



Jamaica Broilers Group Limited

Interim Report

**1 August 2015
(3 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 August 1, 2015, which have been prepared in accordance with International Financial Reporting Standards.

Group revenues for the quarter amounted to \$8.93billion which, when compared to the \$7.89billion in the corresponding period last year, represents a 13% increase. Gross profits for the quarter amounted to \$2.28billion, which is 32% above the \$1.73billion of the corresponding quarter last year.

Jamaica Operations performed well when compared to the prior year's quarter –which was negatively impacted by drought, market constraints and sluggish consumer demand. This quarter's segment results amounted to \$697million; a \$448million increase over the \$249million reported for last year. We are recording increased sale volumes in poultry and feed products. In addition our focus on cost containment and improvements in the production processes for poultry and feed are bearing fruit.

US Operations are now at an optimal level with respect to the sale of our main product –fertile eggs for the broiler industry. We expect steady growth in other product lines in this segment.

In the Other Caribbean Operations, Haiti Broilers SA has increased production and sale of table eggs to 13% of the market, compared to 8% at the end of the first quarter last year. The positive effect of this volume growth has however been neutralized by significant increases in operating costs due to the depreciation of the Haitian Gourde against the US\$ during this quarter. Our move into sustained profitability in Haiti has therefore been delayed. This segment was also impacted by impairment and mark- to- market adjustments, amounting to \$44million, on certain financial assets in two of our St. Lucian subsidiaries.

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 profits attributable to stockholders amounting to \$331million which equates to earnings per stock unit of 27.58cents, a 190% increase against the \$114million or 9.47cents per stock unit 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

September 4, 2015

Jamaica Broilers Group Limited

Group Statement of Comprehensive Income

Three Months ended 1 August 2015

	Quarter ended 1 August 2015 \$'000	Quarter ended 2 August 2014* \$'000
Revenue	8,931,967	7,886,648
Cost of sales	(6,650,458)	(6,160,563)
Gross Profit	2,281,509	1,726,085
Other income/gains	71,832	43,646
Distribution costs	(248,309)	(226,397)
Administration and other expenses	(1,515,566)	(1,289,954)
Operating Profit	589,466	253,380
Finance income	51,203	53,360
Finance costs	(183,257)	(144,181)
Profit before Taxation	457,412	162,559
Taxation	(142,865)	(51,207)
Net Profit	314,547	111,352
Other Comprehensive Income, net of taxes -		
Item that will be reclassified to profit or loss -		
Exchange differences on translating foreign operations	(72,106)	20,679
Total other comprehensive income	(72,106)	20,679
Total Comprehensive Income	242,441	132,031
Net Profit Attributable to:		
Stockholders of the company	330,794	113,552
Non-controlling interests	(16,247)	(2,200)
	314,547	111,352
Total Comprehensive Income Attributable to:		
Stockholders of the company	261,645	133,552
Non-controlling interests	(19,204)	(1,521)
	242,441	132,031
	Cents	Cents
Earnings per Stock Unit	27.58	9.47

* Restated

Jamaica Broilers Group Limited

Group Balance Sheet

1 August 2015

	1 August 2015 \$'000 Unaudited	2 May 2015 \$'000 Audited	2 August 2014 \$'000 Unaudited
Non-Current Assets			
Property, plant and equipment	9,831,580	9,939,598	9,522,662
Intangible assets	890,650	890,602	944,425
Investment property	23,100	23,315	58,098
Investments	43,266	68,749	66,076
Deferred income taxes	-	-	2,369
Affiliate	18,683	18,683	116,683
	<u>10,807,279</u>	<u>10,940,947</u>	<u>10,710,313</u>
Current Assets			
Inventories	3,671,016	3,948,883	4,798,939
Biological assets	2,635,813	2,569,781	2,150,451
Receivables	3,171,497	2,789,062	2,594,291
Taxation recoverable	19,894	18,447	-
Financial assets at fair value through profit or loss	579,574	472,482	400,421
Cash and short term investments	1,217,469	1,828,446	720,764
	<u>11,295,263</u>	<u>11,627,101</u>	<u>10,664,866</u>
Current Liabilities			
Payables	3,121,589	3,666,685	3,172,386
Taxation payable	586,646	463,486	201,252
Borrowings	2,685,668	2,763,024	2,876,622
	<u>6,393,903</u>	<u>6,893,195</u>	<u>6,250,260</u>
Net Current Assets	<u>4,901,360</u>	<u>4,733,906</u>	<u>4,414,606</u>
	<u>15,708,639</u>	<u>15,674,853</u>	<u>15,124,919</u>
Stockholders' Equity			
Share capital	765,137	765,137	765,137
Capital reserve	1,781,032	1,850,181	1,766,374
Retained earnings	9,147,515	8,816,721	8,159,282
	<u>11,693,684</u>	<u>11,432,039</u>	<u>10,690,793</u>
Non-controlling interests	<u>(54,829)</u>	<u>(35,625)</u>	<u>(37,544)</u>
	<u>11,638,855</u>	<u>11,396,414</u>	<u>10,653,249</u>
Non-Current Liabilities			
Borrowings	3,384,972	3,591,907	3,819,449
Deferred income taxes	565,312	567,032	530,778
Pension scheme benefit liabilities	94,700	94,700	105,943
Post-employment benefit obligations	24,800	24,800	15,500
	<u>15,708,639</u>	<u>15,674,853</u>	<u>15,124,919</u>

Jamaica Broilers Group Limited
Group Statement of Changes in Stockholders' Equity
Three Months ended 1 August 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	-	-	20,000	-	679	20,679
Total other comprehensive income	-	-	20,000	-	679	20,679
Net profit	-	-	-	113,552	(2,200)	111,352
Total comprehensive income	-	-	20,000	113,552	(1,521)	132,031
Balance at 2 August 2014	1,199,277	765,137	1,766,374	8,159,282	(37,544)	10,653,249
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	-	-	(69,149)	-	(2,957)	(72,106)
Total other comprehensive income	-	-	(69,149)	-	(2,957)	(72,106)
Net profit	-	-	-	330,794	(16,247)	314,547
Total comprehensive income	-	-	(69,149)	330,794	(19,204)	242,441
Balance at 1 August 2015	1,199,277	765,137	1,781,032	9,147,515	(54,829)	11,638,855

Jamaica Broilers Group Limited

Group Statement of Cash Flows

Three Months ended 1 August 2015

	1 August 2015 \$'000	2 August 2014 \$'000
Cash Flows from Operating Activities		
Net profit	314,547	111,352
Adjustments for items not affecting cash resources	536,580	402,841
	<u>851,127</u>	<u>514,193</u>
Changes in operating assets and liabilities	<u>(1,014,858)</u>	<u>(505,900)</u>
Cash (used in)/provided by operating activities	(163,731)	8,293
Cash used in investment activities	(53,898)	(136,600)
Cash used in financing activities	<u>(404,832)</u>	<u>(42,700)</u>
Decrease in cash and cash equivalents	(622,461)	(171,007)
Effects of changes in exchange	21,738	(700)
Cash and cash equivalents at the beginning of year	<u>1,668,557</u>	<u>514,628</u>
	<u><u>1,067,834</u></u>	<u><u>342,921</u></u>

Jamaica Broilers Group Limited

Segment Reporting Information

Three Months ended 1 August 2015

	3 Months to 1 August 2015				
	Jamaica	US	Other	Eliminations	Group
	Operations	Operations	Caribbean Operations		
	\$'000	\$'000	\$'000	\$'000	\$'000
External revenues	6,585,595	2,066,607	279,765	-	8,931,967
Revenue from other segments	126,446	513,528	183,635	(823,609)	-
Total revenue	6,712,041	2,580,135	463,400	(823,609)	8,931,967
Segment result	696,760	265,971	(1,207)	-	961,524
Unallocated corporate expenses					(372,058)
Operating profit					589,466
Finance income					51,203
Finance costs					(183,257)
Profit before tax					457,412
Taxation					(142,865)
Net profit					314,547
Segment assets -					
Current assets	10,369,344	3,411,531	3,743,771	(6,229,383)	11,295,263
Non-current assets	9,115,510	1,360,157	1,034,969	(703,357)	10,807,279
Total assets	19,484,854	4,771,688	4,778,740	(6,932,740)	22,102,542
Segment liabilities -					
Current liabilities	7,351,783	3,073,591	2,197,912	(6,229,383)	6,393,903
Non-current liabilities	3,678,276	388,920	2,588	-	4,069,784
Total liabilities	11,030,060	3,462,511	2,200,500	(6,229,383)	10,463,687

Jamaica Broilers Group Limited
Segment Reporting Information (Continued)
Three Months ended 1 August 2015

	3 Months to 2 August 2014				
	Jamaica Operations \$'000	US Operations \$'000	Other Caribbean Operations \$'000	Eliminations \$'000	Group \$'000
External revenues	6,022,276	1,581,460	282,912	-	7,886,648
Revenue from other segments	122,312	579,043	177,865	(879,220)	-
Total revenue	6,144,588	2,160,503	460,777	(879,220)	7,886,648
Segment result	248,624	270,950	45,580	-	565,154
Unallocated corporate expenses					(311,774)
Operating profit					253,380
Finance income					53,360
Finance costs					(144,181)
Profit before tax					162,559
Taxation					(51,207)
Net profit					111,352
Segment assets -					
Current assets	10,384,276	2,416,876	3,754,490	(5,890,876)	10,664,866
Non-current assets	9,261,867	1,073,731	1,106,509	(731,794)	10,710,313
Total assets	19,646,243	3,490,607	4,860,999	(6,622,670)	21,375,179
Segment liabilities -					
Current liabilities	7,655,672	2,292,344	2,152,719	(5,850,475)	6,250,260
Non-current liabilities	4,147,959	321,641	2,070	-	4,471,670
Total liabilities	11,803,631	2,613,985	2,154,789	(5,850,475)	10,721,930

Jamaica Broilers Group Limited

Notes to the Interim Financial Statements

1 August 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 2 August 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.