



INTERIM REPORT

27 OCTOBER 2018

(6 Months)



Interim Report to Our Shareholders

The Directors of Jamaica Broilers Group Limited now release the unaudited financial results for the quarter ended October 27, 2018, which have been prepared in accordance with International Financial Reporting Standards (IFRS).

Group revenues for the quarter amounted to \$13.6 billion, an 18% increase over the \$11.5 billion achieved in the corresponding quarter of the previous year. Our gross profit for the quarter was \$3 billion, a 3% increase over the previous year.

Jamaica Operations reported segment result of \$1.4 billion, which was \$299 million or 28% above last year's segment result of \$1.1 billion. This improvement was attributed to increased poultry sales and enhanced inventory management. Total revenue for our Jamaica Operations showed an increase of 7%.

Total revenue for our US Operations increased by 20% over the prior year driven by increased sales of our main products – fertile eggs and baby chicks, as well as, feed sales from the acquired feed mill. Our US Operations reported a segment result of \$666 million, which was a 1% decrease from the prior year's result of \$674 million. This decrease was primarily attributable to one-off staff cost elements and acquisition costs related to the recent feed mill purchase; these cost elements are not expected to recur.

Haiti Operations has increased their market share of table eggs to 34%, compared to 31% of the market at the end of the second quarter last year. Total revenue for our Haitian Operations increased by 13% over the prior year driven by increased sales of table eggs. The segment result amounted to \$85 million, which is \$1 million or 1% below last year's segment result of \$86 million. Effective October 2018, Jamaica Broilers Group Limited acquired an additional 4% stake in Haiti Broilers S.A., thereby increasing our holdings to 72%.

The Other Caribbean Operations reported segment results of \$1.2 billion an increase of \$1 billion over the corresponding quarter of the previous year. The significant increase is mainly due to the net results of the JBGL Stockholders Nominee Limited, driven by the unrealised fair value gains (which are eliminated upon consolidation of the Group) of the shares held.

Distribution and administrative costs, reflected an increase of 13% over the previous year due primarily to exchange movements, salary increases, increased staff complement and distribution costs related to the recent acquisition of the feed mill. These results also include the operating expenses of the new hatchery in Pennsylvania and the costs associated with the formation of the Shareholders' Trust - these costs were not in last year's comparative results.

Our Group operates in three (3) different countries and due to significant foreign exchange volatility during the second quarter, we incurred foreign exchange losses of \$231 million. These exchange losses resulted in a 47% reduction from profits attributable to stockholders for the quarter ended 28 October 2017. We are anticipating relative stability in foreign exchange as we progress towards the end of our financial year ending April 27, 2019.

We recorded profits attributable to stockholders of \$230 million or 22.42 cents per stock unit for the quarter.

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

December 5, 2018

Jamaica Broilers Group Limited

Group Statement of Comprehensive Income

Six Months ended 27 October 2018

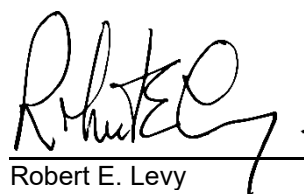
	Quarter ended 27 October 2018 \$'000	Quarter ended 28 October 2017 \$'000	Six months ended 27 October 2018 \$'000	Six months ended 28 October 2017 \$'000
Revenue	13,551,122	11,529,953	25,714,189	23,017,307
Cost of sales	(10,513,987)	(8,570,763)	(19,498,939)	(17,386,378)
Gross Profit	3,037,135	2,959,190	6,215,250	5,630,929
Other income	(50,389)	71,871	142,167	140,814
Distribution costs	(481,794)	(415,275)	(917,886)	(859,051)
Administration and other expenses	(1,942,399)	(1,856,826)	(4,212,279)	(3,717,302)
Operating Profit	562,553	758,960	1,227,252	1,195,390
Finance income	(98,574)	3,401	201,483	13,840
Finance costs	(147,803)	(160,080)	(471,454)	(310,527)
Profit before Taxation	316,176	602,281	957,281	898,703
Taxation	(85,289)	(156,425)	(313,019)	(240,262)
Net Profit	230,887	445,856	644,262	658,441
Other Comprehensive Income, net of taxes - Item that will be reclassified to profit or loss -				
Exchange differences on translating foreign operations	(264,115)	(24,739)	35,256	(8,725)
Total other comprehensive income	(264,115)	(24,739)	35,256	(8,725)
Total Comprehensive Income	(33,228)	421,117	679,518	649,716
Net Profit Attributable to:				
Stockholders of the company	230,475	435,778	629,317	633,465
Non-controlling interests	412	10,078	14,945	24,976
	230,887	445,856	644,262	658,441
Total Comprehensive Income Attributable to:				
Stockholders of the company	(21,946)	410,142	672,336	621,491
Non-controlling interests	(11,282)	10,975	7,182	28,225
	(33,228)	421,117	679,518	649,716
Earnings per Stock Unit	Cents 22.42	Cents 36.34	Cents 61.21	Cents 52.82

Jamaica Broilers Group Limited

Group Balance Sheet

27 October 2018

	27 October 2018 \$'000 Unaudited	28 April 2018 \$'000 Audited	28 October 2017 \$'000 Unaudited
Non-Current Assets			
Property, plant and equipment	9,184,643	8,186,112	7,812,729
Intangible assets	1,173,357	983,047	1,012,241
Investment property	6,229	6,313	6,396
Investments	268,378	260,319	264,907
Loans receivable	1,360,120	1,647,029	1,683,103
Deferred income taxes	61,231	59,317	37,075
Post-employment benefit assets	438,600	438,600	691,100
	<u>12,492,558</u>	<u>11,580,737</u>	<u>11,507,551</u>
Current Assets			
Inventories	6,331,986	5,783,503	5,712,067
Biological assets	5,806,351	5,443,704	4,570,676
Receivables	4,535,464	3,945,121	3,717,699
Loans receivable	350,094	341,535	349,016
Taxation recoverable	43,509	34,311	54,389
Financial assets at fair value through profit or	612,399	767,150	780,255
Cash and short term investments	2,981,094	3,116,000	1,228,639
	<u>20,660,897</u>	<u>19,431,324</u>	<u>16,412,741</u>
Current Liabilities			
Payables	6,048,373	5,019,273	3,987,547
Dividends payable	201,966	-	203,877
Taxation payable	416,238	540,986	342,564
Borrowings	7,061,618	5,364,899	2,954,744
Other long term liabilities – current portion	720,383	1,540,268	-
	<u>14,448,578</u>	<u>12,465,426</u>	<u>7,488,732</u>
Net Current Assets	<u>6,212,319</u>	<u>6,965,898</u>	<u>8,924,009</u>
	<u>18,704,877</u>	<u>18,546,635</u>	<u>20,431,560</u>
Stockholders' Equity			
Share capital	765,137	765,137	765,137
Reserves	1,093,680	1,050,661	1,158,721
Retained earnings	14,243,003	13,815,849	12,934,586
Shares held by Trust	(3,234,132)	(3,010,231)	-
	<u>12,867,688</u>	<u>12,621,416</u>	<u>14,858,444</u>
Non-controlling interests	<u>154,514</u>	<u>38,957</u>	<u>5,388</u>
	<u>13,022,202</u>	<u>12,660,373</u>	<u>14,863,832</u>
Non-Current Liabilities			
Borrowings	5,040,956	4,658,531	4,895,109
Other long term liabilities	-	720,383	-
Deferred income taxes	615,719	481,348	650,219
Post-employment benefit obligations	26,000	26,000	22,400
	<u>18,704,877</u>	<u>18,546,635</u>	<u>20,431,560</u>



Robert E. Levy

Chairman

December 5, 2018



Christopher Levy

President & CEO

Jamaica Broilers Group Limited

Group Statement of Changes in Stockholders' Equity

Six Months ended 27 October 2018

	Attributable to the Company's Stockholders					Non-controlling Interests	Total Equity
	Number of Shares	Share Capital	Reserves	Retained Earnings	Shares held by Trust		
	'000	\$'000	\$'000	\$'000	\$'000		
Balance at 29 April 2017	1,199,277	765,137	1,170,695	12,504,998	-	(22,837)	14,417,993
Exchange differences on translating foreign	-	-	(11,974)	-	-	3,249	(8,725)
Total other comprehensive income	-	-	(11,974)	-	-	3,249	(8,725)
Net profit	-	-	-	633,465	-	24,976	658,441
Total comprehensive income	-	-	(11,974)	633,465	-	28,225	659,716
Dividends	-	-	-	(203,877)	-	-	(203,877)
Movement during the period	-	-	(11,974)	429,588	-	28,225	445,839
Balance at 28 October 2017	1,199,277	765,137	1,158,721	12,934,586	-	5,388	14,863,832
Balance at 28 April 2018	1,033,825	765,137	1,050,661	13,815,849	(3,010,231)	38,957	12,660,373
Exchange differences on translating foreign	-	-	43,019	-	-	(7,763)	35,256
Total other comprehensive income	-	-	43,019	-	-	(7,763)	35,256
Net profit	-	-	-	629,317	-	14,945	644,262
Total comprehensive income	-	-	43,019	629,317	-	7,182	679,518
Dividends	-	-	-	(201,966)	-	-	(201,966)
Purchase of shares by Trust	-	-	-	-	(223,901)	-	(223,901)
Shares purchased from non-controlling interest	(8,756)	-	-	(197)	-	(6,764)	(6,961)
Additional investment	-	-	-	-	-	115,139	115,139
	(8,756)	-	-	(202,163)	(223,901)	108,375	(317,689)
Total comprehensive income	(8,756)	-	43,019	427,154	(223,901)	115,557	361,829
Balance at 27 October 2018	1,025,069	765,137	1,093,680	14,243,003	(3,234,132)	154,514	13,022,202

Jamaica Broilers Group Limited

Group Statement of Cash Flows

Six Months ended 27 October 2018

	Six months ended 27 October 2018 \$'000	Six months ended 28 October 2017 \$'000
Cash Flows from Operating Activities		
Net profit	644,262	658,441
Adjustments for:		
Depreciation	437,788	337,743
Amortisation	89,976	60,388
Gain on disposal of property, plant and equipment	-	(1,744)
Fair value loss/(gain) on financial assets at fair value through profit or loss	43,065	(23,213)
Taxation expense	313,019	240,262
Interest income	(83,615)	(102,420)
Unrealised foreign exchange (gains)/losses	(96,634)	41,031
Interest expense	374,297	315,945
	<u>1,722,158</u>	<u>1,526,433</u>
Changes in operating assets and liabilities:		
Inventories	(548,483)	(547,778)
Biological assets	(362,647)	(113,304)
Receivables	(590,343)	(149,044)
Payables	1,083,262	(426,595)
Financial assets at fair value through profit or loss	111,686	3,654
Translation losses/(gains) on working capital of foreign subsidiaries	40,700	(18,421)
	<u>1,456,333</u>	<u>274,945</u>
Taxation paid	(313,278)	(145,154)
Cash provided by operating activities	<u>1,143,055</u>	<u>129,791</u>

Jamaica Broilers Group Limited

Group Statement of Cash Flows (Continued)

Six Months ended 27 October 2018

	Six months ended 27 October 2018 \$'000	Six months ended 28 October 2017 \$'000
Cash Flows from Operating Activities	1,143,055	129,791
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(1,412,571)	(1,078,417)
Purchase of intangible assets	(253,123)	-
Purchase of investments	-	(253,593)
Proceeds from disposal of property, plant and equipment	-	4,281
Loan repayments received	344,734	339,607
Interest received	86,209	245,173
Cash used in investing activities	(1,234,751)	(742,949)
Cash Flows from Financing Activities		
Long term loans repaid	(305,657)	(389,703)
Long term loans received	2,113,773	636,897
Other long term liabilities paid	(1,540,268)	-
Shares purchased by Trust	(223,901)	-
Non-Controlling Interest	54,016	-
Interest paid	(389,515)	(311,518)
Cash used in financing activities	(291,552)	(64,324)
Effect of changes in exchange rates on cash and cash equivalents	87,937	(6,814)
Decrease in cash and cash equivalents	(295,311)	(684,296)
Cash and cash equivalents at beginning of year	2,925,625	1,596,383
CASH AND CASH EQUIVALENTS AT END OF PERIOD	2,630,314	912,087

Jamaica Broilers Group Limited

Segment Reporting Information

Six Months ended 27 October 2018

6 Months to 27 October 2018

	Jamaica Operations \$'000	US Operations \$'000	Haiti Operations \$'000	Other Caribbean \$'000	Eliminations \$'000	Group \$'000
External revenues	17,164,166	7,383,116	1,166,935	-	-	25,714,217
Revenue from other segments	132,792	1,379,212	-	276,409	(1,788,413)	-
Total revenue	17,296,958	8,762,328	1,166,935	276,409	(1,788,413)	25,714,217
Segment result	1,352,804	665,699	85,394	1,226,853	(1,386,351)	1,944,399
Unallocated corporate expenses						(717,147)
Operating profit						1,227,252
Finance income						201,483
Finance costs						(471,454)
Profit before tax						957,281
Taxation						(313,019)
Net profit						644,262
Segment assets -						
Current assets	17,211,533	7,808,916	983,509	1,368,674	(6,711,735)	20,660,897
Non-current assets	10,173,530	3,748,781	726,205	5,053,940	(7,209,898)	12,492,558
Total assets	27,385,063	11,557,697	1,709,714	6,422,614	(13,921,633)	33,153,455
Segment liabilities -						
Current liabilities	10,989,090	4,540,720	1,196,452	4,434,014	(6,711,698)	14,448,578
Non-current liabilities	4,177,968	3,193,542	-	3,080	(1,691,915)	5,682,675
Total liabilities	15,167,058	7,734,262	1,196,452	4,437,094	(8,403,613)	20,131,253

Jamaica Broilers Group Limited

Segment Reporting Information (Continued)

Six Months ended 27 October 2018

6 Months to 28 October 2017

	Jamaica Operations \$'000	US Operations \$'000	Haiti Operations \$'000	Other Caribbean \$'000	Eliminations \$'000	Group \$'000
External revenues	16,037,845	5,950,199	1,029,263	-	-	23,017,307
Revenue from other segments	115,733	1,369,152	-	214,084	(1,698,969)	-
Total revenue	16,153,578	7,319,351	1,029,263	214,084	(1,698,969)	23,017,307
Segment result	1,053,958	673,560	86,246	178,452	(120,087)	1,872,129
Unallocated corporate expenses						(676,739)
Operating profit						1,195,390
Finance income						13,840
Finance costs						(310,527)
Profit before tax						898,703
Taxation						(240,262)
Net profit						658,411
Segment assets -						
Current assets	11,786,470	6,318,800	888,476	1,108,146	(3,689,151)	16,412,741
Non-current assets	10,426,208	2,752,813	624,617	599,932	(2,896,019)	11,507,551
Total assets	22,212,678	9,071,613	1,513,093	1,708,078	(6,585,170)	27,920,292
Segment liabilities -						
Current liabilities	5,601,898	4,053,427	609,856	910,473	(3,686,922)	7,488,732
Non-current liabilities	4,845,626	2,494,114	689,567	3,136	(2,464,715)	5,567,728
Total liabilities	10,447,524	6,547,541	1,299,423	913,609	(6,151,637)	13,056,460

Jamaica Broilers Group Limited

Notes to the Interim Financial Statements

27 October 2018

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 28 April 2018.

The required adjustments for the newly effective IFRS 9, 'Financial Instruments' and IFRS 15, 'Revenue from contracts with customers' have not yet been implemented. The adjustments will be included in the year end results to be published.

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
- Haiti Operations
- Other Caribbean Operations

Effective 29 April 2018, the Haiti Operations has been separated from the Other Caribbean Operations and is now presented as an individual segment. The prior year segment report has been restated to reflect this change.

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.