



# **Jamaica Broilers Group Limited**

## **Interim Report**

**30 July 2016  
(3 Months)**

# **Jamaica Broilers Group Limited**

## **Interim Report to Our Shareholders**

The Directors of Jamaica Broilers Group Limited now release the un-audited financial results for the quarter ended July 30, 2016, which have been prepared in accordance with International Financial Reporting Standards (IFRS).

Group revenues for the first quarter amounted to \$10.0billion, representing a 12% increase over the \$8.9 billion achieved in the corresponding period of the previous year. Gross profit for the quarter amounted to \$2.7 billion, which was 12% above the \$2.4billion in the corresponding quarter last year.

Jamaica Operations reported a normalised segment result (after adjusting for the effects of the disposal of subsidiaries) of \$641 million compared to \$783 million reported last year. This was a result of increased levels of poultry imports and increased input costs.

US Operations continued to grow steadily and reported a segment result of \$297 million, which was a 14% increase over the prior years' \$261million. This quarter's results includes for the first time the operations of the new subsidiary International Poultry Breeders Hatcheries Inc., based in Iowa.

In the Other Caribbean Operations segment, the increased production of table eggs in Haiti Broilers SA is now reflected in the profits being reported for the quarter. The normalized segment result, after adjusting for the effects of the disposal of subsidiaries, amounted to \$74 million which was \$49 million or 196% above the \$25 million reported last year.

Distribution and administration costs, reflected an increase of 21% over the previous year due primarily to inflation, exchange rate movement on USA related costs and the inclusion of costs related to International Poultry Breeders Hatcheries, Inc.

During this quarter we concluded the sale of subsidiary ERI Services (St Lucia) Ltd and its wholly owned subsidiary JB Terminal (Port Esquivel) Ltd-formerly JB Ethanol Ltd. The effect of this disposal and the related discontinued operations are reflected in attached statements.

Against this background, we recorded profits attributable to stockholders amounting to \$400 million or 33.08 cents per stock unit. This represented an increase of \$69 million or 21% over the \$331million; 27.35 cents in the corresponding period last year.

The Staff, Management and Directors continue to trust in the Lord's guidance for our company and are grateful for his Blessings and provision.

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Aubyn Hill  
Director



Christopher Levy  
President & Chief Executive Officer

September 7, 2016

# Jamaica Broilers Group Limited

## Group Statement of Comprehensive Income

### Three Months ended 30 July 2016

	Quarter ended 30 July 2016 \$'000	Quarter ended 1 August 2015 \$'000
<b>Continuing operations</b>		
<b>Revenue</b>	10,018,719	8,931,690
Cost of sales	<u>(7,363,879)</u>	<u>(6,564,227)</u>
<b>Gross Profit</b>	2,654,840	2,367,463
Other income/gains	55,037	71,822
Distribution costs	(321,256)	(248,309)
Administration and other expenses	<u>(1,787,653)</u>	<u>(1,493,842)</u>
<b>Operating Profit</b>	600,968	697,134
Finance income	123,289	51,203
Finance costs	<u>(163,268)</u>	<u>(185,865)</u>
<b>Profit before Taxation</b>	560,989	562,472
Taxation	<u>(159,715)</u>	<u>(142,865)</u>
<b>Net Profit from continuing operations</b>	401,274	419,607
<b>Discontinued operations</b>		
Profit/(loss) for the period from discontinued operations	<u>4,728</u>	<u>(105,060)</u>
<b>Net Profit</b>	<u>406,002</u>	<u>314,547</u>
<b>Other Comprehensive Income, net of taxes -</b>		
<b>Item that will be reclassified to profit or loss -</b>		
Exchange differences on translating foreign operations	96,197	(120,706)
Exchange differences on translating discontinued operations	<u>(956,124)</u>	<u>48,600</u>
Total other comprehensive income	<u>(859,927)</u>	<u>(72,106)</u>
<b>Total Comprehensive Income</b>	<u>(453,925)</u>	<u>242,441</u>
<b>Net Profit Attributable to:</b>		
Stockholders of the company	<u>400,017</u>	<u>330,794</u>
Non-controlling interests	<u>5,985</u>	<u>(16,247)</u>
	<u>406,002</u>	<u>314,547</u>
<b>Net Profit from continuing operation attributable to:</b>		
Stockholders of the company	<u>395,289</u>	<u>435,854</u>
Non-controlling interests	<u>5,985</u>	<u>(16,247)</u>
	<u>401,274</u>	<u>419,607</u>

# Jamaica Broilers Group Limited

Group Statement of Comprehensive Income (Continued)

Three Months ended 30 July 2016

	Quarter ended 30 July 2016 \$'000	Quarter ended 1 August 2015 \$'000
<b>Total Comprehensive Income Attributable to:</b>		
Stockholders of the company	(459,847)	261,645
Non-controlling interests	5,922	(19,204)
	<u>(453,925)</u>	<u>242,441</u>
<b>Total Comprehensive Income Attributable to Stockholders of the company:</b>		
Continuing operations	491,549	318,105
Discontinued operations	(951,396)	(56,460)
	<u>(459,847)</u>	<u>261,645</u>
	<b>Cents</b>	<b>Cents</b>
<b>Earnings per Stock Unit</b>		
From continuing operations	32.69	36.04
From discontinued operations	0.39	(8.69)
	<u>33.08</u>	<u>27.35</u>

# Jamaica Broilers Group Limited

## Group Balance Sheet

30 July 2016

	30 July 2016 \$'000 Unaudited	30 April 2016 \$'000 Audited	1 August 2015 \$'000 Unaudited
<b>Non-Current Assets</b>			
Property, plant and equipment	6,957,550	10,501,877	9,831,580
Intangible assets	1,162,457	1,165,272	890,650
Asset held for sale	16,042	16,042	-
Investment property	6,603	6,645	23,100
Investments	45,982	45,983	43,266
Loans receivable	2,005,949	-	-
Deferred income taxes	17,572	15,601	-
Post-employment benefit assets	180,100	180,100	-
Affiliate	-	-	18,683
	<u>10,392,255</u>	<u>11,931,519</u>	<u>10,807,279</u>
<b>Current Assets</b>			
Inventories	4,824,354	4,280,347	3,671,016
Biological assets	3,080,062	2,952,244	2,635,813
Receivables	3,509,078	3,278,254	3,171,497
Loans receivable	349,875	-	-
Taxation recoverable	36,376	36,400	19,894
Financial assets at fair value through profit or loss	655,055	701,303	579,574
Cash and short term investments	1,069,786	1,199,194	1,217,469
	<u>13,524,586</u>	<u>12,447,742</u>	<u>11,295,263</u>
<b>Current Liabilities</b>			
Payables	3,239,484	3,207,847	3,121,589
Taxation payable	598,226	482,217	586,646
Borrowings	1,983,479	1,983,290	2,685,668
	<u>5,821,189</u>	<u>5,673,354</u>	<u>6,393,903</u>
<b>Net Current Assets</b>	<u>7,703,397</u>	<u>6,774,358</u>	<u>4,901,360</u>
	<u>18,095,652</u>	<u>18,705,907</u>	<u>15,708,639</u>
<b>Stockholders' Equity</b>			
Share capital	765,137	765,137	765,137
Capital reserve	1,202,181	2,062,158	1,781,032
Retained earnings	10,732,544	10,332,414	9,147,515
	<u>12,699,862</u>	<u>13,159,709</u>	<u>11,693,684</u>
<b>Non-controlling interests</b>	<u>(51,577)</u>	<u>(57,499)</u>	<u>(54,829)</u>
	<u>12,648,285</u>	<u>13,102,210</u>	<u>11,638,855</u>
<b>Non-Current Liabilities</b>			
Borrowings	4,937,341	5,096,511	3,384,972
Deferred income taxes	488,126	485,286	565,312
Pension scheme benefit liabilities	-	-	94,700
Post-employment benefit obligations	21,900	21,900	24,800
	<u>18,095,652</u>	<u>18,705,907</u>	<u>15,708,639</u>

**Jamaica Broilers Group Limited**  
**Group Statement of Changes in Stockholders' Equity**  
**Three Months ended 30 July 2016**

	Attributable to the Company's Stockholders					Total Equity \$'000
	Number of Shares '000	Share Capital \$'000	Capital Reserve \$'000	Retained Earnings \$'000	Non- controlling Interests \$'000	
	Balance at 2 May 2015	1,199,277	765,137	1,850,181	8,816,721	
Exchange differences on translating foreign operations	-	-	(69,149)	-	(2,957)	(72,106)
Total other comprehensive income	-	-	(69,149)	-	(2,957)	(72,106)
Net profit	-	-	-	330,794	(16,247)	314,547
Total comprehensive income	-	-	(69,149)	330,794	(19,204)	242,441
Balance at 1 August 2015	1,199,277	765,137	1,781,032	9,147,515	(54,829)	11,638,855
Balance at 1 May 2016	1,199,277	765,137	2,062,158	10,332,414	(57,499)	13,102,210
Exchange differences on translating foreign operations	-	-	(859,864)	-	(63)	(859,927)
Total other comprehensive income	-	-	(859,864)	-	(63)	(859,927)
Net profit	-	-	-	400,017	5,985	406,002
Total comprehensive income	-	-	(859,864)	400,017	5,922	(453,925)
Transfer to capital reserves	-	-	(113)	113	-	-
Movement during the period	-	-	(859,977)	400,130	5,922	(453,925)
Balance at 30 July 2016	1,199,277	765,137	1,202,181	10,732,544	51,577	12,648,285

# Jamaica Broilers Group Limited

## Group Statement of Cash Flows

Three Months ended 30 July 2016

	Quarter ended 30 July 2016 \$'000	Quarter ended 1 August 2015 \$'000
<b>Cash Flows from Operating Activities</b>		
Net profit	406,002	314,547
Adjustments for:		
Depreciation	210,654	196,019
Amortisation	30,731	20,080
Gain on disposal of subsidiaries	(40,258)	-
Disposal adjustment	(5,778)	-
Impairment of investment	-	26,234
Fair value loss on financial assets at fair value through profit or loss	1,172	19,030
Taxation expense	159,715	142,865
Interest income	(21,499)	(1,774)
Unrealised foreign exchange losses	(15,827)	(11,266)
Interest expense	157,890	145,392
	<u>882,802</u>	<u>851,127</u>
Changes in operating assets and liabilities:		
Inventories	(676,330)	277,867
Biological assets	(127,818)	(66,032)
Receivables	(233,881)	(450,547)
Payables	11,279	(565,135)
Financial assets at fair value through profit or loss	45,076	(126,122)
Translation gain on working capital of foreign subsidiaries	(49,896)	(58,913)
	<u>(148,768)</u>	<u>(137,755)</u>
Taxation paid	(43,277)	(25,976)
Cash used in operating activities	<u>(192,045)</u>	<u>(163,731)</u>

**Jamaica Broilers Group Limited**  
 Group Statement of Cash Flows (Continued)  
 Three Months ended 30 July 2016

	<b>Quarter ended 30 July 2016 \$'000</b>	<b>Quarter ended 1 August 2015 \$'000</b>
<b>Cash Flows from Operating Activities (Page 5)</b>	<u>(192,045)</u>	<u>(163,731)</u>
<b>Cash Flows from Investing Activities</b>		
Purchase of property, plant and equipment	(107,312)	(109,091)
Proceeds from disposal of property, plant and equipment	5,900	-
Purchase of intangible assets	-	(14,693)
Proceeds from disposal of subsidiaries	462,657	-
Loan repayments received	-	68,112
Interest received	6,110	1,774
Cash provided by/(used in) investing activities	<u>367,355</u>	<u>(53,898)</u>
<b>Cash Flows from Financing Activities</b>		
Long term loans repaid	(188,766)	(856,463)
Long term loans received	11,717	621,481
Interest paid	(148,191)	(169,850)
Cash used in financing activities	<u>(325,240)</u>	<u>(404,832)</u>
Effect of changes in exchange rates on cash and cash equivalents	<u>14,163</u>	<u>21,738</u>
Decrease in cash and cash equivalents	(135,767)	(600,723)
Cash and cash equivalents at beginning of year	<u>872,888</u>	<u>1,668,557</u>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<u><u>737,121</u></u>	<u><u>1,067,834</u></u>



# Jamaica Broilers Group Limited

Segment Reporting Information

Three Months ended 30 July 2016

	3 Months to 30 July 2016				
	Jamaica	US	Other	Eliminations	Group
	Operations	Operations	Caribbean Operations		
	\$'000	\$'000	\$'000	\$'000	\$'000
External revenues	7,227,063	2,432,158	359,498	-	10,018,719
Revenue from other segments	87,567	660,045	203,600	(951,212)	-
Total revenue	7,314,630	3,092,203	563,098	(951,212)	10,018,719
Segment result <sup>(1)</sup>	146,921	297,302	568,472	(43,425)	969,270
Unallocated corporate expenses					(368,302)
Operating profit					600,968
Finance income					123,289
Finance costs					(163,268)
Profit before tax					560,989
Taxation					(159,715)
Profit from continuing operations					401,274
Profit for the period from discontinued operations					4,728
Net profit					406,002
Segment assets -					
Current assets	9,921,536	4,242,978	1,913,395	(2,553,323)	13,524,586
Non-current assets	10,215,887	2,334,108	1,050,603	(3,208,343)	10,392,255
Total assets	20,137,423	6,577,086	2,963,998	(5,761,666)	23,916,841
Segment liabilities -					
Current liabilities	4,328,323	2,563,421	1,489,839	(2,560,294)	5,821,189
Non-current liabilities	5,270,639	2,136,510	676,240	(2,636,022)	5,447,367
Total liabilities	9,598,962	4,699,931	2,165,979	(5,196,316)	11,268,556
(1) Normalised Segment Result					
Segment result	146,921	297,302	568,472	(43,425)	969,270
Adjusted for effects of disposal of subsidiaries	494,297	-	(494,297)	-	-
Normalised segment result	641,218	297,302	74,175	(43,425)	969,270

**Jamaica Broilers Group Limited**  
Segment Reporting Information (Continued)  
**Three Months ended 30 July 2016**

	3 Months to 1 August 2015				
	Jamaica Operations \$'000	US Operations \$'000	Other Caribbean Operations \$'000	Eliminations \$'000	Group \$'000
External revenues	6,585,318	2,066,607	279,765	-	8,931,690
Revenue from other segments	126,446	513,528	183,635	(823,609)	-
Total revenue	6,711,764	2,580,135	463,400	(823,609)	8,931,690
Segment result	782,714	261,451	25,027	-	1,069,192
Unallocated corporate expenses					(372,058)
Operating profit					697,134
Finance income					51,203
Finance costs					(185,865)
Profit before tax					562,472
Taxation					(142,865)
Net profit from continuing operations					419,607
Loss for the period from discontinued operations					(105,060)
Net profit					314,547
Segment assets -					
Current assets	10,369,344	3,411,531	3,743,771	(6,229,383)	11,295,263
Non-current assets	9,115,510	1,360,157	1,034,969	(703,357)	10,807,279
Total assets	19,484,854	4,771,688	4,778,740	(6,932,740)	22,102,542
Segment liabilities -					
Current liabilities	7,351,783	3,073,591	2,197,912	(6,229,383)	6,393,903
Non-current liabilities	3,678,276	388,920	2,588	-	4,069,784
Total liabilities	11,030,059	3,462,511	2,200,500	(6,229,383)	10,463,687

# Jamaica Broilers Group Limited

## Notes to the Interim Financial Statements

30 July 2016

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### Accounting Periods

The company's financial year consists of 12 accounting periods ending on the Saturday closest to the calendar month end. The accounting year ends on the Saturday closest to April 30.

### Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) under the historical cost convention, as modified by the revaluation of biological assets and certain financial assets.

These financial statements are presented in Jamaican dollars unless otherwise indicated.

The accounting policies followed in these interim financial statements are consistent with those used in the audited financial statements for the year ended 30 April 2016.

### Segmental Financial Information

Management has determined the operating segments based on the reports reviewed by the President and Chief Executive Officer that are used to make strategic decisions.

Segment information is provided for reportable segments as follows:

- Jamaica Operations
- US Operations
- Other Caribbean Operations

The business is considered primarily from a geographical perspective.

Finance income and Finance costs are not included in the measure of segment results and are not regularly reviewed by the President and Chief Executive Officer.

### Discontinued operations

On 29 June 2016 Jamaica Broilers Group Limited signed an agreement with West Indies Petroleum Limited with respect to the sale of its shares in ERI Services (St. Lucia) Limited and its wholly owned subsidiary JB Terminal (Port Esquivel) Limited (formerly JB Ethanol Limited) for a cash consideration of US\$4 million. As part of the deal West Indies Petroleum Limited will also assume liabilities of US\$18.5 million due to Jamaica Broilers Group Limited. JB Terminal (Port Esquivel) Limited (formerly JB Ethanol Limited) owns and operates the ethanol and terminal facilities at Port Esquivel.

The statement of comprehensive income and segment report for the quarter ended 1 August 2015 were restated to reflect the discontinued operations as an individual line item.

# Jamaica Broilers Group Limited

Notes to the Interim Financial Statements

30 July 2016

## Discontinued operations (Continued)

Income statement and cash flow information

	Quarter ended 30 July 2016 \$'000	Quarter ended 1 August 2015 \$'000
<b>Revenue</b>	187	277
Cost of sales	(43,275)	(86,231)
<b>Gross loss</b>	(43,088)	(85,954)
Other income	-	10
Administration and other expenses	(7,388)	(21,724)
<b>Operating loss</b>	(50,476)	(107,668)
Finance cost	14,946	2,608
<b>Loss before taxation</b>	(35,530)	(105,060)
Taxation	-	-
<b>Net loss after tax of discontinued operations</b>	(35,530)	(105,060)
Gain on disposal of subsidiaries	40,258	-
<b>Profit/(loss) for the period from discontinued operations</b>	4,728	(105,060)
	Quarter ended 30 July 2016 \$'000	Quarter ended 1 August 2015 \$'000
Operating cash flows	(1,740)	(15,653)
Financing cash flows	-	(20,839)
	(1,740)	(36,492)