

Jamaica Broilers Group Ltd

Commentary on un-audited 3rd quarter results

The Directors of Jamaica Broilers Group Ltd are pleased to release the un-audited financial results for the quarter ended January 26, 2013, which have been prepared in accordance with International Financial Reporting Standards.

The Group's revenues for the quarter was \$7.0 billion which, when compared to the \$6.1 billion in the corresponding period last year, represents a 15% increase. However, the gross profit of 20.2% for this quarter is 1.5 percentage points below the 21.7% achieved in the corresponding quarter last year.

Gross profits were negatively impacted by increased US\$ costs for corn and soya bean residue - our main feed ingredients. This, in addition to the depreciation in the value of the Jamaican currency, has resulted in continuing cost increases. Management felt constrained during this quarter from fully passing on these cost increases in selling price adjustments.

Distribution and administrative costs reflect increases when compared to this quarter last year due to a number of unexpected items of expenditure. For much of this quarter our Co-Generation electricity operation was out of service. During this time over \$50 million in fixed costs were carried in administrative expenses while Jamaica Public Service invoices were charged to the Best Dressed Chicken Processing Plant. The Co-generation plant came back into service in mid-January. In addition, costs were incurred in relation to organizational strengthening and an assessment, by the Tax Authorities, related to GCT deferred on imports.

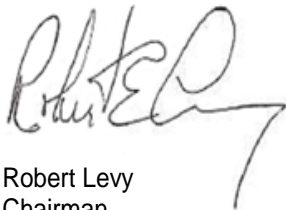
On a more positive note, the Ethanol Division maintained production under tolling contracts at 100% of capacity during this quarter. The segment result for this Division reflects a positive \$81 million for the quarter; with the year-to-date result now showing \$74 million versus the negative \$7 million at the end of the second quarter. Also, 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 \$48 million taxation expense for this quarter reflects a \$74 million reduction when compared to the \$122 million current tax estimate for the corresponding period last year. The tax expense in the third quarter last year was reduced by a "one -off" \$100 million reversal of an accrual in respect of previous years, which was no longer required.

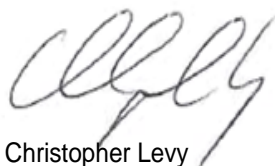
Against this background, we recorded profits attributable to shareholders amounting to \$284 million which equates to earnings per share of 23.69 cents, compared to \$400 million or 33.40 cents last year. The year-to-date position amounting to \$562 million (46.85 cents per stock unit) is \$125 million (18%) below the \$687 million (57.26 cents per stock unit) last year.

Our solar energy project on contract farms is now well on the way, with 45% of the farms now installed and operational. We are looking forward to reaping the benefit from this project in the medium term

The staff, management and Board continue to trust in God's guidance as we exercise prudent management in the operations of the company.



Robert Levy
Chairman



Christopher Levy
President & Chief Executive Officer

March 11, 2013

Interim Group Statement of Comprehensive Income for quarter ended January 26,2013

	Quarter ended January 26,2013 \$000	Quarter ended January 28,2012 \$000	Nine months ended January 26,2013 \$000	Nine months ended January 28,2012 \$000
Turnover	7,001,841	6,159,564	19,150,799	17,741,470
Cost of Sales	(5,579,104)	(4,821,512)	(15,448,327)	(14,173,189)
Gross Profit	1,422,737	1,338,052	3,702,472	3,568,281
Other operating income/ (expense)	35,600	322	103,539	(33,346)
Distribution Costs	(204,656)	(159,154)	(556,338)	(477,671)
Administrative and other expenses	(868,077)	(686,608)	(2,409,355)	(2,039,348)
Operating Profit	385,604	492,612	840,318	1,017,916
Finance income	3,353	23,217	10,061	33,278
Finance costs	(57,152)	(93,071)	(180,913)	(243,725)
Profit before taxation	331,805	422,758	669,466	807,469
Taxation	(47,729)	(22,220)	(107,562)	(120,800)
Net Profit after tax attributable to stockholders	284,076	400,538	561,904	686,669
Other comprehensive income / (loss)				
Currency translation differences on foreign subsidiaries	98,027	(4,256)	215,456	29,322
Total comprehensive income /(loss) for the period	382,103	396,282	777,360	715,991
Earnings per Stock Unit-cents	23.69	33.40	46.85	57.26

Segment Reporting Information-Consolidated Nine Months ended January 26, 2013

	Best Dressed Foods Division \$000	HIPRO-ACE Division \$000	Ethanol Division \$000	Other \$000	Eliminations \$000	Group Total \$000
REVENUE						
External Sales	9,606,328	6,579,692	1,365,808	1,598,970	-	19,150,799
Inter-Segment Sales	118,715	100,607	-	2,967,309	- (3,186,630)	-
Total revenue	9,725,043	6,680,299	1,365,808	4,566,279	- (3,186,630)	19,150,799
RESULT						
Segment Result	633,719	749,249	73,847	194,674		1,651,489
Corporate expenses						(811,171)
Operating Profit						840,318
Financing Income						10,061
Financing costs						(180,913)
Profit before Taxation						669,466
Taxation						(107,562)
Net Profit						561,904
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	1,219,411	830,763	3,826,501	11,513,558		17,390,233
Segment liabilities			2,121,210	6,221,288		8,342,498

Segment Reporting Information-Consolidated Nine Months ended January 28, 2012****

	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	9,173,752	6,303,294	1,076,173	1,188,252	-	17,741,470
Inter-Segment Sales	139,496	220,271	-	1,915,855	(2,275,622)	-
Total revenue	9,313,248	6,523,565	1,076,173	3,104,107	(2,275,622)	17,741,470
RESULT						
Segment Result	712,553	854,496	39,673	25,143		1,631,865
Corporate expenses						(613,949)
Operating Profit						1,017,916
Financing Income						33,278
Financing costs						(243,725)
Profit before Taxation						807,469
Taxation						(120,800)
Net Profit						686,669
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	1,069,091	782,111	3,647,107	10,156,073		15,654,382
Segment liabilities			2,186,011	5,273,549		7,459,560

****restated

Group Statement of Financial Position as at January 26, 2013

	January 26 2013 \$'000	April 28 2012 \$'000 (Audited)	January 28 2012 \$'000
Non-Current Assets			
Property, plant and equipment	8,026,564	7,208,170	7,132,586
Intangible assets	47,963	61,777	50,756
Investments	35,422	34,673	9,532
Deferred income tax	45,429	44,696	31,069
Post-employment benefit assets	148,815	248,500	242,024
	<u>8,304,193</u>	<u>7,597,816</u>	<u>7,465,967</u>
Current Assets			
Inventories	3,581,989	3,374,862	3,143,562
Biological assets	1,286,024	983,210	951,765
Receivables & Prepayments	2,272,120	1,720,733	1,834,113
Taxation recoverable		8,945	
Financial assets at fair value through profit or loss	674,220	481,898	799,012
Cash and short term investments	1,271,688	1,215,956	1,459,964
	<u>9,086,041</u>	<u>7,785,604</u>	<u>8,188,416</u>
Current Liabilities			
Payables	2,369,753	2,189,601	1,906,918
Taxation payable	227,493	241,177	330,157
Short term borrowings/ bank overdraft	1,222,207	354,264	198,375
Current portion of long term liabilities	1,161,265	1,031,023	1,473,005
	<u>4,980,718</u>	<u>3,816,065</u>	<u>3,908,455</u>
Net Current Assets	<u>4,105,323</u>	<u>3,969,539</u>	<u>4,279,961</u>
	<u>12,409,516</u>	<u>11,567,355</u>	<u>11,745,928</u>
Stockholders'Equity			
Share Capital	765,137	765,137	765,137
Capital Reserve	1,237,870	1,022,414	1,004,208
Retained Earnings	7,044,728	6,578,766	6,425,476
	<u>9,047,735</u>	<u>8,366,317</u>	<u>8,194,821</u>
Non-Current Liabilities			
Borrowings	2,871,051	2,725,853	3,067,663
Deferred income taxes	476,530	460,985	470,144
Employee Benefit Obligations	14,200	14,200	13,300
	<u>12,409,516</u>	<u>11,567,355</u>	<u>11,745,928</u>

Consolidated Statement of Changes in Stockholders' Equity as at January 26, 2013

	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			29,322	686,669	715,991
Dividend				(71,956)	(71,956)
Balance at January 28, 2012	<u>1,199,277</u>	<u>765,137</u>	<u>1,004,208</u>	<u>6,425,476</u>	<u>8,194,821</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			215,456	561,904	777,360
Dividend				(95,942)	(95,942)
Balance at January 26, 2013	<u>1,199,277</u>	<u>765,137</u>	<u>1,237,870</u>	<u>7,044,728</u>	<u>9,047,735</u>

Consolidated Statement of Cash Flows (Condensed) for nine months ended January 26, 2013

	January 26 2013 \$000	January 28* 2012 \$000
CASH RESOURCES WERE PROVIDED BY/(USED IN):		
Operating Activities		
Net Profit	561,904	686,669
Items not affecting cash resources	<u>721,300</u>	<u>759,345</u>
	1,283,204	1,446,014
Changes in non-cash working capital components	█ <u>(989,500)</u>	█ <u>(952,600)</u>
Cash provided by/(used in) operations	293,704	493,414
Cash provided by/(used in) financing activities	816,600	1,073,600
Cash (used in) provided by investing activities	<u>(1,062,400)</u>	<u>(596,600)</u>
Increase /(decrease) in net cash and cash equivalents	47,904	970,414
Effects of changes in exchange rates	(5,100)	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>1,054,496</u>	<u>1,420,323</u>

*-Restated

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 \$1,286million as at January 26,2013 (\$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).