



Jamaica Broilers Group Limited

Interim Report

**28 October 2017
(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 28, 2017, which have been prepared in accordance with International Financial Reporting Standards (IFRS).

Group revenues for the quarter amounted to \$11.5 billion, representing an 11% increase over the \$10.4 billion achieved in the corresponding quarter of the previous year. Gross profit for the quarter amounted to \$3 billion which is an increase of \$412 million (16%) above the \$2.5 billion in the corresponding quarter last year.

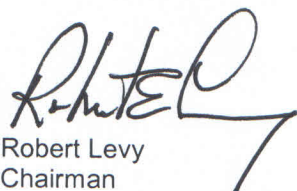
Jamaica Operations reported a segment result of \$1.1 billion, which was \$283 million or 21% below last year's normalised segment result of \$1.3 billion. This decrease was mainly attributed to higher distribution costs as a result of a rebalancing of the inventory in the poultry segment, as well as some third party storage issues that took place in the first quarter. Total revenue for our Jamaica Operations showed an increase of 8%.

Our US Operations continued to grow steadily and reported a segment result of \$673 million, which was a 20% increase over the prior year's result of \$559 million. Our presence in this market remains robust with a broad and diverse customer base. Total revenue for this segment increased by 23% over the prior year driven by increased sales of our main products – fertile eggs and baby chicks. The US Operations has acquired new hatchery assets during this quarter, which should expand revenue generating capabilities in the future.

In the Other Caribbean Operations segment, Haiti Broilers SA continues to benefit from the increased production and sale of table eggs which increased to 31% of the market, compared to 19% of the market at the end of the second quarter last year. The segment result amounted to \$265 million, which was 53% above the previous year's normalised segment result of \$172 million.

Distribution and administrative costs for the Group, reflected an increase of 11% over the previous year due primarily to inflation and increased development costs associated with the improvement of the Group's information systems and IT security. These expenses include one-off cost elements which are not expected to recur. Additionally, finance income decreased by \$253 million or 95% from the prior year due to foreign exchange losses when compared to foreign exchange gains in the prior year. This is primarily due to the appreciation of the Jamaican dollar against the United States dollar.

We recorded profits attributable to stockholders of \$446 million or 36.34 cents per stock unit for the quarter. 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

Jamaica Broilers Group Limited

Group Statement of Comprehensive Income

Six Months ended 28 October 2017

	Quarter ended 28 October 2017 \$'000	Quarter ended 29 October 2016 \$'000	Six months ended 28 October 2017 \$'000	Six months ended 29 October 2016 \$'000
Continuing operations				
Revenue	11,529,953	10,406,366	23,017,307	20,425,085
Cost of sales	(8,570,763)	(7,859,412)	(17,386,378)	(15,223,291)
Gross Profit	2,959,190	2,546,954	5,630,929	5,201,794
Other income/gains	71,871	17,292	140,814	72,329
Distribution costs	(415,275)	(333,136)	(859,051)	(654,392)
Administration and other expenses	(1,856,826)	(1,678,348)	(3,717,302)	(3,466,001)
Operating Profit	758,960	552,762	1,195,390	1,153,730
Finance income	3,401	143,182	13,840	266,471
Finance costs	(160,080)	(146,497)	(310,527)	(309,765)
Profit before Taxation	602,281	549,447	898,703	1,110,436
Taxation	(156,425)	(109,552)	(240,262)	(269,267)
Net Profit from continuing operations	445,856	439,895	658,441	841,169
Discontinued operations				
Profit/(loss) for the period from discontinued operations	-	(784)	-	3,944
Net Profit	445,856	439,111	658,441	845,113
Other Comprehensive Income, net of taxes -				
Item that will be reclassified to profit or loss -				
Exchange differences on translating foreign operations	(24,739)	42,052	(8,725)	138,249
Exchange differences on translating discontinued operations	-	-	-	(956,124)
Total other comprehensive income	(24,739)	42,052	(8,725)	(817,875)
Total Comprehensive Income	421,117	481,163	649,716	27,238
Net Profit Attributable to:				
Stockholders of the company	435,778	434,570	633,465	834,587
Non-controlling interests	10,078	4,541	24,976	10,526
	445,856	439,111	658,441	845,113
Net Profit from continuing operation				
Stockholders of the company	435,778	435,354	633,465	830,643
Non-controlling interests	10,078	4,541	24,976	10,526
	445,856	439,895	658,441	841,169

Jamaica Broilers Group Limited

Group Statement of Comprehensive Income (Continued)

Six Months ended 28 October 2017

	Quarter ended 28 October 2017 \$'000	Quarter ended 29 October 2016 \$'000	Six months ended 28 October 2017 \$'000	Six months ended 29 October 2016 \$'000
Total Comprehensive Income Attributable to:				
Stockholders of the company	410,142	476,807	621,491	16,960
Non-controlling interests	10,975	4,356	28,225	10,278
	<u>421,117</u>	<u>481,163</u>	<u>649,716</u>	<u>27,238</u>
Total Comprehensive Income Attributable to Stockholders of the company:				
Continuing operations	410,142	477,591	621,491	969,140
Discontinued operations	-	(784)	-	(952,180)
	<u>410,142</u>	<u>476,807</u>	<u>621,491</u>	<u>16,960</u>
	Cents	Cents	Cents	Cents
Earnings per Stock Unit				
From continuing operations	36.34	36.00	52.82	68.69
From discontinued operations	-	(0.07)	-	0.32
	<u>36.34</u>	<u>35.93</u>	<u>52.82</u>	<u>69.01</u>

Jamaica Broilers Group Limited

Group Balance Sheet

28 October 2017

	28 October 2017 \$'000 Unaudited	29 April 2017 \$'000 Audited	29 October 2016 \$'000 Unaudited
Non-Current Assets			
Property, plant and equipment	7,812,729	7,062,286	7,123,379
Intangible assets	1,012,241	1,086,547	1,151,504
Asset held for sale	-	-	16,042
Investment property	6,396	6,479	6,562
Investments	264,907	8,567	47,830
Loans receivable	1,683,103	2,051,914	2,047,791
Deferred income taxes	37,075	37,681	17,817
Post-employment benefit assets	691,100	691,100	180,100
	<u>11,507,551</u>	<u>10,944,574</u>	<u>10,591,025</u>
Current Assets			
Inventories	5,712,067	5,164,289	4,917,354
Biological assets	4,570,676	4,457,372	3,752,435
Receivables	3,717,699	3,568,655	3,342,325
Loans receivable	349,016	500,967	404,659
Taxation recoverable	54,389	64,534	36,381
Financial assets at fair value through profit or loss	780,255	760,696	747,537
Cash and short term investments	1,228,639	2,004,565	1,402,508
	<u>16,412,741</u>	<u>16,521,078</u>	<u>14,603,199</u>
Current Liabilities			
Payables	3,987,547	4,414,142	3,848,455
Dividend payable	203,877	-	203,877
Taxation payable	342,564	179,278	670,817
Borrowings	2,954,744	2,501,612	1,653,915
	<u>7,488,732</u>	<u>7,095,032</u>	<u>6,377,064</u>
Net Current Assets	<u>8,924,009</u>	<u>9,426,046</u>	<u>8,226,135</u>
	<u>20,431,560</u>	<u>20,370,620</u>	<u>18,817,160</u>
Stockholders' Equity			
Share capital	765,137	765,137	765,137
Capital reserve	1,158,721	1,170,695	1,244,418
Retained earnings	12,934,586	12,504,998	10,963,237
	<u>14,858,444</u>	<u>14,440,830</u>	<u>12,972,792</u>
Non-controlling interests	5,388	(22,837)	(47,221)
	<u>14,863,832</u>	<u>14,417,993</u>	<u>12,925,571</u>
Non-Current Liabilities			
Borrowings	4,895,109	5,200,463	5,380,985
Deferred income taxes	650,219	729,764	488,704
Post-employment benefit obligations	22,400	22,400	21,900
	<u>20,431,560</u>	<u>20,370,620</u>	<u>18,817,160</u>

Jamaica Broilers Group Limited

Group Statement of Changes in Stockholders' Equity

Six Months ended 28 October 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 1 May 2016	1,199,277	765,137	2,062,158	10,332,414	
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
Balance at 30 April 2017	1,199,277	765,137	1,170,695	12,504,998	(22,837)	14,417,993
Exchange differences on translating foreign operations	-	-	(11,974)	-	3,249	(8,725)
Total other comprehensive income	-	-	(11,974)	-	3,249	(8,725)
Net profit	-	-	-	633,465	24,976	658,441
Total comprehensive income	-	-	(11,974)	633,465	28,225	649,716
Dividends	-	-	-	(203,877)	-	(203,877)
Movement during the period	-	-	(11,974)	429,588	28,225	445,839
Balance at 28 October 2017	1,199,277	765,137	1,158,721	12,934,586	5,388	14,863,832

Jamaica Broilers Group Limited

Group Statement of Cash Flows

Six Months ended 28 October 2017

	Six months ended 28 October 2017 \$'000	Six months ended 29 October 2016 \$'000
Cash Flows from Operating Activities		
Net profit	658,441	845,113
Adjustments for:		
Depreciation	337,743	377,589
Amortisation	60,388	61,877
Gain on disposal of property, plant and equipment	(1,744)	(178)
Gain on disposal of subsidiaries	-	(39,474)
Disposal adjustment	-	(5,778)
Fair value (gain)/loss on financial assets at fair value through profit or loss	(23,213)	650
Taxation expense	240,262	269,268
Interest income	(102,420)	(77,921)
Unrealised foreign exchange losses/(gains)	41,031	(72,165)
Interest expense	315,945	298,154
	<u>1,526,433</u>	<u>1,657,135</u>
Changes in operating assets and liabilities:		
Inventories	(547,778)	(769,330)
Biological assets	(113,304)	(800,191)
Receivables	(149,044)	(67,128)
Payables	(426,595)	620,240
Financial assets at fair value through profit or loss	3,654	(46,884)
Translation loss on working capital of foreign subsidiaries	(18,421)	(39,898)
	<u>274,945</u>	<u>553,944</u>
Taxation paid	(145,154)	(80,791)
Cash provided by operating activities	<u>129,791</u>	<u>473,153</u>

Jamaica Broilers Group Limited
 Group Statement of Cash Flows (Continued)
 Six Months ended 28 October 2017

	Six months ended 28 October 2017 \$'000	Six months ended 29 October 2016 \$'000
Cash Flows from Operating Activities (Page 5)	<u>129,791</u>	<u>473,153</u>
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(1,078,417)	(414,459)
Purchase of investments	(253,593)	-
Proceeds from disposal of property, plant and equipment	4,281	6,990
Proceeds from disposal of subsidiaries	-	461,873
Loan repayments received	339,607	-
Interest received	245,173	15,215
Cash (used in)/provided by investing activities	<u>(742,949)</u>	<u>69,619</u>
Cash Flows from Financing Activities		
Long term loans repaid	(389,703)	(713,046)
Long term loans received	636,897	655,534
Interest paid	(311,518)	(294,315)
Cash used in financing activities	<u>(64,324)</u>	<u>(351,827)</u>
Effect of changes in exchange rates on cash and cash equivalents	<u>(6,814)</u>	<u>19,473</u>
(Decrease)/increase in cash and cash equivalents	(684,296)	210,418
Cash and cash equivalents at beginning of year	<u>1,596,383</u>	<u>872,888</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u><u>912,087</u></u>	<u><u>1,083,306</u></u>

Jamaica Broilers Group Limited

Segment Reporting Information

Six Months ended 28 October 2017

	6 Months to 28 October 2017				
	Jamaica Operations \$'000	US Operations \$'000	Other Caribbean Operations \$'000	Eliminations \$'000	Group \$'000
External revenues	16,037,845	5,950,199	1,029,263	-	23,017,307
Revenue from other segments	115,733	1,369,152	214,084	(1,698,969)	-
Total revenue	16,153,578	7,319,351	1,243,347	(1,698,969)	23,017,307
Segment result ⁽¹⁾	1,053,958	673,560	264,698	(120,087)	1,872,129
Unallocated corporate expenses					(676,739)
Operating profit					1,195,390
Finance income					13,840
Finance costs					(310,527)
Profit before tax					898,703
Taxation					(240,262)
Net profit					658,411
Segment assets -					
Current assets	11,786,470	6,318,800	2,242,092	(3,934,621)	16,412,741
Non-current assets	10,426,208	2,752,813	1,350,158	(3,021,628)	11,507,551
Total assets	22,212,678	9,071,613	3,592,250	(6,956,249)	27,920,292
Segment liabilities -					
Current liabilities	5,601,898	4,053,427	1,765,797	(3,932,390)	7,488,732
Non-current liabilities	4,845,626	2,494,114	692,703	(2,464,715)	5,567,728
Total liabilities	10,447,524	6,547,541	2,458,500	(6,397,105)	13,056,460

Jamaica Broilers Group Limited
Segment Reporting Information (Continued)
Six Months ended 28 October 2017

	6 Months to 29 October 2016				
	Jamaica Operations \$'000	US Operations \$'000	Other Caribbean Operations \$'000	Eliminations \$'000	Group \$'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

Notes to the Interim Financial Statements
28 October 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 29 April 2017.

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

In the previous year ended 29 April 2017, Jamaica Broilers Group Limited signed an agreement with West Indies Petroleum Limited on 29 June 2016, 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.

Jamaica Broilers Group Limited

Notes to the Interim Financial Statements
28 October 2017

Discontinued operations (Continued)

Income statement and cash flow information

	Six months ended 28 October 2017 \$'000	Six months ended 29 October 2016 \$'000
Revenue	-	187
Cost of sales	-	(43,275)
Gross loss	-	(43,088)
Administration and other expenses	-	(7,388)
Operating loss	-	(50,476)
Finance cost	-	14,946
Loss before taxation	-	(35,530)
Taxation	-	-
Net loss after tax of discontinued operations	-	(35,530)
Gain on disposal of subsidiaries	-	39,474
Profit for the period from discontinued operations	-	3,944
	Six months ended 28 October 2017 \$'000	Six months ended 29 October 2016 \$'000
Operating cash flows	-	(1,740)
Financing cash flows	-	-
	-	(1,740)