JAMAICA PRODUCERS GROUP LIMITED

FINANCIAL STATEMENTS

DECEMBER 31, 2008

KPMG
Chartered Accountants
The Victoria Mutual Building
6 Duke Street
Kingston
Jamaica, W.I.

P.O. Box 76
Kingston
Jamaica, W.I.
Telephone +1 (876) 922-6640
Fax +1 (876) 922-7198
+1 (876) 922-4500
e-Mail firmmail@kpmg.com.jm

INDEPENDENT AUDITORS' REPORT

To the Members of
JAMAICA PRODUCERS GROUP LIMITED

Report on the Financial Statements

We have audited the unconsolidated financial statements of Jamaica Producers Group Limited ("company"), set out on pages 3 to 33, which comprise the company only balance sheet as at December 31, 2008, profit and loss account, statements of changes in equity and cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the Jamaican Companies Act. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and consistently applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether or not the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence relating to the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITORS' REPORT

To the Members of
JAMAICA PRODUCERS GROUP LIMITED

Report on the Financial Statements, cont'd

Opinion

In our opinion, the unconsolidated financial statements give a true and fair view of the financial position of the company only as at December 31, 2008, and of its financial performance, changes in equity and cash flows for the year then ended in accordance with International Financial Reporting Standards and the Companies Act.

Additional reporting requirements of the Jamaican Companies Act

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit. In our opinion, proper accounting records have been maintained and the financial statements, which are in agreement therewith, give the information required by the Jamaican Companies Act in the manner so required.

KPMG

May 5, 2009

JAMAICA PRODUCERS GROUP LIMITED

Company Balance Sheet
December 31, 2008

	Notes	2008 $'000	2007 $'000
CURRENT ASSETS			
Cash and cash equivalents	3(b), 4	15,829	20,637
Short-term investments	3(c), 5	292,988	1,262,825
Securities purchased under resale agreements	3(d)	85,353	268,795
Accounts receivable	6	25,988	33,910
Taxation recoverable		141,439	142,507
Inventories	7	365	546
Total current assets		561,962	1,729,220
CURRENT LIABILITIES			
Bank overdraft and short-term loan	8	-	7,180
Accounts payable	9	137,928	93,078
Current portion of long-term loan	16	45,778	56,041
Unclaimed dividends		21,935	82,913
Total current liabilities		205,641	239,212
WORKING CAPITAL		356,321	1,490,008
NON-CURRENT ASSETS			
Interests in subsidiary companies	10	1,256,522	653,414
Investments	11	1,595,341	2,633,703
Deferred tax asset	12	40,175	19,321 *
Property, plant and equipment	13	89,921	81,794
Total non-current assets		2,981,959	3,388,232
Total assets less current liabilities		3,338,280	4,878,240
EQUITY			
Share capital	14	18,702	18,702
Reserves	15	3,216,579	4,677,403
Total equity attributable to stockholders		3,235,281	4,696,105
NON-CURRENT LIABILITIES			
Long-term loan, being total non-current liabilities	16	102,999	182,135
Total equity and non-current liabilities		3,338,280	4,878,240

The financial statements on pages 3 to 33 were approved by the Board of Directors on May 5, 2009 and signed on its behalf by:

____________ Chairman
C. H. Johnston

____________ Managing Director
J. Hall

* Reclassified to conform with current year presentation
The accompanying notes form an integral part of the financial statements.

JAMAICA PRODUCERS GROUP LIMITED

Company Profit and Loss Account
Year ended December 31, 2008

	Notes	2008 $'000	2007 $'000
Gross operating revenue:			
Management fees - subsidiaries		105,568	116,840
Interest - subsidiaries		17,349	23,090
- other		49,289	93,631
Dividends and capital distributions - subsidiaries		1,667,339	7,700
- other		43,792	43,728
Rent - subsidiaries		2,305	2,407
- other		7,180	6,016
Commission - subsidiary		-	2,712
		1,892,822	296,124
Administration and other operating expenses		(308,816)	(290,309)
Profit from operations		1,584,006	5,815
Net gain from fluctuation in exchange rates		93,714	21,762
Gain on disposal of property, plant and equipment and investments		670	1,054
Reorganization and restructuring costs	1	(81,896)	(80,474)
Gain on recovery of impaired intra-group loan		-	14,195
Gain on transfer of subsidiaries in group reorganization		-	162,410
Impairment loss on investment in discontinued operations	10	(1,080,908)	-
(Increase)/decrease in impairment loss provision on loans and receivables - subsidiaries	10	(911,021)	120,474
Sundry income		(9,512)	5,994
(Loss)/profit before finance cost and taxation		(404,947)	251,230
Finance cost - interest		(12,568)	(15,296)
(Loss)/profit before taxation	17	(417,515)	235,934
Taxation credit	19	20,854	52,499
(Loss)/profit for the year		(396,661)	288,433
(Loss)/earnings per ordinary stock unit	20	(212.09¢)	154.22¢

JAMAICA PRODUCERS GROUP LIMITED

Company Statement of Changes in Equity
Year ended December 31, 2008

	Share capital (note 14) $'000	Share premium $'000	Capital reserves $'000	Fair value reserve $'000	Retained profits $'000	Total equity $'000
Balances at December 31, 2006	18,702	135,087	1,463,505	2,055,074	1,024,515	4,696,883
Changes in equity:						
Change in fair value of available-for-sale investments	-	-	-	209,821	-	209,821
Unclaimed distributions to stockholders (note 21)	-	-	15,282	-	-	15,282
Income recognised directly in equity	-	-	15,282	209,821	-	225,103
Profit for the year	-	-	-	-	288,433	288,433
Total recognised income for the year	-	-	15,282	209,821	288,433	513,536
Distributions to stockholders (note 21)	-	-	-	-	(514,314)	(514,314)
Balances at December 31, 2007	18,702	135,087	1,478,787	2,264,895	798,634	4,696,105
Changes in equity:						
Change in fair value of available-for-sale investments	-	-	-	(1,096,272)	-	(1,096,272)
Unclaimed distributions to stockholders (note 21)	-	-	78,865	-	-	78,865
Income and expenses recognised directly in equity	-	-	78,865	(1,096,272)	-	(1,017,407)
Loss for the year	-	-	-	-	(396,661)	(396,661)
Total recognised income and expenses for the year	-	-	78,865	(1,096,272)	(396,661)	(1,414,068)
Distributions to stockholders (note 21)	-	-	-	-	(46,756)	(46,756)
Balances at December 31, 2008	18,702	135,087	1,557,652	1,168,623	355,217	3,235,281

The accompanying notes form an integral part of the financial statements.

JAMAICA PRODUCERS GROUP LIMITED

Company Statement of Cash Flows
Year ended December 31, 2008

	Notes	2008 $'000	2007 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss)/profit for the year		(396,661)	288,433
Adjustments to reconcile (loss)/profit for the year to net cash used by operating activities:			
Depreciation and impairment losses	13	12,897	18,048
Net unrealised exchange gains		(92,806)	(18,683)
Gain on disposal of property, plant and equipment and investments		(670)	(1,054)
Impairment loss on investments		7,815	-
Impairment loss on investment in discontinued operation		1,080,908	-
Gain on transfer of subsidiaries in group reorganization		-	(162,410)
Gain on recovery of impaired loan to subsidiary		-	(14,195)
Provision for diminution in value of interest in subsidiaries		903,206	(120,474)
Dividends and capital distributions earned		(1,711,131)	(51,428)
Interest earned		(66,638)	(116,721)
Interest expense		12,568	15,296
Deferred taxation, net	12	(20,854)	(52,499)
		(271,366)	(215,687)
(Increase)/decrease in current assets:			
Accounts receivable		526	23,558
Taxation recoverable		1,068	(23,659)
Inventories		181	(29)
Increase/(decrease) in current liabilities:			
Accounts payable		50,415	(36,295)
Unclaimed dividends		(60,978)	67,631
Net cash used by operating activities		(280,154)	(184,481)
CASH FLOWS FROM INVESTMENT ACTIVITIES			
Short-term investments		1,045,942	(603,757)
Securities purchased under resale agreements		183,442	162,913
Additions to property, plant and equipment	13	(21,214)	(15,490)
Additions to investments		(110,159)	(55,869)
Dividends and capital distributions received		43,724	50,944
Interest received		57,051	92,974
Proceeds from disposal of property, plant and equipment and investments		860	13,108
Net cash provided/(used) by investment activities		1,199,646	(355,177)
CASH FLOWS FROM FINANCING ACTIVITIES			
Bank overdraft and short-term loan		(7,180)	(22,803)
Interests in subsidiary and associated companies		(885,582)	808,957
Distribution to stockholders	21	36,542	(452,664)
Interest paid		(13,870)	(14,393)
Long-term loan		(54,210)	218,813
Net cash (used)/provided by financing activities		(924,300)	537,910
Net decrease in cash and cash equivalents		(4,808)	(1,748)
Cash and cash equivalents at beginning of year		20,637	22,385
Cash and cash equivalents at end of year		15,829	20,637

The accompanying notes form an integral part of the financial statements.

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Financial Statements
December 31, 2008

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.

Its principal activities are the provision of administration services to its subsidiaries (note 27) and the holding of investments.

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

The Board of Directors of a major subsidiary, Serious Food Limited ("Serious Food"), appointed PricewaterhouseCoopers to serve as administrators. As a result, the group is reporting the results of Serious Food and its subsidiaries as a discontinued operation for the year ended December 31, 2008. Consequently, the company has recognized an impairment loss on its loans made directly to Serious Food of $1,080,908,000. The company has also made a provision for loans to Serious Food's parent company of $821,394,000 which was used to capitalize Serious Food.

2. Statement of compliance and basis of preparation

(a) Statement of compliance:

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.

Certain new IFRS, and interpretations of and amendments to existing standards which were in issue, came into effect for the current financial year. The adoption of these standards did not result in any change in accounting policies and did not have any effect on the company's financial statements.

- *Amendments to IAS 39 Financial Instruments: Recognition* and *Measurement* and *IFRS 7: Financial Instruments Disclosures* came into effect October 2008. The amendments permit an entity to reclassify non-derivative financial assets (other than those designated at fair value through profit or loss by the entity upon initial recognition) out of the fair value through profit or loss category in particular circumstances. The amendment also permits an entity to transfer from the available-for-sale category to the loans and receivables category a financial asset that would have met the definition of loans and receivables (if the financial asset had not been designated as available-for-sale), if the entity has the intention and ability to hold that financial asset for the foreseeable future or until maturity date.

2. Statement of compliance and basis of preparation (cont'd)

(a) Statement of compliance (cont'd):

New standards, and interpretations of and amendments to existing standards that are not yet effective:

At the date of authorization of the financial statements, certain new standards, and amendments to and interpretations of existing standards, have been issued which are not yet effective and which the company has not early-adopted. The company has assessed the relevance of all such new standards, amendments and interpretations with respect to its operations and has determined that the following may be relevant to its operations and has concluded as follows:

- *Amendments to IFRS 2 Share-based payment – Vesting Conditions and Cancellations* is effective for annual periods beginning on or after January 1, 2009. Under the amendment, non-vesting conditions are taken into account in measuring the grant date fair value of the share-based payment and there is no true-up for differences between expected and actual outcomes. This amendment is not expected to have any impact on the company's financial statements.

- *Revised IFRS 3 Business Combinations* and *amended IAS 27 Consolidated and Separate Financial Statements* are effective for annual periods beginning on or after July 1, 2009. The definition of a business combination has been revised and focuses on control. All items of consideration transferred by the acquirer are measured and recognised at fair value as of the acquisition date, including contingent consideration. An acquirer can elect to measure non-controlling interest at fair value at the acquisition date or on a transaction by transaction basis. New disclosure requirements have been introduced. The revisions are not expected to have any significant impact on the company's financial statements.

- Amendments resulting from *May 2008 Annual Improvements to IFRS*. These amendments may result in accounting changes for presentation, recognition or measurement purposes and become effective for annual periods beginning on or after January 1, 2009 and are not expected to have any significant impact on the company's financial statements.

- *IFRS 8 Operating Segments* requires segment disclosure based on the components of the company that management monitors in making decisions about operating matters, as well as qualitative disclosures on segments. Segments will be reportable based on threshold tests related to revenues, results and assets. IFRS 8, which is effective from January 1, 2009, is not expected to have any significant impact on the company's financial statements.

- *IAS 1 (Revised) Presentation of Financial Statements,* requires the presentation of all non-owners' changes in equity in one or two statements: either in a single statement of comprehensive income, or in an income statement and a statement of comprehensive income. IAS 1 (revised), which becomes mandatory for 2009 financial statements, is not expected to have any significant impact on the company's financial statements.

2. Statement of compliance and basis of preparation (cont'd)

(a) Statement of compliance (cont'd):

New standards, and interpretations of and amendments to existing standards, that are not yet effective (cont'd):

- *IAS 23(Revised) - Borrowing Costs* removes the option of either capitalising borrowing costs relating to qualifying assets or expensing the borrowing costs, and requires management to capitalise borrowing costs attributable to qualifying assets. Qualifying assets are assets that take a substantial time to get ready for their intended use or sale. IAS 23, which becomes mandatory for 2009 financial statements, is not expected to have any significant impact on the company's financial statements.

- Amendments to *IFRS 7 Financial Instruments: Disclosures* require enhanced disclosures in respect of two aspects: disclosures over fair value measurement relating to financial instruments specifically in relation to disclosures over the inputs used in valuation techniques and the uncertainty associated with such valuations; and improving disclosures over liquidity risk to address current diversity in practice. The amendments will become mandatory for the 2009 company's financial statements. The company is assessing the impact that the revised standard will have on the financial statements.

- *IFRIC 13 Accounting for Customer Loyalty Programmes,* creates consistency in accounting for customer loyalty plans. The interpretation is applicable to all entities that grant awards as part of a sales transaction (including awards that can be redeemed for goods or services not supplied by the entity). IFRIC 13, which becomes mandatory for 2009 financial statements, is not expected to have any impact on the company's financial statements.

- *IFRIC 15 – Agreements for the Construction of Real Estate* provides guidance on how to determine whether an agreement for the construction of real estate is within the scope of IAS 11 Construction Contracts or IAS 18 Revenue and, accordingly, when revenue from the construction should be recognized. IFRIC 15, which becomes mandatory for annual periods beginning on or after 1 January 2009, is not expected to have any impact on the company's financial statements.

- *IFRIC 16 – Hedges of a Net Investment in a Foreign Operation* applies to an entity that hedges the foreign currency risk arising from its net investments in foreign operations and wishes to qualify for hedge accounting in accordance with IAS 39. IFRIC 16 clarifies that a parent entity is only allowed to designate as a hedged risk, the foreign exchange differences arising from a difference between its own functional currency and that of its foreign operation. This interpretation, which becomes effective for annual periods beginning on or after 1 October 2008 is not expected to have any significant impact on the company's financial statements.

2. Statement of compliance and basis of preparation (cont'd)

(b) Basis of preparation:

These unconsolidated financial statements are intended to show the affairs of the company as a stand-alone business. They are not intended to, and do not, show the consolidated financial position, results of operations, changes in equity and cash flows of the group. The company's interests in the unconsolidated subsidiaries (note 27) are shown at cost, less provision for diminution in value [note 3(q)]. Unless otherwise indicated, references to financial statements herein are to the unconsolidated financial statements.

The financial statements are prepared on the historical cost basis, except for available-for-sale investments which are stated at fair value. The financial statements are presented in Jamaica dollars (J$), which is the functional currency of the company.

The preparation of the financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amount of, and disclosures relating to 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.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

Judgements made by management in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next financial year are discussed below:

Impairment assessments - Impairment provisions for diminution in value of interest in subsidiaries (note 10) are determined from a comparison between cost and an estimate of the net present value of future cash flows. That estimate is based on forecasts and an assessment of risk and uncertainty by management. Those estimates could be subject to significant variation from year to year.

Depreciation methods, useful lives and residual values - Depreciation methods, useful lives and residual values rely on judgement and estimates by management, one of which is that the relevant assets will continue to be used for their current purpose within the company. In addition, useful lives and residual values vary between individual assets and are dependent upon continuation of the current level of maintenance. Should there be a change in the present use or level of maintenance this could change the charge for depreciation and net book value of property, plant and equipment (note 13) within the next financial year.

3. Significant accounting policies

The significant accounting policies below conform in all material respects to IFRS.

(a) Foreign currencies:

Except for investments in foreign subsidiaries, foreign currency balances at balance sheet date are translated at the buying rates of exchange ruling at that date [see note 26(b)(ii)]. Investments in foreign subsidiaries are valued at historical rates of exchange.

Transactions in foreign currencies are converted at the rates of exchange ruling at the dates of those transactions. Gains and losses arising from fluctuations in exchange rates are included in the profit and loss account.

(b) Cash and cash equivalents:

Cash comprises cash in hand and demand and call deposits with banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

(c) Short-term investments:

Short-term investments comprise fixed deposits with banks, money market securities and loans and receivables recoverable within one year. They are acquired for their earnings potential and for balancing the company's risks on its investment portfolio. Their nature, liquidity and risk are similar to those of cash and cash equivalents.

(d) 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.

(e) Trade and other receivables:

Trade and other receivables are stated at amortised cost, less impairment losses [see note 3(j)].

(f) Inventories:

Inventories are valued at the lower of cost, determined principally on the weighted average method, and net realisable value. Net realisable value is the estimated selling price less the estimated costs of completion and selling expenses.

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Financial Statements (Continued)
December 31, 2008

3. Significant accounting policies (cont'd)

(g) Trade and other payables:

Trade and other payables, including provisions, are stated at their amortised cost. A provision is recognised in the balance sheet when the company has 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.

(h) 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 company 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 company are classified as being available-for-sale and are stated at fair value with changes in fair value taken to fair value reserve, except for impairment losses, and, in the case of monetary items such as debt securities, foreign exchange gains and losses. Where these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in 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 company 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 company.

(i) 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 3(j)]. Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment. Borrowing costs related to the acquisition or construction of qualifying assets, are recognised in profit or loss as incurred.

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the company and it can be measured reliably. The cost of day-to-day servicing of property, plant and equipment is recognised in profit or loss, as it is incurred.

3. Significant accounting policies (cont'd)

(i) Property, plant and equipment (cont'd):

(ii) Depreciation

Property, plant and equipment, with the exception of freehold land on which no depreciation is provided, are depreciated on the straight-line basis at annual rates estimated to write off the assets over their expected useful lives. Depreciation methods, useful lives and residual values are reassessed at each reporting date. The depreciation rates are as follows:

Leasehold land and buildings	5%
Freehold buildings	5%
Furniture and equipment	10%
Motor vehicles	20%
Computer software and equipment	33⅓% or 100%

(j) Impairment:

The carrying amounts of the company'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 exceeds its recoverable amount. Impairment losses are recognised in the profit and loss account.

Financial assets are impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset and that the loss event has an impact on the future cash flows on the asset that can be estimated. Objective evidence that financial assets are impaired can include default or delinquency by a customer or counterparty or indicators that the customer or counterparty will enter bankruptcy.

A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost is also objective evidence of impairment. When a decline in the fair value of an available-for-sale investment has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in equity is recognised in company profit or loss even though the investment has not been derecognised.

The amount of the cumulative loss that is recognised in company profit or loss is the difference between the acquisition cost and current fair value, less any impairment loss previously recognised in company profit or loss.

(i) Calculation of recoverable amount

The recoverable amount of the company's investments in held-to-maturity securities, loans 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.

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Financial Statements (Continued)
December 31, 2008

3. Significant accounting policies (cont'd)

(j) Impairment (cont'd):

(i) Calculation of recoverable amount (cont'd)

The recoverable amount of other assets is the greater of their fair value less costs to sell 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 a held-to-maturity security, loan 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.

An impairment loss in respect of an investment in an equity instrument classified as available-for-sale is not reversed through the profit and loss account.

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 amortisation, if no impairment loss had been recognised.

(k) Employee benefits:

Employee benefits are all forms of consideration given by the company 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 pensions provided by a defined-contribution pension plan in which the company participates. The company's contributions to the plan are charged to the profit and loss account in the period in which they are due.

3. Significant accounting policies (cont'd)

(l) Revenue:

Revenue from services rendered is recognised in the profit and loss account in proportion to the stage of completion of the transaction at the balance sheet date.

(m) Finance costs:

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

(n) Interest income:

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

(o) Dividend income:

Dividend income is recognised on the date that the company's right to receive payment is established.

(p) Taxation:

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

(q) Subsidiary and associated companies:

Interests in subsidiary and associated companies are stated at cost, less provision for diminution in value.

4. Cash and cash equivalents

	2008 $'000	2007 $'000
Cash and bank balances	15,829	20,637

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Financial Statements (Continued)
December 31, 2008

4. Cash and cash equivalents (cont'd)

Movement on cash and cash equivalents:

	2008 $'000	2007 $'000
Balance at beginning of the year	20,637	22,385
Net cash outflows	(97,614)	(20,431)
Unrealised exchange gains	92,806	18,683
Balance at end of the year	15,829	20,637

5. Short-term investments

	2008 $'000	2007 $'000
Loans and receivables		
Government of Jamaica securities	40,000	208,051
Fixed deposits	252,988	1,054,774
	292,988	1,262,825

6. Accounts receivable

	2008 $'000	2007 $'000
Trade receivables	4,899	15,071
Staff receivables	9,521	11,144
Other receivables and prepayments	33,011	26,347
	47,431	52,562
Less: Provision for doubtful debts	(21,443)	(18,652)
	25,988	33,910

Amounts due from directors in the ordinary course of business, which are current, include $31,181 (2007: $Nil) in Trade receivables and $128,393 (2007: $10,939) in Staff receivables.

The movement in the provision for doubtful debts in respect of accounts receivable during the year is as follows:

	2008 $'000	2007 $'000
Balance at January 1	18,652	17,684
Impairment losses recognised	773	129
Impairment losses reversed	-	(7)
Amounts recovered during the year	(425)	-
Exchange loss on retranslation	2,443	846
	21,443	18,652

The provision for doubtful debts account in respect of accounts receivable is used to record impairment losses, unless the company is satisfied that no recovery of the amount owing is possible, at which point the amount considered irrecoverable is written off against the receivable directly.

6. Accounts receivable (cont'd)

The aging of trade receivables at the reporting date was:

	Gross		Impairment	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Not past due	4,885	14,725	-	-
Past due 121 days – 1 year	-	346	-	14
More than 1 year	14	-	14	-
	4,899	15,071	14	14

7. Inventories

Inventories comprise stationery and office supplies.

8. Bank overdraft and short-term loan

The overdraft facility of the company is unsecured (see note 13).

9. Accounts payable

	2008	2007
	$'000	$'000
Trade payables	30,336	29,472
Dividend payable	-	42,541
Accrued expenses	87,040	10,895
Other	20,552	10,170
	137,928	93,078

10. Interests in subsidiary companies

	2008	2007
	$'000	$'000
Subsidiary companies:		
Shares, at cost	863,442	863,442
Less: Impairment provision	(15,083)	(1,974)
	848,359	861,468
Loan accounts receivable	1,382,788	1,071,744
Current accounts receivable	2,074,288	376,714
Less: Impairment provision	(2,039,431)	(60,611)
Loan accounts payable	(886,157)	(19,223)
Current accounts payable	(123,325)	(1,576,678)
	1,256,522	653,414

The recoverable amount of the company's investment in each subsidiary is reviewed annually for impairment. The impairment review at the end of the year resulted in an (increase)/decrease in the impairment loss provision by ($1,991,929,000) [2007: $120,474,000].

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Financial Statements (Continued)
December 31, 2008

11. Investments

	2008 $'000	2007 $'000
Available-for-sale securities:		
Quoted	1,474,707	2,548,056
Unquoted	25	30,764
	1,474,732	2,578,820
Loans and receivables:		
Government of Jamaica bonds	79,962	40,000
Loan to Employee Share Ownership Plan (ESOP)	40,647	14,883
	120,609	54,883
	1,595,341	2,633,703

Market values of quoted investments are computed using listed bid.

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 14) held by the ESOP at December 31, 2008 was 17,732,436 (2007: 16,861,265).

Included in available-for-sale securities is a quoted investment having a fair value at year-end of $360,000,000 which is being held as collateral for the £2,000,000 long-term loan shown in note 16.

12. Deferred tax asset and liability

The deferred tax asset and liability are attributable to the following:

	Deferred tax Asset		Deferred tax Liability		Net	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Property, plant and equipment	9,093	10,927	-	-	9,093	10,927
Other liabilities	26,140	3,863	-	-	26,140	3,863
Other assets	-	-	6,745	8,204	(6,745)	(8,204)
Tax losses carried forward	11,687	12,735	-	-	11,687	12,735
	46,920	27,525	6,745	8,204	40,175	19,321

Movement on net deferred tax liability during the year:

	2008 $'000	2007 $'000
Net deferred tax asset/(liability) at beginning of year	19,321	(33,178)
Recognised in taxation credit [note 19(a) (ii)]	20,854	52,499
Net deferred tax asset/(liability) at end of year	40,175	19,321

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Financial Statements (Continued)
December 31, 2008

13. Property, plant and equipment

	Freehold land and buildings $'000	Leasehold land and buildings $'000	Equipment, vehicles and furniture $'000	Work-in -progress $'000	Total $'000
At cost:					
December 31, 2006	49,973	26,153	123,497	7,267	206,890
Additions	245	-	15,245	-	15,490
Transfers		-	7,267	(7,267)	-
Disposals	-	(760)	(32,899)	-	(33,659)
December 31, 2007	50,218	25,393	113,110	-	188,721
Additions	437	8,948	9,001	2,828	21,214
Transfers	-	-	-	-	-
Disposals	-	-	(3,908)	-	(3,908)
December 31, 2008	50,655	34,341	118,203	2,828	206,027
Depreciation:					
December 31, 2006	14,283	15,699	80,502	-	110,484
Charge for the year	-	737	17,311	-	18,048
Eliminated on disposals	-	(260)	(21,345)	-	(21,605)
December 31, 2007	14,283	16,176	76,468	-	106,927
Charge for the year	-	980	11,917	-	12,897
Eliminated on disposals	-	-	(3,718)	-	(3,718)
December 31, 2008	14,283	17,156	84,667	-	116,106
Net book values:					
December 31, 2008	36,372	17,185	33,536	2,828	89,921
December 31, 2007	35,935	9,217	36,642	-	81,794
December 31, 2006	35,690	10,454	42,995	7,267	96,406

Freehold land and buildings includes land as follows:

	2008 $'000	2007 $'000
At cost	21,659	21,659
Directors' allocation of cost	4,507	4,507
Total land	26,166	26,166

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 8).

14. Share capital

Authorised:
500,000,000 ordinary shares at no par value

Stated capital:	2008 $'000	2007 $'000
Issued and fully paid - 187,024,006 ordinary stock units	18,702	18,702

The company's stated capital does not include share premium which is retained in capital reserves (note 15) in accordance with Section 39 (7) of the Act.

15. Reserves

	2008 $'000	2007 $'000
Capital:		
Share premium (note 14)	135,087	135,087
Fair value reserves	1,168,623	2,264,895
Other	1,557,652	1,478,787
Total Capital	2,861,362	3,878,769
Revenue:		
Retained profits	355,217	798,634
	3,216,579	4,677,403

Other capital reserves comprise gains on disposal of property, plant and equipment and investments until December 31, 2001, unrealised exchange gains and unclaimed dividends to stockholders (note 21).

16. Long-term loan

	Current portion		Non-current portion	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Bank loan	45,778	56,041	102,999	182,135

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Financial Statements (Continued)
December 31, 2008

16. Long-term loan (cont'd)

A £2,000,000 loan, secured by a portion of the equity investment portfolio, is repayable by quarterly installments over a five-year period that commenced February 1, 2007. The terms and conditions of the loan was as follows:

	Currency	Nominal Interest rate	Year of maturity	Face value 2008 $'000	Carrying value 2008 $'000	Face value 2007 $'000	Carrying value 2007 $'000
Secured bank loan	GBP	UK Prime + 1.0%	2012	148,777	148,777	238,176	238,176

17. Disclosure of expenses

Profit before taxation is stated after charging:

	2008 $'000	2007 $'000
Directors' emoluments		
- Fees	10,750	9,434
- Remuneration	33,367	100,804
Auditors' remuneration	7,766	7,320
Depreciation and impairment losses	12,897	18,048
Staff costs	163,995	211,593

18. Financial income and expenses

	2008 $'000	2007 $'000 Restated
Recognised in company profit and loss account:		
Financial income		
Interest income on bank deposits, loans and receivables	45,524	93,631
Interest income on available-for-sale financial assets	3,765	-
Interest income on loans and receivables - subsidiaries	17,349	30,790
Dividend income on available-for-sale financial assets	43,792	43,728
Decrease in impairment loss on loans and receivables - subsidiaries	-	120,474
Net foreign exchange gain	93,714	21,762
	204,144	310,385
Financial expenses		
Interest expense on financial liabilities measured at amortised cost	(12,568)	(15,296)
Impairment loss on loans and receivables in discontinued operations	(1,080,908)	-
Increase in impairment loss on loans and receivables - subsidiaries	(911,021)	-
	(2,004,497)	(15,296)
Net financial (expenses)/income	(1,800,353)	295,089

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Financial Statements (Continued)
December 31, 2008

19. Taxation

(a) The taxation (credit)/charge is based on the company's results for the year, as adjusted for tax purposes, and is made up as follows:

	2008 $'000	2007 $'000
Deferred taxation (note 12):		
Origination and reversal of temporary differences	-	(46,427)
Tax losses	(20,854)	(6,072)
Total taxation (credit)/charge recognised in the profit and loss account	(20,854)	(52,499)

(b) The effective tax rate for 2008 was 5.3% (2007: (22.3%)) compared to a statutory rate of 33⅓% (2007: 33⅓%). The actual tax (credit)/charge differs from the "expected" tax (credit)/charge for the year as follows:

	2008 $'000	2007 $'000
(Loss)/profit before taxation	(417,515)	235,934
Computed "expected" tax (credit)/charge at 33⅓%	(139,172)	78,645
Taxation difference between loss for financial statements and tax reporting purposes on:		
Gain on sale of investment and property, plant and equipment	(223)	(337)
Disallowed income and expenses, depreciation and other related capital adjustments	118,541	(130,807)
Actual tax credit recognised in the profit and loss account	(20,854)	(52,499)

(c) At December 31, 2008, taxation losses, subject to agreement by the Commissioner of Taxpayer Audit and Assessment, available for relief against future taxable profits amounted to approximately $113,170,000 (2007: $22,464,000). The taxation losses disclosed in the financial statements reflect those available under existing legislation.

20. Earnings per ordinary stock unit

The earnings per ordinary stock unit is calculated by dividing the loss for the year of ($396,661,000) (2007: $288,433,000) by 187,024,006 ordinary stock units.

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Financial Statements (Continued)
December 31, 2008

21. Distributions to stockholders

	2008 $'000	2007 $'000
Ordinary dividends:		
First interim paid in respect of 2008 - 25¢ (2007: 25¢) per stock unit - gross	46,756	46,756
Special interim paid in respect of 2008 - Nil (2007: $2.25) per stock unit - gross	-	420,802
Second interim paid in respect of 2008 - Nil (2007: 25¢) per stock unit - gross	-	46,756
	46,756	514,314
Distributions to ESOP (note 11)	(4,433)	(46,368)
	42,323	467,946
Unclaimed dividends written back to capital reserves (note 15)	(78,865)	(15,282)
	(36,542)	452,664

22. Contingent liability

One of the company's bankers has issued guarantees on behalf of certain subsidiaries in favour of third parties for $903,000 (2007: $903,000).

23. Operating lease arrangements

Non-cancellable operating lease receivables

Operating leases relate to property owned by the company or property leased from its subsidiaries with lease or sub-lease terms of between 3 to 5 years, with options to extend for a further 1 to 5 years. The lessees do not have the option to purchase the property at the expiry of the lease period.

The company earned property rental income of $7,180,000 (2007: $6,016,000) under operating leases. Direct operating expenses arising on the property in the period was $4,676,000 (2007: $3,827,000). Commitments for income under non-cancellable operating leases at year-end are as follows:

	2008 $'000	2007 $'000
Within one year	7,291	6,984
In the second to fifth year inclusive	11,732	14,711
	19,023	21,695

24. Commitments

As at December 31, 2008, capital expenditure authorised but not committed amounted to approximately $16,448,000 (2007:$ 12,200,000).

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Financial Statements (Continued)
December 31, 2008

25. Related parties

(a) Identity of related parties:

The company has a related party relationship with its directors and officers. The company's executive directors and officers are collectively referred to as "key management personnel".

(b) Transactions with directors and other key management personnel:

Directors and officers of the company, their immediate relatives and entities over which they have significant influence control 26.10% (2007: 24.57%) of the voting shares of the company. Receivables from directors at December 31, 2008 amounted to$ 31,181 (2007: $Nil) included in trade receivables and $128,393 (2007: $10,939) included in "Other receivables" (see note 6). These balances are current. No interest is payable by directors on these balances. In addition to their salaries, the company contributes to various post-employment benefit plans on behalf of key management personnel.

Compensation of key management personnel is as follows:

	2008 $'000	2007 $'000
Short-term employment and other benefits	70,823	78,891
Post-employment benefits	3,899	3,617
Termination benefits	-	78,044
Total remuneration, included in directors' emoluments and staff costs, where applicable (see note 17)	74,722	160,552

25. Related parties (cont'd)

(c) Transactions with other related parties, directors and key management personnel in other capacities:

Category and nature of relationship	Nature of Transactions	Transactions in year 2008 $'000	Transactions in year 2007 $'000	(Payable)/receivable at end of year 2008 $'000	(Payable)/receivable at end of year 2007 $'000	Terms and conditions *	Provision end of year 2008 $'000	Provision end of year 2007 $'000	(Expense)/recovery during the year 2008 $'000	(Expense)/recovery during the year 2007 $'000
Transactions with directors and key management personnel or entities under their control and/or significant influence:										
i) Company under their control	Insurance premiums charged to company by broker	6,419	6,808	31	-	1,3,4	N/A	N/A	N/A	N/A
ii) Company under their control	Management services charged to company	1,106	4,104	-	-	3,4,5	N/A	N/A	N/A	N/A
iii) Unincorporated entities under their control	Consultancy services charged to group	945	-	-	-	1,3,4	N/A	N/A	N/A	N/A

* The number in each row represents the terms and conditions that are applicable to the stated transactions and their meanings are as follows:

1. Credit of up to 30 days
2. Interest free
3. Unsecured
4. Settlement in cash
5. Credit over 30 days

26. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one 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 and cash equivalents, short-term investments, securities purchased under resale agreements, accounts receivable and investments. Financial liabilities include bank overdrafts and short-term loans and accounts payable.

(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 and cash equivalents, short-term investments, securities purchased under resale agreements, accounts receivable, bank overdrafts, short-term loans and accounts payable 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 11), are assumed to be cost, less provision for impairment.

(b) Financial instrument risks:

The company has exposure to the following risks from its use of financial instruments: credit risk, liquidity risk and market risk including interest rate risk, currency risk and price risk. Information about the company's exposure to each of the above risks, the company's objectives, policies and processes for measuring and managing risk is detailed below.

The Board of Directors has overall responsibility for the establishment and oversight of the company's risk management framework.

The risk management policies are established to identify and analyse the risks faced by the company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the company's activities. Management standards and procedures, aim to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

(i) Credit risk

Credit risk is the risk of financial loss to the company if a counterparty to a financial instrument fails to meet its contractual obligations. This arises principally from amounts due from customers, securities purchased under resale agreements, other investments and its cash and cash equivalents.

26. Financial instruments (cont'd)

(b) Financial instrument risks (cont'd):

(i) Credit risk (cont'd)

The maximum exposure to credit risk at the reporting date was:

	2008 $'000	2007 $'000
Cash and cash equivalents	15,829	20,637
Short-term investments	292,988	1,262,825
Securities purchased under resale agreements	85,353	268,795
Accounts receivable	25,988	33,910
Non-current investments	143,558	85,647*
	563,716	1,671,814

*Reclassified to conform to current year presentation

The company manages this risk as follows:

Cash and cash equivalents and Short-term investments

The company maintains cash resources and short-term deposits with reputable financial institutions. Certain investments with a carrying value of $40,000,000 (2007: $175,151,000) are secured by collateral with a fair value of $38,783,000 (2007: $194,033,000). The credit risk is considered to be low.

No provision for impairment is deemed necessary.

Securities purchased under resale agreements

The company holds collateral for securities purchased under resale agreements. Assigned collateral, with a fair value of $152,823,000 (2007: $345,566,000) for the company, was held for securities purchased under resale agreements [note 3(d)].

No provision for impairment is deemed necessary.

Accounts receivable

The company has a credit policy in place to minimize exposure to credit risk inherent in trade accounts receivable. Credit terms are negotiated based on a mix of terms acceptable to both parties.

The company has a policy in place to provide for impairment on all such debts more than ninety (90) days past due except for specific balances that relate to special circumstances that provide fresh evidence that recovery is not in doubt.

Staff and other receivables are subject to credit terms consistent with staff guidelines and other factors, including Jamaican GCT. These guidelines include the provision of collateral as security for credit extended.

Impairment provisions are made on the basis of reviews of specific balances that are inconsistent with staff guidelines or the terms relating to other receivables.

26. Financial instruments (cont'd)

(b) Financial instrument risks (cont'd):

(i) Credit risk (cont'd)

The company manages this risk as follows (cont'd):

Non-current investments

This includes the loan to the ESOP and securities issued by the Government of Jamaica, the credit risk of which is considered to be minimal.

No provision for impairment is deemed necessary.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset.

There were no changes in the company's approach to managing credit risk during the year.

(ii) Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates, interest rates and equity prices will affect the company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

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

There were no changes in the company's approach to managing market risk during the year.

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 is 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 manages this risk by matching foreign currency assets with liabilities as far as possible. Interest on borrowings is denominated in currencies that match the cash flows generated by the underlying operations in which the borrowings are invested. This provides an economic hedge and no derivatives are entered into.

There were no changes in the company's approach to managing foreign currency risk during the year.

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Financial Statements (Continued)
December 31, 2008

26. Financial instruments (cont'd)

(b) Financial instrument risks (cont'd):

(ii) Market risk (cont'd)

Currency risk (cont'd)

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

	2008			2007		
	US$'000	£'000	€'000	US$'000	£'000	€'000
Cash and cash equivalents	180	8	-	70	114	4
Short-term investments	-	-	-	2,000	7,357	-
Securities purchased under resale agreements	942	-	-	1,420	494	679
Accounts receivable	26	2	-	95	14	-
Accounts payable	(202)	(666)	-	(2)	(134)	-
Current maturities of long-term loans	-	(400)	-	-	(400)	-
Non-current investments	1,000	-	-	-	-	-
Loans and advances (from)/to subsidiary companies	15,872	426	-	(7,829)	2,305	-
Long-term loans	-	(900)	-	-	(1,300)	-
Gross balance sheet exposure	17,818	(1,530)	-	(4,246)	8,450	683

Foreign currency sensitivity analysis

The following table details the company's sensitivity to a 10% strengthening or 2% weakening of the relevant currencies against the Jamaica dollar and the resultant net exchange gains/(losses) based on the net foreign currency assets/(liabilities) at year-end. These percentages represent management's assessment of the reasonably possible change in foreign currency rates. This analysis assumes that all other variables, in particular interest rates, remain constant. This analysis is performed on the same basis for 2007.

10% Devaluation of J$

	2008	2007
	$'000	$'000
US dollar (US$)	142,544	(29,807)
Pound Sterling (£)	(17,503)	118,385
Euro (€)	-	7,062

2% Revaluation of J$

	2008	2007
	$'000	$'000
US dollar (US$)	(28,509)	5,961
Pound Sterling (£)	3,501	(23,677)
Euro (€)	-	(1,412)

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Financial Statements (Continued)
December 31, 2008

26. Financial instruments (cont'd)

(b) Financial instrument risks (cont'd):

(ii) Market risk (cont'd)

Currency risk (cont'd)

Buying exchange rates at:

	December 31	
	2008	2007
US$1 to J$	79.96	70.18
UK£1 to J$	114.44	140.10
€1 to J$	111.15	103.37

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.

Bank loans and overdrafts are subject to interest rates which may be varied by appropriate notice by the lender.

At the reporting date the interest rate profile of the company's interest-bearing financial instruments was:

	2008	2007
	$'000	$'000
Fixed rate instruments		
Financial assets	471,227	1,561,620
Variable rate instruments		
Financial assets	10,000	10,000
Financial liabilities	(148,777)	(238,176)
	(138,777)	(228,176)

There were no changes in the company's approach to managing interest rate risk during the year.

Cash flow sensitivity analysis for variable rate instruments

An increase of 500 basis points (bps) or a decrease of 800 basis points (bps) in interest rates at the reporting date would have (decreased)/increased profit or loss by the amounts shown below. There would be no effect on equity. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. This analysis is performed on the same basis for 2007.

26. Financial instruments (cont'd)

(b) Financial instrument risks (cont'd):

(ii) Market risk (cont'd)

Interest rate risk (cont'd)

Cash flow sensitivity analysis for variable rate instruments (cont'd)

	2008		2007	
	500 bps increase $'000	800 bps decrease $'000	500 bps increase $'000	800 bps decrease $'000
Variable rate instruments	(6,940)	11,104	(11,410)	18,256

Other market price risk

The company is exposed to equity price risks arising from available for sale equity investments. Equity investments are held for strategic purposes and capital gains.

The company's equity securities are all listed on the Jamaica Stock Exchange, except that in the prior year a block of newly issued shares purchased late in the year and which was listed in January 2008, was included in unquoted equities. An increase or decrease of 20% (2007: 20%) in share prices would result in an increase or an equal decrease, respectively, in equity of $509,611,000 (2007: $467,647,000).

There would be no impact on profit or loss at the reporting date (2007 $Nil) as there were no impaired investments or investments designated as fair value through profit or loss.

(iii) Liquidity risk

Liquidity risk, also referred to as funding risk, is the risk that the company will not be able to meet it financial obligations as they fall due and/or 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.

The management of the company aims 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.

There were no changes in the company's approach to liquidity risk management during the year.

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Financial Statements (Continued)
December 31, 2008

26. Financial instruments (cont'd)

(b) Financial instrument risks (cont'd):

(iii) Liquidity risk (cont'd)

The following are the contractual maturities of non-derivative financial liabilities except for accounts payable, whose contractual maturities equals its carrying valuable and is repayable within one year. The tables show the undiscounted cash flows of non-derivative financial liabilities based on the earliest date on which the company can be required to pay. The analysis also assumes that all other variables, in particular interest and exchange rates, remain constant.

	Weighted Average interest rate %	Carrying amount $'000	Contractual cash flows $'000	0-1 year $'000	1-5 years $'000
December 31, 2008					
Secured bank loans	5.50	148,777	161,723	52,593	109,130
December 31, 2007					
Secured bank loans	6.50	238,176	273,217	70,374	202,843

(iv) Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the company defines as total shareholders' equity, excluding minority interest and the level of dividends to ordinary shareholders.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

There were no changes in the company's approach to capital management during the year.

Neither the company nor any of its subsidiaries are subject to externally imposed capital requirements.

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Financial Statements (Continued)
December 31, 2008

27. Subsidiary and joint venture companies

The company has the following subsidiary and joint venture companies. The results of these companies are not included in these financial statements [see note 2 (b)].

	% equity held		Place of
	2008	2007	incorporation
SUBSIDIARY COMPANIES*			
Producers Holdings Limited	100	100	Jamaica
Agualta Vale Limited	100	100	"
Agri Services Limited	100	100	"
Eastern Banana Estates Limited	100	100	"
St. Mary Banana Estates Limited	100	100	"
P.S.C. Limited	100	100	"
Jamaica Producers Shipping Company Limited	60	60	"
Trinjam Food Processors Limited	100	100	"
The Jamaica Producers Marketing Company Limited	100	100	"
JBFS Investments Limited	100	100	"
Crescent Developments Limited	100	100	"
Central American Banana (2005) Limited	100	100	Cayman Islands
Agroindustrial La Mesa, S.A.	100	100	Honduras
Sula Valley Banana Company, S.A.	80	80	"
JP Shipping Services Limited	100	100	England and Wales
Cariban Limited	100	100	Guernsey
Victoria Banana Company Limited	100	100	Jamaica
SFG Holdings Limited	100	100	Cayman Islands
Coöperatief JP Foods U.A.	100	100	The Netherlands
A.L.Hoogesteger Fresh Specialist B.V.	100	100	"
Serious Food Limited (note 1)	-	100	England and Wales
Sunjuice Limited	-	100	"
Serious Food (Distribution) Limited	-	100	"
Serious Soup Limited	-	100	"
Simply Organic Limited	-	100	"
Serious Desserts Limited	-	100	"
Astrol Properties Limited	-	100	"
Frobishers Juices Limited	-	100	"
Cia. Bananera del Tropico JP, S.A.	100	100	Costa Rica
JOINT VENTURE COMPANY			
Antillean Foods, Inc.	50	50	Cayman Islands

* The names of inactive subsidiary companies are omitted.