



Jamaica Broilers Group Limited

Interim Report

**28 January 2017
(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 nine months ended January 28, 2017, which have been prepared in accordance with International Financial Reporting Standards (IFRS).

Group revenues for the nine months amounted to \$32.1 billion, represented a 15% increase over the \$28.0 billion achieved in the corresponding nine months of the 2015/2016 financial year. Our year-to-date Gross profit of \$8.3 billion was 14% above the \$7.3 billion in the corresponding period last year.

Jamaica Operations reported a normalised segment result of \$2.4 billion, for the nine months ended January 28, 2017. 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.

Our US Operations reported year-to-date segment results of \$857 million, which represented an increase of 7% over the prior year's segment result. Total revenue for this segment increased 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 has increased production and sale of table eggs to 21% of the market, compared to 13% at the end of the third quarter last year. The year-to-date normalised segment result amounted to \$299 million, which was 161% above the \$115 million reported last year.

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 22%.

For the quarter ended January 28, 2017, our gross revenues and profits attributable to stockholders amounted to \$11.7 billion and \$722 million, respectively.

Against this background, we recorded profits attributable to stockholders of \$1.6 billion for the nine months ended January 28, 2017, which equates to earnings per stock unit of 129 cents. This represented an increase of 26% over the \$1.2 billion (102 cents) in the corresponding nine months last 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

March 8, 2017

Jamaica Broilers Group Limited

Group Statement of Comprehensive Income

Nine Months ended 28 January 2017

	Quarter ended 28 January 2017 \$'000	Quarter ended 30 January 2016 \$'000	Nine months ended 28 January 2017 \$'000	Nine months ended 30 January 2016 \$'000
Continuing operations				
Revenue	11,694,376	9,898,643	32,119,461	27,998,382
Cost of sales	(8,616,856)	(7,363,718)	(23,840,147)	(20,742,349)
Gross Profit	3,077,520	2,534,925	8,279,314	7,256,033
Other income/gains	106,755	9,903	179,084	148,794
Distribution costs	(387,144)	(296,439)	(1,041,536)	(804,402)
Administration and other expenses	(1,807,886)	(1,453,445)	(5,273,887)	(4,351,789)
Operating Profit	989,245	794,944	2,142,975	2,248,636
Finance income	21,273	35,959	287,744	136,787
Finance costs	(152,426)	(165,165)	(462,191)	(520,082)
Profit before Taxation	858,092	665,738	1,968,528	1,865,341
Taxation	(121,290)	(89,522)	(390,557)	(398,449)
Net Profit from continuing operations	736,802	576,216	1,577,971	1,466,892
Discontinued operations				
Profit/(loss) for the period from discontinued operations	-	(83,416)	3,944	(253,779)
Net Profit	736,802	492,800	1,581,915	1,213,113
Other Comprehensive Income, net of taxes -				
Item that will be reclassified to profit or loss -				
Exchange differences on translating foreign operations	(35,520)	(66,472)	(102,729)	(160,449)
Exchange differences on translating discontinued operations	-	44,460	(956,124)	166,084
Total other comprehensive income	(35,520)	(22,012)	(853,395)	5,635
Total Comprehensive Income	701,282	470,788	728,520	1,218,748
Net Profit Attributable to:				
Stockholders of the company	721,843	495,279	1,556,430	1,234,989
Non-controlling interests	14,959	(2,479)	25,485	(21,876)
	736,802	492,800	1,581,915	1,213,113
Net Profit from continuing operation				
Stockholders of the company	721,843	578,695	1,552,486	1,488,768
Non-controlling interests	14,959	(2,479)	25,485	(21,876)
	736,802	576,216	1,577,971	1,466,892

Jamaica Broilers Group Limited

Group Statement of Comprehensive Income (Continued)

Nine Months ended 28 January 2017

	Quarter ended 28 January 2017 \$'000	Quarter ended 30 January 2016 \$'000	Nine months ended 28 January 2017 \$'000	Nine months ended 30 January 2016 \$'000
Total Comprehensive Income Attributable to:				
Stockholders of the company	687,088	474,052	704,048	1,244,001
Non-controlling interests	14,194	(3,264)	24,472	(25,253)
	<u>701,282</u>	<u>470,788</u>	<u>728,520</u>	<u>1,218,748</u>
Total Comprehensive Income Attributable to Stockholders of the company:				
Continuing operations	687,088	513,008	1,656,228	1,331,696
Discontinued operations	-	(38,956)	(952,180)	(87,695)
	<u>687,088</u>	<u>474,052</u>	<u>704,048</u>	<u>1,244,001</u>
	Cents	Cents	Cents	Cents
Earnings per Stock Unit				
From continuing operations	59.69	47.85	128.38	123.11
From discontinued operations	-	(6.90)	0.33	(20.99)
	<u>59.69</u>	<u>40.95</u>	<u>128.71</u>	<u>102.12</u>

Jamaica Broilers Group Limited

Group Balance Sheet

28 January 2017

	28 January 2017 \$'000 Unaudited	30 April 2016 \$'000 Audited	30 January 2016 \$'000 Unaudited
Non-Current Assets			
Property, plant and equipment	7,016,648	10,501,877	9,985,811
Intangible assets	1,112,589	1,165,272	878,262
Asset held for sale	-	16,042	16,041
Investment property	6,534	6,645	6,687
Investments	7,608	45,983	44,516
Loans receivable	2,036,374	-	-
Deferred income taxes	18,959	15,601	-
Post-employment benefit assets	180,100	180,100	-
	<u>10,378,812</u>	<u>11,931,519</u>	<u>10,931,317</u>
Current Assets			
Inventories	5,797,928	4,280,347	3,733,821
Biological assets	3,790,013	2,952,244	2,696,326
Receivables	3,621,813	3,278,254	3,047,738
Loans receivable	449,788	-	-
Taxation recoverable	62,251	36,400	21,741
Financial assets at fair value through profit or loss	740,892	701,303	612,196
Cash and short term investments	1,512,532	1,199,194	1,685,740
	<u>15,975,217</u>	<u>12,447,742</u>	<u>11,797,562</u>
Current Liabilities			
Payables	4,368,051	3,207,847	2,998,544
Taxation payable	617,759	482,217	560,070
Borrowings	1,949,270	1,983,290	3,178,149
	<u>6,935,080</u>	<u>5,673,354</u>	<u>6,736,763</u>
Net Current Assets	<u>9,040,137</u>	<u>6,774,358</u>	<u>5,060,799</u>
	<u>19,418,949</u>	<u>18,705,907</u>	<u>15,992,116</u>
Stockholders' Equity			
Share capital	765,137	765,137	765,137
Capital reserve	1,209,663	2,062,158	1,859,193
Retained earnings	11,685,080	10,332,414	9,931,784
	<u>13,659,880</u>	<u>13,159,709</u>	<u>12,556,114</u>
Non-controlling interests	<u>(33,027)</u>	<u>(57,499)</u>	<u>(60,878)</u>
	<u>13,626,853</u>	<u>13,102,210</u>	<u>12,495,236</u>
Non-Current Liabilities			
Borrowings	5,282,418	5,096,511	2,813,739
Deferred income taxes	487,778	485,286	563,641
Pension scheme benefit liabilities	-	-	94,700
Post-employment benefit obligations	21,900	21,900	24,800
	<u>19,418,949</u>	<u>18,705,907</u>	<u>15,992,116</u>

Jamaica Broilers Group Limited

Group Statement of Changes in Stockholders' Equity

Nine Months ended 28 January 2017

	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	-	-	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
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	-	-	(852,382)	-	(1,013)	(853,395)
Total other comprehensive income	-	-	(852,382)	-	(1,013)	(853,395)
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

Jamaica Broilers Group Limited

Group Statement of Cash Flows

Nine Months ended 28 January 2017

	Quarter ended 28 January 2017 \$'000	Quarter ended 30 January 2016 \$'000
Cash Flows from Operating Activities		
Net profit	1,581,915	1,213,113
Adjustments for:		
Depreciation	549,223	598,982
Amortisation	94,439	63,303
Gain on disposal of property, plant and equipment	(75,126)	-
Property, plant and equipment adjustment	-	22,348
Gain on disposal of subsidiaries	(39,474)	-
Disposal adjustment	(5,778)	
Impairment of investment	40,000	26,665
Fair value loss on financial assets at fair value through profit or loss	2,697	69,090
Taxation expense	390,557	398,449
Interest income	(129,244)	(12,404)
Unrealised foreign exchange losses	(56,805)	(12,533)
Interest expense	443,842	438,173
	<u>2,796,246</u>	<u>2,805,186</u>
Changes in operating assets and liabilities:		
Inventories	(1,649,904)	215,062
Biological assets	(837,769)	(126,545)
Receivables	(346,616)	(300,986)
Payables	1,139,836	(688,179)
Financial assets at fair value through profit or loss	(42,286)	(208,804)
Translation gain on working capital of foreign subsidiaries	(48,722)	(113,898)
	<u>1,010,785</u>	<u>1,581,836</u>
Taxation paid	<u>(282,913)</u>	<u>(319,244)</u>
Cash provided by operating activities	<u>727,872</u>	<u>1,262,592</u>

Jamaica Broilers Group Limited
 Group Statement of Cash Flows (Continued)
 Nine Months ended 28 January 2017

	Quarter ended 28 January 2017 \$'000	Quarter ended 30 January 2016 \$'000
Cash Flows from Operating Activities (Page 5)	<u>727,872</u>	<u>1,262,592</u>
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(504,572)	(576,236)
Proceeds from disposal of property, plant and equipment	93,961	(3,610)
Purchase of intangible assets	-	-
Proceeds from disposal of subsidiaries	461,873	-
Loan repayments received	-	60,993
Interest received	19,088	12,404
Cash provided by/(used in) investing activities	<u>70,350</u>	<u>(506,449)</u>
Cash Flows from Financing Activities		
Long term loans repaid	(902,648)	(1,804,793)
Long term loans received	1,031,152	1,255,036
Interest paid	(437,656)	(455,508)
Dividend paid	(203,877)	(119,926)
Cash used in financing activities	<u>(512,845)</u>	<u>(1,125,191)</u>
Effect of changes in exchange rates on cash and cash equivalents	<u>18,094</u>	<u>48,251</u>
Increase/(decrease) in cash and cash equivalents	303,471	(320,797)
Cash and cash equivalents at beginning of year	<u>872,888</u>	<u>1,668,557</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u><u>1,176,359</u></u>	<u><u>1,347,760</u></u>

Jamaica Broilers Group Limited

Segment Reporting Information

Nine Months ended 28 January 2017

	9 Months to 28 January 2017				
	Jamaica	US	Other	Eliminations	Group
	Operations	Operations	Caribbean Operations		
	\$'000	\$'000	\$'000	\$'000	\$'000
External revenues	23,438,580	7,532,849	1,148,032	-	32,119,461
Revenue from other segments	207,844	2,271,590	344,826	(2,824,261)	-
Total revenue	23,646,424	9,804,439	1,492,858	(2,824,261)	32,119,461
Segment result ⁽¹⁾	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	(2,507,635)	15,975,216
Non-current assets	10,228,128	2,342,716	1,015,160	(3,207,191)	10,378,813
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	(2,513,499)	6,935,079
Non-current liabilities	5,048,097	2,733,417	646,561	(2,635,978)	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
Segment Reporting Information (Continued)
Nine Months ended 28 January 2017

	9 Months to 30 January 2016				
	Jamaica Operations \$'000	US Operations \$'000	Other Caribbean Operations \$'000	Eliminations \$'000	Group \$'000
External revenues	20,792,414	6,270,880	935,088	-	27,998,382
Revenue from other segments	304,166	1,710,826	321,817	(2,336,809)	-
Total revenue	21,096,580	7,981,706	1,256,905	(2,336,809)	27,998,382
Segment result	2,407,837	797,957	114,669	(156,204)	3,164,259
Unallocated corporate expenses					(915,623)
Operating profit					2,248,636
Finance income					136,787
Finance costs					(520,082)
Profit before tax					1,865,341
Taxation					(398,449)
Net profit from continuing operations					1,466,892
Loss for the period from discontinued operations					(253,779)
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

Notes to the Interim Financial Statements

28 January 2017

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 30 January 2016 were restated to reflect the discontinued operations as an individual line item.

Jamaica Broilers Group Limited

Notes to the Interim Financial Statements

28 January 2017

Discontinued operations (Continued)

Income statement and cash flow information

	Nine months ended 28 January 2017 \$'000	Nine months ended 30 January 2016 \$'000
Revenue	187	528
Cost of sales	(43,275)	(252,279)
Gross loss	(43,088)	(251,751)
Other income	-	1,767
Administration and other expenses	(7,388)	(23,456)
Operating loss	(50,476)	(273,440)
Finance cost	14,946	19,661
Loss before taxation	(35,530)	(253,779)
Taxation	-	-
Net loss after tax of discontinued operations	(35,530)	(253,779)
Gain on disposal of subsidiaries	39,474	-
Profit/(loss) for the period from discontinued operations	<u>3,944</u>	<u>(253,779)</u>
	Nine months ended 28 January 2017 \$'000	Nine months ended 30 January 2016 \$'000
Operating cash flows	(1,740)	(58,223)
Financing cash flows	-	(41,077)
	<u>(1,740)</u>	<u>(99,300)</u>