

## Jamaica Broilers Group Ltd

### Commentary on un-audited 2nd quarter results

The Directors of Jamaica Broilers Group Ltd are pleased to release the un-audited financial results for the quarter ended October 30, 2010, which have been prepared in accordance with International Financial Reporting Standards.

In this quarter we recorded quarterly profits attributable to shareholders amounting to \$173million, compared to \$312million in the corresponding quarter last year. The low level of activities in the international ethanol markets was the main contributor to this \$139million decline in net profits.

The Group's turnover for this quarter was \$4.8billion, which when compared to the corresponding period last year showed a decrease of \$0.5billion or 10%. The ethanol operations realized reduced revenues of \$0.6billion 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 downside protection.

Revenue increases in the other segments, amounting to approximately \$100million were driven by higher selling prices necessitated by increases in input costs-particularly imported grains; offset by reduced sales volumes of baby chick and feed in October due to the inclement weather.

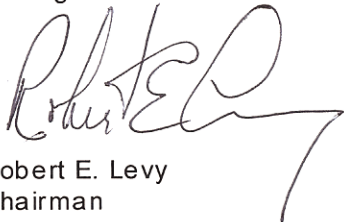
Gross profits for the Group during this quarter amounted to \$1.0billion; a decrease of \$115million - 10%- when compared to the corresponding quarter last year.

Distribution and administrative costs - quarter over quarter- reflect a 7% inflation increase along with due diligence and development costs related to the wider Caribbean markets including Haiti.

Financing costs were reduced quarter over quarter to \$99million – compared to \$143million in the corresponding quarter last year. This is a result of the reduction in borrowings; facilitated by cash flows generated from the group's operations.

The profits attributed to stockholders of \$173million equate to earnings per share of approximately 14.46cents for this second quarter, compared to \$312million-26.00cents last year.

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



Robert E. Levy  
Chairman



Christopher Levy  
President & Chief Executive Officer

December 8, 2010

## Ja Broilers Group Limited

## Interim Group Statement of Comprehensive Income for quarter ended October 30, 2010

	Quarter ended October 30, 2010 \$000	Quarter ended October 31, 2009 \$000	Six months ended October 30, 2010 \$000	Six months ended October 31, 2009 \$000
Revenue	4,830,001	5,366,615	9,793,585	11,298,335
Cost of Sales	(3,788,628)	(4,209,682)	(7,608,356)	(8,815,081)
<b>Gross Profit</b>	<b>1,041,373</b>	<b>1,156,933</b>	<b>2,185,229</b>	<b>2,483,254</b>
Other operating income	54,692	10,981	74,070	33,996
Distribution costs	(153,137)	(135,765)	(300,273)	(267,954)
Administration and other expenses	(621,563)	(558,565)	(1,242,987)	(1,116,337)
<b>Operating Profit</b>	<b>321,365</b>	<b>473,584</b>	<b>716,039</b>	<b>1,132,959</b>
Finance costs	(98,913)	(142,694)	(194,214)	(289,424)
<b>Profit before taxation</b>	<b>222,452</b>	<b>330,890</b>	<b>521,825</b>	<b>843,535</b>
Taxation	(49,019)	(19,047)	(129,048)	(101,642)
<b>Net Profit after tax attributable to stockholders</b>	<b>173,433</b>	<b>311,843</b>	<b>392,777</b>	<b>741,893</b>
Currency translation differences on foreign subsidiaries	(22,732)	(15,016)	(87,483)	4788
Fair value gains / (losses) on investments	1,489		1,489	(1,503)
Income tax on other comprehensive income				496
<b>Total Comprehensive Income</b>	<b>152,190</b>	<b>296,827</b>	<b>306,783</b>	<b>745,674</b>
Earnings per Stock Unit-cents	14.46	26.00	32.75	61.86

## Segment Reporting Information-Consolidated Six Months ended October 30, 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
<b>REVENUE</b>						
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)
<b>Total revenue</b>	<b>5,553,213</b>	<b>3,267,661</b>	<b>432,994</b>	<b>1,804,047</b>	<b>-</b>	<b>9,793,585</b>
<b>RESULT</b>						
Segment Result	528,444	382,940	61,653	190,721		1,163,758
Corporate expenses						(447,719)
<b>Operating Profit</b>						<b>716,039</b>
Financing costs						(194,214)
<b>Profit before Taxation</b>						<b>521,825</b>
Taxation						(129,048)
<b>Net Profit</b>						<b>392,777</b>

## 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	861,889	583,706	3,526,878	11,040,967	6,777,869	(9,446,289)	13,345,020
Segment liabilities			2,273,359	6,814,255	6,768,683	(9,629,736)	6,226,561

## Segment Reporting Information-Consolidated Six Months ended October 31, 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
<b>REVENUE</b>							
External Sales	5,128,369	3,250,886	2,274,806	644,274		-	11,298,335
Inter-Segment Sales	78,153	71,782	-	1,144,613	-	(1,294,548)	-
<b>Total revenue</b>	<b>5,206,521</b>	<b>3,322,668</b>	<b>2,274,806</b>	<b>1,788,887</b>	-	<b>(1,294,548)</b>	<b>11,298,335</b>
<b>RESULT</b>							
Segment Result	455,529	397,505	565,531	141,767			1,560,332
Corporate expenses							(427,373)
<b>Operating Profit</b>							<b>1,132,960</b>
Financing costs							(289,424)
<b>Profit before Taxation</b>							<b>843,535</b>
Taxation							(101,642)
<b>Net Profit</b>							<b>741,893</b>
<b>Balance Sheet</b>							
	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	729,254	513,772	5,201,477	10,145,677	5,614,203	(8,209,041)	13,995,343
Segment liabilities			4,023,074	6,440,020	5,379,895	(8,295,090)	7,547,900

\*\* Restated

## Group Statement of Financial Position as at October 30, 2010

	October 30 2010 \$'000	May 01 2010 \$'000 (Audited)	October 31 2009 \$'000
<b>Non-Current Assets</b>			
Property, plant and equipment	6,690,434	6,414,590	6,484,516
Intangible assets	62,273	70,729	74,691
Investments	127,152	123,607	117,522
Deferred income tax	30,180	30,180	12,983
Post-employment benefit assets	206,200	206,200	157,400
	<u>7,116,239</u>	<u>6,845,306</u>	<u>6,847,112</u>
<b>Current Assets</b>			
Inventories	2,365,674	2,617,645	3,002,792
Biological assets	861,062	885,999	868,718
Receivables & Prepayments	1,526,829	1,285,190	2,059,630
Taxation recoverable		5,494	
Financial assets at fair value through profit or loss	595,963	-	715
Cash and short term investments	879,253	1,282,938	1,216,376
	<u>6,228,781</u>	<u>6,077,266</u>	<u>7,148,231</u>
<b>Current Liabilities</b>			
Payables	1,657,363	1,480,602	1,679,988
Taxation payable	184,210	132,380	125,982
Dividends Payable	71,956		95,943
Bank overdraft	24,237	370,777	98,810
Borrowings	1,423,785	1,872,417	3,093,507
	<u>3,361,551</u>	<u>3,856,176</u>	<u>5,094,230</u>
<b>Net Current Assets</b>	<u>2,867,230</u>	<u>2,221,090</u>	<u>2,054,001</u>
	<u>9,983,469</u>	<u>9,066,396</u>	<u>8,901,113</u>
<b>Stockholders'Equity</b>			
Share Capital	765,137	765,137	765,137
Capital Reserve	985,947	1,071,941	1,062,748
Retained Earnings	5,367,374	5,046,553	4,619,558
	<u>7,118,458</u>	<u>6,883,631</u>	<u>6,447,443</u>
<b>Non-Current Liabilities</b>			
Borrowings	2,399,269	1,717,023	2,129,276
Deferred income taxes	456,542	456,542	316,294
Employee Benefit Obligations	9,200	9,200	8,100
	<u>9,983,469</u>	<u>9,066,396</u>	<u>8,901,113</u>

## Group Statement of Changes in Stockholders' Equity as at October 30, 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			3,781	741,893	745,674
Dividend				(95,942)	(95,942)
Balance at October 31, 2009	<u>1,199,277</u>	<u>765,137</u>	<u>1,062,748</u>	<u>4,619,558</u>	<u>6,447,443</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			(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>

## Group Statement of Cash Flows (condensed) for quarter ended October 30, 2010

	October 30 2010 \$000	October 31 2009 \$000
<b>CASH RESOURCES WERE PROVIDED BY/(USED IN):</b>		
Operating Activities		
Net Profit	392,777	741,893
Items not affecting cash resources	246,700	276,000
	<u>639,477</u>	<u>1,017,893</u>
Changes in non-cash working capital components	232,200	(1,253,405)
Cash provided by/(used in) operations	871,677	(235,512)
Cash (used in)/ provided by investing activities	(1,233,200)	(84,700)
Cash provided by/(used in) financing activities	304,378	(786,000)
Increase /(decrease) in net cash and cash equivalents	(57,145)	(1,106,212)
Net cash and cash equivalents at beginning of year	912,161	(505,595)
<b>NET CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<u><u>855,016</u></u>	<u><u>(1,611,807)</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 May 1, 2010.

### 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 mainly from a product perspective. Geographically the poultry operations are located in Jamaica and the United States.

Prior to May 2, 2010 reportable segments were reported mainly on a product grouped basis. The Group was then organized into three main business segments:-

- **Poultry Operations** - Rearing of poultry for fertile egg production, broiler grow-out; broiler processing and sales grow out and sale of started pullets.
- **Feed and Farm Supplies** - Manufacturing and sale of feeds and sale of farm supplies.
- **Ethanol Operations** - The processing and export sale of fuel grade ethanol

Other operations of the Group included the sale of feed ingredients; cattle rearing; processing and sale of beef products; grow out and sale of fish; and co-generation energy supply.

Effective May 2, 2010 segments are based on profit centers and the segment information is now 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 and other 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.

The accumulated segment results represent operating profits less corporate expenses.

The segment report for the previous year has been restated accordingly.



**Notes to the Interim Consolidated Financial Statements (cont'd)**

Effective May 2, 2010 the Group adopted the amendment to IFRS8, whereby 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.
- **Unallocated** - Primarily assets and liabilities related to corporate and treasury functions.
- **Other** – Assets and liabilities not identified above.

The segment assets and liabilities for the previous year have been restated accordingly.

**Agriculture**

Current assets include biological assets with a carrying value of \$861.1million at October 30, 2010 (\$886.00 million 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