Jamaica Producers Group Limited 2004

Notes to the Financial Statements

December 31, 2004

1. The company

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

The main activities of the company and its subsidiaries (note 26) are the cultivation, marketing and distribution of bananas and other fresh produce locally and overseas, juice manufacturing and distribution, shipping and the holding of investments.

The average number of employees during the year was 59 (2003: 88) for the company and 2,025 (2003: 2,154) for the group.

2. Basis of preparation, compliance and significant accounting policies

(a) Basis of preparation and compliance:

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and their interpretations adopted by the International

Accounting Standards Board (IASB), and comply with the provisions of the Companies Act.

The significant accounting policies stated in paragraphs (b) to (r) below conform in all material respects to IFRS.

The financial statements are presented in Jamaican dollars and are prepared on the historical cost basis, except for available-for-sale investments which are stated at fair value.

The preparation of the financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, contingent assets and contingent liabilities at the balance sheet date and the income and expenses for the year then ended. Actual amounts could differ from those estimates.

(b) Basis of consolidation:

Subsidiaries are those entities controlled by the company. Control exists when the company has the power, directly or indirectly, to govern the financial and operating policies so as to obtain benefits from its activities. The consolidated financial statements include the financial statements of all subsidiaries, made up to December 31, 2004.

Associated companies are those entities in which the group has significant influence but not control, over the financial and operating policies. The consolidated financial statements include the group's share of the total recognised gains and losses of associated companies on the equity accounting basis (note 8).

Inter-company balances and transactions, and any unrealised gains arising from inter-company transactions, are eliminated in preparing the consolidated financial statements.

The company and its subsidiaries are collectively referred to as the 'group'.

(c) Foreign currencies:

The group's foreign assets and liabilities are translated at the buying rates of exchange ruling at the balance sheet date [note 25(b)(iii)]. Items in the foreign subsidiaries' profit and loss account are translated at rates of 1 Pound to J$109.38 (2003: J$92.21) and US$1 to J$61.01 (2003: J$58.13), being the average rates of exchange ruling for the year.

Other transactions in foreign currencies are converted at the rates of exchange ruling at the dates of those transactions.

Gains and losses arising from translating income statement items are included in the profit and loss account. Unrealised portions of such gains are, ultimately, transferred to capital reserve. Exchange differences arising on other changes to stockholders' interests are reflected in other capital reserves (note 14).

(d) Property, plant and equipment:

(i) Owned assets

Items of property, plant and equipment are stated at cost, less accumulated depreciation and impairment losses [see note 2(k)].

(ii) Leased assets

Leases under which the group assumes substantially all the risks and rewards of ownership are classified as finance leases. Assets acquired under finance leasing arrangements in the United Kingdom are stated at an amount equal to the lower of the fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation, calculated in accordance with the policy in (iii) below, and impairment losses. After deducting interest attributable to future periods, the net amount payable is included in accounts payable.

(iii) Depreciation:

Property, plant and equipment, including leased assets, with the exception of freehold land on which no depreciation is provided, are depreciated on the straight-line basis at annual rates, varying between 2% and 50%, estimated to write off the assets over their expected useful lives. Computer software and equipment are depreciated on the straight-line basis at 33 1/3% and 100% per annum.

(e) Inventories:

Inventories are valued at the lower of cost, determined principally on the first-in first-out basis, and net realisable value.

(f) Trade and other receivables:

Trade and other receivables are stated at cost, less impairment losses.

(g) Goodwill

Goodwill represents amounts arising on acquisition of subsidiaries after 1995. It comprises the excess of the cost of acquisition over the fair value of the net identifiable assets acquired less contingent liabilities, and deemed cost at March 31, 2004.

At each balance sheet date, goodwill is stated at cost less any accumulated impairment losses. *IFRS 3 Business combinations, IAS 36 Impairment of assets and IAS 38 Intangible assets*, as revised, which are effective for accounting periods beginning on or after January 1, 2005 in respect of goodwill, have been adopted early. As of April 1, 2004, goodwill is allocated to cash-generating units and is no longer amortised but tested annually for impairment.

(h) Investments:

Investments acquired at the time of primary issue are classified as originated securities 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 stated at amortised cost, less impairment losses. Other investments held by the group are classified as being available-for-sale and are stated at fair value with changes in fair value taken to fair value reserve. 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.

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

(i) Securities purchased under resale agreements:

Securities purchased under resale agreements ('reverse repos') are short-term transactions in which the company makes funds available to other parties and in turn receives securities which it agrees to resell on a specified date at a specified price. Reverse repos are accounted for as short-term collateralised lending.

The difference between the sale and repurchase consideration is recognised on the accrual basis over the period of the transaction and is included in interest income.

(j) Biological assets:

Biological assets represent the cost of the banana plants which are capitalised up to maturity. These are stated at cost, less accumulated amortisation and impairment losses, as fair value cannot be reliably determined. The costs are amortised over a period of seven years.

(k) Impairment:

The carrying amounts of the company's and the group's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then to reduce the carrying amount of other assets in the unit on a pro rata basis. Goodwill was tested for impairment at April 1, 2004 and December 31, 2004 and there was no indication of impairment. Impairment losses are recognised in the group profit and loss account.

(i) Calculation of recoverable amount

The recoverable amount of the group's investments in originated and held-to-maturity securities and receivables is calculated as the present value of expected future cash flows, discounted at the original effective interest rate inherent in the asset. Receivables with a short duration are not discounted.

The recoverable amount of other assets is the greater of their net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

(ii) Reversals of impairment

An impairment loss in respect of an originated or held-to-maturity security or receivable is reversed, if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognised.

(l) Trade and other payables:

Trade and other payables, including provisions, are stated at their cost. A provision is recognised in the balance sheets when the company and group have a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(m) Employee benefits:

Employee benefits are all forms of consideration given by the group in exchange for service rendered by employees. These include current or short-term benefits such as salaries, bonuses, NIS contributions, annual leave, and non-monetary benefits such as medical care and housing; post-employment benefits such as pensions; and other long-term employee benefits such as termination benefits.

Employee benefits that are earned as a result of past or current service are recognised in the following manner: Short-term employee benefits are recognised as a liability, net of payments made, and charged as expense. The expected cost of vacation leave that accumulates is recognised when the employee becomes entitled to the leave. Post-employment benefits are accounted for as described below.

Post-employment benefits, comprising pensions and other post-employment assets and obligations included in the financial statements, are actuarially determined by a qualified independent actuary, appointed by management. The appointed actuary's report outlines the scope of the valuation and the actuary's opinion. The actuarial valuations are conducted in accordance with IAS 19, and the financial statements reflect the company's/group's post-employment benefit asset and obligation as computed by the actuary. In carrying out their audit, the auditors rely on the actuary's report.

Defined-benefit pension plans

The group's net obligation in respect of its defined-benefit pension plans is calculated by estimating the amount of future benefits that employees have earned in return for their service in the current and prior periods; that value is discounted to determine the present value, and the fair value of any plan assets is deducted. The discount rate is determined by reference to the yield at the balance sheet date on long-term government bonds of maturities approximating the terms of the company's obligation. The calculation is performed by a qualified actuary using the projected unit credit method.

When the benefits of the plan are improved, the portion of the increased benefit relating to past service by employees is recognised as an expense in the group profit and loss account on the straight-line basis over the average period until the benefits become vested. To the extent that the benefits are vested immediately, the expense is recognised immediately in the group profit and loss account.

To the extent that any cumulative unrecognised actuarial gain or loss exceeds ten percent of the greater of the present value of the defined-benefit obligation and the fair value of plan assets, that portion is recognised in the group profit and loss account over a period representing 50% of the average remaining working lives of staff members in the plan.

Where the calculation results in a pension surplus to the group, the recognised asset is limited to the present value of any future refunds from the plan, or reductions in future contributions to the plan, less any unrecognised actuarial losses and past service costs.

(n) Revenue:

Revenue from the sale of goods is recognised in the group profit and loss account when the significant risks and rewards of ownership have been transferred to the buyer. Revenue from services rendered is recognised in the group profit and loss account in proportion to the stage of completion of the transaction at the balance sheet date.

(o) Finance costs:

Finance costs represent interest payable on borrowings calculated using the effective interest rate method.

(p) Interest income:

Interest income is recognised in the group profit and loss account as it accrues, taking into account the effective yield on the asset.

(q) Taxation:

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the group profit and loss account except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(r) Segment reporting:

A segment is a distinguishable component of the group that is engaged either in providing products (business segment), or in providing products within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

3. Accounts receivable

	Company		Group	
	2004	2003	2004	2003
	$'000	$'000	$'000	$'000
Trade receivables	8,659	1,549	2,174,926	2,196,300
Staff receivables	23,062	31,107	27,585	34,338
Other receivables and prepayments	191,401	91,823	587,052	283,923
	223,122	124,479	2,789,563	2,514,561
Less: Provision for doubtful debts	(28,086)	(34,763)	(151,192)	(126,420)
	195,036	89,716	2,638,371	2,388,141

Other receivables and prepayments for the company and the group include $92,672 (2003: $201,000) receivable from directors of the company in the ordinary course of business and a receivable of $136,477,000 (2003: $Nil) from the company's defined-benefit pension scheme that is in the process of being wound up (see note 10).

4. Inventories

	Company		Group	
	2004	2003	2004	2003
	$'000	$'000	$'000	$'000
Processed goods	-	-	3,835	-
Raw materials and consumables	-	-	643,839	479,037
Spare parts and other	612	640	14,705	19,156
	612	640	662,379	498,193

5. Bank overdrafts and short-term loans

The overdraft facility of the company is unsecured (see note 12). The overdraft facility of a UK subsidiary is secured on that subsidiary's freehold property and by a fixed and floating charge over its assets. Interest is charged at between 1 1/2 and 2% above base rate. The bank overdraft of a Jamaican subsidiary is secured by a debenture over the fixed and floating assets of that subsidiary, stamped to cover $12 million.

6. Accounts payable

	Company		Group	
	2004	2003	2004	2003
	$'000	$'000	$'000	$'000
Trade payables	85,952	42,702	2,504,539	2,223,471
Provisions	-	59,018	13,072	60,666
Other	43,835	50,431	599,263	579,585
	129,787	152,151	3,116,874	2,863,722

Accounts payable includes $24,787,000 (2003: $35,126,000) due to directors, for the company and the group.

Provisions represent the estimated cost of restoration of vacated leasehold properties and certain employee benefits for the company and the group and are broken down as follows.

	Company		Group	
	2004	2003	2004	2003
	$'000	$'000	$'000	$'000
Balance at beginning of the year	59,018	51,263	60,666	51,263
Provisions made during the year	-	59,018	13,281	60,666
Provisions used during the year	(59,018)	(51,263)	(60,875)	(51,263)
Balance at end of the year	-	59,018	13,072	60,666

7. Biological assets - banana plants

	Company		Group	
	2004	2003	2004	2003
	$'000	$'000	$'000	$'000
Balance at beginning of the year	-	-	30,408	4,007
Increase due to new plantation	-	-	18,504	26,401
Amortisation for the year	-	-	(24,456)	-
Balance at end of the year	-	-	24,456	30,408

8. Interests in subsidiary and associated companies

	Company		Group	
	2004	2003	2004	2003
	$'000	$'000	$'000	$'000
Subsidiary companies:				
Shares, at cost, less amounts written off	21,455	21,455	-	-
Loan accounts receivable	550,977	534,120	-	-
Loan accounts payable	(613,560)	(792,175)	-	-
Current accounts receivable	710,549	893,865	-	-
Current accounts payable	(545,929)	(599,210)	-	-
	123,492	58,055	-	-
Associated companies:				
Shares, at cost, less amounts written off	1	1	1	28,927
Group's share of reserves	-	-	-	16,023
Loan accounts receivable	32,456	32,456	33,709	33,709

Current accounts (payable)/receivable	(7,747)	(5,747)	809	(2,464)
	24,710	26,710	34,519	76,195
	148,202	84,765	34,519	76,195

Frobishers Juices Limited became a 65% subsidiary during the year [note 22(b)]. Consequently, its reserves, which were previously included in associated companies' reserves, are now included in subsidiary companies' reserves. An associated company, Belvedere Limited has its year-end at June 30. The consolidated profit and loss account includes the group's share of profits/losses of this company, as well as two subsidiaries, Jamaica Producers Marketing (USA) Inc. and Cia Bananera del Tropico JP, S.A., based on the management accounts for the year ended December 31, 2004. The results of these companies are insignificant in relation to the group.

9. Investments

	Company		Group	
	2004	2003	2004	2003
	$'000	$'000	$'000	$'000
Available-for-sale securities:				
Quoted	4,097,022	1,877,143	4,098,828	1,877,288
Unquoted	72,329	34,961	267,608	34,968
	4,169,351	1,912,104	4,366,436	1,912,256
Originated loans and receivables:				
Government of Jamaica 2006 bonds	122,548	120,831	122,548	120,831
Promissory notes	41,622	27,406	41,622	27,406
Loan to employee share ownership Plan (ESOP)	46,723	81,207	46,723	81,207
Other debt securities	-	-	192,094	120,831
National Housing Trust (receivable in years 2001/2004)	-	39	-	76
Mortgage loans for staff housing	-	-	-	35
	210,893	229,483	402,987	350,386
	4,380,244	2,141,587	4,769,423	2,262,642

Market values of quoted investments are computed based on quotations received from stockbrokers.

It is the opinion of the directors that the value of unquoted investments approximates at least to their carrying value.

The number of stock units (note 13) held by the ESOP at December 31, 2004 was 15,793,508 (2003: 16,546,377).

10. Employee benefit asset/obligation

At the end of the year, the group had two benefit-based and four contributory pension schemes in operation. These are managed by trustees and cover certain salaried employees of the company and certain of its subsidiary and associated companies, who have satisfied minimum service requirements. The group terminated one of its benefit-based pension schemes during the year and, immediately thereafter, established a defined contribution scheme for those employees who were members of that scheme. As a result of that termination, the scheme is in the process of being wound up and the related employee benefit asset is included in accounts receivable (see note 3).

(a) Contributions under the four contributory pension schemes during the year amounted to $26,246,000 (2003: $14,422,000).

(b) The amounts recognised in the balance sheets in respect of the defined-benefit schemes are as follows:

(i) Employee benefit asset/obligation:

	Company and Group Asset		Group Obligation	
	2004	2003	2004	2003
	$'000	$'000	$'000	$'000
Present value of funded obligations	(215,234)*	(57,442)	(3,145,426)*	(2,583,990)
Fair value of plan assets	370,000	280,678	1,991,370	1,638,090
Sub-total	154,766	223,236	(1,154,056)	(945,900)
Unrecognised actuarial (gains)/losses included in the sub-total above	-	(69,651)	801,222	675,037
Unrecognised asset due to limitation in economic benefit	(16,289)	(36,966)	-	-

Recognised asset/(obligation)	138,477	116,619	(352,834)	(270,863)
Less provision for winding-up expenses	(2,000)	-	-	-
	136,477	116,619	(352,834)	(270,863)
Less current portion transferred to accounts receivable (note 3)	(136,477)	-	-	-
	-	116,619	(352,834)	(270,863)

(ii) Movements in net asset/obligation recognised in the balance sheets:

	Company and Group Asset		Group Obligation	
	2004	2003	2004	2003
	$'000	$'000	$'000	$'000
Net asset/(obligation) at January 1	116,619	95,968	(270,863)	(155,545)
Contributions paid	4,138	6,565	134,977	62,795
(Income)/expense recognised in the group profit and loss account	15,720	17,013	(188,792)	(119,134)
	136,477	119,546	(324,678)	(211,884)
Exchange loss on retranslation	-	-	(28,156)	(58,979)
Change in asset not recognised due to limitation on economic benefit	-	(2,927)	-	-
Net asset/(obligation) at December 31	136,477	116,612	(352,834)	(270,863)

*This includes the amount of $145,402,000 representing an obligation to transfer members' accrued pension entitlements to the new defined contribution scheme.

(iii) Income/(expense) recognised in the group profit and loss account:

	Asset		Obligation	
	2004	2003	2004	2003
	$'000	$'000	$'000	$'000
Current service cost	-	-	(106,647)	(83,910)
Interest on obligation	(7,271)	(8,071)	(150,728)	(93,500)
Actuarial gains/(losses) recognised	1,810	806	(54,909)	(19,272)
Expected return on plan assets	21,181	24,278	123,492	77,548
Income/(expense) recognised in				

the group profit and loss account	15,720	17,013	(188,792)	(119,134)
Actual return on plan assets	27.2%	17.6%	5.5%	14.3%

(iv) Principal actuarial assumptions at the balance sheet date (expressed as weighted averages based on the plan assets of each scheme).

	2004	2003
	%	%
Discount rate at December 31	5.28	6.65
Expected return on plan assets at December 31	6.67	7.38
Future salary increases	4.92	5.52
Future pension increases	2.25	1.90

11. Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

Company

	Assets		Liabilities		Net	
	2004	2003	2004	2003	2004	2003
	$'000	$'000	$'000	$'000	$'000	$'000
Property, plant and equipment	8,705	-	-	3,413	8,705	(3,413)
Employee benefits	-	-		38,844	-	(38,844)
Other liabilities	2,996	7,091	-	-	2,996	7,091
Other assets	-	-	50,128	9,875	(50,128)	(9,875)
	11,701	7,091	50,128	52,132	(38,427)	(45,041)

Group

	Assets		Liabilities		Net	
	2004	2003	2004	2003	2004	2003
	$'000	$'000	$'000	$'000	$'000	$'000
Property, plant and equipment	-	51,611	114,729	110,115	(114,729)	(58,504)
Employee benefits	105,850	75,593	-	38,844	105,850	36,749
Other liabilities	22,778	18,666	-	-	22,778	18,666

Other assets	-	-	49,318	9,875	(49,318)	(9,875)
Tax losses carried forward	15,000	25,572	-	-	15,000	25,572
	143,628	171,442	164,047	158,834	(20,419)	12,608

Movement on net deferred tax during the year is as follows:

	2004 $'000	2003 $'000
Net deferred tax assets at beginning of year	12,608	103,653
Recognised in group profit and loss account [note 19(a) (ii)]	(33,027)	(91,045)
Net deferred tax (liabilities)/assets at end of year	(20,419)	12,608

12. Property, plant and equipment

Company

	Freehold land and buildings $'000	Leasehold land and buildings $'000	Furniture, machinery and motor vehicles $'000	Work-in progress $'000	Total $'000
At cost:					
December 31, 2003	50,484	21,634	124,528	590	197,236
Transfers	(511)	602	759	(850)	-
Additions	-	-	13,511	260	13,771
Disposals	-	-	(44,674)	-	(44,674)
December 31, 2004	49,973	22,236	94,124	-	166,333
Depreciation:					
December 31, 2003	11,972	10,367	101,553	-	123,892
Charge for the year	1,186	1,112	14,179	-	16,477
Transfers	(1,131)	1,921	(790)	-	-
Eliminated on disposals	-	-	(43,493)	-	(43,493)
December 31, 2004	12,027	13,400	71,449	-	96,876
Net book values:					
December 31, 2004	37,946	8,836	22,675	-	69,457
December 31, 2003	38,512	11,267	22,975	590	73,344

Group

	Freehold land and buildings $'000	Leasehold land, buildings and farm develop-ment costs $'000	Furniture, equipment and vehicles $'000	Work-in progress $'000	Total $'000
At cost:					
December 31, 2003	700,419	1,015,413	3,209,804	81,112	5,006,748
Additions	42,322	688	350,509	20,590	414,109
Transfers	-	40,301	(2,490)	(37,811)	-
Disposals	(39,932)	(162,894)	(211,346)	-	(414,172)
Exchange adjustments	59,157	55,582	247,407	-	362,146
December 31, 2004	761,966	949,090	3,593,884	63,891	5,368,831
Depreciation:					
December 31, 2003	190,490	424,995	2,222,502	-	2,837,987
Charge for the year	22,750	25,349	271,008	-	319,107
Transfers	-	37,587	(37,587)	-	-
Eliminated on disposals	(1,839)	(109,715)	(194,048)	-	(305,602)
Exchange adjustments	17,353	10,260	159,357	-	186,970
December 31, 2004	228,754	388,476	2,421,232	-	3,038,462
Net book values:					
December 31, 2004	533,212	560,614	1,172,652	63,891	2,330,369
December 31, 2003	509,929	590,418	987,302	81,112	2,168,761

Freehold land and buildings include land as follows:

	Company		Group	
	2004 $'000	2003 $'000	2004 $'000	2003 $'000
Cost	21,659	21,659	275,837	222,153
Directors' allocation of cost	4,507	4,507	4,857	4,857

Total land	26,166	26,166	280,694	227,010

The company has given an undertaking to one of its bankers not to encumber real estate held at 6A Oxford Road while the company has credit arrangements (note 5).

13. Share capital

	2004 $'000	2003 $'000
Authorised:		
500,000,000 ordinary shares of 10 cents each	50,000	50,000
Issued and fully paid:		
187,024,006 ordinary stock units of 10 cents each (note 9)	18,702	18,702

14. Reserves

	Company		Group	
	2004 $'000	2003 $'000	2004 $'000	2003 $'000
Capital:				
Share premium	135,087	135,087	135,087	135,087
Fair value reserve	3,881,374	1,624,123	3,893,587	1,624,127
Other (see below)	1,404,340	1,379,429	2,658,139	2,430,372
Total capital	5,420,801	3,138,639	6,686,813	4,189,586
Revenue:				
Retained profits	100,052	294,935	2,456,368	2,242,818
	5,520,853	3,433,574	9,143,181	6,432,404

Other capital reserves comprise gains on disposal of property, plant and equipment and investments, unrealised exchange gains and unclaimed distributions to stockholders (note 21).

15. Long-term loans

	Company		Group	
	2004	2003	2004	2003

		$'000	$'000	$'000	$'000
(a)	Bank loans	-	-	242,969	281,410
(b)	Jamaica Exporters Association (JEA)	-		7,056	17,247
(c)	Rehabilitation loans	-	-	8,850	9,432
(d)	Banana Export Company Limited (BECO)	2,624	6,181	2,624	6,181
(e)	Finance lease obligations	-	-	33,779	-
		2,624	6,181	295,278	314,270
Less:	Current portion	(2,624)	(3,557)	(87,940)	(79,544)
		-	2,624	207,338	234,726

(a) These are loans, denominated in Pounds Sterling, which are secured over a subsidiary company's freehold land and building and by a fixed and floating charge over its operating assets. The loans are repayable by quarterly instalments over a five-year period.

(b) The JEA loan is denominated in US dollars. It was received in 2000, supported by a bank guarantee and repayable over five years from disbursement, with a moratorium on principal for two years. Interest is charged at a fixed rate of 3% per annum.

(c) The rehabilitation loans received during 1998 were repayable over a three to five year period by quarterly instalments after a moratorium of one year. 75% of the loans were converted to grants and made interest-free, retroactive to their commencement and the balance is currently subject to re-negotiation with the consent of the lender. The loans are secured on the assets that were purchased from the proceeds.

(d) This represents an interest-free loan from the Banana Export Company Limited (BECO), and is repayable by twenty-four monthly payments with a six-month moratorium after the first disbursement.

(e) The obligations under finance leases are denominated in Pound Sterling and repayable by quarterly instalments over a five-year period.

16. 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, U.K. value added tax and Jamaican General Consumption Tax.

17. Redundancy and lay-off costs

These costs represent the group's restructuring and rationalisation in certain subsidiaries, including the consequences of damage occasioned by Hurricane Ivan during the year.

18. Profit before taxation and minority interests

Profit before taxation and minority interests is stated after charging/(crediting):

	2004 $'000	2003 $'000
Directors' emoluments:		
Fees	1,590	1,616
Remuneration	102,899	88,140
Auditors' remuneration	19,176	16,678
Depreciation	319,107	338,077
Goodwill amortised	3,926	11,864
Staff costs	2,359,661	1,837,596
Interest income	(177,961)	(236,435)
Dividends received (gross)	(34,918)	(28,619)

19. Taxation

(a) Recognised in the group profit and loss account.

The taxation charge is based on the group's results for the year, as adjusted for tax purposes, and comprises:

	2004 $'000	2003 $'000
(i) Current tax charge:		
Taxation on share of profits of associated companies	875	1,016
United Kingdom Corporation tax @ 30% (2003: 30%)	198,082	102,608
Under-provision in previous year	1,271	-

	200,228	103,624

(ii) Deferred taxation (note 11):

Origination and reversal of temporary differences	22,455	(68,812)
Tax losses	10,572	159,857
	33,027	91,045
Total taxation in group profit and loss account	233,255	194,669

(b) The effective tax rate for 2004 was 32.82% (2003: 18.18% - restated) of $710,740,000 (2003: $1,071,029,000 - restated) pre-tax profits, compared to the statutory tax rate of 33 1/3% (2003: 33 1/3 %). The actual charge differs from the "expected" tax charge for the year as follows:

	2004 $'000	2003 $'000
Profit before taxation	710,740	1,071,029
Computed "expected" tax charge @ 33 1/3 %	236,913	357,010
Taxation difference between profit for financial statements and tax reporting purposes on -		
Overseas taxation	(19,495)	(10,273)
Tax losses and tax relief utilised	(19,817)	(115,827)
Gain on sale of property, plant and equipment and investments	(24,222)	(16,813)
Disallowed expenses, depreciation and other related capital adjustments	59,876	(19,428)
Actual tax charge	233,255	194,669

(c) Four subsidiary companies operated, and two continue to operate, under relief from taxation on agricultural income as follows:

Company	Income Tax Order	Effective dates From	To

Eastern Banana Estates Limited	Income Tax (Approved Farmer) (No. 3) Order 1993 and 2004	1992 2003	2001 2008
Victoria Banana Company Limited	Income Tax (Approved Farmer) (No. 4) Order 1994	1995	2002
St. Mary Banana Estates Limited	Income Tax (Approved Farmer) (No. 3) Order 1993 and 2004	1992 2003	2001 2008
Agualta Vale Limited	Income Tax (Approved Farmer) Order of 1984 and 1990.	1985 1990	1989 2000

(d) As at December 31, 2004, taxation losses, subject to agreement by the Commissioner of Taxpayer Audit and Assessment, available for relief against future taxable profits amounted to approximately $13,162,000 (2003: $ Nil) for the company and $579,320,000 (2003: $584,363,000) for the group. A deferred tax asset of $178,012,000 (2003: $167,794,000) in respect of tax losses of certain subsidiaries has not been recognised by the group as management does not believe that the asset will be realised in the foreseeable future.

20. Earnings per ordinary stock unit

The earnings per ordinary stock unit is calculated by dividing the net profit for the year of $426,318,000 (2003: $891,814,000) attributable to the group by 187,024,006 (2003: 187,024,000) ordinary stock units of 10 cents each, being the number of units in issue during the year.

21. Distributions to stockholders

	2004 $'000	2003 $'000
Capital distributions:		
First interim paid in respect of 2004 - Nil (2003: 25 cents) per stock unit - gross	-	46,756
Special interim paid in respect of 2004 - Nil (2003: 25 cents) per stock unit - gross	-	46,756
Second special interim paid in respect of 2004 - Nil (2003: 20 cents) per stock unit - gross	-	37,405

	-	130,917
Ordinary dividends:		
First interim paid in respect of 2004 - 25 cents (2003: 30 cents) per stock unit - gross	46,756	56,107
Special interim paid in respect of 2004 - 75 cents (2003: Nil) per stock unit - gross	140,268	-
Second interim paid in respect of 2004 - 25 cents (2003: Nil) per stock unit - gross	46,756	-
	233,780	187,024
Unclaimed distributions written back to capital reserve (note 14)	(24,911)	(19,213)
	208,869	167,811

22. Contingent liabilities

(a) The company has given a guarantee of $1,000,000 to cover bank borrowings of a subsidiary. One of the group's bankers, Bank of Nova Scotia Jamaica Limited, has also issued a guarantee on behalf of a subsidiary in favour of a utility company for $521,000.

(b) On June 13, 2004, a subsidiary acquired an additional 17 1/2 % shareholding in an associated company incorporated in Great Britain, bringing the group's total shareholding to 65%. The initial consideration was 192,500 pounds (J$20,934,000). Additional consideration estimated at 54,590 pounds (J$6,315,000) may be payable in 2005, depending on certain performance milestones being achieved.

23. Commitments

(a) Unexpired lease commitments at December 31, 2004 expire as follows:

	Company		Group	
	2004	2003	2004	2003
	$'000	$'000	$'000	$'000
Within one year	-	-	9,686	1,906
Subsequent years	-	-	89,746	34,308
	-	-	99,432	36,214

(b) As at December 31, 2004, capital expenditure authorised but not committed amounted to approximately $41,616,000 (2003: $36,916,000) for the company and $779,235,000 (2003: $872,087,000) for the group.

(c) At December 31, 2004, a subsidiary had purchase commitments of $367,620,000 (US$ 6,000,000) [2003: $126,882,000 (US$ 2,100,000)], in the ordinary course of business in respect of forward exchange contracts.

24. Segment Reporting

Segment information is presented in respect of the group's business segments. The primary format, business segmentation, 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. Unallocated items comprise mainly income-earning assets and revenue.

Segment capital expenditure is the total cost incurred during the year to acquire segment assets that are expected to be used for more than one period.

Business segments:

The group is organised into three business segments. These are:

(a) Banana segment - 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.

(b) Fresh and processed foods segment - 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.

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

	Banana	Fresh and Processed Foods	Corporate	Total

	2004 $'000	2003 $'000	2004 $'000	2003 $'000	2004 $'000	2003 $'000	2004 $'000	2003 $'000
Gross operating revenue	8,962,406	8,319,180	12,998,342	9,881,263	283,071	357,859	22,243,819	18,558,302
Inter-segment revenue	(17,660)	(20,514)	-	-	(111,861)	(125,162)	(129,521)	(145,676)
Revenue from external customers	8,944,746	8,298,666	12,998,342	9,881,263	171,210	232,697	22,114,298	18,412,626
Segment result	(555)	198,684	637,348	289,036	72,940	579,963	709,733	1,067,683
Share of profit/(loss) in associated companies	-	-	3,007	4,599	(2,000)	(1,253)	1,007	3,346
Profit/(loss) before taxation and minority interests	(555)	198,684	640,355	293,635	70,940	578,710	710,740	1,071,029
Taxation							(233,255)	(194,669)
Minority interests							(51,167)	15,454
Net profit for the year							426,318	891,814
Segment assets	3,440,957	3,201,821	4,033,036	3,121,853	6,499,517	4,320,131	13,973,510	10,643,805
Segment liabilities	1,522,151	1,425,124	2,462,560	1,982,345	826,916	763,068	4,811,627	4,170,537
Capital expenditure	78,431	106,831	317,841	154,075	17,837	20,316	414,109	281,222
Depreciation and amortisation	159,595	195,182	164,279	119,679	23,615	35,080	347,489	349,941

25. Financial instruments

A financial instrument is any contract that gives rise to both a financial asset of an enterprise and a financial liability or equity instrument of another enterprise. For the purpose of the financial statements, financial assets have been determined to include cash resources, short-term investments, securities purchased under resale agreements, accounts receivable and investments. Financial liabilities include bank overdrafts and demand loans, accounts payable, due to related companies and long-term loans.

(a) Fair value of financial instruments:

Fair value amounts represent estimates of the arm's length consideration for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties who are under no compulsion to act. Fair value is best evidenced by a quoted market price, if one exists.

The fair value of cash resources, short-term investments, securities purchased under resale agreements, accounts receivable, bank overdrafts and demand loans, accounts payable and due to related companies are assumed to approximate their carrying values due to their relatively short-term nature. The fair value of quoted investments is at market value. The fair value of other investments, except for certain unquoted shares (note 9), are assumed to be cost, less provision for impairment.

The fair value for long-term loans is assumed to approximate carrying value as no discount on settlement is anticipated.

(b) Financial instrument risks:

Exposure to credit, interest rate, foreign currency, market, liquidity and cash flow risks arises in the ordinary course of the company's and the group's business. No derivative financial instruments are presently used to manage, mitigate or eliminate exposure to financial instrument risk, except as shown in note 23 (c).

(i) Credit risk:

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation resulting in loss to the other party.

The company and the group manage this risk by:

- having a credit policy in place to minimize exposure to credit risk;
- performing credit evaluations on all customers requiring credit; and
- maintaining cash resources with reputable financial institutions.

Except for cash resources, accounts receivable and investment in certain quoted equities, there were no other significant concentrations of credit risk and the maximum exposure to credit risk is represented by the carrying amount of each financial asset.

(ii) Interest rate risk:

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The company and the group materially contract financial liabilities at fixed interest rates for the duration of the term. Bank overdrafts are subject to interest rates which may be varied by appropriate notice by the lender. Financial liabilities subject to fixed interest rates are shown at note 15.

(iii) Foreign currency risk:

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The company and the group are exposed to foreign currency risk on transactions that are denominated in currencies other than the Jamaican dollar. The main currencies giving rise to this risk are the Pound Sterling, United States dollar (US$) and Euros.

The company and group manage this risk by matching foreign currency assets with liabilities as far as possible.

The net foreign currency assets/(liabilities) at year-end were as follows:

	Company		Group	
	2004 ('000)	2003 ('000)	2004 ('000)	2003 ('000)
US dollar	2,844	16,066	13,308	26,133
Pound Sterling	303	786	27,694	7,028
Euros	-	-	(1,165)	228

Buying exchange rates at:

	April 05, 2005	December 31 2004	December 31 2003
US$1 to J$	J$61.29	61.27	60.42
UK pound 1 to J$	J$112.41	115.68	105.89
Euro 1 to J$	J$76.91	81.73	74.39

(iv) Market risk:

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual security or its issuer, or factors affecting all securities traded in the market.

The company and the group manage this risk by conducting research and monitoring the price movement of securities on the local and international markets.

(v) Liquidity risk:

Liquidity risk, also referred to as funding risk, is the risk that the company will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at, or close to, its fair value. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, and the availability of funding through an adequate amount of committed facilities.

Due to the dynamic nature of the underlying businesses, the management of the company and the group aim at maintaining flexibility in funding by ensuring that sufficient cash resources are held or placed in short-term marketable instruments to meet financial obligations when they fall due.

(vi) Cash flow risk:

Cash flow risk is the risk that future cash flows associated with a monetary financial instrument will fluctuate in amount. The company manages this risk by contracting, as far as possible, at fixed interest rates.

26. Subsidiary and associated companies

	2004	2003	Place of
	% equity held		incorporation
SUBSIDIARY COMPANIES*			
Jamaica Banana Producers Steamship Company Limited	100	100	Jamaica
Agualta Vale Limited	100	100	"
St. Mary Banana Estates Limited	100	100	"
The Jamaica Producers Marketing Company Limited	100	100	"
Cariban Limited	100	100	Guernsey
JP Fruit Distributors Limited	65	65	England and Wales
Producers Fruit Distributors Limited	100	100	Jamaica
Jamaica Producers Ripening Company Limited	100	51	"
JBFS Investments Limited	100	100	"
Crescent Developments Limited	100	100	"
Southern Shipping Company Limited	100	100	"
P. S.C. Limited	100	100	"
Jamaica Producers Shipping Company Limited	60	60	"
Jamaica Producers Marketing (U.S.A.) Inc.	100	100	U.S.A
Caribbean Chartering Limited	100	100	Cayman Islands
Central American Banana Limited	100	100	"
Serious Food Limited	100	-	England and Wales
Sunjuice Limited	100	100	"
Serious Food (Distribution) Limited	100	100**	"
Astrol Properties Limited	100	100	"
Frobishers Juices Limited	65	***	"
Cia. Bananera del Tropico JP, S.A.	100	100	Costa Rica
Cia. Comercializadora Productos Limon	100	100	"
Eastern Banana Estates Limited	100	100	Jamaica
Victoria Banana Company Limited	100	100	"
Agri Services Limited	100	100	"
Trinjam Food Processors Limited	100	100	"

ASSOCIATED COMPANIES

Belvedere Limited	25	25	Jamaica
Frobishers Juices Limited	***	47 1/2	England and Wales

*The names of inactive subsidiary companies are omitted.
**Formerly named Regale Foods Limited.
***Became a 65% subsidiary during the year 2004.