



# JAMAICA PRODUCERS GROUP LIMITED

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UNAUDITED GROUP RESULTS  
40 WEEKS ENDED OCTOBER 8, 2005

## CHAIRMAN'S STATEMENT

Jamaica Producers Group recorded a net profit of \$204.0 million on revenue of \$20.23 billion for the 40 weeks ended October 8, 2005. Revenue increased 20.3%, however, net profit declined 43.5% from the comparable period in 2004. The strong revenue performance reflected our drive to increase market share across our juice and fresh produce businesses. Several major factors have however, had an adverse impact on our profitability:

- In the First Quarter, we recorded a \$213.5 million pre-tax loss in the Banana Division, due to the lack of Jamaican bananas following Hurricane Ivan and the high cost of sourcing supplies to meet customer requirements.
- In the Second Quarter, we faced the product-tampering incident at Sunjuice. This has reduced year-to-date pre-tax profits by \$157.0 million.
- In the Third Quarter, Hurricanes Dennis and Emily caused significant crop losses at our banana farms shortly after the resumption of export shipments and completion of the Hurricane Ivan recovery programme.

### Fresh & Processed Foods Division

The Fresh and Processed Foods Division earned a pre-tax profit of \$281.0 million on revenue of \$12.15 billion for the 40 weeks ended October 8, 2005. Year over year revenue growth was strong at 24.7%, however pre-tax profit declined 40.6%.

Our UK fresh produce business (other than bananas) continues to perform very well, with increased profits this year over last.

Sunjuice's profitability declined due to the product-tampering incident in the Second Quarter and margin pressure in the Third Quarter, the latter largely due to cost increases that could not be passed on to customers. I am pleased to report that we won the World Juice Innovation Award for the second time in four years.

Our UK chilled distribution business targeted at the foodservice and convenience sectors recorded a loss in the 40-week period, compared with a profit in 2004. Our strategy is to expand beyond the original base in London to better serve some of our key customers and acquire new national accounts. This has resulted in additional expenses in the short term.

Divisional performance was affected by year-to-date losses in our UK soup business as it continued its development programme. Our Jamaican snack food business experienced losses due to the unavailability of adequate supplies of bananas and plantains due to the hurricanes.

### Banana Division

The Banana Division generated a pre-tax profit of \$74.6 million for the 40 weeks ended October 8, 2005, despite the substantial loss incurred in First Quarter. Year-to-date revenue increased 14.5% and pre-tax profit declined 47.7% compared with 2004.

The division continues to experience healthy growth in its UK ripening and distribution businesses, and in its worldwide sourcing operation. The year-to-date results for the Banana Division do, however, continue to be adversely affected by the losses associated with Hurricanes Ivan, Dennis and Emily. In addition to crop losses and the costs associated with replanting at the banana farms, the division has incurred costs associated with the maintenance of its shipping contracts at reduced volumes. Hurricane-related costs have been partially offset by insurance and other recoveries included in Other Income.

The European Union has indicated its intention to change the regime governing the importation of bananas into Europe. The present regime provides protection for banana producers in Africa, the Caribbean and the Pacific (ACP) by way of a system of tariffs and quotas. The EU has announced its intention to adopt a "tariff-only" system by January 1, 2006. The specific terms of a "tariff-only" regime that is accepted as compliant with the WTO trade rules have not yet been announced. It is possible that the trade arrangement that is introduced could adversely affect our banana production in Jamaica and require adjustments to our banana sourcing strategy in the UK.

### Corporate

The Corporate segment had a year-to-date pre-tax profit of \$18.7 million, compared with a \$1.9 million loss in the same period last year. This segment comprises interest and investment income, net of the cost of corporate functions not directly charged to the business units.

### Outlook

Jamaica Producers Group has an excellent reputation for quality, innovation and customer service. We are a leader in the UK fresh produce and fresh prepared food markets. In facing the current challenges, we are focused on leveraging our strengths to achieve profitable growth and create shareholder value.

Chairman  
C. B. Johnston



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## UNAUDITED GROUP RESULTS 40 WEEKS ENDED OCTOBER 8, 2005

### GROUP BALANCE SHEET

	Unaudited as at <u>October 8, 2005</u> \$ 000	Unaudited as at <u>October 2, 2004</u> \$ 000	Audited as at <u>December 31, 2004</u> \$ 000
<b>Current Assets</b>			
Cash and short term investments	2,347,887	2,354,503	2,925,307
Accounts receivable	3,236,383	2,784,846 ▪	2,638,371
Taxation recoverable	98,993	100,136 ▪	103,244
Inventories	<u>746,982</u>	<u>618,227</u>	<u>662,379</u>
	<b><u>6,430,245</u></b>	<b><u>5,857,712</u></b>	<b><u>6,329,301</u></b>
<b>Current Liabilities</b>			
Bank overdrafts and demand loans	( 38,930 )	( 4,496 )	( 73,666 )
Taxation	( 123,324 )	( 186,265 )	( 89,711 )
Accounts payable and other liabilities	( 3,377,006 )	( 2,975,158 ) ▪	( 3,249,262 )
	<b><u>( 3,539,260 )</u></b>	<b><u>( 3,165,919 )</u></b>	<b><u>( 3,412,639 )</u></b>
<b>Working Capital</b>	<b>2,890,985</b>	<b>2,691,793</b>	<b>2,916,662</b>
Biological Assets – Banana Plants	7,266	25,944 ▪	24,456
Interests in Associated Companies	35,147	36,520	34,519
Investments	4,153,160	4,320,500	4,769,423
Goodwill	333,067	300,930	341,814
Employee Benefit Asset	-	120,569	-
Deferred Tax Assets	142,940	184,080	143,628
Property, Plant and Equipment	<u>2,395,266</u>	<u>2,168,292</u>	<u>2,330,369</u>
	<b>9,957,831</b>	<b>9,848,628</b>	<b>10,560,871</b>
Minority Interests	( 568,447 )	( 530,589 )	( 544,583 )
Long-term Loans	( 387,000 )	( 207,561 )	( 207,338 )
Employee Benefit Obligation	( 374,530 )	( 294,341 )	( 352,834 )
Deferred Tax Liabilities	( 137,759 )	( 152,694 )	( 164,047 )
Deferred Income	( 54,130 )	( 200,548 )	( 130,186 )
	<b><u>8,435,965</u></b>	<b><u>8,462,895</u></b>	<b><u>9,161,883</u></b>
<b>STOCKHOLDERS' EQUITY</b>			
Share Capital	18,702	18,702	18,702
Reserves	<u>8,417,263</u>	<u>8,444,193</u>	<u>9,143,181</u>
	<b><u>8,435,965</u></b>	<b><u>8,462,895</u></b>	<b><u>9,161,883</u></b>
<b>Stockholders' funds per ordinary stock unit (see note 4)</b>	<b><u>\$45.11</u></b>	<b><u>\$45.25</u></b>	<b><u>\$48.99</u></b>

▪ Restated to conform with current year presentation



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## UNAUDITED GROUP RESULTS 40 WEEKS ENDED OCTOBER 8, 2005

### GROUP PROFIT AND LOSS ACCOUNT

		Unaudited 16 weeks ended <u>Notes</u> <u>October 8, 2005</u> \$ 000	Unaudited 16 weeks ended <u>October 2, 2004</u> \$ 000	Unaudited 40 weeks ended <u>October 8, 2005</u> \$ 000	Unaudited 40 weeks ended <u>October 2, 2004</u> \$ 000
Gross operating revenue	3	8,225,463	6,831,017	20,234,582	16,822,337
Cost of operating revenue		( 6,812,828)	( 5,591,695) ▪	(17,248,929)	(13,876,988) ▪
<b>Gross profit</b>		<b>1,412,635</b>	<b>1,239,322</b>	<b>2,985,653</b>	<b>2,945,349</b>
Selling and distribution costs		( 594,578)	( 428,056) ▪	( 1,512,693)	( 1,132,003) ▪
Administrative and other operating expenses		( 609,785)	( 511,906) ▪	( 1,416,245)	( 1,254,137) ▪
<b>Profit from operations</b>		<b>208,272</b>	<b>299,360</b>	<b>56,715</b>	<b>559,209</b>
Share of profit in associated companies		-	483	-	3,087
Finance cost		( 13,511)	( 7,802)	( 22,561)	( 19,234)
Net gain/(loss) from fluctuations in exchange rates		( 903)	8,418	( 4,384)	19,106
Gain/(loss) on disposal of fixed assets and investments		1,729	( 10,453)	43,425	14,076
Other income		<u>73,716</u>	<u>24,145</u>	<u>301,100</u>	<u>37,561</u>
<b>Profit before taxation and minority interests</b>		<b>269,303</b>	<b>314,151</b>	<b>374,295</b>	<b>613,805</b>
Taxation		( 96,105)	( 92,822)	( 103,164)	( 179,476)
<b>Profit after taxation and before minority interests</b>		<b>173,198</b>	<b>221,329</b>	<b>271,131</b>	<b>434,329</b>
Minority interests		( 51,713)	( 50,599)	( 67,153)	( 73,581)
<b>Profit for the period attributable to the group</b>		<b><u>121,485</u></b>	<b><u>170,730</u></b>	<b><u>203,978</u></b>	<b><u>360,748</u></b>
<b>Earnings per ordinary stock unit, cents</b>	4	<b><u>64.96</u></b>	<b><u>91.29</u></b>	<b><u>109.07</u></b>	<b><u>192.89</u></b>

▪ Restated to conform with current year presentation



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## UNAUDITED GROUP RESULTS 40 WEEKS ENDED OCTOBER 8, 2005

### GROUP STATEMENT OF CHANGES IN EQUITY

	<u>Share Capital</u> \$ 000	<u>Share Premium</u> \$ 000	<u>Capital Reserves</u> \$ 000	<u>Fair Value Reserve</u> \$ 000	<u>Retained Profits</u> \$ 000	<u>Total</u> \$ 000
<b>Balances at December 31, 2003</b>	<b>18,702</b>	<b>135,087</b>	<b>2,430,372</b>	<b>1,624,127</b>	<b>2,242,818</b>	<b>6,451,106</b>
Exchange gains not recognised in the group profit and loss account	-	-	77,967	-	-	77,967 *
Profit for the period attributable to the group	-	-	-	-	360,748	360,748 *
Investment revaluation gains	-	-	-	1,760,098	-	1,760,098 *
Distributions to stockholders	-	-	-	-	( 187,024 )	( 187,024 )
<b>Balances at October 2, 2004</b>	<b>18,702</b>	<b>135,087</b>	<b>2,508,339</b>	<b>3,384,225</b>	<b>2,416,542</b>	<b>8,462,895</b>
<b>Balances at December 31, 2004</b>	<b>18,702</b>	<b>135,087</b>	<b>2,658,139</b>	<b>3,893,587</b>	<b>2,456,368</b>	<b>9,161,883</b>
Exchange losses not recognised in the group profit and loss account	-	-	( 132,253 )	-	-	( 132,253 )*
Profit for the period attributable to the group	-	-	-	-	203,978	203,978 *
Investment revaluation losses	-	-	-	( 713,519 )	-	( 713,519 )*
Realised investment revaluation gains transferred to the group profit and loss account	-	-	-	( 37,368 )	-	( 37,368 )*
Distributions to stockholders	-	-	-	-	( 46,756 )	( 46,756 )
<b>Balances at October 8, 2005</b>	<b>18,702</b>	<b>135,087</b>	<b>2,525,886</b>	<b>3,142,700</b>	<b>2,613,590</b>	<b>8,435,965</b>

\* Total recognised losses attributable to parent company stockholders - \$679,162,000 (2004 gains - \$2,198, 813,000)



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## UNAUDITED GROUP RESULTS 40 WEEKS ENDED OCTOBER 8, 2005

### GROUP STATEMENT OF CASH FLOWS

	Unaudited 40 weeks ended <u>October 8, 2005</u> \$ 000	Unaudited 40 weeks ended <u>October 2, 2004</u> \$ 000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit for the period attributable to the group	203,978	360,748
Items not affecting cash:		
Gains on disposal of fixed assets and investments	( 43,425 )	( 14,076 )
Other items	<u>303,505</u>	<u>338,711</u>
	<b>464,058</b>	<b>685,383</b>
Increase in current assets	( 678,364 )	( 542,076 )
Increase in current liabilities	<u>118,536</u>	<u>173,842</u>
<b>CASH (USED)/PROVIDED BY OPERATING ACTIVITIES</b>	( 95,770 )	317,149
<b>CASH USED BY INVESTMENT ACTIVITIES</b>	( 678,994 )	( 478,456 )
<b>CASH PROVIDED/(USED) BY FINANCING ACTIVITIES</b>	<u>197,344</u>	( 83,477 )
<b>Net decrease in cash resources</b>	( 577,420 )	( 244,784 )
Cash resources at beginning of the period	<u>2,925,307</u>	<u>2,599,287</u>
<b>Cash resources at end of the period</b>	<u><b>2,347,887</b></u>	<u><b>2,354,503</b></u>

### NOTES TO THE FINANCIAL STATEMENTS:

#### 1. Basis of Presentation

These consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB), as well as interpretations issued by the International Financial Reporting Interpretations Committee of the IASB and practice statements issued by the Institute of Chartered Accountants of Jamaica, and comply with the provisions of the Companies Act.

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

#### 2. Group's Operations

Cost of operating revenue includes an abnormal amount of \$123.1 million that relates to a product-tampering incident during the second quarter. The amount excludes an estimate of \$33.9 million for lost margin due to lost sales, but includes the cost of product recall and short-term increased cost of modified production systems. There were no other significant changes to the Group's operations for the period under review.

#### 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.



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UNAUDITED GROUP RESULTS  
40 WEEKS ENDED OCTOBER 8, 2005

## NOTES (cont'd):

### 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 group 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 two 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 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.

#### 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). Where fair value cannot be reliably measured, available-for-sale investments are carried at cost. Loans and receivables that have no active market are subsequently re-measured at amortised 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 interest and investment income net of the cost of corporate functions not directly charged to business units.



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## UNAUDITED GROUP RESULTS 40 WEEKS ENDED OCTOBER 8, 2005

### NOTES (cont'd):

#### 7. Segment Results

Segment results are as follows:

	Unaudited 40 weeks ended October 8, 2005 \$ 000	Unaudited 40 weeks ended October 2, 2004 \$ 000
<b><u>Revenue</u></b>		
Banana Division	7,979,304	6,970,614
Fresh & Processed Foods Division	12,149,522	9,743,253
Corporate	105,756	108,470
Total	<u>20,234,582</u>	<u>16,822,337</u>
<b><u>Profit before tax and minority interest</u></b>		
Banana Division	74,550	142,541
Fresh & Processed Foods Division	281,039	473,127
Corporate	18,706	(1,863)
Total	<u>374,295</u>	<u>613,805</u>

#### 8. Foreign Currency Translation

Overseas revenues and expenses have been translated at effective exchange rates of J\$111.82 (2004: J\$108.50) to £1 and J\$61.72 (2004: J\$60.90) to US\$1.

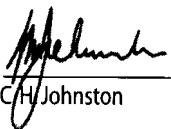
Adjustments have been made for exchange gains and losses on foreign currency assets and liabilities at October 8, 2005 and October 2, 2004 based upon the following exchange rates:

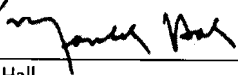
	<u>J\$/£</u>	<u>J\$/US\$</u>
October 8, 2005	108.43	62.60
December 31, 2004	115.68	61.27
October 2, 2004	108.29	61.54
December 31, 2003	105.89	60.42

#### 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

November 15, 2005