



UNAUDITED FINANCIAL RESULTS FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2014

RELEASE TO SHAREHOLDERS

The Board of Directors of SWEET RIVER ABATTOIR & SUPPLIES LTD is please to present the unaudited financial statements for the six months ended September 30, 2014.

MANAGING DIRECTOR'S REPORT FOR THE 6 MONTHS PERIOD ENDING SEPTEMBER 2014

Harsh economic measures buoyed by significant devaluation of the Jamaican dollar over the past two quarters have resulted in diminished disposable income, which have negatively affected sales for many companies.

Pig farmers on the other hand were faced last year with increased costs and low pork price caused by a historical seasonal glut. Farmers reacted to such situation by selling their stock and closing their farm. The period April 2013 to September 2013 the country experienced one of the worst gluts in recent history as indicated in the last pig survey of June 2012 by (Trevor Hamilton & Associates) which showed the highest all time pig population of 144,917 pigs versus the glut of 2003 when the population was 141,665 pigs.

Sweet River Abattoir as well as other Purveyors rallied to the plight of farmers by purchasing some of these excess pigs to capitalize on the relative low price bearing in mind that cold storage would be necessary. Approximately 30% of the additional pork was placed in cold storage with cuts such as loin and butt accounting for over 90%. Our slaughter record showed that in 2013 we slaughtered 5,632 pigs compared 4,733 pigs in 2012.

The above situations led to a mass exodus of pig farmers from the industry which created a major shortage of pigs in 2014 resulting in us slaughtering only a mere 2,093 pigs so far. Though we have contract farmers they too were affected and scaled back production by not replacing their sows. This scale back by our contract farmers negatively affected supply as they account for 60% of our production. The other 40% of supply is from the open market which suffered a greater attrition.

SWEET RIVER Abattoir & SUPPLIES COMPANY LIMITED

Unaudited Statements of Financial Position

For the Six Months Period Ended September 30, 2014

In order not to have a repeat for such shortage of supply to the company, we have engaged additional farmers who will be issued contracts soon. Additionally, most of our current contracts farmers are now back to full production, and over the next few months we will have pigs available to enable us to slaughter approximately 1,000 to 1,200 pigs monthly.

The shortage of pigs means higher prices being demanded by farmers, and more aggressive payment term such as cash on spot or even advanced payments. Our working capital however did not allow us to compete with our competitors to get these scarce animals. This was due to a temporary diversion of operational funds to clear equipment shipped for the new abattoir being constructed, and the delay in the launch of the initial public offering (IPO) of shares from which the working capital replacement was to come. The IPO was scheduled to be launched in first quarter of 2014 but was eventually done in September 2014. We have now allocated funds from the IPO to replace the working capital and are aggressively procuring animals in similar manner as our competitors are doing in this period of temporary scarcity. This renewed aggression will enable Sweet River to recover significant grounds in production and sales for the remaining six months of the year.

SECOND QUARTER FINANCIAL HIGHLIGHTS

Highlights of the three months ended September 30, 2014

	<u>Sept 2014</u>	<u>Sept 2013</u>	<u>Inc/(Dec)%</u>
✚ Sales revenue	\$14.8m	\$80.8	(82) %
✚ Net profit/ (Loss)	(\$2.0m)	\$6.0m	(133) %
✚ Earnings per stock unit	(2) cents	12 cents	(118) %
✚ Total assets	\$333.6m	\$285.8m	17 %
✚ Total stockholders 'equity	\$167.8m	\$60.6m	177%

Three Months Ended September 30, 2014 compared to September 30, 2013

▪ Sales Revenue

The company generated sales revenues of \$14.8m compared to \$80.8m; a decrease of \$66.0m or (82) %. This is as a result of shortage of pigs in the market where previous period last year we had a glut, as well as the inadequacy of working capital to match the pricing and payment terms being demanded by pig farmers. These issues have now been resolved and we are working assiduously to secure enough pigs to boost our income for the upcoming high-demand holiday season, and the remainder of the financial year.

- **Gross Profit**

Gross profit of \$3.0m compared to \$14.2m; a decrease of \$11.2m or 79.0% due to fall off in revenues and the high price of pigs due to the shortage. We will adjust our pricing structure to increase our gross margin.

- **Expenses**

Total operational expenses of \$4.9m compared to \$6.2m; a decrease of \$1.3m or 21%. This decrease was driven mainly by, utilities, professional fees and staff related expenses.

- **Net Loss**

We incurred a net loss of \$2.0m for the period compared to a profit of \$6.0m for the previous period; a decreased of \$8.0m or 133%. This comes as a direct result of pig shortage in the period ended September 30, 2014.

Six Months Ended September 30, 2014 compared to September 30, 2013

The challenges faced by the company in the first quarter continued into the second quarter and hence negatively impacted the results for the six month period as outlined below.

- Sales revenue of \$57.2m, a decrease of \$97.7m or 63%.
- Gross profit of \$8.3m, a decrease of \$15.8m or 65%.
- Total operational expenses of \$11.5m, a decrease of \$1.4m or 11%
- Net loss of \$(3.3m) for the period, when compare to a profit of \$ 8.4m for the previous period, a decrease of \$11.7m or 139%.

The provision of working capital at the end of September from the IPO funds has allow us to embark on an aggressive drive to regain our production and output levels, and hence to turn around the performance of the company in the remaining half year to March 31, 2015.

THE INITIAL PUBLIC OFFERING - PLAN AND OUTCOME

SWEET RIVER Abattoir & SUPPLIES COMPANY LIMITED

Unaudited Statements of Financial Position

For the Six Months Period Ended September 30, 2014

The company made an initial public offering of 46,633,000 of shares to raise \$180 million. The proceeds were to assist the company in completing the new abattoir, and to pay down some of its existing debt which was procured for the project. However, the offer was not fully subscribed as only 30,639,070 shares were taken up with total proceeds of \$118m. Summarized below is the planned allocation of the funds versus the actual allocation from the reduced amount obtained.

ALLOCATION OF SWEET RIVER IPO FUNDS	Planned \$180m	Raised \$118m
	\$m	\$m
Reduction of Bank Loans	60	0
Completion of Construction	70	84
Solar Energy System	20	0
Working Capital	20	24.4
IPO Costs	10	9.6
Total	180	118

Work on the new abattoir recommences on the 29th of September 2014 and is slated for completion by March 2015.



Valence Gifford
Managing Director

November 14, 2014

SWEET RIVER ABATTOIR & SUPPLIES CO. LIMITED
Unaudited Statement of
Comprehensive Income
For the Six Months Period Ending September 30, 2014

	Three months to September 2014 \$	Three months to September 2013 \$	Six months to September 2014 \$	Six months to September 2013 \$
Revenue	14,878,131	80,865,454	57,248,903	155,044,204
Cost of sales	(11,864,255)	(66,641,925)	(48,864,875)	(130,905,603)
Gross Profit	3,013,876	14,223,529	8,384,028	24,138,601
Administrative and General Expenses	(4,926,154)	(6,208,813)	(11,551,202)	(12,952,649)
Operating (loss)/profit	(1,912,278)	8,014,716	(3,167,174)	11,185,952
Finance Income	121,960	967	122,552	78,251
Finance Cost	(289,030)	(21,318)	(289,030)	-
(Loss)/profit before Taxation	(2,079,348)	8,015,683	(3,333,653)	11,264,203
Taxation	-	(2,003,921)	-	(2,816,051)
(Loss)/profit after taxation, being total comprehensive (loss)/profit for the period	(2,079,348)	6,011,763	(3,333,653)	8,448,153
Earnings per share	(0.02)	0.12	(0.03)	0.17

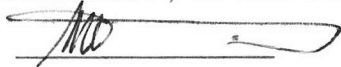
SWEET RIVER Abattoir & SUPPLIES COMPANY LIMITED

Unaudited Statements of Financial Position

For the Six Months Period Ended September 30, 2014

	6 Months To 30-Sep-14 \$	6 Months To 30-Sep-13 \$	Audited 31-Mar-14 \$
Assets			
Non-Current Assets			
Property, plant and equipment	251,101,669	235,415,820	248,003,431
Deferred Tax Asset	-	11,212	-
Goodwill	6,580,000	6,580,000	6,580,000
	<u>257,681,669</u>	<u>242,007,032</u>	<u>254,583,430</u>
Current Assets			
Cash and Cash Equivalents	53,880,038	-	3,905,432
Trade and other receivables	6,097,786	17,139,492	26,261,992
Inventories	15,705,799	26,735,886	20,082,384
Total current assets	<u>75,683,623</u>	<u>43,875,378</u>	<u>50,249,808</u>
Total Assets	<u>333,365,292</u>	<u>285,882,410</u>	<u>304,833,238</u>
Current Liabilities			
Bank overdraft	-	15,105,265	24,309,945
Trade and Other Payables	17,559,906	60,424,889	67,950,270
Income Tax Payable	5,410,446	5,652,541	5,410,446
Directors' current account	928,421	392,599	477,806
Current portion of long-term loans	21,481,826	2,666,670	21,481,826
	<u>45,380,598</u>	<u>84,241,964</u>	<u>119,630,293</u>
Long-term liabilities			
Long-term liabilities	120,346,051	140,942,394	124,764,233
Deferred Tax Liabilities	42,603		
Total Liabilities	<u>165,769,252</u>	<u>225,184,358</u>	<u>244,437,129</u>
Equity			
Share capital	143,495,713	32,757,628	32,962,129
Accumulated Surplus	24,100,327	27,935,924	27,433,980
Total Equity	<u>167,596,040</u>	<u>60,698,052</u>	<u>60,396,109</u>
Total Liability and Equity	<u>333,365,292</u>	<u>285,882,410</u>	<u>304,833,238</u>

Approved for issue by the Board Directors on November 14, 2014 and signed on its behalf by:



Henry Graham- Chairman



Valence Gifford- Director

SWEET RIVER Abattoir & SUPPLIES COMPANY LIMITED

Unaudited Statement of Changes in Equity for
The Six Months Period Ended September 30th, 2014

	Share Capital \$	Share Advance \$	Retained Earnings \$	Total \$
Balances as at March 31, 2013	4,500	31,240,203	16,864,556	48,109,259
Monies received for shares purchased	-	-	-	-
	4,500	31,240,203	16,864,556	48,109,259
Monies received for shares purchased	-	<u>1,717,426</u>	-	1,717,426
	<u>4,500</u>	<u>32,957,629</u>	<u>16,864,556</u>	<u>49,826,685</u>
Balance as at September 01, 2013	4,500	32,957,629	19,487,771	52,449,900
Less share advance		(4500)		
	-	<u>(195,001)</u>	-	<u>(200,001)</u>
Changes in Share Advance	4500	32,757,628	19,487,771	52,249,899
Net profit attributable to shareholders			8,448,153	8,448,153
	-	-	8,448,153	8,448,153
Balances as at September 30, 2013	4,500	32,757,628	27,935,924	60,698,052
Balances as at March 31, 2014	4,500	32,957,629	27,433,980	60,396,109
Converted share advance	32,957,629	(32,957,629)	-	-
Monies received for shares purchased	118,173,829	-	-	118,173,829
Share issue cost	(7,640,245)	-	-	(7,640,245)
Net profit/(Loss) attributable to shareholders	-	-	(3,333,653)	(3,333,653)
Balances as at September 30, 2014	<u>143,495,713</u>	<u>-</u>	<u>24,100,327</u>	<u>167,596,040</u>

SWEET RIVER Abattoir & SUPPLIES COMPANY LIMITED

Unaudited Statement of Cash Flow Position for
The Six Month Period Ended September 30th, 2014

	30-Sep-14	30-Sep-13	(Audited) 31-Mar-14
	\$	\$	\$
Cash flows from operating activities			
Profit before taxation	(3,333,653)	11,264,203	10,569,424
Adjustments for:			
Depreciation	140,208	151,325	291,534
Bad debt			245,854
Deferred taxation	-	-	(8,849)
Taxation expense	-	-	3,540,324
Interest income	(122,552)	(78,251)	(10,378)
Operating surplus before changes in working capital	(3,315,997)	11,337,277	14,627,909
Trade and other receivables	20,164,206	6,818,976	(2,549,377)
Inventories	4,070,142	(8,270,139)	(1,616,637)
Directors' current account	-	61,561	61,561
Accounts payable & provisions	(50,390,364)	(2,778,231)	4,747,150
Directors' current account	450,615	392,599	477,806
Net cash generated by operations	(29,021,398)	7,562,043	15,748,413
Taxation paid	-	-	(3,782,419)
Interest received	122,552	78,251	10,378
Net cash inflows from operating activities	(28,898,846)	7,640,294	11,976,372
Cash flows from investing activities:			
Acquisition of property, plant and equipment	(3,238,403)	(29,541,340)	(42,269,160)
Net cash outflows from investing activities	(3,238,448)	(29,541,340)	(42,269,160)
Cash flows from financing activities:			
Proceeds of long term loans	-	-	6,990,936
Repayment of long term loans	(4,418,182)	-	(4,353,941)
Converted share advances	(32,762,712)	-	-
Monies received for shares purchased	143,295,712	1,517,425	1,717,426
Net cash inflows from financing activities	106,115,402	1,517,425	4,354,421
Increase/(Decrease) in cash resources	73,978,108	(20,383,621)	(25,938,367)
Cash resources at the start of the year	(20,404,513)	5,278,356	5,533,854
	53,880,038	(15,105,265)	(20,404,513)
Cash resources comprise:			
Cash and bank balances	53,880,038	-	3,905,432
Bank overdraft	-	(15,105,265)	(24,309,945)
	53,880,038	(15,105,265)	(20,404,513)

SWEET RIVER Abattoir & SUPPLIES COMPANY LIMITED

Notes to the Unaudited Financial Statements

Six Months Period Ended September 30, 2014

1. Identification

Sweet River Limited (“the company”) is incorporated in Jamaica under the Jamaican Companies Act. The company is domiciled in Jamaica with its registered office located at Sweet River, Sav-la-mar, Westmoreland and was listed on the Jamaica Junior Stock Exchange on September 19, 2014.

The company’s main activities are the purveying of pork products and provision of abattoir services.

2. Basis Of Preparation

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

3. Segment Reporting

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

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

4. Taxation

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

SWEET RIVER Abattoir & SUPPLIES COMPANY LIMITED

Notes to Unaudited Statements

For the Six Months Period Ended September 30, 2014

5. Shareholders' Information

No. Of Units

Directors' Holdings

As at September 30, 2014:

HENRY GRAHAM	15,035,009
HECTOR LYONS	7,358,848
AUDLEY DEIDRICK	5,205,603
VALDENCE GIFFORD	4,995,058
NEVIL GRANT	4,654,073
NIGEL MORGAN	935,763

Top Ten Shareholders

As at September 30, 2014:

HENRY GRAHAM	15,035,009
HECTOR LYONS	7,358,848
AUDLEY DEIDRICK	5,205,603
VALDENCE GIFFORD	4,995,058
KIRK FONG	4,689,907
V.M.B.S (PENSION SCHEME)	4,664,000
NATIONAL INSURANCE FUNDS	4,663,300
V.M.B.SOCIETY	4,663,213
NEVIL GRANT	4,654,073
J.C.S.C.D TRUSTEE SERVICE	3,886,005