

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 28, 2012, which have been prepared in accordance with International Financial Reporting Standards.

The Group's turnover for this quarter was \$6billion which, when compared to the \$5.8billion in the corresponding period last year, represents a 3% increase. Given high levels of poultry imports and market conditions, management was constrained during this quarter to pass on cost increases on grains, which have arisen as a result of the severe drought in the USA.

Our ethanol division continues to produce and we are pleased to report that as of July 2012 tolling contracts are now in place for the remainder of this fiscal year and beyond. In several of the months going forward the ethanol facilities will be operating at close to full capacity.

We have now begun our production operations in Haiti and are very encouraged by that country's favourable reaction to our products and services. Additionally, the business is already showing a positive gross margin and the focus is to continue the path of growing sales. We believe that the long term benefits of this investment will accrue as Haiti Broilers develops and grows.

Gross profits for the Group during this quarter amounted to \$1.1billion which is the same as the corresponding period last year.

Distribution and administrative costs, quarter- over- quarter, reflect inflation increases.

Financing costs were reduced quarter-over-quarter to \$51million, compared to \$73million in the corresponding quarter last year. This is a result of favourable exchange rate adjustments with respect to J\$ funding related to US\$ denominated assets.

In this quarter therefore we recorded profits attributable to shareholders amounting to \$127million which equate to earnings per share of 10.60cents- in line with last year (10.66cents).

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.



Andrew Mahfood
Director



Christopher Levy
President & Chief Executive Officer

September 7, 2012

Interim Group Statement of Comprehensive Income for quarter ended July 28,2012

	Quarter ended July 28, 2012 \$'000	Quarter ended July 30, 2011 \$'000
Turnover	6,027,772	5,814,007
Cost of Sales	<u>(4,924,588)</u>	<u>(4,704,101)</u>
Gross Profit	1,103,184	1,109,906
Other operating income	33,612	24,325
Distribution Costs	(164,277)	(156,271)
Administrative and other expenses	<u>(769,882)</u>	<u>(736,289)</u>
Operating Profit	202,637	241,671
Financing costs	<u>(50,733)</u>	<u>(73,227)</u>
Profit before taxation	151,904	168,444
Taxation	(24,818)	(40,577)
Net Profit attributable to stockholders of Holding Company	<u>127,086</u>	<u>127,867</u>
Other comprehensive income / (loss)		
Currency translation differences on foreign subsidiaries	94,908	16,755
Total comprehensive income /(loss) for the period	<u><u>221,994</u></u>	<u><u>144,622</u></u>
Earnings per Stock Unit	10.60 cents	10.66 cents

Segment Reporting Information-Consolidated Three Months ended July 28, 2012

	Best Dressed Foods Division \$'000	HIPRO-ACE Division \$'000	Ethanol Division* \$'000	Other \$'000	Eliminations \$'000	Group Total \$'000
REVENUE						
External Sales	3,082,889	2,163,557	288,920	492,407	-	6,027,772
Inter-Segment Sales	45,648	16,497	-	505,478	(567,622)	-
Total revenue	3,128,536	2,180,054	288,920	997,885	(567,622)	6,027,772

RESULT

Segment Result	188,828	229,991	(49,516)	84,188		453,490
Corporate expenses						(250,853)
Operating Profit						202,637
Financing costs						(50,733)
Profit before Taxation						151,904
Taxation						(24,818)
Net Profit						127,086

Balance Sheet

	Best Dressed Foods Division \$'000	HIPRO-ACE Division \$'000	Ethanol Division \$'000	Other Current and Non Current Assets \$'000	Group Total \$'000
Segment assets	1,351,546	804,873	3,733,919	10,429,496	16,319,834
Segment liabilities			2,265,124	5,466,397	7,731,520

* Formerly: Ethanol Operations

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

	Best Dressed Foods Division	HIPRO-ACE Division	Ethanol Operations	Other	Eliminations	Group Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
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	HIPRO-ACE Division	Ethanol Operations	Other Current and Non Current Assets	Group Total
	\$'000	\$'000	\$'000	\$'000	\$'000
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

Group Statement of Financial Position as at July 28, 2012

	July 28 2012 \$'000	April 28 2012 \$'000 (Audited)	July 30 2011 \$'000
Non-Current Assets			
Property, plant and equipment	7,260,564	7,208,170	6,640,209
Intangible assets	54,956	61,777	57,207
Available-for-sale investments	34,244	34,673	9,529
Deferred income tax	45,199	44,696	27,058
Post employment benefit assets	248,935	248,500	241,900
	<u>7,643,898</u>	<u>7,597,816</u>	<u>6,975,903</u>
Current Assets			
Inventories	3,601,116	3,374,862	2,644,965
Biological assets	1,002,330	983,210	908,520
Receivables & Prepayments	2,164,217	1,720,733	1,890,035
Taxation recoverable	-	8,945	-
Financial assets at fair value through P&L	480,965	481,898	1,089,372
Cash and short term investments	1,427,308	1,215,956	823,130
	<u>8,675,936</u>	<u>7,785,604</u>	<u>7,356,022</u>
Current Liabilities			
Payables	2,446,334	2,189,601	2,233,626
Taxation payable	201,556	241,177	397,882
Short term borrowings / bank overdraft	245,481	204,264	13,695
Borrowings	1,805,537	1,181,023	1,548,669
	<u>4,698,908</u>	<u>3,816,065</u>	<u>4,193,872</u>
Net Current Assets	<u>3,977,028</u>	<u>3,969,539</u>	<u>3,162,150</u>
	<u>11,620,926</u>	<u>11,567,355</u>	<u>10,138,053</u>
Stockholders' Equity			
Share Capital	765,137	765,137	765,137
Capital Reserve	1,117,322	1,022,414	991,641
Retained Earnings	6,705,852	6,578,766	5,938,630
	<u>8,588,311</u>	<u>8,366,317</u>	<u>7,695,408</u>
Borrowings	2,554,918	2,725,853	1,959,485
Deferred income taxes	463,497	460,985	469,860
Employee Benefit Obligations	14,200	14,200	13,300
	<u>11,620,926</u>	<u>11,567,355</u>	<u>10,138,053</u>

Group Statement of Changes in Stockholders' Equity as at July 28,2012

	Number of Shares 000's	Share Capital \$'000	Capital Reserves \$'000	Retained Earnings \$'000	Total \$'000
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>
Balance at April 29,2012	1,199,277	765,137	1,022,414	6,578,766	8,366,317
Total comprehensive income for period			94,908	127,086	221,994
Balance at July 28,2012	<u>1,199,277</u>	<u>765,137</u>	<u>1,117,322</u>	<u>6,705,852</u>	<u>8,588,311</u>

Group Statement of Cash Flows (condensed) for quarter ended July 28,2012

	July 28 2012 \$'000	July 30 2011 \$'000
CASH RESOURCES WERE PROVIDED BY/(USED IN):		
Operating Activities		
Net Profit	127,086	127,867
Items not affecting cash resources	<u>226,849</u>	<u>185,459</u>
	353,935	313,326
Changes in operating assets and liabilities	(457,500)	(67,100)
Cash provided by/(used in) operating activities	<u>(103,565)</u>	<u>246,226</u>
Cash (used in) provided from investing activities	(180,400)	(84,700)
Cash provided by/(used in) financing activities	<u>453,600</u>	<u>198,000</u>
Increase //(decrease in net cash and cash equivalents	169,635	359,526
Effect of changes in exchange rates	500	1,900
Net cash and cash equivalents at beginning of year	<u>1,011,692</u>	<u>448,009</u>
NET CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u><u>1,181,827</u></u>	<u><u>809,435</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 April 30, 2012.

Segment reporting

Management has determined the operating segments which are to be 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:

- **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 Division** - 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 Division** - Assets and Liabilities as shown on Balance Sheet of JB Ethanol Ltd subsidiary.
- **Other** – Assets and liabilities not identified above.

Agriculture

Current assets include biological assets with a carrying value of \$1,002mln at July 28, 2012 (\$983million at April 30, 2012).

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