Interim Report

2020 / 2021 FISCAL YEAR | THREE MONTHS | UNAUDITED RESULTS

01 AUGUST 2020

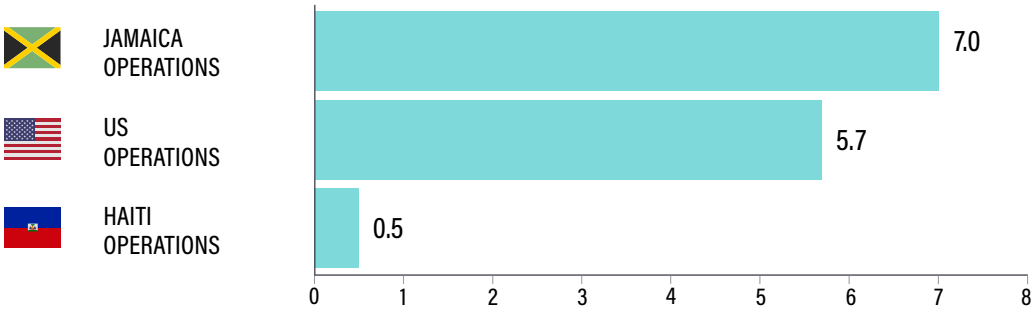
[Q1]

QUARTER ONE

First Quarter [Q1] Report

2020 / 2021 FISCAL YEAR | THREE MONTHS | UNAUDITED RESULTS

Q1 OPERATIONAL REVENUES - $JB



J$494M ▲ 19%
PROFIT BEFORE TAX

J$13B ▼ 5%
REVENUE

J$44B ▲ 26%
TOTAL ASSETS

40.60¢ ▲ 13%
EARNINGS PER STOCK UNIT

Interim Report to Our Shareholders

The Directors of Jamaica Broilers Group Limited (JBGL) now release the unaudited financial results for the quarter ended August 1, 2020 which have been prepared in accordance with International Financial Reporting Standards (IFRS).

Net profit after tax for the first quarter was $383 million, an increase of 6% over the corresponding period in 2019. This increase in net profit was primarily as a result of the Best Dressed Chicken (US) acquisition and careful management of our operating expenditures.

Group revenues for the first quarter amounted to $12.6 billion and a gross profit for the quarter of $2.9 billion, remaining strong.

We are seeing improved corporate results due to early decision-making, aggressive cost reductions and improved FX positions. There has been a refocussing on the absolute basics to keep the company running profitably due to the challenges brought on by COVID-19. This has translated to a better and deeper foundation for the company.

The Best Dressed Chicken, USA products are available in select supermarkets within the United States.

The operating divisions are very well positioned for growth as the various economies learn how to manage the pandemic and begin the steps to reopening. This pandemic has been a sort of reset of the business, making comparisons with previous quarters challenging but the Group has responded with resilience and efficiency to keep us on a solid growth path.

Jamaica Operations reported a segment result of $730 million. Revenue for the Jamaica segment recorded a decline of 16% as a result of the pandemic but the impact on the segment result was mitigated by the diversification of income streams and enhanced product portfolio management. The team in BDC is highly motivated and understand how efficient they have to be with decision-making in light of the new operating environment.

Our US Operations reported a segment result of $316 million. External revenue increased by 31% over the period but was offset by the performance of lower sales of fertile hatching eggs. However, the sales of The Best Dressed Chicken line of products has been very well received and is driving us to increase production at a very aggressive pace. The depth of our investments in the US Poultry industry will certainly be of benefit in these times.

Haiti Operations reported a segment result for the first quarter of $11 million, which is $8 million or 40% below last year's segment result of $19 million. Total revenue reduced by 13% and the current decline in performance is a result of the current political and economic instability being experienced in Haiti.

The Group's operations produced an operating profit of $851 million, an increase of 25% over the prior year. A combination of many factors have led to this performance, not least of it being the sterling contribution of the staff, employees and contractors of the Group. We all realise that times have changed, and the way we do business has to continue to change, but the team is strong and we are excited and encouraged about the future.

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
Group President & CEO

Jamaica Broilers Group Limited

Group Statement of Comprehensive Income

Three Months ended 1 August 2020

	Quarter ended 1 August 2020 $'000	Quarter ended 27 July 2019 $'000
Revenue	12,580,688	13,259,430
Cost of sales	(9,633,076)	(9,935,290)
Gross Profit	2,947,612	3,324,140
Other income	271,334	76,378
Distribution costs	(467,211)	(445,289)
Administration and other expenses	(1,900,642)	(2,275,875)
Operating Profit	851,093	679,354
Finance income	-	36,457
Finance costs	(356,717)	(299,387)
Profit before Taxation	494,376	416,424
Taxation	(111,733)	(55,414)
Net Profit	382,643	361,010
Other Comprehensive Income, net of taxes -		
Item that will be reclassified to profit or loss -		
Exchange differences on translating foreign operations	246,124	111,694
Total Comprehensive Income	628,767	472,704
Net Profit Attributable to:		
Stockholders of the company	414,063	368,403
Non-controlling interests	(31,420)	(7,393)
	382,643	361,010
Total Comprehensive Income Attributable to:		
Stockholders of the company	666,403	483,668
Non-controlling interests	(37,636)	(10,964)
	628,767	472,704
	Cents	**Cents**
Earnings per Stock Unit	40.60	35.81

Jamaica Broilers Group Limited

Group Balance Sheet

Three Months ended 1 August 2020

	1 August 2020 $'000 Unaudited	2 May 2020 $'000 Audited	27 July 2019 $'000 Unaudited
Non-Current Assets			
Property, plant and equipment	13,048,387	12,454,524	10,142,379
Right of use assets	536,137	534,437	-
Intangible assets	1,939,451	1,941,399	1,019,798
Investment property	5,938	5,980	6,105
Investments	293,490	225,059	284,150
Deferred expenditure	31,869	36,420	68,288
Deferred income taxes	62,918	41,509	61,993
Post-employment benefit assets	379,900	379,900	803,600
	16,298,090	15,619,228	12,386,313
Current Assets			
Inventories	8,773,764	9,477,388	6,671,751
Biological assets	8,974,138	9,107,134	6,645,731
Receivables	4,230,933	3,880,063	4,415,646
Taxation recoverable	23,570	22,994	27,941
Deferred expenditure	18,210	18,210	-
Financial assets at fair value through profit or loss	244,396	233,545	662,533
Cash and short term investments	5,469,290	5,874,444	4,048,568
	27,734,301	28,613,778	22,472,170
Current Liabilities			
Payables	7,637,857	9,379,263	5,360,823
Taxation payable	359,363	364,428	220,083
Borrowings	9,305,813	9,650,736	6,945,463
Lease liabilities	231,657	236,902	-
	17,534,690	19,631,329	12,526,369
Net Current Assets	10,199,611	8,982,449	9,945,801
	26,497,701	24,601,677	22,332,114
Stockholders' Equity			
Share capital	765,137	765,137	765,137
Reserves	1,938,318	1,685,978	1,296,656
Retained earnings	17,235,322	16,821,259	16,405,703
Shares held by Trust	(3,378,643)	(3,378,643)	(3,273,909)
	16,560,134	15,893,731	15,193,587
Non-controlling interests	31,016	68,652	114,640
	16,591,150	15,962,383	15,308,227
Non-Current Liabilities			
Borrowings	8,784,125	7,572,178	6,209,245
Lease liabilities	321,032	311,526	-
Deferred income taxes	781,394	735,590	791,742
Post-employment benefit obligations	20,000	20,000	22,900
	26,497,701	24,601,677	22,332,114

Robert E. Levy — Chairman

Christopher Levy — President & CEO

August 26 2020

Jamaica Broilers Group Limited

Group Statement of Changes in Stockholders' Equity

Three Months ended 1 August 2020

	Attributable to the Company's Stockholders						
	Number of Shares	Share Capital	Reserves	Retained Earnings	Shares held by Trust	Non-controlling Interests	Total Equity
	'000	$'000	$'000	$'000	$'000	$'000	$'000
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	-	-	115,265	-	-	(3,571)	111,694
Total other comprehensive income	-	-	115,265	-	-	(3,571)	111,694
Net profit	-	-	-	368,403	-	(7,393)	361,010
Total comprehensive income	-	-	115,265	368,403	-	(10,964)	472,704
Balance at 27 July 2019	1,023,746	765,137	1,296,656	16,405,703	(3,273,909)	114,640	15,308,227
Balance at 2 May 2020	1,019,985	765,137	1,685,978	16,821,259	(3,378,643)	68,652	15,962,383
Exchange differences on translating foreign	-	-	252,340	-	-	(6,216)	246,124
Total other comprehensive income	-	-	252,340	-	-	(6,216)	246,124
Net profit	-	-	-	414,063	-	(31,420)	382,643
Total comprehensive income	-	-	252,340	414,063	-	(37,636)	628,767
Balance at 1 August 2020	1,019,985	765,137	1,938,318	17,235,322	(3,378,643)	31,016	16,591,150

Jamaica Broilers Group Limited

Group Statement of Cash Flows

Three Months ended 1 August 2020

	Quarter ended 1 August 2020 $'000	Quarter ended 27 July 2019 $'000
Cash Flows from Operating Activities		
Net profit	382,643	361,010
Adjustments for:		
Depreciation	364,675	252,580
Amortisation	54,834	27,663
Deferred expenditure	4,551	4,553
Loss on disposal of property, plant and equipment	7,059	13,330
Fair value gain on financial assets at fair value through profit or loss	(24,300)	(1,163)
Taxation expense	111,733	55,414
Interest income	(9,026)	(14,657)
Unrealised foreign exchange gains	(30,571)	(40,185)
Interest expense	221,457	217,510
	1,083,055	876,055
Changes in operating assets and liabilities:		
Inventories	703,624	13,131
Biological assets	132,996	178,062
Receivables	(350,870)	(310,744)
Payables	(1,741,406)	(976,992)
Financial assets at fair value through profit or loss	21,002	(22,929)
Translation gain on working capital of foreign subsidiaries	264,103	149,023
	112,504	(94,394)
Taxation paid	(97,757)	(80,084)
Cash provided by/(used in) operating activities	14,747	(174,478)

Jamaica Broilers Group Limited

Group Statement of Cash Flows (continued)

Three Months ended 1 August 2020

	Quarter ended 27 July 2019 $'000	Quarter ended 28 July 2018 $'000
Cash Flows from Operating Activities	14,747	(174,478)
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(833,968)	(290,644)
Proceeds from disposal of property, plant and equipment	7,319	10,669
Additions to right of use assets	(27,270)	-
Loan repayments received	-	1,444,374
Purchase of investments	(61,426)	-
Interest received	9,096	21,916
Cash (used in)/provided by investing activities	(906,249)	1,186,315
Cash Flows from Financing Activities		
Long term loans repaid	(2,045,007)	(1,477,986)
Long term loans received	2,584,234	1,900,514
Other long term liabilities paid	-	(720,383)
Lease repayments	(12,212)	-
Interest paid	(219,374)	(209,523)
Dividends paid	-	(212,332)
Cash provided by/(used in) financing activities	307,641	(719,710)
Effect of changes in exchange rates on cash and cash equivalents	104,014	23,629
(Decrease)/increase in cash and cash equivalents	(479,847)	315,756
Cash and cash equivalents at beginning of year	5,621,343	3,334,880
CASH AND CASH EQUIVALENTS AT END OF PERIOD	5,141,496	3,650,636
Cash and Cash Equivalents at end of period consists of:		
Cash and short term investments	5,469,290	4,048,568
Bank overdraft	(327,794)	(397,932)
	5,141,496	3,650,636

Jamaica Broilers Group Limited

Segment Reporting Information

Three Months ended 1 August 2020

	3 Months to 1 August 2020					
	Jamaica Operations	**US Operations**	**Haiti Operations**	**Other Caribbean Operations**	**Eliminations**	**Group**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
External revenues	7,009,034	5,109,003	462,651	-	-	12,580,688
Revenue from other segments	39,609	559,855	-	275,364	(874,828)	-
Total revenue	7,048,643	5,668,858	462,651	275,364	(874,828)	12,580,688
Segment result	730,344	315,573	11,476	27,192	(76,211)	1,008,374
Unallocated corporate expenses						(157,281)
Operating profit						851,093
Finance costs						(356,717)
Profit before tax						494,376
Taxation						(111,733)
Net profit						382,643
Segment assets -						
Current assets	16,750,936	13,108,950	1,053,303	1,596,738	(4,775,626)	27,743,301
Non-current assets	14,578,789	7,051,573	668,824	5,946,409	(11,947,505)	16,298,090
Total assets	31,329,725	20,160,523	1,722,127	7,543,147	(16,723,131)	44,032,391
Segment liabilities - Current liabilities	9,839,530	8,448,649	1,617,586	2,404,718	(4,775,793)	17,534,690
Non-current liabilities	7,455,389	2,433,030	12,520	3,651,561	(3,645,949)	9,906,551
Total liabilities	17,294,919	10,881,679	1,630,106	6,056,279	(8,421,742)	27,541,241

Jamaica Broilers Group Limited

Segment Reporting Information (continued)

Three Months ended 1 August 2020

	3 Months to 27 July 2019					
	Jamaica Operations	**US Operations**	**Haiti Operations**	**Other Caribbean Operations**	**Eliminations**	**Group**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
External revenues	8,384,815	4,343,917	530,697	-		13,259,429
Revenue from other segments	67,762	749,641	-	261,917	(1,079,320)	-
Total revenue	8,452,577	5,093,558	530,697	261,917	(1,079,320)	13,259,429
Segment result	763,877	332,874	19,066	535,668	(495,563)	1,155,922
Unallocated corporate expenses						(476,568)
Operating profit						679,354
Finance income						36,457
Finance costs						(299,387)
Profit before tax						416,424
Taxation						(55,414)
Net profit						361,010
Segment assets -						
Current assets	13,949,858	8,873,317	1,113,478	1,605,188	(3,069,671)	22,472,170
Non-current assets	13,359,589	4,009,943	766,861	6,165,121	(11,915,201)	12,386,313
Total assets	27,309,447	12,883,260	1,880,339	7,770,309	(14,984,872)	34,858,483
Segment liabilities -						
Current liabilities	8,317,481	4,514,663	1,504,918	1,190,854	(3,001,547)	12,526,369
Non-current liabilities	5,425,917	1,594,845	-	3,559,073	(3,555,948)	7,023,887
Total liabilities	13,743,398	6,109,508	1,504,918	4,749,927	(6,557,495)	19,550,256

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 2 May 2020.

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.

The Other Caribbean Operations segment includes the net results of the JBGL Stockholders Nominee Limited (JBGLSNL), which represents the unrealised fair value of the Jamaica Broilers Group Limited shares. The results of JBGSNL are not included in the consolidated financial statements as the movements are eliminated on consolidation.