

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 27, 2012, which have been prepared in accordance with International Financial Reporting Standards.

The Group's turnover for the quarter was \$6.1billion which, when compared to the \$5.8billion in the corresponding period last year, represents a 5% increase. Gross profits for the quarter amounted to \$1.1billion, which is the same as the corresponding period last year.

During this quarter, the Ethanol Division ramped up production under tolling contracts to approximately 90% of capacity. The segment result for this Division reflects a positive \$42million for the quarter; with the deficit year-to-date being reduced from \$49million to \$7million. For the remainder of the financial year the ethanol facility is expected to operate at close to capacity with improving tolling rates. The HIPRO-ACE Division also performed well during this quarter; however, the Poultry operations experienced a number of challenges which served to depress the segment results in the Best Dressed Foods Division.

In September, Hurricane Isaac prevented the on-time delivery of grains from the USA, which forced us to use more costly alternatives which had a one-off impact of \$43million. This was followed in October by Hurricane Sandy which hit Jamaica directly and caused a 3-day loss in sales. In addition, the back-to-school month was particularly challenging for our consumers and we decided to hold off on the required selling price increases. The severe drought in the USA, along with the depreciation in the value of the Jamaican currency, has resulted in continuing cost increases.

The build out in the Haiti operations is continuing with ever increasing sales of Haitian produced baby chicks, feed, layer birds, table eggs, and processed chicken. The acceptance of our products in Haiti continues to broaden our customer base.

The new multi-million dollar Best Dressed Further Processing Facility, with an increased capacity to produce over 250,000kgs of specialty products per month, was commissioned in early November and is now fully operational with recognizable improvements in both cost and efficiencies.

Against this background, we recorded profits attributable to shareholders amounting to \$151million which equates to earnings per share of 12.57 cents, compared to \$158million or 13.20 cents last year. The year-to-date position amounting to \$279million (23.17 cents per stock unit) approximates with the \$286million (23.86 cents per stock unit) last year.

The company was deeply saddened by the tragic loss of valued lives in the Bog Walk Gorge when a tractor head and container transporting our products overturned at "Flat Bridge" in October. We continue to give tangible and prayerful support to the affected families.

The staff, management and Board continue to trust in God's guidance.



Robert Levy
Chairman



Christopher Levy
President & Chief Executive Officer

December 3, 2012

Ja Broilers Group Limited

Interim Group Statement of Comprehensive Income for Quarter ended October 27, 2012

	Quarter ended October 27, 2012 \$000	Quarter ended October 29, 2011 \$000	Six months ended October 27, 2012 \$000	Six months ended October 29, 2011 \$000
Revenue	6,121,186	5,767,899	12,148,958	11,581,906
Cost of Sales	(4,944,635)	(4,647,576)	(9,869,223)	(9,351,677)
Gross Profit	1,176,551	1,120,323	2,279,735	2,230,229
Other operating (expense)/income	37,932	(56,482)	67,939	(33,668)
Distribution costs	(187,405)	(162,246)	(351,682)	(318,517)
Administration and other expenses	(771,396)	(616,451)	(1,541,278)	(1,352,740)
Operating Profit	255,682	285,144	454,714	525,304
Finance income	3,103	8,550	6,708	10,061
Finance costs	(73,028)	(77,427)	(123,761)	(150,654)
Profit before taxation	185,757	216,267	337,661	384,711
Taxation	(35,015)	(58,003)	(59,833)	(98,580)
Net Profit after tax attributable to stockholders	150,742	158,264	277,828	286,131
Currency translation differences on foreign subsidiaries	22,521	16,823	117,429	33,578
Total Comprehensive Income	173,263	175,087	395,257	319,709
Earnings per Stock Unit-cents	12.57	13.20	23.17	23.86

Segment Reporting Information-Consolidated Six Months ended October 27, 2012

	Best Dressed Foods Division	HIPRO-ACE Division	Ethanol Division	Other	Eliminations	Group Total
	\$000	\$000	\$000	\$000	\$000	\$000
REVENUE						
External Sales	6,173,116	4,236,163	733,423	1,006,256	-	12,148,958
Inter-Segment Sales	75,875	62,431	-	2,012,326	(2,150,632)	-
Total revenue	6,248,991	4,298,594	733,423	3,018,582	(2,150,632)	12,148,958
RESULT						
Segment Result	349,631	501,419	(7,479)	94,614		938,185
Corporate expenses						(483,471)
Operating Profit						454,714
Financing Income						6,708
Financing costs						(123,761)
Profit before Taxation						337,661
Taxation						(59,833)
Net Profit						277,828

Balance Sheet

	Best Dressed Foods Division	HIPRO-ACE Division	Ethanol Division	Other Current and Non Current Assets	Group Total
	\$000	\$000	\$000	\$000	\$000
Segment assets	1,324,655	918,433	3,771,552	10,265,822	16,280,463
Segment liabilities			2,333,912	5,185,826	7,519,738

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

	Best Dressed Foods Division \$000	HIPRO-ACE Division \$000	Ethanol Division \$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	52,065	(4,839)		936,908
Corporate expenses						(411,605)
Operating Profit						525,303
Financing income**						10,061
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 Division \$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

** Restated

Group Statement of Financial Position as at October 27, 2012

	October 27 2012 \$'000	April 28 2012 \$'000 (Audited)	October 29 2011 \$'000
Non-Current Assets			
Property, plant and equipment	7,584,877	7,208,170	6,908,327
Intangible assets	51,460	61,777	53,981
Investments	34,594	34,673	9,531
Deferred income tax	45,429	44,696	31,069
Post-employment benefit assets	148,705	248,500	242,012
	<u>7,865,065</u>	<u>7,597,816</u>	<u>7,244,920</u>
Current Assets			
Inventories	3,594,142	3,374,862	3,128,355
Biological assets	1,186,376	983,210	972,652
Receivables & Prepayments	2,092,786	1,720,733	1,845,458
Taxation recoverable		8,945	
Financial assets at fair value through P&L	641,090	481,898	997,073
Cash and short term investments	901,002	1,215,956	659,327
	<u>8,415,396</u>	<u>7,785,604</u>	<u>7,602,865</u>
Current Liabilities			
Payables	2,199,377	2,189,601	1,889,676
Taxation payable	235,931	241,177	428,357
Short term borrowings/Bank overdraft	189,533	204,264	
Borrowings	2,198,251	1,181,023	2,072,739
	<u>4,823,092</u>	<u>3,816,065</u>	<u>4,390,772</u>
Net Current Assets	<u>3,592,304</u>	<u>3,969,539</u>	<u>3,212,093</u>
	<u>11,457,369</u>	<u>11,567,355</u>	<u>10,457,013</u>
Stockholders'Equity			
Share Capital	765,137	765,137	765,137
Capital Reserve	1,139,843	1,022,414	1,008,464
Retained Earnings	6,856,594	6,578,766	6,096,894
	<u>8,761,574</u>	<u>8,366,317</u>	<u>7,870,495</u>
Non-Current Liabilities			
Borrowings	2,205,937	2,725,853	2,103,331
Deferred income taxes	475,658	460,985	469,887
Employee Benefit Obligations	14,200	14,200	13,300
	<u>11,457,369</u>	<u>11,567,355</u>	<u>10,457,013</u>

Group Statement of Changes in Stockholders' Equity as at October 27, 2012

	Number of Shares 000's	Share Capital \$000	Capital Reserves \$000	Retained Earnings \$000	Total \$000
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>
Balance at April 29, 2012	1,199,277	765,137	1,022,414	6,578,766	8,366,317
Total comprehensive income for period			117,429	277,828	395,257
Balance at October 27, 2012	<u>1,199,277</u>	<u>765,137</u>	<u>1,139,843</u>	<u>6,856,594</u>	<u>8,761,574</u>

Group Statement of Cash Flows (condensed) for quarter ended October 27,2012

	October 27	October 29
	2012	2011
	\$000	\$000
CASH RESOURCES WERE PROVIDED BY/(USED IN):		
Operating Activities		
Net Profit	277,828	286,131
Items not affecting cash resources	542,749	444,354
	<u>820,577</u>	<u>730,485</u>
Changes in non-cash working capital components	(836,100)	(853,678)
Cash provided by/(used in) operations	(15,523)	(123,193)
Cash (used in)/ provided by investing activities	(772,100)	(382,700)
Cash provided by/(used in) financing activities	491,000	715,311
Increase /(decrease) in net cash and cash equivalents	(296,623)	209,418
Effect of changes in exchange rates	(3,600)	1,900
Net cash and cash equivalents at beginning of year	1,011,692	448,009
NET CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>711,469</u>	<u>659,327</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 28, 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 \$1,186million at October 27, 2012 (\$983million at April 28, 2012).

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