



UNAUDITED FINANCIAL RESULTS FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2018

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, 2018.

MANAGING DIRECTOR'S REPORT FOR THE THREE MONTHS PERIOD ENDING SEPTEMBER 2018

The quarter July to September is often referred to as the worst in the year for the sale of pork in Jamaica, and coupled with a relative lower than normal supply our performance was negatively affected. The three months period saw sales falling by 28% when compared to the similar period in 2017 while year to date sale for the six (6) months period in 2018 fell by 23% compared to the similar period in 2017. Despite this poor performance the next two quarters are expected to be better.

We are confident that the third quarter, often referred to as the ham season, and which also includes the start of the winter tourist season will be better as it is historically the best period for pork sales. Concurrently, our entry in the hotel markets is also expected to significantly increase our sales. With the winter tourist season running from December to May the fourth quarter will also benefit from this spike in demand.

While we are expecting some revenue growth recovery in the third and fourth quarters we are also cognizant that we must control costs while increasing output by improving efficiencies at the plant.

We have also begun discussion with some of our key farmers with the view of a collective purchasing of raw materials thus the benefit from economy of scale. The sharing of best practice and technology amongst farmers has begun and will be expanded moving forward. The overall objective is for us to control the cost of pork to the consumer making it more affordable.

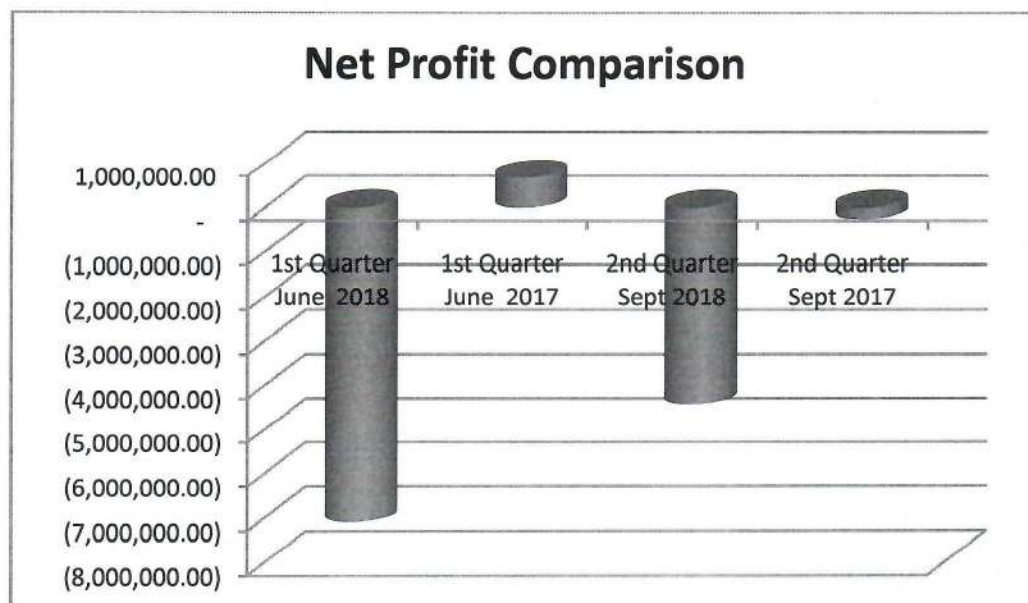
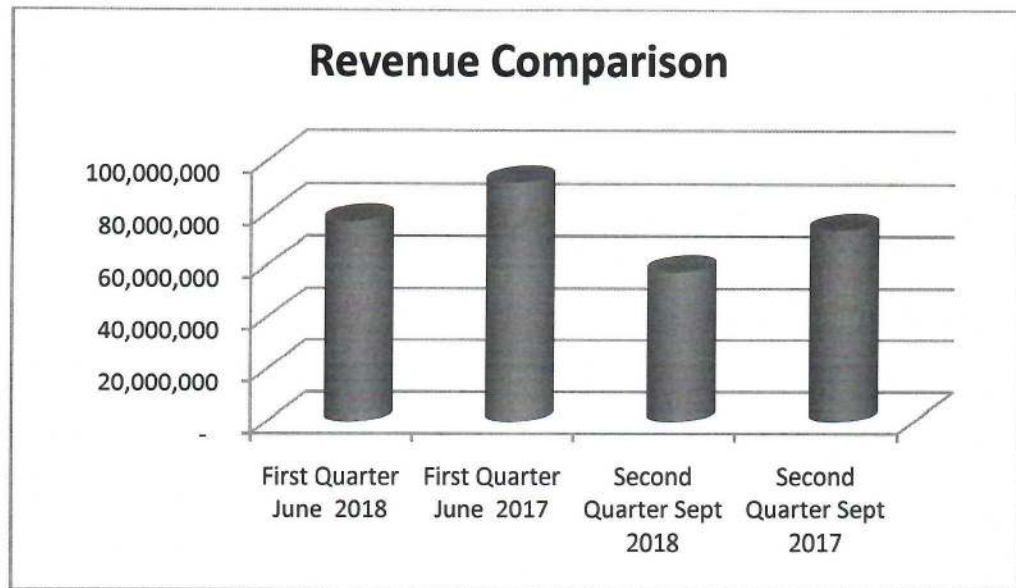
The pig industry remains a viable business option in Jamaica as with a population of 2.8 million and tourism traffic of 4.2 million in 2017 comprising 2.3 million stop over visitors and over 1.9 million cruise ship passengers the demand for pork is significant and growing. To realize maximum benefit from the industry more investments are necessary in further processing, as only approximately 40% of fresh pork is being processed while in other major pig producing countries over 75% of pork is processed. With an estimated 6,000 pig farmers in Jamaica of which approximately 70% are located in rural parishes the country can produce all the pork we need, except for pork bellies that is converted to bacon.

Sweet River Abattoir therefore remains confident that the industry which historically operates on a 3 to 4 years cycle of high and low can be stabilized with proper planning between the stakeholders to include government.

SECOND QUARTER FINANCIAL HIGHLIGHTS

Highlights of the three months ended Sept 30 2018

	<u>Sept 2018</u>	<u>Sept2017</u>	<u>Inc/(Dec)%</u>
⬇ Sales revenue	\$57.5m	\$73.7m	(16 %)
⬇ Net profit/ (Loss)	(\$4.42)m	\$(0.255)m	(1155%)
⬇ Earnings per stock unit	(0.04)	(0.00) cents	
⬇ Total assets	\$400.8m	\$446m	6%
⬇ Total stockholders' equity	\$37.6m	\$163m	



Three Months Ended Sept 30th, 2018 compared to Sept 30th, 2017

- **Sales Revenue**

The company generated sales revenues in the Second quarter of 2018 in the amount of \$57.5m when compared to \$73.7m of the previous year; a decrease of \$16.2m or (23) %. This decrease was due to the company's inability to procure pigs from farmers based on its indebtedness to

compare to the previous period of two thousand four hundred and two (2402) pigs.

▪ **Gross profit**

Gross profit of \$12.7m when compared to the previous period of \$15.9m; an decrease of (\$3.2m) or 20% this was due mainly to a reduction in supplies from farmers and the introduction of a contract with a third party to supply our main customer at a smaller markup.

▪ **Expenses**

Total operational expenses of \$14.3m when compared to the previous period of \$11.5m; an increase of \$2.8m or 25 %. This increase was due to utilities, Repair & maintenance haulage and finance costs.

▪ **Net Profit**

A net loss of (\$4.4m) was realized when compared to a net loss of (0.255m) of the previous period; an increase of \$4.145m or (1,625) %.

Six Months Ended September 30, 2018 compared to September 30, 2017

- **Sales revenue** of \$134.6m when compared to the previous period of \$165.4m, a decrease of \$30.8 m or (18.6)%.
- **Gross profit** of \$20.3m when compared to \$32.3m of the previous period, a decrease of \$12m or 37%.
- **Total operational expenses** of \$25.7m when compared to previous period of \$22.7m an increase of \$3m or 13% due mainly to higher running cost at the new factory and servicing our loan.
- **Net Loss** of (\$11.5m) for the period, when compared to a profit the previous of \$.414m decrease of (\$11.086m) or (2,678) %.


Valence Gifford
Managing Director
November 14th, 2018

SWEETRIVERABATTOIR&SUPPLIES COMPANYLIMITED**Unaudited Statement of****Comprehensive Income****For the Six Months Period Ending September 30th, 2018**

	Three months to September 2018 \$	Three months to September 2017 \$	Six months to September 2018 \$	Six months to September 2017 \$	Audited 31- Mar 2018 \$
Revenue	57,515,111.87	73,698,117	134,576,278	165,446,993	304,407,780
Cost of sales	(44,717,008)	(57,734,219)	(114,307,926)	(133,193,509)	(256,447,031)
Gross Profit	12,798,104	15,963,898	20,268,352	32,253,484	47,960,749
Administrative and General Expenses	(14,323,464)	(11,591,484)	(25,619,401)	(22,777,367)	(165,626,902)
Operating (loss)/profit	(1,525,361)	4,372,413	(5,351,048)	9,476,116	(117,666,153)
Finance Income	15,163	637	15,163	637	38,139
Finance Cost	(2,913,125)	(4,627,657)	(6,144,033)	(9,062,273)	(20,128,088)
(Loss)/profit before Taxation	(4,423,322)	(254,606)	(11,479,918)	414,481	(137,756,102)
Taxation	-	-	-	-	24,607,441
(Loss)/profit after taxation, being total comprehensive (loss)/profit for the period	(4,423,322)	(254,606)	(11,479,918)	414,481	(113,148,661)
Earnings per share (Note 6)	(0.04)	(0.00)	(0.11)	0.00	(1.39)

SWEET RIVER ABATTOIR & SUPPLIES COMPANY LIMITED

Unaudited statement of financial position Sept 30, 2018

	3 Months To Sept 30, 2018 \$	3 Months To Sept 30, 2017 \$	(Audited) Mar 31, 2018 \$
ASSETS			
Non-Current Assets			
Property, plant and equipment	328,657,229	386,351,822	330,491,557
Deferred Tax Asset	27,904,521	3,189,472	27,904,521
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	369,553,017	402,532,561	371,387,345
Current Assets			
Cash and Cash Equivalents	10,211,691	10,583,230	15,783,421
Trade and other receivables	18,109,282	16,148,384	20,619,974
Inventories	2,690,748	16,996,439	4,853,676
Total current assets	31,011,721	43,728,053	41,257,071
TOTAL ASSETS	400,564,738	446,260,614	412,644,416
LIABILITIES & EQUITY			
Current Liabilities			
Bank overdraft	232,901	8,090,936	591,895
Trade and Other Payables	189,130,506	54,146,442	178,195,330
Income Tax Payable	1,518,483	-	1,464,607
Directors' current account	634,866	1,300,568	630,976
Current portion of long term Payables	501,282	13,882,816	501,282
Current portion of long term loan	20,401,413	36,643,756	20,401,413
Total current liabilities	212,419,450	114,064,518	201,785,503
Long Term Liabilities			
Long-term liabilities	95,616,545	124,330,999	106,850,251
Long-term Payables	40,670,673	26,790,420	40,670,673
Shareholders Loan	14,177,343	17,976,310	14,177,343
Total Liabilities	362,884,010	283,162,247	363,483,770
Equity			
Share capital	143,695,713	143,695,713	143,695,713
Accumulated surplus	(106,014,985)	19,402,655	(94,535,067)
Total Equity	37,680,728	163,098,368	49,160,646
Total Liabilities & Equity	400,564,738	446,260,614	412,644,416

Approved for issue by the Board of Directors on Nov 12th, 2018 and signed on its behalf by:

Director

Hector Lyons

Director

Valence Gifford

SWEET RIVER ABATTOIR & SUPPLIES COMPANY LIMITED

**Unaudited statement of changes in shareholders' equity
for the six months ended 30th September 2018**

	Share Capital	Share Advance	Retained Earnings	Total
	\$	\$	\$	\$
Balances as at March 31, 2017	143,695,713	-	18,988,174	162,683,887
Net Profit attributable to Shareholders	-	-	414,481	414,481
Balance as at September 30, 2017	143,695,713	-	19,402,655	163,098,368
Balances as at March 31, 2018	143,695,713	-	(94,535,067)	49,160,646
Net profit attributable to shareholders			(11,479,918)	(11,479,918)
Balances as at Sept 30, 2018	143,695,713		(106,014,985)	37,680,728

SWEET RIVER ABATTOIR & SUPPLIES COMPANY LIMITED
**Unaudited statement of cash flows
for the period ended September 30th 2018**

	Sept 30, 2018 \$	Sept 30, 2017 \$	(Audited) Mar 31, 2018 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation	(11,479,918)	414,481	(113,148,661)
Adjustments to reconcile profit for year to net cash provided by operating activities:			
Bad debt	-	-	-
Depreciation	1,834,328	125,756	251,512
Deferred tax Income	-	420,914	(24,667,441)
Deferred tax Interest			78,100,859
Interest income	(15,163)	637	(38,139)
Taxation Provision	-	-	60,000
Operating surplus before changes in working capital	(9,660,754)	961,788	(59,441,870)
Trade and other receivables	2,510,692	37,019,596	32,548,006
Inventories	2,162,928	6,093,349	18,236,112
Directors' current account	-	-	-
Shareholders loan	-	-	-
Accounts payable & provisions	10,935,176	(69,805,063)	54,243,827
Directors' current account	3,890	502,872	(166,720)
Net cash generated by operations	5,951,932	(25,227,458)	45,419,355
Taxation	53,876	(1,471,980)	(67,373)
Interest received	15,163	637	38,139
Net cash inflows from operating activities	6,020,971	(26,698,801)	45,390,121
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	0	395,419	(21,970,931)
Net cash outflows from investing activities	0	395,419	(21,970,931)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds of long term Payables	-	(1,000,000)	(501,281)
proceeds of long term loan Net	(11,233,706)	17,143,287	(16,579,804)
Shareholders loans	-	3,798,967	-
Bank Overdraft	(358,994)	129,538	(7,369,503)
Nat cash inflows from financing activities	(11,592,701)	20,071,792	(24,450,588)
(Decrease)/Increase in cash resources	(5,571,730)	(6,231,591)	(1,031,398)
Cash resources at the start of the year	15,783,421	16,814,821	16,814,819
	10,211,691	10,583,230	15,783,421
Cash resources comprise:			
Cash and bank balances	10,211,691	10,583,230	15,783,421
Bank overdraft			-
	10,211,691	10,583,230	15,783,421

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
Six Months Period Ended September 30th, 2018****5. Shareholders' Information**

	No. Of Units
Directors' Holdings	
As at September 30, 2018:	
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
 Top Ten Shareholders	
As at September 30th, 2018:	
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 September 30th, 2018	
Valdence Gifford	4,995,058