



Jamaica Broilers Group Limited

Interim Report

**30 January 2016
(9 Months)**

Jamaica Broilers Group Limited

Interim Report to Our Shareholders

The Directors of Jamaica Broilers Group Ltd now release the un-audited financial results for the quarter ended January 30, 2016, which have been prepared in accordance with International Financial Reporting Standards.

Group revenues for the quarter amounted to \$9.9billion which, when compared to the \$9.05billion in the corresponding period last year, represents a 9% increase. Gross profits for the quarter amounted to \$2.45billion, as against the \$2.17billion of the corresponding quarter last year; a 13% increase.

US Operations performed well with respect to the sale of our main product –fertile eggs for the broiler industry. The year to date segment results amount to \$798million, compared to \$632million last year. Our presence in the markets remain strong with a broad customer base and we are seeing the benefits of the US\$ hard currency earnings.

In the Jamaica Operations we recorded increased volumes in the sale of poultry and feed products. Our targeted marketing strategies are showing good results. In addition, we continue to focus on cost containment and improvements in the production and processing of poultry and feed.

In the Other Caribbean Operations, Haiti Broilers SA has increased production and sale of table eggs to 17% of the market, compared to 13% at the end of the third quarter last year. The Haitian Gourde continues to depreciate against the US\$ and therefore ongoing cost and selling price adjustments present some challenges.

Distribution, selling and administrative costs, quarter - over - quarter, essentially reflect inflation increases and the effect of the depreciation of the J\$ against the US\$.

Against this background, we recorded net profits attributable to stockholders amounting to \$495million for this quarter which equates to earnings per stock unit of 41cents compared to 34cents in the corresponding quarter last year; a 22% increase.

The Staff, Management and Directors 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 11, 2016

Jamaica Broilers Group Limited

Group Statement of Comprehensive Income

Nine Months ended 30 January 2016

| | Quarter ended 30 January 2016 \$'000 | Quarter ended 31 January 2015 \$'000 | Nine months ended 30 January 2016 \$'000 | Nine months ended 31 January 2015 \$'000 |
|---|--|--|--|--|
| Revenue | 9,898,892 | 9,045,150 | 27,998,910 | 25,608,036 |
| Cost of sales | (7,452,971) | (6,873,549) | (20,994,628) | (19,959,178) |
| Gross Profit | 2,445,921 | 2,171,601 | 7,004,282 | 5,648,858 |
| Other income/gains | 10,111 | 65,647 | 150,561 | 110,030 |
| Distribution costs | (296,439) | (224,300) | (804,402) | (688,692) |
| Administration and other expenses | (1,453,804) | (1,408,060) | (4,375,245) | (3,883,994) |
| Operating Profit | 705,789 | 604,888 | 1,975,196 | 1,186,202 |
| Finance income | 35,959 | 95,583 | 136,787 | 147,612 |
| Finance costs | (159,426) | (170,798) | (500,421) | (496,684) |
| Profit before Taxation | 582,322 | 529,673 | 1,611,562 | 837,130 |
| Taxation | (89,522) | (124,917) | (398,449) | (222,078) |
| Net Profit | 492,800 | 404,756 | 1,213,113 | 615,052 |
| Other Comprehensive Income, net of taxes - | | | | |
| Item that will be reclassified to profit or loss - | | | | |
| Exchange differences on translating foreign operations | (22,012) | 136,396 | 5,635 | 196,808 |
| Total other comprehensive income | (22,012) | 136,396 | 5,635 | 196,808 |
| Total Comprehensive Income | 470,788 | 541,152 | 1,218,748 | 811,860 |
| Net Profit Attributable to: | | | | |
| Stockholders of the company | 495,279 | 405,749 | 1,234,989 | 621,928 |
| Non-controlling interests | (2,479) | (993) | (21,876) | (6,876) |
| | 492,800 | 404,756 | 1,213,113 | 615,052 |
| Total Comprehensive Income Attributable to: | | | | |
| Stockholders of the company | 474,052 | 542,193 | 1,244,001 | 817,654 |
| Non-controlling interests | (3,264) | (1,041) | (25,253) | (5,794) |
| | 470,788 | 541,152 | 1,218,748 | 811,860 |
| Earnings per Stock Unit | \$ 0.41 | \$ 0.34 | \$ 1.02 | \$ 0.52 |

Jamaica Broilers Group Limited

Group Balance Sheet

30 January 2016

| | 30 January 2016 \$'000 Unaudited | 2 May 2015 \$'000 Audited | 31 January 2015 \$'000 Unaudited |
|---|---|------------------------------------|---|
| Non-Current Assets | | | |
| Property, plant and equipment | 9,985,811 | 9,939,598 | 9,852,140 |
| Intangible assets | 878,262 | 890,602 | 919,647 |
| Investment property | 6,687 | 23,315 | 58,988 |
| Asset held for sale | 16,041 | - | - |
| Investments | 44,516 | 68,749 | 68,003 |
| Deferred income taxes | - | - | 2,650 |
| Affiliate | - | 18,683 | 18,683 |
| | <u>10,931,317</u> | <u>10,940,947</u> | <u>10,920,111</u> |
| Current Assets | | | |
| Inventories | 3,733,821 | 3,948,883 | 3,642,892 |
| Biological assets | 2,696,326 | 2,569,781 | 2,385,113 |
| Receivables | 3,047,738 | 2,789,062 | 2,994,352 |
| Taxation recoverable | 21,741 | 18,447 | - |
| Financial assets at fair value through profit or loss | 612,196 | 472,482 | 380,707 |
| Cash and short term investments | 1,685,740 | 1,828,446 | 1,375,608 |
| | <u>11,797,562</u> | <u>11,627,101</u> | <u>10,778,672</u> |
| Current Liabilities | | | |
| Payables | 2,998,544 | 3,666,685 | 2,742,174 |
| Taxation payable | 560,070 | 463,486 | 222,418 |
| Borrowings | 3,178,149 | 2,763,024 | 2,966,399 |
| | <u>6,736,763</u> | <u>6,893,195</u> | <u>5,930,991</u> |
| Net Current Assets | <u>5,060,799</u> | <u>4,733,906</u> | <u>4,847,681</u> |
| | <u>15,992,116</u> | <u>15,674,853</u> | <u>15,767,792</u> |
| Stockholders' Equity | | | |
| Share capital | 765,137 | 765,137 | 765,137 |
| Capital reserve | 1,859,193 | 1,850,181 | 1,942,100 |
| Retained earnings | 9,931,784 | 8,816,721 | 8,571,715 |
| | <u>12,556,114</u> | <u>11,432,039</u> | <u>11,278,952</u> |
| Non-controlling interests | <u>(60,878)</u> | <u>(35,625)</u> | <u>(41,817)</u> |
| | <u>12,495,236</u> | <u>11,396,414</u> | <u>11,237,135</u> |
| Non-Current Liabilities | | | |
| Borrowings | 2,813,739 | 3,591,907 | 3,876,091 |
| Deferred income taxes | 563,641 | 567,032 | 533,152 |
| Pension scheme benefit liabilities | 94,700 | 94,700 | 105,900 |
| Post-employment benefit obligations | 24,800 | 24,800 | 15,514 |
| | <u>15,992,116</u> | <u>15,674,853</u> | <u>15,767,792</u> |

Jamaica Broilers Group Limited

Group Statement of Changes in Stockholders' Equity

Nine Months ended 30 January 2016

| | 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 3 May 2014 | 1,199,277 | 765,137 | 1,746,374 | 8,045,730 | |
| Exchange differences on translating foreign operations | - | - | 195,726 | - | 1,082 | 196,808 |
| Total other comprehensive income | - | - | 195,726 | - | 1,082 | 196,808 |
| Net profit | - | - | - | 621,928 | (6,876) | 615,052 |
| Total comprehensive income | - | - | 195,726 | 621,928 | (5,794) | 811,860 |
| Dividends | - | - | - | (95,943) | - | (95,943) |
| Movement during the period | - | - | 195,726 | 525,985 | (5,794) | 715,917 |
| Balance at 31 January 2015 | 1,199,277 | 765,137 | 1,942,100 | 8,571,715 | (41,817) | 11,237,135 |
| Balance at 2 May 2015 | 1,199,277 | 765,137 | 1,850,181 | 8,816,721 | (35,625) | 11,396,414 |
| Exchange differences on translating foreign operations | - | - | 9,012 | - | (3,377) | 5,635 |
| Total other comprehensive income | - | - | 9,012 | - | (3,377) | 5,635 |
| Net profit | - | - | - | 1,234,989 | (21,876) | 1,213,113 |
| Total comprehensive income | - | - | 9,012 | 1,234,989 | (25,253) | 1,218,748 |
| Dividends | - | - | - | (119,926) | - | (119,926) |
| Movement during the period | - | - | 9,012 | 1,115,063 | (25,253) | 1,098,822 |
| Balance at 30 January 2016 | 1,199,277 | 765,137 | 1,859,193 | 9,931,784 | (60,878) | 12,495,236 |

Jamaica Broilers Group Limited

Group Statement of Cash Flows

Nine Months ended 30 January 2016

| | 30 January 2016 \$'000 | 31 January 2015 \$'000 |
|--|------------------------------|------------------------------|
| Cash Flows from Operating Activities | | |
| Net profit | 1,213,113 | 615,052 |
| Adjustments for items not affecting cash resources | 1,592,073 | 1,234,487 |
| | <u>2,805,186</u> | <u>1,849,539</u> |
| Changes in operating assets and liabilities | (1,542,594) | (309,400) |
| Cash provided by operating activities | 1,262,592 | 1,540,139 |
| Cash used in investment activities | (506,449) | (301,800) |
| Cash used in financing activities | (1,125,191) | (704,700) |
| (Decrease)/increase in cash and cash equivalents | (369,048) | 533,639 |
| Effects of changes in exchange rates | 48,251 | 6,272 |
| Cash and cash equivalents at the beginning of year | 1,668,557 | 514,628 |
| | <u>1,347,760</u> | <u>1,054,539</u> |

Jamaica Broilers Group Limited

Segment Reporting Information

Nine Months ended 30 January 2016

| | 9 Months to 30 January 2016 | | | | |
|--------------------------------|---------------------------------|----------------------------|--|------------------------|-----------------|
| | Jamaica Operations \$'000 | US Operations \$'000 | Other Caribbean Operations \$'000 | Eliminations \$'000 | Group \$'000 |
| External revenues | 20,792,942 | 6,270,880 | 935,088 | - | 27,998,910 |
| Revenue from other segments | 304,166 | 1,710,826 | 321,817 | (2,336,809) | - |
| Total revenue | 21,097,108 | 7,981,706 | 1,256,905 | (2,336,809) | 27,998,910 |
| Segment result | 2,161,876 | 797,957 | 87,190 | (156,204) | 2,890,819 |
| Unallocated corporate expenses | | | | | (915,623) |
| Operating profit | | | | | 1,975,196 |
| Finance income | | | | | 136,787 |
| Finance costs | | | | | (500,421) |
| Profit before tax | | | | | 1,611,562 |
| Taxation | | | | | (398,449) |
| Net profit | | | | | 1,213,113 |
| Segment assets - | | | | | |
| Current assets | 8,798,216 | 3,441,037 | 3,551,840 | (3,993,531) | 11,797,562 |
| Non-current assets | 10,857,820 | 1,520,580 | 995,910 | (2,442,993) | 10,931,317 |
| Total assets | 19,656,036 | 4,961,617 | 4,547,750 | (6,436,524) | 22,728,879 |
| Segment liabilities - | | | | | |
| Current liabilities | 7,676,104 | 1,909,172 | 1,148,321 | (3,996,834) | 6,736,763 |
| Non-current liabilities | 3,104,786 | 1,430,610 | 697,819 | (1,736,335) | 3,496,880 |
| Total liabilities | 10,780,890 | 3,339,782 | 1,846,140 | (5,733,169) | 10,233,643 |

Jamaica Broilers Group Limited
Segment Reporting Information (Continued)
Nine Months ended 30 January 2016

| | 9 Months to 31 January 2015 | | | | Group \$'000 |
|--------------------------------|---------------------------------|----------------------------|--|------------------------|-----------------|
| | Jamaica Operations \$'000 | US Operations \$'000 | Other Caribbean Operations \$'000 | Eliminations \$'000 | |
| External revenues | 19,275,453 | 5,373,918 | 958,665 | - | 25,608,036 |
| Revenue from other segments | 335,798 | 1,637,651 | 289,804 | (2,263,253) | - |
| Total revenue | 19,611,251 | 7,011,569 | 1,248,469 | (2,263,253) | 25,608,036 |
| Segment result | 1,377,261 | 632,280 | 135,246 | (129,785) | 2,015,002 |
| Unallocated corporate expenses | | | | | (828,800) |
| Operating profit | | | | | 1,186,202 |
| Finance income | | | | | 147,612 |
| Finance costs | | | | | (496,684) |
| Profit before tax | | | | | 837,130 |
| Taxation | | | | | (222,078) |
| Net profit | | | | | 615,052 |
| Segment assets - | | | | | |
| Current assets | 9,616,410 | 4,168,085 | 3,355,965 | (6,361,788) | 10,778,672 |
| Non-current assets | 10,298,476 | 1,233,594 | 1,129,999 | (1,741,958) | 10,920,111 |
| Total assets | 19,914,886 | 5,401,679 | 4,485,964 | (8,103,746) | 21,698,783 |
| Segment liabilities - | | | | | |
| Current liabilities | 7,859,986 | 2,754,126 | 1,652,368 | (6,335,489) | 5,930,991 |
| Non-current liabilities | 4,141,878 | 1,463,253 | 2,559 | (1,077,033) | 4,530,657 |
| Total liabilities | 12,001,864 | 4,217,379 | 1,654,927 | (7,412,522) | 10,461,648 |

Jamaica Broilers Group Limited

Notes to the Interim Financial Statements

30 January 2016

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 2015.

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.

Restatements

Statement of Comprehensive Income

The statement of comprehensive income for the quarter ended 31 January 2015 was restated to reclassify foreign exchange gains previously included in finance costs to finance income and other income/gains.

Segment

The 2014/2015 segment report was restated to conform to the revised operating segments at the 2014/2015 financial year end

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