



Jamaica Producers Group Limited

EXTRACTS FROM THE AUDITED GROUP RESULTS
YEAR ENDED DECEMBER 31, 2015

Chairman's Statement

Jamaica Producers Group Limited (JP) generated revenues of \$8.7 billion in 2015 and earned profits for JP shareholders of \$792 million. Our earnings are up 122% relative to our 2014 result and we increased the total shareholders equity by 9%. Our improved profit position reflects the strong performance of our associated and joint venture companies, improved operating performance and gains from the realisation of certain investments. All of our operating segments experienced improved results.

JP Food & Drink Division

JP Food & Drink had 2015 profits of \$265 million up 56% from \$170 million in 2014. Divisional revenues of \$7.3 billion were flat relative to the prior year. Revenue and profits were impacted by the 13% depreciation of the Euro versus the Jamaican Dollar between 2014 and 2015. The underlying revenue growth in the currencies in which we do business was 7%. JP Food & Drink continues to benefit from a diverse portfolio of products serving an internationally diverse group of consumers.

A. L. Hoogesteger Fresh Specialist B.V. (Hoogesteger) is based in the Netherlands and is Holland's market-leading producer of freshly squeezed juice. The global fresh juice industry has entered an era of dynamism. Rapid technological change is driving innovation targeted at extending the shelf-life of fresh juice while maintaining its taste profile and nutritional properties. Hoogesteger operates at the forefront of this trend. The company's investment in new technology is supporting business development across Northern Europe.

JP Tropical Snacks is the market leader in Jamaica for tropical snacks. We continue to use this platform to expand in new markets and to introduce new products. The business operates snack factories in both Jamaica and the Dominican Republic and is strengthening its market presence in the Caribbean, Central America, the USA and the UK. During the year, the business gained market share in its core markets and delivered significantly improved results.

JP Tropical Farms is Jamaica's market leader in tropical fresh produce. During the year we expanded our farms in St. Mary by adding new produce items to our core JP banana business including a new variety of sweet potato. We also continued to increase pineapple production. All products leverage the

"JP" brand which maintains an excellent reputation for high quality and innovation.

Tortuga International Holdings Limited specializes in destination-based food items for the visitor to the Caribbean. The company's flagship Tortuga Rum Cake product increased its penetration in Florida and the Dominican Republic. We also strengthened our association with the Caribbean tourist market with the introduction of the first in our new "Special Selection" range, featuring Jamaica Blue Mountain Coffee Rum Cake in a signature gift box. The business announced plans to establish a new bakery in Jamaica in 2016 to support its expansion programme and improve efficiency.

Mavis Bank Coffee Factory, our joint venture company completed the year as the leading processor of Jamaica Blue Mountain Coffee. A major area of focus during the year was to increase the support given to farmers from whom we purchase coffee. This was done through extension services, advances of fertiliser and other inputs required by farmers and through significantly improved prices. In addition we expanded our own direct cultivation of Blue Mountain Coffee. We also strengthened the business by diversifying our product range to include flavoured coffees and to improve our distribution of soluble coffees. The combination of these initiatives led to significantly improved results for this business.

JP Logistics & Infrastructure

JP Logistics & Infrastructure had 2015 profits of \$399 million up 8% from \$370 million in 2014. Divisional revenues of \$1.3 billion were 3% lower relative to the prior year.

Kingston Wharves Limited (KW) is a leading multi-purpose, multi-user port terminal serving Jamaica and the Caribbean. JP Logistics & Infrastructure increased its ownership share of KW to 42% in September 2014. JP continues to be satisfied with the performance of this investment and now considers it to be core to its Logistics & Infrastructure Division. KW experienced improved operating results in 2015 and continued its programme of capital investment and business development towards long-term growth in the logistics business.

JP Shipping Services Limited provides a full range of logistics and freight forwarding services between the UK and the Caribbean. This business experienced improved results on



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Chairman's Statement (cont'd)

the back of an improved UK economy, and stronger marketing and service delivery.

Four Rivers Mining Company (FRM), our 51 percent owned subsidiary, is engaged in the production of construction aggregates. JP entered the business with a view to commercialising the deposits of high-grade river aggregates that are available on its land holdings in St. Mary and St. Thomas. FRM had a disappointing year and experienced significant operating losses. The losses arose from increased costs and challenges in securing river aggregates as a result of their depletion due to the on-going drought. We also faced significant challenges with the efficiency and reliability of our plant and equipment. JP has conducted a thorough review of this business and has concluded that it is not core to our operations. As such, going forward we will seek to transition our arrangements to a business model that generates value from our aggregate deposits primarily through royalties from third party operators. The company incurred an exceptional charge of \$197 million due to asset write-down and restructuring charges in Quarter 4, 2015 in connection with this transition and to comply with relevant accounting standards. We expect this change to ultimately result in improved returns.

Corporate

During 2015, the JP Corporate Division earned profits of \$290 million. The division's profit was up by \$298 million relative to a loss of \$8 million in the prior year. The Corporate Division includes net interest and investment income as well as the cost of the corporate functions that are not charged directly to our other operating divisions. The results of this division include gains or losses on the sale of securities and other investments and as such can change significantly from year to year. In 2015 profits included gains associated with a share distribution resulting from our minority interest in a property owning company, as well as gains from the sale of our head office property at Oxford Road. Our strategic plan going forward is to locate substantially all of our head office activities within or adjacent to our operating subsidiaries and associate companies rather than at a separate office complex. We expect to complete this transition in 2017 and until that time will continue to occupy the Oxford Road premises on a leasehold basis.

Outlook

Our strategy is to maintain a diverse and profitable range of specialty food products that include both value-priced high quality snack and fresh produce items for the Caribbean consumer market, as well as truly distinctive specialty foods that are able to derive growth and hard currency earnings from mainstream consumer markets in North America, Europe and Asia as well as the regional tourism sector. Moreover, as farmers, food processors and food distributors, we will continue to participate at every stage along the value chain in the business of bringing great food to our consumers. We are satisfied with this strategy for 2016 and beyond.

We also believe that Jamaica's strategic location within major world trade and shipping lanes, together with the expansion programme for the Panama Canal present Jamaica with the potential for growth and development in logistics and port related infrastructure. We are genuinely proud to be able to contribute our expertise, capital and products and services to these important national projects. Our shipping and logistics services between the UK and Jamaica and the wider Caribbean have been a part of our business since its inception over 85 years ago. We believe that we have unique expertise and a strong competitive position in this business and will seek to continue to grow its revenues and earnings.

Today, the workforce of JP and its associated companies numbers over 1,000 persons. We thank each of them for their contribution to the 2015 result. We also thank our customers for their continued loyalty and support. JP is of the view that one way to show our gratitude to both our employees and our customers is to continue to invest in the communities where we do business and in particular in children and education. This position guided our programme of active corporate social responsibility that saw us contribute both our resources and time to a range of worthy charitable causes and institutions.

I thank our board and management for their counsel and leadership during the year.

Chairman
C. H. Johnston



Jamaica Producers Group Limited

EXTRACTS FROM THE AUDITED GROUP RESULTS
YEAR ENDED DECEMBER 31, 2015

Group Balance Sheet

| | As at December 31, 2015 \$'000 | As at December 31, 2014 \$'000 |
|---|--------------------------------------|--------------------------------------|
| Current Assets | | |
| Cash and cash equivalents | 361,091 | 322,281 |
| Short-term investments | - | 283 |
| Securities purchased under resale agreements | 355,500 | 148,730 |
| Accounts receivable | 1,071,138 | 993,898 |
| Taxation recoverable | 10,065 | 10,121 |
| Inventories | 374,536 | 492,300 |
| Total Current Assets | 2,172,330 | 1,967,613 |
| Current Liabilities | | |
| Credit facilities | 84,821 | 57,069 |
| Accounts payable | 1,411,980 | 1,564,747 |
| Taxation | 56,019 | 42,879 |
| Current portion of long-term loans | 194,013 | 106,155 |
| Total Current Liabilities | 1,746,833 | 1,770,850 |
| Working Capital | 425,497 | 196,763 |
| Non-Current Assets | | |
| Biological assets | 135,534 | 134,773 |
| Interest in associated companies and joint venture | 4,652,062 | 4,246,761 |
| Investments | 280,766 | 358,095 |
| Intangible assets | 1,174,643 | 1,193,198 |
| Deferred tax asset | 956 | 2,226 |
| Property, plant and equipment | 1,831,912 | 2,040,780 |
| Total Non-Current Assets | 8,075,873 | 7,975,833 |
| Total Assets Less Current Liabilities | 8,501,370 | 8,172,596 |
| Equity | | |
| Share capital | 18,702 | 18,702 |
| Reserves | 6,380,304 | 5,844,991 |
| Total equity attributable to equity holders of the parent | 6,399,006 | 5,863,693 |
| Non-Controlling Interest | 161,458 | 322,044 |
| Total Equity | 6,560,464 | 6,185,737 |
| Non-Current Liabilities | | |
| Long-term loans | 1,940,906 | 1,986,859 |
| Total Non-Current Liabilities | 1,940,906 | 1,986,859 |
| Total Equity and Non-Current Liabilities | 8,501,370 | 8,172,596 |
| Parent company stockholders' equity per ordinary stock unit: | | |
| Based on stock units in issue | \$34.21 | \$31.35 |
| After exclusion of stock units held by ESOP | \$37.37 | \$34.34 |



Jamaica Producers Group Limited

EXTRACTS FROM THE AUDITED GROUP RESULTS
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Group Profit and Loss Account

| | Notes | 2015 | 2014 |
|---|-------|------------------|------------------|
| | | \$'000 | \$'000 |
| Gross operating revenue | 3 | 8,705,924 | 8,817,029 |
| Cost of operating revenue | | (6,691,496) | (6,846,671) |
| Gross profit | | 2,014,428 | 1,970,358 |
| Marketing, selling and distribution costs | | (650,530) | (610,190) |
| Administrative and other operating expenses | | (1,349,239) | (1,357,749) |
| Profit from operations | | 14,659 | 2,419 |
| Share of profit in associated companies and joint ventures | | 688,371 | 342,157 |
| Net gain from fluctuations in exchange rates | | 11,771 | 5,591 |
| Gain on disposal of property, plant and equipment and investments | | 432,787 | 171,437 |
| Restructuring costs | | (223,797) | - |
| Other income | | 69,564 | 30,011 |
| Other expenses | | (38,308) | (18,625) |
| Profit before finance cost and taxation | | 955,047 | 532,990 |
| Finance cost - interest | | (206,664) | (128,085) |
| Profit before taxation | | 748,383 | 404,905 |
| Taxation charge | | (133,808) | (86,079) |
| Profit for the year | | 614,575 | 318,826 |
| Attributable to: | | | |
| Parent company stockholders | | 792,256 | 358,220 |
| Non-controlling interest | | (177,681) | (39,394) |
| | | 614,575 | 318,826 |
| Dealt with in the financial statements of: | | | |
| The company | | 269,268 | 219,573 |
| Subsidiary companies | | (120,035) | (182,440) |
| Associated companies and joint ventures | | 643,023 | 321,087 |
| | | 792,256 | 358,220 |
| Profit per ordinary stock unit: | 4 | | |
| Based on stock units in issue | | 423.61 ¢ | 191.54 ¢ |
| After exclusion of stock units held by ESOP | | 463.04 ¢ | 210.04 ¢ |



Jamaica Producers Group Limited

EXTRACTS FROM THE AUDITED GROUP RESULTS
YEAR ENDED DECEMBER 31, 2015

Group Statement of Profit or Loss and Other Comprehensive Income

| | <u>2015</u> | <u>2014</u> |
|---|-----------------------|-----------------------|
| | \$'000 | \$'000 |
| Profit for the year | <u>614,575</u> | <u>318,826</u> |
| Other comprehensive loss: | | |
| Items that may be reclassified to profit or loss: | | |
| Exchange (losses)/gains on translating foreign operations | (28,130) | 25,827 |
| Share of other comprehensive loss of associated companies | (60,238) | (42,535) |
| Available-for-sale financial assets: | | |
| Net change in fair value of available-for-sale investments | 1,892 | 39,760 |
| Realised revaluation gains on available-for-sale investments transferred to profit and loss account | (103,246) | (161,646) |
| | <u>(189,722)</u> | <u>(138,594)</u> |
| Total comprehensive income for the year | <u><u>424,853</u></u> | <u><u>180,232</u></u> |
| Total comprehensive income/(loss) attributable to: | | |
| Parent company stockholders | 585,439 | 191,484 |
| Non-controlling interest | (160,586) | (11,252) |
| | <u><u>424,853</u></u> | <u><u>180,232</u></u> |



Jamaica Producers Group Limited

EXTRACTS FROM THE AUDITED GROUP RESULTS YEAR ENDED DECEMBER 31, 2015

Group Statement of Changes in Equity

| | Share Capital \$'000 | Share Premium \$'000 | Capital Reserves \$'000 | Fair Value Reserve \$'000 | Reserve For Own Shares \$'000 | Retained Profits \$'000 | Parent Company Stockholders' Equity \$'000 | Non- Controlling Interest \$'000 | Total Equity \$'000 |
|---|----------------------------|----------------------------|-------------------------------|------------------------------------|--|-------------------------------|--|---|---------------------------|
| Balances at December 31, 2013 | 18,702 | 135,087 | 2,386,731 | 257,585 | (173,465) | 3,073,167 | 5,697,807 | 333,296 | 6,031,103 |
| Changes in equity: | | | | | | | | | |
| Profit for the year | - | - | - | - | - | 358,220 | 358,220 | (39,394) | 318,826 |
| Other comprehensive income | | | | | | | | | |
| Exchange (losses)/gains arising on retranslation of foreign operations | - | - | (2,315) | - | - | - | (2,315) | 28,142 | 25,827 |
| Share of other comprehensive loss of associated companies | - | - | - | - | - | (42,535) | (42,535) | - | (42,535) |
| Net change in fair value of available-for-sale investments | - | - | - | 39,760 | - | - | 39,760 | - | 39,760 |
| Realised revaluation gains on available-for-sale investments transferred to group profit and loss account | - | - | - | (161,646) | - | - | (161,646) | - | (161,646) |
| Total other comprehensive income/(expense) | - | - | (2,315) | (121,886) | - | (42,535) | (166,736) | 28,142 | (138,594) |
| Total comprehensive income/(expense) for the year | - | - | (2,315) | (121,886) | - | 315,685 | 191,484 | (11,252) | 180,232 |
| Transactions with owners of the company | | | | | | | | | |
| Own shares sold by ESOP | - | - | - | - | 1,266 | - | 1,266 | - | 1,266 |
| Distributions to stockholders | - | - | - | - | - | (34,001) | (34,001) | - | (34,001) |
| Unclaimed distributions to stockholders | - | - | 7,137 | - | - | - | 7,137 | - | 7,137 |
| Total increase/(decrease) in equity | - | - | 4,822 | (121,886) | 1,266 | 281,684 | 165,886 | (11,252) | 154,634 |
| Balances at December 31, 2014 | 18,702 | 135,087 | 2,391,553 | 135,699 | (172,199) | 3,354,851 | 5,863,693 | 322,044 | 6,185,737 |
| Retained in the financial statements of: | | | | | | | | | |
| The company | 18,702 | 135,087 | 1,614,156 | 135,539 | - | 2,664,799 | 4,568,283 | | |
| Subsidiaries | - | - | 777,397 | 160 | (172,199) | 60,367 | 665,725 | | |
| Joint venture and associated companies | - | - | - | - | - | 629,685 | 629,685 | | |
| Balances at December 31, 2014 | 18,702 | 135,087 | 2,391,553 | 135,699 | (172,199) | 3,354,851 | 5,863,693 | | |



Jamaica Producers Group Limited

EXTRACTS FROM THE AUDITED GROUP RESULTS YEAR ENDED DECEMBER 31, 2015

Group Statement of Changes in Equity (cont'd)

| | Share Capital | Share Premium | Capital Reserves | Fair Value Reserve | Reserve For Own Shares | Retained Profits | Parent Company Stockholders' Equity | Non- Controlling Interest | Total Equity |
|---|------------------|------------------|---------------------|--------------------------|------------------------------|---------------------|--|---------------------------------|------------------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Balances at December 31, 2014 | 18,702 | 135,087 | 2,391,553 | 135,699 | (172,199) | 3,354,851 | 5,863,693 | 322,044 | 6,185,737 |
| Changes in equity: | | | | | | | | | |
| Profit/(loss) for the year | - | - | - | - | - | 792,256 | 792,256 | (177,681) | 614,575 |
| Other comprehensive income | | | | | | | | | |
| Exchange (losses)/gains arising on retranslation of foreign operations | - | - | (45,225) | - | - | - | (45,225) | 17,095 | (28,130) |
| Share of other comprehensive loss of associated companies | - | - | - | - | - | (60,238) | (60,238) | - | (60,238) |
| Net change in fair value of available-for-sale investments | - | - | - | 1,892 | - | - | 1,892 | - | 1,892 |
| Realised revaluation gains on available-for-sale investments transferred to group profit and loss account | - | - | - | (103,246) | - | - | (103,246) | - | (103,246) |
| Total other comprehensive (expense)/income | - | - | (45,225) | (101,354) | - | (60,238) | (206,817) | 17,095 | (189,722) |
| Total comprehensive (expense)/income for the year | - | - | (45,225) | (101,354) | - | 732,018 | 585,439 | (160,586) | 424,853 |
| Transaction with owners of the company | | | | | | | | | |
| Own shares sold by ESOP | - | - | - | - | 11,918 | - | 11,918 | - | 11,918 |
| Distributions to stockholders | - | - | - | - | - | (68,498) | (68,498) | - | (68,498) |
| Unclaimed distributions to stockholders | - | - | 6,454 | - | - | - | 6,454 | - | 6,454 |
| | - | - | 6,454 | - | 11,918 | (68,498) | (50,126) | - | (50,126) |
| Total increase/(decrease) in equity | - | - | (38,771) | (101,354) | 11,918 | 663,520 | 535,313 | (160,586) | 374,727 |
| Balances at December 31, 2015 | 18,702 | 135,087 | 2,352,782 | 34,345 | (160,281) | 4,018,371 | 6,399,006 | 161,458 | 6,560,464 |
| Retained in the financial statements of: | | | | | | | | | |
| The company | 18,702 | 135,087 | 1,620,610 | 34,185 | - | 2,859,255 | 4,667,839 | | |
| Subsidiaries | - | - | 732,172 | 160 | (160,281) | 62,166 | 634,217 | | |
| Joint venture and associated companies | - | - | - | - | - | 1,096,950 | 1,096,950 | | |
| Balances at December 31, 2015 | 18,702 | 135,087 | 2,352,782 | 34,345 | (160,281) | 4,018,371 | 6,399,006 | | |



Jamaica Producers Group Limited

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Group Statement of Cash Flows

| | <u>2015</u> \$'000 | <u>2014</u> \$'000 |
|---|-----------------------|-----------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit for the period attributable to the group | 792,256 | 358,220 |
| Items not affecting cash: | | |
| Gains on disposal of investments and fixed assets | (432,787) | (171,437) |
| Depreciation and amortisation | 534,148 | 325,790 |
| Other items | (573,755) | (177,125) |
| | 319,862 | 335,448 |
| Decrease/(Increase) in current assets | 44,980 | (24,842) |
| (Decrease)/Increase in current liabilities | (247,171) | 157,616 |
| CASH PROVIDED BY OPERATING ACTIVITIES | 117,671 | 468,222 |
| CASH PROVIDED/(USED) BY INVESTMENT ACTIVITIES | 97,059 | (1,276,176) |
| CASH (USED)/PROVIDED BY FINANCING ACTIVITIES | (164,677) | 731,212 |
| Net increase/(decrease) in cash and cash equivalents | 50,053 | (76,742) |
| Cash and cash equivalents at beginning of the year | 322,281 | 398,920 |
| Exchange (losses)/gains on foreign currency cash and cash equivalents | (11,243) | 103 |
| Cash and cash equivalents at end of the year | <u>361,091</u> | <u>322,281</u> |



Jamaica Producers Group Limited

EXTRACTS FROM THE AUDITED GROUP RESULTS
YEAR ENDED DECEMBER 31, 2015

Notes to the Financial Statements

1. Basis of Presentation

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and their interpretations, issued by the International Accounting Standards Board (IASB) and comply with the provisions of the Jamaican Companies Act.

The accounting policies and methods of computation used in these interim financial statements are consistent with the most recent annual report except as stated in note 5(d).

2. Group's Operations and Activities

Jamaica Producers Group Limited ("company") is incorporated and domiciled in Jamaica. The company's registered office is located at 6A Oxford Road, Kingston 5.

The main activities of the company and its subsidiaries ("group") are juice and food manufacturing, the cultivation, marketing and distribution of fresh produce locally, port terminal operations, logistics, land management and the holding of investments.

During the year the group's subsidiaries undertook a number of restructuring activities that gave rise to one-off costs totalling \$223,797,000 (2014: Nil). A summary of these items are listed below:

| | <u>2015</u> \$'000 |
|--|-----------------------|
| Impairment of property plant and equipment (i) | 178,000 |
| Impairment of inventory (i) | 19,000 |
| Closure of baking facility (ii) | 5,863 |
| Other staff related restructuring costs (iii) | <u>20,934</u> |
| Total restructuring expense | <u>223,797</u> |

3. Gross Operating Revenue

Gross operating revenue comprises investment income, the gross sales of goods and services of the group and commission earned by the group on consignment sales. This is shown after deducting returns, rebates and discounts, consumption taxes and eliminating sales within the group.

4. Profit per stock unit and stockholders' equity per stock unit

Profit per ordinary stock unit is calculated by dividing profit attributable to the group by 187,024,006, being the total number of ordinary stock units in issue during the quarter and a weighted average number of ordinary stock units in issue (excluding those held by the ESOP) during the quarter. The weighted average number of ordinary stock units in issue (excluding those held by the ESOP) for the year ended December 31, 2015 was 171,098,042 (2014 – 170,549,433) stock units.

Stockholders' equity per ordinary stock unit is calculated by dividing the parent company stockholders' equity by 187,024,006 being the total number of ordinary stock units in issue at the end of the quarter and 171,244,216 (2014 – 170,736,087), representing the total number of ordinary stock units in issue at quarter-end less those held by the ESOP at the same date.

5. Accounting Policies

The following accounting policies have been reflected in these financial statements in compliance with IFRS:

a. Associates

Associates are those entities over which the group has significant influence, but not control, or joint control over the financial and operating policies, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method and are initially recognized at cost, including transaction costs.



Notes to the Financial Statements (cont'd)

5. Accounting Policies (cont'd)

a. Associates (cont'd)

The group's investment is carried at the group's share of the fair value of net identifiable assets of the associate net of any impairment loss identified on acquisition. The group's share of its associates' post-acquisition profits or losses is recognised in the profit and loss account and its share of post-acquisition movements in reserves is recognized in other comprehensive income to the extent that the profits, losses or movements are consistent with the group's significant accounting policies. Should the group's share of losses in an associate equal or exceed its interest in the associate, including any other unsecured receivables, the group will not recognize further losses unless it has incurred obligations or made payments on behalf of the associate.

b. Investments

Investments with fixed or determinable payments and which are not quoted in an active market are classified as loans and receivables and are stated at amortised cost, less impairment losses. Where the group has the positive intent and ability to hold securities to maturity, they are classified as held-to-maturity and recognised initially at cost and subsequently measured at amortised cost, less impairment losses. Other investments held by the group are classified as available-for-sale and are stated at fair value with changes in fair value recognised in other comprehensive income, except for impairment losses and foreign exchange gains and losses in the case of monetary items, such as debt securities. Where these investments are derecognised, the cumulative gain or loss previously recognised in other comprehensive income is recognised in group profit or loss. Where fair value cannot be reliably measured, these investments are stated at cost. Available-for-sale investments include certain debt and equity securities.

The fair value of quoted available-for-sale investments is their bid price.

Available-for-sale investments are recognised/derecognised by the group on the date it commits to purchase or sell the investments. Other investments are recognised/derecognised on the day they are transferred to/by the group.

c. Intangible assets and goodwill:

(i) Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units and tested annually for impairment. In respect of equity accounted investees, the carrying amount of goodwill is including in the carrying amount of the equity accounted investee as a whole.

(ii) Other intangible assets

Other intangible assets that are acquired by the group and have finite useful lives are measured at cost less accumulated amortization and any accumulation impairment losses.

(iii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(iv) Amortization

Except for goodwill, intangible assets are amortised on a straight-line basis in profit or loss over their estimated useful lives, from the date that they are available for use.

The estimates of useful lives are as follows:

- brands and trademarks 25 years
- customer relationships 15 years
- other identified intangible assets 3 years

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.



Notes to the Financial Statements (cont'd)

5. Accounting Policies (cont'd)

d. Segment reporting

Segment information is presented in respect of the group's strategic business segments. The identification of business segments is based on the group's management and internal reporting structure. Segment results, assets and liabilities include items directly attributable to a segment, as well as those that can be allocated on a reasonable basis.

The group reorganised its business segments in order to reflect its current strategy and focus. The change has culminated in the profit or loss before finance cost and taxation being used to measure the segment result instead of profit or loss before taxation. Previously reported segment information have been restated to conform to the current period's presentation. The reorganisation has resulted in the recognition of three business segments:

- JP Food & Drink - This comprises businesses that are engaged in agriculture, processing, distribution and/or retail of food and drink.
- JP Logistics & Infrastructure – This comprises businesses that are engaged in logistics, transportation, port operations, construction aggregates and related industries.
- Corporate Services – This comprises interest and investment income, net of the cost of corporate functions not directly charged to business units.

6. Segment Results

The segment results are as follows:

| | <u>2015</u> | | | |
|--|----------------------------|--|---------------------------|------------------|
| | <u>JP Food & Drink</u> | <u>JP Logistics & Infrastructure</u> | <u>Corporate Services</u> | <u>Group</u> |
| | <u>\$'000</u> | <u>\$'000</u> | <u>\$'000</u> | <u>\$'000</u> |
| Gross revenue | 7,336,071 | 1,270,594 | 256,912 | 8,863,577 |
| Inter - segment revenue | - | - | (157,653) | (157,653) |
| Revenue from external sources | <u>7,336,071</u> | <u>1,270,594</u> | <u>99,259</u> | <u>8,705,924</u> |
| Profit before finance cost and taxation | <u>265,480</u> | <u>399,372</u> | <u>290,195</u> | 955,047 |
| Finance cost - interest | | | | (206,664) |
| Profit before taxation | | | | 748,383 |
| Taxation | | | | (133,808) |
| Non-controlling interest | | | | <u>177,681</u> |
| Net profit attributable to parent company stockholders | | | | <u>792,256</u> |
| | <u>2014</u> | | | |
| | <u>JP Food & Drink</u> | <u>JP Logistics & Infrastructure</u> | <u>Corporate Services</u> | <u>Group</u> |
| | <u>\$'000</u> | <u>\$'000</u> | <u>\$'000</u> | <u>\$'000</u> |
| Gross revenue | 7,390,852 | 1,315,041 | 257,415 | 8,963,308 |
| Inter - segment revenue | - | - | (146,279) | (146,279) |
| Revenue from external sources | <u>7,390,852</u> | <u>1,315,041</u> | <u>111,136</u> | <u>8,817,029</u> |
| Profit before finance cost and taxation | <u>170,130</u> | <u>370,941</u> | (8,081) | 532,990 |
| Finance cost - interest | | | | (128,085) |
| Profit before taxation | | | | 404,905 |
| Taxation | | | | (86,079) |
| Non-controlling interest | | | | <u>39,394</u> |
| Net profit attributable to parent company stockholders | | | | <u>358,220</u> |



Jamaica Producers Group Limited

EXTRACTS FROM THE AUDITED GROUP RESULTS
YEAR ENDED DECEMBER 31, 2015

Notes to the Financial Statements (cont'd)

7. Seasonal Variations

There are significant seasonal variations in some of the group's activities, and so the results for any period are not necessarily indicative of the final results for the whole year.

8. Foreign Currency Translation

Overseas revenues and expenses have been translated at effective exchange rates of J\$129.48 (2014: J\$147.17) to €, J\$176.95 (2014: J\$180.98) to £1 and J\$116.69 (2014: J\$110.67) to US\$1.

Adjustments have been made for exchange gains and losses on foreign currency assets and liabilities at December 31, 2015 and December 31, 2014 based upon the following exchange rates:

| | <u>J\$/€</u> | <u>J\$/£</u> | <u>J\$/US\$</u> |
|-------------------|--------------|--------------|-----------------|
| December 31, 2015 | 129.97 | 175.74 | 119.64 |
| December 31, 2014 | 138.09 | 175.97 | 114.12 |

On behalf of the Board

Chairman

C.H. Johnston

Group Managing Director

J. Hall

March 1, 2016