

JAMAICA PRODUCERS GROUP LIMITED
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2010



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INDEPENDENT AUDITORS' REPORT

To the Members of
JAMAICA PRODUCERS GROUP LIMITED

Report on the Financial Statements

We have audited the consolidated financial statements of Jamaica Producers Group Limited and its subsidiaries ("the group"), set out on pages 3 to 47 which comprise the group's balance sheet as at December 31, 2010, the group's profit and loss account, statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the Jamaican Companies Act, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these 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 the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we 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 control. 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.

To the Members of
JAMAICA PRODUCERS GROUP LIMITED

Report on the Financial Statements, continued

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the group as at December 31, 2010, and of its group's financial performance, changes in equity and cash flows for the year then ended in accordance with International Financial Reporting Standards and the Jamaican 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.



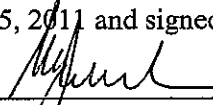
Chartered Accountants
Kingston, Jamaica

February 25, 2011


JAMAICA PRODUCERS GROUP LIMITEDGroup Balance Sheet
December 31, 2010

	<u>Notes</u>	<u>2010</u> \$'000	<u>2009</u> \$'000
CURRENT ASSETS			
Cash and cash equivalents	3(c),4	229,232	227,000
Short-term investments	3(d),5	523,715	489,233
Securities purchased under resale agreements	3(e)	389,311	434,534
Accounts receivable	6	736,704	700,250
Taxation recoverable		125,793	137,648
Inventories	7	<u>235,203</u>	<u>278,880</u>
Total current assets		<u>2,239,958</u>	<u>2,267,545</u>
CURRENT LIABILITIES			
Accounts payable	8	842,947	906,429
Taxation		4,293	36,978
Current portion of long-term loans	18	<u>52,325</u>	<u>55,919</u>
Total current liabilities		<u>899,565</u>	<u>999,326</u>
WORKING CAPITAL		<u>1,340,393</u>	<u>1,268,219</u>
NON-CURRENT ASSETS			
Biological assets	9	2,001	2,001
Interest in joint venture	10	69,385	88,014
Investments	11	1,898,679	1,477,104
Goodwill	12	527,497	568,778
Deferred tax assets	13	7,659	20,199
Property, plant and equipment	14	<u>1,122,592</u>	<u>1,187,745</u>
Total non-current assets		<u>3,627,813</u>	<u>3,343,841</u>
Total assets less current liabilities		<u>4,968,206</u>	<u>4,612,060</u>
EQUITY			
Share capital	15	18,702	18,702
Reserves	16	<u>4,854,683</u>	<u>4,513,191</u>
Total equity attributable to equity holders of the parent		4,873,385	4,531,893
NON-CONTROLLING INTEREST		<u>(9,019)</u>	<u>595</u>
Total equity		<u>4,864,366</u>	<u>4,532,488</u>
NON-CURRENT LIABILITIES			
Employee benefit obligation	17	3,562	9,674
Long-term loans	18	<u>100,278</u>	<u>69,898</u>
Total non-current liabilities		<u>103,840</u>	<u>79,572</u>
Total equity and non-current liabilities		<u>4,968,206</u>	<u>4,612,060</u>

The financial statements on pages 3 to 47 were approved for issue by the Board of Directors on February 25, 2011 and signed on its behalf by:



C. H. Johnston Chairman



J. Hall Managing Director

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

JAMAICA PRODUCERS GROUP LIMITEDGroup Profit and Loss Account
Year ended December 31, 2010

	<u>Notes</u>	<u>2010</u> \$'000	<u>2009</u> \$'000
CONTINUING OPERATIONS			
Gross operating revenue	20	5,906,243	6,259,033
Cost of operating revenue		<u>(4,435,182)</u>	<u>(4,805,758)</u>
Gross profit		1,471,061	1,453,275
Marketing, selling and distribution costs		(341,382)	(330,366)
Administration and other operating expenses		<u>(893,018)</u>	<u>(922,887)</u>
Profit from operations		236,661	200,022
Share of loss in joint venture company		(20,986)	(9,181)
Net (loss)/gain from fluctuations in exchange rates		(8,371)	7,971
Gain on disposal of property, plant and equipment and investments		110,400	59,645
Other income		<u>73,387</u>	<u>57,127</u>
Profit before finance cost and taxation		391,091	315,584
Finance cost - interest		<u>(1,626)</u>	<u>(8,022)</u>
Profit before taxation		389,465	307,562
Taxation charge	21	<u>(87,361)</u>	<u>(97,814)</u>
Profit for the year	22	<u>302,104</u>	<u>209,748</u>
Attributable to:			
Parent company stockholders		312,208	209,643
Non-controlling interest		<u>(10,104)</u>	<u>105</u>
		<u>302,104</u>	<u>209,748</u>
Dealt with in the financial statements of:			
The company		924,842	157,622
Subsidiary companies		(591,648)	61,202
Joint venture company		<u>(20,986)</u>	<u>(9,181)</u>
		<u>312,208</u>	<u>209,643</u>
Profit per ordinary stock unit:			
Based on stock units in issue	23	<u>166.93¢</u>	<u>112.09¢</u>
After exclusion of stock units held by ESOP		<u>184.83¢</u>	<u>123.84¢</u>

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

JAMAICA PRODUCERS GROUP LIMITEDGroup Statement of Comprehensive Income
Year ended December 31, 2010

	<u>2010</u> \$'000	<u>2009</u> \$'000
Profit for the year	<u>302,104</u>	<u>209,748</u>
Other comprehensive income:		
Exchange (losses)/gains on translating foreign operations	(176,946)	221,820
Cumulative realised exchange losses on disposal of subsidiaries transferred to group profit and loss account	15,371	-
Available-for-sale financial assets:		
Revaluation gains/(losses) arising during the year	336,153	(32,089)
Realised revaluation gains transferred to group profit and loss account	<u>(93,959)</u>	<u>(48,335)</u>
	<u>80,619</u>	<u>141,396</u>
Total comprehensive income for the year	<u>382,723</u>	<u>351,144</u>
Attributable to:		
Parent company stockholders	392,827	351,039
Non-controlling interest	<u>(10,104)</u>	<u>105</u>
	<u>382,723</u>	<u>351,144</u>

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

JAMAICA PRODUCERS GROUP LIMITED

**Group Statement of Changes in Equity
Year ended December 31, 2010**

	Share capital \$'000	Share premium \$'000	Capital reserves \$'000	Fair value reserve \$'000	Reserve for own shares \$'000	Retained profits \$'000	Parent company stockholders' equity \$'000	Non - controlling interest \$'000	Total equity \$'000
Balances at December 31, 2008	18,702	135,087	1,679,664	1,171,124	(190,498)	1,372,035	4,186,114	-	4,186,114
Changes in equity:									
Profit for the year	-	-	-	-	-	209,643	209,643	105	209,748
Other comprehensive income									
Exchange losses arising on retranslation of foreign operations	-	-	221,820	-	-	-	221,820	-	221,820
Change in fair value of available-for-sale investments	-	-	-	(32,089)	-	-	(32,089)	-	(32,089)
Realised revaluation gains on available-for-sale investments transferred to group profit and loss account	-	-	-	(48,335)	-	-	(48,335)	-	(48,335)
Total comprehensive income for the year	-	-	221,820	(80,424)	-	-	141,396	-	141,396
	-	-	221,820	(80,424)	-	209,643	351,039	105	351,144
Other changes in equity									
Issue of share capital in subsidiary	-	-	-	-	-	-	-	490	490
Unclaimed distributions to stockholders (note 24)	-	-	20,134	-	-	-	20,134	-	20,134
Distributions to stockholders (note 24)	-	-	241,954	(80,424)	-	209,643	371,173	595	371,768
	-	-	-	-	-	(25,394)	(25,394)	-	(25,394)
Balances at December 31, 2009	18,702	135,087	1,921,618	1,090,700	(190,498)	1,556,284	4,531,893	595	4,532,488
Retained in the financial statements of:									
The company	18,702	135,087	1,577,786	1,039,641	-	484,785	3,256,001	-	3,256,001
Subsidiary companies	-	-	346,067	51,059	(190,498)	1,088,871	1,295,499	-	1,295,499
Joint venture company	-	-	(2,235)	-	-	(17,372)	(19,607)	-	(19,607)
Balances at December 31, 2009	18,702	135,087	1,921,618	1,090,700	(190,498)	1,556,284	4,531,893	595	4,532,488

JAMAICA PRODUCERS GROUP LIMITED

Group Statement of Changes in Equity (Continued)
Year ended December 31, 2010

	Share capital \$'000 (note 16)	Share premium \$'000	Capital reserves \$'000	Fair value reserve \$'000	Reserve for own shares \$'000	Retained profits \$'000	Parent company stockholders' equity \$'000	Non - controlling interest \$'000	Total equity \$'000
Balances at December 31, 2009	18,702	135,087	1,921,618	1,090,700	(190,498)	1,556,284	4,531,893	595	4,532,488
Changes in equity:									
Profit for the year						312,208	312,208	(10,104)	302,104
Other comprehensive income									
Exchange losses arising on retranslation of foreign operations	-	-	(176,946)	-	-	-	(176,946)	-	(176,946)
Cumulative realised exchange losses on disposal of subsidiaries transferred to group profit and loss account	-	-	15,371	-	-	-	15,371	-	15,371
Change in fair value of available-for-sale investments	-	-	-	336,153	-	-	336,153	-	336,153
Realised revaluation gains on available-for-sale investments transferred to group profit and loss account	-	-	-	(93,959)	-	-	(93,959)	-	(93,959)
Total comprehensive income/(expense) for the year	-	-	(161,575)	242,194	-	-	80,619	-	80,619
	-	-	(161,575)	242,194	-	312,208	392,827	(10,104)	382,723
Other changes in equity:									
Own shares acquired by ESOP	-	-	-	-	(12,868)	-	(12,868)	-	(12,868)
Own shares sold by ESOP	-	-	-	-	3,776	-	3,776	-	3,776
Issue of share capital in subsidiary	-	-	-	-	-	-	-	490	490
Distributions to stockholders (note 24)	-	-	(161,575)	242,194	(9,092)	312,208	383,735	(9,614)	374,121
Balances at December 31, 2010	18,702	135,087	1,760,043	1,332,894	(199,590)	1,826,249	4,873,385	(9,019)	4,864,366
Retained in the financial statements of:									
The company	18,702	135,087	1,577,786	1,329,277	-	1,367,384	4,428,236	-	4,428,236
Subsidiary companies	-	-	183,265	3,617	(199,590)	497,223	484,515	-	484,515
Joint venture company	-	-	(1,008)	-	-	(38,358)	(39,366)	-	(39,366)
Balances at December 31, 2010	18,702	135,087	1,760,043	1,332,894	(199,590)	1,826,249	4,873,385	(9,019)	4,864,366

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

JAMAICA PRODUCERS GROUP LIMITEDGroup Statement of Cash Flows
Year ended December 31, 2010

	<u>2010</u> \$'000	<u>2009</u> \$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the year attributable to parent company stockholders	312,208	209,643
Adjustments to reconcile profit for the year to net cash provided by operating activities:		
Items not affecting cash:		
Depreciation and impairment losses -- property, plant and equipment	129,780	132,352
Amortisation and impairment losses - biological assets	-	24,834
Exchange movement in working capital	(48,819)	(54,973)
Deferred tax, net	12,327	62,125
Taxation charge	75,034	35,689
Employee benefits, net	(5,196)	9,344
Gain on disposal of property, plant and equipment and investments	(110,400)	(59,645)
Share of loss in joint venture	20,986	9,181
Gain on disposal of interest in subsidiaries	(7,193)	-
Non-controlling interest in (loss)/profit for the year	(10,104)	105
Interest earned	(57,567)	(67,002)
Interest expense	<u>1,626</u>	<u>8,022</u>
	312,682	309,675
Decrease/(increase) in current assets:		
Accounts receivable	(45,079)	(287,152)
Taxation recoverable	(1,595)	19,706
Inventories	35,313	122,469
Decrease in current liabilities:		
Accounts payable	48,736	(158,888)
Tax paid	<u>(87,395)</u>	<u>-</u>
Net cash provided by operating activities	<u>165,190</u>	<u>110,957</u>
CASH FLOWS FROM INVESTMENT ACTIVITIES		
Biological assets	-	(5,983)
Short-term investments	(34,482)	325,675
Interest received	55,733	57,742
Securities purchased under resale agreements	45,223	(272,016)
Additions to property, plant and equipment	(306,819)	(216,562)
Proceeds from disposal of property, plant and equipment and investments, net of own shares acquired by ESOP	145,897	150,143
Proceeds, net of cash from disposal of subsidiaries	160,268	-
Interests in joint venture company	(6,476)	(21,675)
Movement in long term loans receivable	(180,274)	-
Additions to investments	<u>(28,660)</u>	<u>(31,165)</u>
Net cash used by investment activities	<u>(149,590)</u>	<u>(13,841)</u>

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

JAMAICA PRODUCERS GROUP LIMITEDGroup Statement of Cash Flows (Continued)
Year ended December 31, 2010

	<u>2010</u>	<u>2009</u>
	\$'000	\$'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Bank overdrafts and short-term loans	-	(313)
Long-term loans	33,756	(54,557)
Interest paid	(1,626)	(9,488)
Unclaimed distributions to stockholders	-	(21,935)
Distributions to stockholders, net	(25,394)	(5,260)
Net cash provided/(used) by financing activities	<u>6,736</u>	<u>(91,553)</u>
Net increase/(decrease) in cash and cash equivalents	22,336	(99,584)
Cash and cash equivalents at beginning of the year	227,000	221,437
Exchange (loss)/gain on foreign currency cash and cash equivalents	(20,104)	<u>105,147</u>
Cash and cash equivalents at end of the year	<u>229,232</u>	<u>227,000</u>

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

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Financial Statements
December 31, 2010

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.

The main activities of the company and its subsidiaries (“group”) (note 31) are juice and food manufacturing, the cultivation, marketing and distribution of bananas locally, shipping and the holding of investments.

There have been no significant changes to the group’s operations during the year. However, during the third quarter, the group sold its Honduran registered subsidiaries resulting in a gain of \$7.2 million included in other income. The Honduran operations were not significant in relation to the group as a whole.

There have been no other discontinued operations or exceptional items in the current year.

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 the following standards and amendments did not result in any change in accounting policies and did not have any effect on the company’s financial statements:

- *Revised IFRS 3 Business Combinations* becomes effective for annual reporting 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.
- *IAS 27 (Revised) Consolidated and Separate Financial Statements* becomes effective for annual reporting periods beginning on or after July 1, 2009. It requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. It also specifies the accounting when control is lost, requiring that any remaining interest in the entity be re-measured to fair value, and a gain or loss be recognized in profit or loss.

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Financial Statements (Continued)
December 31, 2010

2. Statement of compliance and basis of preparation (continued)

(a) Statement of compliance (continued):

- *IAS 39 (Amendment), Financial Instruments: Recognition and Measurement* becomes effective for annual reporting periods beginning on or after July 1, 2009. The amendment provided clarification that it is possible for there to be movements into and out of the fair value through profit or loss category where:

A derivative commences or ceases to qualify as a hedging instrument in cash flow or net investment hedge.

Financial assets are reclassified following a change in policy by an insurance company in accordance with IFRS 4.

The definition of financial asset or financial liability at fair value through profit or loss as it relates to items that are held for trading is amended. This clarifies that a financial asset or liability that is part of a portfolio of financial instruments managed together with evidence of an actual recent pattern of short-term profit-taking is included in such a portfolio on initial recognition. There is also the removal of a segment as an example of what may be considered a party external to the reporting entity. When re-measuring the carrying amount of a debt instrument on cessation of fair value hedge accounting, the amendment clarifies that a revised effective interest rate (calculated at the date fair value hedge accounting ceases) are used.

- *IFRIC 17, Distribution of Non-Cash Assets to Owners* is effective for annual reporting periods beginning on or after July 1, 2009 and is required to be applied prospectively; earlier application is permitted. IFRIC 17 provides that a dividend payable should be recognized when appropriately authorized and no longer at the entity's discretion. Where an owner has a choice of a dividend of a non-cash asset or cash, the dividend payable is estimated considering both the fair value and probability of the owners selecting each option. The dividend payable is measured at the fair value of the net assets to be distributed. The difference between fair value of the dividend paid and the carrying amount of the net assets distributed is recognised in profit or loss.

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

At the date of authorisation 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:

- *IFRS 9, Financial Instruments (2009)*, is effective for annual reporting periods beginning on or after January 1, 2013. The standard retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortised cost and fair value. The company is assessing the impact that the standard will have on the 2013 financial statements.

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Financial Statements (Continued)
December 31, 2010

2. Statement of compliance and basis of preparation (continued)

(a) Statement of compliance (continued):

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

- *Amendment to IAS 32 Financial Instruments: Presentation*, is effective for annual reporting periods beginning February 1, 2010. The amendment requires that rights, options or warrants to acquire a fixed number of the entity's own equity instruments for a fixed amount of any currency are equity instruments if the entity offers the rights, options or warrants pro rata to all of its existing owners of the same class of its own non-derivative equity instruments. The company is assessing the impact, if any, the amendment will have on the 2011 financial statements.
- *IAS 24, Related Party Disclosure, revised* (effective January 1, 2011) introduces changes to the related party disclosure requirements for government-related entities and amends the definition of a related party. The standard also expands the list of transactions that require disclosure. The company is assessing the impact, if any, the amendment will have on the 2011 financial statements.
- *Disclosures—Transfer of Financial Assets (Amendments to IFRS 7)* is effective for accounting periods beginning on or after July 1, 2011. The amendment requires disclosure of information that enable users of financial statements to understand the relationship between transferred financial assets that are not derecognized in their entirety and the associated liabilities and to evaluate the nature of and risks associated with, the entity's continuing involvement in these derecognized assets. The company is assessing the impact, if any, the amendment will have on the 2012 financial statements.
- *IFRIC 14 IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*. The amendment is effective for accounting periods beginning on or after January 1, 2011. It applies when an entity is subject to minimum funding requirements and makes an early payment of contributions to cover those requirements. The amendments permit such an entity to treat the benefit of such an early payment as an asset. The company is assessing the impact that the standard will have on the 2011 financial statements.
- *IFRS 9, Financial Instruments (2010)*. The revised IFRS supersedes the previous version of IFRS 9 issued in 2009 and is effective for accounting periods beginning on or after January 1, 2013. The revised standard now includes guidance on classification and measurement of financial liabilities designated as fair value through profit or loss and incorporates certain existing requirements of IAS 39 *Financial Instruments: Recognition and Measurement* on the recognition and de-recognition of financial assets and financial liabilities. The company is assessing the impact that the standard will have on the 2013 financial statements.

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Financial Statements (Continued)
December 31, 2010

2. Statement of compliance and basis of preparation (continued)

(a) Statement of compliance (continued):

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

- *IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments* is effective for accounting periods beginning on or after July 1, 2010. It addresses the accounting by the debtor in a debt for equity swap transaction and specifically how the entity should measure the equity instruments issued to extinguish a financial liability. The company is assessing the impact that the standard will have on the 2011 financial statements.
- *Improvements to IFRS 2010* contain amendments to six standards and to one interpretation and are effective for accounting periods beginning on or after July 1, 2010 or January 1, 2011. The main applicable amendments are as follows:
 - *IFRS 3 Business Combinations* is amended to state that contingent consideration arising in a business combination that had been accounted for in accordance with IFRS 3 (2004) that has been settled or otherwise resolved at the effective date of IFRS 3 (2008) continues to be accounted for in accordance with IFRS 3 (2004). IFRS 3 has also been amended to limit the accounting policy choice to measure non-controlling interests (NCI) upon initial recognition either at fair value or at the NCI's proportionate share of the acquiree's identifiable net assets to instruments that give rise to a present ownership interest and entitle the holder to a share of net assets in the event of liquidation. IFRS 3 was also amended to provide guidance on unreplaced and voluntary replaced share-based payment awards. The amendments are effective for accounting periods beginning on or after July 1, 2010.
 - *IFRS 7 Financial Instruments: Disclosures* – The standard is amended to add an explicit statement that the interaction between qualitative and quantitative disclosures better enables users to evaluate an entity's exposure to risks arising from financial statements. Existing disclosures relating to maximum exposure to credit risk, financial effect of collateral held as security and other enhancements in respect of a financial instrument have been amended. Certain disclosures relating to carrying amount of financial assets that are not past due or are not impaired as a result of their terms having been renegotiated and description of collateral held as security for financial assets that are past due have been removed. The amendment is effective for accounting periods beginning on or after January 1, 2011.
 - *IAS 1 Presentation of Financial Statements* – IAS 1 is amended to state that for each component of equity a reconciliation from opening to closing balances is required to be presented in the statement of changes in equity, showing separately changes arising from items recognized in profit or loss, in other comprehensive income and from transactions with owners acting in their capacity as owners. The amendment is effective for accounting periods beginning on or after January 1, 2011.

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Financial Statements (Continued)
December 31, 2010

2. Statement of compliance and basis of preparation (continued)

(a) Statement of compliance (continued):

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

- *IAS 27 Consolidated and Separate Financial Statements* – The amendments added guidance about disposals of all or part of a foreign operation and about accounting for a loss of significant influence or joint control. The amendments are effective for accounting periods beginning on or after July 1, 2010.
- *IAS 34 Interim Financial Reporting* – the amendment has resulted in the addition of a number of examples of events or transactions that require disclosure. The amendment is effective for accounting periods beginning on or after January 1, 2011.
- *IFRIC 13 Customer Loyalty Programmes* – The terminology used in respect of the values of awards and award credits in a customer loyalty programme is amended. The interpretation as amended requires that the fair value of award credits takes into account the amount of discounts or incentives that otherwise would be offered to customers that have not earned the award credits. The amendment is effective for accounting periods beginning on or after January 1, 2011.

The company is assessing the impact, if any, that these amendments would have on the 2011 financial statements.

(b) Basis of preparation:

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:

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Financial Statements (Continued)
December 31, 2010

2. Statement of compliance and basis of preparation (continued)

(b) Basis of preparation (continued):

(i) Pension and other post-retirement benefits

The amounts recognised in the group's balance sheet and profit and loss account for pension and other post-retirement benefits are determined actuarially using several assumptions. The primary assumptions used in determining the amounts recognised include expected long-term return on plan assets and the discount rate used to determine the present value of estimated future cash flows required to settle the pension and other post-retirement obligations.

The expected return on plan assets is assumed considering the long-term historical returns, asset allocation and future estimates of long-term investment returns. The discount rate is determined based on rates on high quality corporate bonds that have maturity date approximating the tenure of the group's obligation. Any changes in these assumptions will impact the amounts recorded in the financial statements for these obligations.

(ii) Impairment of goodwill

Impairment of goodwill is dependent upon management's internal assessment of future cash flows from cash-generating units that gave rise to the goodwill. That internal assessment determines the amount recoverable from future use of those units. In addition, the estimate of the amount recoverable from future use of those units is sensitive to the discount rates used (note 13).

It is possible, based on existing knowledge, that outcomes that are different from these assumptions could require a material adjustment to the carrying amount reflected in future financial statements.

3. Significant accounting policies

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

(a) 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, including an Employees Share Ownership Plan (ESOP) classified as a special purpose entity [note 17(i)], made up to December 31, 2010.

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

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Financial Statements (Continued)
December 31, 2010

3. Significant accounting policies (continued)

(a) Basis of consolidation (continued):

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, over the financial and operating policies. The consolidated financial statements include the group's share of the total recognised gains and losses of joint ventures on the equity accounting basis (note 11). When the group's share of losses exceeds its interest in a joint venture the group's carrying amount is reduced to \$Nil and recognition of further losses is discontinued, except to the extent that the group has incurred legal or constructive obligations or made payments on behalf of a joint venture. If the joint venture subsequently reports gains, the group resumes recognising its share of those gains only after its share of gains equals the share of losses not recognised.

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

(b) Foreign currencies:

The group's foreign assets and liabilities are translated at the buying rates of exchange ruling at the balance sheet date [note 31(b)(i)]. Items in the foreign subsidiaries' profit and loss account are translated at rates of £1 to J\$133.60 (2009: J\$136.39), US\$1 to J\$87.08 (2009: J\$88.05), €1 to J\$116.06 (2009: J\$122.95) being the weighted 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 profit or loss items are included in profit or loss. 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 17(ii)].

(c) 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.

(d) Short-term investments:

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

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Financial Statements (Continued)
December 31, 2010

3. Significant accounting policies (continued)

(e) Securities purchased under resale agreements:

Securities purchased under resale agreements ('reverse repos') are short-term transactions in which the purchaser 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.

(f) Trade and other receivables:

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

(g) Inventories:

Inventories are valued at the lower of cost, determined principally on the first-in first-out basis, and net realisable value. Net realisable value is the estimated selling price less the estimated costs of completion and selling expenses.

(h) 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 group 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.

(i) Biological assets:

Biological assets represent the cost of primarily 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 normally amortised over a period of seven years. Certain subsidiaries have taken those costs to profit or loss in the year incurred due to the uncertainty of future profits from which those costs would normally be recovered.

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Financial Statements (Continued)
December 31, 2010

3. Significant accounting policies (continued)

(j) Investments:

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

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

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

(k) 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.

Goodwill is stated at cost, less any accumulated impairment losses. Goodwill is allocated to cash-generating units (note 13) and is no longer amortised but tested annually for impairment.

(l) Property, plant and equipment:

(i) Owned assets

Items of property, plant and equipment are stated at cost, less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets include the costs of material and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. 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 as part of the cost of the qualifying asset.

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Financial Statements (Continued)
December 31, 2010

3. Significant accounting policies (continued)

(l) Property, plant and equipment (continued):

(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 (iv) below, and impairment losses. After deducting interest attributable to future periods, the net amount payable is included in accounts payable.

(iii) Subsequent costs

The group recognises in the carrying amount of an item of property, plant and equipment, the cost of replacing part of such an item when that cost is incurred, if it is probable that the future economic benefits embodied with the item will flow to the group and the cost of the item can be measured reliably.

(iv) 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 down the assets to residual values over their expected useful lives. Computer software and equipment are depreciated on the straight-line basis at rates between 25% and 100% per annum. Depreciation methods, useful lives and residual values are reassessed at each reporting date.

(m) Impairment:

The carrying amounts of 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. For goodwill, the recoverable amount is estimated at each balance sheet date. 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. Impairment losses are recognised in group profit or loss.

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.

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Financial Statements (Continued)
December 31, 2010

3. Significant accounting policies (continued)

(m) Impairment (continued):

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 other comprehensive income and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in other comprehensive income is recognised in group profit or loss even though the investment has not been derecognised.

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

(i) Calculation of recoverable amount

The recoverable amount of the group's investments in held-to-maturity securities and 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.

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 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 group profit or loss.

An impairment loss in respect of goodwill is not reversed.

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.

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Financial Statements (Continued)
December 31, 2010

3. Significant accounting policies (continued)

(n) 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:

- Current 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, comprising pensions and other post-employment 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 group's post-employment benefit 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 high-quality corporate bond of maturities approximating the tenure of the group'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.

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Financial Statements (Continued)
December 31, 2010

3. Significant accounting policies (continued)

(o) Revenue:

Revenue from the sale of goods is recognised in the group profit or loss when the significant risks and rewards of ownership have been transferred to the buyer and the group is reasonably certain that economic benefit will be received. Revenue from services rendered is recognised in the group profit or loss in proportion to the stage of completion of the transaction at the reporting date.

(p) Finance costs:

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

(q) Interest income:

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

(r) Taxation:

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

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.

(s) Segment reporting:

An operating segment is a component of the group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the group's other components. An operating segment's operating results are reviewed regularly by the CEO to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Financial Statements (Continued)
December 31, 2010

4. Cash and cash equivalents

	<u>2010</u> \$'000	<u>2009</u> \$'000
Cash and bank balances	<u>229,232</u>	<u>227,000</u>

5. Short-term investments

	<u>2010</u> \$'000	<u>2009</u> \$'000
Loans and receivables:		
Fixed deposits	<u>523,715</u>	<u>489,233</u>

6. Accounts receivable

	<u>2010</u> \$'000	<u>2009</u> \$'000
Trade receivables	582,057	564,645
Staff receivables	15,663	14,098
Other receivables and prepayments	<u>163,366</u>	<u>165,011</u>
	761,086	743,754
Less: allowance for impairment	(24,382)	(43,504)
	<u>736,704</u>	<u>700,250</u>

During the year a net balance of \$10,459 was released on disposal of subsidiaries.

The movement in allowance for impairment in respect of accounts receivable during the year is as follows:

	<u>2010</u> \$'000	<u>2009</u> \$'000
Balance at beginning of year	43,504	76,244
Impairment losses recognised	17,240	6,771
Amounts written off as uncollectible	(23,858)	(20,631)
Amounts recovered during the year	(2,932)	(24,660)
Released on disposal of subsidiaries during the year	(9,047)	-
Exchange (gain)/loss on retranslation	(525)	<u>5,780</u>
Balance at end of year	<u>24,382</u>	<u>43,504</u>

The allowance for impairment of accounts receivable is used to record impairment losses, unless the group 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.

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Financial Statements (Continued)
December 31, 2010

6. Accounts receivable (continued)

The aging of trade receivables at the reporting date was:

	<u>Gross</u>		<u>Impairment</u>	
	<u>2010</u> \$'000	<u>2009</u> \$'000	<u>2010</u> \$'000	<u>2009</u> \$'000
Not past due	501,106	446,778	-	-
Past due 0 - 30 days	48,520	57,474	-	-
Past due 31 - 120 days	19,671	32,016	2,463	484
Past due 121 days - 1 year	2,591	14,427	2,591	2,320
More than 1 year	<u>10,169</u>	<u>13,950</u>	<u>10,169</u>	<u>10,710</u>
	<u>582,057</u>	<u>564,645</u>	<u>15,223</u>	<u>13,514</u>

Amounts due from directors in the ordinary course of business include \$Nil (2009: \$Nil) in trade receivables and \$9,026 (2009: \$9,778) in staff receivables [note 30 (b)].

7. Inventories

	<u>2010</u> \$'000	<u>2009</u> \$'000
Processed goods	26,098	39,610
Raw materials and consumables	209,105	230,510
Spare parts and other	-	<u>8,760</u>
	<u>232,203</u>	<u>278,880</u>

During the year a balance of \$8,364 was released on disposal of subsidiaries.

8. Accounts payable

	<u>2010</u> \$'000	<u>2009</u> \$'000
Trade payables	471,800	408,298
Dividend payable	42,243	25,394
Other	<u>328,904</u>	<u>472,737</u>
	<u>842,947</u>	<u>906,429</u>

During the year a balance of \$31,595 was released on disposal of subsidiaries.

9. Biological assets

	<u>2010</u> \$'000	<u>2009</u> \$'000
Balance at beginning of the year	2,001	19,102
Increase due to new plantings	-	5,983
Amortisation for the year	-	(24,834)
Unrealised exchange gain	-	<u>1,750</u>
Balance at end of the year	<u>2,001</u>	<u>2,001</u>

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Financial Statements (Continued)
December 31, 2010

10. Interest in joint venture

The group's 50% joint venture investment in a banana and plantain chip manufacturing business in the Dominican Republic is set out below, using the equity method:

	<u>2010</u> \$'000	<u>2009</u> \$'000
Shares, at cost, less amounts written off	72,539	31,154
Group's share of reserves	(39,366)	(19,607)
Loan account receivable	<u>36,212</u>	<u>76,467</u>
	<u>69,385</u>	<u>88,014</u>

The capital structure of the joint venture was revised at year-end by the partners. As a result, \$42.7million (US\$500,000) of the loan account receivable was capitalized.

11. Investments

	<u>2010</u> \$'000	<u>2009</u> \$'000
Available-for-sale securities:		
Quoted	1,597,715	1,388,067
Unquoted	<u>28,660</u>	<u>25</u>
	<u>1,626,375</u>	<u>1,388,092</u>
Loans and receivables:		
Government of Jamaica bonds	85,341	89,012
Long-term loan	<u>186,963</u>	<u>-</u>
	<u>272,304</u>	<u>89,012</u>
	<u>1,898,679</u>	<u>1,477,104</u>

Market values of quoted investments are computed using listed bid prices.

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

Included in available-for-sale securities is a quoted investment having a fair value at year-end of \$360,270,000 which is being held as collateral for the long-term loan having a balance owing of £900,000 as shown in note 18.

Included in loans and receivables is a loan of \$179,216,000 (US\$2.1 million) repayable on an amortized basis with equal monthly payments over fifteen years, including a one-year moratorium from repayment of principal in the first year. The loan which earns interest at 3% per annum, is secured by a first mortgage over property and liens over plant, equipment, inventories and any other assets owned by the borrower. In addition, a first lien is held over the shares held by the borrower in former subsidiaries that own the aforementioned assets pledged as security.

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Financial Statements (Continued)
December 31, 2010

12. Goodwill

Goodwill comprises the following significant carrying amounts:

<u>Group of cash-generating units</u>	<u>2010</u>		<u>2009</u>	
	<u>Discount rate</u>	<u>\$'000</u>	<u>Discount rate</u>	<u>\$'000</u>
Juice manufacturing business	10%	267,790	10%	297,745
Shipping business	10%	220,765	10%	232,091
Other units	15%	<u>38,942</u>	20%	<u>38,942</u>
		<u>527,497</u>		<u>568,778</u>

In testing goodwill for impairment, recoverable amounts of cash-generating units are estimated based on value in use. Where the recoverable amounts exceed the carrying amounts, no impairment allowance is made. The recoverable amounts of cash-generating units are arrived at by estimating their future cashflows and discounting those cashflows using long-term discount rates applicable to the countries in which the businesses operate. Future sustainable cashflows are estimated based on the most recent forecasts, after taking account of past experience. Each unit is regarded as saleable to a third party at any future date at a price sufficient to recover its carrying amount of goodwill. The movement in goodwill during the year comprises:

	<u>2010</u>	<u>2009</u>
	<u>\$'000</u>	<u>\$'000</u>
Goodwill at January 1	568,778	490,454
Adjustments in relation to acquisition in previous year	<u>-</u>	<u>13,893</u>
	568,778	504,347
Exchange (loss)/gain on retranslation	<u>(41,281)</u>	<u>64,431</u>
Goodwill at December 31	<u>527,497</u>	<u>568,778</u>

13. Deferred tax assets

Deferred tax assets are attributable to the following:

	<u>2010</u>	<u>2009</u>
	<u>\$'000</u>	<u>\$'000</u>
Property, plant and equipment	4,578	9,747
Employee benefits	890	2,419
Other liabilities	4,325	4,791
Other assets	<u>(2,134)</u>	<u>(5,977)</u>
Tax losses carried forward	<u>-</u>	<u>9,219</u>
	<u>7,659</u>	<u>20,199</u>

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Financial Statements (Continued)
December 31, 2010

13. Deferred tax assets (continued)

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

	<u>2010</u> \$'000	<u>2009</u> \$'000
Net deferred tax assets at beginning of year	20,199	80,386
Recognised in taxation charge [note 21(a)(ii)]	(12,327)	(62,125)
Retranslation (loss)/gain	(213)	<u>1,938</u>
Net deferred tax assets at end of year	<u>7,659</u>	<u>20,199</u>

14. Property, plant and equipment

	<u>Freehold land and buildings</u> \$'000	<u>Leasehold land and buildings</u> \$'000	<u>Equipment, vehicles and furniture</u> \$'000	<u>Work- in- progress</u> \$'000	<u>Total</u> \$'000
At cost:					
December 31, 2008	577,716	293,981	944,164	213,142	2,029,003
Additions	21,463	711	191,192	3,196	216,562
Transfers	4,967	108,614	49,615	(163,196)	-
Disposals	(2,881)	(182,545)	(226,601)	-	(412,027)
Exchange adjustments	<u>72,984</u>	<u>-</u>	<u>46,862</u>	<u>7,330</u>	<u>127,176</u>
December 31, 2009	674,249	220,761	1,005,232	60,472	1,960,714
Additions	31,557	2,376	259,801	13,085	306,819
Disposals	-	-	(34,637)	-	(34,637)
Released on disposal of subsidiaries	(95,966)	-	(93,162)	-	(189,128)
Exchange adjustments	<u>(54,222)</u>	<u>-</u>	<u>(37,048)</u>	<u>(6,067)</u>	<u>(97,337)</u>
December 31, 2010	<u>555,618</u>	<u>223,137</u>	<u>1,100,186</u>	<u>67,490</u>	<u>1,946,431</u>
Depreciation and impairment:					
December 31, 2008	31,599	260,709	570,216	138,734	1,001,258
Charge for the year	25,928	2,563	90,828	13,033	132,352
Transfers	9	85,482	49,019	(134,510)	-
Eliminated on disposals	(1,545)	(182,199)	(193,412)	-	(377,156)
Exchange adjustments	<u>2,541</u>	<u>-</u>	<u>12,900</u>	<u>1,074</u>	<u>16,515</u>
December 31, 2009	58,532	166,555	529,551	18,331	772,969
Charge for the year	23,560	2,574	90,879	12,767	129,780
Eliminated on disposals	-	-	(24,540)	-	(24,540)
Released on disposal of subsidiaries	(6,966)	-	(29,784)	-	(36,750)
Exchange adjustments	<u>(3,880)</u>	<u>-</u>	<u>(11,723)</u>	<u>(2,017)</u>	<u>(17,620)</u>
December 31, 2010	<u>71,246</u>	<u>169,129</u>	<u>554,383</u>	<u>29,081</u>	<u>823,839</u>
Net book values:					
December 31, 2010	<u>484,372</u>	<u>54,008</u>	<u>545,803</u>	<u>38,409</u>	<u>1,122,592</u>
December 31, 2009	<u>615,717</u>	<u>54,206</u>	<u>475,681</u>	<u>42,141</u>	<u>1,187,745</u>
December 31, 2008	<u>546,117</u>	<u>33,272</u>	<u>373,948</u>	<u>74,408</u>	<u>1,027,745</u>

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Financial Statements (Continued)
December 31, 2010

14. Property, plant and equipment (continued)

Freehold land and buildings include land as follows:

	<u>2010</u> \$'000	<u>2009</u> \$'000
At cost	168,614	227,464
Directors' allocation of cost	<u>4,857</u>	<u>4,857</u>
Total land	<u>173,471</u>	<u>232,321</u>

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).

15. Share capital

Authorised:

500,000,000 ordinary shares at no par value

Stated capital:

	<u>2010</u> \$'000	<u>2009</u> \$'000
Issued and fully paid - 187,024,006 ordinary stock units	<u>18,702</u>	<u>18,702</u>

The company's stated capital does not include share premium which is retained in capital reserves (note 16) in accordance with Section 39 (7) of the Act.

16. Reserves

	<u>2010</u> \$'000	<u>2009</u> \$'000
Capital:		
Share premium (note 15)	135,087	135,087
Fair value reserve	1,332,894	1,090,700
Reserve for own shares [see (i) below]	(199,590)	(190,498)
Other [see (ii) below]	<u>1,760,043</u>	<u>1,921,618</u>
	3,028,434	2,956,907
Revenue:		
Retained profits	<u>1,826,249</u>	<u>1,556,284</u>
	<u>4,854,683</u>	<u>4,513,191</u>

(i) Reserve for own shares is included in these financial statements by consolidation of the company's Employees Share Ownership Plan (ESOP) as it is regarded as a Special Purpose Entity and is required to be consolidated under IAS 27, as interpreted by the Standing Interpretations Committee (SIC) Statement 12. The reserve comprises the cost of the company's shares held by the group through the ESOP, less net gains on shares sold.

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Financial Statements (Continued)
December 31, 2010

16. Reserves (continued)

(i) (Continued)

The consolidated financial statements include the group's share of profits/losses of the ESOP based on management accounts for the year ended December 31, 2010. The results of operation of this entity are insignificant in relation to the group.

The number of stock units (note 16) held by the ESOP at December 31, 2010 was 18,052,871 (2009: 17,732,871). Based on the bid price, less a 15% discount normally allowed to staff, the value of those stock units at December 31, 2010 was \$306,899,000 (2009: \$346,669,000). The value of these stock units is not recognised in the group's reserve for own shares until sold.

(ii) Other capital reserves comprise gains on disposal of property, plant and equipment and investments up to December 31, 2001, unrealised exchange gains and unclaimed distributions to stockholders (note 24).

(iii) Losses in the subsidiary, in excess of the minority's interest in the equity of the subsidiary, are included in the group's results. If the subsidiary subsequently reports profits, such profits are included in the group results, until the minority's share of losses, previously absorbed by the group, has been recovered.

17. Employee benefit obligation

The group operates two defined contribution schemes for all qualifying employees in Jamaica and the UK.

A number of employees in the group's subsidiary in the Netherlands are members of an industry-wide multi-employer defined benefit scheme. This subsidiary is required to contribute a specified percentage of payroll costs to the scheme to fund the benefits. This percentage may increase or decrease as a result of changes in actuarial valuations. The only obligation of the group with respect to this scheme is to make the specified contribution. Accordingly, it is treated as a defined contribution scheme for the purpose of the group's accounting. The most recent actuarial valuation of this scheme was performed at 31 December, 2010 at which time the fund had a deficit of 2.0% (2009 - surplus of 1.6%). The next full actuarial valuation will be at 31 December, 2011.

In 2009, the group commenced participation in a defined benefit scheme for certain employees of the group's subsidiary in the Netherlands. This resulted from legal commitments to maintain employee benefits following that subsidiary's acquisition in 2008. The members of the scheme have chosen not to transfer their accumulated rights from the previous parent's scheme to the new scheme, accordingly the new scheme commenced the year with no assets or liabilities. The group has contracted with an insurance company to cover the committed pension benefits.

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Financial Statements (Continued)
December 31, 2010

17. Employee benefit obligation (continued)

- (a) Contributions under the two defined-contribution pension schemes and the industry-wide multi-employer scheme during the year amounted to \$50,316,000 (2009: \$45,722,000).
- (b) The amounts recognised in the group's financial statements in respect of the defined-benefit scheme are as follows:

(i) Employee benefit(obligation)/asset:

	<u>2010</u>	<u>2009</u>
	\$'000	\$'000
Present value of funded obligations [see (iii) below]	(63,074)	(19,858)
Fair value of plan assets [see (iv) below]	<u>26,884</u>	<u>7,892</u>
Sub-total	(36,190)	(11,966)
Elimination of unrecognised actuarial losses included in the sub-total above	<u>32,628</u>	<u>2,292</u>
Recognised obligation at end of year	<u>(3,562)</u>	<u>(9,674)</u>

(ii) Movements in net obligation recognised in the group balance sheet:

	<u>2010</u>	<u>2009</u>
	\$'000	\$'000
Net obligation at January 1	(9,674)	-
Contributions paid	20,310	9,713
Other movement	3,437	-
Expense recognised in the group profit and loss account	<u>(18,221)</u>	<u>(19,057)</u>
	(4,148)	(9,344)
Exchange gain/(loss) on retranslation	<u>586</u>	<u>(330)</u>
Net obligation at December 31	<u>(3,562)</u>	<u>(9,674)</u>

(iii) Movements in present value of funded obligation:

	<u>2010</u>	<u>2009</u>
	\$'000	\$'000
Balance at January 1	(19,858)	-
Interest cost	(1,857)	(984)
Current service cost	(15,320)	(16,844)
Employee contributions	(1,857)	(1,352)
Actuarial loss	<u>(26,578)</u>	<u>-</u>
	(65,470)	(19,180)
Exchange gain/(loss) on retranslation	<u>2,396</u>	<u>(678)</u>
Balance at December 31	<u>(63,074)</u>	<u>(19,858)</u>

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Financial Statements (Continued)
December 31, 2010

17. Employee benefit obligation (continued)

(b) The amounts recognised in the group's financial statements in respect of the defined-benefit scheme are as follows (continued):

(iv) Movement in fair value of plan assets:

	<u>2010</u> \$'000	<u>2009</u> \$'000
Fair value of plan assets at January 1	7,892	-
Expected return on plan assets	1,045	492
Contributions paid	22,167	11,065
Additional charges	(1,741)	(1,721)
Actuarial loss	<u>(1,509)</u>	<u>(2,213)</u>
	27,854	7,623
Exchange (loss)/gain on retranslation	<u>(970)</u>	<u>269</u>
Fair value of plan assets at December 31	<u>26,884</u>	<u>7,892</u>

Plan assets have been underwritten by an insurance contract. It is not possible to identify the allocation of plan assets to equities, bonds or cash.

The fair value of plan assets is determined as the present value of vested benefits, based on a discount rate of 4.8%.

(v) Expense recognised in the group profit and loss account:

	<u>2010</u> \$'000	<u>2009</u> \$'000
Current service cost	(15,320)	(16,844)
Additional charges – insurance premiums	(1,741)	(1,721)
Interest on obligation	(1,857)	(984)
Actuarial loss recognised	(348)	-
Expected return on plan assets	<u>1,045</u>	<u>492</u>
Expense recognised in the group profit and loss account	<u>(18,221)</u>	<u>(19,057)</u>

(vi) Principal actuarial assumptions at the balance sheet date:

	<u>2010</u> %	<u>2009</u> %
Discount rate	4.80	5.30
Expected return on plan assets	4.80	5.30
Future salary increases	2.40	2.00
Future pension increases	<u>2.00</u>	<u>2.00</u>

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Financial Statements (Continued)
December 31, 2010

18. Long-term loans

	<u>Current portion</u>		<u>Non-current portion</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Bank loans	52,325	55,919	13,081	69,898
Other related party	-	-	<u>87,197</u>	-
	<u>52,325</u>	<u>55,919</u>	<u>100,278</u>	<u>69,898</u>

The loan from other related party of \$87.2 million (US\$1,021,753) is due to a company that holds 35% of the equity in one of the group's subsidiaries. It arose from the assignment to the group by that company of assets held under a finance lease agreement with Bank of Nova Scotia Jamaica Limited. At balance sheet date, the assets taken over from October 4, 2010 were being used by the group. The loan is due and payable, together with interest, on or before October 4, 2015.

The existing loan of £2,000,000 is secured by a portion of the company's equity investment portfolio (note 11) and is repayable by quarterly installments over a five-year period that commenced April 30, 2007.

The terms and conditions of outstanding loans were as follows:

	<u>Currency</u>	<u>Nominal interest rate</u>	<u>Year of maturity</u>	<u>Face value</u>	<u>Carrying value</u>	<u>Face value</u>	<u>Carrying value</u>
				<u>2010</u>	<u>2010</u>	<u>2009</u>	<u>2009</u>
				<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Secured bank loan	GBP	UK Prime + 1.0%	2012	65,400	65,400	125,817	125,817
Other related party	USD	5.0%	2015	<u>87,197</u>	<u>87,197</u>	-	-

19. Financial income and expenses

	<u>2010</u>	<u>2009</u>
	<u>\$'000</u>	<u>\$'000</u>
Recognised in group profit and loss account:		
Financial income:		
Interest income on available-for-sale financial assets	3,766	12,238
Interest income on bank deposits, loans and receivables	51,552	50,280
Dividend income on available-for-sale financial assets	44,291	41,309
Net foreign exchange gain	-	7,971
Net gain on available-for-sale financial assets transferred from equity	<u>93,959</u>	<u>48,335</u>
	<u>193,568</u>	<u>160,133</u>
Financial expenses:		
Interest expense on financial liabilities measured at amortised cost	(1,626)	(8,022)
Net foreign exchange loss	(8,371)	-
	(9,997)	(8,022)
Net financial income	<u>183,571</u>	<u>152,111</u>

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Financial Statements (Continued)
December 31, 2010

20. Gross operating revenue

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

21. Taxation

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

	<u>2010</u> \$'000	<u>2009</u> \$'000
(i) Current tax charge:		
United Kingdom corporation tax @ 30%	(844)	1,104
Netherlands corporation tax @ 25.5%	59,912	34,585
Other corporation tax	1,905	-
Under-provision in previous year	<u>14,061</u>	<u>-</u>
	75,034	35,689
(ii) Deferred taxation (note 13):		
Origination and reversal of temporary differences	<u>12,327</u>	<u>62,125</u>
Total taxation charge in group profit and loss account	<u>87,361</u>	<u>97,814</u>

- (b) The effective tax rate for 2010 was 22.4% (2009: 31.8%) of a pre-tax result of \$389,465,000 (2009: pre-tax result of \$307,562,000), compared to the statutory tax rate of 33½% (2009: 33½%). The actual charge differs from the "expected" tax charge for the year as follows:

	<u>2010</u> \$'000	<u>2009</u> \$'000
Profit before taxation	<u>389,465</u>	<u>307,562</u>
Computed "expected" tax charge @ 33½%	129,821	102,520
Taxation difference between profit for financial Statements and tax reporting purposes on -		
Overseas taxation	(12,729)	(16,979)
Tax losses and tax relief utilised	(18,054)	(19,319)
Gain on disposal of property, plant and equipment and investments	(26,177)	13,129
Other related capital adjustments	<u>14,500</u>	<u>18,463</u>
Actual tax charge	<u>87,361</u>	<u>97,814</u>

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Financial Statements (Continued)
December 31, 2010

21. Taxation (continued)

- (c) As at December 31, 2010, the group has taxation losses, subject to agreement by the Commissioner of Taxpayer Audit and Assessment of approximately \$1,417,764,000 (2009: \$1,474,723,000) available for relief against future taxable profits. Of this amount, \$598,841,000 (2009: \$493,486,000) is available for offset against specific income such as farming profits. The taxation losses disclosed in the financial statements reflect those available under existing legislation. A deferred tax asset of \$472,588,000 (2009: \$479,068,000) in respect of taxation losses of certain companies has not been recognised by the group as management considers its realisation within the foreseeable future to be too uncertain.

22. Disclosure of expenses

Loss for the year is stated after charging:

	<u>2010</u> \$'000	<u>2009</u> \$'000
Directors' emoluments:		
Fees	9,026	9,350
Remuneration	46,234	38,041
Auditors' remuneration	22,114	21,853
Depreciation and impairment losses	129,780	134,949
Staff costs	<u>1,162,017</u>	<u>1,199,609</u>

23. Profit per ordinary stock unit

The profit per ordinary stock unit is calculated by dividing the profit for the year of \$312,208,000 (2009: \$209,643,000), attributable to the group, by a weighted average number of ordinary stock units held during the year, excluding those held by the ESOP.

Weighted average number of ordinary stock units:

	<u>2010</u>	<u>2009</u>
Issued ordinary stock units at January 1	187,024,006	187,024,006
Effect of own shares held by ESOP during the year	(18,108,481)	(17,732,871)
Weighted average number of ordinary stock units held during the year	<u>168,915,525</u>	<u>169,291,135</u>
Profit per ordinary stock unit in issue	<u>166.93¢</u>	<u>112.09¢</u>
Profit per ordinary stock unit excluding ESOP holdings	<u>184.82¢</u>	<u>123.84¢</u>

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Financial Statements (Continued)
December 31, 2010

24. Distributions to stockholders

	<u>2010</u> \$'000	<u>2009</u> \$'000
Ordinary dividends:		
First interim payable in respect of 2010 - 25¢ (2009: 15¢) per stock unit - gross	46,756	28,054
Distributions to ESOP [note 16(i)]	(4,513)	(2,660)
	42,243	25,394
Unclaimed distributions written back to capital reserves [note 16(ii)]	-	(20,134)
	<u>42,243</u>	<u>5,260</u>

25. Contingent liabilities

One of the group's bankers, The Bank of Nova Scotia Jamaica Limited, has issued guarantees on behalf of certain subsidiaries in favour of third parties totalling \$1,100,000 (2009: \$382,000).

26. Operating lease arrangements

(a) Non-cancellable operating lease commitments

Annual commitments under non-cancellable operating leases expire as follows:

	<u>2010</u> \$'000	<u>2009</u> \$'000
Within one year	13,553	14,493
In the second to fifth year inclusive	28,956	51,005
After five years	-	<u>10,908</u>
	<u>42,509</u>	<u>76,406</u>

(b) Non-cancellable operating lease receivables

Operating leases relate to the property owned by the group with 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 group earned property rental income of \$19,906,000 (2009: \$14,344,000) under operating leases. Direct operating expenses arising on the property in the period was \$7,600,000 (2009: \$6,100,000). Commitments for income under non-cancellable operating leases at year-end are as follows:

	<u>2010</u> \$'000	<u>2009</u> \$'000
Within one year	19,911	16,625
In the second to fifth year inclusive	<u>20,885</u>	<u>22,772</u>
	<u>40,796</u>	<u>39,397</u>

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Financial Statements (Continued)
December 31, 2010

27. Commitments for expenditure

As at December 31, 2010, capital expenditure authorised but not committed amounted to approximately \$178,824,000 (2009: \$223,532,000). Capital expenditure authorised and committed amounted to approximately \$30,659,000 (2009: \$Nil).

28. Related parties

(a) Identity of related parties:

The group has a related party relationship with its directors and officers and senior executives of subsidiaries. The company's executive directors, officers and the senior executives of subsidiaries 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 27.2% (2009: 27.1%) of the voting shares of the company. Receivables from directors which are current at December 31, 2010 amounted to \$117,891 (2009: \$9,778) and are included in "accounts receivable" (note 6). No interest is payable by directors on these balances. In addition to their salaries, the group contributes to various post-employment benefit plans on behalf of key management personnel.

The compensation of key management personnel based in Jamaica and overseas is as follows:

	<u>2010</u>	<u>2009</u>
	\$'000	\$'000
Short-term employment and other benefits	142,435	156,605
Post-employment benefits	<u>17,924</u>	<u>19,060</u>
Total remuneration	<u>160,359</u>	<u>175,665</u>

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Financial Statements (Continued)
December 31, 2010

28. Related parties (continued)

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

Related party transactions:

Category and nature of relationship	Transactions in year		Terms and conditions	(Payable)/receivable at end of year		Provision end of year		(Expense)/recovery during the year	
	2010	2009		2010	2009	2010	2009	2010	2009
	\$'000	\$'000		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<u>Nature of Transactions</u>									
Transactions by associates:									
50% associate	206,416	245,342		-	-	1, 4, 7	-	-	-
Transactions with key management personnel or entities under their control and/or significant influence:									
i) Company under their control	20,428	13,748		-	-	1, 4, 7	N/A	N/A	N/A
ii) Company under their control	4,572	699		(4,267)	(382)	4, 7, 9	N/A	N/A	N/A
iii) Company under their control	6,239	8,274		-	-	1, 4, 7	N/A	N/A	N/A
iv) Company under their control	3,120	7,746		-	-	1, 4, 7	N/A	N/A	N/A
v) Company under their control	(50,992)	(54,006)		20,330	35,156	1, 4, 7	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. Secured
4. Unsecured
5. Guaranteed by related party
6. Guaranteed by entity
7. Settlement in cash
8. Settlement in kind
9. Credit over 30 days

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Financial Statements (Continued)
December 31, 2010

29. Segment reporting

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

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

- (a) JP Europe Division – This comprises businesses that are centred in Europe and include the production and marketing of natural food and drink, and the logistics business.
- (b) JP Tropical Division – This comprises businesses that are centred in the Caribbean and Central America, and include the production and marketing of natural food and drink as well as management of land holdings.
- (c) Corporate – This comprises interest and investment income, net of the cost of corporate functions not directly charged to business units.

Segment information below represents the total for the group and the segment profit/(loss) in each table refers to the total profit before taxation and before gain on sale of interest in subsidiary and associated company.

	JP Europe		JP Tropical		Corporate		Total	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Gross revenue	4,538,584	4,892,384	1,206,619	1,233,629	182,459	207,641	5,972,662	6,333,654
Inter-segment revenue	-	-	-	-	(66,419)	(74,621)	(66,419)	(74,621)
Revenue from external customers	<u>4,583,584</u>	<u>4,892,384</u>	<u>1,206,619</u>	<u>1,233,629</u>	<u>116,040</u>	<u>133,020</u>	<u>5,906,243</u>	<u>6,259,033</u>
Interest income	<u>3,128</u>	<u>1,116</u>	<u>4,200</u>	<u>3,297</u>	<u>50,239</u>	<u>62,589</u>	<u>57,567</u>	<u>67,002</u>
Interest expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,076)</u>	<u>(1,626)</u>	<u>(6,946)</u>	<u>(1,626)</u>	<u>(8,022)</u>
Segment profit	<u>257,892</u>	<u>213,245</u>	<u>49,750</u>	<u>47,970</u>	<u>81,823</u>	<u>46,347</u>	389,465	307,562
Taxation charge							(87,361)	(97,814)
Non-controlling interest							<u>10,104</u>	<u>(105)</u>
Profit attributable to equity holders of the parent							<u>312,208</u>	<u>209,643</u>
Segment assets	<u>2,005,585</u>	<u>2,135,631</u>	<u>578,185</u>	<u>604,517</u>	<u>3,284,000</u>	<u>2,871,238</u>	<u>5,867,770</u>	<u>5,611,386</u>
Segment liabilities	<u>669,759</u>	<u>781,013</u>	<u>154,148</u>	<u>98,750</u>	<u>179,498</u>	<u>199,135</u>	<u>1,003,405</u>	<u>1,078,898</u>
Capital expenditure	<u>155,108</u>	<u>109,623</u>	<u>147,928</u>	<u>103,689</u>	<u>3,783</u>	<u>3,250</u>	<u>306,819</u>	<u>216,562</u>
Depreciation and amortisation	<u>74,662</u>	<u>94,576</u>	<u>49,942</u>	<u>54,431</u>	<u>5,176</u>	<u>8,179</u>	<u>129,780</u>	<u>157,186</u>

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Financial Statements (Continued)
December 31, 2010

29. Segment reporting (continued)

Segment information below represents segment revenue based on the country receiving the benefit of our products/services and segment assets based on the country in which the owner is registered.

	<u>Revenues</u>		<u>Non-current assets</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Jamaica	1,571,811	1,359,592	2,210,327	1,903,276*
Netherlands	3,680,705	3,983,356	1,000,379	1,030,588
United Kingdom	193,969	194,629	230,143	240,973*
Other Caribbean countries	250,103	311,028	-	-
Other European countries	136,022	126,024	-	-
Other countries	<u>73,633</u>	<u>284,404</u>	<u>186,963</u>	<u>169,004</u>
	<u>5,906,243</u>	<u>6,259,033</u>	<u>3,627,812</u>	<u>3,343,841</u>

* Reclassified to conform with current year presentation.

Revenues from one customer of the JP Europe segment represents approximately \$3,117 million (2009: \$3,414 million) of the group's total revenues.

30. Financial instruments

A financial instrument is any contract that gives rise to 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 and cash equivalents, short-term investments, securities purchased under resale agreements, accounts receivable and investments. Financial liabilities include bank overdrafts and short-term loans, accounts payable 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 and cash equivalents, short-term investments, securities purchased under resale agreements, accounts receivable, bank overdrafts and 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 its market value. This method falls within the level 1 fair value hierarchy and is defined as quoted prices (unadjusted) in an active market for identical assets. The fair value of other investments, except for certain unquoted shares (note 11), 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.

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Financial Statements (Continued)
December 31, 2010

30. Financial instruments (continued)

(b) Financial instrument risks:

The group 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 group's exposure to each of the above risks, the group'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 group's risk management framework.

The risk management policies are established to identify and analyse the risks faced by the group, 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 group's activities. Management's 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 group if a customer or 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 cash and cash equivalents.

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

	<u>2010</u> \$'000	<u>2009</u> \$'000
Cash and cash equivalents	229,232	227,000
Short-term investments	523,715	489,233
Securities purchased under resale agreements	389,311	434,534
Accounts receivable	736,704	700,250
Non-current investments (note 11)	<u>272,304</u>	<u>89,012</u>
	<u>2,151,266</u>	<u>1,940,029</u>

The group manages this risk as follows:

- Cash and cash equivalents and short-term investments

The group maintains cash resources with reputable financial institutions. The credit risk is considered to be low.

No allowance for impairment is deemed necessary.

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Financial Statements (Continued)
December 31, 2010

30. Financial instruments (continued)

(b) Financial instrument risks (continued):

(i) Credit risk (continued)

The group manages this risk as follows (continued):

- Securities purchased under resale agreements

The group holds collateral for securities purchased under resale agreements. Assigned collateral, with a fair value of \$527,757,000(2009: \$835,784,000) for the group, was held for securities purchased under resale agreements [note 3(e)].

No allowance for impairment is deemed necessary.

- Accounts receivable

The group has a credit policy in place to minimize exposure to credit risk inherent in trade accounts receivable. Credit evaluations are performed on all customers requiring credit. Credit terms are negotiated based on a mix of terms acceptable to both parties. The group provides credit up to 60 days dependent on other pricing arrangements that may be beneficial to the relationship. A continuing relationship with customers is dependent upon adherence to the credit terms.

The group has a policy in place to provide for impairment on all debts more than ninety (90) days past due except for specific balances that relate to special circumstances that provide 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, the Netherlands and U.K. VAT. These guidelines include the provision of collateral as security for credit extended.

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

- Non-current investments

This is held partly in securities issued by the Government of Jamaica, the credit risk of which is considered to be minimal. The other part is held in a secured loan to the purchaser of former subsidiaries. The security (note 11) is considered to be an adequate hedge against any inherent credit risk.

No allowance for impairment is deemed necessary.

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

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Financial Statements (Continued)
December 31, 2010

30. Financial instruments (continued)

(b) Financial instrument risks (continued):

(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 group'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 group 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 group'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 group 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 Euro (€), United States dollar (US\$) and Pound Sterling (£).

The group 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. When necessary, the group uses forward exchange contracts to hedge a significant portion of its currency risk, most with a maturity of one year from the reporting date.

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

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

	2010			2009		
	US\$'000	£'000	€'000	US\$'000	£'000	€'000
Financial assets						
Cash and cash equivalents	384	537	1,136	576	172	1,080
Short term investments	6,137	-	-	3,590	-	1,000
Securities purchased						
under resale agreements	535	455	-	3,469	-	-
Accounts receivable	483	709	4268	1,082	754	3,095
Investments	<u>3,527</u>	<u>-</u>	<u>-</u>	<u>1,000</u>	<u>-</u>	<u>-</u>
Total financial assets	<u>11,066</u>	<u>1,700</u>	<u>5,604</u>	<u>9,717</u>	<u>926</u>	<u>5,175</u>

JAMAICA PRODUCERS GROUP LIMITEDNotes to the Financial Statements (Continued)
December 31, 201030. Financial instruments (continued)

(b) Financial instrument risks (continued):

(ii) Market risk (continued)

Currency risk (continued)

The net foreign currency assets/(liabilities) at year-end (continued):

	2010			2009		
	US\$'000	£'000	€'000	US\$'000	£'000	€'000
Financial liabilities						
Accounts payable	(243)	(895)	(5,252)	(1,018)	(786)	(4,620)
Current maturities of long term loans	-	(400)	-	-	(400)	-
Long-term loans	(1,022)	(100)	-	-	(500)	-
Financial instruments position	9,801	305	151	8,699	(760)	555
Other assets	741	415	8,329	3,075	405	7,480
Other liabilities	-	(2)	(35)	-	(8)	(282)
Gross balance sheet position	<u>10,542</u>	<u>718</u>	<u>8,455</u>	<u>11,774</u>	<u>(363)</u>	<u>7,753</u>

Other assets/liabilities represent balances denominated in other currencies that are expected to be realised or settled in those currencies.

Foreign currency sensitivity analysis

The following tables detail the group'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 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 and is performed on the same basis as the previous year.

10% Devaluation of J\$ - resultant exchange gain/(loss):

	2010		2009	
	<u>Equity</u> \$'000	<u>Profit</u> <u>and loss</u> \$'000	<u>Equity</u> \$'000	<u>Profit</u> <u>and loss</u> \$'000
US\$	78,799	11,105	58,806	45,986
£	9,678	(288)	7,257	(12,330)
€	<u>96,704</u>	<u>-</u>	<u>98,471</u>	<u>226</u>

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Financial Statements (Continued)
December 31, 2010

30. Financial instruments (continued)

(b) Financial instrument risks (continued):

(ii) Market risk (continued)

Foreign currency sensitivity analysis (continued)

2% Revaluation of J\$ - resultant exchange gain/(loss):

	<u>2010</u>		<u>2009</u>	
	<u>Equity</u>	<u>Profit</u>	<u>Equity</u>	<u>Profit</u>
	<u>\$'000</u>	<u>and loss</u>	<u>\$'000</u>	<u>and loss</u>
		<u>\$'000</u>		<u>\$'000</u>
US\$	(15,760)	(2,221)	(11,761)	(9,197)
£	(1,936)	(58)	(1,451)	2,466
€	(19,341)	<u>-</u>	(19,694)	(45)

Buying exchange rates used at year end:

	<u>2010</u>	<u>2009</u>
US\$1 to J\$	85.34	89.01
£1 to J\$	130.81	139.80
€1 to J\$	<u>114.44</u>	<u>127.30</u>

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 group materially contracts financial liabilities at fixed interest rates for the duration of the term. Bank overdrafts are subject to interest rates which may be varied with appropriate notice by the lender.

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

	<u>2010</u>	<u>2009</u>
	<u>\$'000</u>	<u>\$'000</u>
Fixed rate instruments:		
Financial assets	1,185,330	1,039,037
Financial liabilities	(87,197)	-
	<u>1,098,133</u>	<u>1,039,037</u>
Variable rate instruments:		
Financial liabilities	(65,406)	(125,817)

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

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Financial Statements (Continued)
December 31, 2010

30. Financial instruments (continued)

(b) Financial instrument risks (continued):

(ii) Market risk (continued)

Interest rate risk (continued)

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 2009.

	2010		2009	
	500 bps <u>increase</u> \$'000	800 bps <u>decrease</u> \$'000	500 bps <u>increase</u> \$'000	800 bps <u>decrease</u> \$'000
Variable rate instruments	<u>(3,270)</u>	<u>5,233</u>	<u>(6,290)</u>	<u>10,066</u>

Other market price risk

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

All of the group's quoted equity investments locally are listed on the Jamaica Stock Exchange. A twenty percent (20%) decline in the listed bid prices at the reporting date would have decreased equity by \$319,540,000 (2009: \$277,613,000) and profit or loss by \$Nil (2009: \$Nil). The impact on profit or loss would result from investments which were impaired at the reporting date as there were no 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 group will not be able to meet its 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.

Due to the dynamic nature of the underlying businesses, the management of the group 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.

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Financial Statements (Continued)
December 31, 2010

30. Financial instruments (continued)

(b) Financial instrument risks (continued):

(iii) Liquidity risk

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

The following are the contractual maturities of non-derivative financial liabilities including interest payments. The tables show the undiscounted cash flows of non-derivative financial liabilities based on the earliest date on which the group 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 %	Contractual Carrying amount \$'000	cash flows \$'000	0-1 year \$'000	1-5 years \$'000	More than 5 years \$'000
December 31, 2010:						
Secured bank loans	1.50	65,406	65,897	52,794	13,098	-
Other related party loan	5.00	<u>87,197</u>	<u>87,197</u>	-	<u>87,197</u>	-
		<u>152,603</u>	<u>153,094</u>	<u>52,794</u>	<u>100,295</u>	-
December 31, 2009:						
Secured bank loans	1.50	<u>125,817</u>	<u>127,836</u>	<u>57,344</u>	<u>70,492</u>	-

Trade and other payables are due within one year.

(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 group defines as total shareholders' equity, excluding non-controlling interest. The level of dividends to ordinary shareholders is also monitored.

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.

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

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

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Financial Statements (Continued)
December 31, 2010

31. Subsidiary and joint venture companies

	<u>% equity held</u>		<u>Place of incorporation</u>
	<u>2010</u>	<u>2009</u>	
<u>SUBSIDIARY COMPANIES*</u>			
JP Tropical Group Limited	100	100	Jamaica
Aqualta 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	"
JP Tropical Foods 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.	-	80	Honduras
Sula Valley Banana Company, S.A.	-	80	Honduras
JP Shipping Services Limited	100	100	England and Wales
Cariban Limited	100	100	Guernsey
Victoria Banana Company Limited	51	100	Jamaica
JP International Group Limited)	100	100	Cayman Islands
Coöperatief JP Foods U.A.	100	100	The Netherlands
A.L.Hoogesteger Fresh Specialist B.V.	100	100	"
Cia. Bananera del Tropicó JP, S.A.	100	100	Costa Rica
JP Fresh Limited	100	100	England and Wales
Four Rivers Mining Company Limited	51	51	Jamaica
<u>JOINT VENTURE COMPANY</u>			
Antillean Foods, Inc.	50	50	Cayman Islands

* The names of inactive subsidiary companies are omitted.