group Limited

Group Statement of Cash Flows
Year ended 1 May 2010
(expressed in Jamaican dollars unless otherwise indicated)

	Note	1 May 2010 $'000	2 May 2009 $'000
Cash Flows from Operating Activities			
Net profit		1,312,801	828,063
Adjustments for:			
Depreciation	12	457,195	373,003
Amortisation	13	12,367	13,100
Loss/(gain) on disposal of property, plant and equipment	6	771	(1,583)
Fair value loss on financial assets at fair value through profit or loss	6	-	597
Loss on sale of financial assets at fair value through profit or loss	6	2,498	-
Changes in post-employment benefits		(47,600)	(38,400)
Taxation expense	10	284,436	175,664
Interest income	6	(45,143)	(37,200)
Dividend income	6	(324)	(277)
Unrealised foreign exchange losses		13,697	343,721
Interest expense	9	423,996	449,453
		2,414,694	2,106,141
Changes in operating assets and liabilities:			
Inventories		1,130,726	(1,208,622)
Biological assets		(75,064)	(147,483)
Receivables		(251,982)	232,197
Payables		(70,623)	(1,111,454)
Translation loss/(gain) on working capital of foreign subsidiaries		7,794	(272,887)
		3,155,545	(402,108)
Taxation paid		(161,947)	(197,184)
Cash provided by/(used in) operating activities		2,993,598	(599,292)

Jamaica Broilers Group Limited

Group Statement of Cash Flows (Continued)

Year ended 1 May 2010

(expressed in Jamaican dollars unless otherwise indicated)

	Note	1 May 2010 $'000	2 May 2009 $'000
Cash Flows from Operating Activities		2,993,598	(599,292)
Cash Flows from Investing Activities			
Purchase of property, plant and equipment	12	(335,584)	(1,656,900)
Proceeds from disposal of property, plant and equipment		48,934	23,177
Purchase of intangible asset	13	(5,253)	-
Purchase of investments		74,279	(108,761)
Proceeds from sale of investments		-	77,437
Interest received		44,983	35,716
Dividend received		324	277
Cash used in investing activities		(172,317)	(1,629,054)
Cash Flows from Financing Activities			
Long term loans repaid		(6,137,294)	(1,750,216)
Long term loans received		5,548,940	4,593,881
Interest paid		(444,317)	(415,803)
Dividends paid		(371,776)	(95,942)
Cash (used in)/provided by financing activities		(1,404,447)	2,331,920
Increase in cash and cash equivalents		1,416,834	103,574
Effect of changes in exchange rates on cash and cash equivalents		922	107,471
Cash and cash equivalents at beginning of year		(505,595)	(716,640)
CASH AND CASH EQUIVALENTS AT END OF YEAR	21	912,161	(505,595)

Jamaica Broilers Group Limited

Company Statement of Comprehensive Income

Year ended 1 May 2010

(expressed in Jamaican dollars unless otherwise indicated)

	Note	1 May 2010 $'000	2 May 2009 $'000
Revenue		17,950,618	16,522,872
Cost of sales		(14,484,733)	(13,380,629)
Gross Profit		3,465,885	3,142,243
Other operating income	6	31,181	558,368
Distribution costs		(499,498)	(456,073)
Administration and other expenses		(2,028,780)	(1,903,959)
Operating Profit		968,788	1,340,579
Finance costs	9	(234,975)	(349,159)
Profit before Taxation		733,813	991,420
Taxation	10	(223,784)	(159,255)
Net Profit		510,029	832,165
Unrealised losses on available-for-sale securities		(3,618)	(742)
Total other comprehensive income		(3,618)	(742)
Total Comprehensive Income		506,411	831,423

Jamaica Broilers Group Limited

Company Balance Sheet

1 May 2010

(expressed in Jamaican dollars unless otherwise indicated)

	Note	1 May 2010 $'000	2 May 2009 $'000
Non-Current Assets			
Property, plant and equipment	12	2,116,095	1,785,553
Intangible asset	13	68,482	75,334
Investments	14	3,946	7,585
Interest in subsidiaries		288,753	288,753
Post-employment benefit assets	16	163,500	126,200
		2,640,776	2,283,425
Current Assets			
Inventories	17	2,446,395	1,714,694
Biological assets	18	390,119	365,372
Receivables	19	830,923	621,438
Subsidiaries		2,736,644	5,476,099
Taxation recoverable		3,422	7,072
Financial assets at fair value through profit or loss	20	-	6,227
Cash and short term investments	21	1,076,287	652,209
		7,483,790	8,843,111
Current Liabilities			
Payables	22	1,322,813	1,373,216
Taxation payable		75,389	128,895
Subsidiaries		769,144	887,631
Dividends payable		-	131,921
Borrowings	24	1,746,699	2,954,467
		3,914,045	5,476,130
Net Current Assets		3,569,745	3,366,981
		6,210,521	5,650,406
Stockholders' Equity			
Share capital	25	765,137	765,137
Capital reserve	26	133,201	136,819
Retained earnings		3,616,667	3,346,493
		4,515,005	4,248,449
Non-Current Liabilities			
Borrowings	24	1,287,325	1,129,048
Deferred income taxes	15	400,491	266,309
Post-employment benefit obligations	16	7,700	6,600
		6,210,521	5,650,406

Approved for issue on behalf of the Board of Directors on 28 June 2010 and signed on its behalf by:

Robert E. Levy — Director

Andrew J. Mahfood — Director

Jamaica Broilers Group Limited
Company Statement of Changes in Stockholders' Equity
Year ended 1 May 2010
(expressed in Jamaican dollars unless otherwise indicated)

	Note	Number of Shares '000	Share Capital $'000	Capital Reserve $'000	Retained Earnings $'000	Total $'000
Balance at 3 May 2008		1,199,277	765,137	137,561	2,646,249	3,548,947
Unrealised loss on available-for-sale securities		-	-	(742)	-	(742)
Total other comprehensive income		-	-	(742)	-	(742)
Net profit		-	-	-	832,165	832,165
Total comprehensive income		-	-	(742)	832,165	831,423
Dividends	23	-	-	-	(131,921)	(131,921)
Movement during the year		-	-	(742)	700,244	699,502
Balance at 2 May 2009		1,199,277	765,137	136,819	3,346,493	4,248,449
Unrealised loss on available-for-sale securities		-	-	(3,618)	-	-
Total other comprehensive income		-	-	(3,618)	-	(3,618)
Net profit		-	-	-	510,029	510,029
Total comprehensive income		-	-	(3,618)	510,029	506,411
Dividends	23	-	-	-	(239,855)	(239,855)
Movement during the year		-	-	(3,618)	270,174	266,556
Balance at 1 May 2010		1,199,277	765,137	133,201	3,616,667	4,515,005

Jamaica Broilers Group Limited

Company Statement of Cash Flows

Year ended 1 May 2010

(expressed in Jamaican dollars unless otherwise indicated)

	Note	1 May 2010 $'000	2 May 2009 $'000
Cash Flows from Operating Activities			
Net profit		510,029	832,165
Adjustments for:			
Depreciation	12	199,396	183,187
Amortisation	13	12,016	12,749
Loss/(gain) on disposal of property, plant and equipment	6	1,332	(2,667)
Fair value loss on financial assets at fair value through profit or loss	6	-	597
Loss on sale of financial assets at fair value through profit or loss	6	2,498	-
Changes in post-employment benefits		(36,200)	(38,400)
Taxation expense	10	223,784	159,255
Interest income	6	(20,737)	(25,545)
Dividend income	6	(324)	(517,857)
Unrealised foreign exchange losses		11,739	212,049
Interest expense	9	180,348	202,369
		1,083,881	1,017,902
Changes in operating assets and liabilities:			
Inventories		(731,701)	(125,057)
Biological assets		(24,747)	(50,918)
Receivables		(205,837)	169,608
Subsidiaries		2,352,708	(2,130,787)
Payables		(54,833)	(339,771)
		2,419,471	(1,459,023)
Taxation paid		(143,108)	(173,818)
Cash provided/(used in) by operating activities		2,276,363	(1,632,841)

Jamaica Broilers Group Limited

Company Statement of Cash Flows

Year ended 1 May 2010 (Continued)

(expressed in Jamaican dollars unless otherwise indicated)

	Note	1 May 2010 $'000	2 May 2009 $'000
Cash Flows from Operating Activities		2,276,363	(1,632,841)
Cash Flows from Investing Activities			
Additional investment in subsidiary		-	(2,151)
Purchase of property, plant and equipment	12	(276,925)	(245,939)
Proceeds from disposal of property, plant and equipment		13,633	2,810
Purchase of intangible asset	13	(5,164)	-
Proceeds from sale of investments		3,729	77,964
Interest received		20,737	25,545
Dividend received		324	517,857
Cash (used in)/provided by investing activities		(243,666)	376,086
Cash Flows from Financing Activities			
Long term loans repaid		(5,172,982)	(1,561,126)
Long term loans received		5,054,437	3,194,203
Interest paid		(196,083)	(182,474)
Dividends paid		(371,776)	(95,942)
Cash (used in)/provided by financing activities		(686,404)	1,354,661
Increase in cash and cash equivalents		1,346,293	97,906
Effect of changes in exchange rates on cash and cash equivalents		910	103,700
Cash and cash equivalents at beginning of year		(637,860)	(839,466)
CASH AND CASH EQUIVALENTS AT END OF YEAR	21	709,343	(637,860)

Jamaica Broilers Group Limited

Notes to the Financial Statements
1 May 2010
(expressed in Jamaican dollars unless otherwise indicated)

1. Identification

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

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

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

The company is listed on the Jamaica Stock Exchange.

2. Summary of Significant Accounting Policies

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

(a) Basis of preparation

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

Standard, interpretation and amendments to published standards effective in current year that are relevant to the Group's operations

- IFRS 8, Operating Segments (effective for annual periods beginning on or after 1 January 2009). IFRS 8 replaces IAS 14 and aligns segment reporting with the requirements of the US standard SFAS 131, 'Disclosures about segments of an enterprise and related information'. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. The segments are now reported in a manner consistent with the internal reporting provided to the chief operating decision maker. There has been no impact on the measurement of the company's assets and liabilities. The standard was early adopted by the Group for annual period beginning 29 April 2007.

Jamaica Broilers Group Limited

Notes to the Financial Statements
1 May 2010
(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Standard, interpretation and amendments to published standards effective in current year that are relevant to the Group's operations (continued)

- IAS 23 (Amendment), Borrowing costs (effective from 1 January 2009). It requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs was removed. The standard was early adopted by the Group for annual period beginning 4 May 2008. The adoption of this standard resulted in $29,404,000 of interest capitalised on the expansion of its ethanol plant in the year ended 2 May 2009. This amount was included in property, plant and equipment (Note 24).
- IAS 1 (Revised), Presentation of financial statements. The revised standard prohibits the presentation of income and expenses (that is, non-owner changes in equity) in the statement of changes in equity, requiring non-owner changes in equity to be presented separately from owner changes in equity in a statement of comprehensive income. As a result, the Group presents in the consolidated statement of changes in equity all owner changes in equity, whereas all non-owner changes are presented in the consolidated statement of comprehensive income. Comparative information has been re-presented so that is also in conformity with the revised standard. The adoption of the amendment results in additional disclosures but does not have an impact on the financial position or the comprehensive income of the Group.
- IFRS 7 (Amendment), Financial instruments – disclosures. The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. As the change in accounting policy only results in additional disclosures, there is no impact on earnings per share.
- IAS 38 (Amendment), Intangible assets. An asset may only be recognised in the event that payment has been made in advance of obtaining right of access to goods or receipt of services. Deletion of wording that states that there is 'rarely, if ever' support for use of a method that results in a lower rate of amortisation than the straight line method. This amendment does not have any impact on the current year's financial statements.
- IAS 36 (Amendment), Impairment of assets. Where fair value less costs to sell is calculated on the basis of discounted cash flows, disclosures equivalent to those for value-in-use calculation should be made. This amendment does not have any impact on the current year's financial statements.
- IFRIC 13, Customer Loyalty Programmes. IFRIC 13 clarifies that where goods or services are sold together with a customer loyalty incentive (for example, loyalty points or free products), the arrangement is a multiple-element arrangement and the consideration receivable from the customer is allocated between the components of the arrangement using fair values. This amendment does not have any impact on the current year's financial statements.

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

(a) **Basis of preparation (continued)**

Standard, interpretation and amendments to published standards effective in current year that are relevant to the Group's operations (continued)

- IAS 41 (Amendment), 'Agriculture' The amendment requires use of a market-based discount rate where fair value calculations are based on discounted cash flows, and removes the prohibition on taking into account biological transformation when calculating fair value. This amendment does not have any impact on the current year's financial statements.

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

- IFRS 3 (Revised), Business Combinations (effective 1 July 2009). IFRS 3 continues to apply the acquisition method to business combinations, with some significant changes. It requires that all payments to purchase a business are recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed. The Group will apply this amendment from 2 May 2010.

- IFRS 9, Financial instruments part 1: Classification and measurement (effective for annual periods beginning on or after 1 January 2013) was issued in November 2009 and replaces those parts of IAS 39 relating to the classification and measurement of financial assets. Key features are as follows:

  Financial assets are required to be classified into two measurement categories: those to be measured subsequently at fair value, and those to be measured subsequently at amortised cost. The decision is to be made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument.

  An instrument is subsequently measured at amortised cost only if it is a debt instrument and both the objective of the entity's business model is to hold the asset to collect the contractual cash flows, and the asset's contractual cash flows represent only payments of principal and interest (that is, it has only 'basic loan features'). All other debt instruments are to be measured at fair value through profit or loss.

  All equity instruments are to be measured subsequently at fair value. Equity instruments that are held for trading will be measured at fair value through profit or loss. For all other equity investments, an irrevocable election can be made at initial recognition, to recognise unrealised and realised fair value gains and losses through other comprehensive income rather than profit or loss. There is to be no recycling of fair value gains and losses to profit or loss. This election may be made on an instrument-by-instrument basis. Dividends are to be presented in profit or loss, as long as they represent a return on investment. While adoption of IFRS 9 is mandatory from 1 January 2013, earlier adoption is permitted. The Group is considering the implications of the standard, the impact on the Group and the timing of its adoption by the Group.

2 Summary of Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

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

- IAS 27 (Revised), Consolidated and Separate Financial Statements. IAS 27 requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. It further specifies the accounting when control is lost, requiring that any remaining interest in the entity be re-measured to fair value, and a gain or loss be recognised in profit or loss. The Group will apply this amendment from 2 May 2010.

- IFRIC 13, Customer Loyalty Programmes (effective for annual periods beginning on or after 1 July 2008). IFRIC 13 clarifies that where goods or services are sold together with a customer loyalty incentive (for example, loyalty points or free products), the arrangement is a multiple-element arrangement and the consideration receivable from the customer is allocated between the components of the arrangement using fair values. Management has determined that there are no material transactions in the Group to which this applies.

- IAS 19 (Amendment), 'Employee benefits' (effective from 1 July 2009). This amendment clarifies that a plan amendment that result in a change in the extent to which benefit promises are affected by future salary increases is a curtailment, while an amendment that changes benefits attributable to past service give rise to a negative past service cost if it results in a reduction in the present value of the defined benefit obligation. The definition of return on plan assets amended to state that plan administration costs be deducted in the calculation of return on plan assets only to the extent that such costs have been excluded from measurement of the defined benefit obligation. The distinction between short term and long term employee benefits is now based on whether benefits are due to be settled within or after 12 months of employee service being rendered. There is also the deletion of guidance that states IAS 37, 'Provisions, Contingent Liabilities and Contingent Assets' requires contingent liabilities to be recognised. The Group will apply this amendment from 2 May 2010.

- IFRIC 17, Distributions of Non-Cash Assets to Owners (effective from 1 July 2009 and is required to be applied prospectively; earlier application is permitted). IFRIC 17 states that a dividend payable should be recognised when appropriately authorised and no longer at the entity's discretion. Where an owner has a choice of a dividend of a non-cash asset or cash, the dividend payable is estimated considering both the fair value and probability of the owners selecting each option. The dividend payable is measured at the fair value of the net assets to be distributed. The difference between fair value of the dividend paid and the carrying amount of the net assets distributed is recognised in profit or loss. Management has determined that there are no transactions in the Group to which this applies.

2. Summary of Significant Accounting Policies (Continued)

(b) Consolidation

Subsidiaries

The consolidated financial statements of the Group comprise the financial statements of the parent entity and all consolidated subsidiaries, including certain special purpose entities.

Subsidiaries are companies in which the Group directly or indirectly holds the majority of the voting rights and where it determines their financial and business policies and is able to exercise control over them in order to benefit from their activities. 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 de-consolidated from the date on which control ceases.

The results of the subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective acquisition date or up to the effective date on which control ceases, as appropriate.

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 profit or loss.

Inter-company transactions, balances and intra-group gains on transactions between group companies are eliminated. Intra-group losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred.

The integration of the subsidiaries into the consolidated financial statements is based on consistent accounting and valuation methods for similar transactions and other occurrences under similar circumstances.

Even if there is no shareholder relationship, special purpose entities (SPEs) are consolidated in accordance with SIC-12, if the Group controls them from an economic perspective.

Whenever there is a change in the substance of the relationship between the Group and the SPE, the Group performs a re-assessment of consolidation. Indicators for a re-assessment of consolidation are especially changes in ownership of the SPE, changes in contractual arrangements and changes in the financing structure.

Jamaica Broilers Group Limited

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2. Summary of Significant Accounting Policies (Continued)

(b) Consolidation (continued)

Subsidiaries (continued)

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

	Principal Activities	% Ownership at 1 May 2010
Resident in Jamaica:		
Operating divisions		
Best Dressed Chicken	Poultry and pullet production and feed milling, feed sales /retailers of farming equipment and supplies	100
Best Dressed Foods	Distributors of chicken, beef, fish and importation of protein products	100
Content Agricultural Products	Beef production, processing and sale of salted products/pickled products	100
Subsidiaries		
Aquaculture Jamaica Limited and its wholly owned subsidiaries:	Fish farming	100
Aqualapia Limited	Fish farming	100
Jamaica Freshwater Snapper Limited	Non-trading	100
T.Hart Farms Limited	Non-trading	100
Best Dressed Chicken Limited	Non-trading	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	100
ERI Jam, LLC (subsidiary of ERI Services (St. Lucia) Limited)	Non-trading	100
JB Ethanol Limited (subsidiary of ERI Services (St. Lucia) Limited)	Ethanol production	100
Jabexco Limited	Non-trading	100
Jamaica Eggs Limited	Non-trading	100
Jamaica Poultry Breeders Limited	Fertile egg production	100
Levy Industries Limited	Property rental	100
Master Blend Feeds Limited	Property rental	100
JB. Trading Limited	Non-trading	100
Trafalgar Agriculture Development Limited	Non-trading	100
Resident outside of Jamaica:		
Atlantic United Insurance Company Limited, St.Lucia	C aptive insurance	100
ERI Services (St. Lucia) Limited	H olding company	100
International Poultry Breeders LLC, U.S.A.	F ertile egg production	90
Jabexco Cayman Limited, Cayman	N on-trading	40
Wincorp International, Inc., U.S.A. and its subsidiary:	P rocurers and distributors of agricultural and industrial supplies	100
Consolidated Freight and Shipping, Inc.	O cean freight consolidator	100

2. Summary of Significant Accounting Policies (Continued)

(c) Segment reporting

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

(d) Revenue recognition

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

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

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

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

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 Group's presentation currency.

(ii) Transactions and balances
Foreign currency transactions or that require settlement, in a foreign currency are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Monetary items denominated in foreign currency are translated with the closing rate as at the reporting date. Non-monetary items measured at historical cost denominated in a foreign currency are translated with the exchange rate as at the date of initial recognition; non-monetary items in a foreign currency that are measured at fair value are translated using the exchange rates at the date when the fair value was determined. These rates represent the weighted average rates at which the company trades in foreign currency.

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

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

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

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

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

On consolidation, exchange differences arising from the translation of borrowings that forms a part of the net investment in foreign operations are taken to stockholders' equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in stockholders' equity are recognised in the profit or loss.

(f) **Income taxes**
Taxation expense in profit or loss comprises current and deferred tax charges.

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

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

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

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2. Summary of Significant Accounting Policies (Continued)

(f) Income taxes (continued)

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.

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 profit or loss.

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

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2. Summary of Significant Accounting Policies (Continued)

(h) Intangible assets

(i) Goodwill

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

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

(ii) Computer software

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

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

(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.

2. Summary of Significant Accounting Policies (Continued)

(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 and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

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

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

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

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

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

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2. Summary of Significant Accounting Policies (Continued)

(j) Financial assets (continued)

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

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

The Group may choose to reclassify a non-derivative financial asset held for trading out of the held-for-trading category if the financial asset is no longer held for the purpose of selling it in the near term. Financial assets other than loans and receivables are permitted to be reclassified out of the held for trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near-term. In addition, the Group may choose to reclassify financial assets that would meet the definition of loans and receivables out of the held-for-trading or available-for-sale categories if the Group has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification. Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made. Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively

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

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.

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2. Summary of Significant Accounting Policies (Continued)

(l) Employee benefits (continued)

(i) Pension obligations (continued)

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.

(iii) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the balance sheet date are discounted to present value.

(iv) L eave entitlements

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

(v) Profit-sharing and performance incentives

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

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2. Summary of Significant Accounting Policies (Continued)

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

(i) Processed broilers, beef and fish at accumulated cost of growing and processing, or landed cost.

(ii) Finished feeds and fertilisers at cost of production.

(iii) All other items of inventory at landed cost or purchase price.

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

(n) Biological assets
Biological assets which include fish, cattle, poultry, and flocks in field including breeder, layer and pullets are stated at cost as there are no external market prices available at the various stages of growth for these biological assets and no alternative measures for determining fair value have been determined to be reliable. Cost is determined as the accumulated cost of livestock, feed, medication, and in respect of breeder flocks, accumulated production costs.

(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 or loss in administration and other expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited in profit or loss.

(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.

2. Summary of Significant Accounting Policies (Continued)

(r) Borrowings and borrowing costs

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

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

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

(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 profit or loss over the lease period.

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

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

(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.

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3. Financial Risk Management

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

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

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

(i) Treasury Function

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

(ii) Audit Committee

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

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

(a) Credit risk

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

3. Financial Risk Management

(a) Credit risk (continued)

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

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

Credit risk relating to fish farmers is significantly reduced based on contracts the Group has with farmers who grow fish. Fingerlings, feed and medication are supplied to these farmers and the amounts treated as receivables. These farmers are then obliged to sell the harvested fish at an agreed price to the Group; at which time the receivables are offset.

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

Credit risk is managed for ethanol sales by obtaining letters of credit from reputable overseas financial institutions. JB Ethanol Limited contractually processes hydrous alcohol into anhydrous ethanol on behalf of customers for a fee; credit risk is managed by entering into contracts with reputable customers.

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

The Group's credit period on the sale of goods ranges from 7 to 30 days. The Group has provided fully for all receivables where collectibility is deemed doubtful. This is generally in relation to balances over 120 days.

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

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3. Financial Risk Management (Continued)

(a) Credit risk (continued)

Maximum exposure to credit risk

	The Group		The Company	
	1 May 2010	**2 May 2009**	**1 May 2010**	**2 May 2009**
	$'000	**$'000**	**$'000**	**$'000**
Credit risk exposures are as follows:				
Investments	119,661	185,896	-	-
Receivables	1,051,716	963,934	687,172	580,008
Cash and short term investments	1,277,648	784,127	1,071,072	650,814
	2,449,025	1,933,957	1,758,244	1,230,822

The above table represents a worst case scenario of credit risk exposure to the Group and company at 1 May 2010 and 2 May 2009.

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

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

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3. Financial Risk Management (Continued)

(a) Credit risk (continued)

Ageing analysis of trade receivables that are past due and impaired

As of 1 May 2010, trade receivables of $188,732,000 (2009 - $152,381,000) and $60,734,000 (2009 - $84,998,000) for the Group and company respectively were impaired. The amount of the provision was $110,523,000 (2009 - $73,047,000) and $66,337,000 (2009 - $53,849,000) for the Group and company, respectively. The impairment recognised represents an estimate of incurred losses in respect of trade receivables. The main components of the provision for impairment are a specific loss component that relates to individually significant exposures, and a collective loss component based on the time value of money. The impaired receivables mainly relate to wholesalers who are in unexpected difficult economic situations. It was assessed that a portion of the receivables is expected to be recovered.

	The Group		The Company	
	1 May 2010	2 May 2009	1 May 2010	2 May 2009
	$'000	$'000	$'000	$'000
31 to 60 days	77,502	68,048	29,361	29,603
61 to 90 days	33,858	6,363	3,884	1,619
Over 91 days	77,372	77,970	27,489	53,776
	188,732	152,381	60,734	84,998

Movement on the provision for impairment of trade receivables

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

	The Group		The Company	
	1 May 2010	2 May 2009	1 May 2010	2 May 2009
	$'000	$'000	$'000	$'000
At 2 May 2009	73,047	45,958	53,849	36,941
Provision for receivables impairment	49,018	38,665	13,313	20,315
Receivables written off during the year as uncollectible	(10,708)	(12,092)	(825)	(2,400)
Recoveries	(846)	(1,007)	-	(1,007)
Translation	12	1,523	-	-
At 1 May 2010	110,523	73,047	66,337	53,849

Jamaica Broilers Group Limited

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3. Financial Risk Management (Continued)

(a) Credit risk (continued)

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

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

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

Exposure to credit risk for trade receivables

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

	The Group		The Company	
	1 May 2010 $'000	2 May 2009 $'000	1 May 2010 $'000	2 May 2009 $'000
In Jamaica -				
Supermarket chains	71,818	59,002	71,818	59,002
Wholesalers and retail distributors	367,809	291,174	367,809	291,174
Hotels	36,853	37,615	36,853	37,615
Contract farmers	50,514	78,178	2,783	-
Other	182,871	125,594	126,372	114,834
	709,865	591,563	605,635	502,625
Overseas customers	265,653	195,689	15,663	5,392
	975,518	787,252	621,298	508,017
Less: Provision for impairment	(110,523)	(73,047)	(66,337)	(53,849)
	864,995	714,205	554,961	454,168

Overseas customers mainly relate to customers in the United States of America in 2010 and 2009.

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3. Financial Risk Management (Continued)

(a) Credit risk (continued)

Exposure to credit risk for investments

The following table summarises the Group's and company's credit exposure for investments at their carrying amounts, as categorised by issuer. The carrying amounts below represent the total for investments (adjusted for equity securities) included in Note 14, financial assets at fair value through profit or loss in Note 20 and short term investments included in Note 21:

	The Group		The Company	
	1 May 2010 $'000	2 May 2009 $'000	1 May 2010 $'000	2 May 2009 $'000
Government of Jamaica	113,391	113,465	-	-
Financial institutions	628,304	398,110	612,551	290,440
	741,695	511,575	612,551	290,440
Interest receivable	2,956	6,276	2,956	165
	744,651	517,851	615,507	290,605

(b) Liquidity risk

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

Liquidity risk management process

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

(i) Monitoring future cash flows and liquidity periodically. This incorporates an assessment of expected cash flows.

(ii) Maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;

(iii) Maintaining committed lines of credit;

(iv) Managing the concentration and profile of debt maturities.

Jamaica Broilers Group Limited

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3. Financial Risk Management (Continued)

(b) Liquidity risk (continued)

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

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

Financial liabilities cash flows

The tables below summarise the maturity profile of the Group's and company's financial liabilities at 1 May 2010 and 2 May 2009 based on contractual undiscounted payments.

	The Group				
	Within 3 Months $'000	3 to 12 Months $'000	1 to 5 Years $'000	Over 5 Years $'000 $	Total '000
As at 1 May 2010					
Payables	1,442,089	14,811	-	-	1,456,900
Borrowings	752,075	1,985,104	1,839,128	-	4,576,307
Total financial liabilities (contractual maturity dates)	2,194,164	1,999,915	1,839,128	-	6,033,207

	The Group				
	Within 3 Months $'000	3 to 12 Months $'000	1 to 5 Years $'000	Over 5 Years $'000 $	Total '000
As at 2 May 2009					
Payables	1,423,386	99,618	-	-	1,523,004
Borrowings	1,417,706	2,656,017	1,924,265	179,768	6,177,756
Total financial liabilities (contractual maturity dates)	2,841,092	2,755,635	1,924,265	179,768	7,700,760

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3. Financial Risk Management (Continued)

(b) Liquidity risk (continued)

Financial liabilities cash flows (continued)

	The Company				
	Within 3 Months $'000	**3 to 12 Months $'000**	**1 to 5 Years $'000**	**Over 5 Years $'000 $**	**Total '000**
As at 1 May 2010					
Payables	1,299,111	-	-	-	1,299,111
Borrowings	600,462	1,592,163	1,397,070	-	3,589,695
Total financial liabilities (contractual maturity dates)	1,899,573	1,592,163	1,397,070	-	4,888,806

	The Company				
	Within 3 Months $'000	**3 to 12 Months $'000**	**1 to 5 Years $'000**	**Over 5 Years $'000 $**	**Total '000**
As at 2 May 2009					
Payables	1,223,410	126,017	-	-	1,349,427
Borrowings	1,149,990	2,075,575	1,367,885	179,768	4,773,218
Total financial liabilities (contractual maturity dates)	2,373,400	2,201,592	1,367,885	179,768	6,122,645

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

Jamaica Broilers Group Limited

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3. Financial Risk Management (Continued)

(b) L iquidity risk (continued)

Off-balance sheet items – Contingent liabilities and commitments

(a) The company has issued a letter of comfort indicating its intention to provide financial support to its subsidiary, International Poultry Breeders LLC.

(b) The company has guaranteed a line of credit of up to US$750,000 with an overseas bank for Wincorp International Corporation, a subsidiary.

(c) The company has guaranteed $680,000,000 and US$10,000,000 in favour of various financial institutions for loans undertaken.

(d) The Group had capital commitments in respect of projects being undertaken of $177,868,000 (2009 - $189,374,000).

(e) JB Ethanol, a subsidiary, has guaranteed US$7,000,000 in favour of the company with an overseas financial institution.

(f) The Group has obligations under long term operating leases for premises. Future minimum lease payments under such commitments are as follows:

	The Group	
	1 May 2010	**2 May 2009**
	$'000	**$'000**
Not later than 1 year	7,001	10,481
Later than 1 year and not later than 5 years	714	7,701
	7,715	18,182

(g) 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.

3. Financial Risk Management (Continued)

(c) Market risk

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

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

(i) Currency risk

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

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

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

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

The Group's and the company's balance sheets at 1 May 2010 includes aggregate net foreign liabilities of approximately US$18,804,000 (2009 – US$46,204,000) and US$13,098,000 (2009 – US$33,099,000) respectively in respect of transactions arising in the ordinary course of business respectively.

Foreign currency sensitivity

The following tables indicate the currencies to which the Group and company had significant exposure on its monetary assets and liabilities and its forecast cash flows. The change in currency rate below represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis represents outstanding foreign currency denominated monetary items and adjusts their translation at the year end for 5% depreciation and a 5% appreciation of the Jamaican dollar against the US dollar.

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3. Financial Risk Management (Continued)

(c) Market risk (continued)
(i) Currency risk (continued)

	The Group			
	% Change in Currency Rate 1 May 2010 $'000	Effect on Net Profit 1 May 2010 $'000	% Change in Currency Rate 2 May 2009 $'000	Effect on Net Profit 2 May 2009 $'000
Currency:				
USD	+5	(83,614)	+15	(315,342)
USD	-5	83,614	-5	105,114

	The Company			
	% Change in Currency Rate 1 May 2010 $'000	Effect on Net Profit 1 May 2010 $'000	% Change in Currency Rate 2 May 2009 $'000	Effect on Net Profit 2 May 2009 $'000
Currency:				
USD	+5	(58,245)	+15	(335,416)
USD	-5	58,245	-5	111,805

(ii) Interest rate risk

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

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

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

Investments

At 2 May 2010 and 2 May 2009, the Group's investments were fixed rate instruments.

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3. Financial Risk Management (Continued)

(c) Market risk (continued)

(ii) Interest rate risk (continued)

Interest rate sensitivity

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

The sensitivity of the profit or loss is the effect of a 1% change in interest rates on net profit based on the floating rate borrowings. The sensitivity of stockholders' equity is calculated by revaluing fixed rate available-for-sale financial assets for the effects of a 2% change in interest rates. The investment at year end matures in May 2010 and therefore the impact on equity is not material.

Effect on net profit from a 100 change in basis points:

	The Group		The Company	
	Effect on Net profit 1 May 2010 $'000	Effect on Net profit 2 May 2009 $'000	Effect on Net profit 1 May 2010 $'000	Effect on Net profit 2 May 2009 $'000
Change in basis points:				
-100	14,630	9,030	6,330	8,180
+100	(14,630)	(9,030)	(6,330)	(8,180)

Effect on stockholders' equity from a 200 change in basis points:

	The Group	
	Effect on Equity 1 May 2010 $'000	Effect on Equity 2 May 2009 $'000
Change in basis points:		
-200	-	76
+200	-	(24)

Jamaica Broilers Group Limited

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3. Financial Risk Management (Continued)

(c) Market risk (continued)

(iii) Commodity price risk

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

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

The Group and the company enter into commodity contracts or related financial instruments in respect of its future usage requirements.

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

To manage price risk on imported corn and soya bean meal, short term commodity instruments are used.

(d) Capital management

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

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net borrowings divided by total capital. Net borrowings are calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as 'stockholders' equity' as shown in the consolidated balance sheet plus net borrowings.

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3. Financial Risk Management (Continued)

(e) Capital management (continued)

During 2010, the Group's strategy, which was unchanged from 2009, was to maintain the gearing ratio below 1:1. The gearing ratios at 1 May 2010 and 2 May 2009 were as follows:

	The Group	
	1 May 2010	**2 May 2009**
	\$'000	**\$'000**
Net borrowings	3,589,440	4,186,813
Total capital	8,745,443	8,160,422
Gearing ratio	1:2	1:2

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

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

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

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

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

(b) Key sources of estimation uncertainty

Income taxes

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

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4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty (Continued)

(b) Key sources of estimation uncertainty (continued)

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 16).

5. Segmental Financial Information

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

The business is considered from mainly a product perspective. Geographically, however, the poultry operations and feed and farm supplies are located in these two geographic areas, Jamaica and the United States.

The segment information provided for the reportable segments is as follows:

(a) Poultry Operations - Rearing of poultry for fertile egg production and for sale, broiler grow out, broiler processing and sales grow out and sale of started pullets.

(b) Feed and Farm Supplies - Manufacturing and sale of feeds and sale of farm supplies.

(c) Ethanol Operations The processing and export sale of fuel grade ethanol.

Other operations of the Group include the sale of feed ingredients; cattle rearing; processing and sale of beef products; grow out and sale of fish; and co-generation energy supplies.

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

The company is domiciled in Jamaica. Revenue from its external customers in Jamaica is $21,208,573,000 (2009 - $24,432,771,000) and $1,036,157,000 (2009 - $190,544,000) from external customers in other countries.

Property, plant and equipment and intangible assets located in Jamaica and United States of America are $6,419,544,000 (2009 - $6,580,706,000) and $65,775,000 (2009 - $77,280,000) respectively.

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5. Segmental Financial Information (Continued)

	2010					
	Poultry Operations	Feed and Farm Supplies	Ethanol Operations	Other	Eliminations	Group
	$'000	$'000	$'000	$'000	$'000	$'000
External revenues	9,987,010	6,668,369	3,633,463	2,158,060	-	22,446,902
Revenue from other segments	167,413	531,525	-	555,325	(1,254,263)	-
Total revenue	10,154,423	7,199,894	3,633,463	2,713,385	(1,254,263)	22,446,902
Segment result	985,185	834,748	715,795	222,471	-	2,758,199
Unallocated corporate expenses						(676,487)
Operating profit						2,081,712
Finance costs						(484,475)
Profit before tax						1,597,237
Taxation						(284,436)
Net profit						1,312,801
Segment assets	6,929,196	1,780,487	3,881,006	3,652,490	(5,799,933)	10,443,246
Unallocated corporate assets						2,479,326
Total assets						12,922,572
Segment liabilities	409,383	441,603	2,520,626	3,791,854	(5,341,156)	1,822,310
Unallocated corporate liabilities						4,216,631
Total liabilities						6,038,941
Other segment items-						
Capital expenditure	159,348	70,399	22,069	89,021	-	340,837
Amortisation	12,016	-	-	351	-	12,367
Depreciation	206,836	1,839	178,239	70,281	-	457,195

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5. Segmental Financial Information (Continued)

	2009					
	Poultry Operations	Feed and Farm Supplies	Ethanol Operations	Other	Eliminations	Group
	$'000	$'000	$'000	$'000	$'000	$'000
External revenues	9,657,592	5,700,265	7,367,280	1,898,178	-	24,623,315
Revenue from other segments	151,037	511,136	-	540,408	(1,202,581)	-
Total revenue	9,808,629	6,211,401	7,367,280	2,438,586	(1,202,581)	24,623,315
Segment result	867,371	665,754	443,395	1,067	-	1,977,587
Unallocated corporate expenses						(540,384)
Operating profit						1,437,203
Finance costs						(433,476)
Profit before tax						1,003,727
Taxation						(175,664)
Net profit						828,063
Segment assets	4,547,716	1,386,251	5,779,570	3,634,537	(8,105,178)	7,242,896
Unallocated corporate assets						6,168,770
Total assets						13,411,666
Segment liabilities	136,779	558,012	4,998,443	3,564,500	(7,609,900)	1,647,834
Unallocated corporate liabilities						5,966,121
Total liabilities						7,613,955
Other segment items-						
Capital expenditure	250,083	7,825	1,304,231	97,319	-	1,659,458
Amortisation	12,749	-	-	351	-	13,100
Depreciation	141,758	1,500	155,533	74,212	-	373,003

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6. Other Operating Income

	The Group		The Company	
	1 May 2010 $'000	**2 May 2009 $'000**	**1 May 2010 $'000**	**2 May 2009 $'000**
Dividend income	324	277	324	517,857
Fair value losses on financial assets at fair value through profit or loss	-	(597)	-	(1,124)
Loss on sale of financial assets at fair value through profit or loss	(2,498)	-	(2,498)	-
Insurance claim	-	11,079	-	-
Interest income	45,143	37,200	20,737	25,545
(Loss)/gain on sale of property, plant and equipment	(771)	1,583	(1,332)	2,667
Reinsurance commissions	40,784	42,118	-	-
Other	23,012	19,242	13,950	13,423
	105,994	110,902	31,181	558,368

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7. Expenses by Nature

	The Group		The Company	
	1 May 2010 $'000	**2 May 2009 $'000**	**1 May 2010 $'000**	**2 May 2009 $'000**
Auditors' remuneration	19,288	16,834	9,512	8,700
Advertising and promotions	310,736	231,588	304,801	229,956
Amortisation of intangible assets (Note 13)	12,367	13,100	12,016	12,749
Bad debts	61,191	39,000	24,943	21,666
Bank charges	73,446	73,446	72,741	62,240
Cleaning and sanitation	44,615	24,504	41,636	23,501
Computer expenses	142,710	132,515	135,615	127,590
Cost of inventories recognised as expense	12,003,334	15,693,346	10,690,851	9,958,412
Fuel	919,887	683,024	133,270	68,563
Depreciation (Note 12)	457,195	373,003	199,396	183,187
Donations and subscriptions	33,557	48,448	31,725	47,171
Insurance	287,116	208,474	293,715	244,201
Occupancy – rent and utilities	636,934	682,330	499,900	512,963
Legal and professional fees	132,942	112,436	70,664	63,607
Repairs and maintenance	781,314	659,102	611,090	524,879
Security	152,734	131,655	115,381	102,781
Staff costs (Note 8)	3,415,936	3,166,584	2,996,788	2,758,890
Stationery	33,221	29,106	28,819	25,153
Supplies	204,182	173,682	171,873	152,259
Taxes and licenses	37,342	27,420	34,475	23,637
Travelling and entertainment	88,760	76,971	76,984	60,109
Trucking	340,956	326,015	315,116	315,952
Fiftieth anniversary celebrations	-	38,419	-	38,419
Haiti relief and market research	12,730	-	12,730	-
Other expenses	268,691	336,012	128,970	174,076
	20,471,184	23,297,014	17,013,011	15,740,661

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

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8. Staff Costs

	The Group		The Company	
	1 May 2010 $'000	**2 May 2009 $'000**	**1 May 2010 $'000**	**2 May 2009 $'000**
Wages, salaries and contractors' costs	2,982,958	2,714,410	2,622,332	2,378,939
Payroll taxes – Employer's portion	140,295	110,017	121,697	93,600
Pension costs - defined contribution plan	4,883	3,220	-	-
Pension costs - defined benefit plan (Note 16)	(36,800)	(35,600)	(26,300)	(35,900)
Post-employment medical benefits (Note 16)	2,500	1,000	2,300	900
Termination costs	9,114	138,522	9,114	122,361
Other - benefits and welfare	312,986	235,015	267,645	198,990
	3,415,936	3,166,584	2,996,788	2,758,890

9. Finance Costs

	The Group		The Company	
	1 May 2010 $'000	**2 May 2009 $'000**	**1 May 2010 $'000**	**2 May 2009 $'000**
Foreign exchange losses/(gains)	6,284	(24,309)	7,915	145,934
Interest expense	423,996	449,453	180,348	202,369
Amortisation of debt financing fees and other expenses	54,195	8,332	46,712	856
	484,475	433,476	234,975	349,159

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.

The approved farmer status expired in December 2009. Accordingly, a provision for taxation has been included for Jamaica Poultry Breeders Limited in current year.

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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	
	1 May 2010 $'000	2 May 2009 $'000	1 May 2010 $'000	2 May 2009 $'000
Current tax at 33⅓%	183,183	191,163	112,266	173,450
Prior year (over)/under provision	(21,798)	3,027	(22,664)	-
Deferred taxation (Note 15)	123,051	(18,526)	134,182	(14,195)
	284,436	175,664	223,784	159,255

(c) The tax on the Group's and company's profit differs from the theoretical amount that would arise using the applicable tax rate of 33⅓%, as follows:

	The Group		The Company	
	1 May 2010 $'000	2 May 2009 $'000	1 May 2010 $'000	2 May 2009 $'000
Profit before taxation	1,597,237	1,003,727	733,813	991,420
Tax calculated at a tax rate of 33⅓%	532,412	334,576	244,604	330,473
Adjusted for:				
Income not subject to tax	(251,587)	(292,242)	(108)	(172,619)
Deferred tax not recognised on tax losses	21,742	235,198	-	-
Exchange losses on subsidiary's loan recognised in stockholders' equity	(1,132)	(104,232)	-	-
Prior year (over)/under provision - current tax	(21,798)	3,027	(22,664)	-
Expenses not deductible for tax purposes and other allowances	4,799	(663)	1,952	1,401
Income tax expense	284,436	175,664	223,784	159,255

Subject to agreement with the Taxpayer Audit and Assessment Department, losses available for offset against future profits of certain local subsidiaries amount to approximately $985,617,000 (2009 – $783,228,000).

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.

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12. Property, Plant and Equipment

	The Group							
	2010							
	Freehold Land	Freehold Buildings	Leasehold Property	Plant, Machinery & Equipment	Furniture & Fixtures	Motor Vehicles	Capital Work in Progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At Cost -								
At 2 May 2009	116,212	1,743,634	71,279	4,115,137	1,214,689	456,512	1,468,671	9,186,134
Additions	-	23,147	-	118,576	13,593	37,810	142,458	335,584
Translation	43	167	13	6,188	410	32	-	6,853
Disposals	(3,485)	(31,525)	-	(168,865)	(185,084)	(137,599)	-	(526,558)
Transfers/reclassifications	-	84,084	(5,217)	1,635,956	(401,221)	(963)	(1,370,315)	(57,676)
At 1 May 2010	112,770	1,819,507	66,075	5,706,992	642,387	355,792	240,814	8,944,337
Depreciation -								
At 2 May 2009	-	542,111	46,477	1,282,556	404,776	330,071	-	2,605,991
Charge for the year	-	80,490	3,218	259,431	70,263	43,793	-	457,195
Translation	-	451	355	284	1	1	-	1,092
Relieved on disposals	-	(17,381)	-	(146,151)	(173,462)	(139,861)	-	(476,855)
Transfers/reclassifications		(47,030)	(3,236)	(725)	(8,148)	1,463	-	(57,676)
At 1 May 2010	-	558,641	46,814	1,395,395	293,430	235,467	-	2,529,747
Net Book Value -								
At 1 May 2010	112,770	1,260,866	19,261	4,311,597	348,957	120,325	240,814	6,414,590

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12. Property, Plant and Equipment (Continued)

	The Group							
	2009							
	Freehold Land	Freehold Buildings	Leasehold Property	Plant, Machinery & Equipment	Furniture & Fixtures	Motor Vehicles	Capital Work in Progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At Cost -								
At 3 May 2008	112,361	1,575,288	68,605	3,104,299	1,080,505	408,244	559,591	6,908,893
Additions	-	-	1,373	39,364	31,881	59,456	1,524,826	1,656,900
Translation	4,328	20,951	1,301	702,538	64,338	7,723	4,726	805,905
Disposals	(443)	(127,145)	-	(32,196)	(6,869)	(18,911)	-	(185,564)
Transfers/reclassifications	(34)	274,540	-	301,132	44,834	-	(620,472)	-
At 2 May 2009	116,212	1,743,634	71,279	4,115,137	1,214,689	456,512	1,468,671	9,186,134
Depreciation -								
At 3 May 2008	-	493,574	43,022	1,064,113	336,276	299,851	-	2,236,836
Charge for the year	-	54,982	2,758	202,420	69,768	43,075	-	373,003
Translation	-	2,592	697	35,179	3,447	3,774	-	45,689
Relieved on disposals	-	(9,037)	-	(19,156)	(4,715)	(16,629)	-	(49,537)
At 2 May 2009	-	542,111	46,477	1,282,556	404,776	330,071	-	2,605,991
Net Book Value -								
At 2 May 2009	116,212	1,201,523	24,802	2,832,581	809,913	126,441	1,468,671	6,580,143

12. Property, Plant and Equipment (Continued)

	The Company							
	2010							
	Freehold Land	Freehold Buildings	Leasehold Property	Machinery & Equipment	Furniture & Fixtures	Motor Vehicles	Capital Work in Progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At Cost -								
At 2 May 2009	78,149	975,746	15,890	1,446,020	458,302	389,932	81,096	3,445,135
Additions	-	21,051	-	102,540	12,597	37,810	102,927	276,925
Disposals	-	(2,017)	-	(133,538)	(185,084)	(135,203)	-	(455,842)
Transfers/reclassifications	33	2,694	(2,380)	9,745	7,042	606	(908)	16,832
Transfers from subsidiary	-	-	-	265,410	-	2,568	-	267,978
At 1 May 2010	78,182	997,474	13,510	1,690,177	292,857	295,713	183,115	3,551,028
Depreciation -								
At 2 May 2009	-	215,872	2,056	830,538	325,455	285,661	-	1,659,582
Charge for the year	-	45,648	398	82,226	34,448	36,676	-	199,396
Relieved on disposals	-	-	-	(130,850)	(173,462)	(136,565)	-	(440,877)
Transfers/reclassifications	-	(334)	335	10,452	6,025	354	-	16,832
At 1 May 2010	-	261,186	2,789	792,366	192,466	186,126	-	1,434,933
Net Book Value -								
At 1 May 2010	78,182	736,288	10,721	897,811	100,391	109,587	183,115	2,116,095

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12. Property, Plant and Equipment (Continued)

	The Company							
	2009							
	Freehold Land	Freehold Buildings	Leasehold Property	Machinery & Equipment	Furniture & Fixtures	Motor Vehicles	Capital Work in Progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At Cost -								
At 3 May 2008	78,183	723,319	15,890	1,338,808	386,176	339,326	322,308	3,204,010
Additions	-	-	-	11,660	30,278	56,355	147,646	245,939
Disposals	-	-	-	(5,244)	(2,986)	(9,026)	-	(17,256)
Transfers/reclassifications	(34)	252,427	-	100,796	44,834	3,277	(388,858)	12,442
At 2 May 2009	78,149	975,746	15,890	1,446,020	458,302	389,932	81,096	3,445,135
Depreciation -								
At 3 May 2008	-	197,531	1,917	753,035	281,592	259,461	-	1,493,536
Charge for the year	-	18,341	139	82,751	46,888	35,068	-	183,187
Relieved on disposals	-	-	-	(5,248)	(2,994)	(8,868)	-	(17,110)
Transfers	-	-	-	-	(31)	-	-	(31)
At 2 May 2009	-	215,872	2,056	830,538	325,455	285,661	-	1,659,582
Net Book Value -								
At 2 May 2009	78,149	759,874	13,834	615,482	132,847	104,271	81,096	1,785,553

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13. Intangible Asset

	The Group	The Company
	Computer Software	**Computer Software**
	$'000	**$'000**
Cost -		
At 3 May 2008	128,624	124,202
Additions	2,558	2,558
At 2 May 2009	131,182	126,760
Additions	5,253	5,164
At 1 May 2010	136,435	131,924
Amortisation -		
At 3 May 2008	40,239	38,677
Charge for the year	13,100	12,749
At 2 May 2009	53,339	51,426
Charge for the year	12,367	12,016
At 1 May 2010	65,706	63,442
Net Book Value -		
1 May 2010	70,729	68,482
2 May 2009	77,843	75,334

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14. Investments

	The Group		The Company	
	1 May 2010 $'000	2 May 2009 $'000	1 May 2010 $'000	2 May 2009 $'000
Available-for-sale -				
Government of Jamaica securities	113,391	113,465	-	-
Quoted equities	1,322	4,961	1,322	4,961
Unquoted equities	2,624	2,624	2,624	2,624
Certificates of deposit	-	66,321	-	-
	117,337	187,371	3,946	7,585
Interest receivable	6,270	6,110	-	-
	123,607	193,481	3,946	7,585

The weighted average effective interest rate on Government of Jamaica securities was 11.75% (2009 – 11.75%).

15. Deferred Income Taxes

Deferred income taxes are calculated on all temporary differences under the liability method using an effective tax rate of 33⅓ %.

	The Group		The Company	
	1 May 2010 $'000	2 May 2009 $'000	1 May 2010 $'000	2 May 2009 $'000
Deferred tax assets	(30,180)	(12,983)	-	-
Deferred tax liabilities	456,542	316,294	400,491	266,309
	426,362	303,311	400,491	266,309

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

	The Group		The Company	
	1 May 2010 $'000	2 May 2009 $'000	1 May 2010 $'000	2 May 2009 $'000
Balance at start of year	303,311	321,837	266,309	280,504
Charged/(credited) to profit or loss (Note 10)	123,051	(18,526)	134,182	(14,195)
Balance as at end of year	426,362	303,311	400,491	266,309

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15. Deferred Income Taxes (Continued)

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

	The Group		The Company	
	1 May 2010 $'000	**2 May 2009 $'000**	**1 May 2010 $'000**	**2 May 2009 $'000**
Deferred income tax assets -				
Accrued vacation	6,761	8,062	6,558	7,888
Tax losses unused	45,721	25,878	-	-
Unrealised foreign exchange losses	-	29,331	-	29,496
Other	3,758	9,825	3,758	9,825
	56,240	73,096	10,316	47,209
Deferred income tax liabilities -				
Accelerated tax depreciation	415,367	326,820	356,777	273,596
Pension and other post-employment benefits	65,033	49,533	51,933	39,867
Unrealised foreign exchange gains	1,218	-	1,112	-
Other	984	54	985	55
	482,602	376,407	410,807	313,518
Net deferred tax liability	426,362	303,311	400,491	266,309

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

	The Group		The Company	
	1 May 2010 $'000	**2 May 2009 $'000**	**1 May 2010 $'000**	**2 May 2009 $'000**
Accelerated tax depreciation	88,547	11,241	83,181	3,567
Accrued vacation	1,301	(820)	1,330	(1,534)
Post-employment benefits	15,500	15,600	12,066	12,801
Tax losses	(19,843)	(2,233)	-	-
Unrealised foreign exchange losses/gains	30,549	(26,231)	30,608	(25,442)
Other temporary differences	6,997	(16,083)	6,997	(3,587)
	123,051	(18,526)	134,182	(14,195)

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 $963,352,000 (2009 - $754,569,000). These undistributed earnings are in foreign subsidiaries.

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.

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15. Deferred Income Taxes (Continued)

These balances include the following:

	The Group		The Company	
	1 May 2010 $'000	**2 May 2009 $'000**	**1 May 2010 $'000**	**2 May 2009 $'000**
Deferred tax assets -				
Deferred tax assets to be recovered after more than 12 months	45,721	25,878	-	-
Deferred tax assets to be recovered within 12 months	10,519	47,218	10,316	47,209
	56,240	73,096	10,316	47,209
Deferred tax liabilities -				
Deferred tax liabilities to be recovered after more than 12 months	480,400	376,353	408,710	313,463
Deferred tax liabilities to be recovered within 12 months	2,202	54	2,097	55
	482,602	376,407	410,807	313,518
Net deferred tax liability	426,362	303,311	400,491	266,309

16. Post-employment Benefits

Amounts recognised in the balance sheet are as follows:

	The Group		The Company	
	1 May 2010 $'000	**2 May 2009 $'000**	**1 May 2010 $'000**	**2 May 2009 $'000**
Pension scheme benefits	206,200	157,400	163,500	126,200
Post-employment medical benefits	(9,200)	(8,000)	(7,700)	(6,600)
Amounts recognised in the profit or loss (Note 8) -				
Pension scheme benefits	(36,800)	(35,600)	(26,300)	(35,900)
Post-employment medical benefits	2,500	1,000	2,300	900
	(34,300)	(34,600)	(24,000)	(35,000)

16. 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 30 April 2010.

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

	The Group		The Company	
	1 May 2010 $'000	**2 May 2009 $'000**	**1 May 2010 $'000**	**2 May 2009 $'000**
Fair value of plan assets	1,668,500	1,341,300	1,524,900	1,235,300
Present value of obligations	(1,209,500)	(734,000)	(1,105,400)	(676,000)
	459,000	607,300	419,500	559,300
Unrecognised actuarial gains	(252,800)	(449,900)	(256,000)	(433,100)
	206,200	157,400	163,500	126,200

Pension plan assets include investment in ordinary stock units of the company with a fair value of $41,031,000 (2009 - $19,507,000).

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

	The Group		The Company	
	1 May 2010 $'000	**2 May 2009 $'000**	**1 May 2010 $'000**	**2 May 2009 $'000**
At start of year	157,400	119,000	126,200	87,800
Amounts recognised in profit or loss (Note 8)	36,800	35,600	26,300	35,900
Contributions paid	12,000	2,800	11,000	2,500
At end of year	206,200	157,400	163,500	126,200

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16. Post-employment Benefits (Continued)

(a) Pension scheme benefits (continued)

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

	The Group		The Company	
	1 May 2010 $'000	**2 May 2009 $'000**	**1 May 2010 $'000**	**2 May 2009 $'000**
At start of year	734,000	893,900	676,000	802,300
Current service cost	64,700	77,000	58,500	69,000
Interest cost	120,200	120,900	110,400	108,600
Benefits paid	(29,700)	(59,700)	(25,200)	(56,200)
Annuities purchased	(144,300)	-	(143,800)	-
Loss on settlement	47,300	-	47,200	-
Actuarial loss/(gain) on obligations	417,300	(298,100)	382,300	(247,700)
At end of year	1,209,500	734,000	1,105,400	676,000

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

	The Group		The Company	
	1 May 2010 $'000	**2 May 2009 $'000**	**1 May 2010 $'000**	**2 May 2009 $'000**
At start of year	1,341,300	1,395,100	1,235,300	1,252,100
Members' contribution	47,400	44,700	43,100	44,400
Employer's contribution	12,100	6,800	11,000	2,600
Expected return on plan assets	198,100	173,800	182,100	155,900
Benefits paid	(29,700)	(59,700)	(25,200)	(56,200)
Annuities purchased	(144,300)	-	(143,800)	-
Actuarial gain/(loss) on plan assets	243,600	(219,400)	222,400	(163,500)
At end of year	1,668,500	1,341,300	1,524,900	1,235,300

16. Post-employment Benefits (Continued)

(a) Pension scheme benefits (continued)

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

	The Group		The Company	
	1 May 2010 $'000	**2 May 2009 $'000**	**1 May 2010 $'000**	**3 May 2009 $'000**
Current service cost	17,300	28,400	15,400	24,600
Interest cost	120,200	120,900	110,400	108,600
Expected return on plan assets	(198,100)	(173,800)	(182,100)	(155,900)
Loss on settlement	46,600	-	47,200	-
Net actuarial gains recognised in year	(22,800)	(11,100)	(17,200)	(13,200)
Total included in staff costs (Note 8)	(36,800)	(35,600)	(26,300)	(35,900)
Actual return on plan assets	(441,700)	(45,600)	(404,500)	(7,600)

The principal actuarial assumptions used were as follows:

	1 May 2010	**2 May 2009**
Discount rate	11.5%	16.0%
Expected return on plan assets	11.5%	15.0%
Future salary increases	8.5%	11.0%
Future pension increases	5.0%	5.0%
Remaining working lives - years	18.0	18.0

(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 10.5% per year (2009 - 15% per year).

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16. 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	
	1 May 2010	2 May 2009	1 May 2010	2 May 2009
	$'000	$'000	$'000	$'000
Present value of funded obligations	14,500	14,400	13,000	13,000
Unrecognised actuarial losses	(5,300)	(6,400)	(5,300)	(6,400)
	9,200	8,000	7,700	6,600

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

	The Group		The Company	
	1 May 2010	2 May 2009	1 May 2010	2 May 2009
	$'000	$'000	$'000	$'000
At start of year	8,000	8,000	6,600	6,600
Amounts recognised in profit or loss (Note 8)	2,500	1,000	2,300	900
Contributions paid	(1,300)	(1,000)	(1,200)	(900)
At end of year	9,200	8,000	7,700	6,600

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

	The Group		The Company	
	1 May 2010	2 May 2009	1 May 2010	2 May 2009
	$'000	$'000	$'000	$'000
At start of year	14,400	8,500	13,000	7,500
Interest cost	2,200	1,000	2,000	900
Benefits paid	(1,300)	(1,000)	(1,200)	(900)
Actuarial (gain)/loss on obligation	(800)	5,900	(800)	5,500
At end of year	14,500	14,400	13,000	13,000

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16. Post-employment Benefits (Continued)

(b) Post-employment medical benefits (continued)

The amount recognised in profit or loss is as follows:

	The Group		The Company	
	1 May 2010 $'000	2 May 2009 $'000	1 May 2010 $'000	2 May 2009 $'000
Interest cost, included in staff costs (Note 8)	2,500	1,000	2,300	900

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

	The Group		The Company	
	1 May 2010 $'000 Decrease	1 May 2010 $'000 Increase	1 May 2010 $'000 Decrease	1 May 2010 $'000 Increase
Effect on the aggregate of current service cost and interest cost	(100)	200	(91)	183
Effect on the defined benefit obligation	(1,000)	1,100	(914)	1,005
	(1,100)	1,300	(1,005)	1,188

	The Group		The Company	
	2 May 2009 $'000 Decrease	2 May 2009 $'000 Increase	2 May 2009 $'000 Decrease	2 May 2009 $'000 Increase
Effect on the aggregate of current service cost and interest cost	(100)	100	(92)	92
Effect on the defined benefit obligation	(900)	1,000	745)	828
	(1,000)	1,100	(837)	920

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16. Post-employment Benefits (Continued)

(c) Distribution of pension plan assets -

	The Group			
	1 May 2010	**1 May 2010**	**2 May 2009**	**2 May 2009**
	$'000	**%**	**$'000**	**%**
Equities	346,600	21	213,600	16
Property	347,400	21	296,000	22
Government securities and reverse repurchase agreements	768,200	46	634,100	47
Corporate bonds	101,200	6	104,500	8
Leased assets	55,200	3	58,000	4
Other	49,900	3	35,100	3
	1,668,500	100	1,341,300	100

	The Company			
	1 May 2010	**1 May 2010**	**2 May 2009**	**2 May 2009**
	$'000	**%**	**$'000**	**%**
Equities	316,769	21	196,719	16
Property	317,500	21	272,607	22
Government securities and reverse repurchase agreements	702,082	46	583,987	47
Corporate bonds	92,490	6	96,241	8
Leased assets	50,449	3	53,416	4
Other	45,610	3	32,330	3
	1,524,900	100	1,235,300	100

16. Post-employment Benefits (Continued)

(d) Other pension plan disclosures -

Expected contributions to post-employment plan for the year ending 30 April 2011 are $34,500,000 and $31,500,000 for the Group and company respectively.

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

Pension scheme benefits

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

	The Group				
	2010 $'000	**2009 $'000**	**2008 $'000**	**2007 $'000**	**2006 $'000**
Fair value of plan assets	1,668,500	1,341,300	1,395,100	1,129,900	1,206,900
Present value of defined benefit obligation	(1,209,500)	(734,000)	(893,900)	(813,500)	(683,600)
Surplus	459,000	607,300	501,200	316,400	523,300
Experience adjustments to plan liabilities	6,500	18,100	19,900	(39,800)	5,500
Experience adjustments to plan assets	243,700	(219,500)	124,200	(5,700)	144,900

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16. Post-employment Benefits (Continued)

(d) Other pension plan disclosures (continued)-

Pension scheme benefits (continued)

	The Company				
	2010	**2009**	**2008**	**2007**	**2006**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Fair value of plan assets	1,524,900	1,235,300	1,252,100	1,021,000	1,096,900
Present value of defined benefit obligation	(1,105,400)	(676,000)	(802,300)	(735,100)	(621,300)
Surplus	419,500	559,300	449,800	285,900	475,600
Experience adjustments to plan liabilities	4,500	(5,100)	(77,700)	33,900	(12,700)
Experience adjustments to plan assets	222,400	(163,500)	105,100	(21,600)	153,000

Post-employment medical benefits

	The Group				
	2010	**2009**	**2008**	**2007**	**2006**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Present value of funded obligation	14,500	14,400	7,500	8,500	9,000
Experience adjustments to plan liabilities	900	(6,200)	(700)	1,100	800

	The Company				
	2010	**2009**	**2008**	**2007**	**2006**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Present value of funded obligation	13,000	13,000	7,500	6,800	7,600
Experience adjustments to plan liabilities	900	(5,800)	(700)	1,100	1,300

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17. Inventories

	The Group		The Company	
	1 May 2010 $'000	**2 May 2009 $'000**	**1 May 2010 $'000**	**2 May 2009 $'000**
Grain and feed ingredients	1,013,532	712,341	995,309	678,379
Inventories for resale and spares	1,437,906	2,799,892	1,293,088	821,113
Processed broilers, beef and fish	91,318	74,977	88,912	62,467
Goods in transit and others	99,156	177,708	88,643	164,660
	2,641,912	3,764,918	2,465,952	1,726,619
Less: Provision for obsolescence	(24,267)	(16,547)	(19,557)	(11,925)
	2,617,645	3,748,371	2,446,395	1,714,694

18. Biological Assets

	The Group		The Company	
	1 May 2010 $'000	**2 May 2009 $'000**	**1 May 2010 $'000**	**2 May 2009 $'000**
Cattle	75,608	50,340	75,326	50,340
Fish	200,544	138,634	-	-
Poultry	609,847	621,961	314,793	315,032
	885,999	810,935	390,119	365,372

The movement in biological assets was determined as follows:

	The Group		The Company	
	1 May 2010 $'000	**2 May 2009 $'000**	**1 May 2010 $'000**	**2 May 2009 $'000**
At start of year	810,935	663,452	365,372	314,454
Increase due to purchases and accumulated costs	4,956,351	4,095,605	4,342,092	3,877,983
Decrease due to sales and amortisation of costs	(4,881,287)	(3,948,122)	(4,317,345)	(3,827,065)
At end of year	885,999	810,935	390,119	365,372

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18. Biological Assets (Continued)

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

(i) Cattle

The number of cattle at the end of the year was 962 (2009 – 533).

The number of cattle harvested during the year was 376 (2009 – 410).

(ii) Fish

The estimated weight of fish and fingerlings at the end of the year was 498 tonnes (2009 – 479 tonnes).

The estimated weight of fish and fingerlings harvested during the year was 773 tonnes (2009 – 1,612 tonnes).

(iii) Poultry

The number of birds in the field, including breeder, layer and pullets at the year end was 7,415,000 (2009 – 6,977,000) and the number of fertile (hatching) eggs was 3,985,000 (2009 – 3,611,000).

The number of birds delivered for processing during the year was 27,762,000 (2009 – 24,183,000) and the number of fertile (hatching) eggs produced was 43,195,000 (2009 – 45,080,000).

19. Receivables

	The Group		The Company	
	1 May 2010 $'000	2 May 2009 $'000	1 May 2010 $'000	2 May 2009 $'000
Trade receivables	975,518	787,252	621,298	508,017
Less: Provision for impairment	(110,523)	(73,047)	(66,337)	(53,849)
	864,995	714,205	554,961	454,168
Contract farmers' receivables	91,808	45,147	91,808	45,147
Deposits	3,070	3,132	703	701
G.C.T recoverable	97,880	107,444	17,746	14,936
Insurance claims receivable	3,897	17,222	-	13,324
Jamaica Public Service Company Limited	38,200	14,767	-	-
Prepayments	135,593	64,433	126,005	40,729
Staff receivables	15,040	14,111	14,692	11,542
Other	54,568	62,361	44,869	52,776
	1,305,051	1,042,822	850,784	633,323
Less: Provision for impairment	(19,861)	(11,885)	(19,861)	(11,885)
	1,285,190	1,030,937	830,923	621,438

20. Financial Assets at Fair Value through Profit or Loss

This represents quoted equity 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 (Note 6).

21. Cash and Short Term Investments

	The Group		The Company	
	1 May 2010 $'000	2 May 2009 $'000	1 May 2010 $'000	2 May 2009 $'000
Cash at bank and in hand	651,679	453,641	460,780	361,604
Short term investments	628,303	331,790	612,551	290,440
	1,279,982	785,431	1,073,331	652,044
Interest receivable	2,956	165	2,956	165
	1,282,938	785,596	1,076,287	652,209

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21. Cash and Short Term Investments (Continued)

The weighted average effective interest rate on short term deposits was 2.75% (2009 – 7.75%) These deposits have an average maturity of 41 days (2009 – 14 days).

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

	The Group		The Company	
	1 May 2010	2 May 2009	1 May 2010	2 May 2009
	$'000	$'000	$'000	$'000
Cash and short term investments	1,282,938	785,596	1,076,287	652,209
Short term borrowings and bank overdraft	(370,777)	(1,291,191)	(366,944)	(1,290,069)
	912,161	(505,595)	709,343	(637,860)

22. Payables

	The Group		The Company	
	1 May 2010	2 May 2009	1 May 2010	2 May 2009
	$'000	$'000	$'000	$'000
Accrued charges	332,959	296,171	282,755	242,081
Contractors retention payable	451	2,574	415	2,357
Payroll taxes payable	23,702	23,789	23,702	23,789
Staff related payables	31,087	12,310	20,724	2,961
Trade payables	1,001,531	1,123,295	894,305	981,139
Unclaimed cheques	42,381	39,601	42,102	39,346
Other	48,491	49,053	58,810	81,543
	1,480,602	1,546,793	1,322,813	1,373,216

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23. Dividends

	The Group and The Company	
	1 May 2010	2 May 2009
	$'000	$'000
First interim – 8 cents per stock unit (2009 – 5 cents)	95,942	59,964
Second interim – 12 cents per stock unit (2009 – 6 cents)	143,913	71,957
	239,855	131,921

24. Borrowings

	The Group		The Company	
	1 May 2010	2 May 2009	1 May 2010	2 May 2009
	$'000	$'000	$'000	$'000
Non-Current -				
Borrowings	1,717,023	1,670,410	1,287,325	1,129,048
Current -				
Short term borrowings and bank overdraft	1,273,343	2,330,487	1,268,608	2,329,365
Current portion of non-current borrowings	943,529	1,433,877	466,817	595,626
Interest payable	26,322	43,231	11,274	29,476
	2,243,194	3,807,595	1,746,699	2,954,467
	3,960,217	5,478,005	3,034,024	4,083,515

Interest rates on these loans ranged from 12% to 17.75% on Jamaican currency loans and 3.95% to 7.95% on United States currency loans.

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

In 2009, the company early adopted IAS 23 (Amendment), Borrowing costs which resulted in the capitalisation of interest of $29,404,000 for the expansion of its ethanol plant; this amount has been included in property, plant and equipment. The expansion of the ethanol plant was completed in 2009 and therefore there were no capitalised costs in 2010.

The capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation in the year ended 2 May 2009 was 8.19%.

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25. Share Capital

	Number of Stock Units '000	Ordinary Stock Units $'000
1 May 2010	1,199,277	765,137
2 May 2009	1,199,277	765,137

The total authorised number of ordinary shares is 1,209,324,000 shares (2009 – 1,209,324,000).

The stock units in 2009 and 2010 are stated in these financial statements without a nominal or par value.

26. Capital Reserve

	The Group		The Company	
	1 May 2010 $'000	2 May 2009 $'000	1 May 2010 $'000	2 May 2009 $'000
At start of year -				
Realised capital gains	32,618	32,618	3,227	3,227
Unrealised surplus on revaluations	399,975	399,975	139,198	139,198
Fair value (loss)/gain on available-for-sale securities	(7,647)	2,039	3,080	3,822
Translation loss on subsidiary assumed	-	-	(8,686)	(8,686)
Gains on translation of financial statements of foreign subsidiaries	634,021	264,061	-	-
	1,058,967	698,693	136,819	137,561
Movements during the year -				
Fair value loss on available for sale securities	(570)	(9,686)	(3,618)	(742)
Translation gain	13,544	369,960	-	-
At end of year	1,071,941	1,058,967	133,201	136,819
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 (loss)/gain on available-for-sale securities	(8,217)	(7,647)	(538)	3,080
Translation loss on subsidiary assumed	-	-	(8,686)	(8,686)
Gains on translation of financial statements of foreign subsidiaries	647,565	634,021	-	-
	1,071,941	1,058,967	133,201	136,819

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27. Related Party Transactions and Balances

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

Related parties include fellow subsidiaries, directors and key management.

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

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

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

	The Group		The Company	
	1 May 2010 $'000	**2 May 2009 $'000**	**1 May 2010 $'000**	**2 May 2009 $'000**
With directors and key management -				
Salaries, profit sharing and other short-term employee benefits	346,574	237,204	328,604	208,063
Gratuity on separation	-	85,767	-	85,767
Payroll taxes – Employer's portion	138	115	125	104
Pension benefits	1,493	309	1,424	288
Professional fees paid	10,193	5,447	10,193	5,447
	358,398	328,842	340,346	299,669
Directors' emoluments -				
Fees	14,590	15,850	14,590	15,850
Management remuneration (included above)	190,702	239,816	172,652	216,467

Included in the Group's management remuneration for directors' emoluments is an amount of $12,030,000 (2009 - $23,349,000) representing payments made to directors of a subsidiary company.

27. Related Party Transactions and Balances (Continued)

(ii) Year end balances with directors and key management are as follows:

	The Group		The Company	
	1 May 2010	**2 May 2009**	**1 May 2010**	**2 May 2009**
	$'000	**$'000**	**$'000**	**$'000**
Receivables	5,216	2,726	4,630	1,877

Receivables are repayable within 3 months.

28. Fair Value of Financial Instruments

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

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

(i) Investment securities at fair value through profit or loss are measured at fair value by reference to quoted prices when available. If quoted market prices are not available, then fair values are estimated on the basis of pricing models, or discounted cash flows. Fair value is equal to the carrying amount of these items;

(ii) Investment securities classified as available-for-sale are measured at fair value by reference to quoted market prices when available. If quoted market prices are not available, then fair values are based on pricing models or other recognised valuation techniques;

(iii) The fair value of financial liabilities approximates to carrying value as the contractual cash flows are at current market interest rates that are available to the Group for similar financial instruments; and

(iv) The amounts included in the financial statements for receivables, cash and short term investments, payables and short term borrowings reflect their fair values due to the short term maturity of these instruments.

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28. Fair Value of Financial Instruments (Continued)

The following table provides an analysis of financial instruments that are measured in the balance sheet at fair value at 1 May 2010, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

(i) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

(ii) Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

(iii) Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	The Group			
	Level 1	Level 2	Level 3	1 May 2010
Financial Assets				
Investments -				
Government of Jamaica securities	-	113,391	-	113,391
Quoted equities	1,322	-	-	1,322
	1,322	113,391	-	114,713

	The Company			
	Level 1	Level 2	Level 3	1 May 2010
Financial Assets				
Investments -				
Quoted equities	1,322	-	-	1,322

There were no transfers between Level 1 and 2 in the year.