

Jamaica Broilers Group Ltd

Commentary on un-audited 1st quarter results

The Directors of Jamaica Broilers Group Ltd are pleased to release the un-audited financial results for the quarter ended July 31, 2010, which have been prepared in accordance with International Financial Reporting Standards.

During this period under review we recorded quarterly profits attributable to shareholders amounting to \$219 million, compared to \$430 million in the corresponding quarter last year. The low level of activities in the international ethanol markets was the main contributor to this \$211 million decline in net profits.

The Group's turnover for this quarter was \$4.9 billion, which when compared to the corresponding period last year showed a decrease of \$1 billion or 17%. The ethanol division realised reduced revenues of \$1.2 billion due to significant reductions in tolling activities, as customers were constrained by the difficult market conditions in this quarter. Our tolling contracts continue to be in place and provide the group with a downside protection for times like these.

Revenue increases in the other segments, amounting to \$200 million, were driven by a mixture of higher volumes and better product mix management.

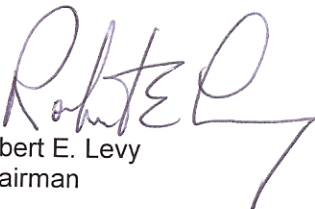
Gross profits for the Group during this quarter amounted to \$1.1 billion, which shows a decrease of \$183 million or 14% over the corresponding period in 2009.

Distribution and administrative costs - quarter over quarter- reflect an 11% inflation increase.

Financing costs were reduced quarter over quarter to \$95 million – compared to \$147 million in the corresponding quarter last year. This is as a result of debt reduction of \$1.2 billion- facilitated by cash flows generated from the Group's operations - and is consistent with our stated strategic objective to reduce debt and further strengthen our balance sheet.

The profits attributed to stockholders of \$219 million equate to earnings per share of approximately 18.29 cents for this first quarter, compared to \$430 million or 35.86 cents last year.

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



Robert E. Levy
Chairman



Christopher Levy
President & Chief Executive Officer

September 2, 2010

Interim Group Statement of Comprehensive Income for quarter ended July 31, 2010

	Quarter ended July 31, 2010 \$'000	Quarter ended August 1, 2009 \$'000
Turnover	4,963,584	5,931,720
Cost of Sales	<u>(3,819,728)</u>	<u>(4,605,399)</u>
Gross Profit	1,143,856	1,326,321
Other operating income	10,348	9,580
Interest income	9,030	13,435
Distribution Costs	(147,136)	(132,189)
Administrative and other expenses	<u>(621,424)</u>	<u>(557,772)</u>
Operating Profit	394,674	659,375
Financing costs	(95,301)	(146,730)
Profit before taxation	<u>299,373</u>	<u>512,645</u>
Taxation	(80,029)	(82,595)
Net Profit attributable to stockholders of Holding Company	<u>219,344</u>	<u>430,050</u>
Other comprehensive income / (loss)		
Currency translation differences on foreign subsidiaries	(64,751)	19,804
Fair value gains / (losses) on investments		(1,503)
Income tax on other comprehensive income		496
Total comprehensive income /(loss) for the period	<u>154,593</u>	<u>448,847</u>
Earnings per Stock Unit	18.29 cents	35.86 cents

Segment Reporting Information-Consolidated Three Months ended July 31, 2010

	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	2,716,934	1,635,157	245,152	366,341		-	4,963,584
Inter-Segment Sales	47,360	20,078	-	151,617	-	(219,056)	-
Total revenue	2,764,294	1,655,235	245,152	517,959	-	(219,056)	4,963,584
RESULT							
Segment Result	279,150	225,579	29,218	81,110			615,057
Corporate expenses							(220,383)
Financing costs							(95,301)
Profit Before Taxation							299,373
Taxation							(80,029)
Profit from ordinary activities after taxation							219,344
Balance Sheet							
	Best Dressed Foods Division (\$000's)	HIPRO-ACE Division (\$000's)	Ethanol Operations (\$000's)	Other (\$000's)	Unallocated (\$000's)	Eliminations (\$000's)	Group Total (\$000's)
Segment assets	794,660	567,346	3,606,068	4,945,561	10,986,236	(7,734,730)	13,165,142
Segment liabilities			2,344,712	3,999,450	7,572,340	(7,789,584)	6,126,918

Segment Reporting Information-Consolidated Three Months ended August 1,2009**

	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	2,568,974	1,603,201	1,425,665	333,880	-	-	5,931,720
Inter-Segment Sales	38,222	29,024	-	212,478	-	(279,724)	-
Total revenue	2,607,197	1,632,225	1,425,665	546,358	-	(279,724)	5,931,720
RESULT							
Segment Result	258,368	192,011	330,761	71,400			852,540
Corporate expenses							(194,020)
Financing costs							(145,876)
Profit Before Taxation							512,645
Taxation							(82,595)
Profit from ordinary activities after taxation							430,050

Balance Sheet

	Best Dressed Foods Division (\$000's)	HIPRO-ACE Division (\$000's)	Ethanol Operations (\$000's)	Other (\$000's)	Unallocated (\$000's)	Eliminations (\$000's)	Group Total (\$000's)
Segment assets	627,956	380,814	5,258,761	4,560,706	9,153,676	(6,788,907)	13,193,006
Segment liabilities			4,250,633	3,816,062	5,831,804	(6,952,061)	6,946,438

** Restated

Group Statement of Financial Position as at July 31, 2010

	July 31 2010 \$'000	May 01 2010 \$'000 (Audited)	August 1 2009 \$'000
Non-Current Assets			
Property, plant and equipment	6,736,913	6,414,590	6,495,903
Intangible assets	65,377	70,729	77,784
Available-for-sale investments	678,409	123,607	308,937
Deferred income tax	30,180	30,180	1,492
Post employment benefit assets	206,200	206,200	157,400
	<u>7,717,079</u>	<u>6,845,306</u>	<u>7,041,516</u>
Current Assets			
Inventories	2,253,695	2,617,645	2,944,198
Biological assets	876,705	885,999	872,035
Receivables & Prepayments	1,499,275	1,285,190	1,811,095
Taxation recoverable	-	5,494	
Cash and short term investments	818,342	1,282,938	524,152
	<u>5,448,017</u>	<u>6,077,266</u>	<u>6,151,480</u>
Current Liabilities			
Payables	1,826,321	1,480,602	1,449,464
Taxation payable	156,196	132,380	149,878
Bank overdraft	50,867	370,777	154,303
Borrowings	1,778,858	1,872,417	2,748,480
	<u>3,812,242</u>	<u>3,856,176</u>	<u>4,502,125</u>
Net Current Assets	<u>1,635,775</u>	<u>2,221,090</u>	<u>1,649,355</u>
	<u>9,352,854</u>	<u>9,066,396</u>	<u>8,690,871</u>
Stockholders'Equity			
Share Capital	765,137	765,137	765,137
Capital Reserve	1,007,190	1,071,941	1,077,764
Retained Earnings	5,265,897	5,046,553	4,403,657
	<u>7,038,224</u>	<u>6,883,631</u>	<u>6,246,558</u>
Borrowings	1,848,888	1,717,023	2,120,019
Deferred income taxes	456,542	456,542	316,294
Employee Benefit Obligations	9,200	9,200	8,000
	<u>9,352,854</u>	<u>9,066,396</u>	<u>8,690,871</u>

Group Statement of Changes in Stockholders' Equity as at July 31,2010

	Number of Shares 000's	Share Capital \$'000	Capital Reserves \$'000	Retained Earnings \$'000	Total \$'000
Balance at May 03, 2009	1,199,277	765,137	1,058,967	3,973,607	5,797,711
Total comprehensive income for period			18,797	430,050	448,847
Balance at August 1, 2009	<u>1,199,277</u>	<u>765,137</u>	<u>1,077,764</u>	<u>4,403,657</u>	<u>6,246,558</u>
Balance at May 02, 2010	1,199,277	765,137	1,071,941	5,046,553	6,883,631
Total comprehensive income for period			(64,751)	219,344	154,593
Balance at July 31,2010	<u>1,199,277</u>	<u>765,137</u>	<u>1,007,190</u>	<u>5,265,897</u>	<u>7,038,224</u>

Group Statement of Cash Flows (condensed) for quarter ended July 31,2010

	July 31 2010 \$000	August 1 2009 \$000
CASH RESOURCES WERE PROVIDED BY/(USED IN):		
Operating Activities		
Net Profit	219,344	430,050
Items not affecting cash resources	288,400	194,100
	<u>507,744</u>	<u>624,150</u>
Changes in operating assets and liabilities	446,100	(1,157,800)
Cash provided by/(used in) operating activities	<u>953,844</u>	<u>(533,650)</u>
Cash (used in) provided from investing activities	(1,149,500)	(179,700)
Cash provided by/(used in) financing activities	<u>50,970</u>	<u>1,588,794</u>
Increase /(decrease in net cash and cash equivalents	(144,686)	875,444
Effect of changes in exchange rates	12,700	(500)
Net cash and cash equivalents at beginning of year	<u>912,161</u>	<u>(505,595)</u>
NET CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u><u>767,475</u></u>	<u><u>369,849</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 presentation

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

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

The business is considered from mainly a product perspective. Geographically however the poultry operations are located in Jamaica and the United States

The 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

Other operations of the Group include the export sale of farm supplies, cattle rearing, processing of beef products, growing of poultry for broiler processing and fertile egg production, growing of layer pullets, grow out and sale of live fish and co-generation energy supply

Agriculture

Current assets include biological assets with a carrying value of \$876.7million at July 31,2010 (\$ 886.00million at May 01,2010)

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

These assets are carried at cost as no reliable measure for determining fair value has been identified