



Jamaica Broilers Group Limited

**Financial Statements
29 April 2017**

Jamaica Broilers Group Limited

Index

29 April 2017

	Page
Independent Auditor's Report to the Members	
Statutory Financial Statements	
Group statement of comprehensive income	1 – 2
Group balance sheet	3
Group statement of changes in stockholders' equity	4
Group statement of cash flows	5 – 6
Company statement of comprehensive income	7
Company balance sheet	8
Company statement of changes in stockholders' equity	9
Company statement of cash flows	10 - 11
Notes to the financial statements	12 - 81



Independent auditor's report

To the Members of Jamaica Broilers Group Limited

Report on the audit of the consolidated and stand-alone financial statements

Our opinion

In our opinion, the consolidated financial statements and stand-alone financial statements give a true and fair view of the consolidated financial position of Jamaica Broilers Group Limited (the Company) and its subsidiaries (together 'the Group') and the stand-alone financial position of the Company as at 29 April 2017, and of their consolidated and stand-alone financial performance and their consolidated and stand-alone cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Jamaican Companies Act.

What we have audited

Jamaica Broilers Group Limited's consolidated and stand-alone financial statements comprise:

- the Group and stand-alone statements of comprehensive income for the year ended 29 April 2017;
- the Group and stand-alone balance sheets as at 29 April 2017;
- the Group and stand-alone statements of changes in stockholders' equity for the year ended 29 April 2017;
- the Group and stand-alone statements of cash flows for the year ended 29 April 2017;
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the audit of the consolidated and stand-alone financial statements* section of our report.

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

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

PricewaterhouseCoopers, Scotiabank Centre, Duke Street, Box 372, Kingston, Jamaica
T: (876) 922 6230, F: (876) 922 7581, www.pwc.com/jm

L.A. McKnight P.E. Williams A.K. Jain B.L. Scott B.J. Denning G.A. Reece P.A. Williams R.S. Nathan C.I. Bell-Wisdom D.D. Dodd G.K. Moore



Our audit approach

Audit scope

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated and stand-alone financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

In addition to Jamaica, the entities of the Group are located in Haiti, St. Lucia and the United States of America. These entities maintain their own accounting records and report to the Group through the completion of consolidation packages. All companies located outside of Jamaica are audited by non-PwC firms. Based on the financial significance of the individual entities and our professional judgement, eight of these components were selected for full scope audit procedures to achieve appropriate coverage on the consolidated financial statements.

In establishing the overall group audit strategy and plan, we determined the type of work that needed to be performed at the components by the group engagement team and component auditors, these procedures included:

- Meeting with the management teams of the components and/or the engagement leaders of the audit teams to discuss the approach and our expectations for the audits; and
- Reviewing the working papers of the auditors of select components. Components were selected for review based on a determined level of profit before tax or total assets or risk. Completion of our reviews included on site visits to the offices of the component auditors or meeting at a mutually convenient location and interaction with audit personnel.

With regards to the pension fund, the results of which are used to provide information for inclusion in the consolidated financial statements, our approach involved a site visit to the offices of the non PwC firm, who performed the audit of the pension fund and reviewed the related working papers.

The group team engagement leader and the senior members of the group engagement team reviewed all inter-office and inter firm reports about the audit approach and findings of the component auditors in detail.



Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and stand-alone financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that there are no key audit matters to communicate in our report in relation to the stand-alone financial statements.

Key audit matter	How our audit addressed the Key audit matter
<p><i>Goodwill impairment assessment</i></p> <p><i>See note 2, 4 and 14 to the financial statements</i></p> <p>The Group has recorded goodwill of \$423 million arising from several acquisitions and representing approximately 2% of the Group's total assets at year end.</p> <p>We focused on this area as the valuation of assets and liabilities acquired requires management's judgement and estimation, particularly in relation to the estimation of future cash flows from the businesses, taking into consideration the growth rates, inflation rates, the discount rate and other underlying assumptions in the Group's impairment model.</p> <p>Management utilised an expert to determine the fair value of assets for goodwill allocation at the time of the acquisitions.</p>	<p>We evaluated managements' future cash flow forecasts, and the process by which they were drawn up, including testing the underlying calculations and comparing them to the latest Board approved budgets. We compared previous forecasts to actual results to assess the performance of the business and the accuracy of forecasting.</p> <p>We, with the assistance of our internal expert, challenged:</p> <ul style="list-style-type: none">• managements' key assumptions for long term growth rates in the forecasts by comparing them to historical results, and economic and industry forecasts; and• the discount rate by assessing the cost of capital for the Group.• In order to do this:<ul style="list-style-type: none">▪ Our valuation expert evaluated these assumptions with reference to valuations of similar companies.▪ We compared the key assumptions to externally derived data where possible, including market expectations of investment return, projected economic growth and interest rates.▪ We applied sensitivities in evaluating managements' assessment of the planned growth rate in cash flows. <p>We found the assumptions to be consistent and in line with our expectations based on the procedures performed.</p>



Other information

Management is responsible for the other information. The other information comprises the information presented in the Annual Report (but does not include the consolidated and stand-alone financial statements and our auditor's report thereon), which is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated and stand-alone financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and stand-alone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated and stand-alone financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of management and those charged with governance for the consolidated and stand-alone financial statements

Management is responsible for the preparation of the consolidated and stand-alone financial statements that give a true and fair view in accordance with International Financial Reporting Standards and with the requirements of the Jamaican Companies Act, and for such internal control as management determines is necessary to enable the preparation of consolidated and stand-alone financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and stand-alone financial statements, management is responsible for assessing the Group's and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group, the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group and Company's financial reporting process.



Auditor's responsibilities for the audit of the consolidated and stand-alone financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and stand-alone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and stand-alone financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and stand-alone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's and Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and stand-alone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group or Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and stand-alone financial statements, including the disclosures, and whether the consolidated and stand-alone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated and stand-alone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 consolidated and stand-alone financial statements are in agreement therewith and give the information required by the Jamaican Companies Act, in the manner so required.

The engagement partner on the audit resulting in this independent auditor's report is Recardo Nathan.

PricewaterhouseCoopers

Chartered Accountants
29 June 2017
Kingston, Jamaica

Jamaica Broilers Group Limited

Group Statement of Comprehensive Income

Year ended 29 April 2017

(expressed in Jamaican dollars unless otherwise indicated)

	Note	29 April 2017 \$'000	30 April 2016 \$'000
Continuing operations			
Revenue		44,444,248	38,520,649
Cost of sales		<u>(32,594,573)</u>	<u>(28,150,377)</u>
Gross Profit		11,849,675	10,370,272
Other income/gains	6	328,347	268,860
Distribution costs		(1,578,385)	(1,209,088)
Administration and other expenses		<u>(7,366,634)</u>	<u>(6,128,660)</u>
Operating Profit		3,233,003	3,301,384
Finance income	9	379,379	159,078
Finance costs	9	<u>(647,238)</u>	<u>(693,804)</u>
Profit before Taxation		2,965,144	2,766,658
Taxation	10	<u>(700,615)</u>	<u>(671,960)</u>
Net Profit from continuing operations		2,264,529	2,094,698
Discontinued operations			
Profit/(loss) for the year from discontinued operations	35	<u>3,944</u>	<u>(368,082)</u>
Net Profit		2,268,473	1,726,616
Other Comprehensive Income, net of taxes -			
Item that will not be reclassified to profit or loss -			
Re-measurements of post-employment benefits and obligations - net of taxes, continuing operations		359,775	212,925
Re-measurements of post-employment benefits and obligations - net of taxes, discontinued operations		-	2,500
	10	<u>359,775</u>	<u>215,425</u>
Item that will be reclassified to profit or loss -			
Exchange differences on translating foreign operations		119,650	741,600
Exchange differences on translating discontinued operations		<u>(956,124)</u>	<u>(666,033)</u>
		<u>(836,474)</u>	<u>75,567</u>
Total other comprehensive income		<u>(476,699)</u>	<u>290,992</u>
Total Comprehensive Income		<u>1,791,774</u>	<u>2,017,608</u>

Jamaica Broilers Group Limited
Group Statement of Comprehensive Income (Continued)
Year ended 29 April 2017
(expressed in Jamaican dollars unless otherwise indicated)

	Note	29 April 2017 \$'000	30 April 2016 \$'000
Net Profit Attributable to:			
Stockholders of the company	11	2,232,788	1,744,195
Non-controlling interests	19	35,685	(17,579)
		<u>2,268,473</u>	<u>1,726,616</u>
Net Profit from continuing operations:			
Stockholders of the company		2,228,844	2,112,277
Non-controlling interests	19	35,685	(17,579)
		<u>2,264,529</u>	<u>2,094,698</u>
Total Comprehensive Income Attributable to:			
Stockholders of the company		1,757,112	2,039,482
Non-controlling interests	19	34,662	(21,874)
		<u>1,791,774</u>	<u>2,017,608</u>
Total Comprehensive Income Attributable to Stockholders of the company:			
Continuing operations		2,709,292	3,071,097
Discontinued operations		(952,180)	(1,031,615)
		<u>1,757,112</u>	<u>2,039,482</u>
		\$	\$
Earnings per Stock Unit			
From continuing operations	12	1.85	1.76
From discontinued operations	12	0.01	(0.31)
		<u>1.86</u>	<u>1.45</u>

Jamaica Broilers Group Limited

Group Balance Sheet

29 April 2017

(expressed in Jamaican dollars unless otherwise indicated)

	Note	29 April 2017 \$'000	30 April 2016 \$'000
Non-Current Assets			
Property, plant and equipment	13	7,062,286	10,501,877
Intangible assets	14	1,086,547	1,165,272
Assets held for sale	15	-	16,042
Investment property	16	6,479	6,645
Investments	17	8,567	45,982
Loans receivable	18	2,051,914	-
Deferred income taxes	20	37,681	15,601
Post-employment benefit assets	21	691,100	180,100
		<u>10,944,574</u>	<u>11,931,519</u>
Current Assets:			
Inventories	22	5,164,289	4,280,347
Biological assets	23	4,457,372	2,952,244
Receivables	24	3,568,655	3,278,254
Taxation recoverable		64,534	36,400
Loans receivable	18	500,967	-
Financial assets at fair value through profit or loss	25	760,696	701,303
Cash and short term investments	26	2,004,565	1,199,194
		<u>16,521,078</u>	<u>12,447,742</u>
Current Liabilities			
Payables	27	4,414,142	3,207,847
Taxation payable		179,278	482,217
Borrowings	29	2,501,612	1,983,290
		<u>7,095,032</u>	<u>5,673,354</u>
Net Current Assets			
		<u>9,426,046</u>	<u>6,774,388</u>
Stockholders' Equity			
Share capital	30	765,137	765,137
Reserves	31	1,170,695	2,062,158
Retained earnings		12,504,998	10,332,414
		<u>14,440,830</u>	<u>13,159,709</u>
Non-controlling interests			
	19	(22,837)	(57,499)
		<u>14,417,993</u>	<u>13,102,210</u>
Non-Current Liabilities			
Borrowings	29	5,200,463	5,096,511
Deferred income taxes	20	729,764	485,286
Post-employment benefit obligations	21	22,400	21,900
		<u>20,370,620</u>	<u>18,705,907</u>

Approved for issue by the Board of Directors on 29 June 2017 and signed on its behalf by:

Robert E. Levy

Chairman

Christopher Levy

Director

Jamaica Broilers Group Limited

Group Statement of Changes in Stockholders' Equity

Year ended 29 April 2017

(expressed in Jamaican dollars unless otherwise indicated)

	Note	Attributable to the Company's Stockholders					Total Equity \$'000
		Number of Shares	Share Capital	Reserves	Retained Earnings	Non- controlling Interests	
		'000	\$'000	\$'000	\$'000	\$'000	
Balance at 2 May 2015		1,199,277	765,137	1,850,181	8,816,721	(35,625)	11,396,414
Remeasurements of pension asset/obligation, net of taxes	10	-	-	-	215,425	-	215,425
Exchange differences on translating foreign operations	31	-	-	79,862	-	(4,295)	75,567
Total other comprehensive income		-	-	79,862	215,425	(4,295)	290,992
Net profit		-	-	-	1,744,195	(17,579)	1,726,616
Total comprehensive income		-	-	79,862	1,959,620	(21,874)	2,017,608
Dividends	28	-	-	-	(311,812)	-	(311,812)
Transfer from capital reserves	31	-	-	132,115	(132,115)	-	-
Total transactions with owners		-	-	132,115	(443,927)	-	(311,812)
Movement during the year		-	-	211,977	1,515,693	(21,874)	1,705,796
Balance at 30 April 2016		1,199,277	765,137	2,062,158	10,332,414	(57,499)	13,102,210
Remeasurements of pension asset/obligation, net of taxes	10	-	-	-	359,775	-	359,775
Exchange differences on translating foreign operations	31	-	-	(835,451)	-	(1,023)	(836,474)
Total other comprehensive income		-	-	(835,451)	359,775	(1,023)	(476,699)
Net profit		-	-	-	2,232,788	35,685	2,268,473
Total comprehensive income		-	-	(835,451)	2,592,563	34,662	1,791,774
Dividends	28	-	-	-	(419,746)	-	(419,746)
Transfer to capital reserves	31	-	-	233	(233)	-	-
Realised reserves	31	-	-	(56,245)	-	-	(56,245)
Total transactions with owners		-	-	(56,012)	(419,979)	-	(475,991)
Movement during the year		-	-	(891,463)	2,172,584	34,662	1,315,783
Balance at 29 April 2017		1,199,277	765,137	1,170,695	12,504,998	(22,837)	14,417,993

Jamaica Broilers Group Limited

Group Statement of Cash Flows

Year ended 29 April 2017

(expressed in Jamaican dollars unless otherwise indicated)

	Note	29 April 2017 \$'000	30 April 2016 \$'000
Cash Flows from Operating Activities			
Net profit		2,268,473	1,726,616
Adjustments for:			
Depreciation		733,862	817,260
Amortisation	14	125,656	86,650
Property, plant and equipment write-off	13	7,998	-
Property, plant and equipment adjustment	13	-	(3,308)
Loss/(gain) on disposal of property, plant and equipment	6	418	(9,990)
Gain on disposal of subsidiaries	35	(39,474)	-
Gain on disposal of assets held for sale		(74,530)	-
Disposal adjustment		(5,778)	-
Impairment of investment		39,263	26,847
Fair value (gain)/loss on financial assets at fair value through profit or loss	6	(4,450)	44,520
Changes in post-employment benefits		(30,800)	8,700
Taxation expense	10	700,615	671,960
Interest income		(194,089)	(25,286)
Unrealised foreign exchange (gains)/losses		(44,608)	52,745
Interest expense		627,106	636,866
		<u>4,109,662</u>	<u>4,033,580</u>
Changes in operating assets and liabilities:			
Inventories		(1,016,265)	(285,256)
Biological assets		(1,414,054)	(382,463)
Receivables		(288,661)	(512,053)
Payables		1,142,405	(600,323)
Financial assets at fair value through profit or loss		(54,943)	(273,341)
Translation gain on working capital of foreign subsidiaries		(193,333)	(90,513)
		<u>2,284,811</u>	<u>1,889,631</u>
Taxation paid		(930,673)	(661,760)
Cash provided by operating activities		<u>1,354,138</u>	<u>1,227,871</u>

Jamaica Broilers Group Limited

Group Statement of Cash Flows (Continued)

Year ended 29 April 2017

(expressed in Jamaican dollars unless otherwise indicated)

		29 April 2017 \$'000	30 April 2016 \$'000
	Note		
Cash Flows from Operating Activities (Page 5)		<u>1,354,138</u>	<u>1,227,871</u>
Cash Flows from Investing Activities			
Acquisition of business	36	-	(982,811)
Purchase of property, plant and equipment	13	(749,302)	(800,835)
Proceeds from disposal of property, plant and equipment		23,181	55,788
Proceeds from disposal of assets held for sale		90,572	-
Purchase of intangible assets	14	-	(3,611)
Loan repayments received		-	46,027
Proceeds from disposal of subsidiaries, net of costs	34	461,873	-
Interest received		36,452	25,286
Cash used in investing activities		<u>(137,224)</u>	<u>(1,660,156)</u>
Cash Flows from Financing Activities			
Long term loans repaid		(1,174,596)	(3,374,499)
Long term loans received		1,674,847	3,890,724
Interest paid		(619,509)	(618,618)
Dividends paid		(419,746)	(311,812)
Cash used in financing activities		<u>(539,004)</u>	<u>(414,205)</u>
Effect of changes in exchange rates on cash and cash equivalents		45,585	50,821
Increase/(decrease) in cash and cash equivalents		723,495	(795,669)
Cash and cash equivalents at beginning of year		<u>872,888</u>	<u>1,668,557</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	25	<u><u>1,596,383</u></u>	<u><u>872,888</u></u>

Non-cash additions during the year amounted to Nil (2016 - \$36,976,000). In the prior year the amounts were transferred from accounts payable.

Jamaica Broilers Group Limited

Company Statement of Comprehensive Income

Year ended 29 April 2017

(expressed in Jamaican dollars unless otherwise indicated)

	Note	29 April 2017 \$'000	30 April 2016 \$'000
Revenue		32,547,914	29,103,699
Cost of sales		(25,161,058)	(22,217,921)
Gross Profit		7,386,856	6,885,778
Other income/gains	6	825,450	530,316
Distribution costs		(1,170,541)	(901,298)
Administration and other expenses		(4,917,580)	(4,184,378)
Operating Profit		2,124,185	2,330,418
Finance income	9	487,077	155,525
Finance costs	9	(521,597)	(533,520)
Profit before Taxation		2,089,665	1,952,423
Taxation	10	(318,296)	(404,632)
Net Profit		1,771,369	1,547,791
Other Comprehensive Income, net of taxes - Item that will not be reclassified to profit or loss -			
Re-measurements of post-employment benefits	10	349,950	206,325
TOTAL COMPREHENSIVE INCOME		<u>2,121,319</u>	<u>1,754,116</u>

Jamaica Broilers Group Limited

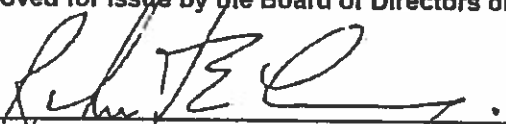
Company Balance Sheet

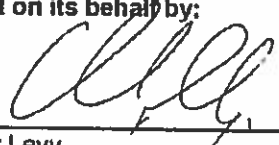
29 April 2017

(expressed in Jamaican dollars unless otherwise indicated)

	Note	29 April 2017 \$'000	30 April 2016 \$'000
Non-Current Assets:			
Property, plant and equipment	13	3,779,155	3,801,278
Intangible asset	14	79,033	93,472
Investments	17	8,567	45,982
Interest in subsidiaries		686,374	888,367
Loans receivable	18	4,709,209	3,847,499
Post-employment benefit assets	21	671,300	174,300
		<u>9,933,638</u>	<u>8,850,898</u>
Current Assets			
Inventories	22	4,357,778	3,796,636
Biological assets	23	668,145	630,123
Receivables	24	2,290,535	1,885,243
Subsidiaries	32	2,372,415	3,305,597
Taxation recoverable		10,228	26,103
Loans receivable	18	500,967	-
Cash and short term investments	26	1,127,511	893,097
		<u>11,327,577</u>	<u>10,536,799</u>
Current Liabilities			
Payables	27	2,941,371	2,129,272
Taxation payable		148,178	374,184
Subsidiaries	32	36,402	459,885
Borrowings	29	1,380,452	1,250,855
		<u>4,506,403</u>	<u>4,214,196</u>
Net Current Assets			
		<u>6,821,174</u>	<u>6,322,603</u>
		<u>16,754,812</u>	<u>15,173,501</u>
Stockholders' Equity			
Share capital	30	765,137	765,137
Reserves	31	222,947	133,201
Retained earnings		10,881,828	9,214,373
		<u>11,869,910</u>	<u>10,112,711</u>
Non-Current Liabilities			
Borrowings	29	4,250,869	4,650,058
Deferred income taxes	20	613,233	390,232
Post-employment benefit obligations	21	20,800	20,500
		<u>16,754,812</u>	<u>15,173,501</u>

Approved for issue by the Board of Directors on 29 June 2017 and signed on its behalf by:


 Robert E. Levy Chairman


 Christopher Levy Director

Jamaica Broilers Group Limited
Company Statement of Changes in Stockholders' Equity
Year ended 29 April 2017
 (expressed in Jamaican dollars unless otherwise indicated)

	Note	Number of Shares '000	Share Capital \$'000	Capital Reserve \$'000	Retained Earnings \$'000	Total \$'000
Balance at 2 May 2015		1,199,277	765,137	133,201	7,772,069	8,670,407
Remeasurement of pension asset/obligation, net of taxes	10	-	-	-	206,325	206,325
Total other comprehensive income		-	-	-	206,325	206,325
Net profit		-	-	-	1,547,791	1,547,791
Total comprehensive income		-	-	-	1,754,116	1,754,116
Dividends	28	-	-	-	(311,812)	(311,812)
Movement during the year		-	-	-	1,442,304	1,442,304
Balance at 30 April 2016		1,199,277	765,137	133,201	9,214,373	10,112,711
Remeasurement of pension asset/obligation, net of taxes	10	-	-	-	349,950	349,950
Total other comprehensive income		-	-	-	349,950	349,950
Net profit		-	-	-	1,771,369	1,771,369
Total comprehensive income		-	-	-	2,121,319	2,121,319
Dividends	28	-	-	-	(419,746)	(419,746)
Amalgamation	34	-	-	89,746	(34,120)	55,626
Movement during the year		-	-	89,746	1,667,453	1,757,199
Balance at 29 April 2017		1,199,277	765,137	222,947	10,881,826	11,869,910

Jamaica Broilers Group Limited

Company Statement of Cash Flows

Year ended 29 April 2017

(expressed in Jamaican dollars unless otherwise indicated)

	Note	29 April 2017 \$'000	30 April 2016 \$'000
Cash Flows from Operating Activities			
Net profit		1,771,369	1,547,791
Adjustments for:			
Depreciation	13	381,563	345,342
Amortisation	14	14,439	14,898
Property, plant and equipment write off		6,417	-
Liquidation of subsidiaries		651	-
Amalgamation		(375)	-
Loss/(gain) on disposal of property, plant and equipment	6	418	(4,429)
Gain on disposal of subsidiaries		(87,139)	-
Investment write off		39,263	-
Changes in post-employment benefits		(30,100)	6,800
Taxation expense	10	318,296	404,632
Interest income		(322,001)	(138,579)
Dividend income		(406,177)	(132,915)
Unrealised foreign exchange gains		(187,710)	(207,419)
Interest expense		520,718	530,156
		<u>2,019,632</u>	<u>2,366,277</u>
Changes in operating assets and liabilities:			
Inventories		(561,142)	(362,434)
Biological assets		(38,022)	(129,735)
Receivables		(385,583)	(125,869)
Subsidiaries		(2,279,948)	110,312
Intercompany loans receivable		1,805,076	(1,254,174)
Payables		746,570	(952,461)
		<u>1,306,583</u>	<u>(348,084)</u>
Taxation paid		(427,535)	(206,184)
Cash provided by/(used in) operating activities		<u>879,048</u>	<u>(554,268)</u>

Jamaica Broilers Group Limited

Notes to the Financial Statements

29 April 2017

(expressed in Jamaican dollars unless otherwise indicated)

	Note	29 April 2017 \$'000	30 April 2016 \$'000
Cash Flows from Operating Activities (Page 10)		<u>879,048</u>	<u>(554,268)</u>
Cash Flows from Investing Activities			
Proceeds from disposal of subsidiaries, net of costs		461,873	-
Purchase of property, plant and equipment	13	(374,254)	(341,903)
Proceeds from disposal of property, plant and equipment		8,275	4,429
Purchase of intangible asset	14	-	(3,611)
Interest received		17,766	138,579
Dividend received		406,177	132,915
Cash provided by/(used in) investing activities		<u>519,837</u>	<u>(69,591)</u>
Cash Flows from Financing Activities			
Long term loans repaid		(531,388)	(3,141,509)
Long term loans received		250,000	3,803,186
Interest paid		(512,987)	(507,404)
Dividends paid		(419,746)	(311,812)
Cash used in financing activities		<u>(1,214,121)</u>	<u>(157,539)</u>
Effect of changes in exchange rates on cash and cash equivalents		<u>45,585</u>	<u>50,821</u>
Increase/(decrease)in cash and cash equivalents		230,349	(730,577)
Cash and cash equivalents at beginning of year		<u>715,966</u>	<u>1,446,543</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	26	<u><u>946,315</u></u>	<u><u>715,966</u></u>

Jamaica Broilers Group Limited

Notes to the Financial Statements

29 April 2017

(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 products, animal feeds and agricultural items (Note 2(b)).

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 biological assets and certain financial assets.

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

Standards, interpretations and amendments to published standards effective in the current year

Certain new standards, interpretations and amendments to existing standards have been published that became effective during the current financial year. The Group has assessed the relevance of all such new standards, interpretations and amendments and has put into effect the following IFRS, which are immediately relevant to its operations:

- **Amendment to IAS 1, 'Presentation of financial statements' on the disclosure initiative** (effective for annual periods beginning on or after 1 January 2016). The amendments do not require specific changes. However, they clarify a number of presentation issues and highlight that preparers are permitted to tailor the format and presentation of the financial statements to their circumstances and the needs of users. Preparers should consider their financial statements in light of these clarifications and whether there is an opportunity to clarify or improve the disclosure. The order of the notes needs to balance understandability and comparability and changes should generally result from a specific change in facts and circumstances. It did not have a significant impact on the financial statements.
- **Amendments to IAS 27, 'Separate financial statements' on equity method**, (effective for annual periods beginning on or after 1 January 2016). These amendments allow entities to use equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. This amendment did not have an impact on the financial statements.

Jamaica Broilers Group Limited

Notes to the Financial Statements

29 April 2017

(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 effective in the current year (continued)

- IAS 16, 'Property, plant and equipment' and IAS 38, 'Intangible assets (effective for accounting periods beginning on or after 1 January 2016). Both standards are amended to clarify how the gross carrying amount and the accumulated depreciation are treated where an entity uses the revaluation model. The carrying amount of the asset is to be restated to the revalued amount. The split between gross carrying amount and accumulated depreciation is treated in one of two ways. The gross carrying amount may be restated in a manner consistent with the revaluation of the carrying amount, and the accumulated depreciation is adjusted to equal the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses. Alternatively, the accumulated depreciation may be eliminated against the gross carrying amount of the asset. These amendments did not have an impact on the financial statements.
- Amendments to IAS 16 'Property, Plant and Equipment' and IAS 41 'Agriculture' (effective for annual periods beginning on or after 1 January 2016). The amendments define a bearer plant and include bearer plants within the scope of IAS 16. A bearer plant is defined as a living plant that is used in the production or supply of agricultural produce, is expected to bear produce for more than one period and has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales. Previously, bearer plants were not defined and bearer plants related to agricultural activity were included within the scope of IAS 41.

Bearer plants are used solely to grow produce. The only significant future economic benefits from bearer plants arise from selling the agricultural produce that they create. Bearer plants meet the definition of property, plant and equipment in IAS 16 and their operation is similar to that of manufacturing. Accordingly, the amendments require bearer plants to be accounted for as property, plant and equipment and included within the scope of IAS 16, instead of IAS 41. The produce growing on bearer plants will remain within the scope of IAS 41. This did not have an impact on the financial statements as the Group does not have any bearer plants.

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

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

- **Amendments to IAS 7, 'Statement of Cash Flows'**, (effective for annual periods beginning on or after 1 January 2017). In January 2016, the IASB published amendments to IAS 7 to improve information about an entity's financing activities. These amendments are part of the IASB initiative to improve presentation and disclosure in financial reports. The amendments require disclosure of information enabling users to evaluate changes in liabilities arising from financing activities including both cash and non-cash changes. The future adoption of these amendments will result in additional disclosure in the financial statements. The Group will apply amendment effective 28 April 2017.

Jamaica Broilers Group Limited

Notes to the Financial Statements

29 April 2017

(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 that are not yet effective and have not been early adopted by the Group (continued)

- **IFRS 9, 'Financial Instruments'** (effective for annual periods beginning on or after 1 January 2018). In July 2014, the IASB issued IFRS 9 which is the comprehensive standard to replace IAS 39 'Financial Instruments: Recognition and Measurement', and includes requirements for classification and measurement of financial assets and liabilities, impairment of financial assets and hedge accounting. Financial assets are required to be classified into three measurement categories: those to be measured subsequently at amortised cost, those to be measured subsequently at fair value through other comprehensive income (FVOCI) and those to be measured subsequently at fair value through profit or loss (FVPL).

Classification for debt instruments is driven by the entity's business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest (SPPI). If a debt instrument is held to collect the asset's cash flows, it may be carried at amortised cost if it also meets the SPPI requirement. Debt instruments that meet the SPPI requirement that are held in a portfolio where an entity both holds to collect assets' cash flows and sells assets may be classified as FVOCI. Financial assets that do not contain cash flows that are SPPI must be measured at FVPL (for example, derivatives). Embedded derivatives are no longer separated from financial assets but will be included in assessing the SPPI condition. The Group is considering the implications of the standard and the impact on the Group.

- **IFRS 15, 'Revenue from contracts with customers'** (effective for annual periods beginning on or after 1 January 2018) deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. Early application is permitted. The Group will apply the amendment effective 29 April 2018.
- **Amendment to IFRS 15, 'Revenue from contracts with customers'** (effective for annual periods beginning on or after 1 January 2018) comprise clarifications of the guidance on identifying performance obligations, accounting for licences of intellectual property and the principal versus agent assessment (gross versus net revenue presentation). New and amended illustrative examples have been added for each of those areas of guidance. The IASB has also included additional practical expedients related to transition to the new revenue standard. Early application is permitted. The Group will apply the amendment effective 29 April 2018.

Jamaica Broilers Group Limited

Notes to the Financial Statements

29 April 2017

(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 that are not yet effective and have not been early adopted by the Group (continued)

- **IFRS 16, 'Leases'**, (effective for annual periods beginning on or after 1 January 2019). In January 2016, the IASB published IFRS 16 which replaces the current guidance in IAS 17. Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. There is an optional exemption for lessees for certain short-term leases and leases of low-value assets.
- **Amendments to IAS 12, 'Income Taxes'**, (effective for annual periods beginning on or after 1 January 2017). In January 2016, the IASB published amendments to IAS 12 clarifying specifically how to account for deferred tax assets related to debt instruments measured at fair value as well as clarifying the guidance for deferred tax assets in general by adding examples and elaborating on some of the requirements in more detail. The amendments do not change the underlying principles for the recognition of deferred tax assets.
- **Amendments to IAS 40, 'Investment property relating to transfer of investment property'**, (effective for annual periods beginning on or after 1 January 2018). These amendments clarify that to transfer to, or from, investment properties there must be change in use. To conclude if a property has changed use, there should be an assessment of whether the property meets the definition.
- **IFRIC 22, 'Foreign currency transactions and advance consideration'** (effective for annual periods beginning on or after 1 January 2018). This IFRIC addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency. The interpretation provides guidance for when a single payment/receipt is made as well as for situations where multiple payment/receipt are made. The guidance aims to reduce diversity in practice. It does not apply when an entity measures the related asset, expense or income on initial recognition at fair value of the consideration received or paid at a date other than the date of initial recognition of the non-monetary asset or non-monetary liability. Also, the interpretation need not be applied to income taxes, insurance contracts or reinsurance contracts.

The IASB annual improvement projects for the 2014-2016 cycles resulted in amendments to the following standards which may be relevant to the Group's operations.

Amendments effective for the accounting periods beginning on or after 1 January 2018:

- **IFRS 12, 'Disclosure of interest in other entities'** regarding clarification of the scope of the standard. These amendments should be applied retrospectively for annual period beginning on or after 1 January 2018.
- **IAS 28 'Investment in associate and joint ventures'** regarding measuring an associate or joint venture at fair value.

There are no other standards, interpretations or amendments to existing standards that are not yet effective that would be expected to have a material impact on the operations of the Group.

Jamaica Broilers Group Limited

Notes to the Financial Statements

29 April 2017

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(b) Consolidation

(i) *Subsidiaries*

Subsidiaries are all entities (including structured 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. The Group also assesses existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control. De-facto control may arise in circumstances where the size of the Group's voting rights relative to the size and dispersion of holdings of other shareholders give the Group the power to govern the financial and operating policies, etc. 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 applies the acquisition method 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 to the former owners of the acquiree 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. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

If a business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Jamaica Broilers Group Limited

Notes to the Financial Statements

29 April 2017

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(b) Consolidation (continued)

(i) *Subsidiaries (continued)*

Goodwill is recorded at cost and represents the excess of the value of consideration paid over the Group's interest in net fair value of the identifiable assets, liabilities and contingent liabilities of the acquire and the fair value of the non-controlling interest in the acquire. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. 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.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segment.

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

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.

Jamaica Broilers Group Limited

Notes to the Financial Statements

29 April 2017

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(b) Consolidation (continued)

(i) Subsidiaries (continued)

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

	Principal Activities	% Ownership by Company at 29 April 2017	% Ownership by Group at 29 April 2017
Resident in Jamaica:			
Operating divisions			
Best Dressed Chicken (including Best Dressed Feed Mill and Best Dressed Further Processing Facility)	Poultry and pullet production and feed milling, processing and sale of salted products/pickled products	100	100
Best Dressed Foods	Distributors of chicken, beef, fish and imported of protein products	100	100
Hi-Pro Ace	Feed sales, suppliers of farming equipment and supplies	100	100
Subsidiaries			
Content Agricultural Products Limited	Property rental	100	100
Energy Associates Limited and its subsidiary:	Holding and investment company	100	100
JB Group Limited	Non- trading	100	100
CE Jamaica Inc.	Non- trading	-	100
EAL/ERI Co-generation Partners, LP	Generation of electricity	-	100
ERI Jam, LLC	Non-trading	-	100
Hamilton Smoke House Limited	Non-trading	100	100
Jabexco Limited	Non-trading	100	100
International Poultry Breeders (Jamaica) Limited	Fertile egg production and cattle rearing for sale	100	100
Levy Industries Limited	Property rental	100	100
Master Blend Feeds Limited	Property rental	100	100
Trafalgar Agriculture Development Limited	Non-trading	100	100
S.G Developments Limited	Non-trading	100	100
Resident outside of Jamaica:			
Atlantic United Insurance Company Limited, St.Lucia	Captive insurance	100	100
International Poultry Breeders, Inc, Arkansas USA and its subsidiaries	Holding company	100	100
England Packing Company Inc Arkansas. USA	Packing company	-	100
England Transport Company Inc, USA	Transportation	-	100
England Farms Inc. USA	Fertile egg production	-	100
International Poultry Breeders Hatcheries Inc. USA	Hatching and distribution of baby chicks	100	100
International Poultry Breeders LLC Georgia, USA	Fertile egg production	90	90
Wincorp Properties Limited, USA	Non-trading	100	100
Haiti Broilers, S.A. and its subsidiary:	Production and sale of broilers , layer pullets, table eggs and animal feeds	68	68
T&S Rice S.A., Haiti	Lessee of production facilities in Haiti	-	68
WI Trading (St. Lucia) Limited, St.Lucia	Aircraft ownership	100	100
Jabexco Cayman Limited, Cayman Islands	Non-trading	40	40
Wincorp International, Inc., USA and its subsidiary:	Procurers and distributors of agricultural and industrial supplies	100	100
Consolidated Freight and Shipping, Inc., USA	Ocean freight consolidator	-	100

Jamaica Broilers Group Limited

Notes to the Financial Statements

29 April 2017

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(b) Consolidation (continued)

(ii) *Changes in ownership interests in subsidiaries without change of control*

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions, that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(iii) *Disposal of subsidiaries*

When the Group ceases to have control any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(iv) *Changes in year*

During the year the following subsidiaries were liquidated, Jamaica Eggs Limited, Best Dressed Chicken Limited and JB Trading Limited. ERI Services (St. Lucia) Limited and its subsidiary JB Terminal (Port Esquivel) Limited were sold.

(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.

Sales of services

Fees and commission income fees arising from tolling and insurances contracts are generally recognised on an accrual basis when the service has been provided.

Dividend income

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

Jamaica Broilers Group Limited

Notes to the Financial Statements

29 April 2017

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(d) Revenue recognition (continued)

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.

(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 and the company's functional currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss, except when deferred in other comprehensive income. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of comprehensive income in other income.

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.

Jamaica Broilers Group Limited

Notes to the Financial Statements

29 April 2017

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(e) Foreign currency translation (continued)

(iii) *Group companies*

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

- (a) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- (b) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- (c) all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

(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.

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.

Jamaica Broilers Group Limited

Notes to the Financial Statements

29 April 2017

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(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 the 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 benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized.

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 the end of each reporting period.

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.

(h) Assets held for sale

Property and equipment held for sale is stated at the lower of their carrying amount and fair value less cost to sell. The assets are not depreciated while they are classified as held for sale.

Jamaica Broilers Group Limited

Notes to the Financial Statements

29 April 2017

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(i) 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 annually 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.

For the purposes of impairment testing, goodwill acquired in a business combination is assigned to cash generating units that is expected to benefit from the synergies of the combination.

(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.

(iii) Brands

Brands are recorded at historical cost. They are acquired in a business combination and are recognised at the fair value at acquisition date. These costs have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight line method over their expected useful lives of 7 to 15 years.

(iv) Customer relationships

Customer relationships are recorded at cost and represent the value of the consideration paid to acquire customer contract and the related customer relationships. These costs are amortised over the estimated useful lives of the relationships between 8 to 10 years.

(v) Non-compete agreements

Non-compete agreements are recorded at cost and represent the attributed consideration paid to acquire them. These costs are amortised over the estimated useful lives of the non-compete agreements which is between 2 to 10 years.

(vi) Product formulation

Product formulation are recorded at cost and represent the value of the consideration paid to have rights to the use of recipes and formulations. These costs are amortised over their estimated useful lives of 20 years.

Jamaica Broilers Group Limited

Notes to the Financial Statements

29 April 2017

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(j) Investment properties

Investment properties are held for long-term rental yields and are not occupied by the Group. Investment properties are treated as long-term investments and are carried at deemed cost less accumulated depreciation. Freehold buildings are depreciated on the straight line basis over their expected useful lives of 60 years.

(k) 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.

(l) 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.

(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.

Jamaica Broilers Group Limited

Notes to the Financial Statements

29 April 2017

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(l) Financial assets (continued)

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.

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 assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and that loss event has an impact on the estimated cash flows of the financial asset or financial group of assets that can be reliably estimated.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying value amount and the present value of estimated cash flows discounted at the financial asset's original effective interest rate. The carrying amount is reduced and the amount of the loss is recognised in the consolidated profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the reversal of the previously recognised impairment loss is recognised in the consolidated profit or loss.

For equity investments, a significant or prolonged decline in the fair value of the security below its costs is also evidence that the assets are impaired. If any such assets exists the cumulative loss is removed from the equity and recognised in the profit or loss. Impairment losses recognised in the consolidated profit or loss on equity instruments are not reversed through the profit or loss.

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.

(m) Interest in subsidiaries

Interests in subsidiaries are stated at cost.

Jamaica Broilers Group Limited

Notes to the Financial Statements

29 April 2017

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(n) 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.

Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The asset or liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. 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.

The current service cost of the defined benefit plan, recognised in the income statement in employee benefit expense, except where included in the cost of an asset, reflects the increase in the defined benefit obligation resulting from employee service in the current year, benefit changes curtailment and settlements.

Past-service costs are recognised immediately in income.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the profit or loss.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions of the defined benefit obligation are charged or credited to equity in other comprehensive income in the period in which they arise.

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. The contributions are recognized as employee benefit expense when they are due.

(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 are charged or credited to equity in other comprehensive income. 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.

Jamaica Broilers Group Limited

Notes to the Financial Statements

29 April 2017

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(n) **Employee benefits (continued)**

(iii) **Termination benefits (continued)**

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.

(o) **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.

(p) **Biological assets**

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

There is an active market in Jamaica for beef cattle.

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 and pullets in production, 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 and pullets in production are capitalised. Breeder flocks and pullets in production 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 and pullets in production are measured at cost, less depreciation and impairment losses.

Pullets in production are depreciated on a straight line basis over the production life cycle which is estimated to be one year on average

Breeder flocks are depreciated over the production cycle which is estimated to be nine months on average based on the anticipated production output month to month.

Jamaica Broilers Group Limited

Notes to the Financial Statements

29 April 2017

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(q) 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.

(r) 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.

(s) Trade payables

Trade payables are stated at cost.

(t) 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.

(u) 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.

(v) 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.

Jamaica Broilers Group Limited

Notes to the Financial Statements

29 April 2017

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(v) **Leases (continued)**

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.

(w) **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.

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

Notes to the Financial Statements

29 April 2017

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(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 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.

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.

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

Notes to the Financial Statements

29 April 2017

(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 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 for impairment assessment.

As of 29 April 2017, trade receivables of \$602,842,000 (2016 - \$774,823,000) and \$412,762,000 (2016 - \$366,336,000) for the Group and company, respectively, were past due for more than 30 days. The amount of the provision was \$293,343,000 (2016 - \$283,846,000) and \$257,181,000 (2016 - \$235,366,000) 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	
	29 April 2017 \$'000	30 April 2016 \$'000	29 April 2017 \$'000	30 April 2016 \$'000
Past due 31 to 60 days	197,904	364,788	149,188	132,774
Past due 61 to 90 days	38,166	60,613	23,497	18,190
Past due over 91 days	366,772	349,422	240,077	215,372
	<u>602,842</u>	<u>774,823</u>	<u>412,762</u>	<u>366,336</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	
	29 April 2017 \$'000	30 April 2016 \$'000	29 April 2017 \$'000	30 April 2016 \$'000
At beginning of year	283,846	312,171	235,366	262,578
Provision for receivables impairment	54,080	102,355	45,750	98,501
Receivables written off during the year as uncollectible	(23,682)	(102,138)	(3,094)	(102,138)
Unused amounts reversed	(2,692)	-	(2,692)	-
Recoveries	(18,149)	(23,575)	(18,149)	(23,575)
Translation	(60)	(4,967)	-	-
At end of year	<u>293,343</u>	<u>283,846</u>	<u>257,181</u>	<u>235,366</u>

Jamaica Broilers Group Limited

Notes to the Financial Statements

29 April 2017

(expressed in Jamaican dollars unless otherwise indicated)

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	
	29 April 2017 \$'000	30 April 2016 \$'000	29 April 2017 \$'000	30 April 2016 \$'000
Supermarket chains	143,978	116,823	123,055	105,065
Wholesalers and retail distributors	642,505	528,121	554,027	436,146
Hotels	151,333	141,244	142,960	132,277
Farmers/farm stores	1,412,311	1,357,049	587,792	564,751
Other	382,853	513,519	281,909	252,068
	<u>2,732,980</u>	<u>2,656,756</u>	<u>1,689,743</u>	<u>1,490,307</u>
Less: Provision for impairment	<u>(293,343)</u>	<u>(283,846)</u>	<u>(257,181)</u>	<u>(235,366)</u>
	<u>2,439,637</u>	<u>2,372,910</u>	<u>1,432,562</u>	<u>1,254,941</u>

Jamaica Broilers Group Limited

Notes to the Financial Statements

29 April 2017

(expressed in Jamaican dollars unless otherwise indicated)

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 financial assets at fair value through profit or loss in Note 25 and short term investments included in Note 26:

	The Group		The Company	
	29 April 2017 \$'000	30 April 2016 \$'000	29 April 2017 \$'000	30 April 2016 \$'000
Financial institutions	1,097,094	1,112,094	336,398	410,876

(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

Notes to the Financial Statements

29 April 2017

(expressed in Jamaican dollars unless otherwise indicated)

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 29 April 2017 and 30 April 2016 based on contractual undiscounted payments.

	The Group				
	Within 3 Months	4 to 12 Months	2 to 5 Years	Over 5 Years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
As at 29 April 2017					
Payables	4,274,664	45,716	-	-	4,320,380
Borrowings	947,284	2,057,658	4,074,587	2,925,585	10,005,114
Total financial liabilities (contractual maturity dates)	5,221,948	2,103,374	4,074,587	2,925,585	14,325,494

	The Group				
	Within 3 Months	4 to 12 Months	2 to 5 Years	Over 5 Years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
As at 30 April 2016					
Payables	2,955,954	-	36,976	-	2,992,930
Borrowings	999,796	1,484,615	3,402,469	3,852,216	9,739,096
Total financial liabilities (contractual maturity dates)	3,955,750	1,484,615	3,439,445	3,852,216	12,732,026

Jamaica Broilers Group Limited

Notes to the Financial Statements

29 April 2017

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(b) Liquidity risk (continued)

Financial liabilities cash flows (continued)

	The Company				
	Within 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
As at 29 April 2017					
Payables	2,842,551	-	-	-	2,842,551
Borrowings	408,102	1,416,968	2,960,694	2,866,065	7,651,829
Total financial liabilities (contractual maturity dates)	3,250,653	1,416,968	2,960,694	2,866,065	10,494,380

	The Company				
	Within 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
As at 30 April 2016					
Payables	2,030,185	-	-	-	2,030,185
Borrowings	448,358	1,264,866	3,107,362	3,551,238	8,371,824
Total financial liabilities (contractual maturity dates)	2,478,543	1,264,866	3,107,362	3,551,238	10,402,009

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

Jamaica Broilers Group Limited

Notes to the Financial Statements

29 April 2017

(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 guaranteed US\$5,360,000 (2016 - US\$6,360,000) in favour of various financial institutions for loans undertaken by the company and certain subsidiaries.
- (b) The company is contingently liable to its bankers in respect of guarantees in the ordinary course of business totaling approximately \$16,000,000 (2016 - \$16,000,000).
- (c) The Group has capital commitments authorised amounting to US\$3,000,000 (2016 – Nil).
- (d) The Group has obligations under long term operating leases for premises. Future minimum lease payments under such commitments are as follows:

	The Group		The Company	
	29 April 2017 \$'000	30 April 2016 \$'000	29 April 2017 \$'000	30 April 2016 \$'000
Not later than 1 year	173,169	101,258	39,756	30,180
Later than 1 year and not later than 5 years	428,578	270,163	74,622	106,649
Later than 5 years	80,438	21,487	-	-
	<u>682,185</u>	<u>392,908</u>	<u>114,378</u>	<u>136,829</u>

- (e) The Group is subject to various claims, disputes and legal proceedings, in the normal course of business. Provisions are made for such matters when in the opinion of management and its legal counsel, it is probable that a payment will be made by the Group and the amount can be reasonably estimated.

Jamaica Broilers Group Limited

Notes to the Financial Statements

29 April 2017

(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 or 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 balance sheet at 29 April 2017 includes aggregate net foreign assets (2016 – liabilities) of approximately US\$10,392,000 (2016 – (US\$4,730,000)) in respect of transactions arising in the ordinary course of business.

The company's balance sheet at 29 April 2017 includes aggregate net foreign assets of approximately US\$37,211,000 (2016 – US\$38,135,000), in respect of transactions arising in the ordinary course of business.

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% (2016 – 1%) depreciation and a 6% (2016 – 6%) appreciation of the US dollar against the Jamaican dollar. There was no impact on other components of equity.

Jamaica Broilers Group Limited

Notes to the Financial Statements

29 April 2017

(expressed in Jamaican dollars unless otherwise indicated)

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 Other Comprehensive Income
	29 April 2017	29 April 2017 \$'000	29 April 2017	29 April 2017 \$'000
Currency:				
USD	+6	86,138	+6	175,754
USD	-1	(14,356)	-1	(29,292)
The Group				
	% Change in Currency Rate	Effect on Pre-Tax Profit	% Change in Currency Rate	Effect on Other Comprehensive Income
	30 April 2016	30 April 2016 \$'000	30 April 2016	30 April 2016 \$'000
Currency:				
USD	+6	(34,843)	+6	172,818
USD	-1	5,807	-1	(34,983)
The Company				
	% Change in Currency Rate	Effect on Pre-Tax Profit	% Change in Currency Rate	Effect on Pre-Tax Profit
	29 April 2017	29 April 2017 \$'000	30 April 2016	30 April 2016 \$'000
Currency:				
USD	+6	288,908	+6	280,890
USD	-1	(48,151)	-1	(46,815)

Jamaica Broilers Group Limited

Notes to the Financial Statements

29 April 2017

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(c) Market risk (continued)

(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 and borrowings. 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 29 April 2017 and 30 April 2016, the Group's investments were fixed rate instruments.

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 1% increase/1% decrease (2016 – 1% increase and 1% decrease) for Jamaican dollar denominated loans and a 1% increase/0.5% decrease (2016 – 1% increase and 1% decrease) for US dollar denominated loans 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. There were no available-for-sale financial assets at the current or prior year end.

	The Group		The Company	
	Effect on Pre-tax Profit 29 April 2017 \$'000	Effect on Pre-tax Profit 30 April 2016 \$'000	Effect on Pre-tax Profit 29 April 2017 \$'000	Effect on Pre-tax Profit 30 April 2016 \$'000
Change in basis points:				
Jamaican dollars				
- 100(2016: -100)	7,500	5,000	7,500	5,000
+ 100(2016: 250)	(7,500)	(5,000)	(7,500)	(5,000)
US dollars				
- 50(2016: -100)	5,649	153	5,649	153
+ 100(2016: 250)	(11,300)	(307)	(11,300)	(307)

Jamaica Broilers Group Limited

Notes to the Financial Statements

29 April 2017

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(c) Market risk (continued)

(iii) Commodity price risk

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

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

The Group and the company enter into commodity contracts or related financial instruments in respect of its future usage requirements. The price of these commodities is reviewed regularly in considering the need for active financial risk management.

To manage price risk on imported corn and soya bean meal, the prices are tracked and items purchased in advance if prices are increasing.

(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 borrowings divided by total capital. Borrowings include current and non-current borrowings as shown in the consolidated balance sheet. Total capital is calculated as 'stockholders' equity' as shown in the consolidated balance sheet plus borrowings.

During 2017, the Group's strategy, which was unchanged from 2016, was to maintain the gearing ratio below 1:1. The gearing ratios at 29 April 2017 and 30 April 2016 were as follows:

	The Group	
	29 April 2017 \$'000	30 April 2016 \$'000
Borrowings	7,702,075	7,079,801
Total capital	22,142,904	20,239,510
Gearing ratio	0.35:1	0.35:1

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

Jamaica Broilers Group Limited

Notes to the Financial Statements

29 April 2017

(expressed in Jamaican dollars unless otherwise indicated)

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 21).

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.

Assessment of goodwill

The Group test annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2(i). The assessment of goodwill impairment involves the determination of the value in use. Determination of value in use involves the estimation of future cash flows from the business taking into consideration the growth rates, inflation rates and the discount rate. Any changes in these variables would impact the value in use calculations. A 1% increase in the discount rates would result in a reduction in the value in use by \$347,990,000 which would not result in an impairment of goodwill of \$422,651,000 (Note 14).

Jamaica Broilers Group Limited

Notes to the Financial Statements

29 April 2017

(expressed in Jamaican dollars unless otherwise indicated)

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

(b) Key sources of estimation uncertainty (continued)

Purchase price allocation of a business combination

In a business combination, the acquirer must allocate the cost of the acquisition at the acquisition date by recognising the acquiree's identifiable assets, liabilities and contingent liabilities at fair value at that date. The allocation is based upon certain valuations and other studies performed with the assistance of external valuation specialists. Due to the underlying assumptions made in the valuation process, the determination of those fair values requires estimations of the effects of uncertain future events at the acquisition date and the carrying amounts of some assets, such as intangible assets, acquired through a business combination could therefore differ significantly in the future.

As prescribed by IFRS 3 (revised), if the initial accounting for a business combination can be determined only provisionally by the end of the reporting period in which the combination is effected, the acquirer must account for the business combination using those provisional values and has a twelve month period from the acquisition date to complete the purchase price allocation. Any adjustment of the carrying amount of an identifiable asset or liability made as a result of completing the initial accounting is accounted for as if its fair value at the acquisition date had been recognised from that date.

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.

Segment information is provided for reportable segments as follows:

- Jamaica Operations
- US Operations
- Other Caribbean Operations

The business is considered primarily from a geographical perspective.

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.

Jamaica Broilers Group Limited

Notes to the Financial Statements

29 April 2017

(expressed in Jamaican dollars unless otherwise indicated)

5. Segmental Financial Information (Continued)

	2017				
	Jamaica Operations \$'000	US Operations \$'000	Other Caribbean Operations \$'000	Eliminations \$'000	Group \$'000
External revenues	31,955,577	10,862,452	1,626,219	-	44,444,248
Revenue from other segments	265,288	2,921,429	498,471	(3,685,188)	-
Total revenue	32,220,865	13,783,881	2,124,690	(3,685,188)	44,444,248
Segment result	2,872,997	1,291,764	943,657	(176,102)	4,932,316
Unallocated corporate expenses					(1,699,313)
Operating profit					3,233,003
Finance income					379,379
Finance costs					(647,238)
Profit before tax					2,965,144
Taxation					(700,615)
Net profit from continuing operations					2,264,529
Profit for the year from discontinued operations					3,944
Net profit					2,268,473
Segment assets -					
Current assets	10,787,263	5,696,346	1,886,043	(1,848,574)	16,521,078
Non-current assets	10,599,918	2,406,852	918,889	(2,981,085)	10,944,574
Total assets	21,387,181	8,103,198	2,804,932	(4,829,660)	27,465,652
Segment liabilities -					
Current liabilities	4,552,934	2,996,358	1,405,434	(1,859,694)	7,095,032
Non-current liabilities	5,146,177	2,807,138	645,652	(2,646,340)	5,952,627
Total liabilities	9,699,111	5,803,496	2,051,086	(4,506,035)	13,047,659
Other segment items-					
Capital expenditure	438,713	223,399	87,190	-	749,302
Amortisation	21,803	103,853	-	-	125,656
Depreciation	496,970	149,669	88,123	-	733,862
Impairment charge	39,041	-	-	-	39,041

Jamaica Broilers Group Limited

Notes to the Financial Statements

29 April 2017

(expressed in Jamaican dollars unless otherwise indicated)

5. Segmental Financial Information (Continued)

	2016				Group \$'000
	Jamaica Operations \$'000	US Operations \$'000	Other Caribbean Operations \$'000	Eliminations \$'000	
External revenues	28,401,780	8,802,209	1,316,660	-	38,520,649
Revenue from other segments	369,513	2,371,002	457,850	(3,198,365)	-
Total revenue	28,771,293	11,173,211	1,774,510	(3,198,365)	38,520,649
Segment result	3,575,838	1,023,127	254,039	(209,783)	4,643,221
Unallocated corporate expenses					(1,341,837)
Operating profit					3,301,384
Finance income					159,078
Finance costs					(693,804)
Profit before tax					2,766,658
Taxation					(671,960)
Net profit from continuing operations					2,094,698
Loss for the year from discontinued operations					(368,082)
Net profit					1,726,616
Segment assets -					
Current assets	9,043,353	3,892,570	1,336,025	(1,824,206)	12,447,742
Non-current assets	11,886,781	2,317,795	995,367	(3,268,424)	11,931,519
Total assets	20,930,134	6,210,365	2,331,392	(5,092,630)	24,379,261
Segment liabilities -					
Current liabilities	4,157,254	2,276,806	1,073,371	(1,834,077)	5,673,354
Non-current liabilities	5,379,620	2,216,007	675,940	(2,667,870)	5,603,697
Total liabilities	9,536,874	4,492,813	1,749,311	(4,501,947)	11,277,051
Other segment items-					
Capital expenditure	383,749	308,160	145,902	-	837,811
Amortisation	24,396	62,254	-	-	86,650
Depreciation	649,283	74,034	94,002	-	817,319
Impairment charge	-	-	26,847	-	26,847

Jamaica Broilers Group Limited

Notes to the Financial Statements

29 April 2017

(expressed in Jamaican dollars unless otherwise indicated)

6. Other Income/Gains

	The Group		The Company	
	29 April 2017 \$'000	30 April 2016 \$'000	29 April 2017 \$'000	30 April 2016 \$'000
Dividend income from subsidiary	-	-	406,177	132,915
Fair value gain/(loss) on financial assets at fair value through profit or loss (Note 25)	4,450	(44,520)	-	-
Foreign exchange gains	31,072	78,126	31,072	78,126
Gain/(loss) on sale of property, plant and equipment	(418)	9,990	(418)	4,429
Gain on disposal of subsidiaries	-	-	87,139	-
Gain on disposal of assets held for sale	74,948	-	-	-
Interest income	28,824	25,286	17,766	19,095
Management fees	-	-	230,126	215,315
Reinsurance commissions	49,107	43,505	-	-
Other	140,364	156,473	53,588	80,436
	<u>328,347</u>	<u>268,860</u>	<u>825,450</u>	<u>530,316</u>

7. Expenses by Nature

	The Group		The Company	
	29 April 2017 \$'000	30 April 2016 \$'000	29 April 2017 \$'000	30 April 2016 \$'000
Auditors' remuneration	58,616	51,425	17,610	15,287
Advertising and promotions	798,819	639,382	724,880	580,044
Amortisation of intangible assets	125,656	85,858	14,439	14,898
Impairment charge	39,041	-	39,041	-
Bad debts	46,133	87,182	36,721	78,951
Cost of inventories recognised as expense	23,913,230	20,943,060	18,879,665	16,880,815
Depreciation	678,952	583,430	381,565	345,341
Fuel	566,961	481,353	413,188	330,666
Legal and professional fees	158,630	190,916	91,777	112,532
Insurance	357,143	285,195	516,138	457,522
Occupancy – rent and utilities	888,840	680,396	528,356	431,027
Repairs and maintenance	1,262,051	1,136,909	1,067,161	956,385
Staff costs (Note 8)	8,416,008	6,964,850	4,995,960	4,431,966
Trucking	1,274,598	1,117,467	1,020,165	821,699
Other expenses	2,954,914	2,240,702	2,522,513	1,846,464
	<u>41,539,592</u>	<u>35,488,125</u>	<u>31,249,179</u>	<u>27,303,597</u>

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

Jamaica Broilers Group Limited

Notes to the Financial Statements

29 April 2017

(expressed in Jamaican dollars unless otherwise indicated)

8. Staff Costs

	The Group		The Company	
	29 April 2017 \$'000	30 April 2016 \$'000	29 April 2017 \$'000	30 April 2016 \$'000
Wages, salaries and contractors' costs	7,134,766	5,949,614	4,132,186	3,670,796
Payroll taxes - Employer's portion	384,822	339,930	276,585	261,509
Pension costs - defined contribution plan	33,996	26,327	-	-
Pension costs - defined benefit plan (Note 21)	106,900	111,600	106,100	109,800
Post-employment medical benefits (Note 21)	1,900	2,200	1,800	2,100
Termination costs	59,822	12,979	55,010	12,516
Other - benefits and welfare	693,802	522,200	424,279	375,245
	<u>8,416,008</u>	<u>6,964,850</u>	<u>4,995,960</u>	<u>4,431,966</u>

9. Finance Income and Costs

	The Group		The Company	
	29 April 2017 \$'000	30 April 2016 \$'000	29 April 2017 \$'000	30 April 2016 \$'000
Finance income -				
Foreign exchange gains	214,114	159,078	182,852	36,041
Interest income	165,265	-	304,225	119,484
	<u>379,379</u>	<u>159,078</u>	<u>487,077</u>	<u>155,525</u>
Finance costs -				
Foreign exchange losses	20,132	96,926	879	3,364
Interest expense	610,261	545,607	504,143	496,216
Amortisation of debt financing fees and other expenses	16,845	51,271	16,575	33,940
	<u>647,238</u>	<u>693,804</u>	<u>521,597</u>	<u>533,520</u>

10. Taxation

Subsidiaries incorporated and domiciled in Jamaica, United States of America, Haiti and St. Lucia are taxable at a rate of 25% & 33 1/3%, 34% - 45%, 30% and 1% on their income, respectively.

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

	The Group		The Company	
	29 April 2017 \$'000	30 April 2016 \$'000	29 April 2017 \$'000	30 April 2016 \$'000
Current taxation	587,848	643,540	267,685	374,229
Prior year under/(over) provision	11,752	18,998	(50,278)	-
Deferred taxation (Note 20)	101,015	9,422	100,889	30,403
	<u>700,615</u>	<u>671,960</u>	<u>318,296</u>	<u>404,632</u>

Jamaica Broilers Group Limited

Notes to the Financial Statements

29 April 2017

(expressed in Jamaican dollars unless otherwise indicated)

10. Taxation (Continued)

- (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	
	29 April 2017 \$'000	30 April 2016 \$'000	29 April 2017 \$'000	30 April 2016 \$'000
Profit before taxation for taxable entities	3,131,362	2,832,571	2,089,666	1,952,423
Loss before taxation for non-taxable entities	(162,274)	(433,954)	-	-
	<u>2,969,088</u>	<u>2,398,617</u>	<u>2,089,666</u>	<u>1,952,423</u>
Tax calculated at applicable tax rates	782,840	708,143	522,416	488,106
Adjusted for:				
Income not subject to tax	(78,426)	(1,070)	(100,301)	(33,239)
Employment tax credit	(80,223)	(101,149)	(80,223)	(101,149)
Adjustment to deferred tax	2,290	15,550	-	15,550
Prior year under/(over) provision - current tax	11,752	18,998	(50,278)	-
Different tax rate in other countries	51,070	32,263	-	-
Expenses not deductible for tax purposes	21,704	806	17,472	22,383
Other allowances	(10,392)	(1,581)	9,210	12,981
Income tax expense	<u>700,615</u>	<u>671,960</u>	<u>318,296</u>	<u>404,632</u>

- (c) The tax charge/(credit) relating to components of other comprehensive income is as follows:

	The Group		The Company	
	29 April 2017 \$'000	30 April 2016 \$'000	29 April 2017 \$'000	30 April 2016 \$'000
Other comprehensive income -				
Remeasurements on retirement benefits	(479,700)	(286,400)	(466,600)	(275,100)
Tax charge (Note 20)	119,925	70,975	116,650	68,775
	<u>(359,775)</u>	<u>(215,425)</u>	<u>(349,950)</u>	<u>(206,325)</u>

Jamaica Broilers Group Limited

Notes to the Financial Statements

29 April 2017

(expressed in Jamaican dollars unless otherwise indicated)

11. Net Profit/Retained Earnings Attributable to the Stockholders

	29 April 2017 \$'000	30 April 2016 \$'000
Net profit attributable to:		
Holding company	1,771,369	1,547,791
Intercompany dividend and management fees	<u>(636,303)</u>	<u>(348,229)</u>
Adjusted Holding company profits	1,135,066	1,199,562
Subsidiaries	<u>1,097,722</u>	<u>544,633</u>
	<u>2,232,788</u>	<u>1,744,195</u>
Retained earnings attributable to:		
Holding company	10,881,826	9,214,373
Subsidiaries	<u>1,623,172</u>	<u>1,118,041</u>
	<u>12,504,998</u>	<u>10,332,414</u>

12. Earnings Per Stock Unit

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

	29 April 2017	30 April 2016
Net profit attributable to stockholders from continuing operations (\$'000)	2,228,844	2,112,277
Net profit attributable to stockholders from discontinued operations (\$'000)	<u>3,944</u>	<u>(368,082)</u>
Net profit attributable to stockholders (\$'000)	2,232,788	1,744,195
Weighted average number of ordinary stock units ('000)	1,199,277	1,199,277
Basic earnings per stock unit from continuing operations (\$)	1.85	1.76
Basic earnings per stock unit from discontinued operations (\$)	<u>0.01</u>	<u>(0.31)</u>
Basic earnings per stock unit (\$)	<u>1.86</u>	<u>1.45</u>

Jamaica Broilers Group Limited

Notes to the Financial Statements

29 April 2017

(expressed in Jamaican dollars unless otherwise indicated)

13. Property, Plant and Equipment

	The Group							Total \$'000
	Freehold Land \$'000	Freehold Buildings \$'000	Leasehold Property \$'000	Plant, Machinery & Equipment \$'000	Furniture & Fixtures \$'000	Motor Vehicles \$'000	Capital Work in Progress \$'000	
	At Cost -							
At 30 April 2016	464,947	3,347,183	311,283	10,239,796	1,049,724	911,466	103,935	16,428,334
Additions	-	-	721	126,318	15,864	109,508	496,891	749,302
Disposals	-	-	-	(17,172)	-	(35,628)	-	(52,800)
Disposal of subsidiaries	(53,808)	(114,507)	-	(5,037,881)	(406,397)	(1,905)	(3)	(5,614,501)
Transfer from CWIP	-	81,953	17,096	286,941	2,182	7,862	(397,615)	(1,581)
Write off	-	-	-	-	-	-	(6,417)	(6,417)
Translation	2,555	47,725	(10,979)	158,951	13,168	7,825	655	219,900
At 29 April 2017	413,694	3,362,354	318,121	5,756,953	674,541	999,128	197,446	11,722,237
Depreciation -								
At 30 April 2016	-	1,059,194	85,011	3,554,792	697,557	529,903	-	5,926,457
Charge for the year	-	100,542	32,253	391,452	78,515	130,934	-	733,696
Relieved on disposals	-	-	-	(2,266)	-	(26,935)	-	(29,201)
Disposal of subsidiaries	-	(25,010)	-	(1,693,320)	(317,925)	(1,905)	-	(2,038,160)
Reclassification	-	-	149	(93)	(56)	-	-	-
Translation	-	10,300	(3,058)	49,118	8,801	1,998	-	67,159
At 29 April 2017	-	1,145,026	114,355	2,299,683	466,892	633,995	-	4,659,951
Net Book Value -								
At 29 April 2017	413,694	2,217,328	203,766	3,457,270	207,649	365,133	197,446	7,062,286

Jamaica Broilers Group Limited

Notes to the Financial Statements

29 April 2017

(expressed in Jamaican dollars unless otherwise indicated)

13. Property, Plant and Equipment (Continued)

	The Group							Total \$'000
	Freehold Land \$'000	Freehold Buildings \$'000	Leasehold Property \$'000	Plant, Machinery & Equipment \$'000	Furniture & Fixtures \$'000	Motor Vehicles \$'000	Capital Work in Progress \$'000	
	At Cost -							
At 2 May 2015	397,088	2,820,155	367,259	9,360,662	954,727	755,275	501,892	15,157,058
Acquisition of business	4,865	89,403	-	255,928	1,036	97,030	-	448,262
Additions	57,282	227,078	-	70,247	49,201	143,813	290,190	837,811
Disposals	-	(1,449)	-	(29,230)	-	(76,101)	-	(106,780)
Transfer from CWIP Reclassifications/ adjustment	-	181,359	8,710	463,960	26,750	265	(693,620)	(12,576)
Write off	-	-	-	(4,701)	4,677	-	-	(24)
Translation	5,712	30,637	(64,686)	245,781	22,005	(2,929)	5,473	241,993
At 30 April 2016	464,947	3,347,183	311,283	10,239,796	1,049,724	911,466	103,935	16,428,334
Depreciation -								
At 2 May 2015	-	956,163	63,672	3,123,327	588,786	485,512	-	5,217,460
Charge for the year	-	91,747	33,789	479,433	101,117	110,546	-	816,632
Relieved on disposals	-	(451)	-	(1,897)	-	(58,634)	-	(60,982)
Reclassifications/ adjustment	-	-	(66)	(1,150)	-	-	-	(1,216)
Write off	-	-	-	(122,851)	(8,672)	(5,887)	-	(137,410)
Translation	-	11,735	(12,384)	77,930	16,326	(1,634)	-	91,973
At 30 April 2016	-	1,059,194	85,011	3,554,792	697,557	529,903	-	5,926,457
Net Book Value -								
At 30 April 2016	464,947	2,287,989	226,272	6,685,004	352,167	381,563	103,935	10,501,877

Jamaica Broilers Group Limited

Notes to the Financial Statements

29 April 2017

(expressed in Jamaican dollars unless otherwise indicated)

13. Property, Plant and Equipment (Continued)

	The Company							Total \$'000
	Freehold Land \$'000	Freehold Buildings \$'000	Leasehold Property \$'000	Machinery & Equipment \$'000	Furniture & Fixtures \$'000	Motor Vehicles \$'000	Capital Work in Progress \$'000	
	At Cost -							
At 2 May 2015	78,182	1,647,757	38,510	3,096,006	443,833	565,540	332,831	6,202,659
Additions	-	6,492	-	5,467	8,832	99,668	221,444	341,903
Disposals	-	-	-	-	-	(26,995)	-	(26,995)
Transfers from CWIP	-	9,666	-	400,825	21,424	-	(456,721)	(24,806)
Write off	-	-	-	(122,851)	(8,672)	(5,887)	-	(137,410)
At 30 April 2016	78,182	1,663,915	38,510	3,379,447	465,417	632,326	97,554	6,355,351
Additions	-	-	721	22,804	15,866	73,037	261,826	374,254
Disposals	(53,808)	-	-	-	-	(35,628)	-	(89,436)
Transfers from CWIP	-	-	1,775	271,009	-	-	(272,784)	-
Amalgamation	11,130	206,052	-	-	-	-	-	217,182
Write off	-	-	-	-	-	-	(6,417)	(6,417)
At 29 April 2017	35,504	1,869,967	41,006	3,673,260	481,283	669,735	80,179	6,850,934
Depreciation -								
At 2 May 2015	-	403,925	7,545	1,304,808	277,427	379,431	-	2,373,136
Charge for the year	-	40,847	4,567	175,918	48,154	75,856	-	345,342
Disposal	-	-	-	-	-	(26,995)	-	(26,995)
Write off	-	-	-	(122,851)	(8,672)	(5,887)	-	(137,410)
At 30 April 2016	-	444,772	12,112	1,357,875	316,909	422,405	-	2,554,073
Charge for the year	-	45,961	4,598	194,880	53,670	82,454	-	381,563
Disposals	-	-	-	-	-	(26,935)	-	(26,935)
Amalgamation	-	163,078	-	-	-	-	-	163,078
At 29 April 2017	-	653,811	16,710	1,552,755	370,579	477,924	-	3,071,779
Net Book Value -								
At 29 April 2017	35,504	1,216,156	24,296	2,120,505	110,704	191,811	80,179	3,779,155
At 30 April 2016	78,182	1,219,143	26,398	2,021,572	148,508	209,921	97,554	3,801,278

Depreciation is charged to cost of sales and administration and other expenses in profit or loss.

Jamaica Broilers Group Limited

Notes to the Financial Statements

29 April 2017

(expressed in Jamaican dollars unless otherwise indicated)

14. Intangible Assets

						The Group	The Company
	Goodwill	Brands and Customer Relationships	Non-Compete Agreement	Product Formulation	Computer Software	Total	Computer Software
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cost -							
At 2 May 2015	372,545	427,084	93,738	20,780	236,862	1,151,009	228,714
Additions	-	-	-	-	3,611	3,611	3,611
Acquisition of business	201,886	240,598	45,857	-	-	488,341	-
Deferred tax adjustment (a)	(191,324)	-	-	-	-	(191,324)	-
Transfer from CWIP	-	-	-	-	14,693	14,693	14,693
Translation	22,034	25,934	5,934	-	514	54,416	-
At 30 April 2016	405,141	693,616	145,529	20,780	255,680	1,520,746	247,018
Disposal of subsidiaries	-	-	-	-	(3,013)	(3,013)	-
Translation	17,510	31,934	6,917	-	364	56,725	-
At 29 April 2017	422,651	725,550	152,446	20,780	253,031	1,574,458	247,018
Amortisation -							
At 2 May 2015	-	78,881	37,108	1,645	142,773	260,407	138,648
Charge for the year	-	47,163	20,641	1,039	17,807	86,650	14,898
Translation	-	5,506	2,568	-	343	8,417	-
At 30 April 2016	-	131,550	60,317	2,684	160,923	355,474	153,546
Charge for the year	-	73,535	35,310	1,039	15,772	125,656	14,439
Disposal of subsidiaries	-	-	-	-	(3,013)	(3,013)	-
Translation	-	6,431	3,048	-	315	9,794	-
At 29 April 2017	-	211,516	98,675	3,723	173,997	487,911	167,985
Net Book Value -							
29 April 2017	422,651	514,034	53,771	17,057	79,034	1,086,547	79,033
30 April 2016	405,141	562,066	85,212	18,096	94,757	1,165,272	93,472

- (a) This represented the effect a deferred tax adjustment to goodwill calculations in relation to the 2013/2014 acquisition of England Packing Group – Arkansas USA, based on subsequent deductions received for tax purposes (Note 20).

Jamaica Broilers Group Limited

Notes to the Financial Statements

29 April 2017

(expressed in Jamaican dollars unless otherwise indicated)

14. Intangible Assets (Continued)

Impairment tests for goodwill

The Group determines whether goodwill is impaired at least on an annual basis or when events or changes in circumstances indicate the carrying value may be impaired. This requires an estimation of the recoverable amount of the cash generating unit (CGU) to which the goodwill is allocated. The recoverable amount is usually determined by reference to the value in use. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the CGU and also to choose an appropriate discount rate in order to calculate the present value of those future cash flows.

The amortisation of intangible assets is included in administration and other expenses in profit or loss.

The allocation of goodwill to the Group's cash generating units (CGUs) identified according to segment is as follows:

	29 April 2017 \$'000	30 April 2016 \$'000
US operations	369,618	352,108
Jamaica operations	53,033	53,033
	<u>422,651</u>	<u>405,141</u>

The recoverable amount of a CGU is determined based on value in use. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. The growth rate does not exceed the long-term average growth rate for the business in which the CGU operates.

Key assumptions used for value in use calculations:

	Revenue Growth Rate	EBITDA to Revenue	Capital Expenditure to Revenue	Discount Rate
US operations	3.0%	10.0%	1.0%	10.8%
Jamaica operations	6.0%	8.2%	1.2%	18.3%

15. Assets held for sale

This represented certain land, buildings and equipment with a carrying value of \$16,042,000 in a subsidiary company that was been placed on the market for sale. The assets were sold during the year.

Jamaica Broilers Group Limited

Notes to the Financial Statements

29 April 2017

(expressed in Jamaican dollars unless otherwise indicated)

16. Investment Property

	<u>The Group</u>
	<u>Land and Buildings</u>
	<u>\$'000</u>
Cost -	
At 2 May 2015	58,939
Transfer to assets held for sale	(48,963)
At 30 April 2016 and 29 April 2017	<u>9,976</u>
Depreciation -	
At 2 May 2015	35,624
Charge for the year	628
Transfer to assets held for sale	(32,921)
At 30 April 2016	3,331
Charge for the year	166
At 29 April 2017	<u>3,497</u>
Net Book Value -	
At 29 April 2017	<u>6,479</u>
At 30 April 2016	<u>6,645</u>

The investment property was valued by independent valuers, Allison Pitter & Company as at December 2015, on the basis of open market value. The market value of the property is estimated to be \$27,000,000.

Rental income earned on these properties amounted to \$1,542,000 (2016 - \$600,000). There was no repairs and maintenance on the property.

17. Investments

	<u>The Group</u>		<u>The Company</u>	
	29 April	30 April	29 April	30 April
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Available-for-sale -				
Unquoted equities- at cost	<u>8,567</u>	<u>45,982</u>	<u>8,567</u>	<u>45,982</u>

Jamaica Broilers Group Limited

Notes to the Financial Statements

29 April 2017

(expressed in Jamaican dollars unless otherwise indicated)

18. Loans Receivable

	The Group		The Company	
	29 April 2017 \$'000	30 April 2016 \$'000	29 April 2017 \$'000	30 April 2016 \$'000
Non-Current				
External	2,051,914	-	2,051,914	-
Related parties (Note 32)	-	-	2,657,295	3,847,499
	<u>2,051,914</u>	<u>-</u>	<u>4,709,209</u>	<u>3,847,499</u>
Current				
External	500,967	-	500,967	-
Related parties (Note 32)	-	-	278,913	760,189
	<u>500,967</u>	<u>-</u>	<u>779,880</u>	<u>760,189</u>
	<u><u>2,552,881</u></u>	<u><u>-</u></u>	<u><u>5,489,089</u></u>	<u><u>4,607,688</u></u>

The external loan matures June 2023 with annual principal repayments of US\$2,643,000. Interest is charged at a rate of 8% per annum. The current portion includes interest receivable of \$158,981,000 (2016 – Nil) for both the Group and the Company. Included in the related parties current portion for the Company is interest receivable of \$78,344,000 (2016 - \$8,973,000).

19. Non-Controlling Interests

	The Group	
	29 April 2017 \$'000	30 April 2016 \$'000
Beginning of year	(57,499)	(35,625)
Share of total comprehensive income, as restated:		
Share of net profit/(loss) of subsidiaries	35,685	(17,579)
Revaluation loss	(1,023)	(4,295)
End of year	<u>(22,837)</u>	<u>(57,499)</u>

Jamaica Broilers Group Limited

Notes to the Financial Statements

29 April 2017

(expressed in Jamaican dollars unless otherwise indicated)

19. Non-Controlling Interests (Continued)

Summarised financial information on subsidiaries with material non-controlling interests

Set out below is the summarised financial information for the subsidiary that has non-controlling interests that are material to the Group.

Summarised balance sheet

	The Group	
	29 April 2017 \$'000	30 April 2016 \$'000
Current		
Assets	960,853	541,575
Liabilities	(1,393,730)	(1,084,592)
Total current net liabilities	<u>(432,877)</u>	<u>(543,017)</u>
Non-current		
Assets	558,176	559,999
Total non-current net assets	<u>558,176</u>	<u>559,999</u>
Net assets	<u>125,299</u>	<u>16,982</u>

Summarised income statement

	The Group	
	29 April 2017 \$'000	30 April 2016 \$'000
Revenue	1,626,219	1,316,660
Profit/(loss) before income tax	117,233	(54,933)
Taxation expense	(5,717)	-
Profit/(loss) after tax	<u>111,516</u>	<u>(54,933)</u>
Other comprehensive income	-	-
Total comprehensive income	<u>111,516</u>	<u>(54,933)</u>
Total comprehensive income allocated to non-controlling interest	<u>34,662</u>	<u>(21,874)</u>
Dividends paid to non-controlling interest	<u>-</u>	<u>-</u>

Jamaica Broilers Group Limited

Notes to the Financial Statements

29 April 2017

(expressed in Jamaican dollars unless otherwise indicated)

19. Non-Controlling Interests (Continued)

Summarised cash flows

	<u>The Group</u>	
	29 April 2017 \$'000	30 April 2016 \$'000
Cash flows from operating activities		
Cash generated from operations	150,315	44,613
Interest paid	(24,300)	(18,811)
Income tax recovered	-	-
Net cash generated from operating activities	<u>126,015</u>	<u>25,802</u>
Net cash used in investing activities	<u>(87,161)</u>	<u>(131,895)</u>
Net cash provided by/(used in) financing activities	<u>104,021</u>	<u>(34,508)</u>
Net increase/(decrease) in cash and cash equivalents	<u>142,875</u>	<u>(140,601)</u>
Cash and cash equivalents at the beginning of year	<u>(115,273)</u>	<u>25,328</u>
Cash and cash equivalents at end of year	<u><u>27,602</u></u>	<u><u>(115,273)</u></u>

The information above represents amounts before intercompany eliminations.

Jamaica Broilers Group Limited

Notes to the Financial Statements

29 April 2017

(expressed in Jamaican dollars unless otherwise indicated)

20. Deferred Income Taxes

Deferred income taxes are calculated on all temporary differences under the liability method using the effective tax rates used throughout the Group (Note 10).

	The Group		The Company	
	29 April 2017 \$'000	30 April 2016 \$'000	29 April 2017 \$'000	30 April 2016 \$'000
The movement on the deferred income				
Deferred tax assets	(37,681)	(15,601)	-	-
Deferred tax liabilities	729,764	485,286	613,233	390,232
	<u>692,083</u>	<u>469,685</u>	<u>613,233</u>	<u>390,232</u>

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

	The Group		The Company	
	29 April 2017 \$'000	30 April 2016 \$'000	29 April 2017 \$'000	30 April 2016 \$'000
Balance at start of year	469,685	567,032	390,232	291,054
Credited to profit or loss (Note 10)	101,015	9,422	100,889	30,403
Credited to other comprehensive income (Note 10)	119,925	70,975	116,650	68,775
Adjustment to goodwill (a)	-	(191,324)	-	-
Amalgamation	-	-	5,462	-
Translation	1,458	13,580	-	-
Balance as at end of year	<u>692,083</u>	<u>469,685</u>	<u>613,233</u>	<u>390,232</u>

(a) This represented the effect of a deferred tax adjustment to goodwill calculations in relation to the 2013/2014 acquisition of England Packing Group – Arkansas USA, based on subsequent deductions received for tax purposes (Note 14).

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

	The Group		The Company	
	29 April 2017 \$'000	30 April 2016 \$'000	29 April 2017 \$'000	30 April 2016 \$'000
Deferred income tax assets -				
Other post-employment benefits	5,600	5,475	5,200	5,125
Accrued vacation and general provisions	13,251	11,028	13,040	10,813
Tax losses unused	7,524	-	-	-
Interest payable	10,365	11,158	9,890	10,580
Intangible assets	63,634	30,112	-	-
Unrealised foreign exchange losses	52	-	-	-
	<u>100,426</u>	<u>57,773</u>	<u>28,130</u>	<u>26,518</u>
Deferred income tax liabilities -				
Pension benefits	172,775	44,875	167,825	43,575
Property, plant and equipment	473,120	432,825	337,108	336,276
Unrealised foreign exchange gains	68,471	27,949	68,471	27,922
Intangible assets	10,186	12,832	-	-
Other	67,957	8,977	67,959	8,977
	<u>792,509</u>	<u>527,458</u>	<u>641,363</u>	<u>416,750</u>
Net deferred tax liabilities	<u>692,083</u>	<u>469,685</u>	<u>613,233</u>	<u>390,232</u>

Jamaica Broilers Group Limited

Notes to the Financial Statements

29 April 2017

(expressed in Jamaican dollars unless otherwise indicated)

20. Deferred Income Taxes (Continued)

The deferred tax credited in profit or loss and other comprehensive income comprises the following temporary differences:

	The Group		The Company	
	29 April 2017 \$'000	30 April 2016 \$'000	29 April 2017 \$'000	30 April 2016 \$'000
Profit or loss				
Property, plant and equipment	37,008	43,046	(4,630)	44,002
Accrued vacation and general provisions	(2,223)	(423)	(2,227)	(1,953)
Post-employment benefits	7,850	(1,850)	7,525	(1,700)
Tax losses	(7,524)	1,664	-	-
Unrealised foreign exchange losses/gains	40,470	(13,345)	40,549	(13,361)
Intangible assets	(34,340)	(27,657)	-	-
Interest payable	793	3,820	692	3,150
Other temporary differences	58,981	4,167	58,980	265
	<u>101,015</u>	<u>9,422</u>	<u>100,889</u>	<u>30,403</u>
Other comprehensive income				
Post-employment benefits	119,925	70,975	116,650	68,775

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, included in the consolidated results, totalled \$2,020,806,000 (2016 - \$1,505,264,000). These undistributed earnings are in foreign subsidiaries.

Jamaica Broilers Group Limited

Notes to the Financial Statements

29 April 2017

(expressed in Jamaican dollars unless otherwise indicated)

20. Deferred Income Taxes (Continued)

These balances include the following:

	The Group		The Company	
	29 April 2017 \$'000	30 April 2016 \$'000	29 April 2017 \$'000	30 April 2016 \$'000
Deferred tax assets -				
Deferred tax assets to be recovered after more than 12 months	5,600	35,587	5,200	5,125
Deferred tax assets to be recovered within 12 months	94,826	22,186	22,930	21,393
	<u>100,426</u>	<u>57,773</u>	<u>28,130</u>	<u>26,518</u>
Deferred tax liabilities -				
Deferred tax liabilities to be recovered after more than 12 months	645,895	490,532	504,933	379,851
Deferred tax liabilities to be recovered within 12 months	146,614	36,926	136,430	36,899
	<u>792,509</u>	<u>527,458</u>	<u>641,363</u>	<u>416,750</u>
Net deferred tax liability	<u>692,083</u>	<u>469,685</u>	<u>613,233</u>	<u>390,232</u>

21. Post-Employment Benefits

Amounts recognised in the balance sheet are as follows:

	The Group		The Company	
	29 April 2017 \$'000	30 April 2016 \$'000	29 April 2017 \$'000	30 April 2016 \$'000
Pension scheme benefit assets	691,100	180,100	671,300	174,300
Post-employment benefit obligations	<u>(22,400)</u>	<u>(21,900)</u>	<u>(20,800)</u>	<u>(20,500)</u>
Amounts recognised in the profit or loss (Note 8) -				
Pension scheme benefit liabilities	106,900	113,800	106,100	109,800
Post-employment benefit obligations	1,900	2,200	1,800	2,100
	<u>108,800</u>	<u>116,000</u>	<u>107,900</u>	<u>111,900</u>
Amounts recognised in other comprehensive income				
Pension scheme benefit assets	(480,500)	(283,500)	(467,100)	(272,100)
Post-employment benefit obligations	800	(2,900)	500	(3,000)
	<u>(479,700)</u>	<u>(286,400)</u>	<u>(466,600)</u>	<u>(275,100)</u>

Jamaica Broilers Group Limited

Notes to the Financial Statements

29 April 2017

(expressed in Jamaican dollars unless otherwise indicated)

21. 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 of 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 29 April 2017.

The Board of the pension fund is required by law and its articles and association to act in the interest of the fund and all relevant stakeholders. The Board of the fund is responsible for the investment policy with regard to the assets of the fund. The funds are managed by NCB Insurance Company Limited who has responsibilities for the general management of the portfolio of investments and the administration of the fund.

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

	The Group		The Company	
	29 April 2017 \$'000	30 April 2016 \$'000	29 April 2017 \$'000	30 April 2016 \$'000
Fair value of plan assets	4,269,900	3,346,100	4,147,700	3,238,000
Present value of obligations	(3,578,800)	(3,166,000)	(3,476,400)	(3,063,700)
	<u>691,100</u>	<u>180,100</u>	<u>671,300</u>	<u>174,300</u>

Pension plan assets include investment in ordinary stock units of the company with a fair value of \$204,033,000 (2016 - \$172,736,000).

The pension fund earned and received rental income from the company of Nil.

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

	The Group		The Company	
	29 April 2017 \$'000	30 April 2016 \$'000	29 April 2017 \$'000	30 April 2016 \$'000
At start of year	180,100	(94,700)	174,300	(91,100)
Amounts recognised in profit or loss (Note 8)	(106,900)	(113,800)	(106,100)	(109,800)
Amounts recognised in other comprehensive income (Note 8)	480,500	283,500	467,100	272,100
Contributions paid	137,400	105,100	135,400	103,100
Transfer from subsidiary	-	-	600	-
At end of year	<u>691,100</u>	<u>180,100</u>	<u>671,300</u>	<u>174,300</u>

Jamaica Broilers Group Limited

Notes to the Financial Statements

29 April 2017

(expressed in Jamaican dollars unless otherwise indicated)

21. Post-Employment Benefits (Continued)

(a) Pension scheme benefits (continued)

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

	The Group		The Company	
	29 April 2017 \$'000	30 April 2016 \$'000	29 April 2017 \$'000	30 April 2016 \$'000
At start of year	3,166,000	2,626,300	3,063,700	2,526,600
Transfer in fund – new employee	2,400	2,900	2,400	2,900
Current service cost	118,700	97,700	117,500	94,300
Interest cost	299,700	263,600	291,400	253,800
Transfer from subsidiary	-	-	10,600	-
Curtailment	(3,000)	-	(3,000)	-
	<u>3,583,800</u>	<u>2,990,500</u>	<u>3,482,600</u>	<u>2,877,600</u>
Remeasurement (gain)/loss on obligations:-				
Changes in financial assumptions	29,000	82,000	29,200	79,600
Experience adjustment	(57,000)	54,800	(61,200)	66,700
Members contribution	116,300	98,800	114,400	96,900
Benefits paid	(93,300)	(60,100)	(88,600)	(57,100)
At end of year	<u>3,578,800</u>	<u>3,166,000</u>	<u>3,476,400</u>	<u>3,063,700</u>

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

	The Group		The Company	
	29 April 2017 \$'000	30 April 2016 \$'000	29 April 2017 \$'000	30 April 2016 \$'000
At start of year	3,346,100	2,531,600	3,238,000	2,435,500
Transfer in fund – new employee	2,400	2,900	2,400	2,900
Transfer from subsidiary	-	-	11,200	-
Members' contribution	116,300	98,800	114,400	96,900
Employer's contribution	137,400	105,100	135,400	103,100
Interest income on plan assets	308,500	247,500	299,800	238,300
Benefits paid	(93,300)	(60,100)	(88,600)	(57,100)
Remeasurement gain on plan assets	452,500	420,300	435,100	418,400
At end of year	<u>4,269,900</u>	<u>3,346,100</u>	<u>4,147,700</u>	<u>3,238,000</u>

Jamaica Broilers Group Limited

Notes to the Financial Statements

29 April 2017

(expressed in Jamaican dollars unless otherwise indicated)

21. Post-Employment Benefits (Continued)

(a) Pension scheme benefits (continued)

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

	The Group		The Company	
	29 April 2017 \$'000	30 April 2016 \$'000	29 April 2017 \$'000	30 April 2016 \$'000
Current service cost	118,700	97,700	117,500	94,300
Interest cost	299,700	263,600	291,400	253,800
Interest income on plan assets	(308,500)	(247,500)	(299,800)	(238,300)
Curtailment	(3,000)	-	(3,000)	-
Total included in staff costs (Note 8)	<u>106,900</u>	<u>113,800</u>	<u>106,100</u>	<u>109,800</u>

The amount recognised in other comprehensive income is determined as follows:

	The Group		The Company	
	29 April 2017 \$'000	30 April 2016 \$'000	29 April 2017 \$'000	30 April 2016 \$'000
Remeasurements of the defined benefit obligation	(28,000)	136,800	(32,000)	146,300
Remeasurements of the plan assets	(452,500)	(420,300)	(435,100)	(418,400)
Total	<u>(480,500)</u>	<u>(283,500)</u>	<u>(467,100)</u>	<u>(272,100)</u>

At the last valuation date, the present value of the defined benefit obligation was comprised, for the group and the company respectively, of approximately \$3,006,200,000 and \$2,938,800,000 relating to active members, \$230,400,000 and \$229,300,000 relating to deferred members, \$338,700,000 and \$304,800,000 relating to the members in retirement and \$3,500,000 and \$3,500,000 relating to other liabilities.

Expected yields on fixed interest investments are based on gross redemption yields as at the balance sheet date. Expected returns on equity and property investments reflect long-term real rates of return experienced in the respective markets.

Expected employer contributions to the plan for the year ended 28 April 2018 amount to \$255,200,000 for the group and \$260,700,000 for the company.

The principal actuarial assumptions used were as follows:

	29 April 2017	30 April 2016
Discount rate	9.5%	9.0%
Future salary increases	7.5%	6.5%
Future pension increases	<u>2.5%</u>	<u>2.25%</u>

Jamaica Broilers Group Limited

Notes to the Financial Statements

29 April 2017

(expressed in Jamaican dollars unless otherwise indicated)

21. Post-Employment Benefits (Continued)

(a) Pension scheme benefits (continued)

The sensitivity of the defined benefit obligation to changes in the principal assumptions is:

The Group				
Impact on post-employment obligations				
29 April 2017			30 April 2016	
Change in assumption	Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
	\$'000	\$'000	\$'000	\$'000
Discount rate	1%	(506,700)	659,700	(467,600)
Future salary increases	1%	271,400	(230,600)	253,500
Pension increases	1%	310,100	(262,300)	284,000

The Company				
Impact on post-employment obligations				
29 April 2017			30 April 2016	
Change in assumption	Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
	\$'000	\$'000	\$'000	\$'000
Discount rate	1%	(495,100)	645,200	(455,600)
Future salary increases	1%	266,800	(226,600)	248,700
Pension increases	1%	301,200	(254,700)	275,600

The Group			
29 April 2017		30 April 2016	
Increase Assumption by One Year	Decrease Assumption by One Year	Increase Assumption by One Year	Decrease Assumption by One Year
	\$'000	\$'000	\$'000
Life expectancy	37,600	(38,800)	36,700
			(40,000)

Jamaica Broilers Group Limited

Notes to the Financial Statements

29 April 2017

(expressed in Jamaican dollars unless otherwise indicated)

21. Post-Employment Benefits (Continued)

(a) Pension scheme benefits (continued)

	The Company			
	29 April 2017		30 April 2016	
	Increase Assumption by One Year \$'000	Decrease Assumption by One Year \$'000	Increase Assumption by One Year \$'000	Decrease Assumption by One Year \$'000
Life expectancy	36,400	(37,500)	35,400	(38,800)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

(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 8.5% per year (2016 – 8% per year).

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

	The Group		The Company	
	29 April 2017 \$'000	Restated 30 April 2016 \$'000	29 April 2017 \$'000	Restated 30 April 2016 \$'000
Present value of funded obligations	22,400	21,900	20,800	20,500

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

	The Group		The Company	
	29 April 2017 \$'000	30 April 2016 \$'000	29 April 2017 \$'000	30 April 2016 \$'000
At start of year	21,900	24,800	20,500	23,400
Amounts recognised in profit or loss (Note 8)	1,900	2,200	1,800	2,100
Amounts recognised in other comprehensive income	800	(2,900)	500	(3,000)
Contributions paid	(2,200)	(2,200)	(2,000)	(2,000)
At end of year	22,400	21,900	20,800	20,500

Jamaica Broilers Group Limited

Notes to the Financial Statements

29 April 2017

(expressed in Jamaican dollars unless otherwise indicated)

21. Post-employment Benefits (Continued)

(b) Post-employment medical benefits (continued)

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

	The Group		The Company	
	29 April 2017 \$'000	30 April 2016 \$'000	29 April 2017 \$'000	30 April 2016 \$'000
At start of year	21,900	24,800	20,500	23,400
Interest cost	1,900	2,200	1,800	2,100
Benefits paid	(2,200)	(2,200)	(2,000)	(2,000)
Remeasurement loss/(gain) on obligation:-				
Changes in financial assumptions	700	200	700	200
Experience adjustment	100	(3,100)	(200)	(3,200)
At end of year	<u>22,400</u>	<u>21,900</u>	<u>20,800</u>	<u>20,500</u>

The amount recognised in profit or loss is as follows:

	The Group		The Company	
	29 April 2017 \$'000	30 April 2016 \$'000	29 April 2017 \$'000	30 April 2016 \$'000
Interest cost	1,900	2,200	1,800	2,100
Total included in staff costs (Note 8)	<u>1,900</u>	<u>2,200</u>	<u>1,800</u>	<u>2,100</u>

The amount recognised in other comprehensive income is determined as follows:

	The Group		The Company	
	29 April 2017 \$'000	30 April 2016 \$'000	29 April 2017 \$'000	30 April 2016 \$'000
Remeasurements of the defined benefit obligation	<u>800</u>	<u>(2,900)</u>	<u>500</u>	<u>(3,000)</u>

Jamaica Broilers Group Limited

Notes to the Financial Statements

29 April 2017

(expressed in Jamaican dollars unless otherwise indicated)

21. Post-Employment Benefits (Continued)

(b) Post-employment medical benefits (continued)

The sensitivity of the defined benefit obligation to changes in the principal assumptions is:

		The Group				
		Impact on post-employment obligations				
		29 April 2017			30 April 2016	
	Change in assumption	Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption	
		\$'000	\$'000	\$'000	\$'000	
Discount rate	1%	(1,700)	1,900	(1,600)	1,700	
Medical cost	1%	(1,300)	(4,500)	(3,600)	(6,300)	

		The Company				
		Impact on post-employment obligations				
		29 April 2017			30 April 2016	
	Change in assumption	Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption	
		\$'000	\$'000	\$'000	\$'000	
Discount rate	1%	(1,600)	1,800	(1,500)	1,600	
Medical cost	1%	(1,300)	(4,300)	(3,600)	(6,100)	

		The Group			
		29 April 2017		30 April 2016	
		Increase Assumption by One Year	Decrease Assumption by One Year	Increase Assumption by One Year	Decrease Assumption by One Year
		\$'000	\$'000	\$'000	\$'000
Life expectancy		(2,100)	(3,900)	1,200	(1,200)

		The Company			
		29 April 2017		30 April 2016	
		Increase Assumption by One Year	Decrease Assumption by One Year	Increase Assumption by One Year	Decrease Assumption by One Year
		\$'000	\$'000	\$'000	\$'000
Life expectancy		(2,100)	(3,700)	1,100	(1,000)

Jamaica Broilers Group Limited

Notes to the Financial Statements

29 April 2017

(expressed in Jamaican dollars unless otherwise indicated)

21. Post-Employment Benefits (Continued)

(c) Distribution of pension plan assets -

	The Group			
	29 April 2017 \$'000	30 April 2017 %	30 April 2016 \$'000	30 April 2016 %
Equities - quoted	1,783,487	42	1,164,600	35
Equities - unquoted	128,913	3	7,500	-
Property	304,300	7	252,700	8
Government securities and reverse repurchase agreements	1,377,100	32	1,449,600	43
Corporate bonds	482,900	11	306,700	9
Leased assets	68,100	2	38,400	1
Other	125,100	3	126,600	4
	<u>4,269,900</u>	<u>100</u>	<u>3,346,100</u>	<u>100</u>

	The Company			
	29 April 2017 \$'000	29 April 2017 %	30 April 2016 \$'000	30 April 2016 %
Equities - quoted	1,772,271	42	1,126,976	35
Equities - unquoted	85,398	3	7,258	-
Property	295,591	7	244,536	8
Government securities and reverse repurchase agreements	1,337,689	32	1,402,769	43
Corporate bonds	469,080	11	296,792	9
Leased assets	66,151	2	37,159	1
Other	121,520	3	122,510	4
	<u>4,147,700</u>	<u>100</u>	<u>3,238,000</u>	<u>100</u>

Jamaica Broilers Group Limited

Notes to the Financial Statements

29 April 2017

(expressed in Jamaican dollars unless otherwise indicated)

21. Post-Employment Benefits (Continued)

(d) Other pension plan disclosures -

Risks associated with pension plans and post-employment plans

Through its defined benefit pension plans and post-employment medical plans, the Company is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility

The plan liabilities are calculated using a discount rate set with reference to Government of Jamaica bond yields; if plan assets underperform this yield, this will create a deficit.

As the plan matures, the Company intends to reduce the level of investment risk by investing more in assets that better match the liabilities. The Government bonds represent investments in Government of Jamaica securities.

The Company believes that due to the long-term nature of the plan liabilities, a level of continuing equity investment is an appropriate element of the Company's long term strategy to manage the plans efficiently. See below for more details on the Company's asset-liability matching strategy.

Changes in bond yields

A decrease in Government of Jamaica bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings.

Inflation risk

Higher inflation will lead to higher liabilities. The majority of the plan's assets are either unaffected by fixed interest bonds, meaning that an increase in inflation will reduce the surplus or create a deficit.

Life expectancy

The majority of the plan's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan's liabilities. This is particularly significant, where inflationary increases result in higher sensitivity to changes in life expectancy.

The Company ensures that the investment positions are managed within an asset-liability matching (ALM) framework that has been developed to achieve long-term investments that are in line with the obligations under the pension scheme. Within this framework, the company's ALM objective is to match assets to the pension obligations by investing in long-term fixed interest securities with maturities that match the benefit payments as they fall due. The Company actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the pension obligations. The Company has not changed the processes used to manage its risks from previous periods. The Company does not use derivatives to manage its risk. Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets. A large portion of assets in 2017 consists of bonds and equities.

Funding levels are monitored on an annual basis and the agreed employer contribution rate was 10% of pensionable salaries up to 29 April, 2017. The next triennial valuation is due to be completed as at 30 April 2017.

Jamaica Broilers Group Limited

Notes to the Financial Statements

29 April 2017

(expressed in Jamaican dollars unless otherwise indicated)

22. Inventories

	The Group		The Company	
	29 April 2017 \$'000	30 April 2016 \$'000	29 April 2017 \$'000	30 April 2016 \$'000
Grain and feed ingredients	1,209,604	1,502,741	1,022,329	1,384,151
Inventories for resale and spares	3,127,605	2,477,276	3,033,512	2,271,623
Processed broilers	38,990	16,926	-	-
Goods in transit and others	879,196	357,141	380,506	191,492
	<u>5,255,395</u>	<u>4,354,084</u>	<u>4,436,347</u>	<u>3,847,266</u>
Less: Provision for obsolescence	<u>(91,106)</u>	<u>(73,737)</u>	<u>(78,569)</u>	<u>(50,630)</u>
	<u>5,164,289</u>	<u>4,280,347</u>	<u>4,357,778</u>	<u>3,796,636</u>

There were no inventory write-downs for the current or the previous year.

23. Biological Assets

	The Group		The Company	
	29 April 2017 \$'000	30 April 2016 \$'000	29 April 2017 \$'000	30 April 2016 \$'000
Cattle	38,956	38,729	-	-
Poultry	4,418,416	2,913,515	668,145	630,123
	<u>4,457,372</u>	<u>2,952,244</u>	<u>668,145</u>	<u>630,123</u>

Biological assets comprise of:

	The Group		The Company	
	29 April 2017 \$'000	30 April 2016 \$'000	29 April 2017 \$'000	30 April 2016 \$'000
Biological assets at fair value	568,175	482,686	529,219	443,958
Biological assets at cost	3,889,197	2,469,558	138,926	186,165
	<u>4,457,372</u>	<u>2,952,244</u>	<u>668,145</u>	<u>630,123</u>

Jamaica Broilers Group Limited

Notes to the Financial Statements

29 April 2017

(expressed in Jamaican dollars unless otherwise indicated)

23. Biological Assets (Continued)

The movement in biological assets at fair value was determined as follows:

	The Group		The Company	
	29 April 2017 \$'000	30 April 2016 \$'000	29 April 2017 \$'000	30 April 2016 \$'000
At start of year	482,686	418,976	443,958	364,703
Fair value gain/(losses)	2,665	(1,308)	-	-
Increase due to purchases and transfers	7,921,991	6,574,609	7,921,991	6,574,609
Decrease due to sales	(7,839,167)	(6,509,591)	(7,836,730)	(6,495,354)
At end of year	<u>568,175</u>	<u>482,686</u>	<u>529,219</u>	<u>443,958</u>

The movement in biological assets at cost was determined as follows:

	The Group		The Company	
	29 April 2017 \$'000	30 April 2016 \$'000	29 April 2017 \$'000	30 April 2016 \$'000
At start of year	2,469,558	2,150,805	186,165	135,685
Increase due to purchases and acquisition	7,601,739	5,471,977	2,530,111	2,376,415
Decrease due to sales and depreciation	(6,273,174)	(5,213,576)	(2,577,350)	(2,325,935)
Translation	91,074	60,352	-	-
At end of year	<u>3,889,197</u>	<u>2,469,558</u>	<u>138,926</u>	<u>186,165</u>

Fair value of livestock is determined as the best available estimate for livestock with similar attributes. Any gains or losses arising on initial recognition of livestock at fair value less estimated point of sale costs and from a change in fair value less estimated point of sale costs is included in other income in the period in which it arises.

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 545 (2016 – 545).

The number of cattle harvested during the year was 183 (2016 – 380).

(ii) Poultry

The number of birds in the field, including broilers, breeders, and layer pullets at year end was 7,525,000 (2016 – 5,808,000) and the number of eggs at year end was 5,413,000 (2016 – 5,585,000).

The total number of birds produced during the year was 53,233,000 (2016 – 47,619,000).

The total number of eggs produced during the year was 23,083,000 (2016 – 20,947,000) dozens.

Jamaica Broilers Group Limited

Notes to the Financial Statements

29 April 2017

(expressed in Jamaican dollars unless otherwise indicated)

24. Receivables

	The Group		The Company	
	29 April 2017 \$'000	30 April 2016 \$'000	29 April 2017 \$'000	30 April 2016 \$'000
Trade receivables	2,732,980	2,656,756	1,689,743	1,490,307
Less: Provision for impairment	(293,343)	(283,846)	(257,181)	(235,366)
	<u>2,439,637</u>	<u>2,372,910</u>	<u>1,432,562</u>	<u>1,254,941</u>
Contract farmers' receivables	271,726	286,783	271,726	286,783
Deposits	22,777	21,160	3,088	3,088
G.C.T recoverable	39,087	32,541	38,643	22,891
Insurance claims receivable	2,814	3,454	2,814	2,788
Jamaica Broilers Trust (Note 32)	85,568	70,656	85,568	70,656
Prepayments	453,375	321,563	319,636	161,029
Staff receivables	42,354	26,254	36,665	19,887
Other	211,635	143,251	100,151	63,498
	<u>3,568,973</u>	<u>3,278,572</u>	<u>2,290,853</u>	<u>1,885,561</u>
Less: Provision for impairment	(318)	(318)	(318)	(318)
	<u><u>3,568,655</u></u>	<u><u>3,278,254</u></u>	<u><u>2,290,535</u></u>	<u><u>1,885,243</u></u>

25. 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 (losses)/gains (Note 6).

26. Cash and Short Term Investments

	The Group		The Company	
	29 April 2017 \$'000	30 April 2016 \$'000	29 April 2017 \$'000	30 April 2016 \$'000
Cash at bank and in hand	1,668,167	788,318	791,113	482,221
Short term investments	335,180	408,258	335,180	408,258
	<u>2,003,347</u>	<u>1,196,576</u>	<u>1,126,293</u>	<u>890,479</u>
Interest receivable	1,218	2,618	1,218	2,618
	<u><u>2,004,565</u></u>	<u><u>1,199,194</u></u>	<u><u>1,127,511</u></u>	<u><u>893,097</u></u>

Jamaica Broilers Group Limited

Notes to the Financial Statements

29 April 2017

(expressed in Jamaican dollars unless otherwise indicated)

26. Cash and Short Term Investments (Continued)

The weighted average effective interest rate on Jamaica dollar and US dollar short term deposits was 4% (2016 – 4%) and 0.5% (2016 – 1%) respectively. These represent call deposits which are repayable on demand.

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

	The Group		The Company	
	29 April 2017 \$'000	30 April 2016 \$'000	29 April 2017 \$'000	30 April 2016 \$'000
Cash and short term investments	2,004,565	1,199,194	1,127,511	893,097
Short term borrowings and bank overdraft	(408,182)	(326,306)	(181,196)	(177,131)
	<u>1,596,383</u>	<u>872,888</u>	<u>946,315</u>	<u>715,966</u>

27. Payables

	The Group		The Company	
	29 April 2017 \$'000	30 April 2016 \$'000	29 April 2017 \$'000	30 April 2016 \$'000
Accrued charges	759,053	549,844	634,602	455,173
Contractors retention payable	18,161	8,630	555	448
GCT payable	11	64	-	-
Payroll taxes payable	46,659	55,834	46,659	55,834
Staff related payables	56,557	100,137	15,632	47,945
Trade payables	3,191,089	2,024,296	1,943,134	1,316,500
Unclaimed cheques	61,013	59,533	61,013	59,533
Other	281,599	409,509	239,776	193,839
	<u>4,414,142</u>	<u>3,207,847</u>	<u>2,941,371</u>	<u>2,129,272</u>

Jamaica Broilers Group Limited

Notes to the Financial Statements

29 April 2017

(expressed in Jamaican dollars unless otherwise indicated)

28. Dividends

	The Group and The Company	
	29 April 2017 \$'000	30 April 2016 \$'000
First interim – 17 cents per stock unit (2016 – 10 cents)	203,877	119,928
Second interim – 18 cents per stock unit (2016 – 16 cents)	215,869	191,884
	<u>419,746</u>	<u>311,812</u>

29. Borrowings

	The Group		The Company	
	29 April 2017 \$'000	30 April 2016 \$'000	29 April 2017 \$'000	30 April 2016 \$'000
Non-Current -				
Borrowings	5,200,463	5,096,511	4,250,869	4,650,058
Current -				
Short term borrowings and bank overdraft	1,906,035	1,306,461	931,203	677,139
Current portion of non-current borrowings	554,116	632,196	409,688	531,388
Interest payable	41,461	44,633	39,561	42,328
	<u>2,501,612</u>	<u>1,983,290</u>	<u>1,380,452</u>	<u>1,250,855</u>
	<u>7,702,075</u>	<u>7,079,801</u>	<u>5,631,321</u>	<u>5,900,913</u>

Interest rates on these loans ranged between 8% to 10% on Jamaican currency loans and 4% to 6% on United States currency loans throughout the Group.

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

At year end the group has access to undrawn financing facilities amounting to \$250,000,000.

30. Share Capital

	Number of Stock Units '000	Ordinary Stock Units \$'000
29 April 2017	1,199,277	765,137
30 April 2016	<u>1,199,277</u>	<u>765,137</u>

The total authorised number of ordinary shares is 1,209,324,000 shares (2016 – 1,209,324,000).

The stock units in 2017 and 2016 are stated in these financial statements without a nominal or par value.

Jamaica Broilers Group Limited

Notes to the Financial Statements

29 April 2017

(expressed in Jamaican dollars unless otherwise indicated)

31. Reserves

	The Group		The Company	
	29 April 2017 \$'000	30 April 2016 \$'000	29 April 2017 \$'000	30 April 2016 \$'000
(a) Capital Reserve				
At start of year -				
Realised capital gains	24,500	32,618	3,227	3,227
Unrealised surplus on revaluations	378,052	378,052	139,198	139,198
Fair value loss on available-for-sale securities	-	-	(538)	(538)
Translation loss on subsidiary assumed	-	-	(8,686)	(8,686)
Gains on translation of financial statements of foreign subsidiaries	1,659,606	1,439,511	-	-
	<u>2,062,158</u>	<u>1,850,181</u>	<u>133,201</u>	<u>133,201</u>
Movements during the year -				
Translation gain	(835,451)	79,862	-	-
Transfer from retained earnings	-	132,115	-	-
Realised reserves	(56,245)	-	-	-
Amalgamation (Note 34)	-	-	89,746	-
At end of year	<u>1,170,462</u>	<u>2,062,158</u>	<u>222,947</u>	<u>133,201</u>
Consisting of -				
Realised capital gains	24,500	24,500	3,227	3,227
Unrealised surplus on revaluations	321,807	378,052	228,944	139,198
Fair value loss on available-for-sale securities	-	-	(538)	(538)
Translation loss on subsidiary assumed	-	-	(8,686)	(8,686)
Gains on translation of financial statements of foreign subsidiaries	824,155	1,659,606	-	-
	<u>1,170,462</u>	<u>2,062,158</u>	<u>222,947</u>	<u>133,201</u>
(b) Legal Reserve	233	-	-	-
	<u>1,170,695</u>	<u>2,062,158</u>	<u>222,947</u>	<u>133,201</u>

The legal reserve represents required reserve for one of the overseas subsidiaries.

Jamaica Broilers Group Limited

Notes to the Financial Statements

29 April 2017

(expressed in Jamaican dollars unless otherwise indicated)

32. 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 between the company and its related parties:

	29 April 2017 \$'000	30 April 2016 \$'000
Sale of goods	675,448	795,529
Purchases of goods	3,459,350	3,361,116
Purchase of services	207,707	167,632
Interest income earned	146,589	119,484
Management fees earned	230,126	215,315
Insurance premiums expense	477,541	447,681
Rental expense incurred	-	17,060
Dividend received	406,177	132,915
Other expenses	11,504	16,485

(ii) Key management compensation

	<u>The Group</u>		<u>The Company</u>	
	29 April 2017 \$'000	30 April 2016 \$'000	29 April 2017 \$'000	30 April 2016 \$'000
With directors and key management -				
Salaries, profit sharing and other short-term employee benefits	420,905	546,064	325,665	437,689
Payroll taxes - Employer's portion	28,523	41,527	25,742	41,527
Pension benefits	16,188	12,568	13,490	12,568
Professional fees paid	6,367	6,100	6,367	6,100
	<u>471,983</u>	<u>606,259</u>	<u>371,264</u>	<u>497,884</u>
Directors' emoluments -				
Fees	32,153	21,970	32,153	21,970
Management remuneration (included above)	<u>275,449</u>	<u>390,581</u>	<u>202,924</u>	<u>352,250</u>

Jamaica Broilers Group Limited

Notes to the Financial Statements

29 April 2017

(expressed in Jamaican dollars unless otherwise indicated)

32. Related Party Transactions and Balances (Continued)

(iii) Year end balances with related parties:

	The Group		The Company	
	29 April 2017 \$'000	30 April 2016 \$'000	29 April 2017 \$'000	30 April 2016 \$'000
Directors and key management -				
Receivables	18,937	4,753	9,962	4,753
Receivable from subsidiaries -				
Trade and other receivables	-	-	2,093,502	2,545,408
Current portion of loans receivable	-	-	278,913	760,189
	-	-	2,372,415	3,305,597
Payable to subsidiaries	-	-	36,402	459,885
Loan to Jamaica Broilers Trust(a)	85,568	70,656	85,568	70,656
Loans receivable :				
Loan to Haiti Broilers S.A.(b)	-	-	645,125	676,387
Loan to JB Terminal (Port Esquivel) Limited long term portion of loans receivable (c)	-	-	-	1,169,925
Loan to International Poultry Breeder Inc. long term portion of loans receivable (d)	-	-	1,022,260	1,059,090
Loan to International Poultry Breeder Hatcheries Inc. long term portion of loans receivable (e)	-	-	989,910	942,097
	-	-	2,657,295	3,847,499

- (a) Loan receivable from Jamaica Broilers Trust is payable by August 2017 and interest is payable at WATBY plus 2% per annum. The loan is secured with stock units in Jamaica Broilers Group Limited.
- (b) The balance represents the outstanding amounts on a loan of HTG344,000,000. The loan is interest free and matures in 2019.
- (c) The balance represented the outstanding amounts on a loan of US\$18,000,000 at a rate of LIBOR + 2% and would have matured 2022. Principal was repaid quarterly in the amount of US\$500,000. Included in receivable from subsidiaries is the current portion of the loan in the amount of Nil (2016 - \$560,333,000). During the year the entity was sold.
- (d) The balance represents the outstanding amounts on a loan of US\$10,750,000 at a rate of US Prime + 3% and matures 2023. Principal is repaid quarterly in the amount of US\$700,000. Included in receivable from subsidiaries is the current portion of the loan in the amount of \$90,580,000 (2016 - \$86,205,000) and interest receivable of \$38,262,000 (2016 - \$3,540,000).
- (e) The balance represents the outstanding amounts on a loan of US\$8,500,000 at a rate of US Prime + 2.75% and matures 2026. Principal is repaid quarterly in the amount of US\$850,000. Included in receivable from subsidiaries is the current portion of the loan in the amount of \$109,990,000 (2016 - \$104,678,000) and interest receivable of \$40,081,000 (2016 - \$5,433,000).

Jamaica Broilers Group Limited

Notes to the Financial Statements

29 April 2017

(expressed in Jamaican dollars unless otherwise indicated)

33. 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) Financial assets 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 cost. Fair value cannot be reliably determined as no active market for these securities exist as they relate to investment in private entities.
- (iii) The fair value of long term borrowings 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 short term borrowings and bank overdraft reflect their fair values due to the short term maturity of these instruments.

Financial instruments that are measured in the balance sheet at fair value are 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).

Financial assets measured at fair value are all categorised as level 2 and comprise financial assets at fair value through profit or loss amounting to \$760,696,000 (2016 - \$701,303,000) for the Group. These investments represent units in investment funds which are stated at unit prices determined by the fund manager.

There were no transfers between levels in the year.

Biological assets which are measured at fair value totalling \$568,175,000 (2016 – \$482,686,000) and \$529,219,000 (2015 - \$443,958,000) for the Group and the Company respectively are included in Level 2.

Jamaica Broilers Group Limited

Notes to the Financial Statements

29 April 2017

(expressed in Jamaican dollars unless otherwise indicated)

34. Amalgamation

During the year, the operation of two of the company's subsidiaries', Master Blend Feeds Limited and Content Agricultural Products Limited, were amalgamated within the company. The assets and liabilities of these operations are as follows:

	\$'000
Property, plant and equipment	54,105
Intercompany balances	13,544
Payables	(631)
Deferred tax liabilities	(5,462)
Taxation payable	838
	<u>62,394</u>
Share capital	2,080
Reserves	89,746
Opening retained earnings	(34,120)
Net income for the year	4,688
	<u>62,394</u>

35. Discontinued Operations

During the year the Group disposed of its wholly owned subsidiary ERI Services (St. Lucia) Limited and its wholly owned subsidiary JB Terminal (Port Esquivel) Limited for a cash consideration of US\$4 million. As part of the deal the acquirer also assumed liabilities of US\$18.5 million due to Jamaica Broilers Group Limited.

The financial performance and cash flow information presented are for two months ended 29 June 2016 (2017 column) and the year ended 30 April 2016.

	29 April 2017 \$'000	30 April 2016 \$'000
Revenue	187	655
Cost of sales	<u>(43,275)</u>	<u>(350,371)</u>
Gross loss	(43,088)	(349,716)
Other income	-	44,638
Administration and other expenses	<u>(7,388)</u>	<u>(23,016)</u>
Operating loss	(50,476)	(328,094)
Finance cost	<u>14,946</u>	<u>(39,988)</u>
Loss before taxation	(35,530)	(368,082)
Taxation	-	-
Net loss after tax of discontinued operations	(35,530)	(368,082)
Gain on disposal of subsidiaries	<u>39,474</u>	<u>-</u>
Profit/(loss) for the period from discontinued operations	<u>3,944</u>	<u>(368,082)</u>

Jamaica Broilers Group Limited

Notes to the Financial Statements

29 April 2017

(expressed in Jamaican dollars unless otherwise indicated)

35. Discontinued Operations (Continued)

	29 April 2017 \$'000	30 April 2016 \$'000
Operating cash flows	(1,740)	(80,660)
Financing cash flows	-	(32,041)
outflows	<u>(1,740)</u>	<u>(112,701)</u>
Net cash		
Details of the sale of the subsidiaries		
		29 April 2017 \$'000
Consideration received or receivable:		
Cash		505,520
Loan receivable		<u>2,338,030</u>
Total disposal consideration		2,843,550
Carrying amount of net assets sold		(3,716,553)
Cost of disposal		<u>(43,647)</u>
Loss on sale before reclassification of foreign currency reserves		(916,650)
Reclassification of foreign currency translation reserve		<u>956,124</u>
Gain on sale		<u>39,474</u>
		29 April 2017 \$'000
The carrying amounts of assets and liabilities as at the date of the sale were:		
Property, plant and equipment		3,576,341
Receivables		8,835
Inventories		<u>132,323</u>
Total assets		3,717,499
Payables		<u>(946)</u>
Net assets		<u>3,716,553</u>

Jamaica Broilers Group Limited

Notes to the Financial Statements

29 April 2017

(expressed in Jamaican dollars unless otherwise indicated)

36. Business Combinations

During the previous year, the Group acquired assets in North America.

In March 2016, International Poultry Breeders Hatcheries, Inc (USA), a newly incorporated subsidiary of the Group acquired hatchery assets from a company in the USA. The principal activity of International Poultry Breeders Hatcheries, Inc. is the hatching and distribution of baby chicks for the poultry industry. As a result of this acquisition, the Group extended its reach in the poultry industry of North America.

The acquired assets contributed revenues of \$95,636,000 and losses of \$12,006,000 for the year ended 30 April 2016. Had the company been acquired at the beginning of the year, it could have contributed revenues of approximately \$1,147,635,000 and profits of approximately \$229,867,000 to the Group for the year ended 30 April 2016.

Details of the net assets acquired, goodwill and net cash outlay on acquisition, determined on a provisional basis, were as follows:

	Total Fair Values \$'000
Net assets arising on the acquisition –	
Intangible assets	286,455
Property, plant and equipment	448,262
Inventories	46,208
	<u>780,925</u>
Goodwill on acquisition:	\$'000
Purchase consideration	982,811
Less: Fair value of net assets acquired	(780,925)
	<u>201,886</u>
Net cash outlay on acquisition:	
Purchase consideration paid in cash	982,811
Cash and cash equivalents acquired	-
	<u>982,811</u>

The goodwill acquired represents the synergies inherent in the consolidation of a market competitor.