



Jamaica Broilers Group Limited

**Financial Statements
30 April 2011**

Jamaica Broilers Group Limited

Index

30 April 2011

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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 72, which comprise the consolidated and company balance sheets as of 30 April 2011 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, Scotiabank Centre, Duke Street, Box 372, Kingston, Jamaica
T: (876) 922 6230, F: (876) 922 7581, www.pwc.com/jm



Members of Jamaica Broilers Group Limited

Independent Auditors' Report

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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 30 April 2011, 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

29 June 2011

Kingston, Jamaica

Jamaica Broilers Group Limited

Group Statement of Comprehensive Income

Year ended 30 April 2011

(expressed in Jamaican dollars unless otherwise indicated)

	Note	30 April 2011 \$'000	1 May 2010 \$'000
Revenue		21,294,517	22,446,902
Cost of sales		(16,696,155)	(17,730,725)
Gross Profit		4,598,362	4,716,177
Other operating income	6	222,418	105,994
Distribution costs		(591,660)	(556,686)
Administration and other expenses		(2,545,903)	(2,183,773)
Operating Profit		1,683,217	2,081,712
Finance costs	9	(340,377)	(484,475)
Profit before Taxation		1,342,840	1,597,237
Taxation	10	(386,746)	(284,436)
Net Profit		956,094	1,312,801
Unrealised gains/(losses) on available-for-sale securities		3,273	(570)
Exchange differences on translating foreign operations		(100,328)	13,544
Total other comprehensive income		(97,055)	12,974
Total Comprehensive Income		859,039	1,325,775
Net profit attributable to:			
Holding company		625,521	510,029
Subsidiaries		330,573	802,772
		956,094	1,312,801
		Cents	Cents
Earnings per Stock Unit	11	79.72	109.47

Jamaica Broilers Group Limited

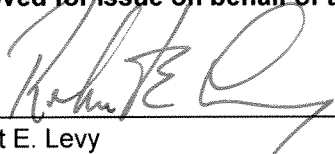
Group Balance Sheet

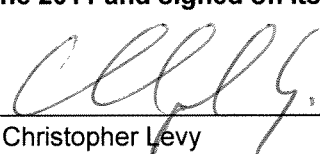
30 April 2011

(expressed in Jamaican dollars unless otherwise indicated)

	Note	30 April 2011 \$'000	1 May 2010 \$'000
Non-Current Assets			
Property, plant and equipment	12	6,596,076	6,414,590
Intangible asset	13	64,717	70,729
Investments	14	125,884	123,607
Deferred income taxes	15	27,058	30,180
Post-employment benefit assets	16	241,900	206,200
		<u>7,055,635</u>	<u>6,845,306</u>
Current Assets			
Inventories	17	2,820,443	2,617,645
Biological assets	18	914,498	885,999
Receivables	19	1,504,308	1,285,190
Taxation recoverable		4,285	5,494
Financial assets at fair value through profit or loss	20	983,754	-
Cash and short term investments	21	764,963	1,282,938
		<u>6,992,251</u>	<u>6,077,266</u>
Current Liabilities			
Payables	22	1,999,726	1,480,602
Taxation payable		387,155	132,380
Borrowings	24	1,452,598	2,243,194
		<u>3,839,479</u>	<u>3,856,176</u>
Net Current Assets			
		<u>3,152,772</u>	<u>2,221,090</u>
		<u>10,208,407</u>	<u>9,066,396</u>
Stockholders' Equity			
Share capital	25	765,137	765,137
Capital reserve	26	974,886	1,071,941
Retained earnings		5,810,763	5,046,553
		<u>7,550,786</u>	<u>6,883,631</u>
Non-Current Liabilities			
Borrowings	24	2,174,461	1,717,023
Deferred income taxes	15	469,860	456,542
Post-employment benefit obligations	16	13,300	9,200
		<u>2,657,621</u>	<u>2,182,765</u>
		<u>10,208,407</u>	<u>9,066,396</u>

Approved for issue on behalf of the Board of Directors on 27 June 2011 and signed on its behalf by:


 Robert E. Levy Director


 Christopher Levy Director

Jamaica Broilers Group Limited

Group Statement of Changes in Stockholders' Equity

Year ended 30 April 2011

(expressed in Jamaican dollars unless otherwise indicated)

	Number of Shares	Share Capital	Capital Reserve	Retained Earnings	Total
Note	'000	\$'000	\$'000	\$'000	\$'000
Balance at 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	-	-	-	(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
Unrealised gains on available-for-sale securities	-	-	3,273	-	3,273
Exchange differences on translating foreign operations	-	-	(100,328)	-	(100,328)
Total other comprehensive income	-	-	(97,055)	-	(97,055)
Net profit	-	-	-	956,094	956,094
Total comprehensive income	-	-	(97,055)	956,094	859,039
Dividends	-	-	-	(191,884)	(191,884)
Movement during the year	-	-	(97,055)	764,210	667,155
Balance at 30 April 2011	1,199,277	765,137	974,886	5,810,763	7,550,786

Jamaica Broilers Group Limited

Group Statement of Cash Flows

Year ended 30 April 2011

(expressed in Jamaican dollars unless otherwise indicated)

		30 April 2011 \$'000	1 May 2010 \$'000
	Note		
Cash Flows from Operating Activities			
Net profit		956,094	1,312,801
Adjustments for:			
Depreciation	12	480,268	457,195
Amortisation	13	13,367	12,367
(Gain)/loss on disposal of property, plant and equipment	6	(3,864)	771
Gain on disposal of available-for-sale securities		(1,205)	-
Fair value gain on financial assets at fair value through profit or loss	6	(114,750)	-
Loss on sale of financial assets at fair value through profit or loss	6	-	2,498
Changes in post-employment benefits		(31,600)	(47,600)
Taxation expense	10	386,746	284,436
Interest income	6	(21,904)	(45,143)
Dividend income	6	-	(324)
Unrealised foreign exchange (gains)/losses		(38,969)	13,697
Interest expense	9	340,774	423,996
		<u>1,964,957</u>	<u>2,414,694</u>
Changes in operating assets and liabilities:			
Inventories		(202,798)	1,130,726
Biological assets		(28,499)	(75,064)
Receivables		(218,981)	(251,982)
Payables		546,166	(70,623)
Financial assets at fair value through profit or loss		(869,003)	-
Translation loss on working capital of foreign subsidiaries		7,476	7,794
		<u>1,199,318</u>	<u>3,155,545</u>
Taxation paid		(115,208)	(161,947)
Cash provided by operating activities		<u>1,084,110</u>	<u>2,993,598</u>

Jamaica Broilers Group Limited

Group Statement of Cash Flows (Continued)

Year ended 30 April 2011

(expressed in Jamaican dollars unless otherwise indicated)

		30 April 2011 \$'000	1 May 2010 \$'000
Cash Flows from Operating Activities		1,084,110	2,993,598
Cash Flows from Investing Activities			
Purchase of property, plant and equipment	12	(810,356)	(335,584)
Proceeds from disposal of property, plant and equipment		14,773	48,934
Purchase of intangible asset	13	(7,355)	(5,253)
Purchase of investments		(5,779)	74,279
Proceeds from sale of investments		3,016	-
Interest received		22,143	44,983
Dividend received		-	324
Cash used in investing activities		(783,558)	(172,317)
Cash Flows from Financing Activities			
Long term loans repaid		(3,326,492)	(6,137,294)
Long term loans received		3,124,305	5,548,940
Interest paid		(341,903)	(444,317)
Dividends paid		(191,884)	(371,776)
Cash used in financing activities		(735,974)	(1,404,447)
(Decrease)/increase in cash and cash equivalents		(435,422)	1,416,834
Effect of changes in exchange rates on cash and cash equivalents		(28,730)	922
Cash and cash equivalents at beginning of year		912,161	(505,595)
CASH AND CASH EQUIVALENTS AT END OF YEAR	21	448,009	912,161

Jamaica Broilers Group Limited

Company Statement of Comprehensive Income

Year ended 30 April 2011

(expressed in Jamaican dollars unless otherwise indicated)

	Note	30 April 2011 \$'000	1 May 2010 \$'000
Revenue		19,781,440	17,950,618
Cost of sales		(15,735,389)	(14,484,733)
Gross Profit		4,046,051	3,465,885
Other operating income	6	25,287	31,181
Distribution costs		(553,497)	(499,498)
Administration and other expenses		(2,362,618)	(2,028,780)
Operating Profit		1,155,223	968,788
Finance costs	9	(216,536)	(234,975)
Profit before Taxation		938,687	733,813
Taxation	10	(313,166)	(223,784)
Net Profit		625,521	510,029
Unrealised losses on available-for-sale securities		-	(3,618)
Total other comprehensive income		-	(3,618)
Total Comprehensive Income		625,521	506,411

Jamaica Broilers Group Limited

Company Balance Sheet

30 April 2011

(expressed in Jamaican dollars unless otherwise indicated)

	Note	30 April 2011 \$'000	1 May 2010 \$'000
Non-Current Assets			
Property, plant and equipment	12	2,176,684	2,116,095
Intangible asset	13	62,830	68,482
Investments	14	10,702	3,946
Interest in subsidiaries		293,030	288,753
Post-employment benefit assets	16	196,500	163,500
		<u>2,739,746</u>	<u>2,640,776</u>
Current Assets			
Inventories	17	2,660,637	2,446,395
Biological assets	18	442,503	390,119
Receivables	19	1,269,559	830,923
Subsidiaries		3,064,731	2,736,644
Taxation recoverable		2,469	3,422
Cash and short term investments	21	606,524	1,076,287
		<u>8,046,423</u>	<u>7,483,790</u>
Current Liabilities			
Payables	22	1,880,938	1,322,813
Taxation payable		279,212	75,389
Subsidiaries		399,768	769,144
Borrowings	24	1,014,873	1,746,699
		<u>3,574,791</u>	<u>3,914,045</u>
Net Current Assets			
		<u>4,471,632</u>	<u>3,569,745</u>
		<u>7,211,378</u>	<u>6,210,521</u>
Stockholders' Equity			
Share capital	25	765,137	765,137
Capital reserve	26	133,201	133,201
Retained earnings		4,050,304	3,616,667
		<u>4,948,642</u>	<u>4,515,005</u>
Non-Current Liabilities			
Borrowings	24	1,844,959	1,287,325
Deferred income taxes	15	405,977	400,491
Post-employment benefit obligations	16	11,800	7,700
		<u>7,211,378</u>	<u>6,210,521</u>

Approved for issue on behalf of the Board of Directors on 27 June 2011 and signed on its behalf by:

Robert E. Levy

Director

Christopher Levy

Director

Jamaica Broilers Group Limited

Company Statement of Changes in Stockholders' Equity

Year ended 30 April 2011

(expressed in Jamaican dollars unless otherwise indicated)

	Number of Shares	Share Capital	Capital Reserve	Retained Earnings	Total
Note	'000	\$'000	\$'000	\$'000	\$'000
Balance at 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)	-	(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	-	-	-	(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
Net profit, being total comprehensive income for the year	-	-	-	625,521	625,521
Dividends	-	-	-	(191,884)	(191,884)
Movement during the year	-	-	-	433,637	433,637
Balance at 30 April 2011	1,199,277	765,137	133,201	4,050,304	4,948,642

Jamaica Broilers Group Limited

Company Statement of Cash Flows

Year ended 30 April 2011

(expressed in Jamaican dollars unless otherwise indicated)

		30 April 2011 \$'000	1 May 2010 \$'000
Cash Flows from Operating Activities			
Net profit		625,521	510,029
Adjustments for:			
Depreciation	12	198,317	199,396
Amortisation	13	13,007	12,016
(Gain)/loss on disposal of property, plant and equipment	6	(3,833)	1,332
Gain on disposal of available-for-sale securities		(1,205)	-
Loss on sale of financial assets at fair value through profit or loss	6	-	2,498
Changes in post-employment benefits		(28,900)	(36,200)
Taxation expense	10	313,166	223,784
Interest income	6	(8,784)	(20,737)
Dividend income	6	-	(324)
Unrealised foreign exchange (gains)/losses		(40,019)	11,739
Interest expense	9	225,247	180,348
		<u>1,292,517</u>	<u>1,083,881</u>
Changes in operating assets and liabilities:			
Inventories		(214,242)	(731,701)
Biological assets		(52,384)	(24,747)
Receivables		(438,756)	(205,837)
Subsidiaries		(697,463)	2,352,708
Payables		585,491	(54,833)
		<u>475,163</u>	<u>2,419,471</u>
Taxation paid		(103,857)	(143,108)
Cash provided by operating activities		<u>371,306</u>	<u>2,276,363</u>

Jamaica Broilers Group Limited

Company Statement of Cash Flows (Continued)

Year ended 30 April 2011

(expressed in Jamaican dollars unless otherwise indicated)

		30 April 2011 \$'000	1 May 2010 \$'000
Cash Flows from Operating Activities		371,306	2,276,363
Cash Flows from Investing Activities			
Additional investment in subsidiary		(4,277)	-
Purchase of property, plant and equipment	12	(269,813)	(276,925)
Proceeds from disposal of property, plant and equipment		14,740	13,633
Purchase of intangible asset	13	(7,355)	(5,164)
Purchase of investments		(8,567)	
Proceeds from sale of investments		3,016	3,729
Interest received		8,784	20,737
Dividend received		-	324
Cash used in investing activities		(263,472)	(243,666)
Cash Flows from Financing Activities			
Long term loans repaid		(2,791,772)	(5,172,982)
Long term loans received		2,697,461	5,054,437
Interest paid		(211,881)	(196,083)
Dividends paid		(191,884)	(371,776)
Cash used in financing activities		(498,076)	(686,404)
(Decrease)/increase in cash and cash equivalents		(390,242)	1,346,293
Effect of changes in exchange rates on cash and cash equivalents		(28,513)	910
Cash and cash equivalents at beginning of year		709,343	(637,860)
CASH AND CASH EQUIVALENTS AT END OF YEAR	21	<u>290,588</u>	<u>709,343</u>

Jamaica Broilers Group Limited

Notes to the Financial Statements

30 April 2011

(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.

During the year, a new subsidiary, Wincorp Air Services Limited, was established by the company. The principal activity of this subsidiary is aircraft ownership.

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 3 (Amendment), 'Business combinations' and consequential amendments to IAS 27, 'Consolidated and Separate Financial Statements', IAS 28, 'Investments in Associates' and IAS 31, 'Interests in Joint Ventures' (effective for annual periods beginning on or after 1 July 2009). These amendments introduce a number of changes in the accounting for business combinations that will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and the future reported results. Also, under the amended standards, a change in the ownership interest of a subsidiary is accounted for as an equity transaction. Therefore, such a change will have no impact on goodwill, nor will it give rise to a gain or loss. The adoption of this amendment has no effect on the Group's financial statements because it has no current acquisitions.

Jamaica Broilers Group Limited

Notes to the Financial Statements

30 April 2011

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

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

- 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 adoption of this amendment has no impact as the Group did not have any plan amendment.
- 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.
- IFRS 8 (Amendment), 'Operating Segments,' effective 1 January 2010. The amendment clarifies that segment assets and liabilities need only be reported when those assets and liabilities are included in measures that are used by the chief operating decision maker. The amendments to segment assets and liabilities have been disclosed in Note 5.
- IFRS 5 (Amendment), 'Non-current assets held-for-sale and discontinued operations,' effective prospectively for annual periods beginning on or after 1 July 2009. All of a subsidiary's assets and liabilities are classified as held for sale if a partial disposal sale plan results in loss of control. If the subsidiary described above is a disposal group meeting the definition of a discontinued operation, the relevant disclosures should be made. The adoption of this amendment has no effect on the Group's financial statements as the Group did not make any partial disposal of any of its subsidiaries.
- IFRS 5 (Amendment), 'Non-current assets held-for-sale and discontinued operations,' effective prospectively for annual periods beginning on or after 1 January 2010. Clarifies that the disclosures required in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations are only those set out in IFRS 5. The adoption of this amendment has no effect on the Group's financial statements as the Group did not have any non-current assets classified as held for sale or discontinued operations.

Jamaica Broilers Group Limited

Notes to the Financial Statements

30 April 2011

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

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

- IAS 7 (Amendment), 'Statement of Cash Flows,' effective 1 January 2010. States that only expenditure that results in recognising an asset can be classified as a cash flow from investing activities. This amendment has no impact on the Group.
- IAS 39 (Amendment), Financial Instruments: Recognition and measurement: Treating loan pre-payment penalties as closely related derivatives. The amendment clarifies that a prepayment option, the exercise price of which compensates the lender for loss of interest by reducing the economic loss from reinvestment risk, should be considered closely related to the host debt contract. The adoption of this amendment has no effect because the Group does not issue loans.

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

- IFRS 7, 'Financial Instruments Disclosures', effective 1 January 2011. This amendment clarifies the disclosure requirement by emphasising the interaction between quantitative and qualitative disclosures and the nature and extent of risks associated with financial instruments. Amendments were made to quantitative and credit risk disclosures. The adoption of this amendment will result in changes in the presentation of credit risk disclosures.
- IFRS 9, 'Financial Instruments', (effective for annual periods beginning on or after 1 January 2013). IFRS 9 addresses classification and measurement of financial assets and replaces the multiple classification and measurement models in IAS 39 with a single model that has only two classification categories: amortised cost and fair value. Classification under IFRS 9 is driven by the entity's business model for managing the financial assets and the contractual characteristics of the financial assets. IFRS 9 removes also the requirement to separate embedded derivatives from financial asset hosts. It requires a hybrid contract to be classified in its entirety at either amortised cost or fair value.

For financial liabilities, IFRS 9 retains most of the IAS 39 requirements, including amortised cost accounting for most financial liabilities and the requirement to separate embedded derivatives. The main change is where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than in profit or loss, unless this creates an accounting mismatch. The adoption of IFRS 9 is currently not expected to have a material impact on the Group's financial position or results.

Jamaica Broilers Group Limited

Notes to the Financial Statements

30 April 2011

(expressed in Jamaican dollars unless otherwise indicated)

2 Summary of Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

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

- IAS 1 (Amendment), 'Presentation of Financial Statements, issued in May 2010 as part of the annual improvements to IFRS. This amendment clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements. This amendment is applied retrospectively. The adoption of this amendment will result in the company presenting an analysis of other comprehensive income in the notes to the financial statements.
- IAS 24 (revised), 'Related party disclosures', issued in November 2009. It supersedes IAS 24, 'Related party disclosures', issued in 2003. IAS 24 (revised) is mandatory for periods beginning on or after 1 January 2011. Earlier application, in whole or in part, is permitted. The revised standard clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. The Group will apply the revised standard from 1 January 2011. When the revised standard is applied, the Group and the parent will need to disclose any transactions between its subsidiaries and its associates. The Group is currently putting systems in place to capture the necessary information and determine its impact.
- IFRIC 14 (Amendments), 'Prepayments of a minimum funding requirement'. The amendments correct an unintended consequence of IFRIC 14, 'IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction'. Without the amendments, entities are not permitted to recognise as an asset some voluntary prepayments for minimum funding contributions. This was not intended when IFRIC 14 was issued, and the amendments correct this. The amendments are effective for annual periods beginning 1 January 2011. Earlier application is permitted and should be applied retrospectively. The Group will apply these amendments for the financial reporting period commencing on 1 May 2011.
- IFRIC 19, 'Extinguishing financial liabilities with equity instruments', effective 1 July 2010. The interpretation clarifies the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor of the entity to extinguish all or part of the financial liability (debt for equity swap). It requires a gain or loss to be recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued. If the fair value of the equity instruments issued cannot be reliably measured, the equity instruments should be measured to reflect the fair value of the financial liability extinguished. It is not expected to have any impact on the Group or the parent entity's financial statements.
- IASB Annual Improvements 2010. In May 2010, the IASB published amendments to six standards and one IFRIC interpretation resulting from its Annual Improvements Project. The effective date for most amendments is annual periods beginning on or after 1 July 2010. Details of the amendment to IAS 1 and IFRS 7 are disclosed above. The Group is assessing the impact of future adoption of the other amendments on its financial statements.

Jamaica Broilers Group Limited

Notes to the Financial Statements

30 April 2011

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

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

- IFRS 10, 'Consolidated Financial Statements', (effective for annual periods beginning on or after 1 January 2013). IFRS 10 replaces all of the guidance on control and consolidation in IAS 27, 'Consolidated and Separate Financial Statements', and SIC-12, 'Consolidation – Special Purpose Entities'. IAS 27 (Revised) now renamed 'Separate Financial Statements'. IFRS 10 builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements. The standard provides additional guidance to assist in determining control where this is difficult to assess. This new standard might impact the entities that a group consolidates as its subsidiaries. The Group is assessing the impact of future adoption of the standard on its financial statements.
- IFRS 11, 'Joint Arrangements', (effective for annual periods beginning on or after 1 January 2013). IFRS 11 provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form. There are two types of joint arrangements: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed. This standard is not expected to have any significant impact on the Group's financial statements.
- IFRS 12, 'Disclosure of Interests in Other Entities', (effective for annual periods beginning on or after 1 January 2013). IFRS 12 requires entities to disclose information that helps financial statement users to evaluate the nature, risks and financial effects associated with the entity's interests in subsidiaries, associates, joint arrangements and unconsolidated structured entities. The Group is assessing the impact of future adoption of the standard on its financial statements.
- IFRS 13, 'Fair Value Measurement', (effective for annual periods beginning on or after 1 January 2013). IFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards. The requirements are similar to those in IFRS 7, 'Financial Instruments: Disclosures', but apply to all assets and liabilities measured at fair value, not just financial assets and liabilities. The Group is assessing the impact of future adoption of the standard on its financial statements.
- IAS 28 (Revised), 'Investments in Associates and Joint Ventures', (effective for annual periods beginning on or after 1 January 2013). IAS 28 (Revised) includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of IFRS 11. This standard is not expected to have any impact on the Group's financial statements.

Jamaica Broilers Group Limited

Notes to the Financial Statements

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(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(b) Consolidation

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the group recognises any 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.

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

The excess of the consideration transferred the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Jamaica Broilers Group Limited

Notes to the Financial Statements

30 April 2011

(expressed in Jamaican dollars unless otherwise indicated)

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:

	<u>Principal Activities</u>	<u>% Ownership at 30 April 2011</u>
Resident in Jamaica:		
Operating divisions		
Best Dressed Chicken (including Hipro-Ace)	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 subsidiary:		
Aqualapia Limited	Fish farming	100
Best Dressed Chicken Limited	Fish farming	100
Content Agricultural Products Limited	Non-trading	100
Energy Associates Limited	Property rental	100
CE Jamaica Inc.	Holding and investment company	100
EAL/ERI Co-generation Partners, LP	Non- trading	100
ERI Jam, LLC (subsidiary of ERI Services (St. Lucia) Limited)	Generation of electricity	100
JB Ethanol Limited (subsidiary of ERI Services (St. Lucia) Limited)	Non-trading	100
Jabexco Limited	Ethanol production	100
Jamaica Eggs Limited	Non-trading	100
Jamaica Poultry Breeders Limited	Non-trading	100
Levy Industries Limited	Fertile egg production	100
Master Blend Feeds Limited	Property rental	100
JB. Trading Limited	Property rental	100
Trafalgar Agriculture Development Limited	Non-trading	100
Resident outside of Jamaica:		
Atlantic United Insurance Company Limited, St.Lucia	Captive insurance	100
ERI Services (St. Lucia) Limited	Holding company	100
Wincorp Air Services Limited	Aircraft ownership	100
International Poultry Breeders LLC, U.S.A.	Fertile egg production	90
Jabexco Cayman Limited, Cayman	Non-trading	40
Wincorp International, Inc., U.S.A. and its subsidiary:	Procurers and distributors of agricultural and industrial supplies	100
Consolidated Freight and Shipping, Inc.	Ocean freight consolidator	100

Jamaica Broilers Group Limited

Notes to the Financial Statements

30 April 2011

(expressed in Jamaican dollars unless otherwise indicated)

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.

Jamaica Broilers Group Limited

Notes to the Financial Statements

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(expressed in Jamaican dollars unless otherwise indicated)

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 form 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.

Jamaica Broilers Group Limited

Notes to the Financial Statements

30 April 2011

(expressed in Jamaican dollars unless otherwise indicated)

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.

Jamaica Broilers Group Limited

Notes to the Financial Statements

30 April 2011

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(h) Intangible assets

(i) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the acquisition date. Goodwill on acquisition of subsidiaries is included in intangible assets. Separately recognised goodwill is tested for impairment 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. Amortisation is recognised in the profit or loss in administration and other expenses.

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

(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.

Jamaica Broilers Group Limited

Notes to the Financial Statements

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(expressed in Jamaican dollars unless otherwise indicated)

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.

Jamaica Broilers Group Limited

Notes to the Financial Statements

30 April 2011

(expressed in Jamaican dollars unless otherwise indicated)

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.

Jamaica Broilers Group Limited

Notes to the Financial Statements

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(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(I) 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) Leave entitlements

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

(v) Profit-sharing and performance incentives

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

Jamaica Broilers Group Limited

Notes to the Financial Statements

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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.

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

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

Breeder flocks are capitalised like a production asset. Breeder flocks are not sold and no active market exists for these birds. Other references to market prices such as market prices for similar assets are also not available. Valuation based on a discounted cash flow method is considered to be unreliable given the uncertainty with respect to mortality rates and production. Consequently, breeder flocks are measured at cost less depreciation and impairment losses. Depreciation is on a straight-line basis taking into account a small residual value.

(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.

Jamaica Broilers Group Limited

Notes to the Financial Statements

30 April 2011

(expressed in Jamaican dollars unless otherwise indicated)

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.

Jamaica Broilers Group Limited

Notes to the Financial Statements

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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.

Jamaica Broilers Group Limited

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(expressed in Jamaican dollars unless otherwise indicated)

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.

(ii) Investments

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

Jamaica Broilers Group Limited

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3. Financial Risk Management (Continued)

(a) Credit risk (continued)

Maximum exposure to credit risk

	The Group		The Company	
	30 April 2011 \$'000	1 May 2010 \$'000	30 April 2011 \$'000	1 May 2010 \$'000
Credit risk exposures are as follows:				
Investments	115,182	119,661	-	-
Receivables	145,692	1,051,716	136,329	687,172
Financial assets at fair value through profit or loss	983,754	-	-	-
Cash and short term investments	757,435	1,277,648	599,064	1,071,072
	<u>2,002,063</u>	<u>2,449,025</u>	<u>735,393</u>	<u>1,758,244</u>

The above table represents a worst case scenario of credit risk exposure to the Group and company at 30 April 2011 and 1 May 2010.

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.

Jamaica Broilers Group Limited

Notes to the Financial Statements

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(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(a) Credit risk (continued)

Ageing analysis of trade receivables that are past due and impaired

As of 30 April 2011, trade receivables of \$238,295,000 (2010 - \$188,732,000) and \$147,320,000 (2010 - \$60,734,000) for the Group and company respectively were impaired. The amount of the provision was \$141,326,000 (2010 - \$110,523,000) and \$73,487,000 (2010 - \$66,337,000) 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	
	30 April 2011 \$'000	1 May 2010 \$'000	30 April 2011 \$'000	1 May 2010 \$'000
Past due 31 to 60 days	64,576	77,502	42,858	29,361
Past due 61 to 90 days	32,352	33,858	13,759	3,884
Past due over 91 days	141,367	77,372	90,703	27,489
	<u>238,295</u>	<u>188,732</u>	<u>147,320</u>	<u>60,734</u>

Movement on the provision for impairment of trade receivables

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

	The Group		The Company	
	30 April 2011 \$'000	1 May 2010 \$'000	30 April 2011 \$'000	1 May 2010 \$'000
At 1 May 2010	110,523	73,047	66,337	53,849
Provision for receivables impairment	35,041	49,018	11,066	13,313
Receivables written off during the year as uncollectible	(2,150)	(10,708)	(2,150)	(825)
Recoveries	(1,766)	(846)	(1,766)	-
Translation	(322)	12	-	-
At 30 April 2011	<u>141,326</u>	<u>110,523</u>	<u>73,487</u>	<u>66,337</u>

Jamaica Broilers Group Limited

Notes to the Financial Statements

30 April 2011

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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 significant financial assets other than those listed above that were individually impaired.

Exposure to credit risk for trade receivables

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

	The Group		The Company	
	30 April 2011 \$'000	1 May 2010 \$'000	30 April 2011 \$'000	1 May 2010 \$'000
In Jamaica -				
Supermarket chains	109,142	71,818	109,142	71,818
Wholesalers and retail distributors	690,777	367,809	670,516	367,809
Hotels	75,887	36,853	75,887	36,853
Contract farmers	52,031	50,514	3,850	2,783
Other	167,953	182,871	145,514	126,372
	1,095,790	709,865	1,004,909	605,635
Overseas customers	138,785	265,653	26,201	15,663
	1,234,575	975,518	1,031,110	621,298
Less: Provision for impairment	(141,326)	(110,523)	(73,487)	(66,337)
	<u>1,093,249</u>	<u>864,995</u>	<u>957,623</u>	<u>554,961</u>

Overseas customers mainly relate to customers in the United States of America in 2011 and 2010.

Jamaica Broilers Group Limited

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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	
	30 April 2011 \$'000	1 May 2010 \$'000	30 April 2011 \$'000	1 May 2010 \$'000
Government of Jamaica	115,182	113,391	-	-
Financial institutions	1,028,345	631,259	29,426	615,507
	<u>1,143,527</u>	<u>744,650</u>	<u>29,426</u>	<u>615,507</u>

(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 30 April 2011 and 1 May 2010 based on contractual undiscounted payments.

	The Group				
	Within 3	4 to 12	2 to 5	Over	Total
	Months	Months	Years	5 Years	
	\$'000	\$'000	\$'000	\$'000	\$'000
As at 30 April 2011					
Payables	1,967,854	-	-	-	1,967,854
Borrowings	792,478	1,750,027	1,469,831	11	4,012,347
Total financial liabilities (contractual maturity dates)	2,760,332	1,750,027	1,469,831	11	5,980,201
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

Jamaica Broilers Group Limited

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30 April 2011

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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 30 April 2011				
Payables	1,851,154	-	-	-	1,851,154
Borrowings	643,501	1,432,420	1,088,269	-	3,164,190
Total financial liabilities (contractual maturity dates)	2,494,655	1,432,420	1,088,269	-	5,015,344

	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

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

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Notes to the Financial Statements

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(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(b) Liquidity risk (continued)

Off-balance sheet items – Contingent liabilities and commitments

- (a) The company has issued a letter of comfort indicating its intention to provide financial support to its 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 \$1,080,000,000 (2010 - \$680,000,000) and US\$10,000,000 (2010 - 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 \$194,000,000 (2010 - \$177,868,000).
- (e) JB Ethanol Limited, a subsidiary, has guaranteed US\$9,000,000 (2010 - US\$7,000,000) in favour of the company with Inter-American Investment Corporation.
- (f) The Group has obligations under long term operating leases for premises. Future minimum lease payments under such commitments are as follows:

	The Group	
	30 April 2011	1 May 2010
	\$'000	\$'000
Not later than 1 year	10,783	7,001
Later than 1 year and not later than 5 years	18,751	714
	29,534	7,715

- (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.

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(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(c) Market risk

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

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

(i) Currency risk

Currency risk is the risk that the fair value 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 30 April 2011 includes aggregate net foreign liabilities of approximately US\$13,265,000 (2010 – US\$18,804,000) and US\$13,398,000 (2010 – US\$13,098,000) 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 with all variables held constant. The sensitivity analysis on pre-tax profit is based on outstanding foreign currency denominated monetary items and adjusts their translation at the year end for 1% depreciation and a 1% 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	Effect on Pre- tax Profit	% Change in Currency Rate	Effect on Net Profit
	30 April 2011 \$'000	30 April 2011 \$'000	1 May 2010 \$'000	1 May 2010 \$'000
Currency:				
USD	+1	(11,461)	+5	(58,604)
USD	-1	11,461	-5	58,604
The Company				
	% Change in Currency Rate	Effect on Net Profit	% Change in Currency Rate	Effect on Net Profit
	30 April 2011 \$'000	30 April 2011 \$'000	1 May 2010 \$'000	1 May 2010 \$'000
Currency:				
USD	+1	(11,347)	+5	(58,245)
USD	-1	11,347	-5	58,245

(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 30 April 2011 and 1 May 2010, the Group's investments were fixed rate instruments.

Jamaica Broilers Group Limited

Notes to the Financial Statements

30 April 2011

(expressed in Jamaican dollars unless otherwise indicated)

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 0.5% change in interest rates on pre-tax profit based on the floating rate borrowings. The sensitivity of other components of stockholders' equity is calculated by revaluing fixed rate available-for-sale financial assets for the effects of an assumed change in interest rates. The investment at year end matures in May 2011 and therefore the impact on equity is not material.

Effect on pre-tax profit from a 50 change in basis points:

	The Group		The Company	
	Effect on Pre-tax Profit 30 April 2011 \$'000	Effect on Pre-tax Profit 1 May 2010 \$'000	Effect on Pre-tax Profit 30 April 2011 \$'000	Effect on Pre-tax Profit 1 May 2010 \$'000
Change in basis points:				
-50 (2010: -100)	6,754	14,630	3,243	6,330
+50 (2010: 100)	(6,754)	(14,630)	(3,243)	(6,330)

(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.

Jamaica Broilers Group Limited

Notes to the Financial Statements

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3. Financial Risk Management (Continued)

(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.

During 2011, the Group's strategy, which was unchanged from 2010, was to maintain the gearing ratio below 1:1. The gearing ratios at 30 April 2011 and 1 May 2010 were as follows:

	The Group	
	30 April 2011	1 May 2010
	\$'000	\$'000
Net borrowings	3,310,105	3,589,440
Total capital	10,860,892	8,745,443
Gearing ratio	1:3	1:2

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

Jamaica Broilers Group Limited

Notes to the Financial Statements

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4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

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

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

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

(b) Key sources of estimation uncertainty

Income taxes

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

Post-employment benefits

Accounting for some post employment benefits requires the use of actuarial techniques to make a reliable estimate of the amount of benefit that employees have earned in return for their service in the current and prior periods. These actuarial assumptions are based on management's best estimates of the variables that will determine the ultimate cost of providing post-employment benefits and comprise both demographic and financial assumptions. Variations in the financial assumptions can cause material adjustments in the next financial year, if it is determined that the actual experience differed from the estimate (Note 16).

Depreciable assets

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

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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.

Prior to 1 May 2010, reportable segments were reviewed mainly on a product group basis. The Group was subsequently organised into the following three segments:

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

- | | |
|-----------------------------------|---|
| (a) Best Dressed Foods Division - | Sale of processed poultry and other products. |
| (b) Hipro-Ace Division - | Sale of manufactured feeds, baby chicks, layer pullets and other farm and household supplies. |
| (c) Ethanol Operations - | The processing and export sale of fuel grade ethanol. |

The business is considered from a product perspective.

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 supply.

The comparative segment information has been restated.

IFRS 8 has been amended so that a measure of segment assets is only required to be disclosed if the measure is regularly provided to the chief operating decision-maker.

The following segment assets and liabilities are reviewed by the CODM:

- Best Dressed Foods Division – Inventories and receivables.
- Hipro-Ace Division - Inventories and receivables.
- Ethanol Operations – All assets and liabilities relating to ethanol activities.

No other information is reported to or used by the CODM in order to assess performance and allocate resources.

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

The company is domiciled in Jamaica. Revenue from its external customers attributable to Jamaica is \$20,460,209,000 (2010 - \$21,208,573,000) and \$834,308,000 (2010 - \$967,349,000) from external customers in other countries.

Property, plant and equipment and intangible assets located in Jamaica and other countries are \$6,335,510,000 (2010 - \$6,419,544,000) and \$305,283,000 (2010 - \$65,775,000) respectively.

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5. Segmental Financial Information (Continued)

	2011					
	Best Dressed Foods Division \$'000	Hipro-Ace Division \$'000	Ethanol Operations \$'000	Other \$'000	Eliminations \$'000	Group \$'000
External revenues	11,708,652	7,133,136	1,078,085	1,374,644	-	21,294,517
Revenue from other segments	187,647	147,409	-	2,248,205	(2,583,261)	-
Total revenue	11,896,299	7,280,545	1,078,085	3,622,849	(2,583,261)	21,294,517
Segment result	1,238,996	890,307	88,674	234,477	-	2,452,454
Unallocated corporate expenses						(769,237)
Operating profit						1,683,217
Finance costs						(340,377)
Profit before tax						1,342,840
Taxation						(386,746)
Net profit						956,094
Segment assets	991,641	614,028	3,971,874	-	-	5,577,543
Other current and non-current assets						8,470,343
Total assets						14,047,886
Segment liabilities	-	-	2,251,206	-	-	2,251,206
Other current and non-current liabilities						4,245,894
Total liabilities						6,497,100
Other segment items-						
Capital expenditure	15,592	9,507	13,249	779,363		817,711
Amortisation	478	-	-	12,889		13,367
Depreciation	9,544	9,453	168,893	292,378		480,268

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5. Segmental Financial Information (Continued)

	2010					
	Best Dressed Foods Division \$'000	Hipro-Ace Division \$'000	Ethanol Operations \$'000	Other \$'000	Eliminations \$'000	Group \$'000
External revenues	10,690,156	6,665,364	3,634,817	1,456,565	-	22,446,902
Revenue from other segments	168,339	158,255	-	2,234,011	(2,560,605)	-
Total revenue	10,858,495	6,823,619	3,634,817	3,690,576	(2,560,605)	22,446,902
Segment result	1,039,953	790,149	838,251	188,801	-	2,857,154
Unallocated corporate expenses						(775,442)
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	755,254	486,113	4,023,501	-	-	5,264,868
Other current and non-current assets						7,657,704
Total assets						12,922,572
Segment liabilities	-	-	2,520,626	-	-	2,520,626
Unallocated corporate liabilities						3,518,215
Total liabilities						6,038,941
Other segment items-						
Capital expenditure	504	22,417	22,069	295,847	-	340,837
Amortisation	10	-	-	12,357	-	12,367
Depreciation	11,681	9,113	178,239	258,162	-	457,195

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6. Other Operating Income

	The Group		The Company	
	30 April 2011 \$'000	1 May 2010 \$'000	30 April 2011 \$'000	1 May 2010 \$'000
Dividend income	-	324	-	324
Fair value gains on financial assets at fair value through profit or loss (Note 20)	114,750	-	-	-
Loss on sale of financial assets at fair value through profit or loss	-	(2,498)	-	(2,498)
Insurance claim	20,854	-	-	-
Interest income	21,904	45,143	8,784	20,737
Gain/(loss) on sale of property, plant and equipment	3,864	(771)	3,833	(1,332)
Reinsurance commissions	41,375	40,784	-	-
Other	19,671	23,012	12,670	13,950
	<u>222,418</u>	<u>105,994</u>	<u>25,287</u>	<u>31,181</u>

7. Expenses by Nature

	The Group		The Company	
	30 April 2011 \$'000	1 May 2010 \$'000	30 April 2011 \$'000	1 May 2010 \$'000
Auditors' remuneration	20,098	19,288	10,182	9,512
Advertising and promotions	350,392	310,736	347,285	304,801
Amortisation of intangible assets (Note 13)	13,367	12,367	13,007	12,016
Bad debts	33,275	61,191	9,300	24,943
Cost of inventories recognised as expense	11,350,690	12,003,334	11,379,992	10,690,851
Fuel	668,820	919,887	366,092	133,270
Depreciation (Note 12)	480,268	457,195	198,317	199,396
Occupancy – rent and utilities	334,410	636,934	261,214	499,900
Repairs and maintenance	731,268	781,314	670,734	611,090
Staff costs (Note 8)	3,681,111	3,415,936	3,341,345	2,996,788
Other expenses	2,170,019	1,853,002	2,054,036	1,530,444
	<u>19,833,718</u>	<u>20,471,184</u>	<u>18,651,504</u>	<u>17,013,011</u>

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	
	30 April 2011 \$'000	1 May 2010 \$'000	30 April 2011 \$'000	1 May 2010 \$'000
Wages, salaries and contractors' costs	3,153,259	2,982,958	2,867,719	2,622,332
Payroll taxes – Employer's portion	166,196	140,295	147,853	121,697
Pension costs - defined contribution plan	4,330	4,883	-	-
Pension costs - defined benefit plan (Note 16)	(1,100)	(36,800)	(1,500)	(26,300)
Post-employment medical benefits (Note 16)	5,600	2,500	5,400	2,300
Termination costs	1,324	9,114	1,324	9,114
Other - benefits and welfare	351,502	312,986	320,549	267,645
	<u>3,681,111</u>	<u>3,415,936</u>	<u>3,341,345</u>	<u>2,996,788</u>

9. Finance Costs

	The Group		The Company	
	30 April 2011 \$'000	1 May 2010 \$'000	30 April 2011 \$'000	1 May 2010 \$'000
Foreign exchange (gains)/ losses	(41,405)	6,284	(42,239)	7,915
Interest expense	340,774	423,996	225,247	180,348
Amortisation of debt financing fees and other expenses	41,008	54,195	33,528	46,712
	<u>340,377</u>	<u>484,475</u>	<u>216,536</u>	<u>234,975</u>

10. Taxation

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

Subsidiaries incorporated and domiciled in Jamaica and St. Lucia are taxable at a rate of 33½% and 1% on their income respectively.

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10. Taxation (Continued)

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

	The Group		The Company	
	30 April 2011 \$'000	1 May 2010 \$'000	30 April 2011 \$'000	1 May 2010 \$'000
Current tax at applicable rate	370,561	183,183	307,680	112,266
Prior year over provision	(255)	(21,798)	-	(22,664)
Deferred taxation (Note 15)	16,440	123,051	5,486	134,182
	<u>386,746</u>	<u>284,436</u>	<u>313,166</u>	<u>223,784</u>

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

	The Group		The Company	
	30 April 2011 \$'000	1 May 2010 \$'000	30 April 2011 \$'000	1 May 2010 \$'000
Profit before taxation for taxable entities	1,156,362	838,292	938,687	733,813
Profit before taxation for non-taxable entities	186,478	758,945	-	-
	<u>1,342,840</u>	<u>1,597,237</u>	<u>938,687</u>	<u>733,813</u>
Tax calculated at applicable tax rate	378,542	532,412	312,896	244,604
Adjusted for:				
Income not subject to tax	(1,999)	(251,587)	(402)	(108)
Utilisation of tax losses previously unrecognised	(36,781)	-	-	-
Deferred tax not recognised on tax losses	25,351	21,742	-	-
Exchange gains/(losses) on subsidiary's loan recognised in stockholders' equity	19,766	(1,132)	-	-
Prior year (over)/under provision - current tax	(255)	(21,798)	-	(22,664)
Expenses not deductible for tax purposes and other allowances	2,122	4,799	672	1,952
Income tax expense	<u>386,746</u>	<u>284,436</u>	<u>313,166</u>	<u>223,784</u>

Subject to agreement with the Taxpayer Audit and Assessment Department, losses available for offset against future profits of certain local subsidiaries amount to approximately \$230,268,000 (2010 – \$200,430,000).

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11. Earnings Per Stock Unit

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

12. Property, Plant and Equipment

	The Group							
	2011							
	Freehold Land \$'000	Freehold Buildings \$'000	Leasehold Property \$'000	Plant, Machinery & Equipment \$'000	Furniture & Fixtures \$'000	Motor Vehicles \$'000	Capital Work in Progress \$'000	Total \$'000
At Cost -								
At 1 May 2010	112,770	1,819,507	66,075	5,706,992	642,387	355,792	240,814	8,944,337
Additions	-	44,990	-	353,482	29,863	73,614	308,407	810,356
Translation	(700)	(3,861)	(290)	(140,879)	(10,333)	(1,097)	(276)	(157,436)
Disposals	-	-	-	(4,717)	(35)	(32,023)	-	(36,775)
Transfers/reclassifications	-	7,186	(1,962)	71,455	73,255	-	(148,531)	1,403
At 30 April 2011	112,070	1,867,822	63,823	5,986,333	735,137	396,286	400,414	9,561,885
Depreciation -								
At 1 May 2010	-	558,641	46,814	1,395,395	293,430	235,467	-	2,529,747
Charge for the year	-	69,298	2,935	295,187	65,016	47,832	-	480,268
Translation	-	(695)	(222)	(15,406)	(2,376)	(1,042)	-	(19,741)
Relieved on disposals	-	-	-	(1,601)	(35)	(24,232)	-	(25,868)
Transfers/reclassifications	-	387	(410)	2,731	(1,134)	(171)	-	1,403
At 30 April 2011	-	627,631	49,117	1,676,306	354,901	257,854	-	2,965,809
Net Book Value -								
At 30 April 2011	112,070	1,240,191	14,706	4,310,027	380,236	138,432	400,414	6,596,076

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12. Property, Plant and Equipment (Continued)

	The Group							
	2010							
	Freehold Land \$'000	Freehold Buildings \$'000	Leasehold Property \$'000	Plant, Machinery & Equipment \$'000	Furniture & Fixtures \$'000	Motor Vehicles \$'000	Capital Work in Progress \$'000	Total \$'000
At Cost -								
At 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 Company							
	2011							
	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 1 May 2010	78,182	997,474	13,510	1,690,177	292,857	295,713	183,115	3,551,028
Additions	-	-	-	79,558	29,436	62,940	97,879	269,813
Disposals	-	-	-	(3,368)	-	(30,523)	-	(33,891)
Transfers/reclassifications	-	-	-	69,943	63,695	-	(133,638)	-
At 30 April 2011	78,182	997,474	13,510	1,836,310	385,988	328,130	147,356	3,786,950
Depreciation -								
At 1 May 2010	-	261,186	2,789	792,366	192,466	186,126	-	1,434,933
Charge for the year	-	24,343	398	99,600	33,358	40,618	-	198,317
Relieved on disposals	-	-	-	(251)	-	(22,733)	-	(22,984)
At 30 April 2011	-	285,529	3,187	891,715	225,824	204,011	-	1,610,266
Net Book Value -								
At 30 April 2011	78,182	711,945	10,323	944,595	160,164	124,119	147,356	2,176,684

Jamaica Broilers Group Limited

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12. Property, Plant and Equipment (Continued)

	The Company							Total
	2010							
	Freehold Land	Freehold Buildings	Leasehold Property	Machinery & Equipment	Furniture & Fixtures	Motor Vehicles	Capital Work in Progress	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At Cost -								
At 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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13. Intangible Asset

	<u>The Group</u>	<u>The Company</u>
	<u>Computer Software</u>	<u>Computer Software</u>
	<u>\$'000</u>	<u>\$'000</u>
Cost -		
At 2 May 2009	131,182	126,760
Additions	5,253	5,164
At 1 May 2010	136,435	131,924
Additions	7,355	7,355
At 30 April 2011	143,790	139,279
Amortisation -		
At 2 May 2009	53,339	51,426
Charge for the year	12,367	12,016
At 1 May 2010	65,706	63,442
Charge for the year	13,367	13,007
At 30 April 2011	79,073	76,449
Net Book Value -		
30 April 2011	<u>64,717</u>	<u>62,830</u>
1 May 2010	<u>70,729</u>	<u>68,482</u>

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14. Investments

	The Group		The Company	
	30 April 2011 \$'000	1 May 2010 \$'000	30 April 2011 \$'000	1 May 2010 \$'000
Available-for-sale -				
Government of Jamaica securities	109,151	113,391	-	-
Quoted equities	-	1,322	-	1,322
Unquoted equities	10,702	2,624	10,702	2,624
	<u>119,853</u>	<u>117,337</u>	<u>10,702</u>	<u>3,946</u>
Interest receivable	6,031	6,270	-	-
	<u>125,884</u>	<u>123,607</u>	<u>10,702</u>	<u>3,946</u>

The weighted average effective interest rate on Government of Jamaica securities was 11.75% (2010 – 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 33½ %.

	The Group		The Company	
	30 April 2011 \$'000	1 May 2010 \$'000	30 April 2011 \$'000	1 May 2010 \$'000
Deferred tax assets	(27,058)	(30,180)	-	-
Deferred tax liabilities	469,860	456,542	405,977	400,491
	<u>442,802</u>	<u>426,362</u>	<u>405,977</u>	<u>400,491</u>

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

	The Group		The Company	
	30 April 2011 \$'000	1 May 2010 \$'000	30 April 2011 \$'000	1 May 2010 \$'000
Balance at start of year	426,362	303,311	400,491	266,309
Charged to profit or loss (Note 10)	16,440	123,051	5,486	134,182
Balance as at end of year	<u>442,802</u>	<u>426,362</u>	<u>405,977</u>	<u>400,491</u>

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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	
	30 April 2011 \$'000	1 May 2010 \$'000	30 April 2011 \$'000	1 May 2010 \$'000
Deferred income tax assets -				
Property, plant and equipment	2,798	-	-	-
Accrued vacation	10,257	6,761	9,928	6,558
Tax losses unused	32,149	45,721	-	-
Unrealised foreign exchange losses	3,654	-	3,571	-
Other	4,270	3,758	4,270	3,758
	<u>53,128</u>	<u>56,240</u>	<u>17,769</u>	<u>10,316</u>
Deferred income tax liabilities -				
Property, plant and equipment	420,586	415,367	361,970	356,777
Pension and other post-employment benefits	75,133	65,033	61,567	51,933
Unrealised foreign exchange gains	-	1,218	-	1,112
Other	211	984	209	985
	<u>495,930</u>	<u>482,602</u>	<u>423,746</u>	<u>410,807</u>
Net deferred tax liability	<u>442,802</u>	<u>426,362</u>	<u>405,977</u>	<u>400,491</u>

The deferred tax charged in profit or loss comprises the following temporary differences:

	The Group		The Company	
	30 April 2011 \$'000	1 May 2010 \$'000	30 April 2011 \$'000	1 May 2010 \$'000
Property, plant and equipment	2,421	88,547	5,193	83,181
Accrued vacation	(3,496)	1,301	(3,370)	1,330
Post-employment benefits	10,100	15,500	9,634	12,066
Tax losses	13,572	(19,843)	-	-
Unrealised foreign exchange losses/gains	(4,872)	30,549	(4,683)	30,608
Other temporary differences	(1,285)	6,997	(1,288)	6,997
	<u>16,440</u>	<u>123,051</u>	<u>5,486</u>	<u>134,182</u>

Deferred income tax liabilities have not been provided for in respect of the withholding and other taxes that would be payable on the undistributed earnings of certain subsidiaries to the extent that such earnings are permanently reinvested. Such undistributed earnings totalled \$133,544,000 (2010 - \$74,272,000). These undistributed earnings are in foreign subsidiaries.

Deferred income tax assets of \$76,053,000 (2010 - \$65,226,000) in respect of accumulated tax losses available in certain subsidiaries (Note 10) was not recognised because these entities are not expected to make taxable profits in the foreseeable future.

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15. Deferred Income Taxes (Continued)

These balances include the following:

	The Group		The Company	
	30 April 2011 \$'000	1 May 2010 \$'000	30 April 2011 \$'000	1 May 2010 \$'000
Deferred tax assets -				
Deferred tax assets to be recovered after more than 12 months	21,593	45,721	-	-
Deferred tax assets to be recovered within 12 months	31,535	10,519	17,769	10,316
	<u>53,128</u>	<u>56,240</u>	<u>17,769</u>	<u>10,316</u>
Deferred tax liabilities -				
Deferred tax liabilities to be recovered after more than 12 months	495,719	480,400	423,537	408,710
Deferred tax liabilities to be recovered within 12 months	211	2,202	209	2,097
	<u>495,930</u>	<u>482,602</u>	<u>423,746</u>	<u>410,807</u>
Net deferred tax liability	<u>442,802</u>	<u>426,362</u>	<u>405,977</u>	<u>400,491</u>

16. Post-employment Benefits

Amounts recognised in the balance sheet are as follows:

	The Group		The Company	
	30 April 2011 \$'000	1 May 2010 \$'000	30 April 2011 \$'000	1 May 2010 \$'000
Pension scheme benefit assets	241,900	206,200	196,500	163,500
Post-employment benefit obligations	<u>(13,300)</u>	<u>(9,200)</u>	<u>(11,800)</u>	<u>(7,700)</u>
Amounts recognised in the profit or loss (Note 8) -				
Pension scheme benefit assets	(1,100)	(36,800)	(1,500)	(26,300)
Post-employment benefit obligations	5,600	2,500	5,400	2,300
	<u>4,500</u>	<u>(34,300)</u>	<u>3,900</u>	<u>(24,000)</u>

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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 2011.

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

	The Group		The Company	
	30 April 2011 \$'000	1 May 2010 \$'000	30 April 2011 \$'000	1 May 2010 \$'000
Fair value of plan assets	1,842,500	1,668,500	1,683,600	1,524,900
Present value of obligations	(1,434,100)	(1,209,500)	(1,310,400)	(1,105,400)
	408,400	459,000	373,200	419,500
Unrecognised actuarial gains	(166,500)	(252,800)	(176,700)	(256,000)
	241,900	206,200	196,500	163,500

Pension plan assets include investment in ordinary stock units of the company with a fair value of \$40,726,000 (2010 - \$41,031,000).

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

	The Group		The Company	
	30 April 2011 \$'000	1 May 2010 \$'000	30 April 2011 \$'000	1 May 2010 \$'000
At start of year	206,200	157,400	163,500	126,200
Amounts recognised in profit or loss (Note 8)	1,100	36,800	1,500	26,300
Contributions paid	34,600	12,000	31,500	11,000
At end of year	241,900	206,200	196,500	163,500

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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	
	30 April 2011 \$'000	1 May 2010 \$'000	30 April 2011 \$'000	1 May 2010 \$'000
At start of year	1,209,500	734,000	1,105,400	676,000
Current service cost	107,100	64,700	98,300	58,500
Interest cost	148,500	120,200	135,800	110,400
Benefits paid	(28,200)	(29,700)	(25,800)	(25,200)
Annuities purchased	-	(144,300)	-	(143,800)
Loss on settlement	-	47,300	-	47,200
Actuarial (gain)/loss on obligations	(2,800)	417,300	(3,300)	382,300
At end of year	<u>1,434,100</u>	<u>1,209,500</u>	<u>1,310,400</u>	<u>1,105,400</u>

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

	The Group		The Company	
	30 April 2011 \$'000	1 May 2010 \$'000	30 April 2011 \$'000	1 May 2010 \$'000
At start of year	1,668,500	1,341,300	1,524,900	1,235,300
Members' contribution	55,700	47,400	51,200	43,100
Employer's contribution	34,600	12,100	31,500	11,000
Expected return on plan assets	195,400	198,100	178,600	182,100
Benefits paid	(28,200)	(29,700)	(25,800)	(25,200)
Annuities purchased	-	(144,300)	-	(143,800)
Actuarial (loss)/ gain on plan assets	(83,500)	243,600	(76,800)	222,400
At end of year	<u>1,842,500</u>	<u>1,668,500</u>	<u>1,683,600</u>	<u>1,524,900</u>

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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	
	30 April 2011 \$'000	1 May 2010 \$'000	30 April 2011 \$'000	1 May 2010 \$'000
Current service cost	51,400	17,300	47,100	15,400
Interest cost	148,500	120,200	135,800	110,400
Expected return on plan assets	(195,400)	(198,100)	(178,600)	(182,100)
Loss on settlement	-	46,600	-	47,200
Net actuarial gains recognised in year	(5,600)	(22,800)	(5,800)	(17,200)
Total included in staff costs (Note 8)	<u>(1,100)</u>	<u>(36,800)</u>	<u>(1,500)</u>	<u>(26,300)</u>
Actual return on plan assets	<u>112,600</u>	<u>441,700</u>	<u>101,800</u>	<u>404,500</u>

The principal actuarial assumptions used were as follows:

	30 April 2011	1 May 2010
Discount rate	10.5%	11.5%
Expected return on plan assets	11.5%	11.5%
Future salary increases	8.5%	8.5%
Future pension increases	5.0%	5.0%
Remaining working lives - years	<u>18.0</u>	<u>18.0</u>

(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 9.5% per year (2010 – 10.5% 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	
	30 April 2011 \$'000	1 May 2010 \$'000	30 April 2011 \$'000	1 May 2010 \$'000
Present value of funded obligations	15,400	14,500	13,800	13,000
Unrecognised actuarial losses	(2,100)	(5,300)	(2,000)	(5,300)
	<u>13,300</u>	<u>9,200</u>	<u>11,800</u>	<u>7,700</u>

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

	The Group		The Company	
	30 April 2011 \$'000	1 May 2010 \$'000	30 April 2011 \$'000	1 May 2010 \$'000
At start of year	9,200	8,000	7,700	6,600
Amounts recognised in profit or loss (Note 8)	5,600	2,500	5,400	2,300
Contributions paid	(1,500)	(1,300)	(1,300)	(1,200)
At end of year	<u>13,300</u>	<u>9,200</u>	<u>11,800</u>	<u>7,700</u>

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

	The Group		The Company	
	30 April 2011 \$'000	1 May 2010 \$'000	30 April 2011 \$'000	1 May 2010 \$'000
At start of year	14,500	14,400	13,000	13,000
Interest cost	1,600	2,200	1,400	2,000
Benefits paid	(1,400)	(1,300)	(1,300)	(1,200)
Actuarial loss/(gain) on obligation	700	(800)	700	(800)
At end of year	<u>15,400</u>	<u>14,500</u>	<u>13,800</u>	<u>13,000</u>

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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	
	30 April 2011 \$'000	1 May 2010 \$'000	30 April 2011 \$'000	1 May 2010 \$'000
Interest cost, included in staff costs (Note 8)	5,600	2,500	5,400	2,300

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

	The Group		The Company	
	30 April 2011 \$'000	1 May 2010 \$'000	30 April 2011 \$'000	1 May 2010 \$'000
	Increase	Increase	Increase	Increase
Effect on the aggregate of current service cost and interest cost	100	200	91	183
Effect on the defined benefit obligation	1,200	1,100	1,096	1,005
	1,300	1,300	1,188	1,188

	The Group		The Company	
	30 April 2011 \$'000	1 May 2010 \$'000	30 April 2011 \$'000	1 May 2010 \$'000
	Decrease	Decrease	Decrease	Decrease
Effect on the aggregate of current service cost and interest cost	(100)	(100)	(91)	(91)
Effect on the defined benefit obligation	(1,000)	(1,000)	(914)	(914)
	(1,100)	(1,100)	(1,005)	(1,005)

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16. Post-employment Benefits (Continued)

(c) Distribution of pension plan assets -

	The Group			
	30 April 2011	30 April 2011	1 May 2010	1 May 2010
	\$'000	%	\$'000	%
Equities	420,200	23	346,600	21
Property	293,800	16	347,400	21
Government securities and reverse repurchase agreements	920,600	50	768,200	46
Corporate bonds	99,800	5	101,200	6
Leased assets	42,800	2	55,200	3
Other	65,300	4	49,900	3
	<u>1,842,500</u>	<u>100</u>	<u>1,668,500</u>	<u>100</u>

	The Company			
	30 April 2011	30 April 2011	1 May 2010	1 May 2010
	\$'000	%	\$'000	%
Equities	383,955	23	316,769	21
Property	268,458	16	317,500	21
Government securities and reverse repurchase agreements	841,193	50	702,082	46
Corporate bonds	91,192	5	92,490	6
Leased assets	39,108	2	50,449	3
Other	59,694	4	45,610	3
	<u>1,683,600</u>	<u>100</u>	<u>1,524,900</u>	<u>100</u>

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16. Post-employment Benefits (Continued)

(d) Other pension plan disclosures -

Expected contributions to post-employment plan for the year ending 29 April 2012 are \$36,206,000 and \$33,273,000 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				
	2011	2010	2009	2008	2007
	\$'000	\$'000	\$'000	\$'000	\$'000
Fair value of plan assets	1,842,500	1,668,500	1,341,300	1,395,100	1,129,900
Present value of defined benefit obligation	(1,434,100)	(1,209,500)	(734,000)	(893,900)	(813,500)
Surplus	408,400	459,000	607,300	501,200	316,400
Experience adjustments to plan liabilities	13,700	6,500	18,100	19,900	(39,800)
Experience adjustments to plan assets	(83,300)	243,700	(219,500)	124,200	(5,700)

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16. Post-employment Benefits (Continued)

(d) Other pension plan disclosures (continued)-

Pension scheme benefits (continued)

	The Company				
	2011	2010	2009	2008	2007
	\$'000	\$'000	\$'000	\$'000	\$'000
Fair value of plan assets	1,683,600	1,524,900	1,235,300	1,252,100	1,021,000
Present value of defined benefit obligation	(1,310,400)	(1,105,400)	(676,000)	(802,300)	(735,100)
Surplus	373,200	419,500	559,300	449,800	285,900
Experience adjustments to plan liabilities	13,000	4,500	(5,100)	(77,700)	33,900
Experience adjustments to plan assets	(76,800)	222,400	(163,500)	105,100	(21,600)

Post-employment medical benefits

	The Group				
	2011	2010	2009	2008	2007
	\$'000	\$'000	\$'000	\$'000	\$'000
Present value of funded obligation	15,400	14,500	14,400	7,500	8,500
Experience adjustments to plan liabilities	(700)	900	(6,200)	(700)	1,100

	The Company				
	2011	2010	2009	2008	2007
	\$'000	\$'000	\$'000	\$'000	\$'000
Present value of funded obligation	13,800	13,000	13,000	7,500	6,800
Experience adjustments to plan liabilities	(700)	900	(5,800)	(700)	1,100

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17. Inventories

	The Group		The Company	
	30 April 2011 \$'000	1 May 2010 \$'000	30 April 2011 \$'000	1 May 2010 \$'000
Grain and feed ingredients	972,072	1,013,532	953,864	995,309
Inventories for resale and spares	1,750,548	1,437,906	1,619,445	1,293,088
Processed broilers, beef and fish	38,685	91,318	38,119	88,912
Goods in transit and others	94,432	99,156	83,366	88,643
	2,855,737	2,641,912	2,694,794	2,465,952
Less: Provision for obsolescence	(35,294)	(24,267)	(34,157)	(19,557)
	<u>2,820,443</u>	<u>2,617,645</u>	<u>2,660,637</u>	<u>2,446,395</u>

18. Biological Assets

	The Group		The Company	
	30 April 2011 \$'000	1 May 2010 \$'000	30 April 2011 \$'000	1 May 2010 \$'000
Cattle	53,894	75,608	53,612	75,326
Fish	161,188	200,544	-	-
Poultry	699,416	609,847	388,891	314,793
	<u>914,498</u>	<u>885,999</u>	<u>442,503</u>	<u>390,119</u>

The movement in biological assets was determined as follows:

	The Group		The Company	
	30 April 2011 \$'000	1 May 2010 \$'000	30 April 2011 \$'000	1 May 2010 \$'000
At start of year	885,999	810,935	390,119	365,372
Fair value gains	4,895	-	4,895	-
Increase due to purchases	4,570,236	4,956,351	4,111,837	4,342,092
Decrease due to sales	(4,539,219)	(4,889,854)	(4,064,348)	(4,317,345)
Translation	(7,413)	8,567	-	-
At end of year	<u>914,498</u>	<u>885,999</u>	<u>442,503</u>	<u>390,119</u>

The fair value gains are included in other income.

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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 621 (2010 – 962).

The number of cattle harvested during the year was 393 (2010 – 376).

(ii) Fish

The estimated weight of fish and fingerlings at the end of the year was 332 tonnes (2010 – 498 tonnes).

The estimated weight of fish and fingerlings harvested during the year was 625 tonnes (2010 – 773 tonnes).

(iii) Poultry

The number of birds in the field, including breeder, layer and pullets at the year end was 7,744,000 (2010 – 7,415,000) and the number of fertile (hatching) eggs was 3,320,000 (2010 – 3,985,000).

The number of birds delivered for processing during the year was 28,050,000 (2010 – 27,762,000) and the number of fertile (hatching) eggs produced was 47,289,000 (2010 – 43,195,000).

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19. Receivables

	The Group		The Company	
	30 April 2011 \$'000	1 May 2010 \$'000	30 April 2011 \$'000	1 May 2010 \$'000
Trade receivables	1,234,575	975,518	1,031,110	621,298
Less: Provision for impairment	(141,326)	(110,523)	(73,487)	(66,337)
	1,093,249	864,995	957,623	554,961
Contract farmers' receivables	37,040	91,808	37,040	91,808
Deposits	4,068	3,070	1,741	703
G.C.T recoverable	78,062	97,880	4,195	17,746
Insurance claims receivable	5,684	3,897	5,684	-
Jamaica Public Service Company Limited	31,071	38,200	31,071	-
Prepayments	203,382	135,593	187,489	126,005
Staff receivables	8,772	15,040	8,734	14,692
Other	60,798	54,568	53,800	44,869
	1,522,126	1,305,051	1,287,377	850,784
Less: Provision for impairment	(17,818)	(19,861)	(17,818)	(19,861)
	1,504,308	1,285,190	1,269,559	830,923

20. Financial Assets at Fair Value through Profit or Loss

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

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

21. Cash and Short Term Investments

	The Group		The Company	
	30 April 2011 \$'000	1 May 2010 \$'000	30 April 2011 \$'000	1 May 2010 \$'000
Cash at bank and in hand	720,372	651,679	577,098	460,780
Short term investments	43,965	628,303	28,800	612,551
	764,337	1,279,982	605,898	1,073,331
Interest receivable	626	2,956	626	2,956
	764,963	1,282,938	606,524	1,076,287

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21. Cash and Short Term Investments (Continued)

The weighted average effective interest rate on short term deposits was 2.92% (2010 – 2.75%) These deposits have an average maturity of 38 days (2010 – 41 days).

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

	The Group		The Company	
	30 April 2011 \$'000	1 May 2010 \$'000	30 April 2011 \$'000	1 May 2010 \$'000
Cash and short term investments	764,963	1,282,938	606,524	1,076,287
Short term borrowings and bank overdraft	(316,954)	(370,777)	(315,936)	(366,944)
	<u>448,009</u>	<u>912,161</u>	<u>290,588</u>	<u>709,343</u>

22. Payables

	The Group		The Company	
	30 April 2011 \$'000	1 May 2010 \$'000	30 April 2011 \$'000	1 May 2010 \$'000
Accrued charges	376,040	332,959	343,142	282,755
Contractors retention payable	505	451	489	415
Payroll taxes payable	29,784	23,702	29,784	23,702
Staff related payables	29,010	31,087	22,764	20,724
Trade payables	1,493,852	1,001,531	1,386,623	894,305
Unclaimed cheques	44,639	42,381	44,361	42,102
Other	25,896	48,491	53,775	58,810
	<u>1,999,726</u>	<u>1,480,602</u>	<u>1,880,938</u>	<u>1,322,813</u>

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23. Dividends

	The Group and The Company	
	30 April 2011 \$'000	1 May 2010 \$'000
First interim – 6 cents per stock unit (2010 – 8 cents)	71,956	95,942
Second interim – 10 cents per stock unit (2010 – 12 cents)	119,928	143,913
	<u>191,884</u>	<u>239,855</u>

24. Borrowings

	The Group		The Company	
	30 April 2011 \$'000	1 May 2010 \$'000	30 April 2011 \$'000	1 May 2010 \$'000
Non-Current -				
Borrowings	<u>2,174,461</u>	<u>1,717,023</u>	<u>1,844,959</u>	<u>1,287,325</u>
Current -				
Short term borrowings and bank overdraft	574,144	1,273,343	573,126	1,268,608
Current portion of non-current borrowings	864,820	943,529	428,938	466,817
Interest payable	13,634	26,322	12,809	11,274
	<u>1,452,598</u>	<u>2,243,194</u>	<u>1,014,873</u>	<u>1,746,699</u>
	<u>3,627,059</u>	<u>3,960,217</u>	<u>2,859,832</u>	<u>3,034,024</u>

Interest rates on these loans ranged from 9.25% to 13.62% on Jamaican currency loans and 4.34% to 7.50% 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.

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25. Share Capital

	Number of Stock Units '000	Ordinary Stock Units \$'000
30 April 2011	1,199,277	765,137
1 May 2010	<u>1,199,277</u>	<u>765,137</u>

The total authorised number of ordinary shares is 1,209,324,000 shares (2010 – 1,209,324,000).

The stock units in 2011 and 2010 are stated in these financial statements without a nominal or par value.

26. Capital Reserve

	The Group		The Company	
	30 April 2011 \$'000	1 May 2010 \$'000	30 April 2011 \$'000	1 May 2010 \$'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	(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	-	-
	<u>1,071,941</u>	<u>1,058,967</u>	<u>133,201</u>	<u>136,819</u>
Movements during the year -				
Fair value loss on available for sale securities	3,273	(570)	-	(3,618)
Translation (loss)/gain	(100,328)	13,544	-	-
At end of year	<u>974,886</u>	<u>1,071,941</u>	<u>133,201</u>	<u>133,201</u>
Consisting of -				
Realised capital gains	32,618	32,618	3,227	3,227
Unrealised surplus on revaluations	399,975	399,975	139,198	139,198
Fair value (loss)/gain on available-for-sale securities	(4,944)	(8,217)	(538)	(538)
Translation loss on subsidiary assumed	-	-	(8,686)	(8,686)
Gains on translation of financial statements of foreign subsidiaries	547,237	647,565	-	-
	<u>974,886</u>	<u>1,071,941</u>	<u>133,201</u>	<u>133,201</u>

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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:

	<u>The Group</u>		<u>The Company</u>	
	30 April 2011 \$'000	1 May 2010 \$'000	30 April 2011 \$'000	1 May 2010 \$'000
With directors and key management -				
Salaries, profit sharing and other short-term employee benefits	250,854	346,574	250,854	328,604
Payroll taxes – Employer's portion	181	138	181	125
Pension benefits	4,074	1,493	4,074	1,424
Professional fees paid	13,739	10,193	13,739	10,193
	<u>268,848</u>	<u>358,398</u>	<u>268,848</u>	<u>340,346</u>
Directors' emoluments -				
Fees	16,240	14,590	16,240	14,590
Management remuneration (included above)	132,450	190,702	132,450	172,652

Included in the Group's management remuneration for directors' emoluments is an amount of \$Nil (2010 - \$12,030,000) representing payments made to directors of a subsidiary company.

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27. Related Party Transactions and Balances (Continued)

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

	The Group		The Company	
	30 April 2011 \$'000	1 May 2010 \$'000	30 April 2011 \$'000	1 May 2010 \$'000
Receivables	101,995	5,216	99,630	4,630
Payables	(1,000)	-	(1,000)	-

Included in the receivables are advances amounting to \$98,628,000 relating to the establishment of operation in Haiti. The remaining receivable balance is 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 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 30 April 2011 and 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			
	30 April 2011			
	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
Financial Assets				
Investments -				
Government of Jamaica securities	-	109,151	-	109,151
Financial assets at fair value through profit or loss	-	983,754	-	983,754
	<u>-</u>	<u>1,092,905</u>	<u>-</u>	<u>1,092,905</u>
	The Group			
	1 May 2010			
	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
Financial Assets				
Investments -				
Government of Jamaica securities	-	113,391	-	113,391
Quoted equities	1,322	-	-	1,322
	<u>1,322</u>	<u>113,391</u>	<u>-</u>	<u>114,713</u>

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28 Fair Value of Financial Instruments (Continued)

At 30 April 2011, the company had no financial assets or liabilities measured at fair value.

	The Company			
	1 May 2010			
	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
Financial Assets				
Investments -				
Quoted equities	1,322	-	-	1,322

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