



# Interim Report

OCTOBER 2019 | SIX MONTHS | UNAUDITED RESULTS



*The Best Dressed Chicken*  
South Carolina, USA





## Interim Report to Our Shareholders

The Directors of Jamaica Broilers Group Limited now release the unaudited financial results for the quarter ended October 26, 2019, which have been prepared in accordance with International Financial Reporting Standards (IFRS).

Group revenues for the six months amounted to \$26.3 billion, a 2% increase over the \$25.7 billion achieved in the corresponding six months of the previous year. Our gross profit for the six months was \$6.5 billion, a 4% increase over the previous year.

Jamaica Operations reported segment result of \$1.42 billion, which was \$64 million or 5% above last year's segment result of \$1.35 billion. This improvement was attributed to increased poultry sales and enhanced inventory management.

Total revenue for our US Operations increased by 15% over the prior year driven by increased sales of our main products – fertile eggs and baby chicks, as well as, feed sales. Our US Operations reported a segment result of \$671 million, which was a 1% increase over the prior year's result of \$666 million.

Haitian Operations reported a segment loss of \$6 million compared to a prior year profit of \$85 million. Total revenue declined by 15% 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, reflected an increase of 3% over the previous year due primarily to exchange movements, salary increases and increased staff complement.

Despite the adverse variances experienced on foreign exchange movements and Haiti Broilers, the Group's operations produced a noteworthy operating profit of \$1.3 billion, an increase of 6% over the prior year.

Finance income for the Group, showed a reduction of \$165 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 \$686 million (9% increase over the corresponding six months of the prior year) or 66.97 cents per stock unit for the six 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 'R. Levy', written over a horizontal line.

Robert Levy  
Chairman

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

Christopher Levy  
President & Chief Executive Officer

December 4, 2019

# Jamaica Broilers Group Limited

## Group Statement of Comprehensive Income

Six Months ended 26 October 2019

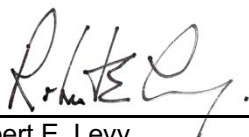
	Quarter ended 26 October 2019 \$'000	Quarter ended 27 October 2018 \$'000	Six months ended 26 October 2019 \$'000	Six months ended 27 October 2018 \$'000
<b>Revenue</b>	13,006,225	13,551,122	26,265,655	25,714,189
Cost of sales	(9,839,028)	(10,513,987)	(19,774,318)	(19,498,939)
<b>Gross Profit</b>	3,167,197	3,037,135	6,491,337	6,215,250
Other income	26,156	(50,389)	102,534	142,167
Distribution costs	(429,679)	(481,794)	(874,968)	(917,886)
Administration and other expenses	(2,137,931)	(1,942,399)	(4,413,806)	(4,212,279)
<b>Operating Profit</b>	625,743	562,553	1,305,097	1,227,252
Finance income	-	(98,574)	36,457	201,483
Finance costs	(218,766)	(147,803)	(518,153)	(471,454)
<b>Profit before Taxation</b>	406,977	316,176	823,401	957,281
Taxation	(101,263)	(85,289)	(156,677)	(313,019)
<b>Net Profit</b>	305,714	230,887	666,724	644,262
<b>Other Comprehensive Income, net of taxes - Item that will be reclassified to profit or loss -</b>				
Exchange differences on translating foreign operations	74,319	(264,115)	186,013	35,256
Total other comprehensive income	74,319	(264,115)	186,013	35,256
<b>Total Comprehensive Income</b>	380,033	(33,228)	852,737	679,518
<b>Net Profit Attributable to:</b>				
Stockholders of the company	317,225	230,475	685,628	629,317
Non-controlling interests	(11,511)	412	(18,904)	14,945
	305,714	230,887	666,724	644,262
<b>Total Comprehensive Income Attributable to:</b>				
Stockholders of the company	390,784	(21,946)	874,452	672,336
Non-controlling interests	(10,751)	(11,282)	(21,715)	7,182
	380,033	(33,228)	852,737	679,518
<b>Earnings per Stock Unit</b>	<b>Cents</b> 30.99	<b>Cents</b> 22.42	<b>Cents</b> 66.97	<b>Cents</b> 61.21

# Jamaica Broilers Group Limited

Group Balance Sheet

26 October 2019

	26 October 2019 \$'000 Unaudited	27 April 2019 \$'000 Audited	27 October 2018 \$'000 Unaudited
<b>Non-Current Assets</b>			
Property, plant and equipment	11,423,173	10,106,694	9,184,643
Intangible assets	1,542,450	1,029,429	1,173,357
Investment property	6,063	6,146	6,229
Investments	217,074	278,239	268,378
Loans receivable	-	1,058,544	1,360,120
Deferred expenses	63,736	72,841	-
Deferred income taxes	62,525	60,656	61,231
Post-employment benefit assets	803,600	803,600	438,600
	<u>14,118,621</u>	<u>13,416,149</u>	<u>12,492,558</u>
<b>Current Assets</b>			
Inventories	8,099,946	6,684,882	6,331,986
Biological assets	7,101,260	6,823,793	5,806,351
Receivables	4,862,335	4,104,902	4,535,464
Loans receivable	-	361,321	350,094
Taxation recoverable	28,907	48,747	43,509
Financial assets at fair value through profit or loss	663,614	636,930	612,399
Cash and short term investments	2,903,786	3,730,722	2,981,094
	<u>23,659,848</u>	<u>22,391,297</u>	<u>20,660,897</u>
<b>Current Liabilities</b>			
Payables	6,824,272	6,337,815	6,048,373
Dividends payable	194,511	212,332	201,966
Taxation payable	215,262	188,332	416,238
Borrowings	7,594,765	6,637,197	7,061,618
Other long term liabilities – current portion	-	720,383	720,383
	<u>14,828,810</u>	<u>14,096,059</u>	<u>14,448,578</u>
<b>Net Current Assets</b>	<u>8,831,038</u>	<u>8,295,238</u>	<u>6,212,319</u>
	<u>22,949,659</u>	<u>21,711,387</u>	<u>18,704,877</u>
<b>Stockholders' Equity</b>			
Share capital	765,137	765,137	765,137
Reserves	1,370,215	1,181,391	1,093,680
Retained earnings	16,528,417	16,037,300	14,243,003
Shares held by Trust	(3,273,909)	(3,273,909)	(3,234,132)
	<u>15,389,860</u>	<u>14,709,919</u>	<u>12,867,688</u>
<b>Non-controlling interests</b>	103,889	125,604	154,514
	<u>15,493,749</u>	<u>14,835,523</u>	<u>13,022,202</u>
<b>Non-Current Liabilities</b>			
Borrowings	6,612,727	5,987,159	5,040,956
Deferred income taxes	820,283	865,805	615,719
Post-employment benefit obligations	22,900	22,900	26,000
	<u>22,949,659</u>	<u>21,711,387</u>	<u>18,704,877</u>



Robert E. Levy

Chairman

December 4, 2019



Christopher E. Levy

President & CEO

# Jamaica Broilers Group Limited

## Group Statement of Changes in Stockholders' Equity

Six Months ended 26 October 2019

	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	-	-	43,019	-	-	(7,763)	(8,725)	
Total other comprehensive income	-	-	43,019	-	-	(7,763)	(8,725)	
Net profit	-	-	-	629,317	-	14,945	658,441	
Total comprehensive income	-	-	43,019	629,317	-	7,182	659,716	
Dividends	-	-	-	(201,966)	-	-	(203,877)	
Purchase of shares by Trust	-	-	-	-	(223,901)	-	(223,901)	
Shares purchased from non-controlling interest	(8,756)	-	-	(197)	-	(6,764)	(6,961)	
Transactions with owners	(8,756)	-	-	(202,163)	(223,901)	108,375	(317,689)	
Movement during the period	(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	
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	-	-	188,824	-	-	(2,811)	186,013	
Total other comprehensive income	-	-	188,824	-	-	(2,811)	186,013	
Net profit	-	-	-	685,628	-	(18,904)	666,724	
Total comprehensive income	-	-	188,824	685,628	-	(21,715)	852,737	
Dividends	-	-	-	(194,511)	-	-	(194,511)	
Movement during the period	-	-	188,824	491,117	-	(21,715)	658,226	
Balance at 26 October 2019	1,023,746	765,137	1,370,215	16,528,417	(3,273,909)	103,889	15,493,749	

# Jamaica Broilers Group Limited

## Group Statement of Cash Flows Six Months ended 26 October 2019

	Six months ended 26 October 2019 \$'000	Six months ended 27 October 2018 \$'000
<b>Cash Flows from Operating Activities</b>		
Net profit	666,724	644,262
Adjustments for:		
Depreciation	503,196	437,788
Amortisation	64,244	89,976
Deferred expenditure	9,105	-
Loss on disposal of property, plant and equipment	17,702	-
Fair value loss on financial assets at fair value through profit or loss	2,101	43,065
Taxation expense	156,677	313,019
Interest income	(25,984)	(83,615)
Unrealised foreign exchange gains	(32,893)	(96,634)
Interest expense	425,922	374,297
	<u>1,786,794</u>	<u>1,722,158</u>
Changes in operating assets and liabilities:		
Inventories	(1,277,691)	(548,483)
Biological assets	(147,467)	(362,647)
Receivables	(757,433)	(590,343)
Payables	486,457	1,083,262
Financial assets at fair value through profit or loss	(26,655)	111,686
Translation on working capital of foreign subsidiaries	214,096	40,700
	<u>278,101</u>	<u>1,456,333</u>
Taxation paid	(159,852)	(313,278)
Cash provided by operating activities	<u>118,249</u>	<u>1,143,055</u>

# Jamaica Broilers Group Limited

Group Statement of Cash Flows (Continued)

Six Months ended 26 October 2019

	Six months ended 26 October 2019 \$'000	Six months ended 27 October 2018 \$'000
<b>Cash Flows from Operating Activities</b>	118,249	1,143,055
<b>Cash Flows from Investing Activities</b>		
Purchase of property, plant and equipment	(1,052,693)	(1,412,571)
Purchase of intangible assets	(49,121)	(253,123)
Acquisition of business	(1,513,912)	-
Proceeds from sale of investments	68,814	-
Proceeds from disposal of property, plant and equipment	14,703	-
Loan repayments received	1,444,374	344,734
Interest received	33,172	86,209
Cash used in investing activities	(1,054,663)	(1,234,751)
<b>Cash Flows from Financing Activities</b>		
Long term loans repaid	(2,562,811)	(305,657)
Long term loans received	3,985,836	2,113,773
Other long term liabilities paid	(720,383)	(1,540,268)
Shares purchased by Trust	-	(223,901)
Non-Controlling Interest	-	54,016
Interest paid	(436,937)	(389,515)
Dividends paid	(212,332)	-
Cash provided by/(used in) financing activities	53,373	(291,552)
Effect of changes in exchange rates on cash and cash equivalents	30,739	87,937
Decrease in cash and cash equivalents	(852,302)	(295,311)
Cash and cash equivalents at beginning of year	3,334,880	2,925,625
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>2,482,578</b>	<b>2,630,314</b>

# Jamaica Broilers Group Limited

## Segment Reporting Information

Six Months ended 26 October 2019

### 6 Months to 26 October 2019

	Jamaica Operations \$'000	US Operations \$'000	Haiti Operations \$'000	Other Caribbean \$'000	Eliminations \$'000	Group \$'000
External revenues	16,846,805	8,429,834	989,016	-	-	26,265,655
Revenue from other segments	123,690	1,646,347	-	271,714	(2,041,751)	-
<b>Total revenue</b>	<b>16,970,495</b>	<b>10,076,181</b>	<b>989,016</b>	<b>271,714</b>	<b>(2,041,751)</b>	<b>26,265,655</b>
Segment result	1,416,827	670,819	(5,786)	964,242	(989,767)	2,056,335
Unallocated corporate expenses						(751,238)
Operating profit						1,305,097
Finance income						36,457
Finance costs						(518,153)
Profit before tax						823,401
Taxation						(156,677)
Net profit						666,724
Segment assets -						
Current assets	14,733,404	10,163,229	1,226,861	2,277,219	(4,740,865)	23,659,848
Non-current assets	14,681,508	5,453,611	773,027	6,414,887	(13,204,412)	14,118,621
<b>Total assets</b>	<b>29,414,912</b>	<b>15,616,840</b>	<b>1,999,888</b>	<b>8,692,106</b>	<b>(17,945,277)</b>	<b>37,778,469</b>
Segment liabilities -						
Current liabilities	10,228,227	5,943,414	1,662,862	1,769,532	(4,775,225)	14,828,810
Non-current liabilities	5,809,776	1,642,982	-	3,559,100	(3,555,948)	7,455,910
<b>Total liabilities</b>	<b>16,038,003</b>	<b>7,586,396</b>	<b>1,662,862</b>	<b>5,328,632</b>	<b>(8,331,173)</b>	<b>22,284,720</b>



# Jamaica Broilers Group Limited

Segment Reporting Information (Continued)

Six Months ended 26 October 2019

## 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

Notes to the Interim Financial Statements

26 October 2019

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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 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.