

Jamaica Broilers Group Ltd

Commentary on un-audited 3rd quarter results

The Directors of Jamaica Broilers Group Ltd now release the un-audited financial results for the quarter ended January 31, 2015, which have been prepared in accordance with International Financial Reporting Standards.

The Group's revenues for the quarter amounted to \$9.0billion which, when compared to the \$7.8billion in the corresponding period last year, represents a 15% increase. Gross profits for the quarter amounted to \$2.20billion, which is 38% above the \$1.60billion of the corresponding quarter last year.

The growth in the US Operations continues. The segment results reflect the improvement in year to date performance; now at \$773million compared to the year to date of \$283million last year-a 173% increase.

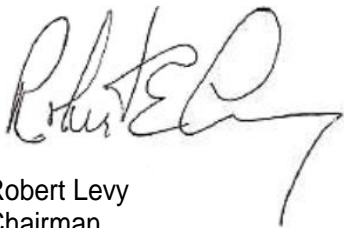
The Operations in Jamaica have performed as anticipated, given the market environment which has resulted in depressed consumer demand and lower disposable incomes. The year to date segment results at \$1.297billion therefore reflects only a 2% increase over the \$1.270billion recorded last year. Revenues from the fuel terminal operations at Port Esquivel were booked in this quarter in respect of a short term contractual arrangement. A long term agreement is being negotiated and prospects look good due to the current shortage of storage capacity for petroleum products.

In this quarter, the segment reporting was changed to reflect the new geographical perspective on the Group's operations, being Jamaica, US and Other (which includes Haiti).

Distribution, selling and administrative costs, quarter -over –quarter, essentially reflect inflation increases along with costs related to organizational strengthening and increased activities in the US Operations.

Against this background, we recorded profits attributable to stockholders amounting to \$406million which equates to earnings per stock unit of 33.83cents, a 115% increase against the \$188million or 15.72cents per stock unit in the corresponding period last year. The year-to-date position amounting to \$622million (51.86 cents per stock unit) is \$110million (21 %) above the \$512million (42.71 cents per stock unit) 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

March 9, 2015

Interim Group Statement of Comprehensive Income for quarter ended January 31, 2015

	Quarter ended January 31, 2015 \$000	Quarter ended January 25, 2014 \$000	Nine months ended January 31, 2015 \$000	Nine months ended January 25, 2014 \$000
Revenue	9,045,150	7,775,338	25,608,036	22,276,998
Cost of Sales	(6,840,924)	(6,172,167)	(19,917,854)	(17,860,479)
Gross Profit	2,204,226	1,603,171	5,690,182	4,416,519
Other operating income/ (expense)	46,797	(774)	76,843	85,067
Distribution costs	(224,300)	(182,867)	(688,692)	(518,314)
Administrative and other expenses	(1,408,060)	(1,086,636)	(3,883,994)	(3,128,297)
Operating Profit	618,663	332,894	1,194,339	854,975
Finance income	3,571	2,676	16,492	10,161
Finance costs	(92,561)	(108,469)	(373,701)	(275,906)
Profit before taxation	529,673	227,101	837,130	589,230
Taxation	(124,917)	(45,048)	(222,078)	(106,490)
Net Profit after tax	404,756	182,053	615,052	482,740
Other comprehensive income / (loss)				
Item that will be reclassified to profit or loss				
Currency translation differences on foreign subsidiaries	136,396	49,685	196,808	171,503
Total comprehensive income	541,152	231,738	811,860	654,243
Net Profit attributable to Stockholders of the company	405,749	188,491	621,928	512,156
Non-controlling interests	(993)	(6,438)	(6,876)	(29,416)
Net Profit	404,756	182,053	615,052	482,740
Earnings per Stock Unit-cents	33.83	15.72	51.86	42.71

Segment Reporting Information-Consolidated Nine Months ended January 31,2015

	Jamaica Operations	US Operations	Other	Eliminations	Group Total
	\$000	\$000	\$000	\$000	\$000
REVENUE					
External Sales	19,031,971	5,373,918	1,202,148	-	25,608,036
Inter-Segment Sales	443,175	1,637,651	734,521	(2,815,348)	-
Total revenue	19,475,146	7,011,569	1,936,669	(2,815,348)	25,608,036

RESULT

Segment Result	1,296,858	773,379	(47,099)		2,023,139
Corporate expenses					(828,800)
Operating Profit					1,194,339
Finance Income					16,492
Finance costs					(373,701)
Profit before Taxation					837,130
Taxation					(222,078)
Net Profit					615,052

Balance Sheet

	Jamaica Operations	US Operations	Other Current and Non Current Assets	Group Total
	\$000	\$000	\$000	\$000
Segment assets	15,100,249	3,417,805	3,180,729	21,698,783
Segment liabilities	8,141,057	1,546,134	774,457	10,461,648

Segment Reporting Information-Consolidated Nine Months ended January 25, 2014*

	Jamaica Operations \$000	US Operations \$000	Other \$000	Eliminations \$000	Group Total \$000
REVENUE					
External Sales	18,065,688	3,215,085	996,225	-	22,276,998
Inter-Segment Sales	368,080	1,604,829	715,763	(2,688,673)	-
Total revenue	18,433,768	4,819,914	1,711,988	(2,688,673)	22,276,998

RESULT

Segment Result	1,269,684	283,334	109,725		1,662,742
Corporate expenses					(807,767)
Operating Profit					854,975
Finance Income					10,161
Finance costs					(275,906)
Profit before Taxation					589,230
Taxation					(106,490)
Net Profit					482,740

Balance Sheet

	Jamaica Operations \$000	US Operations \$000	Other Current and Non Current Assets \$000	Group Total \$000
Segment assets	14,230,994	3,171,832	2,047,639	19,450,465
Segment liabilities	8,127,793	803,226	483,027	9,414,046

* Restated

Group Statement of Financial Position as at January 31,2015

	January 31 2015 \$'000	May 3 2014 \$'000 (Audited)	January 25 2014* \$'000
Non-Current Assets			
Property, plant and equipment	9,852,140	9,395,304	9,230,443
Intangible assets	919,647	931,016	675,296
Investment property	58,988	58,098	58,988
Investments	68,003	65,669	63,270
Deferred income tax	2,650	14,510	2,070
Post-employment benefit assets	-		65,064
	<u>10,901,428</u>	<u>10,464,597</u>	<u>10,095,131</u>
Current Assets			
Inventories	3,642,892	3,693,396	3,442,189
Biological assets	2,385,113	2,267,869	1,974,422
Receivables & Prepayments	3,013,035	2,822,029	2,547,797
Taxation recoverable		4,057	
Financial assets at fair value through profit or loss	380,707	436,046	378,790
Cash and short term investments	1,375,608	670,757	1,012,136
	<u>10,797,355</u>	<u>9,894,154</u>	<u>9,355,334</u>
Current Liabilities			
Payables	2,742,174	2,825,867	2,979,298
Taxation payable	222,418	155,523	104,335
Bank overdraft	321,069	156,129	348,509
Short term borrowings	1,694,005	1,449,686	1,021,816
Current portion of long term liabilities	951,325	1,030,034	1,001,523
	<u>5,930,991</u>	<u>5,617,239</u>	<u>5,455,481</u>
Net Current Assets	<u>4,866,364</u>	<u>4,276,915</u>	<u>3,899,853</u>
	<u><u>15,767,792</u></u>	<u><u>14,741,512</u></u>	<u><u>13,994,984</u></u>
Stockholders'Equity			
Share Capital	765,137	765,137	765,137
Capital Reserve	1,942,100	1,746,374	1,600,764
Retained Earnings	8,571,715	8,045,730	7,752,244
	<u>11,278,952</u>	<u>10,557,241</u>	<u>10,118,145</u>
Non-controlling interest	<u>(41,817)</u>	<u>(36,023)</u>	<u>(81,726)</u>
	<u>11,237,135</u>	<u>10,521,218</u>	<u>10,036,419</u>
Non-Current Liabilities			
Borrowings	3,876,091	3,568,071	3,540,221
Deferred income taxes	533,152	530,823	403,544
Employee Benefit Obligations	121,414	121,400	14,800
	<u>15,767,792</u>	<u>14,741,512</u>	<u>13,994,984</u>

* Restated re IAS 19 Revised

Consolidated Statement of Changes in Stockholders' Equity as at January 31, 2015

	Attributable to the Company's Stockholders				Non- Controlling Interests	Total
	Number of Shares 000's	Share Capital \$000	Capital Reserves \$000	Retained Earnings \$000		
Balance at April 28,2013	1,199,277	765,137	1,432,828	7,505,931	(55,877)	9,648,019
IAS 19 Revised adjustment re Pension Fund Surplus				(169,900)		(169,900)
Balance as at April 28,2013 -Restated*	1,199,277	765,137	1,432,828	7,336,031	(55,877)	9,478,119
Exchange differences on translating foreign operations			167,936		3,567	171,503
Net profit				512,156	(29,416)	482,740
Dividend				(95,943)		(95,943)
Balance at January 25,2014	1,199,277	765,137	1,600,764	7,752,244	(81,726)	10,036,419
Balance at May 3, 2014	1,199,277	765,137	1,746,374	8,045,730	(36,023)	10,521,218
Exchange differences on translating foreign operations			195,726		1,082	196,808
Net profit				621,928	(6,876)	615,052
Dividend				(95,943)		(95,943)
Balance at January 31, 2015	1,199,277	765,137	1,942,100	8,571,715	(41,817)	11,237,135

* Restated re IAS 19 Revised

Consolidated Statement of Cash Flows (Condensed) for nine months ended January 31, 2015

	January 31 2015 \$000	January 25 2014 \$000
CASH RESOURCES WERE PROVIDED BY/(USED IN):		
Operating Activities		
Net Profit	615,052	482,740
Items not affecting cash resources	<u>1,234,487</u>	<u>841,500</u>
	1,849,539	1,324,240
Changes in non-cash working capital components	<u>(309,400)</u>	<u>375,000</u>
Cash provided by/(used in) operations	1,540,139	1,699,240
Cash provided by/(used in) financing activities	(301,800)	(232,900)
Cash (used in) provided by investing activities	<u>(704,700)</u>	<u>(2,082,200)</u>
Increase /(decrease) in net cash and cash equivalents	533,639	(615,860)
Effects of changes in exchange rates	6,272	(46,300)
Net cash and cash equivalents at beginning of year	<u>514,628</u>	<u>1,325,787</u>
NET CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u><u>1,054,539</u></u>	<u><u>663,627</u></u>

Notes to the Interim Consolidated Financial Statements

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

These consolidated financial statements have been prepared in accordance with and comply with International Financial Reporting Standards (IFRS) and have been prepared under the historical cost convention as modified by the revaluation of 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 May 3, 2014, except as modified in the disclosure of segmental financial information.

Segment reporting

Management has revised the operating segments which are reported on. These reports are reviewed by the President and Chief Executive Officer to make strategic decisions.

Segment information is provided for reportable segments as follows:

- **Jamaica Operations-** Sale of processed poultry and other products; sale of manufactured feeds, baby chicks, layer pullets and other farm & household supplies; revenues from the fuel terminal operations.
- **US Operations-** Production and sale of fertile (hatching) eggs and procurement services for customers in North America, Central America and the Caribbean.

The business is now considered primarily from a geographical perspective. The year- to- date segmental financial information for the previous year has been restated accordingly.

Other operations of the Group include cattle rearing and sale of weaners, and co-generation energy supply to Jamaica Public Service Co Ltd. In Haiti: production and sale of baby chicks, table eggs, processed chicken and layer pullets

The accumulated segment results represent operating profits before deduction of corporate expenses.

Segment assets and liabilities are measured based on information provided to the Chief Operating Decision Maker-the President and Chief Executive Officer as follows:-

- **Jamaica Operations-** Divisional assets and liabilities of Best Dressed Chicken , HIPRO-ACE and Fuel terminal operations.
- **US Operations-** Assets and liabilities as shown on Balance Sheets of operations in the USA
- **Other** – Assets and liabilities not identified above.

Agriculture

Current assets include biological assets with a carrying value of \$2.385billion as at January 31, 2015 (\$2.268billion at May 3, 2014). Biological assets include poultry being grown out, breeder flocks, hatching eggs, baby chicks, started pullets and cattle.