



# **Jamaica Broilers Group Limited**

## **Interim Report**

**27 January 2018**

**(9 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 January 27, 2018, which have been prepared in accordance with International Financial Reporting Standards (IFRS).

Group revenues for the quarter amounted to \$12.7 billion, representing an 8% increase over the \$11.7 billion achieved in the corresponding quarter of the previous year. Gross profit for the quarter amounted to \$3.3 billion which is an increase of \$238 million (8%) above the \$3.1 billion in the corresponding quarter last year.

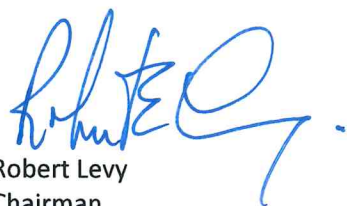
Jamaica Operations reported a segment result of \$2.0 billion, which was \$382 million or 16% below last year's normalised segment result of \$2.4 billion. This decrease was mainly attributed to higher distribution costs as a result of a rebalancing of the inventory in the poultry segment, as well as some third-party storage issues that took place in the first quarter. Total revenue for our Jamaica Operations showed an increase of 7%.

Our US Operations continued to grow steadily and reported a segment result of \$973 million, which was a 14% increase over the prior year's result of \$857 million. Our presence in this market remains robust with a broad and diverse customer base. Total revenue for this segment increased by 11% 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 34.5% of the market, compared to 21% of the market at the end of the third quarter last year. The segment result amounted to \$439 million, which was 47% above the previous year's normalised segment result of \$299 million.

Distribution and administrative costs for the Group, reflected an increase of 10% over the previous year due primarily to inflation and increased development costs associated with the improvement of the Group's information systems and IT security. These expenses include one-off cost elements which are not expected to recur. Additionally, finance income decreased by \$331 million or 115% from the prior year due to foreign exchange losses when compared to foreign exchange gains in the prior year. This is primarily due to the appreciation of the Jamaican dollar against the United States dollar.

We recorded profits attributable to stockholders of \$730 million or 60.87 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

March 6, 2018

# Jamaica Broilers Group Limited

## Group Statement of Comprehensive Income

### Nine Months ended 27 January 2018

	Quarter ended 27 January 2018 \$'000	Quarter ended 28 January 2017 \$'000	Nine months ended 27 January 2018 \$'000	Nine months ended 28 January 2017 \$'000
<b>Continuing operations</b>				
Revenue	12,662,050	11,694,376	35,679,357	32,119,461
Cost of sales	(9,346,724)	(8,616,856)	(26,733,102)	(23,840,147)
<b>Gross Profit</b>	<b>3,315,326</b>	<b>3,077,520</b>	<b>8,946,255</b>	<b>8,279,314</b>
Other income/gains	61,729	106,755	202,543	179,084
Distribution costs	(461,607)	(387,144)	(1,320,658)	(1,041,536)
Administration and other expenses	(1,881,765)	(1,807,886)	(5,599,067)	(5,273,887)
<b>Operating Profit</b>	<b>1,033,683</b>	<b>989,245</b>	<b>2,229,073</b>	<b>2,142,975</b>
Finance income	(57,081)	21,273	(43,241)	287,744
Finance costs	(166,157)	(152,426)	(476,684)	(462,191)
<b>Profit before Taxation</b>	<b>810,445</b>	<b>858,092</b>	<b>1,709,148</b>	<b>1,968,528</b>
Taxation	(61,375)	(121,290)	(301,637)	(390,557)
<b>Net Profit from continuing operations</b>	<b>749,070</b>	<b>736,802</b>	<b>1,407,511</b>	<b>1,577,971</b>
<b>Discontinued operations</b>				
Profit/(loss) for the period from discontinued operations	-	-	-	3,944
<b>Net Profit</b>	<b>749,070</b>	<b>736,802</b>	<b>1,407,511</b>	<b>1,581,915</b>
<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	(95,491)	(35,520)	(104,216)	102,729
Exchange differences on translating discontinued operations	-	-	-	(956,124)
Total other comprehensive income	(95,491)	(35,520)	(104,216)	(853,395)
<b>Total Comprehensive Income</b>	<b>653,579</b>	<b>701,282</b>	<b>1,303,295</b>	<b>728,520</b>
<b>Net Profit Attributable to:</b>				
Stockholders of the company	729,999	721,843	1,363,464	1,556,430
Non-controlling interests	19,071	14,959	44,047	25,485
	749,070	736,802	1,407,511	1,581,915
<b>Net Profit from continuing operation</b>				
Stockholders of the company	729,999	721,843	1,363,464	1,552,486
Non-controlling interests	19,071	14,959	44,047	25,485
	749,070	736,802	1,407,511	1,577,971

# Jamaica Broilers Group Limited

Group Statement of Comprehensive Income (Continued)

Nine Months ended 27 January 2018

	Quarter ended 27 January 2018 \$'000	Quarter ended 28 January 2017 \$'000	Nine months ended 27 January 2018 \$'000	Nine months ended 28 January 2017 \$'000
<b>Total Comprehensive Income Attributable to:</b>				
Stockholders of the company	637,959	687,088	1,259,450	704,048
Non-controlling interests	15,620	14,194	43,845	24,472
	<u>653,579</u>	<u>701,282</u>	<u>1,303,295</u>	<u>728,520</u>
<b>Total Comprehensive Income Attributable to Stockholders of the company:</b>				
Continuing operations	637,959	687,088	1,259,450	1,656,228
Discontinued operations	-	-	-	(952,180)
	<u>637,959</u>	<u>687,088</u>	<u>1,259,450</u>	<u>704,048</u>
	\$	\$	\$	\$
<b>Earnings per Stock Unit</b>				
From continuing operations	0.61	0.60	1.14	1.28
From discontinued operations	-	-	-	0.01
	<u>0.61</u>	<u>0.60</u>	<u>1.14</u>	<u>1.29</u>

# Jamaica Broilers Group Limited

## Group Balance Sheet

27 January 2018

	27 January 2018 \$'000 Unaudited	29 April 2017 \$'000 Audited	28 January 2017 \$'000 Unaudited
<b>Non-Current Assets</b>			
Property, plant and equipment	8,140,120	7,062,286	7,016,648
Intangible assets	966,806	1,086,547	1,112,589
Investment property	6,354	6,479	6,534
Investments	259,527	8,567	7,608
Loans receivable	1,645,047	2,051,914	2,036,374
Deferred income taxes	36,400	37,681	18,959
Post-employment benefit assets	691,100	691,100	180,100
	<u>11,745,354</u>	<u>10,944,574</u>	<u>10,378,812</u>
<b>Current Assets</b>			
Inventories	5,056,847	5,164,289	5,797,928
Biological assets	4,716,805	4,457,372	3,790,013
Receivables	4,098,767	3,568,655	3,621,813
Loans receivable	340,691	500,967	449,788
Taxation recoverable	59,215	64,534	62,251
Financial assets at fair value through profit or loss	782,064	760,696	740,892
Cash and short term investments	1,150,372	2,004,565	1,512,532
	<u>16,204,761</u>	<u>16,521,078</u>	<u>15,975,217</u>
<b>Current Liabilities</b>			
Payables	3,673,832	4,414,142	4,368,051
Taxation payable	470,584	179,278	617,759
Borrowings	2,686,066	2,501,612	1,949,270
	<u>6,830,482</u>	<u>7,095,032</u>	<u>6,935,080</u>
<b>Net Current Assets</b>	<u>9,374,279</u>	<u>9,426,046</u>	<u>9,040,137</u>
	<u>21,119,633</u>	<u>20,370,620</u>	<u>19,418,949</u>
<b>Stockholders' Equity</b>			
Share capital	765,137	765,137	765,137
Capital reserve	1,066,681	1,170,695	1,209,663
Retained earnings	13,664,585	12,504,998	11,685,080
	<u>15,496,403</u>	<u>14,440,830</u>	<u>13,659,880</u>
<b>Non-controlling interests</b>	21,008	(22,837)	(33,027)
	<u>15,517,411</u>	<u>14,417,993</u>	<u>13,626,853</u>
<b>Non-Current Liabilities</b>			
Borrowings	5,014,283	5,200,463	5,282,418
Deferred income taxes	565,539	729,764	487,778
Post-employment benefit obligations	22,400	22,400	21,900
	<u>21,119,633</u>	<u>20,370,620</u>	<u>19,418,949</u>

# Jamaica Broilers Group Limited

## Group Statement of Changes in Stockholders' Equity

### Nine Months ended 27 January 2018

	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 1 May 2016	1,199,277	765,137	2,062,158	10,332,414	
Exchange differences on translating foreign operations	-	-	(852,382)	-	(1,013)	(853,385)
Total other comprehensive income	-	-	(852,382)	-	(1,013)	(853,385)
Net profit	-	-	-	1,556,430	25,485	1,581,915
Total comprehensive income	-	-	(852,382)	1,556,430	24,472	728,520
Dividends	-	-	-	(203,877)	-	(203,877)
Transfer to capital reserves	-	-	(113)	113	-	-
Total transactions with owners	-	-	(113)	(203,764)	-	(203,877)
Movement during the period	-	-	(852,495)	1,352,666	24,472	524,643
Balance at 28 January 2017	1,199,277	765,137	1,209,663	11,685,080	(33,027)	13,626,853
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	-	-	(104,014)	-	(202)	(104,216)
Total other comprehensive income	-	-	(104,014)	-	(202)	(104,216)
Net profit	-	-	-	1,363,464	44,047	1,407,511
Total comprehensive income	-	-	(104,014)	1,363,464	43,845	1,303,295
Dividends	-	-	-	(203,877)	-	(203,877)
Movement during the period	-	-	(104,014)	1,159,587	43,845	1,099,418
Balance at 27 January 2018	1,199,277	765,137	1,006,681	13,664,585	21,008	15,517,411

# Jamaica Broilers Group Limited

## Group Statement of Cash Flows

Nine Months ended 27 January 2018

	Nine months ended 27 January 2018 \$'000	Nine months ended 28 January 2017 \$'000
<b>Cash Flows from Operating Activities</b>		
Net profit	1,407,511	1,581,915
Adjustments for:		
Depreciation	541,535	549,223
Amortisation	90,561	94,439
Gain on disposal of property, plant and equipment	(2,248)	(596)
Gain on disposal of subsidiaries	-	(39,474)
Gain on disposal of asset held for sale	-	(74,530)
Disposal adjustment	-	(5,778)
Impairment of investment	-	40,000
Fair value (gain)/loss on financial assets at fair value through profit or loss	(37,655)	2,697
Taxation expense	301,637	390,557
Interest income	(149,455)	(129,244)
Unrealised foreign exchange losses/(gains)	81,195	(56,805)
Interest expense	478,191	443,842
	<u>2,711,272</u>	<u>2,796,246</u>
Changes in operating assets and liabilities:		
Inventories	107,442	(1,649,904)
Biological assets	(259,433)	(837,769)
Receivables	(530,112)	(346,616)
Payables	(740,310)	1,139,836
Financial assets at fair value through profit or loss	16,826	(42,286)
Translation loss on working capital of foreign subsidiaries	(70,591)	(48,722)
	<u>1,235,094</u>	<u>1,010,785</u>
Taxation paid	(166,651)	(282,913)
Cash provided by operating activities	<u>1,068,443</u>	<u>727,872</u>

**Jamaica Broilers Group Limited**  
 Group Statement of Cash Flows (Continued)  
 Nine Months ended 27 January 2018

	Nine months ended 27 January 2018 \$'000	Nine months ended 28 January 2017 \$'000
<b>Cash Flows from Operating Activities (Page 5)</b>	1,068,443	727,872
<b>Cash Flows from Investing Activities</b>		
Purchase of property, plant and equipment	(1,666,020)	(504,572)
Purchase of investments	(253,593)	-
Proceeds from disposal of property, plant and equipment	5,085	3,389
Proceeds from disposal of assets held for sale	-	90,572
Proceeds from disposal of subsidiaries	-	461,873
Loan repayments received	339,607	-
Interest received	292,263	19,088
Cash (used in)/provided by investing activities	(1,282,658)	70,350
<b>Cash Flows from Financing Activities</b>		
Long term loans repaid	(763,430)	(902,648)
Long term loans received	943,520	1,031,152
Interest paid	(473,587)	(437,472)
Dividend paid	(203,877)	(203,877)
Cash used in financing activities	(497,374)	(512,845)
Effect of changes in exchange rates on cash and cash equivalents	(3,176)	18,094
(Decrease)/increase in cash and cash equivalents	(714,765)	303,471
Cash and cash equivalents at beginning of year	1,596,383	872,888
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>881,618</b>	<b>1,176,359</b>



# Jamaica Broilers Group Limited

Segment Reporting Information

Nine Months ended 27 January 2018

	9 Months to 27 January 2018				
	Jamaica Operations \$'000	US Operations \$'000	Other Caribbean Operations \$'000	Eliminations \$'000	Group \$'000
External revenues	25,169,558	8,889,140	1,620,659	-	35,679,357
Revenue from other segments	168,992	1,976,199	385,678	(2,530,869)	-
Total revenue	25,338,550	10,865,339	2,006,337	(2,530,869)	35,679,357
Segment result	2,027,090	973,261	438,688	(209,686)	3,229,353
Unallocated corporate expenses					(1,000,280)
Operating profit					2,229,073
Finance income					(43,241)
Finance costs					(476,684)
Profit before tax					1,709,148
Taxation					(301,637)
Net profit					1,407,511
Segment assets -					
Current assets	10,872,204	6,561,384	2,030,161	(3,258,988)	16,204,761
Non-current assets	10,676,270	2,659,148	1,369,658	(2,959,722)	11,745,354
Total assets	21,548,474	9,220,532	3,399,819	(6,218,710)	27,950,115
Segment liabilities -					
Current liabilities	4,760,007	3,868,197	1,461,206	(3,258,928)	6,830,482
Non-current liabilities	4,651,196	2,690,772	660,893	(2,400,639)	5,602,222
Total liabilities	9,411,203	6,558,969	2,122,099	(5,659,567)	12,432,704

# Jamaica Broilers Group Limited

## Segment Reporting Information (Continued)

### Nine Months ended 27 January 2018

	9 Months to 28 January 2017				
	Jamaica	US	Other	Eliminations	Group
	Operations	Operations	Caribbean		
	\$'000	\$'000	Operations	\$'000	\$'000
External revenues	23,438,580	7,532,849	1,148,032	-	32,119,461
Revenue from other segments	207,845	2,271,590	344,826	(2,824,261)	-
Total revenue	23,646,425	9,804,439	1,492,858	(2,824,261)	32,119,461
Segment result <sup>(1)</sup>	1,915,162	856,527	793,465	(131,846)	3,433,308
Unallocated corporate expenses					(1,290,333)
Operating profit					2,142,975
Finance income					287,744
Finance costs					(462,191)
Profit before tax					1,968,528
Taxation					(390,557)
Profit from continuing operations					1,577,971
Profit for the period from discontinued operations					3,944
Net profit					1,581,915
Segment assets -					
Current assets	11,418,933	5,126,070	1,937,848	(2,507,634)	15,975,217
Non-current assets	10,228,128	2,342,716	1,015,160	(3,207,192)	10,378,812
Total assets	21,647,061	7,468,786	2,953,008	(5,714,826)	26,354,029
Segment liabilities -					
Current liabilities	5,297,245	2,605,352	1,545,981	(2,513,498)	6,935,080
Non-current liabilities	5,048,097	2,733,417	646,561	(2,635,979)	5,792,096
Total liabilities	10,345,342	5,338,769	2,192,542	(5,149,477)	12,727,176
(1) Normalised Segment Result					
Segment result	1,915,162	856,527	793,465	(131,846)	3,433,308
Adjusted for effects of disposal of subsidiaries	494,297	-	(494,297)	-	-
Normalised segment result	2,409,459	856,527	299,168	(131,846)	3,433,308

# Jamaica Broilers Group Limited

Notes to the Interim Financial Statements

27 January 2018

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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 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

27 January 2018

## Discontinued operations (Continued)

Income statement and cash flow information

	Nine months ended 27 January 2018 \$'000	Nine months ended 28 January 2017 \$'000
<b>Revenue</b>	-	187
Cost of sales	-	(43,275)
<b>Gross loss</b>	-	(43,088)
Administration and other expenses	-	(7,388)
<b>Operating loss</b>	-	(50,476)
Finance cost	-	14,946
<b>Loss before taxation</b>	-	(35,530)
Taxation	-	-
<b>Net loss after tax of discontinued operations</b>	-	(35,530)
Gain on disposal of subsidiaries	-	39,474
<b>Profit for the period from discontinued operations</b>	-	3,944
	Nine months ended 27 January 2018 \$'000	Nine months ended 28 January 2017 \$'000
Operating cash flows	-	(1,740)
Financing cash flows	-	-
	-	(1,740)