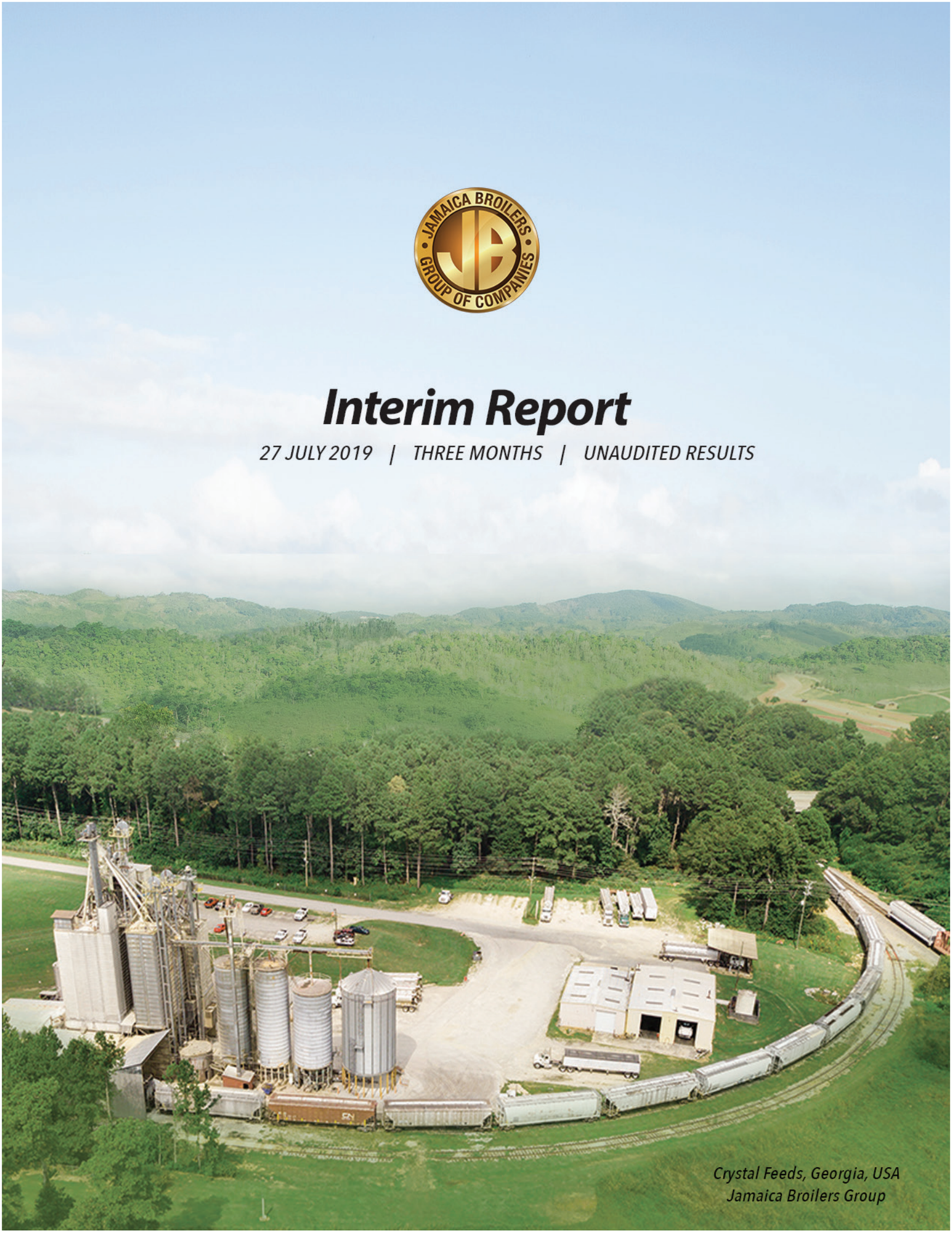
Interim Report

27 JULY 2019 | THREE MONTHS | UNAUDITED RESULTS



Crystal Feeds, Georgia, USA
Jamaica Broilers Group

Interim Report to Our Shareholders

The Directors of Jamaica Broilers Group Limited now release the unaudited financial results for the quarter ended July 27, 2019, which have been prepared in accordance with International Financial Reporting Standards (IFRS).

Group revenues for the first quarter amounted to $13.3 billion, a 9% increase over the $12.2 billion achieved in the corresponding quarter of the previous year. Our gross profit for the quarter was $3.3 billion, a 5% increase over the previous year.

Jamaica Operations reported a segment result of $764 million, which was $78 million or 9% below last year's segment result of $842 million. This decrease was attributed to a $152 million reduction in foreign exchange gains when compared to the prior year. Total revenue for our Jamaica Operations showed an increase of 2%.

Our US Operations reported a segment result of $333 million, which was an 11% increase over the prior year's result of $300 million. This increase was primarily attributable to earnings from the feed mill, which was acquired after the first quarter in the previous year. Total revenue for this segment increased by 29% over the prior year driven by sales of feed.

Haiti Operations reported a segment result for the first quarter of $19 million, which is $41 million or 68% below last year's segment result of $60 million. Total revenue reduced by 10% and the current decline in performance is a result of the current political and economic instability being experienced in Haiti.

The Other Caribbean Operations reported first quarter segment results of $536 million a decrease of $312 million from the corresponding quarter of the previous year. The decrease is mainly due to the net results of the JBGL Stockholders Nominee Limited, driven by the unrealised fair value gains of the shares held.

Despite the adverse variances experienced on foreign exchange movements, the Group's operations produced a noteworthy operating profit of $679 million, an increase of 2% over the prior year.

Finance income for the Group, showed a reduction of $264 million compared to last year resulting from reduced foreign exchange gains and reduction in interest income from the WIP loan, which was sold during this first quarter.

We recorded profits attributable to stockholders of $368 million (8% decrease from the corresponding quarter of the prior year) or 35.81 cents per stock unit (7% decrease from the corresponding quarter of prior year).

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

September 4, 2019

Jamaica Broilers Group Limited

Group Statement of Comprehensive Income
Three Months ended 27 July 2019

	Quarter ended 27 July 2019 $'000	Quarter ended 28 July 2018 $'000
Revenue	13,259,430	12,163,067
Cost of sales	(9,935,290)	(8,984,952)
Gross Profit	3,324,140	3,178,115
Other income	76,378	192,556
Distribution costs	(445,289)	(436,092)
Administration and other expenses	(2,275,875)	(2,269,880)
Operating Profit	679,354	664,699
Finance income	36,457	300,057
Finance costs	(299,387)	(323,651)
Profit before Taxation	416,424	641,105
Taxation	(55,414)	(227,730)
Net Profit	361,010	413,375
Other Comprehensive Income, net of taxes -		
Item that will be reclassified to profit or loss -		
Exchange differences on translating foreign operations	111,694	299,371
Total other comprehensive income	111,694	299,371
Total Comprehensive Income	472,704	712,746
Net Profit Attributable to:		
Stockholders of the company	368,403	398,842
Non-controlling interests	(7,393)	14,533
	361,010	413,375
Total Comprehensive Income Attributable to:		
Stockholders of the company	483,668	694,282
Non-controlling interests	(10,964)	18,464
	472,704	712,746
	Cents	**Cents**
Earnings per Stock Unit	35.81	38.58

Jamaica Broilers Group Limited

Group Balance Sheet
Three Months ended 27 July 2019

	27 July 2019 $'000 Unaudited	27 April 2019 $'000 Audited	28 July 2018 $'000 Unaudited
Non-Current Assets			
Property, plant and equipment	10,142,379	10,106,694	8,435,037
Intangible assets	1,019,798	1,029,429	1,008,681
Investment property	6,105	6,146	6,271
Investments	284,150	278,239	277,967
Loans receivable	-	1,058,544	1,410,123
Deferred expenditure	68,288	72,841	-
Deferred income taxes	61,993	60,656	63,483
Post-employment benefit assets	803,600	803,600	438,600
	12,386,313	13,416,149	11,640,162
Current Assets			
Inventories	6,671,751	6,684,882	6,516,000
Biological assets	6,645,731	6,823,793	5,742,202
Receivables	4,415,646	4,104,902	4,344,397
Loans receivable	-	361,321	363,348
Taxation recoverable	27,941	48,747	37,319
Financial assets at fair value through profit or	662,533	636,930	667,199
Cash and short term investments	4,048,568	3,730,722	3,107,735
	22,472,170	22,391,297	20,778,200
Current Liabilities			
Payables	5,360,823	6,337,815	6,246,806
Dividends payable	-	212,332	-
Taxation payable	220,083	188,332	359,878
Borrowings	6,945,463	6,637,197	6,502,318
Other long term liabilities – current portion	-	720,383	-
	12,526,369	14,096,059	13,109,002
Net Current Assets	9,945,801	8,295,238	7,669,198
	22,332,114	21,711,387	19,309,360
Stockholders' Equity			
Share capital	765,137	765,137	765,137
Reserves	1,296,656	1,181,391	1,346,101
Retained earnings	16,405,703	16,037,300	14,214,691
Shares held by Trust	(3,273,909)	(3,273,909)	(3,010,231)
	15,193,587	14,709,919	13,315,698
Non-controlling interests	114,640	125,604	57,421
	15,308,227	14,835,523	13,373,119
Non-Current Liabilities			
Borrowings	6,209,245	5,987,159	4,572,672
Other long term liabilities	-	-	720,383
Deferred income taxes	791,742	865,805	617,186
Post-employment benefit obligations	22,900	22,900	26,000
	22,332,114	21,711,387	19,309,360

Robert E. Levy Chairman

Christopher Levy President & CEO

September 4 2019

Jamaica Broilers Group Limited

Group Statement of Changes in Stockholders' Equity
Three Months ended 27 July 2019

	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 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	-	-	295,440	-	-	3,931	299,371
Total other comprehensive income	-	-	295,440	-	-	3,931	299,371
Net profit	-	-	-	398,842	-	14,533	413,375
Total comprehensive income	-	-	295,440	398,842	-	18,464	712,746
Balance at 28 July 2018	1,033,825	765,137	1,346,101	14,214,691	(3,010,231)	57,421	13,373,119
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

Jamaica Broilers Group Limited

Group Statement of Cash Flows
Three Months ended 27 July 2019

	Quarter ended 27 July 2019 $'000	Quarter ended 28 July 2018 $'000
Cash Flows from Operating Activities		
Net profit	361,010	413,375
Adjustments for:		
Depreciation	252,580	212,166
Amortisation	27,663	30,047
Deferred expenditure	4,553	-
Loss on disposal of property, plant and equipment	13,330	-
Fair value gain on financial assets at fair value through profit or loss	(1,163)	(16,789)
Taxation expense	55,414	227,730
Interest income	(14,657)	(48,425)
Unrealised foreign exchange gains	(40,185)	(151,805)
Interest expense	217,510	177,229
	876,055	843,528
Changes in operating assets and liabilities:		
Inventories	13,131	(732,497)
Biological assets	178,062	(298,498)
Receivables	(310,744)	(399,276)
Payables	(976,992)	1,227,533
Financial assets at fair value through profit or loss	(22,929)	116,740
Translation gain on working capital of foreign subsidiaries	149,023	203,612
	(94,394)	961,142
Taxation paid	(80,084)	(277,498)
Cash (used in)/provided by operating activities	(174,478)	683,644

Jamaica Broilers Group Limited

Group Statement of Cash Flows (continued)
Three Months ended 27 July 2019

	Quarter ended 27 July 2019 $'000	Quarter ended 28 July 2018 $'000
Cash Flows from Operating Activities	(174,478)	683,644
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(290,644)	(287,358)
Purchase of intangible assets	-	(1,569)
Proceeds from disposal of property, plant and equipment	10,669	-
Loan repayments received	1,444,374	344,734
Interest received	21,916	50,370
Cash provided by investing activities	1,186,315	106,177
Cash Flows from Financing Activities		
Long term loans repaid	(1,477,986)	(178,505)
Long term loans received	1,900,514	800,000
Other long term liabilities paid	(720,383)	(1,540,268)
Interest paid	(209,523)	(195,366)
Dividends paid	(212,332)	-
Cash used in financing activities	(719,710)	(1,114,139)
Effect of changes in exchange rates on cash and cash equivalents	23,629	151,327
Increase/(decrease) in cash and cash equivalents	315,756	(172,991)
Cash and cash equivalents at beginning of year	3,334,880	2,925,625
CASH AND CASH EQUIVALENTS AT END OF PERIOD	3,650,636	2,752,634
Cash and Cash Equivalents at end of period consists of:		
Cash and short term investments	4,048,568	3,107,735
Bank overdraft	(397,932)	(355,101)
	3,650,636	2,752,634

Jamaica Broilers Group Limited

Segment Reporting Information
Three Months ended 27 July 2019

	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

Jamaica Broilers Group Limited

Segment Reporting Information (continued)
Three Months ended 27 July 2019

	3 Months to 28 July 2018					
	Jamaica Operations	US Operations	Haiti Operations	Other Caribbean Operations	Eliminations	Group
	$'000	$'000	$'000	$'000	$'000	$'000
External revenues	8,243,619	3,324,457	594,991	-	-	12,163,067
Revenue from other segments	74,921	635,379	-	104,272	(814,572)	-
Total revenue	8,318,540	3,959,836	594,991	104,272	(814,572)	12,163,067
Segment result	841,821	299,832	59,965	847,318	(1,005,462)	1,043,474
Unallocated corporate expenses						(378,775)
Operating profit						664,699
Finance income						300,057
Finance costs						(323,651)
Profit before tax						641,105
Taxation						(227,730)
Net profit						413,375
Segment assets -						
Current assets	17,278,752	6,923,517	1,100,820	1,413,282	(5,938,171)	20,778,200
Non-current assets	9,654,374	2,785,759	774,639	4,553,707	(6,128,317)	11,640,162
Total assets	26,933,126	9,709,276	1,875,459	5,966,989	(12,066,488)	32,418,362
Segment liabilities -						
Current liabilities	10,118,956	3,824,596	1,499,186	3,604,358	(5,938,094)	13,109,002
Non-current liabilities	4,301,763	2,665,054	-	723,577	(1,754,153)	5,936,241
Total liabilities	14,420,719	6,489,650	1,499,186	4,327,935	(7,692,247)	19,045,243

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.