



## **UNAUDITED FINANCIAL RESULTS FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2017**

### **RELEASE TO SHAREHOLDERS**

The Board of Directors of SWEET RIVER ABATTOIR & SUPPLIES LTD is please to present the unaudited financial statements for the three months ended September 30, 2017.

### **MANAGING DIRECTOR'S REPORT FOR THE 6 MONTHS PERIOD ENDING SEPTEMBER 2017**

Traditionally, the second quarter of our financial year is the most challenging as it includes two summer months when sales are typically low. Despite that, we managed to increase our gross profit by eight (8%) percent. Our challenge remains our ability to manage overhead expenses.

We are confident that we will recover during the December quarter as it is usually the best for pork sales. We have noted a shift in the market to smaller cuts, and we as a company have placed ourselves in a position to respond to this change in market demand. Smaller pigs will result in smaller hams and other cuts thus making them more affordable. Our expectation is that a greater percentage of the workforce will be able to purchase pork which is currently more expensive than chicken. Our direct entry into the hotel markets is also expected to significantly increase our sales.

As the most modern abattoir we stand by our words that we produce the best quality pork in Jamaica. Our customers are invited to tour our facility to see firsthand our quality standards at work. This quality we must emphasis begins on the farm. We strive to choose pigs which are of the highest quality. Our farmers have available ongoing training provided by the Jamaica Pig Farmers Association, Veterinarians and Technical Officers from the feed companies as well as Staff and Directors of Sweet River Abattoir.

With the marketing strategies being employed we are projecting that the next six months will

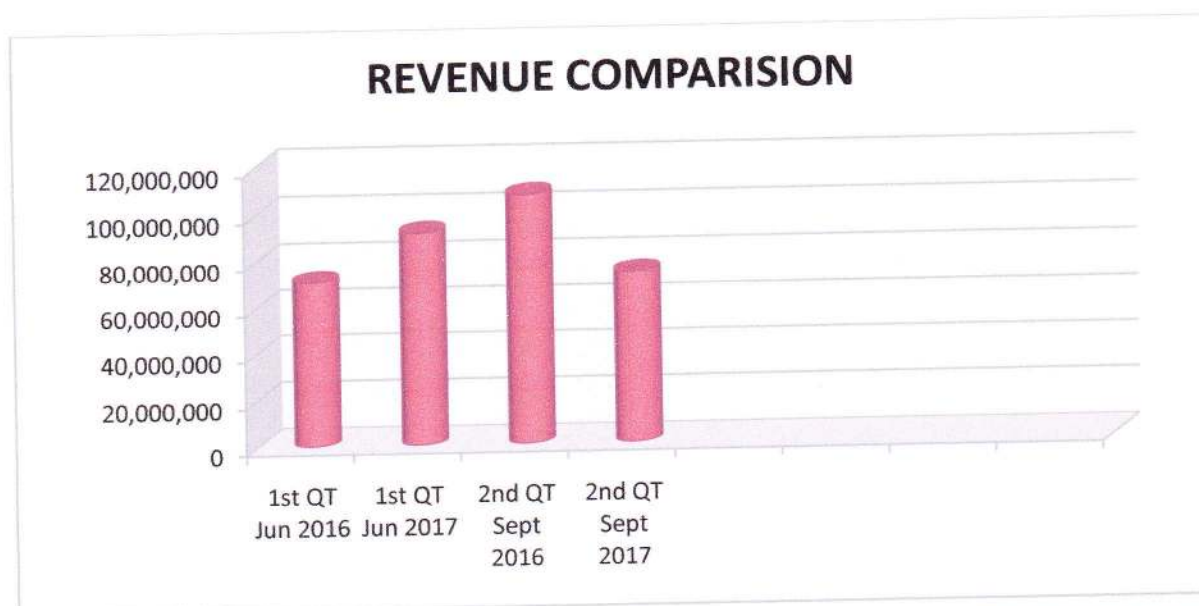
see us achieving record sales. We are also looking to introduce to the market a limited supply of processed cuts not readily available.

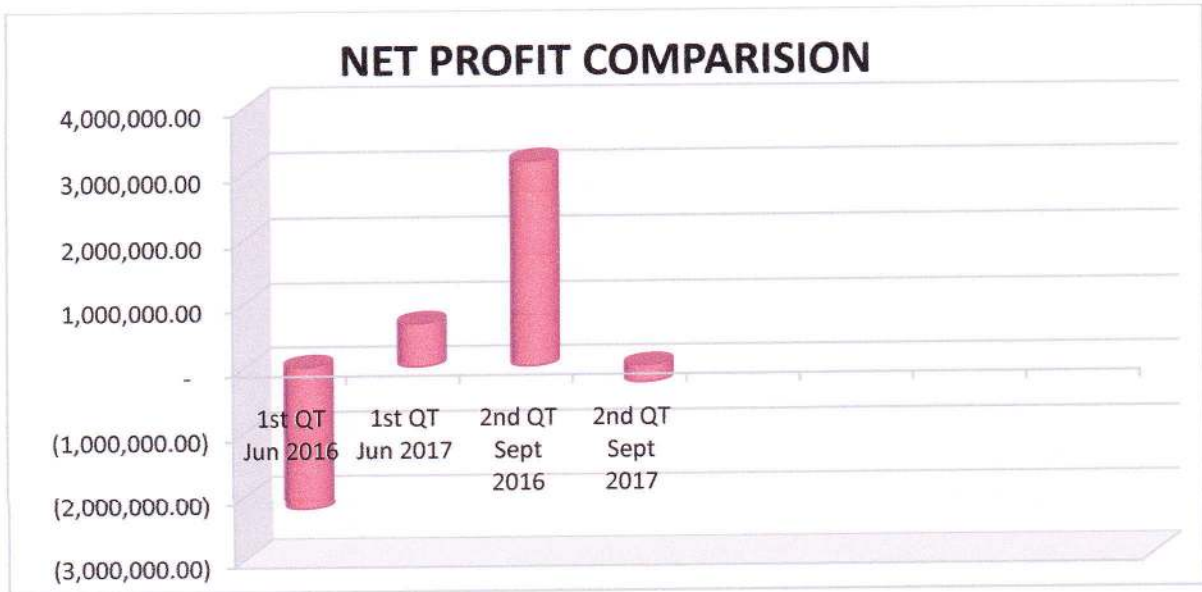
In closing, I reiterate that we recognize that costs must be controlled while increasing output to improve efficiency both on the farms and at the plant. This effort will see us working more closely with our farmers for us to collectively realize our full potential. The benefit of economy of scale in purchasing and selling can best be achieved through partnership and this we hope to accomplish. This united approach will allow our businesses to be more sustainable.

## SECOND QUARTER FINANCIAL HIGHLIGHTS

### Highlights of the three months ended Sept 30 2017

	<u>Sept 2017</u>	<u>Sept2016</u>	<u>Inc/(Dec)%</u>
+ Sales revenue	\$73.7m	\$107.0m	(31) %
+ Net profit/ (Loss)	(.255)m	\$3.2m	(108) %
+ Earnings per stock unit	(0.00) cents	0.3cents	(108) %
+ Total assets	\$446m	\$426m	5%
+ Total stockholders 'equity	\$163m	\$161m	1%





#### Three Months Ended Sept 30th, 2017 compared to Sept 30th, 2016

- **Sales Revenue**

The company generated sales revenues in the Second quarter of 2017 in the amount of \$73.7m when compared to \$107m of the previous year; a decrease of \$33.5m or (31) %. This decrease was due to the Slaughtering of smaller size pigs as consumers have shifted their demand. Increase in the supply of pigs as contributed to lower cost prices. We slaughtered 2402 pigs when compare to the previous period of three thousand three hundred and ninety (3,391) pigs.

- **Gross profit**

Gross profit of \$15.9 m when compared to the previous period of \$14.8m; an increase of \$1.1m or 8% this was due mainly to an increase in pig supplies on the market and a reduction for price been paid for pigs given the over supplies.

- **Expenses**

Total operational expenses of \$11.5m when compared to the previous period of \$8.4m; an increase of \$3.1m or 36 %. This increase was due to utilities, Repair & maintenance haulage and interest payment on loan.

- **Net Profit**

A net loss of \$.255m was realized when compared to a net profit of \$3.2m of the previous period; a decrease of \$3.4m or (108) %.

**Six Months Ended September 30, 2017 compared to September 30, 2016**

- **Sales revenue** of \$165.4 m when compared to the previous period of \$178.2 m, a decrease of \$12.7 m or (7) %.
- **Gross profit** of \$32.3M when compared to \$19.8m of the previous period, an increase of \$12.5m or 63%.
- **Total operational expenses** of \$22.7m when compared to previous period of \$14.8m an increase of \$7.9m or 54% due mainly to higher running cost at the new factory and servicing our loan.
- **Net Profit** of \$.414m for the period, when compared to the previous of \$.952m decrease of (\$.537) m or (56) %.



**Valence Gifford**  
**Managing Director**

**Oct 25<sup>th</sup>, 2017**

**SWEETRIVERABATTOIR&SUPPLIES COMPANYLIMITED**

**Unaudited Statement of**

**Comprehensive Income**

**For the Six Months Period Ending September 30th, 2017**

	Three months to September 2017 \$	Three months to September 2016 \$	Six months to September 2017 \$	Six months to September 2016 \$	Audited 31- Mar 2017 \$
Revenue	73,698,117	107,231,712	165,446,993	178,229,955	345,117,159
Cost of sales	(57,734,219)	(92,415,455)	(133,193,509)	(158,454,583)	(294,028,513)
Gross Profit	<b>15,963,898</b>	<b>14,816,257</b>	<b>32,253,484</b>	<b>19,775,372</b>	<b>51,088,646</b>
Administrative and General Expenses	(11,489,469)	(8,460,367)	(22,675,352)	(14,751,209)	(36,961,230)
Operating (loss)/profit	<b>4,474,429</b>	<b>6,355,890</b>	<b>9,578,132</b>	<b>5,024,163</b>	<b>14,127,416</b>
Finance Income	637	-	637	-	18,203
Finance Cost	(4,729,672)	(3,201,294)	(9,164,288)	(4,072,061)	(12,747,554)
(Loss)/profit before Taxation	<b>(254,606)</b>	<b>3,154,596</b>	<b>414,481</b>	<b>952,102</b>	<b>1,398,065</b>
Taxation	-	-	-	-	(12,392)
(Loss)/profit after taxation, being total comprehensive (loss)/profit for the period	<b>(254,606)</b>	<b>3,154,596</b>	<b>414,481</b>	<b>952,102</b>	<b>1,385,673</b>
Earnings per share (Note 6)	(0.00)	0.03	0.00	0.01	0.02

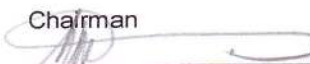
**SWEET RIVER ABATTOIR & SUPPLIES COMPANY LIMITED**

**Unaudited statement of financial position  
Sept 30, 2017**

	3 Months To Sept 30, 2017 \$	3 Months To Sept 30, 2016 \$	(Audited) Mar 31, 2017 \$
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	386,351,822	386,414,700	386,872,997
Deferred Tax Asset	3,189,472	3,189,472	3,237,080
Deferred Interest	6,411,267	6,411,267	6,411,267
Goodwill	6,580,000	6,580,000	6,580,000
Total non-current assets	<u>402,532,561</u>	<u>402,595,439</u>	<u>403,101,344</u>
<b>Current Assets</b>			
Directors' Current Account	-	-	-
Cash and Cash Equivalents	10,583,230	1,331,833	16,814,821
Trade and other receivables	16,148,384	8,153,367	53,167,980
Inventories	16,996,439	14,517,652	23,089,788
Total current assets	<u>43,728,053</u>	<u>24,002,852</u>	<u>93,072,589</u>
<b>TOTAL ASSETS</b>	<u><u>446,260,614</u></u>	<u><u>426,598,291</u></u>	<u><u>496,173,933</u></u>
<b>LIABILITIES &amp; EQUITY</b>			
<b>Current Liabilities</b>			
Bank overdraft	8,090,936	9,851,189	7,961,398
Trade and Other Payables	54,146,442	27,879,250	123,951,505
Income Tax Payable	-	0	1,471,980
Directors' current account	1,300,568	1,300,568	797,696
Current portion of long term Payables	13,882,816	13,882,816.00	20,072,111
Current portion of long term loan	36,643,756	36,813,331	31,590,690
Total current liabilities	<u>114,064,518</u>	<u>89,727,154</u>	<u>185,845,380</u>
<b>Long Term Liabilities</b>			
Long-term liabilities	124,330,999	129,228,671	112,240,778
Long-term Payables	26,790,420	27,790,420	21,601,125
Shareholders Loan	17,976,310	17,976,310	14,177,343
Deferred tax liability	-	-	-
Total Liabilities	<u>283,162,247</u>	<u>264,722,555</u>	<u>333,864,626</u>
<b>Equity</b>			
Share capital	143,695,713	143,695,713	143,695,713
Accumulated surplus	19,402,655	18,180,023	18,613,594
Total Equity	<u>163,098,368</u>	<u>161,875,736</u>	<u>162,309,307</u>
Total Liabilities & Equity	<u><u>446,260,614</u></u>	<u><u>426,598,291</u></u>	<u><u>496,173,933</u></u>

Approved for issue by the Board of Directors on Oct 25th, 2017 and signed on its behalf by:

Chairman

  
Henry Graham

Director

  
Valence Gifford

**SWEET RIVER ABATTOIR & SUPPLIES COMPANY  
LIMITED**

**Unaudited statement of changes in shareholders' equity  
for the three months ended 30th September 2017**

	Share Capital \$	Share Advance \$	Retained Earnings \$	Total \$
Balances as at March 31, 2016	143,695,713	-	17,227,921	160,923,634
Net profit attributable to shareholders			952,102	952,102
Balances as at Sept 30, 2016	143,695,713		18,180,023	161,875,736
Balances as at March 31, 2017	143,695,713		18,988,174	162,683,887
Net profit attributable to shareholders			414,481	414,481
Balances as at Sept 30, 2017	143,695,713		19,402,655	163,098,368

**SWEETRIVERABATTOIR&SUPPLIES COMPANYLIMITED**

Unaudited Statement of Cash Flow Position for  
Period Ended September 30th, 2017

	Sept 30, 2017	Sept 30, 2016	(Audited) Mar 31, 2017
	\$	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation	414,481	952,102	1,385,673
Adjustments to reconcile profit for year to net cash provided by operating activities:			
Bad debt	-	-	-
Depreciation	125,756	125,756	439,668
Deferred tax Income	420,914		(47,608)
Deferred tax Interest			-
Interest income	637	-	(9,319)
Taxation Provision	-	-	60,000
<b>Operating surplus before changes in working capital</b>	<b>961,788</b>	<b>1,077,858</b>	<b>1,828,414</b>
Trade and other receivables	37,019,596	7,284,504	(37,730,109)
Inventories	6,093,349	(11,297,218)	(19,869,354)
Directors' current account	-	-	376,352
Shareholders loan	-	-	
Accounts payable & provisions	(69,805,063)	12,831,206	108,903,461
Directors' current account	502,872	879,224	-
<b>Net cash generated by operations</b>	<b>(25,227,458)</b>	<b>10,775,574</b>	<b>53,508,764</b>
Taxation	(1,471,980)	(3,721,980)	(2,310,000)
Interest received	637	-	9,319
<b>Net cash inflows from operating activities</b>	<b>(26,698,801)</b>	<b>7,053,594</b>	<b>51,208,083</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of property, plant and equipment	395,419	(21,844,942)	(22,617,151)
<b>Net cash outflows from investing activities</b>	<b>395,419</b>	<b>(21,844,942)</b>	<b>(22,617,151)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds of long term Payables	(1,000,000)	-	-
proceeds of long term loan Net	17,143,287	16,000,000	(6,210,534)
Shareholders loans	3,798,967	3,798,967	-
Bank Overdraft	129,538	(5,209,769)	(7,099,560)
<b>Nat cash inflows from financing activities</b>	<b>20,071,792</b>	<b>14,589,198</b>	<b>(13,310,094)</b>
<b>(Decrease)/Increase in cash resources</b>	<b>(6,231,591)</b>	<b>(202,150)</b>	<b>15,280,838</b>
<b>Cash resources at the start of the year</b>	<b>16,814,821</b>	<b>1,533,983</b>	<b>1,533,983</b>
	<b>10,583,230</b>	<b>1,331,833</b>	<b>16,814,821</b>
<b>Cash resources comprise:</b>			
Cash and bank balances	10,583,230	1,331,833	16,814,821
Bank overdraft			-
	<b>10,583,230</b>	<b>1,331,833</b>	<b>16,814,821</b>



# **SWEETRIVERABATTOIR&SUPPLIES COMPANYLIMITED**

## **Notes to the Unaudited Financial Statements**

**Three Months Period Ended September 30th, 2017**

### **1. Identification**

Sweet River Limited (“the company”) is incorporated in Jamaica under the Jamaican Companies Act. The company is domiciled in Jamaica with its registered office located at Sweet River, Sav-la-mar, Westmoreland and was listed on the Jamaica Junior Stock Exchange on September 19, 2014. The company’s main activities are the purveying of pork products and provision of abattoir services.

### **2. Basis Of Preparation**

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

### **3. Segment Reporting**

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

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

### **4. Taxation**

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

# SWEETRIVERABATTOIR&SUPPLIES COMPANYLIMITED

## Notes to the Unaudited Financial Statements Three Months Period Ended September 30th, 2017

### 5. Shareholders' Information

	No. Of Units
<b>Directors' Holdings</b>	
<b>As at September 30, 2017:</b>	
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
<b>Top Ten Shareholders</b>	
<b>As at September 30th, 2017:</b>	
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
<b>Holding of Senior Managers as September 30th, 2017</b>	
Valdence Gifford	4,995,058
Sean Forbes	4,000