

# JAMAICA PRODUCERS GROUP LIMITED

## UNAUDITED GROUP RESULTS

24 WEEKS ENDED JUNE 12, 2004

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### CHAIRMANS' STATEMENT

I am pleased to report that Jamaica Producers Group recorded a net profit of \$190.0 million on revenues of \$9.99 billion in the 24 weeks ended June 12, 2004 (First Half). Net profit declined from \$523.0 million for the comparable period last year, primarily because the First Half of 2003 included a gain on disposal of investments. Profit from operations was in line with the prior result, despite challenging market conditions.

In the First Half of 2004, the Fresh & Processed Foods Division generated a pre-tax profit of \$265.1 million, up 43.2% from the comparable period last year. The result was driven by strong revenue growth. The division now accounts for 58.4% of Group revenue, primarily due to the strength of our juice, smoothie and fresh food distribution businesses in the United Kingdom.

The Banana Division recorded a pre-tax profit of \$22.4 million, down 69.4% from \$73.1 million a year ago. Significant factors affecting divisional performance include price deflation and uncertainty about changes to the banana regime in the European Union (EU) due within the next 18 months. We are pursuing strategies to improve efficiency and diversify our customer base. The Second Quarter result represents a turnaround from a loss in the First Quarter of 2004, market conditions are expected to remain difficult.

C.J. Johnston  
Chairman

## GROUP BALANCE SHEET

	Unaudited as at June 12, 2004 \$'000	Unaudited as at June 14, 2003 \$'000	Audited as at December 31, 2003 \$'000
Current Assets			
Cash and short term investments	2,158,479	2,604,809	2,555,546
Accounts receivable	3,103,834	2,533,966	2,418,549
Taxation Recoverable	71,141	36,681	52,637
Inventories	576,291	643,827	498,193
	<u>5,909,745</u>	<u>5,819,313</u>	<u>5,524,925</u>
Current Liabilities			
Bank overdrafts and demand loans	(181,285)	(181,695)	(18,410)
Taxation	(96,380)	(83,329)	(26,978)
Accounts payable and other liabilities	(3,159,349)	(2,750,490)	(2,939,245)
Due to related company	-	(7,638)	-
	<u>(3,437,014)</u>	<u>(3,023,152)</u>	<u>(2,984,633)</u>
Working Capital	2,472,731	2,796,161	2,540,292
Interests in Associated Companies	75,452	64,657	76,195
Investments	3,998,975	1,650,265	2,262,642
Goodwill	277,894	172,490	257,318
Employee Benefit Liabilities	119,255	104,722	116,619
Deferred Tax Assets	139,740	184,283	171,442
Property, Plant and Equipment	<u>2,182,605</u>	<u>2,013,605</u>	<u>2,168,761</u>
	9,266,652	6,986,183	7,593,269
Minority Interests	(465,724)	(341,555)	(429,685)
Long-term Loans	(241,002)	(494,185)	(234,726)
Employee Benefit Liabilities	(299,994)	(202,372)	(270,863)

Deferred Tax Liabilities	(160,107)	(102,256)	(158,834)
Deferred Income	<u>(39,773)</u>	<u>(153,035)</u>	<u>(48,055)</u>
	8,060,052	5,692,780	6,451,106
	=====	=====	=====
STOCKHOLDERS' EQUITY			
Share Capital	18,702	18,702	18,702
Reserves	<u>8,041,350</u>	<u>5,674,078</u>	<u>6,432,404</u>
	8,060,052	5,692,780	6,451,106
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Stockholders' funds per ordinary stock unit (see note 4)	\$43.10	\$30.44	\$34.49
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## GROUP PROFIT AND LOSS ACCOUNT

	Notes	Unaudited 12 weeks ended June 12,2004 \$'000	Unaudited 12 weeks ended June 14,2003 \$'000	Unaudited 24 weeks ended June 12,2004 \$'000	unaudited 24 weeks ended June 14,2003 \$'000
Gross operating revenue	3	5,040,863	4,689,219	9,991,320	8,480,729
Cost of operating revenue		<u>(4,076,152)</u>	<u>(3,888,677)</u>	<u>(8,285,293)</u>	<u>(6,979,650)</u>
Gross profit		964,711	800,542	1,706,027	1,501,079
Selling and distribution costs		(369,912)	(296,561)	(703,947)	(538,682)
Administrative and other operating expenses		<u>(354,077)</u>	<u>(342,804)</u>	<u>(742,231)</u>	<u>(674,058)</u>
Profit from operations		240,722	161,177	259,849	288,339
Share of profit in associated companies		1,389	1,235	2,604	1,353
Finance cost		(6,182)	(8,315)	(11,432)	(13,169)
Net (loss)/gain from fluctuations in exchange rates		(84)	24,005	10,688	14,126
Gains on disposal of fixed assets and investments		176	5,961	24,529	331,588
Other income		<u>6,724</u>	<u>41,204</u>	<u>13,416</u>	<u>23,353</u>
Profit before taxation and minority interests		242,745	225,267	299,654	645,590
Taxation		<u>(69,898)</u>	<u>(63,583)</u>	<u>(86,654)</u>	<u>(95,254)</u>
Profit after taxation and before minority interests		172,847	161,684	213,000	550,336
Minority interests		<u>(34,843)</u>	<u>(24,478)</u>	<u>(22,982)</u>	<u>(27,369)</u>
Profit for the period attributable to the group		138,004	137,206	190,018	522,967

Earnings per ordinary stock unit, cents:	4	73.79	73.36	101.60	279.63
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## GROUP STATEMENT OF CHANGES IN EQUITY

	Share Capital \$'000	Share Premium \$'000	Capital Reserves \$'000	Fair Value Reserve \$'000	Retained Profits \$'000	Total \$'000
Balance at December 31, 2002, as restated	18,702	135,087	1,954,308	1,358,585	1,452,860	4,919,542
Exchange gains not recognised in the group profit and loss account	-	-	397,818	-	-	397,818*
Profit for the period attributable to the group	-	-	-	-	522,967	522,967*
Investment revaluation gains	-	-	-	173,466	-	173,466*
Realised investment revaluation gains transferred to the group profit and loss account	-	-	-	(321,013)	-	(321,013)*
Balances at June 14, 2003	18,702	135,087	2,352,126	1,211,038	1,975,827	5,692,780
Balances at December 31, 2003	18,702	135,087	2,430,372	1,624,127	2,242,818	6,451,106
Exchange gains not recognised in the group profit and loss account	-	-	55,353	-	-	55,353*
Profit for the period attributable to the group	-	-	-	-	190,018	190,018*
Investment revaluation gains	-	-	-	1,363,575	-	1,363,575*
Balances at June 12, 2004	18,702	135,087	2,485,725	2,987,702	2,432,836	8,060,052

\* Total recognised gains - \$1,608,946,000(2003 - \$773,238,000).

## GROUP STATEMENT OF CASH FLOWS

	Unaudited 24 weeks ended June 12,2004	Unaudited 24 weeks ended June 14,2003
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period attributable to the group	19,018	522,967
Items not affecting cash:		
Gains on disposal of fixed assets and investments	(24,529)	(331,588)
Other items	<u>217,120</u>	<u>192,898</u>
	382,609	384,277
Increase in current assets	(781,887)	(1,131,747)
Increase in current liabilities	<u>313,835</u>	<u>611,100</u>
CASH USED BY OPERATING ACTIVITIES	(85,443)	(136,370)
CASH(USED)/PROVIDED BY INVESTMENT ACTIVITIES	(482,941)	401,150
CASH PROVIDED BY FINANCING ACTIVITIES	<u>171,317</u>	<u>458,887</u>
Net (decrease)/increase in cash resources	(397,067)	723,667
Cash resources at beginning of the period	<u>2,555,546</u>	<u>1,881,142</u>
Cash resources at end of the period	<u>2,158,479</u> =====	<u>2,604,809</u> =====

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### NOTES:

1. Group's Operations

There were no significant changes to the Group's operations for the period under review.

2. Basis of Presentation

These consolidated financial statements have been prepared in accordance with and comply with standards issued by the International Accounting Standards Board.

Comparative figures have been restated to reflect the following adjustment for deferred taxes based on the audited accounts:

	Unaudited 24 weeks ended June 14, 2003 J\$'000
Profit for the period attributable to the group as previously reported	558,101
IAS 12 - Income taxes not previously included	(41,149)
Less applicable minority interest	<u>6,015</u>
As restated	<u>(35,134)</u> 522,967 =====

Where necessary, prior quarter's comparative figures have been reclassified and restated to conform with those of the current quarter.

3. Gross Operating Revenue

Gross operating revenue comprises the Group's sales of goods and services, commissions earned on consignment sales net of returns, UK Value Added Tax, General Consumption Tax and investment income.

4. Earnings per stock unit and stockholders' funds per stock unit

Earnings per stock unit and stockholders' funds per stock unit are calculated by dividing profit attributable to the group and stockholders' funds, respectively, by 187,024,006 stock units of 10 cents each.

5. Main Activities

The main activities of the Group during the period consisted of the cultivation, marketing and distribution of bananas and other fresh produce locally and overseas, juice manufacturing and distribution, shipping and the holding of investments.

6. Accounting Policies

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

a. Employee Benefits

The group participates in three defined benefit pension plans. Pension costs are assessed using the projected unit credit method. The cost of providing pensions is charged to the Group Profit and Loss Account. The net of the present value of the pension obligation and the fair value of the plan assets is reflected on the balance sheet.

Provision is made for the cost of vacation leave in respect of services rendered by employees up to the balance sheet date.

b. Goodwill

Goodwill on consolidation is reflected in the Group's financial statements for acquisition after 1995, subject to impairment. It is being amortized on a straight-line basis over a period of 20 years.

c. Investments

The Group's investments are initially recognized at cost and classified at the time of purchase in accordance with IFRS. Available-for-sale investments are subsequently re-measured at fair value. The excess of the fair value of these investments over the original carrying amount is credited to the Fair Value reserve (see Group Statement of Changes in Equity). Originated loans and receivables are subsequently re-measured at amortized cost. Securities having a maturity date of less than one year are included in Current Assets.

d. Deferred Taxation

Deferred income tax is provided in full, using the liability method, on temporary differences between the tax bases of assets and liabilities and their carrying amounts. A tax asset is reflected for unutilized tax losses only to the extent that reversal can reasonably be expected.

e. Segment reporting

The Group is organized into three business segments:

Banana Division - This comprises the growing, sourcing, ripening, marketing and distribution of bananas, and the operation of a shipping line that inter alia transports bananas to the United Kingdom.

Fresh & Processed Foods Division - This comprises the sourcing, marketing and distribution of fresh produce (other than bananas), and the production and marketing

of fresh juices, drinks and other freshly prepared foods and tropical snacks.

Corporate segment - This comprises the cost of corporate functions that are not directly charged to business units, as well as interest and investment income.

7. Segment Results

Segment results are as follows:

	Unaudited 12 weeks ended June 12, 2004 \$'000	Unaudited 12 weeks ended June 14, 2003 \$'000
<u>Revenue</u>		
Banana Division	4,084,133	3,798,875
Fresh & Processed Foods Division	5,837,953	4,575,734
Corporate	69,234	106,120
Total	<u>9,991,320</u>	<u>8,480,729</u>
	=====	=====
<u>Profit before tax and minority interests</u>		
Banana Division	22,363	73,149
Fresh & Processed Foods Division	265,080	185,093
Corporate	12,211	387,348
Total	<u>299,654</u>	<u>645,590</u>
	=====	=====

8. Foreign Currency Translation

Overseas revenues and expenses have been translated at effective exchange rates of J\$108.02 (2003 : J\$88.13) to 1.00 pound and J\$60.70 (2003 : J\$56.44) to US\$1.00.

Adjustments have been made for exchange gains and losses on foreign currency assets and liabilities at June 12, 2004 and June 14, 2003 based upon the following exchange rates:

	<u>J\$/Pound</u>	<u>J\$/US\$</u>
June 12, 2004	108.75	61.01
December 31, 2003	105.89	60.42
June 14, 2003	95.21	58.75
December 31, 2002	79.89	50.55

9. 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.

On behalf of the Board

C.H. Johnston  
Chairman

M. Hall  
Managing Director

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