

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 27, 2013, which have been prepared in accordance with International Financial Reporting Standards.

The Group's revenues for the quarter amounted to \$7.0billion which, when compared to the \$6.0billion in the corresponding period last year, represents a 17% increase. Gross profits for the quarter amounted to \$1.32billion, which is also 17% over the \$1.13billion of the corresponding period last year.

Our US operations, now identified in segment reporting information, reported a significant quarter-over-quarter increase in revenues and segment results. The recent expansion in fertile egg production in Georgia and increased procurement activities is beginning to show positive results. We are looking forward to further revenue and profit growth in the US operations flowing from the just concluded acquisition of England Farms Co. Inc- a well-established fertile egg operation based in Arkansas.

The build out in the, 68% owned, Haiti operations is continuing with increasing sales of Haitian produced baby chicks, feed, layer birds, table eggs, and processed chicken.

Distribution, selling and administrative costs, quarter-over-quarter, essentially reflect inflation increases along with costs related to organizational strengthening.

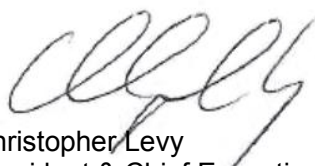
Against this background, we recorded profits attributable to stockholders amounting to \$140million which equates to earnings per share of 11.68 cents, as against \$127million or 10.60 cents last year. This reflects a 10% increase.

We are looking forward to positive results from the soon to be concluded purchase of Hamilton's Smokehouse Limited. This acquisition will result in an expansion in the volume of products available under the Hamilton Smokehouse brand and will provide opportunities for greater utilization of the Best Dressed Further Processing facilities at Spring Village, St Catherine.

The Staff, Management and Directors continue to trust the Lord's direction for our company and are grateful for His blessings and provision.



Robert Levy
Chairman



Christopher Levy
President & Chief Executive Officer

September 10, 2013

Interim Group Statement of Comprehensive Income for quarter ended July 27,2013

	Quarter ended July 27, 2013 \$'000	Quarter ended July 28, 2012 \$'000
Revenue	7,020,532	6,027,772
Cost of Sales	<u>(5,697,175)</u>	<u>(4,898,588)</u>
Gross Profit	1,323,357	1,129,184
Other operating income	41,875	30,007
Distribution and selling expenses	(279,935)	(221,177)
Administrative and other expenses	<u>(838,144)</u>	<u>(738,982)</u>
Operating Profit	247,153	199,032
Finance income	5,290	3,605
Financing costs	<u>(79,472)</u>	<u>(50,733)</u>
Profit before taxation	172,971	151,904
Taxation	<u>(45,020)</u>	<u>(24,818)</u>
Net Profit	127,951	127,086
Other comprehensive income / (loss)		
Currency translation differences on foreign subsidiaries	27,122	94,908
Total comprehensive income for the quarter	<u>155,073</u>	<u>221,994</u>
Net Profit	127,951	127,086
Non-controlling interests	<u>12,111</u>	<u>127,086</u>
Net Profit attributable to Stockholders of the company	<u>140,062</u>	<u>127,086</u>
Earnings per Stock Unit	11.68 cents	10.60 cents

Segment Reporting Information-Consolidated Three Months ended July 27, 2013

	Best Dressed Foods Division \$000	HIPRO-ACE Division \$000	Ethanol Division \$000	US Operations \$000	Other \$000	Consolidation eliminations \$000	Group Total \$000
REVENUE							
External Sales	3,501,553	2,156,241	248,222	804,713	309,803	-	7,020,532
Revenue from other segments	105,837	27,289	-	946,221	281,694	(1,361,041)	-
Total revenue	3,607,390	2,183,530	248,222	1,750,934	591,497	(1,361,041)	7,020,532
RESULT							
Segment Profit	233,717	148,865	15,711	76,177	38,656		513,125
Corporate expenses							(265,972)
Operating Profit							247,153
Financing Income							5,290
Financing costs							(79,472)
Profit before Taxation							172,971
Taxation							(45,020)
Net Profit							127,951
Balance Sheet							
	Best Dressed Foods Division \$000	HIPRO-ACE Division \$000	Ethanol Operations \$000	US Operations \$000	Other Current and Non Current Assets \$000		Group Total \$000
Segment assets	1,420,209	825,988	3,887,984	1,610,284	10,011,585		17,756,050
Segment liabilities			2,096,325	1,087,441	4,765,624		7,949,391

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

	Best Dressed Foods Division \$000	HIPRO-ACE Division \$000	Ethanol Operations \$000	US Operations \$000	Other \$000	Consolidation eliminations \$000	Group Total \$000
REVENUE							
External Sales	3,082,889	2,163,557	288,920	292,057	200,350	-	6,027,772
Revenue from other segments	45,648	16,497	-	850,637	221,041	(1,133,823)	-
Total revenue	3,128,536	2,180,054	288,920	1,142,694	421,391	(1,133,823)	6,027,772

RESULT							
Segment Profit	188,828	229,991	(49,516)	6,834	35,832		411,969
Corporate expenses							(212,937)
Operating Profit							199,032
Finance income							3,605
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 Operations \$000	US Operations \$000	Other Current and Non Current Assets \$000	Group Total \$000
Segment assets	1,351,546	804,873	3,733,919	962,867	9,466,629	16,319,834
Segment liabilities			2,265,124	360,549	5,105,847	7,731,520

Group Statement of Financial Position as at July 27, 2013

	July 27 2013 \$'000	April 27 2013 \$'000 (Audited)	July 28 2012 \$'000
Non-Current Assets			
Property, plant and equipment	8,508,772	8,308,510	7,260,564
Intangible assets	94,197	105,702	54,956
Investment property	58,988	58,988	
Available-for-sale investments	60,542	60,289	34,244
Deferred income tax	2,070	9,113	45,199
Post employment benefit assets	233,481	234,700	248,935
	<u>8,958,050</u>	<u>8,777,302</u>	<u>7,643,898</u>
Current Assets			
Inventories	3,512,829	2,964,774	3,601,116
Biological assets	1,312,078	1,344,672	1,002,330
Receivables & Prepayments	2,716,321	2,213,526	2,164,217
Taxation recoverable	-	3,655	-
Financial assets at fair value through P&L	346,570	741,048	480,965
Cash and short term investments	1,017,101	1,511,999	1,427,308
	<u>8,904,899</u>	<u>8,779,674</u>	<u>8,675,936</u>
Current Liabilities			
Payables	2,246,742	1,879,759	2,446,334
Taxation payable	74,492	116,024	201,556
Short term borrowings / bank overdraft	137,480	962,094	245,481
Borrowings	1,943,386	1,240,040	1,805,537
	<u>4,402,100</u>	<u>4,197,917</u>	<u>4,698,908</u>
Net Current Assets	<u>4,502,799</u>	<u>4,581,757</u>	<u>3,977,028</u>
	<u>13,460,849</u>	<u>13,359,059</u>	<u>11,620,926</u>
Stockholders'Equity			
Share Capital	765,137	765,137	765,137
Capital Reserve	1,456,383	1,432,828	1,117,322
Retained Earnings	7,645,993	7,505,931	6,705,852
	<u>9,867,513</u>	<u>9,703,896</u>	<u>8,588,311</u>
Non-controlling interests	<u>(64,421)</u>	<u>(55,877)</u>	
	9,803,092	9,648,019	8,588,311
Shareholders loan payable		43,643	
Borrowings	3,231,922	3,241,562	2,554,918
Deferred income taxes	411,035	411,035	463,497
Employee Benefit Obligations	14,800	14,800	14,200
	<u>13,460,849</u>	<u>13,359,059</u>	<u>11,620,926</u>

Group Statement of Changes in Stockholders' Equity as at July 27,2013

	Attributable to the Company's Stockholders				Non-	Total
	Number of Shares 000's	Share Capital \$000	Capital Reserves \$000	Retained Earnings \$000	controlling interests \$000	
Balance at April 29,2012	1,199,277	765,137	1,022,414	6,578,766		8,366,317
Exchange differences on translating foreign operations			94,908			94,908
Net profit				127,086		127,086
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>
Balance at April 28,2013	1,199,277	765,137	1,432,828	7,505,931	(55,877)	9,648,019
Exchange differences on translating foreign operations			23,555		3,567	27,122
Net profit				140,062	(12,111)	127,951
Balance at July 27,2013	<u>1,199,277</u>	<u>765,137</u>	<u>1,456,383</u>	<u>7,645,993</u>	<u>(64,421)</u>	<u>9,803,092</u>

Group Statement of Cash Flows (condensed) for quarter ended July 27,2013

	July 27 2013 \$'000	July 28 2012 \$'000
CASH RESOURCES WERE PROVIDED BY/(USED IN):		
Operating Activities		
Net Profit	127,951	127,086
Items not affecting cash resources	280,649	226,849
	<u>408,600</u>	<u>353,935</u>
Changes in operating assets and liabilities	<u>(339,400)</u>	<u>(457,500)</u>
Cash provided by/(used in) operating activities	69,200	(103,565)
Cash (used in) provided from investing activities	(94,500)	(180,400)
Cash provided by/(used in) financing activities	<u>(381,500)</u>	<u>453,600</u>
Increase /(decrease in net cash and cash equivalents	(406,800)	169,635
Effect of changes in exchange rates	(39,366)	500
Net cash and cash equivalents at beginning of year	<u>1,325,787</u>	<u>1,011,692</u>
NET CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u><u>879,621</u></u>	<u><u>1,181,827</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 27, 2013.

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.
- **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 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.
- **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 \$1.312billion as at July 27, 2013 (\$1.344billion at April 27, 2013).

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