

Interim Report

JANUARY 2020 | NINE MONTHS | UNAUDITED RESULTS





Interim Report to Our Shareholders

The Directors of Jamaica Broilers Group Limited now release the unaudited financial results for the quarter ended January 25, 2020, which have been prepared in accordance with International Financial Reporting Standards (IFRS).

Group revenues for the nine months amounted to \$40.6 billion, a 1% increase over the \$40.3 billion achieved in the corresponding nine months of the previous year. Our gross profit for the nine months was \$9.9 billion, a 1% increase over the previous year.

Jamaica Operations reported operating profit of \$2.4 billion, which was \$96 million or 4% below last year's operating profit of \$2.5 billion.

Total revenue for our US Operations increased by 11% over the prior year, driven by our recent acquisitions of a feed mill in Georgia and a processing plant in South Carolina, which have now been rebranded Best Dressed Chicken. Our US Operations reported operating profit of \$1.0 billion, which was a 9% decrease from the prior year's result of \$1.1 billion. This decrease from the prior year's result is primarily due to increased acquisition costs associated with the processing plant and the previous year's results included a one off gain on the acquisition of a business for \$124 million.

Haitian Operations reported an operating loss of \$92 million compared to a prior year operating profit of \$146 million. Total revenue declined by 22% and the current decline in performance is as a direct result of the political and economic instability being experienced in Haiti.

Distribution and administrative costs were flat when compared to the previous year.

Despite the adverse variances experienced on foreign exchange movements of \$226 million and Haiti Broilers, the Group's operations produced a noteworthy operating profit of \$2.2 billion.

Finance income for the Group, showed a reduction of \$291 million compared to last year resulting from reduced foreign exchange gains and reduction in interest income from the WIP loan, which was sold during the first quarter of this financial year.

We recorded profits attributable to stockholders of \$1.2 billion or \$1.16 per stock unit for the nine months.

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.

A handwritten signature in black ink, appearing to read 'Robert Levy', written over a horizontal line.

Robert Levy
Chairman

A handwritten signature in black ink, appearing to read 'Christopher Levy', written over a horizontal line.

Christopher Levy
President & Chief Executive Officer

March 4, 2020

Jamaica Broilers Group Limited

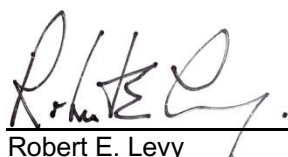
Group Statement of Comprehensive Income
 Nine Months ended 25 January 2020

	Quarter ended 25 January 2020 \$'000	Quarter ended 26 January 2019 \$'000	Nine months ended 25 January 2020 \$'000	Nine months ended 26 January 2019 \$'000
Revenue	14,309,914	14,554,357	40,575,569	40,268,546
Cost of sales	(10,856,928)	(10,965,684)	(30,631,246)	(30,464,623)
Gross Profit	3,452,986	3,588,673	9,944,323	9,803,923
Other income	81,188	162,094	183,722	304,261
Distribution costs	(438,261)	(498,963)	(1,313,229)	(1,416,849)
Administration and other expenses	(2,198,747)	(2,263,504)	(6,612,553)	(6,475,783)
Operating Profit	897,166	988,300	2,202,263	2,215,552
Finance income	-	126,929	36,457	328,412
Finance costs	(239,905)	(257,135)	(758,058)	(728,589)
Profit before Taxation	657,261	858,094	1,480,662	1,815,375
Taxation	(186,551)	(95,224)	(343,228)	(408,243)
Net Profit	470,710	762,870	1,137,434	1,407,132
Other Comprehensive Income, net of taxes - Item that will be reclassified to profit or loss -				
Exchange differences on translating foreign operations	166,697	81,827	352,710	117,083
Total other comprehensive income	166,697	81,827	352,710	117,083
Total Comprehensive Income	637,407	844,697	1,490,144	1,524,215
Net Profit Attributable to:				
Stockholders of the company	499,959	754,557	1,185,587	1,383,874
Non-controlling interests	(29,249)	8,313	(48,153)	23,258
	470,710	762,870	1,137,434	1,407,132
Total Comprehensive Income Attributable to:				
Stockholders of the company	666,006	843,754	1,540,458	1,516,090
Non-controlling interests	(28,599)	943	(50,314)	8,125
	637,407	844,697	1,490,144	1,524,215
Earnings per Stock Unit	\$ 0.49	\$ 0.73	\$ 1.16	\$ 1.35

Jamaica Broilers Group Limited

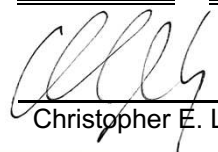
Group Balance Sheet
25 January 2020

	25 January 2020 \$'000 Unaudited	27 April 2019 \$'000 Audited	26 January 2019 \$'000 Unaudited
Non-Current Assets			
Property, plant and equipment	12,620,454	10,106,694	9,824,540
Intangible assets	1,534,564	1,029,429	1,000,781
Investment property	6,022	6,146	6,188
Investments	220,177	278,239	276,020
Loans receivable	-	1,058,544	1,058,837
Deferred expenses	59,183	72,841	-
Deferred income taxes	63,453	60,656	63,029
Post-employment benefit assets	803,600	803,600	438,600
	<u>15,307,453</u>	<u>13,416,149</u>	<u>12,667,995</u>
Current Assets			
Inventories	8,295,695	6,684,882	6,264,816
Biological assets	7,342,252	6,823,793	5,849,967
Receivables	4,567,200	4,104,902	4,767,456
Loans receivable	-	361,321	349,226
Taxation recoverable	30,654	48,747	53,241
Financial assets at fair value through profit or loss	566,293	636,930	617,763
Cash and short term investments	3,807,110	3,730,722	2,751,062
	<u>24,609,204</u>	<u>22,391,297</u>	<u>20,653,531</u>
Current Liabilities			
Payables	7,882,461	6,337,815	4,357,613
Dividends payable	-	212,332	-
Taxation payable	302,902	188,332	517,893
Borrowings	7,730,171	6,637,197	7,084,348
Other long term liabilities – current portion	-	720,383	720,383
	<u>15,915,534</u>	<u>14,096,059</u>	<u>12,680,237</u>
Net Current Assets	<u>8,693,670</u>	<u>8,295,238</u>	<u>7,973,294</u>
	<u>24,001,123</u>	<u>21,711,387</u>	<u>20,641,289</u>
Stockholders' Equity			
Share capital	765,137	765,137	765,137
Reserves	1,536,262	1,181,391	1,182,877
Retained earnings	17,028,376	16,037,300	14,997,560
Shares held by Trust	(3,273,909)	(3,273,909)	(3,258,408)
	<u>16,055,866</u>	<u>14,709,919</u>	<u>13,687,166</u>
Non-controlling interests	75,290	125,604	155,457
	<u>16,131,156</u>	<u>14,835,523</u>	<u>13,842,623</u>
Non-Current Liabilities			
Borrowings	7,001,135	5,987,159	6,152,869
Deferred income taxes	845,932	865,805	619,797
Post-employment benefit obligations	22,900	22,900	26,000
	<u>24,001,123</u>	<u>21,711,387</u>	<u>20,641,289</u>


Robert E. Levy

Chairman

March 4, 2020


Christopher E. Levy

President & CEO

Jamaica Broilers Group Limited

Group Statement of Changes in Stockholders' Equity

Nine Months ended 25 January 2020

	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	\$'000		
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 operations	-	-	132,216	-	-	(15,133)	117,083	
Total other comprehensive income	-	-	132,216	-	-	(15,133)	117,083	
Net profit	-	-	-	1,383,874	-	23,258	1,407,132	
Total comprehensive income	-	-	132,216	1,383,874	-	8,125	1,524,215	
Dividends	-	-	-	(201,966)	-	-	(201,966)	
Purchase of shares by Trust	(9,579)	-	-	-	(248,177)	-	(248,177)	
Shares purchased from non-controlling interest	-	-	-	(197)	-	(6,764)	(6,961)	
Additional investment	-	-	-	-	-	115,139	115,139	
Transactions with owners	(9,579)	-	-	(202,163)	(248,177)	108,375	(341,965)	
Movement during the period	(9,579)	-	132,216	1,181,711	(248,177)	116,500	1,182,250	
Balance at 26 January 2019	1,024,246	765,137	1,182,877	14,997,560	(3,258,408)	155,457	13,842,623	
Balance at 27 April 2019	1,023,746	765,137	1,181,391	16,037,300	(3,273,909)	125,604	14,835,523	
Exchange differences on translating foreign operations	-	-	354,871	-	-	(2,161)	352,710	
Total other comprehensive income	-	-	354,871	-	-	(2,161)	352,710	
Net profit	-	-	-	1,185,587	-	(48,153)	1,137,434	
Total comprehensive income	-	-	354,871	1,185,587	-	(50,314)	1,490,144	
Dividends	-	-	-	(194,511)	-	-	(194,511)	
Movement during the period	-	-	354,871	991,076	-	(50,314)	1,295,633	
Balance at 25 January 2020	1,023,746	765,137	1,536,262	17,028,376	(3,273,909)	75,290	16,131,156	

Jamaica Broilers Group Limited

Group Statement of Cash Flows Nine Months ended 25 January 2020

	Nine months ended 25 January 2020 \$'000	Nine months ended 26 January 2019 \$'000
Cash Flows from Operating Activities		
Net profit	1,137,434	1,407,132
Adjustments for:		
Depreciation	774,086	677,685
Amortisation	99,459	87,608
Deferred expenditure	13,658	-
Loss on disposal of property, plant and equipment	19,365	1,748
Fair value (gain)/loss on financial assets at fair value through profit or loss	(15,421)	63,710
Taxation expense	343,228	408,243
Interest income	(25,984)	(115,685)
Unrealised foreign exchange gains	(30,989)	(169,148)
Interest expense	644,306	601,748
	<u>2,959,142</u>	<u>2,963,041</u>
Changes in operating assets and liabilities:		
Inventories	(1,473,440)	(481,313)
Biological assets	(388,459)	(406,263)
Receivables	(462,298)	(822,335)
Payables	1,544,646	(607,498)
Financial assets at fair value through profit or loss	84,821	85,677
Translation on working capital of foreign subsidiaries	348,369	129,117
	<u>2,612,781</u>	<u>860,426</u>
Taxation paid	(237,057)	(313,146)
Cash provided by operating activities	<u>2,375,724</u>	<u>547,280</u>

Jamaica Broilers Group Limited

Group Statement of Cash Flows (Continued)

Nine Months ended 25 January 2020

	Nine months ended 25 January 2020 \$'000	Nine months ended 26 January 2019 \$'000
Cash Flows from Operating Activities	2,375,724	547,280
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(2,455,319)	(2,274,014)
Purchase of intangible assets	(57,568)	(57,327)
Acquisition of business	(1,513,912)	-
Proceeds from sale of investments	69,836	6,401
Proceeds from disposal of property, plant and equipment	16,840	-
Loan repayments received	1,444,374	682,227
Interest received	36,557	120,150
Cash used in investing activities	(2,459,192)	(1,522,563)
Cash Flows from Financing Activities		
Long term loans repaid	(3,174,216)	(3,129,645)
Long term loans received	5,029,337	5,888,071
Other long term liabilities paid	(720,383)	(1,540,268)
Shares purchased by Trust	-	(248,177)
Non-Controlling Interest	-	54,016
Interest paid	(658,245)	(623,955)
Dividends paid	(406,843)	(201,966)
Cash provided by financing activities	69,650	198,076
Effect of changes in exchange rates on cash and cash equivalents	47,288	138,338
Increase/(decrease) in cash and cash equivalents	33,470	(638,869)
Cash and cash equivalents at beginning of year	3,334,880	2,925,625
CASH AND CASH EQUIVALENTS AT END OF PERIOD	3,368,350	2,286,756

Jamaica Broilers Group Limited

Segment Reporting Information

Nine Months ended 25 January 2020

	9 Months to 25 January 2020					Group \$'000
	Jamaica Operations \$'000	US Operations \$'000	Haiti Operations \$'000	Other Caribbean Operations \$'000	Eliminations \$'000	
External revenues	26,140,427	13,058,471	1,376,671	-	-	40,575,569
Revenue from other segments	165,432	2,409,569	-	491,454	(3,066,455)	-
Total revenue	<u>26,305,859</u>	<u>15,468,040</u>	<u>1,376,671</u>	<u>491,454</u>	<u>(3,066,455)</u>	<u>40,575,569</u>
Segment result	<u>2,407,194</u>	<u>1,025,904</u>	<u>(92,366)</u>	<u>1,486,423</u>	<u>(1,487,957)</u>	3,339,198
Unallocated corporate expenses						(1,136,935)
Operating profit						2,202,263
Finance income						36,457
Finance costs						(758,058)
Profit before tax						1,480,662
Taxation						(343,228)
Net profit						<u>1,137,434</u>
Segment assets -						
Current assets	14,545,559	11,315,270	1,169,700	1,579,703	(4,001,028)	24,609,204
Non-current assets	14,699,291	5,789,621	775,101	7,661,271	(13,617,831)	15,307,453
Total assets	<u>29,244,850</u>	<u>17,104,891</u>	<u>1,944,801</u>	<u>9,240,974</u>	<u>(17,618,859)</u>	<u>39,916,657</u>
Segment liabilities -						
Current liabilities	9,956,507	6,508,530	1,709,914	1,743,002	(4,002,419)	15,915,534
Non-current liabilities	5,654,877	2,211,891	-	3,559,147	(3,555,948)	7,869,967
Total liabilities	<u>15,611,384</u>	<u>8,720,421</u>	<u>1,709,914</u>	<u>5,302,149</u>	<u>(7,558,367)</u>	<u>23,785,501</u>

Jamaica Broilers Group Limited

Segment Reporting Information (Continued)

Nine Months ended 25 January 2020

	9 Months to 26 January 2019					
	Jamaica Operations	US Operations	Haiti Operations	Other Caribbean Operations	Eliminations	Group
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
External revenues	26,587,226	11,921,447	1,759,873	-	-	40,268,546
Revenue from other segments	213,107	2,022,512	-	441,525	(2,677,144)	-
Total revenue	<u>26,800,333</u>	<u>13,943,959</u>	<u>1,759,873</u>	<u>441,525</u>	<u>(2,677,144)</u>	<u>40,268,546</u>
Segment result	<u>2,503,181</u>	<u>1,125,223</u>	<u>146,001</u>	<u>1,461,836</u>	<u>(1,621,902)</u>	<u>3,614,339</u>
Unallocated corporate expenses						<u>(1,398,787)</u>
Operating profit						2,215,552
Finance income						328,412
Finance costs						<u>(728,589)</u>
Profit before tax						1,815,375
Taxation						<u>(408,243)</u>
Net profit						<u>1,407,132</u>
Segment assets -						
Current assets	15,866,591	8,405,327	1,012,713	1,327,368	(5,958,468)	20,653,531
Non-current assets	10,220,961	3,959,525	794,455	5,224,978	(7,531,924)	12,667,995
Total assets	<u>26,087,552</u>	<u>12,364,852</u>	<u>1,807,168</u>	<u>6,552,346</u>	<u>(13,490,392)</u>	<u>33,321,526</u>
Segment liabilities -						
Current liabilities	7,912,485	5,134,629	1,290,537	4,301,053	(5,958,467)	12,680,237
Non-current liabilities	5,701,694	1,093,801	-	3,171	-	6,798,666
Total liabilities	<u>13,614,179</u>	<u>6,228,430</u>	<u>1,290,537</u>	<u>4,304,224</u>	<u>(5,958,467)</u>	<u>19,478,903</u>

Jamaica Broilers Group Limited

Notes to the Interim Financial Statements
25 January 2020

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 27 April 2019.

The required adjustments for the newly effective IFRS 16, 'Leases' has 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

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.