

Jamaica Broilers Group Ltd

Commentary on un-audited 1st quarter results

The Directors of Jamaica Broilers Group Ltd now release the un-audited financial results for the quarter ended July 30, 2011, which have been prepared in accordance with International Financial Reporting Standards.

The Group's turnover for this quarter was \$5.8billion which, when compared to the \$5billion in the corresponding period last year, represents a 16% increase. This increase is however primarily due to significant increases in the cost of corn— moving from US\$4.20 to US\$7.40 per bushel - requiring selling price increases in our poultry and feed operations. Given market conditions management felt constrained to pass on all of these dramatic cost increases to consumers and farmers. The obvious result in these circumstances is a decline in this first quarter profits.

As these high grain costs continue we have been able to increase our operational efficiencies in an effort to mitigate against the unavoidable increase in the costs of our products.

We are pleased to report that our ethanol operations continue to produce, in a difficult market environment, based on contracts in place.

Gross profits for the Group during this quarter amounted to \$1.14billion showing a decrease of \$34million or 3%.

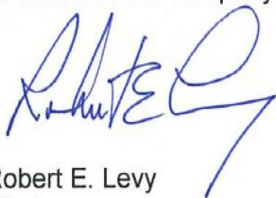
Distribution and administrative costs - quarter over quarter- reflect inflation increases along with development costs related to the wider Caribbean including Haiti.

The Haiti operations continue in the development phase, but we are very encouraged by that country's favorable reaction to and acceptance of our products and services. We believe that the long term benefits of this effort to our company will accrue as the country develops and grows.

Financing costs were reduced quarter over quarter to \$73million – compared to \$95million in the corresponding quarter last year. This is a result of reductions in the interest rates and reduced borrowings.

In this quarter therefore we recorded profits attributable to shareholders amounting to \$128million which equate to earnings per share of approximately 10.66cents, compared to \$219million-18.29cents last year.

The staff, management and Board give thanks for the results achieved and continue to trust in God's guidance. We remain committed to our customers and stakeholders and are positive about the future of our company and our country.



Robert E. Levy
Chairman



Christopher Levy
President & Chief Executive Officer

September 12, 2011

Interim Group Statement of Comprehensive Income for quarter ended July 30,2011

	Quarter ended July 30, 2011 \$'000	Quarter ended July 31, 2010 \$'000
Turnover	5,814,007	4,963,584
Cost of Sales	<u>(4,704,101)</u>	<u>(3,819,728)</u>
Gross Profit	1,109,906	1,143,856
Other operating income	24,325	19,378
Distribution Costs	(156,271)	(147,136)
Administrative and other expenses	<u>(736,289)</u>	<u>(621,424)</u>
Operating Profit	241,671	394,674
Financing costs	<u>(73,227)</u>	<u>(95,301)</u>
Profit before taxation	168,444	299,373
Taxation	(40,577)	(80,029)
Net Profit attributable to stockholders of Holding Company	<u>127,867</u>	<u>219,344</u>
Other comprehensive income / (loss)		
Currency translation differences on foreign subsidiaries	16,755	(64,751)
Total comprehensive income /(loss) for the period	<u>144,622</u>	<u>154,593</u>
Earnings per Stock Unit	10.66 cents	18.29 cents

Segment Reporting Information-Consolidated Three Months ended July 30, 2011

	Best Dressed Foods Division \$000's	HIPRO-ACE Division \$000's	Ethanol Operations \$000's	Other \$000's	Eliminations \$000's	Group Total \$000's
REVENUE						
External Sales	2,989,629	2,029,659	404,920	389,799	-	5,814,007
Inter-Segment Sales	47,869	69,534	-	587,262	(704,665)	-
Total revenue	3,037,498	2,099,193	404,920	977,061	(704,665)	5,814,007
RESULT						
Segment Result	195,087	198,831	(3,540)	119,256		509,634
Corporate expenses						(267,962)
Operating Profit						241,671
Financing costs						(73,227)
Profit before Taxation						168,444
Taxation						(40,577)
Net Profit						127,867
Balance Sheet						
	Best Dressed Foods Division \$000's	HIPRO-ACE Division \$000's	Ethanol Operations \$000's	Other Current and Non Current Assets \$000's		Group Total \$000's
Segment assets	1,126,293	698,898	3,736,246	8,770,488		14,331,925
Segment liabilities			2,333,912	4,302,606		6,636,518

Segment Reporting Information-Consolidated Three Months ended July 31, 2010 ***

	Best Dressed Foods Division (\$000's)	HIPRO-ACE Division (\$000's)	Ethanol Operations (\$000's)	Other (\$000's)	Eliminations (\$000's)	Group Total (\$000's)
REVENUE						
External Sales	2,716,934	1,635,157	245,152	366,341	-	4,963,584
Inter-Segment Sales	47,360	30,649	-	496,856	(574,865)	-
Total revenue	2,764,294	1,665,806	245,152	863,197	(574,865)	4,963,584
RESULT						
Segment Result	279,150	225,579	29,218	95,294		629,241
Corporate expenses						(234,567)
Operating Profit						394,674
Financing costs						(95,301)
Profit Before Taxation						299,373
Taxation						(80,029)
Profit from ordinary activities after taxation						219,344
Balance Sheet						
	Best Dressed Foods Division (\$000's)	HIPRO-ACE Division (\$000's)	Ethanol Operations (\$000's)	Other Current and Non Current Assets (\$000's)		Group Total (\$000's)
Segment assets	794,660	567,346	3,606,068	8,197,068		13,165,142
Segment liabilities			2,344,712	3,782,206		6,126,918

***restated

Group Statement of Financial Position as at July 30, 2011

	July 30	April 30	July 31
	2011	2011	2010
	\$'000	\$'000	\$'000
	(Audited)		
Non-Current Assets			
Property, plant and equipment	6,640,209	6,596,076	6,736,913
Intangible assets	57,207	64,717	65,377
Available-for-sale investments	9,529	125,884	678,409
Deferred income tax	27,058	27,058	30,180
Post employment benefit assets	241,900	241,900	206,200
	<u>6,975,903</u>	<u>7,055,635</u>	<u>7,717,079</u>
Current Assets			
Inventories	2,644,965	2,820,443	2,253,695
Biological assets	908,520	914,498	876,705
Receivables & Prepayments	1,890,035	1,504,308	1,499,275
Taxation recoverable	-	4,285	-
Financial assets at fair value through P&L	1,089,372	983,754	
Cash and short term investments	823,130	764,963	818,342
	<u>7,356,022</u>	<u>6,992,251</u>	<u>5,448,017</u>
Current Liabilities			
Payables	2,233,626	1,999,726	1,826,321
Taxation payable	397,882	387,155	156,196
Short term borrowings / bank overdraft	13,695	316,954	50,867
Borrowings	1,548,669	1,135,644	1,778,858
	<u>4,193,872</u>	<u>3,839,479</u>	<u>3,812,242</u>
Net Current Assets	<u>3,162,150</u>	<u>3,152,772</u>	<u>1,635,775</u>
	<u>10,138,053</u>	<u>10,208,407</u>	<u>9,352,854</u>
Stockholders'Equity			
Share Capital	765,137	765,137	765,137
Capital Reserve	991,641	974,886	1,007,190
Retained Earnings	5,938,630	5,810,763	5,265,897
	<u>7,695,408</u>	<u>7,550,786</u>	<u>7,038,224</u>
Borrowings	1,959,485	2,174,461	1,848,888
Deferred income taxes	469,860	469,860	456,542
Employee Benefit Obligations	13,300	13,300	9,200
	<u>10,138,053</u>	<u>10,208,407</u>	<u>9,352,854</u>

Group Statement of Changes in Stockholders' Equity as at July 30,2011

	Number of Shares 000's	Share Capital \$'000	Capital Reserves \$'000	Retained Earnings \$'000	Total \$'000
Balance at May 02, 2010	1,199,277	765,137	1,071,941	5,046,553	6,883,631
Total comprehensive income for period			(64,751)	219,344	154,593
Balance at July 31,2010	<u>1,199,277</u>	<u>765,137</u>	<u>1,007,190</u>	<u>5,265,897</u>	<u>7,038,224</u>
Balance at May 1,2011	1,199,277	765,137	974,886	5,810,763	7,550,786
Total comprehensive income for period			16,755	127,867	144,622
Balance at July 30,2011	<u>1,199,277</u>	<u>765,137</u>	<u>991,641</u>	<u>5,938,630</u>	<u>7,695,408</u>

Group Statement of Cash Flows (condensed) for quarter ended July 30,2011

	July 30 2011 \$'000	July 31 2010 \$'000
CASH RESOURCES WERE PROVIDED BY/(USED IN):		
Operating Activities		
Net Profit	127,867	219,344
Items not affecting cash resources	<u>187,359</u>	<u>288,400</u>
	315,226	507,744
Changes in operating assets and liabilities	<u>(67,100)</u>	<u>446,100</u>
Cash provided by/(used in) operating activities	248,126	953,844
Cash (used in) provided from investing activities	(84,700)	(1,149,500)
Cash provided by/(used in) financing activities	<u>198,000</u>	<u>50,970</u>
Increase /(decrease in net cash and cash equivalents	361,426	(144,686)
Effect of changes in exchange rates	1,900	12,700
Net cash and cash equivalents at beginning of year	<u>448,009</u>	<u>912,161</u>
NET CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>809,435</u>	<u>767,475</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 April 30, 2011.

Segment reporting

Management has determined the operating segments based on the reports reviewed by the President and Chief Executive Officer which are used to make strategic decisions.

Segment information is provided for reportable segments as follows:

- **Best Dressed Foods Division** - Sale of processed poultry and other products.
- **HIPRO-ACE Division** - Sale of manufactured feeds, baby chicks, layer pullets and other farm & household supplies.
- **Ethanol Operations** - The processing and sale of fuel grade ethanol.

The business is considered from a product perspective

Other operations of the Group include the sale of feed ingredients, cattle rearing, processing and sale of beef products, grow out and sale of fish and co-generation energy supply.

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:-

- **Best Dressed Foods Division** – Assets: Inventories and receivables.
- **HIPRO-ACE Division** - Assets: Inventories and receivables.
- **Ethanol Operations** - Assets and Liabilities as shown on Balance Sheet of JB Ethanol Ltd subsidiary.
- **Unallocated** - Primarily assets and liabilities related to corporate and treasury functions.
- **Other** – Assets and liabilities not identified above.

Agriculture

Current assets include biological assets with a carrying value of \$908.5million at July 30, 2011 (\$914.5million at April 30, 2011).

Biological assets include poultry breeder flocks, hatching eggs, baby chicks, chicken being grown out, cattle, fish and started pullets (layers).