



Jamaica Broilers Group Limited

Interim Report

**29 October 2016
(6 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 October 29, 2016, which have been prepared in accordance with International Financial Reporting Standards.

Group revenues for the quarter amounted to \$10.4 billion which, when compared to the \$9.2 billion in the corresponding quarter last year, represents a 14% increase. Gross profits for the quarter amounted to \$2.55 billion, which is \$193 million (8%) above the \$2.35 billion of the corresponding quarter last year.

Jamaica Operations reported a normalised segment result (after adjusting for the effects of the disposal of subsidiaries) of \$1.3 billion. We produced a strong sales performance in poultry and feed products when compared to the prior year, and we continue to focus on our cost containment strategies and continuous improvements in our production processes.

US Operations performed as expected with respect to the sale of our main product – fertile eggs for the broiler industry. The year to date segment results amounted to \$559 million, which was a 4% increase over the prior years' \$538 million.

In the Other Caribbean Operations, Haiti Broilers SA has increased production and sale of table eggs to 19% of the market, compared to 14% at the end of the second quarter last year. The normalised segment year-to-date result, after adjusting for the effects of the disposal of subsidiaries, amounted to \$172 million, which was \$78 million or 84% above the prior year's results.

Due to the inclusion of costs related to our new hatchery in Iowa, inflation and exchange rate movement on US\$ denominated costs, our year over year distribution and administrative costs, reflected an increase of 21%.

Against this background, we recorded profits attributable to stockholders amounting to \$435 million for the quarter, which equates to earnings per stock unit of 36 cents. This represented an increase of \$26 million or 6% over the \$409 million (34 cents) in the corresponding period last year.

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

December 7, 2016

Jamaica Broilers Group Limited

Group Statement of Comprehensive Income

Six Months ended 29 October 2016

	Quarter ended 29 October 2016 \$'000	Quarter ended 31 October 2015 \$'000	Six months ended 29 October 2016 \$'000	Six months ended 31 October 2015 \$'000
Continuing operations				
Revenue	10,406,366	9,168,049	20,425,085	18,099,739
Cost of sales	(7,859,412)	(6,814,404)	(15,223,291)	(13,378,631)
Gross Profit	2,546,954	2,353,645	5,201,794	4,721,108
Other income/gains	17,292	67,069	72,329	138,891
Distribution costs	(333,136)	(259,654)	(654,392)	(507,963)
Administration and other expenses	(1,678,348)	(1,404,502)	(3,466,001)	(2,898,344)
Operating Profit	552,762	756,558	1,153,730	1,453,692
Finance income	143,182	49,625	266,471	100,828
Finance costs	(146,497)	(169,052)	(309,765)	(354,917)
Profit before Taxation	549,447	637,131	1,110,436	1,199,603
Taxation	(109,552)	(166,062)	(269,267)	(308,927)
Net Profit from continuing operations	439,895	471,069	841,169	890,676
Discontinued operations				
Profit/(loss) for the period from discontinued operations	(784)	(65,303)	3,944	(170,363)
Net Profit	439,111	405,766	845,113	720,313
Other Comprehensive Income, net of taxes -				
Item that will be reclassified to profit or loss -				
Exchange differences on translating foreign operations	42,052	26,729	138,249	(93,977)
Exchange differences on translating discontinued operations	-	73,024	(956,124)	121,624
Total other comprehensive income	42,052	99,753	(817,875)	27,647
Total Comprehensive Income	481,163	505,519	27,238	747,960
Net Profit Attributable to:				
Stockholders of the company	434,570	408,916	834,587	739,710
Non-controlling interests	4,541	(3,150)	10,526	(19,397)
	439,111	405,766	845,113	720,313
Net Profit from continuing operation				
Stockholders of the company	435,354	474,219	830,643	910,073
Non-controlling interests	4,541	(3,150)	10,526	(19,397)
	439,895	471,069	841,169	890,676

Jamaica Broilers Group Limited

Group Statement of Comprehensive Income (Continued)

Six Months ended 29 October 2016

	Quarter ended 29 October 2016 \$'000	Quarter ended 31 October 2015 \$'000	Six months ended 29 October 2016 \$'000	Six months ended 31 October 2015 \$'000
Total Comprehensive Income Attributable to:				
Stockholders of the company	476,807	508,304	16,960	769,949
Non-controlling interests	4,356	(2,785)	10,278	(21,989)
	<u>481,163</u>	<u>505,519</u>	<u>27,238</u>	<u>747,960</u>
Total Comprehensive Income Attributable to Stockholders of the company:				
Continuing operations	477,591	500,583	969,140	818,688
Discontinued operations	(784)	7,721	(952,180)	(48,739)
	<u>476,807</u>	<u>508,304</u>	<u>16,960</u>	<u>769,949</u>
	Cents	Cents	Cents	Cents
Earnings per Stock Unit				
From continuing operations	36.00	39.21	68.69	75.26
From discontinued operations	(0.07)	(5.40)	0.32	(14.09)
	<u>35.93</u>	<u>33.81</u>	<u>69.01</u>	<u>61.17</u>

Jamaica Broilers Group Limited

Group Balance Sheet

29 October 2016

	29 October 2016 \$'000 Unaudited	30 April 2016 \$'000 Audited	31 October 2015 \$'000 Unaudited
Non-Current Assets			
Property, plant and equipment	7,123,379	10,501,877	10,088,791
Intangible assets	1,151,504	1,165,272	884,410
Asset held for sale	16,042	16,042	-
Investment property	6,562	6,645	22,885
Investments	47,830	45,982	44,033
Loans receivable	2,047,791	-	-
Deferred income taxes	17,817	15,601	-
Post-employment benefit assets	180,100	180,100	-
Affiliate	-	-	18,683
	<u>10,591,025</u>	<u>11,931,519</u>	<u>11,058,802</u>
Current Assets			
Inventories	4,917,354	4,280,347	3,427,682
Biological assets	3,752,435	2,952,244	2,747,771
Receivables	3,342,325	3,278,254	2,863,985
Loans receivable	404,659	-	-
Taxation recoverable	36,381	36,400	27,253
Financial assets at fair value through profit or loss	747,537	701,303	676,894
Cash and short term investments	1,402,508	1,199,194	1,684,684
	<u>14,603,199</u>	<u>12,447,742</u>	<u>11,428,269</u>
Current Liabilities			
Payables	3,848,455	3,207,847	2,695,290
Dividend payable	203,877	-	119,926
Taxation payable	670,817	482,217	739,787
Borrowings	1,653,915	1,983,290	3,250,855
	<u>6,377,064</u>	<u>5,673,354</u>	<u>6,805,858</u>
Net Current Assets	<u>8,226,135</u>	<u>6,774,388</u>	<u>4,622,411</u>
	<u>18,817,160</u>	<u>18,705,907</u>	<u>15,681,213</u>
Stockholders' Equity			
Share capital	765,137	765,137	765,137
Capital reserve	1,244,418	2,062,158	1,880,420
Retained earnings	10,963,237	10,332,414	9,436,505
	<u>12,972,792</u>	<u>13,159,709</u>	<u>12,082,062</u>
Non-controlling interests	<u>(47,221)</u>	<u>(57,499)</u>	<u>(57,614)</u>
	12,925,571	13,102,210	12,024,448
Non-Current Liabilities			
Borrowings	5,380,985	5,096,511	2,971,791
Deferred income taxes	488,704	485,286	565,474
Pension scheme benefit liabilities	-	-	94,700
Post-employment benefit obligations	21,900	21,900	24,800
	<u>18,817,160</u>	<u>18,705,907</u>	<u>15,681,213</u>

Jamaica Broilers Group Limited

Group Statement of Changes in Stockholders' Equity

Six Months ended 29 October 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 2 May 2015	1,199,277	765,137	1,850,181	8,816,721	
Exchange differences on translating foreign operations	-	-	30,239	-	(2,592)	27,647
Total other comprehensive income	-	-	30,239	-	(2,592)	27,647
Net profit	-	-	-	739,710	(19,397)	720,313
Total comprehensive income	-	-	30,239	739,710	(21,989)	747,960
Dividends	-	-	-	(119,926)	-	(119,926)
Movement during the period	-	-	30,239	619,784	(21,989)	628,034
Balance at 31 October 2015	1,199,277	765,137	1,880,420	9,436,505	(57,614)	12,024,448
Balance at 1 May 2016	1,199,277	765,137	2,062,158	10,332,414	(57,499)	13,102,210
Exchange differences on translating foreign operations	-	-	(817,627)	-	(248)	(817,875)
Total other comprehensive income	-	-	(817,627)	-	(248)	(817,875)
Net profit	-	-	-	834,587	10,526	845,113
Total comprehensive income	-	-	(817,627)	834,587	10,278	27,238
Dividends	-	-	-	(203,877)	-	(203,877)
Transfer to capital reserves	-	-	(113)	113	-	-
Total transactions with owners	-	-	(113)	(203,764)	-	(203,877)
Movement during the period	-	-	(817,740)	630,823	10,278	(176,639)
Balance at 29 October 2016	1,199,277	765,137	1,244,418	10,963,237	(47,221)	12,925,571

Jamaica Broilers Group Limited

Group Statement of Cash Flows

Six Months ended 29 October 2016

	Quarter ended 29 October 2016 \$'000	Quarter ended 31 October 2015 \$'000
Cash Flows from Operating Activities		
Net profit	845,113	720,313
Adjustments for:		
Depreciation	377,589	365,214
Amortisation	61,877	40,610
Gain on disposal of property, plant and equipment	(178)	(6,073)
Property, plant and equipment adjustment	-	1,871
Gain on disposal of subsidiaries	(39,474)	-
Disposal adjustment	(5,778)	-
Impairment of investment	-	26,465
Fair value loss on financial assets at fair value through profit or loss	650	24,628
Taxation expense	269,268	308,927
Interest income	(77,921)	(7,807)
Unrealised foreign exchange losses	(72,165)	(13,181)
Interest expense	298,154	297,894
	<u>1,657,135</u>	<u>1,758,861</u>
Changes in operating assets and liabilities:		
Inventories	(769,330)	521,201
Biological assets	(800,191)	(177,990)
Receivables	(67,128)	(136,214)
Payables	620,240	(991,434)
Financial assets at fair value through profit or loss	(46,884)	(229,040)
Translation gain on working capital of foreign subsidiaries	(39,898)	(56,817)
	<u>553,944</u>	<u>688,567</u>
Taxation paid	(80,791)	(50,792)
Cash provided by operating activities	<u>473,153</u>	<u>637,775</u>

Jamaica Broilers Group Limited
 Group Statement of Cash Flows (Continued)
 Six Months ended 29 October 2016

	Quarter ended 29 October 2016 \$'000	Quarter ended 31 October 2015 \$'000
Cash Flows from Operating Activities (Page 5)	473,153	637,775
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(414,459)	(458,093)
Proceeds from disposal of property, plant and equipment	6,990	16,030
Proceeds from disposal of subsidiaries	461,873	-
Loan repayments received	-	61,291
Interest received	15,215	7,807
Cash provided by/(used in) investing activities	69,619	(372,965)
Cash Flows from Financing Activities		
Long term loans repaid	(713,046)	(1,181,865)
Long term loans received	655,534	1,049,919
Interest paid	(294,315)	(295,591)
Cash used in financing activities	(351,827)	(427,537)
Effect of changes in exchange rates on cash and cash equivalents	19,473	36,129
(Increase)/decrease in cash and cash equivalents	210,418	(126,598)
Cash and cash equivalents at beginning of year	872,888	1,668,557
CASH AND CASH EQUIVALENTS AT END OF PERIOD	1,083,306	1,541,959

Jamaica Broilers Group Limited

Segment Reporting Information

Six Months ended 29 October 2016

	6 Months to 29 October 2016				
	Jamaica	US	Other	Eliminations	Group
	Operations	Operations	Caribbean Operations		
	\$'000	\$'000	\$'000	\$'000	\$'000
External revenues	14,854,495	4,845,454	725,136	-	20,425,085
Revenue from other segments	149,936	1,531,109	205,563	(1,886,608)	-
Total revenue	15,004,431	6,376,563	930,699	(1,886,608)	20,425,085
Segment result ⁽¹⁾	842,659	558,858	666,795	(87,561)	1,980,751
Unallocated corporate expenses					(827,021)
Operating profit					1,153,730
Finance income					266,471
Finance costs					(309,765)
Profit before tax					1,110,436
Taxation					(269,267)
Profit from continuing operations					841,169
Profit for the period from discontinued operations					3,944
Net profit					845,113
Segment assets -					
Current assets	10,295,500	4,872,434	2,074,562	(2,639,297)	14,603,199
Non-current assets	10,388,463	2,393,560	1,044,561	(3,235,559)	10,591,025
Total assets	20,683,963	7,265,994	3,119,123	(5,874,856)	25,194,224
Segment liabilities -					
Current liabilities	4,956,678	2,513,653	1,550,325	(2,643,592)	6,377,064
Non-current liabilities	5,159,368	2,733,296	664,840	(2,665,915)	5,891,589
Total liabilities	10,116,046	5,246,949	2,215,165	(5,309,507)	12,268,653
(1) Normalised Segment Result					
Segment result	842,659	558,858	666,795	(87,561)	1,980,751
Adjusted for effects of disposal of subsidiaries	494,297	-	(494,297)	-	-
Normalised segment result	1,336,956	558,858	172,498	(87,561)	1,980,751

Jamaica Broilers Group Limited
Segment Reporting Information (Continued)
Six Months ended 29 October 2016

	6 Months to 31 October 2015				
	Jamaica Operations \$'000	US Operations \$'000	Other Caribbean Operations \$'000	Eliminations \$'000	Group \$'000
External revenues	13,362,281	4,156,677	580,781	-	18,099,739
Revenue from other segments	220,757	1,101,686	186,244	(1,508,687)	-
Total revenue	13,583,038	5,258,363	767,025	(1,508,687)	18,099,739
Segment result	1,548,938	538,368	93,945	(103,353)	2,077,898
Unallocated corporate expenses					(624,206)
Operating profit					1,453,692
Finance income					100,828
Finance costs					(354,917)
Profit before tax					1,199,603
Taxation					(308,927)
Net profit from continuing operations					890,676
Loss for the period from discontinued operations					(170,363)
Net profit					720,313
Segment assets -					
Current assets	8,560,240	3,494,502	3,645,491	(4,271,964)	11,428,269
Non-current assets	10,986,500	1,450,949	1,115,093	(2,493,740)	11,058,802
Total assets	19,546,740	4,945,451	4,760,584	(6,765,704)	22,487,071
Segment liabilities -					
Current liabilities	7,710,625	2,054,013	1,316,989	(4,275,769)	6,805,858
Non-current liabilities	3,263,252	1,418,851	761,241	(1,786,579)	3,656,765
Total liabilities	10,973,877	3,472,864	2,078,230	(6,062,348)	10,462,623

Jamaica Broilers Group Limited

Notes to the Interim Financial Statements

29 October 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 30 April 2016.

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

On 29 June 2016 Jamaica Broilers Group Limited signed an agreement with West Indies Petroleum Limited 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.

The statement of comprehensive income and segment report for the quarter ended 31 October 2015 were restated to reflect the discontinued operations as an individual line item.

Jamaica Broilers Group Limited

Notes to the Interim Financial Statements

29 October 2016

Discontinued operations (Continued)

Income statement and cash flow information

	Six months ended 29 October 2016 \$'000	Six months ended 31 October 2015 \$'000
Revenue	187	279
Cost of sales	(43,275)	(163,026)
Gross loss	(43,088)	(162,747)
Other income	-	1,559
Administration and other expenses	(7,388)	(23,097)
Operating loss	(50,476)	(184,285)
Finance cost	14,946	13,922
Loss before taxation	(35,530)	(170,363)
Taxation	-	-
Net loss after tax of discontinued operations	(35,530)	(170,363)
Gain on disposal of subsidiaries	39,474	-
Profit/(loss) for the period from discontinued operations	<u>3,944</u>	<u>(170,363)</u>
	Quarter ended 29 October 2016 \$'000	Quarter ended 31 October 2015 \$'000
Operating cash flows	(1,740)	(31,104)
Financing cash flows	-	(40,548)
	<u>(1,740)</u>	<u>(71,652)</u>