

Jamaica Broilers Group Ltd

Commentary on un-audited 2nd quarter results

The Directors of Jamaica Broilers Group Ltd now release the un-audited financial results for the quarter ended October 29, 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 \$4.8billion in the corresponding period last year, represents a 21% increase. We experienced significant increases in the cost of corn, one of our primary imported raw material, with prices surging from US\$4.50 per bushel last year to US\$7.75 per bushel in this quarter; a 72% increase. This required the upward movement in our selling prices which however were unable to offset the raw material and fuel cost increases and, coupled with higher levels of imported poultry, we experienced a reduction in poultry sales which negatively impacted the segment results of the Best Dressed Foods Division.

In a difficult market environment, we continue to secure ethanol processing contracts which contribute to our foreign currency earnings.

Gross profits for the Group during this quarter amounted to \$1.12 billion—an 8% increase over the \$1.04 billion reported in the previous year.

Other operating expense of \$48million includes a mark-to-market write down related to investments in a subsidiary, due to volatility in the global financial markets.

Distribution and administrative costs, quarter over quarter, reflect a marginal increase of \$4 million or 0.5%, inclusive of inflation and development costs related to Haiti and the wider Caribbean.

Financing costs were reduced quarter over quarter to \$77million compared to \$99million in the corresponding quarter last year. This was due to a reduction in interest rates.

In this second quarter therefore we recorded profits attributable to shareholders amounting to \$158million which equate to earnings per share of approximately 13.20cents, compared to \$173million-14.46cents last year.

The staff, management and Board give thanks for the results achieved and continue to trust in God's guidance.



Andrew Mahfood
Director



Christopher Levy
President & Chief Executive Officer

December 12, 2011

Ja Broilers Group Limited

Interim Group Statement of Comprehensive Income for Quarter ended October 29, 2011

	Quarter ended October 29, 2011 \$000	Quarter ended October 30, 2010 \$000	Six months ended October 29, 2011 \$000	Six months ended October 30, 2010 \$000
Revenue	5,767,899	4,830,001	11,581,906	9,793,585
Cost of Sales	(4,647,576)	(3,788,628)	(9,351,677)	(7,608,356)
Gross Profit	1,120,323	1,041,373	2,230,229	2,185,229
Other operating (expense)/income	(47,932)	54,692	(23,607)	74,070
Distribution costs	(162,246)	(153,137)	(318,517)	(300,273)
Administration and other expenses	(616,451)	(621,563)	(1,352,740)	(1,242,987)
Operating Profit	293,694	321,365	535,365	716,039
Finance costs	(77,427)	(98,913)	(150,654)	(194,214)
Profit before taxation	216,267	222,452	384,711	521,825
Taxation	(58,003)	(49,019)	(98,580)	(129,048)
Net Profit after tax attributable to stockholders	158,264	173,433	286,131	392,777
Currency translation differences on foreign subsidiaries	16,823	(22,732)	33,578	(87,483)
Fair value gains / (losses) on investments		1489		1,489
Total Comprehensive Income	175,087	152,190	319,709	306,783
Earnings per Stock Unit-cents	13.20	14.46	23.86	32.75

Segment Reporting Information-Consolidated Six Months ended October 29, 2011

	Best Dressed Foods Division \$000	HIPRO-ACE Division \$000	Ethanol Operations \$000	Other \$000	Eliminations \$000	Group Total \$000
REVENUE						
External Sales	5,988,032	4,058,017	769,380	766,477	-	11,581,906
Inter-Segment Sales	95,285	145,201	-	1,218,090	(1,458,576)	-
Total revenue	6,083,317	4,203,218	769,380	1,984,566	(1,458,576)	11,581,906
RESULT						
Segment Result	414,937	474,744	57,943	(656)		946,969
Corporate expenses						(411,605)
Operating Profit						535,364
Financing costs						(150,654)
Profit before Taxation						384,710
Taxation						(98,580)
Net Profit						286,131
Balance Sheet						
	Best Dressed Foods Division \$000	HIPRO-ACE Division \$000	Ethanol Operations \$000	Other Current and Non Current Assets \$000		Group Total \$000
Segment assets	1,348,456	674,164	3,627,989	9,197,176		14,847,785
Segment liabilities			2,210,875	4,779,117		6,989,991

Segment Reporting Information-Consolidated Six Months ended October 30, 2010**

	Best Dressed Foods Division \$000	HIPRO-ACE Division \$000	Ethanol Operations \$000	Other \$000	Eliminations \$000	Group Total \$000
REVENUE						
External Sales	5,462,719	3,204,421	432,994	693,451	-	9,793,585
Inter-Segment Sales	90,494	63,240	-	1,110,596	(1,264,330)	-
Total revenue	5,553,213	3,267,661	432,994	1,804,047	(1,264,330)	9,793,585
RESULT						
Segment Result	528,444	382,940	61,653	190,721		1,163,757
Corporate expenses						(447,719)
Operating Profit						716,039
Financing costs						(194,214)
Profit before Taxation						521,825
Taxation						(129,048)
Net Profit						392,777
Balance Sheet						
	Best Dressed Foods Division \$000	HIPRO-ACE Division \$000	Ethanol Operations \$000	Other Current and Non Current Assets \$000		Group Total \$000
Segment assets	861,889	583,706	3,526,878	8,372,547		13,345,020
Segment liabilities			2,273,359	3,953,202		6,226,561

**-Restated

Group Statement of Financial Position as at October 29,2011

	October 29 2011 \$'000	April 30 2011 \$'000 (Audited)	October 30 2010 \$'000
Non-Current Assets			
Property,plant and equipment	6,908,327	6,596,076	6,690,434
Intangible assets	53,981	64,717	62,273
Investments	9,531	125,884	127,152
Deferred income tax	31,069	27,058	30,180
Post-employment benefit assets	242,012	241,900	206,200
	<u>7,244,920</u>	<u>7,055,635</u>	<u>7,116,239</u>
Current Assets			
Inventories	3,128,355	2,820,443	2,365,674
Biological assets	972,652	914,498	861,062
Receivables & Prepayments	1,845,458	1,504,308	1,526,829
Taxation recoverable		4,285	
Financial assets at fair value through profit or loss	997,073	983,754	595,963
Cash and short term investments	659,327	764,963	879,253
	<u>7,602,865</u>	<u>6,992,251</u>	<u>6,228,781</u>
Current Liabilities			
Payables	1,889,676	1,999,726	1,657,363
Taxation payable	428,357	387,155	184,210
Dividends payable	-		71,956
Short term borrowings/Bank overdraft		316,954	
Borrowings	2,072,739	1,135,644	1,448,022
	<u>4,390,772</u>	<u>3,839,479</u>	<u>3,361,551</u>
Net Current Assets	<u>3,212,093</u>	<u>3,152,772</u>	<u>2,867,230</u>
	<u>10,457,013</u>	<u>10,208,407</u>	<u>9,983,469</u>
Stockholders'Equity			
Share Capital	765,137	765,137	765,137
Capital Reserve	1,008,464	974,886	985,947
Retained Earnings	6,096,894	5,810,763	5,367,374
	<u>7,870,495</u>	<u>7,550,786</u>	<u>7,118,458</u>
Non-Current Liabilities			
Borrowings	2,103,331	2,174,461	2,399,269
Deferred income taxes	469,887	469,860	456,542
Employee Benefit Obligations	13,300	13,300	9,200
	<u>2,586,518</u>	<u>2,657,621</u>	<u>2,865,011</u>
	<u>10,457,013</u>	<u>10,208,407</u>	<u>9,983,469</u>

Group Statement of Changes in Stockholders' Equity as at October 29, 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			(85,994)	392,777	306,783
Dividend				(71,956)	(71,956)
Balance at October 30, 2010	<u>1,199,277</u>	<u>765,137</u>	<u>985,947</u>	<u>5,367,374</u>	<u>7,118,458</u>
Balance at May 01, 2011	1,199,277	765,137	974,886	5,810,763	7,550,786
Total comprehensive income for period			33,578	286,131	319,709
Balance at October 29, 2011	<u>1,199,277</u>	<u>765,137</u>	<u>1,008,464</u>	<u>6,096,894</u>	<u>7,870,495</u>

Group Statement of Cash Flows (condensed) for quarter ended October 29,2011

	October 29	October 30
	2011	2010
	\$000	\$000
CASH RESOURCES WERE PROVIDED BY/(USED IN):		
Operating Activities		
Net Profit	286,131	392,777
Items not affecting cash resources	293,700	246,700
	<u>579,831</u>	<u>639,477</u>
Changes in non-cash working capital components	(851,778)	256,437
Cash provided by/(used in) operations	(271,947)	895,914
Cash (used in)/ provided by investing activities	(382,700)	(1,233,200)
Cash provided by/(used in) financing activities	865,965	304,378
Increase /(decrease) in net cash and cash equivalents	211,318	(32,908)
Net cash and cash equivalents at beginning of year	448,009	912,161
NET CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>659,327</u>	<u>879,253</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.
- **Other** – Assets and liabilities not identified above.

Agriculture

Current assets include biological assets with a carrying value of \$972.7million at October 29, 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).