



SWEET RIVER ABATTOIR & SUPPLIES COMPANY LIMITED

2017 ANNUAL REPORT





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COMPANY PURPOSE

VISION

“To be a world recognized brand in meats and meat products.”

MISSION

“To provide prime value to our customers through consistently high quality and innovative products, supported by excellent customer service, thus enabling reasonable return to shareholders, benefits to stakeholders while recognizing our corporate social responsibility.”

VALUES

T- Together we achieve more.

E- Elevating ourselves above the highest ethical standards continuously.

A- Accountability for our actions.

M- Maintaining respect for our customers, employees and the communities in which we operate.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 3rd Annual General Meeting of Sweet River Abattoir & Supplies Company Limited (the "Company") will be held at the Golf View Hotel, 5 ½ Caledonia Road, Mandeville, Manchester on Thursday, 12th October 2017 commencing at 10:00 am.

AGENDA

1. Call to Order
2. Welcome and Remarks
3. Apologies for Absence
4. Approval of Minutes of the 2nd Annual General Meeting and discussion of matters arising
5. REPORTS for financial year ended March 31, 2017
 - Chairman's Report
 - Managing Director's Report
 - Auditors' Report

6. RESOLUTIONS

The Company is asked to consider, and if thought fit, pass the following resolutions:

To receive the report of the Board of Directors and the audited accounts of the Company for the financial year ended March 31, 2017.

Resolution No. 1: "That the audited accounts for the year ended March 31, 2017, together with the reports of the Chairman, Directors and Auditors thereon, be and are hereby adopted."

To appoint auditors for the Company and authorize directors to fix their remuneration.

Resolution No. 2: "That the remuneration of the auditors be such as may be agreed between the Directors of the Company and the Auditors."

To formally introduce the new directors and their position on the Board of Directors.

Resolution No. 3: "The confirmation and approval of the newest members to the Board of Directors."

To approve remuneration of directors for the financial year.

Resolution No. 4: "That the amount shown in the audited accounts of the company for the year ended March 31, 2017 as fees of the Directors for their service as Directors, be and is hereby approved."

7. Any Other Business
8. Vote of Thanks
9. Adjournment

Dated this 14th day of September 2017

BY ORDER OF THE BOARD

FOR
.....
Audley Deidrick
Company Secretary

PICTORIAL HIGHLIGHTS



PICTORIAL HIGHLIGHTS





**MINUTES OF THE
SECOND ANNUAL GENERAL MEETING OF
SWEET RIVER ABATTOIR & SUPPLIES COMPANY LIMITED
(A Listed Company) Held October 7, 2016**

The second Annual General Meeting (AGM) of the Sweet River Abattoir & Supplies Company Limited, a listed company, was held on Friday, October 7, 2016 at the Golf View Hotel in Mandeville, Manchester.

Members of the Board present were:

❖ Mr. Henry Graham	Chairman
❖ Mr. Valdense Gifford	Managing Director
❖ Mr. Audley Deidrick	Company Secretary
❖ Mrs. Audrey Deer Williams	Director
❖ Mr. Nigel Morgan	Director
❖ Mr. Neville Grant	Director
❖ Mr. Hector Lyons	Director
❖ Mr. Courtney Cole	Director

Also in attendance were:

❖ Mr. Derrick McKenzie	Shareholder
❖ Mr. Mervin Ebanks	Representative from UHY Dawgen, Auditing Firm
❖ Ms. Annette Headman	Jamaica Central Securities Depository
❖ Ms. Alyssa Dean	Jamaica Central Securities Depository
❖ Ms. Sarah Myers	VMWM Representative
❖ Ms. Claudette Christie	Consultant
❖ Ms. Kashima Thomas	Recording Secretary
❖ Mr. Phillip Watson	National Insurance Funds

CALL TO ORDER, WELCOME & PRAYER

Chairman of Sweet River Abattoir & Supplies Company, Mr. Henry Graham, called the meeting to order at approximately 10:06 am. After the playing of the national anthem, he welcomed everyone and expressed gratitude to the attendees. Director, Nigel Morgan offered prayer.

MINUTES OF 2nd ANNUAL GENERAL MEETING

READING OF THE NOTICE OF THE ANNUAL GENERAL MEETING

Mr. Audley Deidrick, Company Secretary, read the notice of the second Annual General Meeting.

APOLOGIES FOR ABSENCE

Apologies for absence were received for Director/Shareholder, Mr. Herbert Meghoo and Shareholder, Ms. Claudette Crooks. The Chairman opened the register for obituaries, but no one had knowledge of any deaths of shareholders.

INTRODUCTION OF THE BOARD OF DIRECTORS AND GUESTS

Mr. Henry Graham introduced the Board of Directors, auditor, and representatives from the Jamaica Central Securities Depository and VM Wealth Manager.

READING OF THE MINUTES OF THE FIRST AGM

Company Secretary, Audley Deidrick guided the meeting through the reading of the Minutes. The Minutes were taken as read. Confirmation followed. No amendments were cited and there were no matters arising from the Minutes. A motion was then taken for the minutes to be adopted.

CHAIRMAN'S REPORT

Mr. Henry Graham opened his report by acknowledging those in attendance. He thanked them for taking the time to attend the meeting. He however said that he had hoped for a larger number of participants but contended that the recent events relating to Hurricane Matthew and the subsequent rescheduling of the meeting could be a factor.

He began his report by using pictorial illustrations to show the changes that had taken place at the new abattoir during the year under consideration. He then gave a brief summary of the year 2015-2016, which was the steady improvement in the supply of pigs to meet the strong demand for pork especially during October 2015 to March 2016; there was also an increase in of sales by 77%.

He said also that because of the increasing demand of pork, major markets have expressed interest in providing contracts in order to maintain the consistency of pork supplies. More farmers have also been engaged to supply contracts to Sweet River Abattoir.

He noted that the biggest achievement is that Sweet River Abattoir as of June 2016 is now occupying the new abattoir.

Mr. Graham also stated that the year was not without its challenges as there was a lack of funds to complete the abattoir. In addition, Grace Food Processors had allowed Sweet River Abattoir to continue to operate from their facilities. However, the company was asked to vacate the facilities by May 2016. As a result, Sweet River Abattoir shut down operations for approximately five weeks as it moved the equipment to the new plant.

On a positive note, Mr. Graham noted that the new facility is now fully operational. As such, provisions are currently in place for the slaughtering of pigs, goats and sheep. Sweet River Abattoir is currently Jamaica's ninth

MINUTES OF 2ND ANNUAL GENERAL MEETING

(9th) Agro-Park. Farmers from western parishes of Hanover, St. James, Westmoreland and St. Elizabeth are currently utilizing the facility, with other parishes to follow.

Mr. Henry Graham then highlighted the future prospects for the upcoming year:

- Strong market demand and consistent pig supply;
- The provision of slaughtering services for other industry players;
- Commitments from processors and other small industry players.

He highlighted the company's commitment to achieving world standards such as HACCP, GMB ISO certification that will allow Sweet River to export to CARICOM and larger international communities and to become a first world facility. He indicated that the standards would be achieved gradually.

He reiterated Sweet River Abattoir's core values as set out in the annual report.

The Chairman thanked the following persons for their work with Sweet River Abattoir during the year under review:

- Dedicated Board Members
- Shareholders
- Managing Director
- Government and other interest groups
- Project Developers
- Hardworking members of staff

MANAGING DIRECTOR'S REPORT

As a prelude to his presentation, Managing Director, Mr. Valence Gifford highlighted the Vision and Mission for Sweet River Abattoir. He guided the meeting on a pictorial tour of the completed facility. Mr. Gifford then proceeded to highlight the positive outcomes for the year 2015-2016:

- Procuring an increase in supply of pigs as well as a secured market;
- Becoming the 3rd largest supplier of pork in Jamaica;
- Farmers benefitting from ongoing training;
- Recognition of Sweet Abattoir as Jamaica's 9th Agro Park as of March 2015.

He then highlighted strategies and outlook for 2016-2017 and beyond as:

- Ongoing training services are to be tied into three-year renewal contracts with farmers;
- Similar contract for major markets;
- Abattoir to become the first and only certified facility in Western Jamaica;
- Pig and small ruminant industry poised for sustainable growth;
- Tripartite approach for more strategic growth and development.

The Managing Director also drew the shareholders' attention to Sweet River Abattoir's financial performance in 2015-2016 in comparison to 2014-2015, which were:

MINUTES OF 2ND ANNUAL GENERAL MEETING

1. Sales Revenue

The company generated sales revenue of \$215,152,210 compared to \$121,485,373 for 2014-2015, a significant increase of 77% that is due to the increase in the supply of pigs.

2. Gross Profit

Sweet Abattoir River obtained a gross profit of \$20,458,704 during 2015-2016 in comparison to \$21,586,546 during 2014-2015, a slight decline of 5% due to increase in cost of sales.

3. Net Loss

The company experienced a net loss of \$5,530,846 when compared to the same period in 2014- 2015 when it suffered a net loss of \$4,675,213. The 18% loss stems from an increase in charges incurred on bank overdraft facility and the increase in operational costs resulting from the practice of price gouging by competitors during peak season, that is, November to April of each calendar year.

Mr. Gifford gave an analysis of the current figures, which he said showed an increase in sales of \$172m above the sales for the same period last year (2014-2015). He highlighted the need for the implementation of an educational programme to show consumers the nutritional value of eating pork.

Mr. Gifford then proceeded to highlight future prospects of Sweet River Abattoir as follows:

- Reducing the cost of operations while increasing revenue;
- Dominating the local and international markets; and
- Increasing the number of pigs to be slaughtered.

Lastly, in recognition of their service and dedication to Sweet River Abattoir, the Managing Director, Mr. Valdense Gifford expressed gratitude to the following persons:

- Board of Directors
- Shareholders/Investors
- Brokers
- Pig Farmers
- Jamaica Pig Farmers Association
- Ministry of Agriculture
- Strategic partners
- Auditors
- Jamaica Stock Exchange
- Jamaica Central Securities Depository Limited

The Managing Director opened the floor for questions.

Ms. Sarah Myers of VMWM asked the Managing Director whether the company is considering the rearing of its own pigs. The Managing Director said no and reminded attendees at the meeting that most of Sweet River's suppliers/shareholders were already pig farmers.

MINUTES OF 2ND ANNUAL GENERAL MEETING

RESOLUTIONS

The four (4) resolutions circulated in the AGM report, were passed unanimously. The Company Secretary, Mr. Audley Diedrick piloted the resolutions.

✚ Resolution #1 (2016)

To receive the report of the Board of Directors and audited accounts for the fiscal year ended March 31, 2016.

Mr. Henry Graham moved the resolution, while Mr. Valdense Gifford seconded it. All in attendance were in favour.

✚ Resolution #2 (2016)

To appoint Auditors for the Company and authorize directors to fix their remuneration.

Mrs. Audrey Deer-Williams moved the resolution, which was seconded by Mr. Courtney Cole.

✚ Resolution #3 (2016)

To formally introduce the new directors and their position on the Board of Directors.

The rotation of members of the Board was discussed and agreed. This is expected to take effect at the next meeting of the Board of Directors after which the changes will be announced.

Mr. Henry Graham moved the resolution, while Mr. Valdense Gifford seconded it. All in attendance were in favour.

✚ Resolution #4 (2016)

To approve remuneration of directors for the financial year.

The resolution was moved by Mr. Neville Grant and seconded by Mr. Hector Lyons.

ANY OTHER BUSINESS

The Chairman proposed the holding of the next Annual General Meeting in Kingston to enable a higher level of attendance.

No other matter came up for discussion at the meeting.

ADJOURNMENT

The call for adjournment was moved by Chairman, Mr. Henry Graham and seconded by the Managing Director, Mr. Valdense Gifford at 11:30 am.

FOR
.....
Audley Deidrick
Company Secretary

PROFILE OF DIRECTORS



Henry Graham (Chairman) - Appointed April 2, 2009

Mr. Henry Graham is a Businessman and Member of the Jamaica Pig Farmers Association. He is a qualified licensed Electrician and practiced in that profession prior to his involvement in pig rearing which commenced in 1992. He is also a Member of the Kiwanis Club of Savanna La Mar, Board Member of the National People's Cooperative Bank, Grange Hill Branch and Board Member of the Little London High School.



Valdense Gifford (Managing Director) - Appointed April 2, 2009

Mr. Valdense Gifford is the Managing Director of Sweet River. Mr. Gifford holds a Bachelor of Science in Agribusiness (Honors) from The Florida Agricultural & Mechanical University in Tallahassee, Florida. He has been employed to the industry for over twenty-five (25) years. He is a Life Member of the Jamaica Agricultural Society and the Jamaica Pig Farmers Association.



Hector Lyons (Director) - Appointed April 2, 2009

Mr. Hector Lyons is a Businessman. He was employed to Grace Food Processors from 1967 to 2001. He later became the Managing director and Owner of H/M Butchers Limited. Since being appointed to the Board of Directors for the company, he has also become a Slaughter Contractor for the Company.

PROFILE OF DIRECTORS



Neville Grant (Director) - Appointed April 2, 2009

Mr. Neville Grant has served on the Board of Directors of the Company for over four (4) years. A Dental Technologist by profession, he has had more than thirty (30) years' experience in the Pork Industry. He is a graduate of The New York City College of Technology, where he received an Associate Degree in Dental Technology and a Bachelor of Science in Applied Science. He is an experienced and long-standing Pig Farmer.



Audley Deidrick (Director) - Appointed April 2, 2009

Mr. Audley Deidrick is the Company Secretary. He is a senior finance executive who brings to the Board over twenty-eight (28) years of experience in the field of accounting and finance. This experience covers a range of major industries and businesses in the private and public sector comprising manufacturing, distribution and sales, insurance, transportation, and the aeronautical industry.

Key financial accomplishments include working on acquisitions, mergers and restructuring of entities, as well as the structuring and procurement of financing for major capital development projects. He is currently serving on a mix of public and private sector boards, including two pension fund boards of trustees, and a credit union board. Mr. Deidrick holds an MBA (Finance) degree from The University of the West Indies, Mona School of Business, and a BBA (Accounting) Degree from the University of Technology, as well as certification as an International Airport Professional (IAP).

PROFILE OF DIRECTORS



Nigel Morgan (Director) - Appointed April 2, 2009

A former Senior Legal Officer with the Government of Jamaica, Mr. Morgan has over twenty four (24) years' experience as a prosecutor during which time he handled a wide array of criminal cases. He has a high appreciation for the principles of Law and for the Constitution of Jamaica, particularly, as they relate to the rights of the citizen.

Nigel Morgan is a graduate of the University of Wolverhampton, London, England; and holds a Diploma in Marketing, Certificate in Public Administration, Mediator's Certification in addition to a Bachelor of Laws (LLB) Degree.



Audrey Deer-Williams (Director) - Appointed July 18, 2014

Mrs. Audrey Deer-Williams is the Senior Director for Investments at the National Insurance Fund (NIF), which is the investment arm of the National Insurance Scheme in the Ministry of Labour & Social Security. She is responsible for developing and executing strategies to grow the \$65 Billion investment portfolio, which is the single largest pension fund in Jamaica and among the largest in the Caribbean. Mrs. Deer-Williams has over 20 years' experience in the Financial Industry.

She currently serves on a number of other boards, including the National Insurance Board, Cleveland Resorts Limited, The Joan Duncan Foundation and Resorts Beach Hotel limited. Mrs. Deer-Williams, who strongly believes in giving back to her community, serves as a member of the Church Committee at Church of the Transfiguration and is a Lay Representative to Synod and Chairman of the Outreach Committee. Mrs. Deer-Williams holds a Master's Degree in Business Administration, specializing in Finance from the University of Manchester and a B.Sc. Degree in Economics and Accounting, from the University of the West Indies. She is the loving mother of two sons.

PROFILE OF DIRECTORS



Courtney Cole (Director) - Appointed October 9, 2015

Courtney Cole serves the dual role of Chief Executive Officer (Acting) and Director, Project Development at the Agro-Investment Corporation - which functions as the business facilitation arm of the Ministry of Agriculture and Fisheries with overall responsibility for investment promotion, business facilitation, management of strategic assets and projects as well as market development. He is known for his professionalism, innovativeness, problem solving and negotiating skills as well as his ability to facilitate collaboration among multiple stakeholders and investors. Courtney's more than 18 years of progressive experience has enabled him to significantly impact the growth and development objectives of these organizations especially those relating to agricultural and agribusiness development.

Mr. Cole holds a Masters in Business Administration (MBA) from Nova South Eastern University, a Bachelor of Science Degree (Honours) in Agribusiness from the University of the West Indies (UWI) and an Associate Degree from the College of Agriculture, Science and Education (CASE).



Robert Meghoo (Director) - Appointed October 9, 2015

Mr. Robert Meghoo is a well-established Entrepreneur and tenured Agricultural Farmer. He is also an expert in the aluminum industry through his twenty eight (28) years' experience in various technical and managerial positions at Alcan Jamaica Co. Ltd now UC Rusal. In addition, Mr. Meghoo is a trained and certified Laboratory Technician through formal education at the institution formerly known as CAST, now UTECH. Community development is a social mandate for Mr. Meghoo who is a member of the St. Catherine 4H Club where he has served as a Vice President for many years prior and is currently the Chairman of the Fund-Raising Committee.



CHAIRMAN'S REPORT

The year 2016-2017 has been exceptional when compared to the past two (2) years. We have recorded our highest sales and have improved tremendously on meeting our targets in other areas. This improved performance has been in part achieved through the employment of a Plant/Operations Manager who has played a major role in the company's progress. By extension, the offering of slaughter service has shown tremendous gains and continues to expand. Our current records show that more than 25% of our slaughter is afforded to this service.

Sweet River Abattoir & Supplies Company has laid the platform to propel forward with the full support of stakeholders. On the supply side, farmers are feeling a better sense of belonging due to improved dialogue to improve the prospects of the pig industry through contracts. They have shown their commitment for the long term and we would like to play our role in sustaining this very important relationship.

In respect of marketing, we are in the process of negotiating better sales relations to assist with achieving our medium and long-term goals. The sales forecast will project between 3-5 years to protect all our stakeholders and investors.

This year had its challenges and many lessons were learnt, but chief among them was the loyalty of our pig farmers, markets and other stakeholders. Moving forward, our objective is to further strengthen this harmonious relationship which will enhance our business model in a more sustainable manner.

It is the objective of our company to create an organizational structure filled with reputable individuals sharing expert knowledge and experience of the industry. We are building a team that is sound, solid and dependable for this generation and the next.

In the near future, our company will be embarking on increasing our product line to include more value-added products for customers and to increase our customers' satisfaction.

I would like to take this opportunity to thank our hardworking members of staff, our Board members, shareholders, the government and other stakeholders for their support and assistance over the past year.

With God's guidance, we will overcome the challenges that are ahead of us.

A handwritten signature in black ink, consisting of a large, stylized 'H' followed by a long horizontal stroke that ends in a small loop.

Henry Graham
Chairman



MANAGING DIRECTOR'S REPORT

It is with a sense of optimism that I am reporting that for the first time in three (3) years we have made a small profit and better results are expected moving forward. The year 2016-2017, saw us recording our highest sales on record despite the fact that pork prices were lower than the two (2) previous years. This improved performance was achieved through the combined results of the opening of the new plant and the increase in pig production.

We are cognizant that to maintain and surpass the performance of 2016-2017, we must cement our relationships through contracts with our markets as well as with our farmers. We are in the final phases of signing these contracts with both key stakeholders. The contracts, we are proposing, will be for a period of not less than three (3) years due to the fact that the high associated costs are a deterrent to pig farmers who cannot recover their investments in less than five to seven (5 - 7) years. This understanding of the market is important to all as it will also serve as a disincentive for non-contracted individuals seeking to grow pigs. Without a contract, these individuals will soon find it difficult to sell their pork; resulting in an oversupply or glut on their part.

As an Agro Park, the provision of the slaughtering service played an important role towards our performance during 2016-2017 as twenty-five percentage (25%) of the pigs were slaughtered through this service. We have been approached by at least three (3) other suppliers for the provision of similar services, to include, the fabrication/cutting and packaging of cuts.

Our slaughtering service is regarded as the best in Jamaica as our animals are transported and rested at least 12 hours before slaughter. Here the animals are allowed to recover through an overhead shower and access to potable drinking water; with each pen being equipped with four (4) nipple drinkers. On the day of slaughter, the animals are subjected to an ante-mortem examination by an assigned registered Veterinarian who certifies that the animals are visually healthy and that it is safe for slaughtering to proceed. Slaughtering is done under the supervision of, most times, two (2) Public Health Inspectors who inspect and certify, by stamping the carcasses fit for human consumption. The carcasses are then weighed and stored in a chill room where they remain for delivery or fabrication the next day.

MANAGING DIRECTOR'S REPORT

Highlights of Sweet River Abattoir and Supplies Company Limited Financials

Indicators	2017 (J\$)	2016 (J\$)	%Inc/Dec
Revenue	345,117,159	215,152,210	60.41%
Cost of Operating Revenue	(294,028,513)	(194,693,506)	51.02%
Gross Profit	51,088,646	20,458,704	149.72%
Administrative Expenses	(36,961,230)	(24,177,518)	52.87%
Profit/(Loss) From Operations	14,127,416	(3,718,814)	479.89%
Finance Income	18,203	94,680	-80.77%
Finance Cost	(12,747,554)	(3,603,662)	253.74%
Profit/(Loss) Before Taxation	1,398,065	(7,227,796)	119.34%
Taxation	(12,392)	1,696,950	-100.73%
Profit/(Loss) after Taxation	1,385,673	(5,530,846)	125.05%
Loss Per Stock Unit	\$ 0.02	\$ (0.07)	128.57%

✚ Sales Revenue

The company generated sales revenue of \$345,117,159 compared to \$215,152,210 in prior period 2015-2016, this is an increase of \$129,964,949. The company sales experienced a percentage decline by 17% down from 77% for 2015-2016 to 60% for 2016-2017. This performance was due to pork prices being lower than expected for the past two (2) years.

✚ Gross Profit

A gross profit of \$51,088,646 was realized during the period 2016-2017 compared to \$20,458,704 during the period 2015-2016. This is a significant increase of \$30,629,942 a 150% increase compared to negative five percent (-5%) reported in the period 2015-2016. This performance is associated with the increase in sales highlighted above.

✚ Net Profit

The company reported a net profit after tax of \$1,385,673 when compared to a net loss of \$5,530,846 during the period 2015-2016.

We are confident that next financial year will be better than financial year 2016-2017, as we are positively seeking to increase our market share. We are also excited about the prospects of the slaughtering of small ruminants to add more variety to our product offering. I want to thank our team for their contributions and look forward your continuous support as we grow this company.


.....
Valdense Gifford
Managing Director

Management Discussion and Analysis

Sweet River Abattoir and Supplies Company Limited (SRA) remains the third (3rd) largest supplier of pork in the Jamaican market.

FIRST QUARTER RESULTS

The recovery and availability of pigs are encouraging and is expected to increase incrementally leading up to the ham season. The outlook for the remainder of the year remains positive.

Our performance over the quarter ending June 2016 saw us slaughtering over 2,000 pigs. However, our revenue was negatively affected due to loss of production associated with our relocation, and contributed to us ending the quarter with a net loss of \$2.2m compared to a net profit of \$1.9m for the same period in 2015. Significant increases in the cost of electricity, insurance and haulage were also key contributors to our loss for the quarter.

Despite the challenges, we are happy to report that since June 2016 our key customers have been receiving an increased supply of pigs and we are now in a position to fully satisfy their demand. We are also now in a position to take on additional markets as well as to offer slaughtering service to farmers and organizations. Our slaughtering service includes: veterinary ante-mortem examination of all animals, post-mortem inspection by a Public Health Inspector, weighing of the carcass, cold storage and reweighing of carcass before delivery.

SECOND QUARTER RESULTS

With the supply of pigs back to normal levels and our network of farmers back to full production we are positioned to meet the demand of our customers during the usual peak season. Our performance for the quarter was much better than the comparable quarter in 2015, when the company generated sales revenue of \$107m in 2016 compared to \$47m in 2015.

We are happy to report that this marks the first full quarter since we began operating from our own plant which was opened in June 2016. With the opening of the new plant, we now have the capacity to slaughter up to 600 animals weekly. This extra capacity will allow us to offer slaughtering service to farmers, companies and/or institutions. We envision that the plant will, in the very near future, be certified for export.

THIRD QUARTER RESULTS

Over the last seven (7) months since we have been in our new facilities, we have slaughtered a record number of animals. Whereas, in 2015 June – December we slaughtered 3,936 animals, for the same period in 2016, we slaughtered 6,762, almost doubling output. Despite this increase, our sales performance for the quarter was 11% below the comparable quarter in 2015 when the company generated sales revenue of \$89m compared to \$79m in 2016. In 2015, our sales were 109,700 kg compared to 2016 when we had sales of 110,200 kg. This drop in sales value was as a result of a fall in the price paid by our major customers. A change in the market rendered a demand for smaller and more affordable hams, which also contributed to a much lower than expected number of sales for the quarter.

On a positive note, it is important to highlight that the total sale for the nine (9) months period increased by 67% when compared to the same period in 2015. For the nine (9) months period in 2015 our sales were 209,212 kg as compared to 349,436 kg in 2016. We expect to record our highest sales of \$315m as compared to \$309m in 2015.

Management Discussion and Analysis

We are projecting to show a small profit in 2017, compared to losses in the two previous years. This momentum is expected to continue as we seek to expand our markets and strengthen our management team going forward.

FOURTH QUARTER RESULTS

For the quarter ending March 31, 2017, we generated sales revenues of \$88.2m compared to \$55.9m for the same period in 2016. We also experienced a 96% increase in our operational expenses over the period due mainly to the trucking of water, electricity and increase staffing to fill vacant positions at the new plant. It is also important to note that we have been operating at the new plant for the past ten (10) months and there are still other vacant positions to be filled. Our sales for the last quarter were below expectation as the period included the winter tourist season when most hotels were operating with full inventory supplies.

NEW BUSINESS LINE

Not included in the increase mentioned above, we have offered slaughtering service that accounts for an additional 30% of the volume over the ten (10) months in which we have been operating at the new plant. Our customers are delighted with the quality of the carcasses supplied so far and have reported increase yield and have increased their level of production.

OUTLOOK

We are expecting even better results in 2018 and beyond as we continue to improve in all areas of production. Cost saving in utilities, haulage and productivity will be given high priority in the weeks, months and years to come.

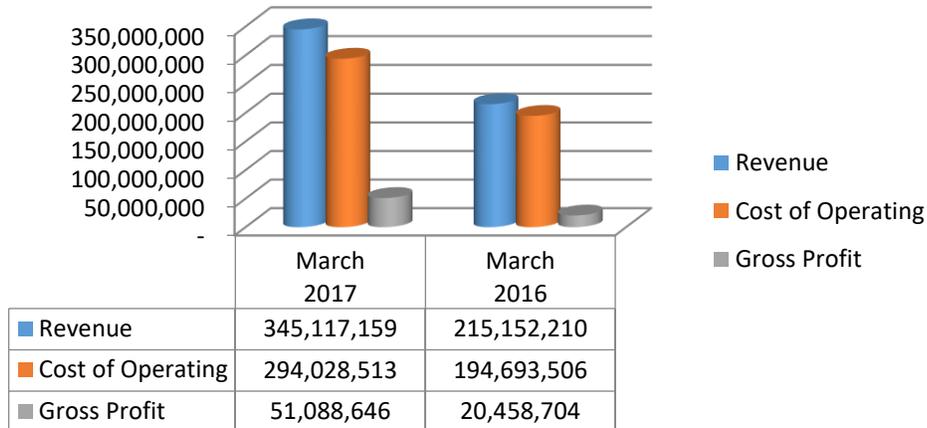
We remain committed to honor all the projects that were mentioned in our prospectus in 2014, these include but are not limited to: the slaughtering of sheep and goats, increase in the local market share and export.

PERFORMANCE SUMMARY

Indicators	March 2017 (J\$)	March 2016 (J\$)	% Change
Revenue	345,117,159	215,152,210	60.41%
Cost of Operating Revenue	(294,028,513)	(194,693,506)	51.02%
Gross Profit	51,088,646	20,458,704	149.72%
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Profit/(Loss) From Operations	14,127,416	(3,718,814)	479.89%
Finance Income	18,203	94,680	-80.77%
Finance Cost	(12,747,554)	(3,603,662)	253.74%
Profit/(Loss) Before Taxation	1,398,065	(7,227,796)	119.34%
Total Assets	496,173,933	401,068,541	23.71%
Total Liabilities	333,864,626	240,144,907	39.03%
Total Equity	162,309,307	160,923,634	0.86%

Management Discussion and Analysis

Revenue vs Cost of Operating vs Gross Profit

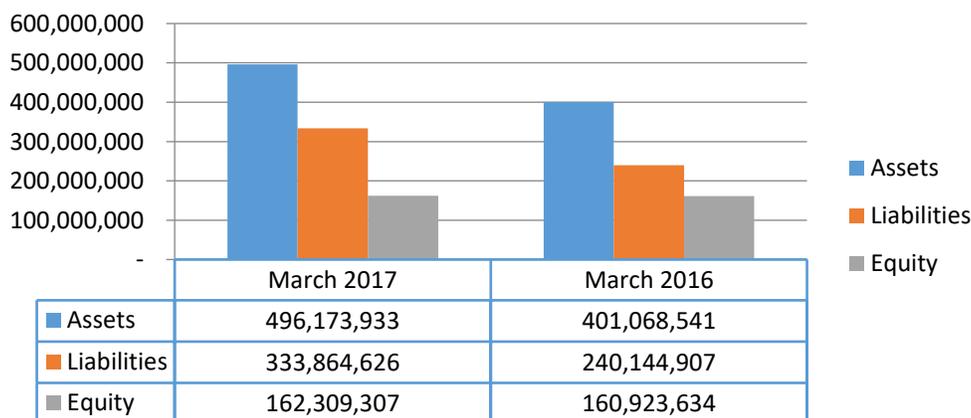


Total Revenue increased by 60%, while Administrative Expenses increased by 53%.

Gross profit increased by 150% and Net Profit increased by 119% as a result of the increase in sales.

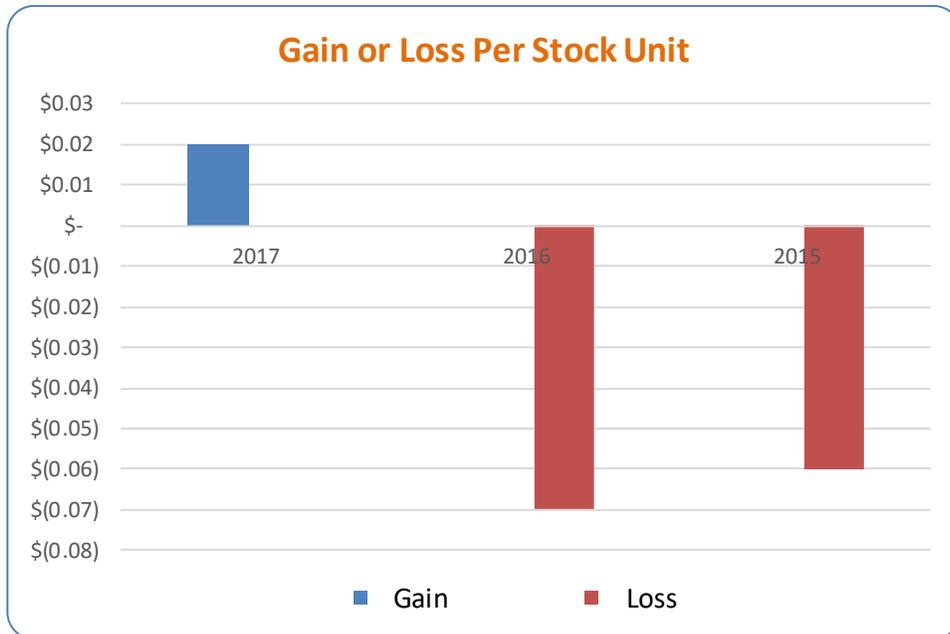
The increase in Operating Costs of 51% is a direct result of the increase in production to meet demands.

Financial Position



Sweet River Abattoir's Total Assets increased by 24% because of increased Liabilities by 39%, while Total Equity increased by 1%.

Management Discussion and Analysis



Sweet River Abattoir for the first time in three (3) years since being listed on the stock market, has seen a positive return on earnings per share of 0.02%. This resulting from increased demand and the company increased production to meet those demand and as a result increased sales.

FUTURE PLANS

We will continue to work closely with our suppliers of raw materials and technical support to farmers, as we are projecting further growth and expansion of our markets over the next few years.

SHAREHOLDERS AS AT MARCH 31, 2017

Shareholders' Information

No. of Units

Directors' Holdings as at March 31, 2017:

HENRY GRAHAM	15,035,009
HECTOR LYONS	7,358,848
AUDLEY DEIDRICK	5,205,603
VALDENCE GIFFORD	4,995,058
NEVIL GRANT	4,654,073
NIGEL MORGAN	919,763

Top Ten Shareholders as at March 31, 2017:

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

Holding of Senior Managers as at March 31, 2017:

Valdence Gifford	4,995,058
Sean Forbes	4,000

CORPORATE GOVERNANCE

Sweet River Abattoir & Supplies Company Limited reflects an organizational structure that is open and transparent, with strong corporate governance systems in place. These precepts clearly define the respective roles and responsibilities of the board and the management team; it also ensures that Sweet River Abattoir & Supplies Company Limited acts in an ethical manner, and within the confines of the law at all times.

The Board has established an Audit Committee and a Compensation Committee, each of which is a prerequisite as dictated by the rules of the Junior Stock Market. The members of both Committees include at least two (2) independent non-executive Directors.

The Compensation Committee is charged with the responsibility of periodically reviewing and establishing fees for Directors and Committee members; and in addition, for executive and administrative staff. The Compensation Committee will seek to ensure that such fees and salaries are competitive.

Environment policies have been implemented by Sweet River Abattoir & Supplies Company Limited to ensure regulatory compliance, and also, to ensure that we do our part in “saving” the environment.

Upon recommendation by the National Environment and Planning Agency (NEPA) we now operate a modern waste disposal system. The system includes an aerobic pond, two (2) reed beds, a sand filter and a grey water holding tank. This process allows us to treat recycled water before it is used for irrigation purposes on the property. Additionally, we continue to utilize proper food safety and traceability systems.

HUMAN RESOURCES

The Directors and Management have established sound management and administrative systems, and continue our efforts to improve operational efficiency to drive profitability and shareholders value.

As such, our values are found within one word that resonates our commitment to all stakeholders: **TEAM**.

T - Together we achieve more

E - Elevating ourselves above the highest ethical standards continuously

A - Accountability for our actions

M - Maintaining respect to our customers, employees and the communities in which we operate

With our continuous expansion and general increase in output, we have been able to create more employment opportunities at Sweet River Abattoir & Supplies Company Limited. Our staff compliment has grown significantly since 2016 and is now made up of thirty-five (35) employees, these include:

- Managing Director;
- Accountant;
- Accounting Clerk;
- Operations Manager;
- Quality Assurance Supervisor;
- Warehousing Manager;
- Line Staff of:
 - 17 Butchers,
 - 6 Sanitation & Maintenance Workers,
 - 3 Packers, and
 - 1 Warehouse Attendant; as well as,
- 2 Security Guards.

In addition, we currently have two (2) truckers on contract.

As we continue to expand, our staff complement will be adjusted accordingly to efficiently meet the demands.

CORPORATE SOCIAL RESPONSIBILITY

Sweet River Abattoir is the only Abattoir of its kind in Jamaica and the Caribbean; it boasts the highest modern technology and boasts a comprehensive state-of-the-art facility. With an estimated throughput capacity target of 250-300, livestock per day, Sweet River will significantly contribute to the economic development of Ferris and neighbouring communities; and by extension to the continued development of Jamaica's Agro Industry.

Currently, the Abattoir offers a secured market for farmers to supply their animals along with technical guidance from our management team in maintaining quality livestock for the Jamaican market.

Additionally, Sweet River Abattoir and Supplies Company Limited became the ninth (9th) Agro-Park in Jamaica; an achievement we are all proud to be a part of.

Support Service to Farmers

The Memorandum of Understanding (MOU) between Sweet River and Hi Pro Feeds enables farmers being exposed to training in technical areas (including, but not limited to):

1. Artificial Insemination
2. Good Husbandry Practices
 - a) Genetics Selection
 - b) Nutritional requirements
 - c) Management of Breeding Herd
 - d) Management of Piglets and Commercial Herd
 - e) Proper Feeding Program
 - f) Vaccination Program
 - g) De-worming Program
3. Diseases Identification and Treatment
4. Proper use of Medication and their withdrawal
5. Proper Record Keeping to include animal identification
6. Importance of Proper Housing and Equipment (Feeders & Scale)
7. Waste Management and Disposal
8. Water Harvesting

Farmers are now able to do various tests at Jamaica Broilers Laboratory to further support the effectiveness of training and trials. They also have access to three (3) Veterinarians, one (1) Nutritionist and four (4) Technical Sales/Field Representatives who provide routine visits to farms.

CORPORATE SOCIAL RESPONSIBILITY

Community Outreach

We have also been able to offer sponsorships in kind to the Cameron Blazers, Jamaica Pig Farmers Association and several churches in and around the community.

In fulfilment of our mission, we continue to seek ways to contribute prime value to our markets, by offering innovative products and services, accomplished through operative and proficient product delivery while generating opportunities that will empower team members and shareholders and will enrich the customers that we serve.

As we expand, our aim is to continue making meaningful impact on the lives of those we serve through community outreach initiatives, sponsorships and meaningful partnerships.

Corporate Head Office
47-49 Trinidad Terrace,
Kingston 5Phone 876.908.3124
Fax 876.754.0380
Email info@crowehorwath.com.jm
Web www.crowehorwath.com.jm**REPORT OF THE INDEPENDENT AUDITORS
TO THE DIRECTORS OF
SWEET RIVER ABATTOIR & SUPPLIES COMPANY LIMITED**

Opinion

We have audited the financial statements of Sweet River Abattoir & Supplies Company Limited which comprise the statement of financial position at 31st March 2017, the statement of comprehensive income, statements of changes in equity and cash flows for the year then ended and notes comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31st March 2017 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Jamaican Companies Act.

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 Financial Statements* section of our report. We are independent of the Company, in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KINGSTONUnit 34
Winchester Business Centre
15 Hope Road,Oxford House
2nd Floor
6 Oxford Road**MANDEVILLE**Shop 2B (Upstairs)
Caledonia Mall
Mandeville**RUNAWAY BAY**Lot 33 & 34
Cardiff Hall
Runaway Bay**MONTEGO BAY**The Annex - UGI Building
30 - 34 Market Street
Montego BayT: +876-9084007
F: +876-7540380T: +876-9263562
F: +876-9291300T: +876-9629153/9626369
F: +876-6252797T: +876-9735360/9735981
F: +876-9737546T: +876-9538486/9719675
F: +876-9533058

**REPORT OF THE INDEPENDENT AUDITORS
TO THE DIRECTORS OF
SWEET RIVER ABATTOIR & SUPPLIES COMPANY LIMITED**

Key Audit Matters (Cont'd)

Key audit matter	How the matter was addressed during our audit
<p><i>Internal Control Policies and Procedures</i></p> <p>As at 31st March 2017, there were no formal documented internal control policies and procedures.</p> <p>We focused on this due to the importance of internal controls in assuring the achievement of a company's objectives in operational effectiveness and efficiency, reliable financial reporting, and compliance with laws, regulations and policies.</p>	<p>Our audit procedures included assessing the established practices to validate the adequacy and effectiveness of these practices in mitigating the risk of material misstatements included in the financial statements.</p>
<p><i>Significant Increase in Trade Payables</i></p> <p>As at 31st March 2017, total Trade Payables increased by 2,388%.</p> <p>We focused on this due to the significance of the increase and the fact that the company was recently listed on the Jamaican Stock Exchange and there is a concerted drive for growth.</p>	<p>Our audit procedures included the assessment and testing of the controls over Accounts Payable and by examining a sample of subsequent disbursements and whether or not goods for which title had passed were appropriately accounted for.</p>
<p><i>Lease of Storage Facility and Office</i></p> <p>As at 31st March 2017, the lease agreement for the storage facility and offices of the company at Smithfield District, Savanna-La-Mar, Westmoreland had expired from February 2015. The option to renew the lease is at the discretion of the owner.</p> <p>We focused on this due to the fact that although the company is currently constructing a new abattoir, the lease of the premises appears to be critical to its operations.</p>	<p>We have brought this to the attention of management who indicated that they were aware of the implications.</p>

Other Information

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

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

**REPORT OF THE INDEPENDENT AUDITORS
TO THE DIRECTORS OF
SWEET RIVER ABATTOIR & SUPPLIES COMPANY LIMITED**

Other Information (Cont'd)

In connection with our audit of the 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 financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement in this other information, we are required to report that matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the 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 Company or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Financial Statements □

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

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

- Identify and assess the risks of material misstatement of the 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

**REPORT OF THE INDEPENDENT AUDITORS
TO THE DIRECTORS OF
SWEET RIVER ABATTOIR & SUPPLIES COMPANY LIMITED**

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd) □

- 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 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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 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 financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' 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 Additional Matters 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 maintained, so far as appears from our examination of those records, and the financial statements which 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 auditors' report is Mrs. Lisa Cousins.


Crowe Horwath Jamaica

Dawgen Towers
47-49 Trinidad Terrace
Kingston 5

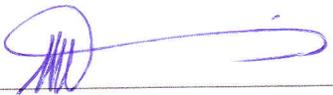
Dated: June 30, 2017

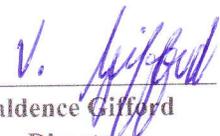
SWEET RIVER ABATTOIR & SUPPLIES COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31ST MARCH 2017
(Expressed in Jamaican Dollars unless otherwise indicated)

	<u>Notes</u>	2017 \$	2016 \$
<u>ASSETS</u>			
Non-Current Assets			
Property, Plant and Equipment	4	386,872,997	364,695,514
Goodwill	5	6,580,000	6,580,000
Deferred Tax Asset	6	3,237,080	3,189,472
Deferred Interest	7	6,411,267	6,411,267
Total Non-Current assets		<u>403,101,344</u>	<u>380,876,253</u>
Current Assets:			
Inventories	8	23,089,788	3,220,434
Trade and Other Receivables	9	53,167,980	15,437,871
Cash and Cash Equivalents	10	16,814,821	1,533,983
Total Current Assets		<u>93,072,589</u>	<u>20,192,288</u>
Total Assets		<u>496,173,933</u>	<u>401,068,541</u>
<u>EQUITY AND LIABILITIES</u>			
Capital and Reserves			
Issued Capital	11	143,695,713	143,695,713
Accumulated Profits		18,613,594	17,227,921
Total Equity		<u>162,309,307</u>	<u>160,923,634</u>
Non-Current Liabilities			
Long-Term Loans	12	112,240,778	129,228,671
Long-Term Payables	13	21,601,125	27,790,420
Shareholders' Loan	14	14,177,343	14,177,343
Total Non-Current Liabilities		<u>148,019,246</u>	<u>171,196,434</u>
Current Liabilities			
Directors' Current Account		797,696	421,344
Current portion of Long-term Loans	12	31,590,690	20,813,331
Current portion of Long-term Payables	13	20,072,111	13,882,816
Trade and Other Payables	15	123,951,505	15,048,044
Taxation Payable		1,471,980	3,721,980
Bank Overdraft	16	7,961,398	15,060,958
Total Current Liabilities		<u>185,845,380</u>	<u>68,948,473</u>
Total Equity and Liabilities		<u>496,173,933</u>	<u>401,068,541</u>

The accompanying notes form an integral part of the financial statements.

APPROVED FOR ISSUE BY THE BOARD ON 30TH JUNE 2017 AND SIGNED ON ITS BEHALF BY:


Henry Graham
Director


Valdense Gifford
Director

SWEET RIVER ABATTOIR & SUPPLIES COMPANY LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST MARCH 2017
(Expressed in Jamaican Dollars unless otherwise indicated)

	<u>Notes</u>	2017 \$	2016 \$
Revenue	17	345,117,159	215,152,210
Cost of Operating Revenue		<u>(294,028,513)</u>	<u>(194,693,506)</u>
Gross Profit		51,088,646	20,458,704
Administrative Expenses		<u>(36,961,230)</u>	<u>(24,177,518)</u>
Profit/(Loss) from Operations		14,127,416	(3,718,814)
Finance Income		18,203	94,680
Finance Costs		<u>(12,747,554)</u>	<u>(3,603,662)</u>
Profit/(Loss) before Taxation	18	1,398,065	(7,227,796)
Taxation	19	<u>(12,392)</u>	<u>1,696,950</u>
Profit/(Loss) for the Year		<u><u>1,385,673</u></u>	<u><u>(5,530,846)</u></u>
Profit/(Loss) per Stock Unit	20	<u><u>\$0.02</u></u>	<u><u>(\$0.07)</u></u>

The accompanying notes form an integral part of the financial statements.

SWEET RIVER ABATTOIR & SUPPLIES COMPANY LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST MARCH 2017
(Expressed in Jamaican Dollars unless otherwise indicated)

	Share Capital	Share Advance	Accumulated Profit	Total
	<u>₤</u>	<u>₤</u>	<u>₤</u>	<u>₤</u>
Balance at 31st March 2015	143,695,713	-	22,758,767	166,454,480
Loss for the Year	-	-	(5,530,846)	(5,530,846)
Balance at 31st March 2016	143,695,713	-	17,227,921	160,923,634
Profit for the Year	-	-	1,385,673	1,385,673
Balance at 31st March 2017	143,695,713	-	18,613,594	162,309,307

The accompanying notes form an integral part of the financial statements.

SWEET RIVER ABATTOIR & SUPPLIES COMPANY LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31ST MARCH 2017
(Expressed in Jamaican Dollars unless otherwise indicated)

	2017	2016
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Profit/(Loss) for the year	1,385,673	(5,530,846)
Adjustments to Reconcile Total Profit/(Loss) for Year to Net Cash Provided by Operating Activities		
Depreciation	439,668	444,526
Deferred Tax Income	(47,608)	(1,756,950)
Deferred Interest	-	(6,411,267)
Interest Income	(9,319)	(11,541)
Taxation Provision	60,000	60,000
	<u>1,828,414</u>	<u>(13,206,078)</u>
(Increase)/Decrease in Current Assets:		
Inventories	(19,869,354)	16,526,545
Trade and other Receivables	(37,730,109)	2,424,875
Increase/(Decrease) in Current Liabilities:		
Trade and Other Payables	108,903,461	(20,797,445)
Directors' Current Account	376,352	423,344
	<u>53,508,764</u>	<u>(14,628,759)</u>
Cash Provided by/(Used In) Operations	53,508,764	(14,628,759)
Interest Received	9,319	11,541
Taxation Paid	(2,310,000)	(1,702,068)
	<u>51,208,083</u>	<u>(16,319,286)</u>
Net Cash Provided by/(Used In) Operating Activities	<u>51,208,083</u>	<u>(16,319,286)</u>
Cash Flows from Investing Activities:		
Additions to Property, Plant & Equipment	(22,617,151)	(76,635,487)
	<u>(22,617,151)</u>	<u>(76,635,487)</u>
Net Cash used in Investing Activities	<u>(22,617,151)</u>	<u>(76,635,487)</u>
Cash Flows from Financing Activities:		
Long-Term loans (Net)	(6,210,534)	8,092,752
Long-Term Payables	-	41,673,236
Shareholders' Loan	-	14,177,343
Bank Overdraft	(7,099,560)	8,199,314
	<u>(13,310,094)</u>	<u>72,142,645</u>
Net Cash (Used In)/Provided by Financing Activities	<u>(13,310,094)</u>	<u>72,142,645</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	15,280,838	(20,812,128)
Cash and Cash Equivalents at Beginning of Year	<u>1,533,983</u>	<u>22,346,111</u>
Cash and Cash Equivalents at End of Year	<u>16,814,821</u>	<u>1,533,983</u>

The accompanying notes form an integral part of the financial statements.

SWEET RIVER ABATTOIR & SUPPLIES COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2017
(Expressed in Jamaican Dollars unless otherwise indicated)

1. Identification:

Sweet River Abattoir & Supplies Company Limited (the company) is a limited liability company, incorporated under the laws of Jamaica on April 2, 2009. The principal activity of the company is the slaughtering of pigs for the sale of pork and other agricultural products.

The company however began operations on November 1, 2011. The registered office of the company is Sweet River, Ferris, Westmoreland.

The company's shares were listed on the Junior Market of the Jamaica Stock Exchange in September 2014.

2. Adoption of Standards, Interpretations and Amendments:

(a) Standards, Interpretations and Amendments to published standards that are in effect:

The International Accounting Standards Board (IASB) issued certain new standards and interpretations as well as amendments to existing standards, which became effective during the year under review. Management has assessed the relevance of these new standards, interpretations and amendments and has adopted and applied in these financial statements, those standards which are considered relevant to its operations.

IAS 1: Presentation of Financial Statement (Effective January 2016)

The amendment addresses perceived impediments to preparers exercising their judgement in presenting their financial reports by making the following changes.

Clarifies that information should not be obscured by aggregating or by providing immaterial information materiality consideration apply to the all parts of the financial statements, and even when a standard requires a specific disclosure, materiality considerations do apply;

Clarifies that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements and clarification that an entity's share of other comprehensive income of equity-accounted associates and joint ventures should be presented in aggregated as single line items based on whether or not it will subsequently be reclassified to profit or loss;

Provides additional examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes and to demonstrate that the notes need to be presented in the order so far listed in paragraph 114 of IAS 1.

IAS 16: Property, Plant and Equipment and IAS 38 Intangible Assets (Effective January 2016)

- Clarifies that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment;
- Introduces a rebuttable presumption that an amortisation method that is based on the revenue generated by an activity that includes the use of an intangible asset is inappropriate, which can only be overcome in limited circumstances where the intangible asset is expressed as a measure of revenue, or when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated;

SWEET RIVER ABATTOIR & SUPPLIES COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS - CONT'D
FOR THE YEAR ENDED 31ST MARCH 2017
(Expressed in Jamaican Dollars unless otherwise indicated)

2. Adoption of Standards, Interpretations and Amendments - cont'd:

(a) Standards, Interpretations and Amendments to published standards that are in effect (cont'd):

IAS 16: Property, Plant and Equipment and IAS 38 Intangible Assets (Effective January 2016) (Cont'd)

- Adds guidance that expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technological or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits embodied in the asset.

IAS 27: Separate Financial Statements (Effective January 2016)

Amends IAS 27: Separate Financial Statements to permit investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements.

Improvements to IFRS 2012–2014 cycle contains amendments to certain standards and interpretations and are effective for accounting periods beginning on or after January 1, 2016. The main amendments are as follows:

- **IFRS 5: Non-current Assets Held for Sale and Discontinued Operations (Effective January 2016)**

Adds specific guidance in IFRS 5 for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued.

- **IFRS 7: Financial Instruments: Disclosures (Effective January 2016)**

Additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset, and clarification on offsetting disclosures in condensed interim financial statements.

- **IAS 19: Employee Benefits (Effective January 2016)**

Clarifies that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid.

Amendments to IFRS 10: Consolidated Financial Statements, IFRS 12: Disclosure of Interests in Other Entities and IAS 28: Investments in Associates and Joint Ventures (2011) Effective January 2016)

Amendments to address issues that have arisen in the context of applying the consolidation exception for investment entities by clarifying the following points:

- The exemption from preparing consolidated financial statements for an intermediate parent entity is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all of its subsidiaries at fair value.

SWEET RIVER ABATTOIR & SUPPLIES COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS - CONT'D
FOR THE YEAR ENDED 31ST MARCH 2017
(Expressed in Jamaican Dollars unless otherwise indicated)

2. Adoption of Standards, Interpretations and Amendments - cont'd:

(a) Standards, Interpretations and Amendments to published standards that are in effect (cont'd):

Amendments to IFRS 10: Consolidated Financial Statements, IFRS 12: Disclosure of Interests in Other Entities and IAS 28: Investments in Associates and Joint Ventures (2011) Effective January 2016) (cont'd)

- A subsidiary that provides services related to the parent's investment activities should not be consolidated if the subsidiary itself is an investment entity.
- When applying the equity method to an associate or a joint venture, a non-investment entity investor in an investment entity may retain the fair value measurement applied by the associate or joint venture to its interests in subsidiaries.
- An investment entity measuring all of its subsidiaries at fair value provides the disclosures relating to investment entities required by IFRS 12.

These affected the financial statements for accounting periods beginning on or after the first day of the months stated. The adoption of these Standards and amendments had no material impact on the company's financial statements.

(b) Standards, Interpretations and Amendments to published standards that are not yet effective:

Certain new, revised and amended standards and interpretations have been issued which are not yet effective for the current year and which the company has not early-adopted. The company has assessed the relevance of all the new standards, amendments and interpretations with respect to the company's operations and has determined that the following are likely to have an effect on the company's financial statements:

Amendments to IAS 7 - Statement of Cash Flows (Effective January 2017)

Amends IAS 7, Statement of Cash Flows to clarify that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.

IAS 12 - Income Taxes - Recognition of Deferred Tax Assets for Unrealised Losses (Effective January 2017)

Amends IAS 12, Income Taxes to clarify the following aspects:

- Unrealised losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use.
- The carrying amount of an asset does not limit the estimation of probable future taxable profits.
- Estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences.
- An entity assesses a deferred tax asset in combination with other deferred tax assets. Where tax law restricts the utilisation of tax losses, an entity would assess a deferred tax asset in combination with other deferred tax assets of the same type.

SWEET RIVER ABATTOIR & SUPPLIES COMPANY LIMITED
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FOR THE YEAR ENDED 31ST MARCH 2017
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2. Adoption of Standards, Interpretations and Amendments - cont'd:

(b) Standards, Interpretations and Amendments to published standards that are not yet effective - cont'd:

IFRS 9: Financial Instruments (2014) (Effective January 2018)

A finalised version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 Financial Instruments: Recognition and Measurement. The standard contains requirements in the following areas:

Classification and measurement: Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Hence, financial assets are to be classified into three measurement categories: those measured at amortised cost, those to be measured subsequently at fair value through other profit and loss (FVPL) and those to be measured subsequently at fair value through other comprehensive income (FVOCI). Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk.

Impairment: The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognised.

Hedge accounting: Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures.

Derecognition: The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.

Note: Depending on the chosen approach to applying IFRS 9, the transition can involve one or more than one date of initial application for different requirements.

Management has determined that the standard is relevant to existing policies for its current operations, but has not yet assessed the impact on adoption.

IFRS 15 - Revenue from Contracts with Customers (IAS 18 will be superseded by IFRS 15 Revenue from Contracts with Customers.) (Effective January 2018)

IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers.

The five steps in the model are as follows:

- Identify the contract with the customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contracts
- Recognise revenue when (or as) the entity satisfies a performance obligation.

SWEET RIVER ABATTOIR & SUPPLIES COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS - CONT'D
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2. Adoption of Standards, Interpretations and Amendments (cont'd):

(b) Standards, Interpretations and Amendments to published standards that are not yet effective - cont'd:

IFRS 15 - Revenue from Contracts with Customers (IAS 18 will be superseded by IFRS 15 Revenue from Contracts with Customers.) (Effective January 2018) (Cont'd)

Guidance is provided on topics such as the point in which revenue is recognised, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced.

IFRS 16 - Leases (Effective January 2019)

IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

These amendments will affect financial statements for accounting periods beginning on or after the first day of the months stated. The Company is evaluating the impact that these standards and amendments will have on the financial statements.

Management has determined that these Standards are relevant to existing policies for its current operations, but has not yet assessed the impact on adoption.

3. Statement of Compliance, Basis of Preparation and Significant Accounting Policies:

(i) Statement of Compliance and Basis of Preparation:

The financial statements have been prepared in accordance with International Financial Reporting Standard (IFRS) and their interpretations adopted by the International Accounting Standards Board (IASB), and comply with the requirements of the Jamaican Companies Act. They have been prepared under the historical cost convention.

(ii) Significant Accounting Policies:

(a) Use of Estimates and Judgements

The preparation of financial statements in accordance with International Financial Reporting Standards requires directors and management to make estimates and assumptions that affects the amounts reported in the financial statements and accompanying notes. These estimates are based on historical experience and management's best knowledge of current events and actions and are reviewed on an ongoing basis. Actual results could differ from those estimates.

SWEET RIVER ABATTOIR & SUPPLIES COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS - CONT'D
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3. Statement of Compliance, Basis of Preparation and Significant Accounting Policies:

(ii) Significant Accounting Policies - cont'd:

(b) Property, Plant and Equipment

Property, Plant and Equipment is composed of freehold improvement, construction in progress, furniture and equipment which are held for use in the production or supply of goods and services and administrative purposes. They are recorded at historical cost less accumulated depreciation and impairment losses.

Construction in progress is carried at cost less any recognized impairment losses. Cost includes professional fees and borrowing costs have been capitalized for qualifying assets. Depreciation will be charged when the assets are ready for their intended use.

Depreciation is calculated on the straight line basis by reference to cost or valuation, at rates estimated to write off the relevant assets over their expected useful lives. The annual rates used are as follows:

Freehold Improvement	2.5 %
Furniture	10 %
Equipment	10 %
Computer Equipment	12.5%

Freehold Improvement and Construction in Progress are not depreciated.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

(c) Impairment of Assets

Property, plant and equipment and other long lived assets are reviewed for impairment losses 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 higher of an asset's net selling price or value in use. For the purpose of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows.

(d) Foreign Currency Transactions

Transactions in foreign currencies are converted at the rates ruling at the date of the transactions. Foreign currency balances are translated at the rate of exchange ruling at each of the dates of the statement of financial position. Exchange adjustments arising from foreign currency translations are reflected in the Statement of Comprehensive Income.

(e) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the first-in-first-out method and includes expenditure incurred in acquiring the inventories and any costs incurred in bringing them to their existing condition and location. Net realisable value is the estimated selling price in the ordinary course of business, less the cost of completion and selling expenses.

SWEET RIVER ABATTOIR & SUPPLIES COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS - CONT'D
FOR THE YEAR ENDED 31ST MARCH 2017
(Expressed in Jamaican Dollars unless otherwise indicated)

3. Statement of Compliance, Basis of Preparation and Significant Accounting Policies - cont'd:

(ii) Significant Accounting Policies - cont'd:

(f) Trade Receivables

Trade receivables are carried at original invoice amount less an estimate made for bad debts and doubtful receivables based on a review of all outstanding amounts at the year end. Bad debts are written off when identified.

(g) Cash and Cash Equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand, deposits held on call with banks and other short-term highly liquid investments. In the statement of financial position, bank overdrafts where evident, are included in borrowings in current liabilities and as cash flows from financing activities in the statement of cash flows.

(h) Taxation

Taxation on the profit or loss for the year comprises current and deferred tax. Taxation is recognised as income or expense in the statement of comprehensive income except to the extent that it relates to items recorded in shareholders' equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable profit for the year, adjusting for tax purposes using the tax rates enacted at the date of the statement of financial position, and any adjustment to tax payable in respect of previous years.

Deferred tax is computed using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amount used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted at each of the dates of the statement of financial position.

Deferred tax assets are recognised to the extent it is probable that future taxable profits will be available against which these assets can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Current and deferred tax assets and liabilities are set off when they arise from the same taxable entity, relate to the same tax authority and when the legal right of set-off exists.

(i) Provisions

Provisions are recognised when there is a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made.

SWEET RIVER ABATTOIR & SUPPLIES COMPANY LIMITED
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3. Statement of Compliance, Basis of Preparation and Significant Accounting Policies - cont'd:

(ii) Significant Accounting Policies - cont'd:

(j) Revenue Recognition

Revenue comprises the fair value of consideration received or receivable for the provision of goods in the ordinary course of the company's activities. Revenue is shown net of discounts.

Interest Income is recognised in the statement of comprehensive income using the effective yield basis.

(k) Related Party Balances and Transactions -

A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to in IAS 24, *Related Party Disclosures* as the "reporting entity").

(a) A person or a close member of that person's family is related to the reporting entity if that person:

- (i) has control or joint control over the reporting entity;
- (ii) has significant influence over the reporting entity; or
- (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(b) An entity is related to the reporting entity if any of the following conditions applies:

- (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
- (vi) The entity is controlled, or jointly controlled by a person identified in (a).
- (vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

(l) Comparative Information

Where necessary, comparative figures have been reclassified to conform with changes in presentation in the current year.

SWEET RIVER ABATTOIR & SUPPLIES COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS - CONT'D
FOR THE YEAR ENDED 31ST MARCH 2017

(Expressed in Jamaican Dollars unless otherwise indicated)

4. Property, Plant and Equipment:

	Freehold Improvement	Construction Work-in- Progress	Leasehold Improvement	Computer Furniture & Equipment	Total
	\$	\$	\$	\$	\$
<u>At Cost or Valuation:</u>					
31st March 2015	4,907,975	281,250,541	1,176,641	2,459,709	289,794,866
Additions	-	74,836,055	-	1,799,432	76,635,487
31st March 2016	4,907,975	356,086,596	1,176,641	4,259,141	366,430,353
Additions	-	22,517,732	-	99,419	22,617,151
31st March 2017	4,907,975	378,604,328	1,176,641	4,358,560	389,047,504
<u>Accumulated Depreciation:</u>					
At 31st March 2015	-	-	176,497	1,113,816	1,290,313
Charge for Year	-	-	29,415	415,111	444,526
At 31st March 2016	-	-	205,912	1,528,927	1,734,839
Charge for Year	-	-	29,416	410,252	439,668
At 31st March 2017	-	-	235,328	1,939,179	2,174,507
<u>Net Book Value:</u>					
31st March 2017	4,907,975	378,604,328	941,313	2,419,381	386,872,997
31st March 2016	4,907,975	356,086,596	970,729	2,730,214	364,695,514
31st March 2015	4,907,975	281,250,541	1,000,144	1,345,893	288,504,553

Borrowing costs which were directly attributable to the construction work-in-progress amounting to \$8,152,073 (2016: \$15,723,653) form a part of the cost of this asset. Capitalisation was suspended in August 2016 when active construction was interrupted. Subsequent to August 2016 and up to the year end, borrowing costs were charged to the Statement of Comprehensive Income .

SWEET RIVER ABATTOIR & SUPPLIES COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS - CONT'D
FOR THE YEAR ENDED 31ST MARCH 2017

(Expressed in Jamaican Dollars unless otherwise indicated)

5. Goodwill:

This represents the excess money paid to Grace Food Processors, over the value of the physical assets taken over for the business. No impairment was charged during the year (2016: Nil).

6. Deferred Tax Asset:

Deferred income taxes are calculated in full on temporary differences under the liability method using a principal tax rate of 25%. Assets and liabilities recognised have been off-set as they accrue to the same tax authority.

Movement in the net deferred income tax balances is as follows:

	2017	2016
	\$	\$
Net Asset at beginning of the year	(3,189,472)	(1,432,522)
Deferred Tax Income	<u>(47,608)</u>	<u>(1,756,950)</u>
Net Asset at end of the year	<u><u>(3,237,080)</u></u>	<u><u>(3,189,472)</u></u>

Deferred Tax (Asset)/Liability is due to the following items:

	2017	2016
	\$	\$
<u>Deferred Tax Assets</u>		
Losses Carried Forward	(2,676,479)	(3,128,116)
Interest Payable	(589,473)	(89,236)
Computer	<u>(10,671)</u>	<u>(434)</u>
	<u><u>(3,276,623)</u></u>	<u><u>(3,217,786)</u></u>
<u>Deferred Tax Liabilities</u>		
Furniture, Fixture & Equipment	(633)	(8,945)
Leasehold Improvement	<u>40,176</u>	<u>37,259</u>
	<u><u>39,543</u></u>	<u><u>28,314</u></u>
Net Deferred Tax Asset	<u><u>(3,237,080)</u></u>	<u><u>(3,189,472)</u></u>

7. Deferred Interest:

	2017	2016
	\$	\$
Neville L. Daley and Company Limited	<u><u>6,411,267</u></u>	<u><u>6,411,267</u></u>

This represent the total interest (add on) charged by the Contractor on funds advanced for the construction of the Abattoir. The interest was charged at the rate at eight percent (8%) per annum for three years and nine months (3 3/4yrs). The loan plus interest are repayable in twelve (12) monthly installments of \$300,000.00 that commenced October 30, 2015 to September 30, 2016 and thereafter in twenty four (24) monthly installments of \$1,586,384.82 with a final payment in September 2018. If the loan is not repaid by September 30, 2018, then any outstanding balance will be repaid in one lump sum at a monthly interest rate of four percent (4%) per annum.

SWEET RIVER ABATTOIR & SUPPLIES COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS - CONT'D
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8. Inventories:

	2017	2016
	\$	\$
Packaging Materials	307,378	255,208
Finished Goods	<u>22,782,410</u>	<u>2,965,226</u>
	<u>23,089,788</u>	<u>3,220,434</u>

9. Trade and Other Receivables:

	2017	2016
	\$	\$
Trade Receivables	52,074,969	14,503,542
Other Receivables	<u>1,093,011</u>	<u>934,329</u>
	<u>53,167,980</u>	<u>15,437,871</u>

10. Cash and Cash Equivalents:

	2017	2016
	\$	\$
Current Account	13,322,441	496,862
Foreign Currency Account	54,722	5,971
Savings Account	1,874,214	109,358
Cash in Hand	<u>1,563,444</u>	<u>921,792</u>
	<u>16,814,821</u>	<u>1,533,983</u>

11. Issued Capital:

	2017	2016
	\$	\$
<u>Authorised:</u>		
100,000,000 (2016 - 100,000,000) ordinary shares of no par value		
<u>Issued and Fully Paid:</u>		
81,531,043 (2016 - 81,531,043) ordinary shares net of transaction costs	<u>143,495,713</u>	<u>143,495,713</u>

The Share Advance was converted to the shares at the values determined for the Initial Public Offering. At the end of the Offering, 81,531,043 shares were issued at a value of \$118,000,000.

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12. Long-Term Loans:

	2017	2016
	\$	\$
(i) First Global Bank Limited	128,415,550	141,792,570
(ii) VM Wealth Management Limited	11,000,000	8,249,432
(iii) Sagicor Bank Jamaica Limited	4,415,918	-
	<u>143,831,468</u>	<u>150,042,002</u>
Less Current Portion	<u>(31,590,690)</u>	<u>(20,813,331)</u>
	<u><u>112,240,778</u></u>	<u><u>129,228,671</u></u>

- (i) This represents a Development Bank of Jamaica (DBJ) Non Revolving Demand Loan of \$147,792,570.00 granted by First Global Bank Limited for the purpose of consolidating and restructuring the existing facilities to assist with the construction of the abattoir facility. Interest is charged at the rate of 9.5% per annum until expiry. There is a nine (9) months moratorium on the principal repayments and thereafter, the principal amount is scheduled to be repaid by seventy-nine (79) monthly payments of \$1,632,557.51. Interest is to be paid monthly commencing one month after disbursement.

Details of securities held are -

First Demand Debenture over the assets of the company, registered to cover \$151,000,000 and stamped collateral with :

- First legal mortgage over commercial property located at Sweet River, Ferris, Westmoreland registered at Vol. 1454 Folio 816 in the name of the company, registered and stamped to cover \$151,000,000.
 - Bill of sale over abattoir equipment located at Sweet River, Westmoreland estimated value \$97,544,000 registered and stamped to cover \$44,400,000.
 - Assignment of all-peril insurance coverage for full replacement value of the property and other assets with First Global Bank Limited's interest noted as mortgagees. Assignment of In-Course construction insurance during the construction phase of the project with the Bank's interest noted.
 - Personal guarantees signed by Valdense Gifford, Neville Grant, Henry Graham, Audley Dietrick, Michael Pinnock, Derrick McKenzie, Hector Lyons, Nigel Morgan and Kirk Fong for \$151,000,000.
 - Subordination Agreement re Shareholders' loan to bank debts.
- (ii) This represents a \$11,000,000.00 JMD Fixed Rate Unsecured Convertible Investment Note which was used for the purpose of completing the Abattoir, purchase equipment and provide working capital. The tenor is twelve (12) months at a fixed interest rate of 13.75% per annum and it matures on February 28, 2017. The first interest payment will be due and payable on May 31, 2016, thereafter on August 31, 2016, November 30, 2016 and February 28, 2017 net of withholding where applicable; and the principal will be repaid in a single bullet payment at maturity. Each Noteholder has the right to convert their Notes to ordinary shares of the company at a conversion price of three dollars and eighty five cents (\$3.85) at maturity date. Only \$8,249,432 of the loan was disbursed to the company as at 31st March 2016. The balance of the loan amounting to \$2,750,568 was disbursed during the year.
- (iii) This an Amortized Demand Loan of \$5M from Sagicor Bank Jamaica Limited on May 10, 2016 to liquidate the overdraft facility granted for working capital support. Interest is accrued at the rate of 15.95% per annum and it matures on May 25, 2021. It is repayable in sixty (60) monthly payments of \$121,457.49. It is secured by the unlimited guarantees of Henry and Evelyn Graham supported by first legal mortgage over residential property located at Lot 181 Southsea Park, Whitehouse, Westmoreland, registered at volume 1197 Folio 283 and stamped to cover JMD\$5M; and the unlimited guarantees of Valdense Gifford and Neville Grant.

SWEET RIVER ABATTOIR & SUPPLIES COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS - CONT'D
FOR THE YEAR ENDED 31ST MARCH 2017

(Expressed in Jamaican Dollars unless otherwise indicated)

13. Long-Term Payables:

	2017	2016
	\$	\$
Neville L. Daley and Company Limited	41,673,236	41,673,236
Less Current Portion	<u>(20,072,111)</u>	<u>(13,882,816)</u>
	<u>21,601,125</u>	<u>27,790,420</u>

This represents amounts owing to the contractor Neville L Daley and Company Limited for construction of the Abattoir. Interest is charged at the rate at eight percent (8%) per annum for three years and nine months (3 3/4yrs). The loan plus interest are repayable in twelve (12) monthly installments of \$300,000.00 commencing October 30, 2015 to September 30, 2016 and thereafter in twenty four (24) monthly installments of \$1,586,384.82 with a final payment in September 2018. If the loan is not repaid by September 30, 2018, then any outstanding balance will be repaid in one lump sum at a monthly interest rate of four percent (4%) per annum.

14. Shareholders' Loans

	2017	2016
	\$	\$
(i) Henry Graham Loan #1	1,410,360	1,410,360
(ii) Nathan Meylor Loan # 1	3,111,921	3,111,921
(iii) Henry Graham Loan #2	6,829,473	6,829,473
(iii) Nathan Meylor Loan # 2	<u>2,825,589</u>	<u>2,825,589</u>
	<u>14,177,343</u>	<u>14,177,343</u>

(i) This loan of US\$12,000 from Henry Graham was made on 20th August 2015 subject to an interest rate of 6% per annum on or before December 20, 2015. Interest of 7 1/2% per annum accrued daily on all amounts outstanding after December 20, 2015. It is agreed that all payments of principal and interest due to the lender be re-paid in United States Currency.

(ii) This loan of JA\$3,111,921.16 from Nathan Meylor was made on 30th July 2015 subject to an interest rate of 6% per annum. It was further agreed that interest of \$186,715 and principal be re-paid twelve (12) months after 30th July 2015.

(iii) These loans have no specific dates for repayment and do not attract interest.

15. Trade and Other Payables:

	2017	2016
	\$	\$
Trade Payable	110,315,246	4,434,006
Accrued Expenses	4,038,578	1,844,109
Statutory Payables	422,337	469,164
Contractual Liabilities	6,965,819	6,965,819
Other Payables	1,981,678	1,107,099
Shareholders' Loan Interest Payable	<u>227,847</u>	<u>227,847</u>
	<u>123,951,505</u>	<u>15,048,044</u>

SWEET RIVER ABATTOIR & SUPPLIES COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS - CONT'D
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16. Bank Overdraft:

This represents the company's liability to its bankers on its current accounts after taking into account all cheques issued but not presented for encashment at year end.

17. Revenue:

Revenue is measured at the invoiced value of goods supplied or sold, net of discounts.

18. Profit/(Loss) before Taxation

The profit/(loss) before taxation is arrived at after charging/(crediting) the under listed items:

	2017	2016
	\$	\$
Directors' Emoluments	855,392	1,031,120
Auditors' Remuneration	442,700	442,700
Depreciation	<u>439,668</u>	<u>444,526</u>

19. Taxation:

(a) Taxation computed on profits adjusted for tax purposes for the year is as follows:

	2017	2016
	\$	\$
Income Tax Expense		
Deferred Tax Income	(47,608)	(1,756,950)
Minimum Business Tax	<u>60,000</u>	<u>60,000</u>
Taxation income recognised in statement of comprehensive income	<u>12,392</u>	<u>(1,696,950)</u>

Tax Charge Reconciliation

Profit/(Loss) before Taxation	<u>1,398,065</u>	<u>(7,227,796)</u>
Income Tax @ 25 %	349,516	(1,806,950)
Income tax consequences of the following:		
Interest & Penalties	4,513	-
Asset Fees	50,000	50,000
Minimum Business Tax	<u>60,000</u>	<u>60,000</u>
	<u>12,392</u>	<u>(1,696,950)</u>

SWEET RIVER ABATTOIR & SUPPLIES COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS - CONT'D
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(Expressed in Jamaican Dollars unless otherwise indicated)

19. Taxation - Cont'd:

- (a) Under the Minimum Business Tax Act, 2015, the company is liable to pay the minimum business tax of \$60,000 on an annual basis.
- (b) Losses available for set-off against future profits amount to \$10,705,916 (2016 - \$12,512,464) and are subject to agreement with the Commissioner General, Tax Administration Jamaica.
- (c) The company was listed on the Junior Market of the Jamaican Stock Exchange (JSE) on September 2014 and under the Seventh Schedule of the Fiscal Incentives (Miscellaneous Provisions) Act, 2013, it is deemed a newly eligible company and is eligible for the specified incentive relief for each year of assessment falling within the incentive period. The incentive period is the period of up to five (5) years immediately following the date on which it became an eligible company. As a newly eligible company, it is exempt from the payment of one hundred percent (100 %) of income tax that the company would, under this Act, have been liable to pay in respect of income, profits and gains, had it not been an eligible company. The company must however, adhere to the following conditions in order to benefit from this income tax exemption.
- The company is required to be listed on the Junior Market of the JSE for a combined continuous period of not less than ten (10) years from the date of initial admission and should not have been temporarily delisted by reason of being suspended from the JSE for any breach of the Junior Market or delisted in other circumstances.
 - The participating voting shares must be ordinary shares or stock units, ordinary preference shares or stock units or any other shares or stock units, which qualify for equity treatment under IFRS.

If any condition is breached, then the company shall immediately become liable to pay all tax under this Act from the time of its initial admission which, but for this Act would have otherwise been payable.

The company while eligible for the specified incentive relief shall not be entitled to any other incentives, credits or relief under the Fiscal Incentives (Miscellaneous Provisions) Act, 2013 and the Income Tax Relief (Large-scale Projects and Pioneer Industries) Act in respect of that year of assessment.

20. Profit/(Loss) per Stock Unit:

The profit/(loss) per stock unit is computed by dividing the loss attributable to stockholders by the number of shares in issue at the end of the year.

	2017	2016
	\$	\$
Net Profit/(Loss) attributable to stockholders (000's)	1,386	(5,531)
Number of ordinary stock units (000's)	81,531	81,531
Earnings per stock unit (\$ per share)	<u>0.02</u>	<u>(0.07)</u>

21. Staff Costs:

Staff Costs amounted to \$7,404,869 (2016 - \$7,506,957). The number of employees as at 31st March 2017 was 4 (2016 - 4).

SWEET RIVER ABATTOIR & SUPPLIES COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS - CONT'D
FOR THE YEAR ENDED 31ST MARCH 2017
(Expressed in Jamaican Dollars unless otherwise indicated)

22. Financial Risk Management:

A financial instrument is a contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise. For the purpose of the financial statements, financial assets have been determined to include cash and cash equivalents and trade and other receivables. Financial liabilities have been determined to include trade and other payables.

The company's activities exposes it to a variety of financial risks which require evaluation, acceptance and management of some degree of risks or combination of risks. Operational risks are an inevitable consequence of being in business. The company's aim is to achieve an appropriate balance between risk and return and minimise potential adverse effects on the company's financial performance.

The company's management policies are designed to identify and analyse these risks, to set up appropriate controls and to monitor the risks by means of up-to-date information.

The Board of Directors is ultimately responsible for the establishment and oversight of the company's management framework. It provides policies for overall risk management, as well as principles and procedures covering the specific areas of risk. The Board manages and monitors those risks such as foreign exchange risk, interest rate risk and credit risk, and manages the investment of excess liquidity.

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

These risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements. The risks that the company primarily faces due to the nature of its assets and liabilities are credit risk, liquidity risk and currency risk.

(a) Credit Risk

The company is exposed to credit risk, which is the risk that its customers will cause a financial loss for the company by failing to discharge their contractual obligations. Credit risk is the most important risk for the company's business; management therefore carefully manages its exposure to credit risk. Credit exposure arise principally from the company's receivables from customers.

Credit Review Process

The company has established a credit quality process and has credit policies and procedures which require regular analysis of the ability of debtors to meet payment obligations.

Maximum Exposure to Credit Risk

	2017	2016
	\$	\$
Trade Receivables	52,074,969	14,503,542
Other Receivables	1,093,011	934,329
Cash and Cash Equivalents	<u>15,251,377</u>	<u>612,191</u>
	<u>68,419,357</u>	<u>16,050,062</u>

SWEET RIVER ABATTOIR & SUPPLIES COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS - CONT'D
FOR THE YEAR ENDED 31ST MARCH 2017
(Expressed in Jamaican Dollars unless otherwise indicated)

22. Financial Risk Management - cont'd:

(a) Credit Risk - cont'd:

(i) Trade Receivables

The company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The credit policy states that each customer must be analyzed individually for credit worthiness prior to the company offering them a credit facility.

Customer credit risk is monitored according to credit characteristics such as whether it is an individual or company, geographic location, industry, aging profile and previous financial difficulties.

The company's average credit period for the sale of goods is thirty (30) days. The company considers providing fully for all receivables over one hundred and eighty (180) days.

(ii) Other Receivables

Other receivables consist mainly of amounts recoverable from employees and prepayments. There is therefore limited credit risk with regard to these items though the recovery period may be extended.

(iv) Cash and Cash Equivalents

Cash and cash equivalents on which the company faces credit risks comprise its current accounts and deposits held with financial institutions. The company limits its exposure to credit risk by placing its cash and cash equivalents with counter-parties that have high credit quality. Accordingly, management does not expect any counter-party to fail to meet its obligation.

There has been no change in the company's exposure to credit risks or the manner in which it measures and manages this risk.

(b) Liquidity Risk:

Liquidity risk is the risk that the company is unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn.

The company manages its liquidity risk by maintaining an appropriate level of resources in liquid or near liquid form. At the date of the statement of financial position its current liabilities exceeded its current assets by \$92,772,791 (2016 - \$48,756,185).

Liquidity Risk Management Process

The company's liquidity management process, as carried out within the company and monitored by the Accounts Department, includes:

- (i) Monitoring future cash flows and liquidity on a regular basis. This incorporates an assessment of expected cash flows and the availability of high grade collateral which could be used to secure funding if required;
- (ii) Maintaining a portfolio of highly marketable and diverse assets that can easily be liquidated as protection against any unforeseen interruption to cash flows;
- (iii) Optimising cash returns on investments;

SWEET RIVER ABATTOIR & SUPPLIES COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS - CONT'D
FOR THE YEAR ENDED 31ST MARCH 2017
(Expressed in Jamaican Dollars unless otherwise indicated)

22. Financial Risk Management - cont'd:

(b) Liquidity Risk - cont'd:

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

There has been no change in the company's liquidity risk or the manner in which it measures and manages the risk.

The following are the contractual maturities of financial assets and liabilities including interest payments as at:

31st March 2017

	Carrying Amount and Contractual Cash Flow	0 - 6 months	6 - 12 months	No Specific Maturities
	\$	\$	\$	\$
Inventories	23,089,788	23,089,788	-	-
Trade Receivables	52,276,772	52,276,772	-	-
Other Receivables	891,208	224,604	666,604	-
Cash and Cash Equivalents	<u>16,814,821</u>	<u>16,758,756</u>	<u>-</u>	<u>56,065</u>
	<u>93,072,589</u>	<u>92,349,920</u>	<u>666,604</u>	<u>56,065</u>
Trade Payables	110,315,246	110,315,246	-	-
Accruals/Other Payables	13,636,259	6,442,593	7,193,666	-
Taxation Payable	1,471,980	1,471,980	-	-
Director's Current Account	797,696	-	797,696	-
Current portion of Long-Term Loan	31,590,690	31,590,690	-	-
Current portion of Long-Term Payables	20,072,111	20,072,111	-	-
Bank Overdraft	<u>7,961,398</u>	<u>7,961,398</u>	<u>-</u>	<u>-</u>
	<u>185,845,380</u>	<u>177,854,018</u>	<u>7,991,362</u>	<u>-</u>
Net Current (Liabilities)/Assets	<u><u>(92,772,791)</u></u>	<u><u>(85,504,098)</u></u>	<u><u>(7,324,758)</u></u>	<u><u>56,065</u></u>

SWEET RIVER ABATTOIR & SUPPLIES COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS - CONT'D
FOR THE YEAR ENDED 31ST MARCH 2017
(Expressed in Jamaican Dollars unless otherwise indicated)

22. Financial Risk Management - cont'd:

(b) Liquidity Risk - cont'd:

The following are the contractual maturities of financial assets and liabilities including interest payments as at:

31st March 2016

	Carrying Amount and Contractual Cash Flow	0 - 6 months	6 - 12 months	No specific maturities
	\$	\$	\$	\$
Inventories	3,220,434	3,220,434	-	-
Trade Receivables	14,503,542	14,503,542	-	-
Other Receivables	934,329	91,201	843,128	-
Cash and Cash Equivalents	1,533,983	1,418,654	-	115,329
	<u>20,192,288</u>	<u>19,233,831</u>	<u>843,128</u>	<u>115,329</u>
Trade Payables	4,434,006	4,434,006	-	-
Accruals/Other Payables	10,614,038	3,420,372	7,193,666	-
Taxation Payable	3,721,980	3,721,980	-	-
Director's Current Account	421,344		421,344	-
Current portion of Long-Term Loan	20,813,331	20,813,331	-	-
Current portion of Long-Term Payables	13,882,816	13,882,816	-	-
Bank Overdraft	15,060,958	15,060,958	-	-
	<u>68,948,473</u>	<u>61,333,463</u>	<u>7,615,010</u>	<u>-</u>
Net Current (Liabilities)/Assets	<u>(48,756,185)</u>	<u>(42,099,632)</u>	<u>(6,771,882)</u>	<u>115,329</u>

(c) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices. This arises mainly from changes in interest rates, foreign currency rates and equity prices and will affect the company's income or the value of its holdings of financial instruments. The objective of market risk management is to monitor and control market risk exposures within acceptable parameters, while optimising the return on investment. Market risk exposures are measured using sensitivity analyses.

As with most businesses, the current economic climate globally as well as nationally dictates that there could be changes to the company's exposure to market risk as well as the manner in which it manages and measures the risk. There has been major foreign currency exchange rate adjustments over the past four months with consequential movements in interest rates as the Bank of Jamaica attempts to stabilise the Jamaican dollar.

SWEET RIVER ABATTOIR & SUPPLIES COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS - CONT'D
FOR THE YEAR ENDED 31ST MARCH 2017
(Expressed in Jamaican Dollars unless otherwise indicated)

22. Financial Risk Management - cont'd:

(c) Market Risk - cont'd

(i) Foreign Currency Risk

Foreign currency risk is the risk that the market value of, or the cash flows from financial instruments will vary because of exchange rate fluctuations. The company carries out transactions with international entities and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar, the Canadian dollar and the UK pound. The company ensures that its net foreign currency exposure is kept at suitable levels by buying or selling currencies to address short-term needs.

Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

The company further manages this risk by maximising foreign currency earnings and holding foreign currency balances as follows:

	2017	2016
	<u>US \$</u>	<u>US \$</u>
<u>Assets</u>		
RBC Royal Bank USD	428	49
Trade Receivables	<u>5,111</u>	<u>5,341</u>
	<u>5,539</u>	<u>5,390</u>
<u>Liabilities</u>		
Trade Payables	61	-
Shareholders' Loan	<u>12,000</u>	<u>12,000</u>
	<u>12,061</u>	<u>12,000</u>
Net Liabilities	<u>(6,522)</u>	<u>(6,610)</u>

Sensitivity Analysis

Exchange rates in terms of Jamaican Dollars which is the company's operating currency, were as follows:

	<u>US\$</u>
31st May 2017	129.30
31st March 2017	127.77
31st March 2016	121.96

Over the period 1st April 2016 to 31st March 2017, there was a 4.8% increase in the US dollar rate. Between March 2017 and May 2017, there has been a further increase in the US dollar against the Jamaica dollar. The trend is expected to continue in the short term.

SWEET RIVER ABATTOIR & SUPPLIES COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS - CONT'D
FOR THE YEAR ENDED 31ST MARCH 2017
(Expressed in Jamaican Dollars unless otherwise indicated)

22. Financial Risk Management - cont'd:

(c) Market Risk - cont'd

(i) Foreign Currency Risk -

A one percent (1%) revaluation and six percent (6%) devaluation movement in the US dollar at 31st March 2017 would have increased/decreased profit by the amount shown below. The analysis assumes all other variables, in particular, interest rates, remain constant. The analysis is performed on the same basis for 2016.

	2017	2016
	\$	\$
Jamaican Dollar:		
Revaluation 1%	(8,333)	(8,062)
Devaluation 6% (2016: 6%)	<u>49,998</u>	<u>48,369</u>

(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.

The company is exposed to interest rate risk in respect of its fixed deposit account and long term loans and payables. The company manages this risk by maintaining net earnings assets and procuring the most advantageous interest rates.

Financial Assets

The company's interest-bearing financial asset is its US\$ Savings account and fixed deposits accounts. These accounts bear interest at varying rates which are fixed on a short term basis.

Financial Liabilities

The company's interest bearing liabilities are represented by long-term loans, long-term payables and taxation payable. The company materially contracts financial liabilities at fixed interest rates for the duration of the loan terms.

At the end of the reporting period, the interest profile of the company's interest-bearing financial instruments were:

	Interest Rate	2017	Interest Rate	2016
	%	\$	%	\$
<u>Financial Assets:</u>				
Fixed Deposit	0.75 - 2	1,343	6	109,358
Foreign Savings Account	0.10	<u>283,965</u>	0.15	<u>5,971</u>
		<u>285,308</u>		<u>115,329</u>
<u>Financial Liabilities:</u>				
Long-Term Loans	9.50	143,831,468	9.50	150,042,002
Long-Term Payables	8	41,673,236	8	41,673,236
Shareholders' Loans	6 - 7.50	14,177,343	6 - 7.50	14,177,343
Bank Overdraft	25	<u>7,961,398</u>	25	<u>15,060,958</u>
		<u>207,643,445</u>		<u>220,953,539</u>
Net Financial Liabilities		<u>(207,358,137)</u>		<u>(220,838,210)</u>

SWEET RIVER ABATTOIR & SUPPLIES COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS - CONT'D
FOR THE YEAR ENDED 31ST MARCH 2017

(Expressed in Jamaican Dollars unless otherwise indicated)

22. Financial Risk Management - cont'd:

(c) Market Risk - cont'd

(ii) Interest Rate Risk - cont'd

Interest Rate Sensitivity

During the period April 2016 to March 2017, interest rates on foreign savings accounts have remained relatively stable. Over the period September 2016 to February 2017, the BOJ 3-6 month commercial bank domestic rates continued to trend downwards moving by approximately 11 basis points from 4.40% to 4.51%. This is expected to continue over the foreseeable future as the Government maintains its policy of encouraging low single digit interest rates.

Assuming interest rate movements as set out below, profit and equity would be affected as follows:

	<i>Movement</i>	2017	<i>Movement</i>	2016
	<u>%</u>	<u>\$</u>	<u>%</u>	<u>\$</u>
<i>Financial Assets:</i>				
Fixed Deposit	1	13	1	1,094
Foreign Savings Account	-	-	2.5	149
		<u>13</u>		<u>1,243</u>
<i>Financial Liabilities:</i>				
Long-term loans	1	1,438,315	1	1,500,420
Long-Term Payables	1	416,732	1	416,732
Shareholder's Loans	1	141,773	1	141,773
Bank overdraft	1	<u>79,614</u>	1	<u>150,610</u>
		<u>2,076,434</u>		<u>2,209,535</u>
<i>Net Financial Liabilities</i>		<u>(2,076,421)</u>		<u>(2,208,292)</u>

This assumes that all other variables, in particular exchange rates, remain constant.

(d) Operational Risk:

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour.

The company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

SWEET RIVER ABATTOIR & SUPPLIES COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS - CONT'D
FOR THE YEAR ENDED 31ST MARCH 2017
(Expressed in Jamaican Dollars unless otherwise indicated)

22. Financial Risk Management - cont'd:

(d) Operational Risk - cont'd:

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management. This responsibility is supported by the development of overall company standards for the management of operational risk in the following areas:

- (i) Requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- (ii) Requirement for appropriate segregation of duties, including the independent authorisation of transactions;
- (iii) Requirements for the reconciliation and monitoring of transactions;
- (iv) Compliance with regulatory and other legal requirements;
- (v) Documentation of controls and procedures;
- (vi) Requirements for the reporting of operational losses and proposed remedial action;
- (vii) Training and professional development;
- (viii) Ethical and business standards; and
- (ix) Risk mitigation, including insurance where this is effective.

Compliance with the company's standards is supported by periodic reviews, the results are discussed with the management and the Board of Directors.

There were no changes to the company's approach to operational risk management during the year.

(e) Capital Management

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stake holders 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 equity, which the company defines as net profit attributable to equity holders of the company divided by total shareholder's equity.

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

The company's capital comprises:

	2017	2016
	\$	\$
Issued Capital	143,695,713	143,695,713
Accumulated Profits	<u>18,613,594</u>	<u>17,227,921</u>
	<u>162,309,307</u>	<u>160,923,634</u>

SWEET RIVER ABATTOIR & SUPPLIES COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS - CONT'D
FOR THE YEAR ENDED 31ST MARCH 2017
(Expressed in Jamaican Dollars unless otherwise indicated)

22. Financial Risk Management - cont'd:

(f) Fair Value

Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arms length transaction. Financial instruments that, subsequent to initial recognition, are measured at fair value are grouped into level 1 to 3 based on the degree to which the fair value is observable.

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical instruments. The company's assets and liabilities are reported at fair values at the reporting date. The following assumptions were used in determining fair values.

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

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

- (i) The face value less any estimated credit adjustments for financial assets and liabilities maturing less than one year. These include cash and bank balances, short term investments, trade receivables and trade payables.
- (ii) The carrying values of long term loans approximate their fair values as these loans are carried at amortized cost reflecting their contractual obligations and the interest rates reflective of current market rates for similar transactions.

23. Related Party Transactions and Balances:

The company's statement of financial position and statement of comprehensive income include the following balances and expenses incurred in transactions with related parties, in the ordinary course of business:

Year End Balances

	2017	2016
	\$	\$
(a) <u>Shareholders' Loan</u>		
Henry Graham Loan #1	1,410,360	1,410,360
Nathan Meylor Loan # 1	3,111,921	3,111,921
Henry Graham Loan #2	6,829,473	6,829,473
Nathan Meylor Loan # 2	2,825,589	2,825,589
	<u>14,177,343</u>	<u>14,177,343</u>
(b) <u>Directors' Balances</u>		
Amounts Owed to Directors	1,057,152	662,288
Amounts Owed by Directors	(259,456)	(240,944)
	<u>797,696</u>	<u>421,344</u>
(c) <u>Shareholders' Loan Interest Payable</u>	<u>227,847</u>	<u>227,847</u>
<u>Expenses</u>		
(a) <u>Shareholders' Loan Interest</u>	<u>-</u>	<u>227,847</u>

SWEET RIVER ABATTOIR & SUPPLIES COMPANY LIMITED
SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2017

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**REPORT OF THE INDEPENDENT AUDITORS
TO THE DIRECTORS
SWEET RIVER ABATTOIR & SUPPLIES COMPANY LIMITED
ON SUPPLEMENTARY INFORMATION**

The supplementary information presented on the following statements has been taken from the accounting records of the company and has been subjected to the tests and other auditing procedures applied in our examination of the financial statements of the company for the year ended 31st March 2017.

In our opinion, the said information is fairly presented in all material respects in relation to the financial statements taken as a whole, although it is not necessary for a fair presentation of the state of affairs of the company as 31st March 2017 and of the results of its operations, its changes in equity and cash flows for the year then ended.

Crowe Horwath Jamaica



Crowe Horwath Jamaica

Dated: June 30, 2017

SWEET RIVER ABATTOIR & SUPPLIES COMPANY LIMITED
SCHEDULE OF EXPENSES
FOR THE YEAR ENDED 31ST MARCH 2017
(Expressed in Jamaican Dollars unless otherwise indicated)

	2017	2016
	\$	\$
Administrative Expenses:		
Advertising and Promotion	-	71,000
Assets Tax	200,000	200,000
Audit and accounting - current year	442,700	442,700
Audit and accounting - previous year	-	442,700
Telephone	420,817	439,993
Electricity	10,046,409	2,447,554
Water	1,135,627	185,205
Rent	720,000	720,000
Directors' Emoluments	855,392	1,031,120
Meeting and Conventions	409,430	897,956
Selling Expenses	417,300	26,821
Miscellaneous Expenses	12,865	-
Rate and Taxes, License and Permit	109,000	97,167
Interest & Penalties	18,048	-
Security	701,538	455,175
Repairs & Maintenance	841,762	255,625
Haulage	5,360,620	2,476,660
Printing & Stationery	145,075	145,057
Insurance	2,038,124	1,332,686
Inventory Spoilage	2,040,791	330,262
Professional Fees	1,019,867	2,011,994
Motor Vehicle Upkeep and Mileage	1,665,000	2,145,000
Travelling and Transportation	-	71,360
Staff Welfare	36,100	64,300
Storage	516,328	-
Salaries and Related Expenses	7,368,769	7,442,657
Depreciation	439,668	444,526
	<u>36,961,230</u>	<u>24,177,518</u>
Finance Costs:		
Bank Charges	673,230	204,612
Interest Cost	10,711,811	2,374,755
Overdraft Interest	1,362,513	1,024,295
	<u>12,747,554</u>	<u>3,603,662</u>

SWEET RIVER ABATTOIR & SUPPLIES COMPANY LIMITED
ADJUSTING STATEMENT FOR TAX PURPOSES
YEAR OF ASSESSMENT 2017
BASED ON ACCOUNTS FOR YEAR ENDED 31ST MARCH 2017
(Expressed in Jamaican Dollars unless otherwise indicated)

	J\$	\$
Loss per Accounts		1,398,065
Add: Disallowable Items:		
Depreciation	439,668	
Interest and Penalties	18,048	
Interest Payable as at 31st March 2017	2,357,892	
Asset Fees	200,000	
	<u>3,015,608</u>	
Less:		
Interest Payable as at 31st March 2016	<u>(356,942)</u>	
	<u>(356,942)</u>	
		<u>2,658,666</u>
Adjusted Profit		4,056,731
Less Capital Allowances:		
Initial Allowance		(24,855)
Annual Allowance		<u>(418,780)</u>
Taxable Income		3,613,096
Loss brought forward from year of assessment 2016 restricted to 50% of 2017 taxable income		<u>(1,806,548)</u>
Chargeable Income		<u>1,806,548</u>
Income Tax at 25% not chargeable due to income tax exemption under JSE		<u>451,637</u>
Income Tax as under:		
Minimum Business Tax		60,000
Minimum Business Tax Paid		<u>(60,000)</u>
Net Tax Payable		<u>-</u>
<u>Summary of Losses Carried Forward</u>		
Losses Brought Forward from year of assessment 2016		(12,512,464)
Losses set off against chargeable income for year of assessment 2017		<u>1,806,548</u>
Losses Carried Forward to year of assessment 2017		<u>(10,705,916)</u>

SWEET RIVER ABATTOIR & SUPPLIES COMPANY LIMITED
SCHEDULE OF CAPITAL ALLOWANCES
YEAR OF ASSESSMENT 2017
BASED ON ACCOUNTS FOR YEAR ENDED 31ST MARCH 2017

	Date Acquired	Cost	Rate	W.D.V. at 31.03.2016	Additions	Total	Initial Allowance	Annual Allowance	W.D.V. at 31.03.2017
		\$	%	\$	\$	\$	\$	\$	\$
Leasehold Improvement		1,176,641	5	821,693	-	821,693	-	41,085	780,608
Furniture		29,200	10	10,862	-	10,862	-	1,086	9,776
Equipment		670,948	10	250,649	-	250,649	-	25,065	225,584
Equipment		22,252	10	14,720	-	14,720	-	1,472	13,248
Refrigeration		1,550,000	10	915,259	-	915,259	-	91,526	823,733
Equipment Scale		1,175,668	12.50 SL	1,028,709	-	1,028,709	-	146,959	881,750
Equipment Compressor		623,764	12.50 SL	545,793	-	545,793	-	77,971	467,822
Computers		175,078	22.50 SL	1	-	1	-	-	1
Computers		12,231	22.50 SL	1,733	-	1,733	-	1,732	1
Computers	2016-17	<u>159,419</u>	20 SL	<u>-</u>	<u>99,419</u>	<u>99,419</u>	<u>24,855</u>	<u>31,884</u>	<u>42,680</u>
		<u>5,595,201</u>		<u>3,589,419</u>	<u>99,419</u>	<u>3,688,838</u>	<u>24,855</u>	<u>418,780</u>	<u>3,245,203</u>

SWEET RIVER ABATTOIR & SUPPLIES COMPANY LIMITED
SHAREHOLDERS' LISTING
AS AT 31ST MARCH 2017

Shareholders' Information	No. of Units
<u>Directors' Holdings as at March 31, 2017:</u>	
Henry Graham	15,035,009
Hector Lyons	7,358,848
Audley Deidrick	5,205,603
Valdence Gifford	4,995,058
Neville Grant	4,654,073
Nigel Morgan	919,763
<u>Top Ten Shareholders as at March 31, 2017:</u>	
Henry Graham	15,035,009
Hector Lyons	7,358,848
Audley Deidrick	5,205,603
Valdence Gifford	4,995,058
Kirk Fong	4,689,907
V.M.B.S. (Pension Scheme)	4,664,000
National Insurance Fund	4,663,300
Victoria Mutual Building Society	4,663,213
Neville Grant	4,654,073
J.C.S.C.D. Trustee Service	3,886,005
<u>Holdings of Senior Managers as at March 31, 2017:</u>	
Valdence Gifford	4,995,058
Sean Forbes	4,000

FINANCIAL RATIOS

Ratios	Year Ending March 31st					
	2017	2016	2015	2014	2013	2012
<u>LIQUIDITY</u>						
Current Ratio: Current Assets/Current Liabilities	0.50	0.29	0.82	0.37	0.67	0.89
Quick Ratio: Quick Assets/Current Assets	0.75	0.84	0.67	0.16	0.41	0.77
<u>PROFITABILITY</u>						
Return on Assets: Net Profit/Total Assets	0.28%	-1.38%	-1.31%	5.31%	6.49%	-0.26%
Return on Equity: Net Profit/Shareholders' Equity	0.85%	-3.44%	-2.81%	24.24%	35.18%	-0.89%
Gross Profit Margin: Gross Profit/Turnover	14.80%	9.51%	17.77%	15.99%	19.14%	11.88%
Net Profit Margin: Net Profit/Turnover	0.40%	-2.57%	-3.85%	5.10%	5.91%	0.13%
Earnings Per Share	\$0.02	-\$0.07	-\$0.06	\$17,639.71	\$18,804.43	-\$307.06
<u>ACTIVITY ANALYSIS</u>						
Asset Turnover: Sales/Average Total Assets	0.70	0.54	0.34	2.12	1.56	5.3
Accounts Receivable Turnover: Sales/Accounts Receivable	6.49	13.94	6.80	16.47	15.59	16.41
Inventory Turnover: Cost of Good Sold/Average Inventory	12.73	60.45	5.06	10.3	23.74	101
<u>CAPITAL STRUCTURE</u>						
Debt to Equity: Total Liabilities/Total Equity	2.06	1.49	1.14	3.56	4.42	2.4
<u>EXPENDITURE</u>						
Administrative Expenses as a % of Sales:						
Administrative Expenses/Sales	10.71%	11.24%	21.50%	9.24%	9.20%	11.58%

CORPORATE DATA



Registered Office

Sweet River, Ferris
Bluefield P.O.
Westmoreland

Tel: 876-918-1758; 876-382-3823

Email: sweetriverabattoir@gmail.com

Chairman

Henry Graham

Managing Director

Valdence Gifford J.P.

Directors

Hector Lyons
Neville Grant
Audley Deidrick
Nigel Morgan
Audrey Deer-Williams

Bankers

First Global Bank
Liguanea Plaza
113 Old Hope Road, Kingston 6

National Commercial Bank
68 Great Orange Street
Savanna-La-Mar Westmoreland

Sagicor Bank Jamaica Limited
56 Great Orange Street
Savanna-La-Mar, Westmoreland

Secretary

Audley Deidrick

Attorneys-At-Law

Dionne N S Meyler & Associates
6 Lewis Street
Savanna-La-Mar
Westmoreland

Registrar & Transfer Agent

Jamaica Central Securities
Depository
40 Harbour Street
Kingston

Audit Committee

Audley Deidrick
Audrey Deer-Williams

Auditors

Crowe Horwath Jamaica
Chartered Accountants
Dawgen Towers
47-49 Trinidad Terrace
Kingston 5



SWEET RIVER ABATTOIR & SUPPLIES COMPANY LIMITED

\$100 POSTAGE STAMP Affix Here

FORM OF PROXY

"I/We _____ [insert name]
of _____ [address]
being a shareholder(s) of the above-named Company, hereby appoint:
_____ [proxy name]
of _____ [address]
or failing him, _____ [alternate proxy]
of _____ [address]

as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the company to be held at Golf View Hotel on 12th October 2017 at 10:00 am and at any adjustment thereof. I desire this form to be used for/against the resolutions as follows (unless directed the proxy will vote as he sees fit):

Table with 3 columns: No. Resolution details, Vote FOR, and Vote AGAINST. Includes resolutions 1-4 regarding board reports, auditors, directors, and remuneration.

Signed this _____ day of _____ 2017:

Print Name: _____ Signature: _____

Unless otherwise directed the proxy will vote as he thinks fit.

NOTES:

- 1. When completed, this form must be received by the registrar of the Company address given below, not less than forty-eight 48 hours before the time for the holding the meeting.
2. The proxy form should bear a stamp duty of \$100.00 which maybe adhesive and duty cancelled by the person signing the form.
3. If the appointer is a Corporation, this Form of Proxy must be executed under its common seal or under the hand of an officer or attorney duly authorized in writing.

Send to:

The Registrar and Transfer Agent, Jamaica Central Securities Depository, 40 Harbour Street, Kingston, Jamaica.