



Jamaica Broilers Group Limited

Interim Report

**29 July 2017
(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 29, 2017, which have been prepared in accordance with International Financial Reporting Standards (IFRS).

Group revenues for the first quarter amounted to \$11.5 billion, represented a 15% increase over the \$10.0 billion achieved in the corresponding quarter of the previous year. Our gross profit for the first quarter was \$2.7 billion.

Jamaica Operations reported a first quarter segment result of \$449 million, which was \$192 million or 30% below last year's normalised segment result of \$641 million. This decrease was attributed to lower production volumes and higher distribution costs when compared to the prior year. These higher costs were as a result of a rebalancing of the inventory in the poultry segment, as well as some third-party storage issues that took place in the first quarter. Total revenue for our Jamaica Operations showed a strong increase of 8%.

Our US Operations continued to grow steadily and reported a segment result of \$318 million, which was a 7% increase over the prior year's result of \$297 million. Our presence in this market remains robust with a broad and diverse customer base. Total revenue for this segment increased by 31% over the prior year driven by increased sales of our main products – fertile eggs and baby chicks.

In the Other Caribbean Operations segment, Haiti Broilers SA continues to benefit from the increased production and sale of table eggs which increased to 30% of the market, compared to 22% of the market at the end of the first quarter last year. The segment result for the first quarter amounted to \$121 million, which was 64% above the previous year.

Distribution and administrative costs, reflected an increase of 9% over the previous year due primarily to inflation, exchange rate movements and increased development costs associated with the improvement of the Group's information systems and IT security. These expenses include one-off cost elements incurred in the quarter which are not expected to recur. Additionally, finance income decreased by \$113 million or 92% from the prior year due to lower foreign exchange gains when compared to the prior year due to the revaluation experience in the first quarter.

We recorded profits attributable to stockholders of \$198 million or 16.48 cents per stock unit. The Staff, Management and the Board of Directors of Jamaica Broilers Group Limited continue to trust in the Lord's guidance for our company and are grateful for His Blessings and Provision.



Robert Levy
Chairman



Christopher Levy
President & Chief Executive Officer

September 7, 2017

Jamaica Broilers Group Limited

Group Statement of Comprehensive Income

Three Months ended 29 July 2017

	Quarter ended 29 July 2017 \$'000	Quarter ended 30 July 2016 \$'000
Continuing operations		
Revenue	11,487,354	10,018,719
Cost of sales	<u>(8,815,615)</u>	<u>(7,363,879)</u>
Gross Profit	2,671,739	2,654,840
Other income/gains	68,943	55,037
Distribution costs	(443,776)	(321,256)
Administration and other expenses	<u>(1,860,476)</u>	<u>(1,787,653)</u>
Operating Profit	436,430	600,968
Finance income	10,439	123,289
Finance costs	<u>(150,447)</u>	<u>(163,268)</u>
Profit before Taxation	296,422	560,989
Taxation	<u>(83,837)</u>	<u>(159,715)</u>
Net Profit from continuing operations	212,585	401,274
Discontinued operations		
Profit for the period from discontinued operations	<u>-</u>	<u>4,728</u>
Net Profit	<u>212,585</u>	<u>406,002</u>
Other Comprehensive Income, net of taxes -		
Item that will be reclassified to profit or loss -		
Exchange differences on translating foreign operations	16,014	96,197
Exchange differences on translating discontinued operations	<u>-</u>	<u>(956,124)</u>
Total other comprehensive income	<u>16,014</u>	<u>(859,927)</u>
Total Comprehensive Income	<u>228,599</u>	<u>(453,925)</u>
Net Profit Attributable to:		
Stockholders of the company	197,687	400,017
Non-controlling interests	14,898	5,985
	<u>212,585</u>	<u>406,002</u>
Net Profit from continuing operation attributable to:		
Stockholders of the company	197,687	395,289
Non-controlling interests	14,898	5,985
	<u>212,585</u>	<u>401,274</u>

Jamaica Broilers Group Limited

Group Statement of Comprehensive Income (Continued)

Three Months ended 29 July 2017

	Quarter ended 29 July 2017 \$'000	Quarter ended 30 July 2016 \$'000
Total Comprehensive Income Attributable to:		
Stockholders of the company	211,349	(459,847)
Non-controlling interests	17,250	5,922
	<u>228,599</u>	<u>(453,925)</u>
Total Comprehensive Income Attributable to Stockholders of the company:		
Continuing operations	211,349	491,549
Discontinued operations	-	(951,396)
	<u>211,349</u>	<u>(459,847)</u>
	Cents	Cents
Earnings per Stock Unit		
From continuing operations	16.48	32.69
From discontinued operations	-	0.39
	<u>16.48</u>	<u>33.08</u>

Jamaica Broilers Group Limited

Group Balance Sheet

29 July 2017

	29 July 2017 \$'000 Unaudited	29 April 2017 \$'000 Audited	30 July 2016 \$'000 Unaudited
Non-Current Assets			
Property, plant and equipment	7,222,340	7,062,286	6,957,550
Intangible assets	1,048,261	1,086,547	1,162,457
Asset held for sale	-	-	16,042
Investment property	6,437	6,479	6,603
Investments	8,567	8,567	45,982
Loans receivable	1,696,582	2,051,914	2,005,949
Deferred income taxes	37,370	37,681	17,572
Post-employment benefit assets	691,100	691,100	180,100
	<u>10,710,657</u>	<u>10,944,574</u>	<u>10,392,255</u>
Current Assets			
Inventories	5,567,070	5,164,289	4,824,354
Biological assets	4,348,510	4,457,372	3,080,062
Receivables	3,859,145	3,568,655	3,509,078
Loans receivable	352,257	500,967	349,875
Taxation recoverable	49,532	64,534	36,376
Financial assets at fair value through profit or loss	832,271	760,696	655,055
Cash and short term investments	1,981,658	2,004,565	1,069,786
	16,990,443	16,521,078	13,524,586
Current Liabilities			
Payables	4,511,474	4,414,142	3,239,484
Taxation payable	110,057	179,278	598,226
Borrowings	2,622,490	2,501,612	1,983,479
	<u>7,244,021</u>	<u>7,095,032</u>	<u>5,821,189</u>
Net Current Assets	<u>9,746,422</u>	<u>9,416,046</u>	<u>7,703,397</u>
	<u>20,457,079</u>	<u>20,370,620</u>	<u>18,095,652</u>
Stockholders' Equity			
Share capital	765,137	765,137	765,137
Reserves	1,184,357	1,170,695	1,202,181
Retained earnings	12,702,685	12,504,998	10,732,544
	<u>14,652,179</u>	<u>14,440,830</u>	<u>12,699,862</u>
Non-controlling interests	<u>(5,587)</u>	<u>(22,837)</u>	<u>(51,577)</u>
	14,646,592	14,417,993	12,648,285
Non-Current Liabilities			
Borrowings	5,059,612	5,200,463	4,937,341
Deferred income taxes	728,475	729,764	488,126
Post-employment benefit obligations	22,400	22,400	21,900
	<u>20,457,079</u>	<u>20,370,620</u>	<u>18,095,652</u>

Jamaica Broilers Group Limited
Group Statement of Changes in Stockholders' Equity
Three Months ended 29 July 2017

	Attributable to the Company's Stockholders					Total Equity \$'000
	Number of Shares '000	Share Capital \$'000	Reserves \$'000	Retained Earnings \$'000	Non- controlling Interests \$'000	
	Balance at 1 May 2016	1,199,277	765,137	2,062,158	10,332,414	
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
Balance at 30 April 2017	1,199,277	765,137	1,170,695	12,504,998	(22,837)	14,417,993
Exchange differences on translating foreign operations	-	-	13,662	-	2,352	16,014
Total other comprehensive income	-	-	13,662	-	2,352	16,014
Net profit	-	-	-	197,687	14,898	212,585
Total comprehensive income	-	-	13,662	197,687	17,250	228,599
Balance at 29 July 2017	1,199,277	765,137	1,184,357	12,702,685	(5,587)	14,646,592

Jamaica Broilers Group Limited

Group Statement of Cash Flows

Three Months ended 29 July 2017

	Quarter ended 29 July 2017 \$'000	Quarter ended 30 July 2016 \$'000
Cash Flows from Operating Activities		
Net profit	212,585	406,002
Adjustments for:		
Depreciation	154,181	210,654
Amortisation	30,983	30,731
Gain on disposal of subsidiaries	(1,926)	(40,258)
Disposal adjustment	-	(5,778)
Fair value (gain)/loss on financial assets at fair value through profit or loss	(10,450)	1,172
Taxation expense	83,837	159,715
Interest income	(53,500)	(21,499)
Unrealised foreign exchange losses/(gains)	24,305	(15,827)
Interest expense	153,174	157,890
	<u>593,189</u>	<u>882,802</u>
Changes in operating assets and liabilities:		
Inventories	(402,781)	(676,330)
Biological assets	108,862	(127,818)
Receivables	(290,490)	(233,881)
Payables	97,332	11,279
Financial assets at fair value through profit or loss	(61,125)	45,076
Translation loss/(gain) on working capital of foreign subsidiaries	3,361	(49,896)
	<u>48,348</u>	<u>(148,768)</u>
Taxation paid	(138,717)	(43,277)
Cash used in operating activities	<u>(90,369)</u>	<u>(192,045)</u>

Jamaica Broilers Group Limited
 Group Statement of Cash Flows (Continued)
 Three Months ended 29 July 2017

	Quarter ended 29 July 2017 \$'000	Quarter ended 30 July 2016 \$'000
Cash Flows from Operating Activities	<u>(90,369)</u>	<u>(192,045)</u>
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(298,031)	(107,312)
Proceeds from disposal of property, plant and equipment	3,980	5,900
Proceeds from disposal of subsidiaries	-	462,657
Loan repayments received	339,607	-
Interest received	198,181	6,110
Cash provided by investing activities	<u>243,737</u>	<u>367,355</u>
Cash Flows from Financing Activities		
Long term loans repaid	(304,655)	(188,766)
Long term loans received	389,969	11,717
Interest paid	(151,325)	(148,191)
Cash used in financing activities	<u>(66,011)</u>	<u>(325,240)</u>
Effect of changes in exchange rates on cash and cash equivalents	<u>(6,463)</u>	<u>14,163</u>
Increase/(decrease) in cash and cash equivalents	80,894	(135,767)
Cash and cash equivalents at beginning of year	<u>1,596,383</u>	<u>872,888</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u><u>1,677,277</u></u>	<u><u>737,121</u></u>

Jamaica Broilers Group Limited

Segment Reporting Information

Three Months ended 29 July 2017

	3 Months to 29 July 2017				
	Jamaica Operations \$'000	US Operations \$'000	Other Caribbean Operations \$'000	Eliminations \$'000	Group \$'000
External revenues	7,867,880	3,092,701	526,773	-	11,487,354
Revenue from other segments	67,656	559,345	213,033	(840,034)	-
Total revenue	<u>7,935,536</u>	<u>3,652,046</u>	<u>739,806</u>	<u>(840,034)</u>	<u>11,487,354</u>
Segment result	<u>449,463</u>	<u>317,667</u>	<u>120,800</u>	<u>(60,156)</u>	<u>827,774</u>
Unallocated corporate expenses					(391,344)
Operating profit					436,430
Finance income					10,439
Finance costs					(150,447)
Profit before tax					296,422
Taxation					(83,837)
Net profit					<u>212,585</u>
Segment assets -					
Current assets	11,540,934	6,368,598	2,427,896	(3,346,985)	16,990,443
Non-current assets	10,314,137	2,435,515	1,086,915	(3,125,910)	10,710,657
Total assets	<u>21,855,071</u>	<u>8,804,113</u>	<u>3,514,811</u>	<u>(6,472,895)</u>	<u>27,701,100</u>
Segment liabilities -					
Current liabilities	5,010,938	3,759,569	1,828,055	(3,354,541)	7,244,021
Non-current liabilities	5,045,980	2,640,051	683,668	(2,559,212)	5,810,487
Total liabilities	<u>10,056,918</u>	<u>6,399,620</u>	<u>2,511,723</u>	<u>(5,913,753)</u>	<u>13,054,508</u>

Jamaica Broilers Group Limited
Segment Reporting Information (Continued)
Three Months ended 29 July 2017

	3 Months to 30 July 2016				
	Jamaica Operations \$'000	US Operations \$'000	Other Caribbean Operations \$'000	Eliminations \$'000	Group \$'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 ⁽¹⁾	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	1,489,739	(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

Notes to the Interim Financial Statements

29 July 2017

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 29 April 2017.

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

In the previous year ended 29 April 2017, Jamaica Broilers Group Limited signed an agreement with West Indies Petroleum Limited on 29 June 2016, 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.

Jamaica Broilers Group Limited

Notes to the Interim Financial Statements

29 July 2017

Discontinued operations (Continued)

Income statement and cash flow information

	Quarter ended 29 July 2017 \$'000	Quarter ended 30 July 2016 \$'000
Revenue	-	187
Cost of sales	-	(43,275)
Gross loss	-	(43,088)
Other income	-	-
Administration and other expenses	-	(7,388)
Operating loss	-	(50,476)
Finance cost	-	14,946
Loss before taxation	-	(35,530)
Taxation	-	-
Net loss after tax of discontinued operations	-	(35,530)
Gain on disposal of subsidiaries	-	40,258
Profit/(loss) for the period from discontinued operations	-	4,728
	Quarter ended 29 July 2017 \$'000	Quarter ended 30 July 2016 \$'000
Operating cash flows	-	(1,740)
Financing cash flows	-	-
	-	(1,740)