



Jamaica Broilers Group Limited

Interim Report

**31 October 2015
(6 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 October 31, 2015, which have been prepared in accordance with International Financial Reporting Standards.

Group revenues for the quarter amounted to \$9.17billion which, when compared to the \$8.68billion in the corresponding period last year, represents a 6% increase. Gross profits for the quarter amounted to \$2.28billion, as against the \$1.75billion of the corresponding quarter last year.

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 \$538million. Our presence in the markets remain strong with a broad customer base and we are seeing the benefits of the US\$ hard currency earnings. We expect steady growth in other product lines in this segment.

Jamaica Operations continues to recover from the challenges of the prior year's quarter –which was impacted by market constraints and sluggish consumer demand. We are recording increased sale volumes in poultry and feed products, consequent on targeted marketing strategies. In addition, we continue to focus on cost containment and improvements in the production processes for poultry and feed.

In the Other Caribbean Operations, Haiti Broilers SA has increased production and sale of table eggs to 14% of the market, compared to 12% at the end of the second quarter last year. The positive effect of this volume growth has however been neutralized by significant increases in operating costs due to the continuing depreciation of the Haitian Gourde against the US\$.

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 \$409million which equates to earnings per stock unit of 33.81cents.

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 11, 2015

Jamaica Broilers Group Limited

Group Statement of Comprehensive Income

Six Months ended 31 October 2015

	Quarter ended 31 October 2015 \$'000	Quarter ended 1 November 2014 \$'000	Six months ended 31 October 2015 \$'000	Six months ended 1 November 2014 \$'000
Revenue	9,168,051	8,676,238	18,100,018	16,562,886
Cost of sales	(6,891,199)	(6,925,064)	(13,541,657)	(13,085,628)
Gross Profit	2,276,852	1,751,174	4,558,361	3,477,258
Other income/gains	68,618	(6,952)	140,450	31,462
Distribution costs	(259,654)	(237,995)	(507,963)	(464,392)
Administration and other expenses	(1,405,875)	(1,185,980)	(2,921,441)	(2,475,934)
Operating Profit	679,941	320,247	1,269,047	568,394
Finance income	49,625	6,358	100,828	64,949
Finance costs	(157,738)	(181,707)	(340,995)	(325,886)
Profit before Taxation	571,828	144,898	1,029,240	307,457
Taxation	(166,062)	(45,954)	(308,927)	(97,161)
Net Profit	405,766	98,944	720,313	210,296
Other Comprehensive Income, net of taxes -				
Item that will be reclassified to profit or loss -				
Exchange differences on translating foreign operations	99,753	39,733	27,647	60,412
Total other comprehensive income	99,753	39,733	27,647	60,412
Total Comprehensive Income	505,519	138,677	747,960	270,708
Net Profit Attributable to:				
Stockholders of the company	408,916	102,627	739,710	216,179
Non-controlling interests	(3,150)	(3,683)	(19,397)	(5,883)
	405,766	98,944	720,313	210,296
Total Comprehensive Income Attributable to:				
Stockholders of the company	508,304	141,909	769,949	275,461
Non-controlling interests	(2,785)	(3,232)	(21,989)	(4,753)
	505,519	138,677	747,960	270,708
Earnings per Stock Unit	Cents	Cents	Cents	Cents
	33.81	8.56	61.17	18.03

Jamaica Broilers Group Limited

Group Balance Sheet

31 October 2015

	31 October 2015 \$'000 Unaudited	2 May 2015 \$'000 Audited	1 November 2014 \$'000 Unaudited
Non-Current Assets			
Property, plant and equipment	10,088,791	9,939,598	9,470,981
Intangible assets	884,410	890,602	908,901
Investment property	22,885	23,315	58,988
Investments	44,033	68,749	66,399
Deferred income taxes	-	-	2,369
Affiliate	18,683	18,683	116,683
	<u>11,058,802</u>	<u>10,940,947</u>	<u>10,624,321</u>
Current Assets			
Inventories	3,427,682	3,948,883	4,493,305
Biological assets	2,747,771	2,569,781	2,399,076
Receivables	2,863,985	2,789,062	2,763,575
Taxation recoverable	27,253	18,447	-
Financial assets at fair value through profit or loss	676,894	472,482	379,663
Cash and short term investments	1,684,684	1,828,446	925,172
	<u>11,428,269</u>	<u>11,627,101</u>	<u>10,960,791</u>
Current Liabilities			
Payables	2,695,290	3,666,685	2,941,832
Dividend payable	119,926	-	95,943
Taxation payable	739,787	463,486	144,393
Borrowings	3,250,855	2,763,024	2,966,312
	<u>6,805,858</u>	<u>6,893,195</u>	<u>6,148,480</u>
Net Current Assets	<u>4,622,411</u>	<u>4,733,906</u>	<u>4,812,311</u>
	<u>15,681,213</u>	<u>15,674,853</u>	<u>15,436,632</u>
Stockholders' Equity			
Share capital	765,137	765,137	765,137
Capital reserve	1,880,420	1,850,181	1,805,656
Retained earnings	9,436,505	8,816,721	8,165,966
	<u>12,082,062</u>	<u>11,432,039</u>	<u>10,736,759</u>
Non-controlling interests	<u>(57,614)</u>	<u>(35,625)</u>	<u>(40,776)</u>
	<u>12,024,448</u>	<u>11,396,414</u>	<u>10,695,983</u>
Non-Current Liabilities			
Borrowings	2,971,791	3,591,907	4,041,000
Deferred income taxes	565,474	567,032	578,249
Pension scheme benefit liabilities	94,700	94,700	105,900
Post-employment benefit obligations	24,800	24,800	15,500
	<u>15,681,213</u>	<u>15,674,853</u>	<u>15,436,632</u>

Jamaica Broilers Group Limited

Group Statement of Changes in Stockholders' Equity

Six Months ended 31 October 2015

	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	-	-	59,282	-	1,130	60,412
Total other comprehensive income	-	-	59,282	-	1,130	60,412
Net profit	-	-	-	216,179	(5,883)	210,296
Total comprehensive income	-	-	59,282	216,179	(4,753)	270,708
Dividends	-	-	-	(95,943)	-	(95,943)
Movement during the period	-	-	59,282	120,236	(4,753)	174,765
Balance at 1 November 2014	1,199,277	765,137	1,805,656	8,165,966	(40,776)	10,695,983
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	-	-	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

Jamaica Broilers Group Limited

Group Statement of Cash Flows

Six Months ended 31 October 2015

	31 October 2015 \$'000	1 November 2014 \$'000
Cash Flows from Operating Activities		
Net profit	720,313	210,296
Adjustments for items not affecting cash resources	1,038,548	820,804
	<u>1,758,861</u>	<u>1,031,100</u>
Changes in operating assets and liabilities	(1,121,086)	(891,500)
Cash provided by operating activities	637,775	139,600
Cash used in investment activities	(372,965)	(296,500)
Cash (used in)/provided by financing activities	(427,537)	305,500
(Decrease)/increase in cash and cash equivalents	(162,727)	148,600
Effects of changes in exchange	36,129	(4,317)
Cash and cash equivalents at the beginning of year	<u>1,668,557</u>	<u>514,628</u>
	<u><u>1,541,959</u></u>	<u><u>658,911</u></u>

Jamaica Broilers Group Limited

Segment Reporting Information

Six Months ended 31 October 2015

	6 Months to 31 October 2015				
	Jamaica	US	Other	Eliminations	Group
	Operations	Operations	Caribbean Operations		
	\$'000	\$'000	\$'000	\$'000	\$'000
External revenues	13,362,560	4,156,677	580,781	-	18,100,018
Revenue from other segments	220,757	1,101,686	186,244	(1,508,687)	-
Total revenue	13,583,317	5,258,363	767,025	(1,508,687)	18,100,018
Segment result	1,391,926	538,368	66,672	(103,353)	1,893,613
Unallocated corporate expenses					(624,206)
Operating profit					1,269,407
Finance income					100,828
Finance costs					(340,995)
Profit before tax					1,029,240
Taxation					(308,927)
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)	22,466,017
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
Segment Reporting Information (Continued)
Six Months ended 31 October 2015

	6 Months to 1 November 2014				
	Jamaica	US	Other	Eliminations	Group
	Operations	Operations	Caribbean Operations		
	\$'000	\$'000	\$'000	\$'000	\$'000
External revenues	12,348,308	3,586,497	628,081	-	16,562,886
Revenue from other segments	263,236	1,082,214	197,940	(1,543,390)	-
Total revenue	12,611,644	4,668,711	826,021	(1,543,390)	16,562,886
Segment result	508,701	571,934	76,162	(86,345)	1,070,452
Unallocated corporate expenses					(502,058)
Operating profit					568,394
Finance income					64,949
Finance costs					(325,886)
Profit before tax					307,457
Taxation					(97,161)
Net profit					210,296
Segment assets -					
Current assets	9,950,990	3,882,961	3,099,432	(5,972,593)	10,960,790
Non-current assets	10,207,383	1,122,139	1,135,321	(1,840,522)	10,624,321
Total assets	20,158,373	5,005,100	4,234,753	(7,813,115)	21,585,111
Segment liabilities -					
Current liabilities	8,180,773	2,478,878	1,519,483	(6,030,653)	6,148,481
Non-current liabilities	4,367,170	1,420,078	2,068	(1,048,667)	4,740,649
Total liabilities	12,547,943	3,898,956	1,521,551	(7,079,320)	10,889,130

Jamaica Broilers Group Limited

Notes to the Interim Financial Statements

31 October 2015

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 1 November 2014 was restated to reclassify foreign exchange gains previously included in finance costs to finance income and other gains / (losses).

Segment

The 2014 segment report was restated to conform to the revised operating segments which took effect in the third quarter of the 2014/2015 financial year.