Jamaica Producers Group Limited

AUDITED GROUP RESULTS
YEAR ENDED DECEMBER 31, 2012

Chairman's Statement

Jamaica Producers Group Limited (JP) generated revenues of $6.79 billion in 2012 and earned after-tax profits of $208 million. Our revenues increased 10% over the prior year. Our earnings are down relative to our 2011 profit of $956 million which included the realisation of a gain on the disposal of investments totaling $1,085 million. This 2011 gain on the disposal of investments was not repeated in 2012.

JP Tropical Division

Our JP Tropical Division earned 2012 profits of $24 million up from a loss in 2011 of $74 million. Revenues increased 65% from $1,180 million in 2011 to $1,950 million in 2012. During the year, we confronted some of the longstanding constraints on our profitability with a bold and diverse new range of initiatives to drive earnings growth. The challenge associated with the increasing incidence of adverse or catastrophic weather conditions on our agricultural operations in St. Mary again affected us. This time it took the form of Hurricane Sandy, which struck Jamaica on October 23, 2012. The storm substantially destroyed our banana crop and forced us to temporarily shutter our tropical snack factory in St. Mary while we continued to carry much of the overheads associated with this facility. Despite this major setback, in 2012, we managed to maintain much of our market positioning and revenue base throughout the year. We benefitted from our emerging production of pineapples, cassava-based products and coconuts (all of which are less susceptible than bananas to hurricane damage) and by relying on our tropical snack factory in the Dominican Republic for a limited volume of banana and plantain chips. We expect our banana farms to return to production at the end of the second quarter of 2013.

The division also benefitted significantly during the year from our program to diversify outside of our core fresh produce and tropical snack businesses. We experienced our first full year of operations in our Tortuga International Holdings Limited subsidiary (the leading producer of rum-based specialty food products in the Caribbean) and our Mavis Bank Coffee Factory joint venture (the leading producer of specialty Blue Mountain Coffee). Both businesses contributed positively to the result for the division and performed in line with expectations. In addition, we successfully concluded the start-up phase of our Four Rivers Mining subsidiary during the year and this construction aggregates business also contributed to the overall divisional profit.

The immediate focus for this division in 2013 and beyond will be to harness the synergies that are now available to us arising from the unique market position of our brands in travel retail, e-commerce, specialty foods, general supermarkets and convenience channels across the Caribbean and in several major world economies. We remain extremely concerned about the macroeconomic environment in the Caribbean generally and in particular in Jamaica. Our strategy is to maintain a diverse product range that includes both value priced snack and fresh produce items for the "on-shore" Caribbean consumer market as well as truly distinctive specialty foods which are able to derive growth and hard currency earnings from export markets and the tourism sector. We are satisfied that this places us in the best position to deal with the economic conditions. The synergies across our business will allow us to execute this strategy efficiently and competitively.

JP Europe Division

JP Europe had 2012 profits of $79 million up by over 400% on the $15 million earned in 2011. Divisional revenues of $4,717 million were down 3% over the prior year, the largest contributor to this movement being a 4.4% depreciation of the average Euro rate year on year. Our primary consumer markets in Europe -- the Netherlands and the United Kingdom experienced flat or negative economic growth throughout the year. The largest single business in our Group by revenues, AL Hoogesteger Fresh Specialist BV is based in the Netherlands where we operate the market leading producer of freshly squeezed juice. This business has the best customer mix and market share of any fresh juice company in the Netherlands and, as such, our focus during 2012 was developing the foundation to expand the business into other parts of Europe over the next five years. This market diversification for our products will also reduce our exposure to economic weakness in any one country. The first major step in the diversification programme was the introduction of new technology to extend the shelf-life of our freshly squeezed juices to allow them to access export markets. This process has been challenging and the new production line incurred start-up losses throughout 2012. At the end of the year, however, the line was installed and commissioned and had commenced export production into Belgium and Germany, and was slated to begin supply into Scandinavia during 2013. We expect the expansion and diversification of this business throughout Europe to ultimately complement our program of generating synergies and cross-selling opportunities in specialty foods across our Group.

Our UK-based logistics and freight forwarding business -- JP Shipping Services Limited -- responded to challenging market conditions by undertaking an aggressive cost cutting program, while strengthening the service levels in our depots. This paid off during the year and resulted in improved revenues and a return to profitability in 2012.

Chairman's Statement (cont'd)

Corporate

During 2012, the JP Corporate Division earned profits of $170 million. The division's profit was down from the prior year result of $1,055 million which included the realisation of a gain of $1,085 million from the disposal of investments. The Corporate Division includes net interest and investment income as well as the cost of the corporate functions that are not charged directly to our other operating divisions.

Our board and management has accepted the view that Jamaica's strategic location within major world trade and shipping lanes, together with the expansion program for the Panama Canal present the Port of Kingston with the potential to experience further development as a logistics hub. This should present a series of commercially attractive opportunities for a Jamaican business, to the extent that we are able to put private capital and world-class expertise in place. With this in mind, JP elected in 2012 to join with other local interests to position Kingston Wharves Limited (KWL) for further expansion in terminal operations and logistics. KWL is now Jamaica's largest and best-capitalised private logistics company and has an emerging trans-shipment business. KWL is primarily a foreign exchange generating business, and is listed on the Jamaica Stock Exchange. As at the end of 2012, the book value of our holdings in KWL -- now an associated company of the Group -- was $2.31 billion and our share-ownership position entitled us to appoint three directors to the board. I am pleased to report that during the year, KWL's profit performance lived up to our expectations.

Outlook

The process of diversifying JP from its traditional base of activities has, in itself, presented significant new opportunities for further growth. Our board is, however, now generally satisfied with the current scope of our operations, both in terms of their geographic spread and product mix. As such, we will now seek to select from the pool of available opportunities those that best support and enhance the profitability and resilience of our new core businesses. That is:

1. We will continue to pursue investments in all aspects of specialty food including agricultural production in Jamaica and food processing, product innovation and brand development internationally. Our goal is to be the market leader in each specialty food segment in which we operate and at the same time to extract synergies from across our range of food businesses.

2. We will continue to find ways to participate in select opportunities to develop and provide world class logistics services for the Caribbean.

Our plan to build profitably upon our new platform of core activities also calls on us to consistently maintain the loyalty of our customers. We will continue to do this by leveraging our reputation for quality and the unique attributes of our products and services. We are mindful that the success of this strategy will also require us to remain focused on improving the overall efficiency of our Group while managing our risk. In particular, we are concentrated on the specific task of ensuring an economic return on each of our assets -- be it our land holdings, our plant and equipment or our intellectual property. Where this is not practical, we will divest the asset and re-deploy the capital.

Our success in this and all of our endeavours ultimately depends on the performance of our most important asset -- our human resources. To this end, in 2012 we, yet again, re-committed ourselves to a proactive program of recruiting, developing and retaining great business leaders at every level of the JP Group. I am grateful for the dedication, industriousness and good judgement of our board, management and staff throughout the year.

Chairman
C. H. Johnston

JAMAICA PRODUCERS GROUP LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2012

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

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

INDEPENDENT AUDITORS' REPORT

To the Members of
JAMAICA PRODUCERS GROUP LIMITED

Report on the Financial Statements

We have audited the consolidated financial statements of Jamaica Producers Group Limited and its subsidiaries ("the group"), set out on pages 3 to 50 which comprise the group balance sheet as at December 31, 2012, the group 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 Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the Jamaican Companies Act, and for such internal controls 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 the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether or not the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence relating to the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including our assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 consolidated financial statements give a true and fair view of the financial position of Jamaica Producers Group Limited as at December 31, 2012, and of the 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, so far as appears from our examination of those records, and the financial statements, which are in agreement therewith, give the information required by the Jamaican Companies Act, in the manner required.

KPMG

Chartered Accountants
Kingston, Jamaica

February 22, 2013

JAMAICA PRODUCERS GROUP LIMITED

Group Balance Sheet
December 31, 2012

	Notes	2012 $'000	2011 $'000
CURRENT ASSETS			
Cash and cash equivalents	3(c),4	323,929	160,339
Short-term investments	3(d),5	131,316	261,550
Securities purchased under resale agreements	3(e)	175,587	1,273,355
Accounts receivable	6	604,071	1,092,884
Taxation recoverable		72,491	87,183
Inventories	7	353,932	352,759
Total current assets		1,661,326	3,228,070
CURRENT LIABILITIES			
Credit facilities		30,870	-
Accounts payable	8	967,362	1,056,073
Taxation		3,154	9,218
Current portion of long-term loans	19	67,235	12,300
Total current liabilities		1,068,621	1,077,591
WORKING CAPITAL		592,705	2,150,479
NON-CURRENT ASSETS			
Biological assets	9	47,957	21,519
Interest in associated companies and joint ventures	10	2,617,756	170,511
Investments	11	502,998	794,750
Intangible assets	13	1,053,975	397,937
Deferred tax assets	14	3,083	8,331
Property, plant and equipment	15	1,618,297	1,448,744
Total non-current assets		5,844,066	2,841,792
Total assets less current liabilities		6,436,771	4,992,271
EQUITY			
Share capital	16	18,702	18,702
Reserves	17	4,997,473	4,771,594
Total equity attributable to equity holders of the parent		5,016,175	4,790,296
NON-CONTROLLING INTEREST		259,087	(16,159)
Total equity		5,275,262	4,774,137
NON-CURRENT LIABILITIES			
Employee benefit obligation	18	-	20,239
Deferred tax liability	14	1,611	-
Long-term loans	19	1,159,898	197,895
Total non-current liabilities		1,161,509	218,134
Total equity and non-current liabilities		6,436,771	4,992,271

The financial statements on pages 3 to 50 were approved for issue by the Board of Directors on February 22, 2013 and signed on its behalf by:

_____ Chairman
C. H. Johnston

_____ Managing Director
J. Hall

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

JAMAICA PRODUCERS GROUP LIMITED

Group Profit and Loss Account
Year ended December 31, 2012

	Notes	2012 $'000	2011 $'000
Gross operating revenue	20	6,790,257	6,180,569
Cost of operating revenue		(5,349,882)	(4,921,639)
Gross profit		1,440,375	1,258,930
Marketing, selling and distribution costs		(477,972)	(371,410)
Administration and other operating expenses		(999,050)	(844,728)
(Loss)/profit from operations		(36,647)	42,792
Share of profit/(loss) in associated companies and joint ventures		258,988	(5,335)
Net gain/(loss) from fluctuations in exchange rates		17,310	(3,860)
Gain on disposal of property, plant and equipment and investments		71,866	1,088,990
Impairment loss on goodwill		-	(125,855)
Other income		44,449	4,958
Profit before finance cost and taxation		355,966	1,001,690
Finance cost - interest	21	(83,517)	(6,559)
Profit before taxation		272,449	995,131
Taxation charge	22	(64,739)	(39,364)
Profit for the year	23	207,710	955,767
Attributable to:			
Parent company stockholders		189,406	962,907
Non-controlling interest		18,304	(7,140)
		207,710	955,767
Dealt with in the financial statements of:			
The company		17,581	1,048,933
Subsidiary companies		(19,409)	(80,691)
Associated companies and joint ventures		191,234	(5,335)
		189,406	962,907
Profit per ordinary stock unit:	24		
Based on stock units in issue		101.27¢	514.86¢
After exclusion of stock units held by ESOP		111.59¢	569.05¢

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

JAMAICA PRODUCERS GROUP LIMITED

Group Statement of Comprehensive Income
Year ended December 31, 2012

	2012 $'000	2011 $'000
Profit for the year	207,710	955,767
Other comprehensive income:		
Exchange gain/(loss) on translating foreign operations	207,957	(26,872)
Available-for-sale investments:		
Net change in fair value of available-for-sale investments	(95,320)	157,973
Realised revaluation gains on available-for-sale investments transferred to group profit and loss account	(61,517)	(1,104,982)
	51,120	(973,881)
Total comprehensive income/(loss) for the year	258,830	(18,114)
Attributable to:		
Parent company stockholders	240,526	(10,974)
Non-controlling interest	18,304	(7,140)
	258,830	(18,114)

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, 2012

	Share capital $'000 (note 16)	Share premium $'000 (note 17)	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, 2010	18,702	135,087	1,760,043	1,332,894	(199,590)	1,826,249	4,873,385	(9,019)	4,864,366
Changes in equity:									
Profit for the year	-	-	-	-	-	962,907	962,907	(7,140)	955,767
Other comprehensive income									
Exchange loss arising on retranslation of foreign operations	-	-	(26,872)	-	-	-	(26,872)	-	(26,872)
Net change in fair value of available-for-sale investments	-	-	-	157,973	-	-	157,973	-	157,973
Realised revaluation gains on available-for-sale investments transferred to group profit and loss account	-	-	-	(1,104,982)	-	-	(1,104,982)	-	(1,104,982)
Total other comprehensive income	-	-	(26,872)	(947,009)	-	-	(973,881)	-	(973,881)
Total comprehensive income/(expense) for the year	-	-	(26,872)	(947,009)	-	962,907	(10,974)	(7,140)	(18,114)
Transactions with owners of the company									
Own shares sold by ESOP	-	-	-	-	8,944	-	8,944	-	8,944
Distributions to stockholders (note 25)	-	-	-	-	-	(84,702)	(84,702)	-	(84,702)
Unclaimed distribution to stockholders	-	-	3,643	-	-	-	3,643	-	3,643
	-	-	3,643	-	8,944	(84,702)	(72,115)	-	(72,115)
Balances at December 31, 2011	18,702	135,087	1,736,814	385,885	(190,646)	2,704,454	4,790,296	(16,159)	4,774,137
Retained in the financial statements of:									
The company	18,702	135,087	1,581,429	375,678	-	2,318,294	4,429,190		
Subsidiary companies	-	-	156,860	10,207	(190,646)	429,853	406,274		
Joint venture companies	-	-	(1,475)	-	-	(43,693)	(45,168)		
Balances at December 31, 2011	18,702	135,087	1,736,814	385,885	(190,646)	2,704,454	4,790,296		

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

JAMAICA PRODUCERS GROUP LIMITED

Group Statement of Changes in Equity (Continued)
Year ended December 31, 2012

	Share capital $'000 (note 16)	Share premium $'000 (note 17)	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, 2011	18,702	135,087	1,736,814	385,885	(190,646)	2,704,454	4,790,296	(16,159)	4,774,137
Changes in equity:									
Profit for the year	-	-	-	-	-	189,406	189,406	18,304	207,710
Other comprehensive income									
Exchange gains arising on retranslation of foreign operations	-	-	207,957	-	-	-	207,957	-	207,957
Net change in fair value of available-for-sale investments	-	-	-	(95,320)	-	-	(95,320)	-	(95,320)
Realised revaluation gains on available-for-sale investments transferred to group profit and loss account	-	-	-	(61,517)	-	-	(61,517)	-	(61,517)
Total other comprehensive income/(expense)	-	-	207,957	(156,837)	-	-	51,120	-	51,120
Total comprehensive income/(expense) for the year	-	-	207,957	(156,837)	-	189,406	240,526	18,304	258,830
Changes in ownership interest in subsidiaries									
Non-controlling interest on acquisition of subsidiary	-	-	-	-	-	-	-	256,942	256,942
Transactions with owners of the company									
Own shares sold by ESOP	-	-	-	-	11,658	-	11,658	-	11,658
Distributions to stockholders (note 25)	-	-	-	-	-	(34,001)	(34,001)	-	(34,001)
Unclaimed distribution to stockholders	-	-	7,696	-	-	-	7,696	-	7,696
	-	-	7,696	-	11,658	(34,001)	(14,647)	-	(14,647)
Balances at December 31, 2012	18,702	135,087	1,952,467	229,048	(178,988)	2,859,859	5,016,175	259,087	5,275,262
Retained in the financial statements of:									
The company	18,702	135,087	1,589,125	225,266	-	2,298,471	4,266,651		
Subsidiary companies	-	-	371,606	3,782	(178,988)	490,166	686,566		
Associated companies and joint ventures	-	-	(8,264)	-	-	71,222	62,958		
Balances at December 31, 2012	18,702	135,087	1,952,467	229,048	(178,988)	2,859,859	5,016,175		

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

JAMAICA PRODUCERS GROUP LIMITED

Group Statement of Cash Flows
Year ended December 31, 2012

	2012 $'000	2011 $'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Adjustment for:		
Profit for the year attributable to parent company stockholders	189,406	962,907
Adjustments to reconcile profit for the year to net cash provided/(used) by operating activities:		
Items not affecting cash:		
Depreciation and impairment losses – property, plant and equipment	163,111	136,190
Amortisation and impairment losses – biological assets	18,650	-
Amortisation and impairment losses – goodwill and intangible assets	27,852	125,855
Exchange movement in working capital	17,153	(476)
Deferred tax, net	6,418	(501)
Taxation charge	58,321	39,865
Employee benefits, net	(20,239)	17,483
Gain on disposal of property, plant and equipment and investments	(71,866)	(1,088,990)
Share of (profit)/loss in associated companies and joint ventures	(258,988)	5,335
Non-controlling interest in profit/(loss) for the year	18,304	(7,140)
Interest earned	(66,423)	(105,592)
Interest expense	83,517	6,559
	165,216	91,495
Decrease/(increase) in current assets:		
Accounts receivable	598,843	(359,145)
Taxation recoverable	14,692	38,610
Inventories	61,050	(117,556)
Decrease in current liabilities:		
Accounts payable	(172,026)	164,605
Tax paid	(485)	(31,865)
Net cash provided/(used) by operating activities	667,290	(213,856)
CASH FLOWS FROM INVESTMENT ACTIVITIES		
Biological assets	(45,088)	(19,518)
Short-term investments	130,234	262,165
Interest received	73,046	108,557
Securities purchased under resale agreements	1,097,768	(884,044)
Additions to property, plant and equipment	(216,838)	(514,508)
Proceeds from disposal of property, plant and equipment and investments, net of own shares acquired by ESOP	154,798	1,366,802
Acquisition of subsidiaries	(478,197)	-
Acquisition of associated companies	(2,089,795)	-
Interests in associated companies and joint ventures	4,795	(105,663)
Movement in long term loans receivable	5,041	21,425
Additions to investments	(5,000)	(116,183)
Net cash (used)/provided by investment activities	(1,369,236)	119,033

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

JAMAICA PRODUCERS GROUP LIMITED

Group Statement of Cash Flows (Continued)
Year ended December 31, 2012

	2012 $'000	2011 $'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Long-term loans	978,875	62,566
Interest paid	(54,877)	(497)
Distributions to stockholders, net	(77,006)	(38,600)
Net cash provided by financing activities	846,992	23,469
Net increase/(decrease) in cash and cash equivalents	145,046	(71,354)
Cash and cash equivalents at beginning of the year	160,339	229,232
Exchange gain on foreign currency cash and cash equivalents	18,544	2,461
Cash and cash equivalents at end of the year	323,929	160,339

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

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 33) are juice and food manufacturing, the cultivation, marketing and distribution of fresh produce locally, logistics, land management and the holding of investments.

During the year the group acquired a 62% share in Tortuga International Holdings Limited, a company that operates food manufacturing and distribution in the Caribbean (note 33). The group also acquired 357,550,000 ordinary shares of Kingston Wharves Limited (KW) and together with other acquisitions resulted in an associated company holding of 30% of the issued shares of that company (note 10) at year-end.

During the prior year, the group realised gains on the sale of long-term equity investments amounting to $1,085 million in a move to transform its long-term investment portfolio into investments in which the group is actively involved in the management and consequently, the returns of those businesses. Also, consistent with the group's policy of testing goodwill for impairment, an impairment loss on our logistics business of $126 million was recognised in the prior year.

During the fourth quarter of 2011, the group acquired a 50% holding in Mavis Bank Coffee Factory Limited (formerly Orchard Plantation Coffee Factory Limited), a company that processes and sells Jamaican Blue Mountain coffee (note 10).

The group incurred acquisition-related costs of approximately $18 million from external legal and due diligence services associated with the above-mentioned acquisitions which were recognised in the administrative expenses of the prior year's group profit and loss account.

There have been no other exceptional items or discontinued operations.

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, revised and amended standards and interpretations came into effect during the current financial year. The group has adopted those which are relevant to its operations, none of which resulted in any changes in accounting policies or material changes to the content or presentation of amounts or disclosures in these financial statements.

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

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

(a) Statement of compliance (continued):

At the date of authorisation of the financial statements, certain new, revised and amended standards and interpretations, have been issued which are not yet effective and which the group has not early-adopted. The group 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 (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, 2015 (previously 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 revised standard 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 group is assessing the impact that the standard will have on its 2015 financial statements.

- *IFRS 10, Consolidated Financial Statements* (effective for annual reporting periods beginning on or after January 1, 2013) supersedes IAS 27 *Consolidated and Separate Financial Statements* and provides a single model to be applied in the control analysis for all investees, including entities that currently are Special Purpose Entities. The consolidation procedures are carried forward from IAS 27 (2008). The group does not expect this standard to have a significant impact on its 2013 financial statements.

- *IFRS 11, Joint Arrangements* and *IAS 28 Investments in Associates* and *Joint Ventures (2011)* (effective for annual reporting periods beginning on or after January 1, 2013) removes from *IAS 31 Jointly Controlled Entities*, those cases which, although there is a separate vehicle, that separation is ineffective in certain ways. These arrangements are treated similarly to jointly controlled assets/operations and are now called joint operations. The remainder of IAS 31, now called *Joint Ventures,* removes the choice of equity accounting or proportionate consolidation and requires that the equity method be used. The group does not expect this standard to have a significant impact on its 2013 financial statements.

- *IFRS 12, Disclosure of Interest in Other Entities,* which is effective for annual reporting periods beginning on or after from January 1, 2013, contains disclosure requirements for entities that have interests in subsidiaries, joint arrangements (i.e. joint operations or joint ventures), associates and/or unconsolidated structured entities. The disclosure requirements encompass risk exposures for the sponsor of such an entity even if it no longer has any contractual involvement. These required disclosures aim to provide information to enable users to evaluate the nature of, and risks associated with, an entity's interests in other entities and the effects of those interests on the entity's financial position, financial performance and cash flows. The group does not consider that the amendments to this standard will have a significant impact on its 2013 financial statements.

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):

- IFRS 13, *Fair Value Measurement,* which is effective for annual reporting periods beginning on or after January 1, 2013, defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. It explains how to measure fair value and is applicable to assets, liabilities and an entity's own equity instruments that, under other IFRSs, are required or permitted to be measured at fair value, or when disclosure of fair values is provided. It does not introduce new fair value measurements, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards. The group does not expect this standard to have a significant impact on its 2013 financial statements.

- *Improvements to IFRS 2009-2010* cycle contains amendments to certain standards and interpretations and are effective for accounting periods beginning on or after January 1, 2013. The main amendments applicable to the group are as follows:

  - *IAS 1 Presentation of Financial Statements* is amended to clarify that only one comparative period, which is the preceding period, is required for a complete set of financial statements. IAS 1 requires the presentation of an opening statement of financial position when an entity applies an accounting policy retrospectively or makes a retrospective restatement or reclassification. IAS 1 has been amended to clarify that (a) the opening statement of financial position is required only if a change in accounting policy, a retrospective restatement or a reclassification has a material effect upon the information in that statement of financial position; (b) except for the disclosures required under IAS 8, notes related to the opening statement of financial position are no longer required; and (c) the appropriate date for the opening statement of financial position is the beginning of the preceding period, rather than the beginning of the earliest comparative period presented.

  - *IAS 16 Property, Plant and Equipment* – The standard is amended to clarify that the definition of 'property, plant and equipment' in IAS 16 is now considered in determining whether spare parts, standby-by equipment and servicing equipment should be accounted for under the standard. If these items do not meet the definition, then they are accounted for using *IAS 2 Inventories*.

  - *IAS 32 Financial Instruments: Presentation* – The standard is amended to clarify that *IAS 12 Income Taxes* applies to the accounting for income taxes relating to distributions to holders of an equity instrument and transaction costs of an equity transaction.

  - *IAS 34 Interim Financial Reporting* is amended to require the disclosure of a measure of total assets and liabilities for a particular reporting segment. In addition, such disclosure is only required when the amount is regularly provided to the chief operating decision maker and there has been a material change from the amount disclosed in the last annual financial statements for that reportable segment.

The group does not expect these amendments to have a significant impact on its 2013 financial statements.

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 19, *Employee Benefits*, is effective for annual periods beginning on or after January 1, 2013. The standard requires all actuarial gains and losses to be recognized immediately in other comprehensive income. This change will remove the corridor method and eliminate the ability for entities to recognize all changes in the defined benefit obligation and in plan assets in profit or loss. The expected return on plan assets recognized in profit or loss is to be calculated based on the rate used to discount the defined benefit obligation. The amendment also includes changes to the definitions and disclosure requirements in the current standard. The group does not expect these amendments to have a significant impact on its 2013 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:

(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.

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

(b) Basis of preparation (continued):

(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.

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 [note 13(a)].

3. Significant accounting policies

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

(a) Basis of consolidation:

(i) Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is at the date on which control is transferred to the group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquired entity; plus
- if the business combination is achieved in stages, the fair value of the pre-existing interest in the acquired entity; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts generally are recognised in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is measured at fair value at the acquisition date.

3. Significant accounting policies (continued)

(a) Basis of consolidation (continued):

(ii) Subsidiaries

Subsidiaries are those entities controlled by the company. 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, 2012.

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

(iii) Loss of control

On the loss of control, the group derecognizes the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognized in profit or loss. If the group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost.

(iv) Joint venture arrangements

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 10). If 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.

(v) Associates

Associates are all entities over which the group has significant influence, but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for by the equity method of accounting and are initially recognized at cost. The group's investment is carried at the group's share of the fair value of net identifiable assets of the associate net of any impairment loss identified on acquisition.

The group's share of its associates' post-acquisition profits or losses is recognised in the profit and loss account and its share of post-acquisition movements in reserves is recognized in other comprehensive income to the extent that the profits, losses or movements are consistent with the group's significant accounting policies. Should the group's share of losses in an associate equal or exceed its interest in the associate, including any other unsecured receivables, the group will not recognize further losses unless it has incurred obligations or made payments on behalf of the associate.

3. Significant accounting policies (continued)

(a) Basis of consolidation (continued):

(vi) Transactions eliminated on consolidation

Balances and transactions between companies within the group, and any unrealised gains arising from those transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions between the group and its associate and joint ventures are eliminated to the extent of the group's interest in the associate or joint venture. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

(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 32(b)(ii)]. Items in the foreign subsidiaries' profit and loss accounts are translated at rates of £1 to J$139.46 (2011: J$136.51), US$1 to J$88.45 (2011: J$85.70), €1 to J$114.43 (2011: J$119.67), being the weighted average rates of exchange for the year.

Other transactions in foreign currencies are converted at the rates of exchange 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 on 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.

(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.

3. Significant accounting policies (continued)

(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 pineapple and 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 two years for pineapple and seven years for bananas. The costs for banana plants are being taken to profit or loss over two years due to the uncertainty of future profits from which those costs would normally be recovered.

(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 available-for-sale and are stated at fair value with changes in fair value recognised to other comprehensive income 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.

3. Significant accounting policies (continued)

(k) Intangible assets and goodwill:

Goodwill is subsequently measured at cost, less any accumulated impairment losses. Goodwill is allocated to cash-generating units (note 13) and tested annually for impairment. In respect of equity accounted investees, the carrying amount of goodwill is including in the carrying amount of the equity accounted investee as a whole.

(i) Goodwill

Goodwill that arises on the acquisition of subsidiaries is presented in intangible assets, for measurement of goodwill at initial recognition, see note 3(a)(i).

(ii) Other intangible assets

Other intangible assets that are acquired by the group and have finite useful lives are amortized and tested for impairment.

(iii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(iv) Amortization

Except for goodwill, intangible assets are amortised on the straight-line basis in profit or loss over their estimated useful lives, from the date that they are available for use.

The estimates useful lives are as follows:

- brands and trademarks 25 years
- customer relationships 15 years
- other identified intangible asset 3 years

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted as appropriate.

(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.

3. Significant accounting policies (continued)

(l) Property, plant and equipment:

(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 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 the cost of replacing part of an item of property, plant and equipment in the carrying amount 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.

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.

3. Significant accounting policies (continued)

(m) Impairment (continued):

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.

(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, national insurance 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.

3. Significant accounting policies (continued)

(n) Employee benefits (continued):

- 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.

(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 service 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.

3. Significant accounting policies (continued)

(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 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 Chief Executive Officer (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.

4. Cash and cash equivalents

	2012 $'000	2011 $'000
Cash and bank balances	323,929	160,339

5. Short-term investments

This comprises fixed deposits as loans and receivables.	131,316	261,550

6. Accounts receivable

	2012 $'000	2011 $'000
Trade receivables	466,519	556,029
Staff receivables	15,820	5,641
Other receivables and prepayments	150,749	561,147
	633,088	1,122,817
Less: allowance for impairment	(29,017)	(29,933)
	604,071	1,092,884

Included within other receivables is a balance of US$ nil (2011: US$4.8m) which was cash held by a third party on behalf of the group in advance of the completion of an acquisition.

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

	2012 $'000	2011 $'000
Balance at beginning of year	29,933	24,382
Impairment losses recognised	9,211	9,510
Impairment losses reversed	(516)	-
Amounts written off as uncollectible	(5,143)	(2,533)
Amounts recovered during the year	(5,358)	(1,582)
Exchange loss on retranslation	890	156
Balance at end of year	29,017	29,933

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.

The aging of trade receivables at the reporting date was:

	Gross		Impairment	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Not past due	278,867	456,224	265	-
Past due 0 - 30 days	117,080	42,974	-	-
Past due 31 - 120 days	49,687	12,048	4,809	724
Past due 121 days - 1 year	2,244	27,910	2,244	4,922
More than 1 year	18,641	16,873	11,564	10,677
	466,519	556,029	18,882	16,323

Amounts due from directors in the ordinary course of business include $1,579,026 (2011: $1,047,103) in other receivables [note 30(b)]. These amounts were subsequently settled.

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Financial Statements (Continued)
Year ended December 31, 2012

7. Inventories

	2012 $'000	2011 $'000
Processed goods	116,519	45,659
Raw materials and consumables	226,479	294,593
Spare parts and other	10,934	12,507
	353,932	352,759

8. Accounts payable

	2012 $'000	2011 $'000
Trade payables	538,010	576,557
Dividend payable	34,001	84,702
Other	395,351	394,814
	967,362	1,056,073

9. Biological assets

	2012 $'000	2011 $'000
Balance at beginning of the year	21,519	2,001
Increase due to new plantings	45,088	19,518
Impairment losses	(13,296)	-
Amortisation in year	(5,354)	-
Balance at end of the year	47,957	21,519

10. Interest in associated companies and joint ventures

The group's associated company and joint venture investments are set out below, using the equity method:

	2012 $'000	2011 $'000
Shares, at cost or fair value, less amounts written-off	2,259,833	83,215
Group's share of reserves	63,394	(45,168)
Current accounts payable	(12,800)	-
Loan accounts receivable	307,329	132,464
	2,617,756	170,511

10. Interest in associated companies and joint ventures (continued)

Represented by:

	2012 $'000	2011 $'000
(i) 50% joint venture investments in:		
(a) a banana and plantain chip manufacturing business	43,261	100,020
(b) a Jamaican Blue Mountain coffee processor/distributor	181,807	70,491
(ii) 40% associated company investment in bakery operations	85,619	-
(iii) 30% associated company investment in a multi-purpose port operator	2,307,069	-
	2,617,756	170,511

During the year the group acquired shares in Kingston Wharves Limited, which bring the group's total holding in the company to 30% at year-end. The associated company operates public wharves and provides security and cold storage services. The carrying value of the associate is stated at the group's share of the fair value of its net identifiable assets less impairment on acquisition.

During the year, as part of the acquisition of Tortuga International Holdings Limited (note 12) the group acquired a 40% holding in a company that manufactures and distributes baked products.

During the prior year the group acquired a 50% holding in a joint venture company that processes and sells Jamaican Blue Mountain coffee. Up to December 31, 2012 the group's contribution to that joint venture was $121 million (2011: $56 million) used for working capital financing and start-up costs.

In the prior year the capital structure of the banana and plantain chip manufacturing joint venture was revised by the partners. As a result, $42.7 million of the loan account receivable was converted to equity in the venture.

10. Interest in associated companies and joint ventures (continued)

The group's share of profit/(loss) in its equity-accounted investees for the year was $151.7 million (2011: $5.3 million loss). In 2012, the group received dividends of $43.2 million from its investments in equity accounted investees (2011: Nil).

Kingston Wharves Limited is listed on the Jamaica Stock Exchange. Based on its closing price of $5.00 per share at the reporting date, the fair value of the group's investment is $2.16 billion. Other associated company and joint ventures are not publicly listed and consequently do not have published price quotations.

Summary financial information for equity-accounted investee is as follows:

	Reporting date	Ownership	Assets $'000	Liabilities $'000	Net assets $'000	Revenue $'000	Profit (loss) $'000	Group's share of net assets $'000	Group's share of profit/(loss) $'000
2012									
Kingston Wharves Limited	31 December	30	12,522,059	(3,734,613)	8,787,446	3,670,177	555,728	2,652,929	178,776
Mavis Bank Coffee Factory Limited	31 December	50	697,199	(566,456)	130,743	726,911	82,727	65,372	42,064
Antillean Foods, Inc.	31 December	50	166,607	(272,948)	(106,341)	213,158	(125,418)	(53,171)	(30,024)
Tortuga Cayman Limited	31 December	40	86,068	(85,884)	184	229,432	1,014	74	418
			13,471,933	4,659,901	8,812,032	4,839,678	514,051	2,665,204	191,234
2011									
Mavis Bank Coffee factory Limited	31 December	50	502,908	(446,838)	56,070	101,297	36,070	28,035	18,035
Antillean Foods, Inc.	31 December	50	257,199	(234,546)	22,653	311,425	(44,905)	11,327	(23,370)
			760,107	(681,384)	78,723	412,722	(8,835)	39,362	(5,335)

11. Investments

	2012 $'000	2011 $'000
Available-for-sale securities:		
Quoted	334,044	519,951
Unquoted	-	21,000
	334,044	540,951
Loans and receivables:		
Government of Jamaica bonds	-	86,135
Long-term loan	168,954	167,664
	168,954	253,799
	502,998	794,750

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

Included in loans and receivables is a loan of $180,305,000 or US$2.0 million (2011: $179,216,000 or 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.

12. Acquisition of subsidiary

On January 2, 2012, the group acquired a 62% shareholding in Tortuga International Holdings Limited ("Tortuga"), a company that operates food manufacturing and distribution facilities in the Caribbean. The acquisition is expected to improve the resilience of the group and the stability and diversity of its earnings.

Since the date of acquisition, Tortuga has contributed revenue of $886,341,000 and attributable post-acquisition profit of $27,568,000 to the group's results in 2012. The following summarises the fair value of the identifiable assets and liabilities recognised by the group at the date of acquisition.

	2012 $'000
Net identifiable assets and liabilities	
Property, plant and equipment	32,431
Intangible assets	475,193
Deferred tax asset	567
Investments in associates	79,623
Accounts receivable	116,653
Inventories	60,027
Accounts payable	(140,498)
Long-term loans	(82,931)
Net assets	541,065
Goodwill acquired	116,369
	657,434
Less: Minority interest on acquisition	(256,942)
Total consideration on acquisition in the year	400,492

12. Acquisition of subsidiary (continued)

	2012 $'000
Satisfied by the following:	
Cash consideration	421,319
Cash acquired	(20,827)
Net cash outflow arising on acquisition in the year	400,492

Coincidental with the acquisition, the group took over long-term loans owed to certain of the previous shareholders of Tortuga. This resulted in a further payment of $55.5 million. The group incurred costs of $12.7 million, comprising mainly legal and due diligence costs related to this acquisition. These costs have been recognised in administrative expenses in the group profit or loss account of the previous year.

During the year, the acquired subsidiary purchased another business for $22.3 million including goodwill of $1.0 million.

The goodwill is attributable mainly to the value of brands/trademarks and customer relationships.

13. Intangible assets

	Brands and trademarks $'000	Customer relationships $'000	Other identifiable intangibles $'000	Goodwill $'000	Total $'000
At cost:					
December 31, 2010	-	-	-	527,497	527,497
Exchange adjustments	-	-	-	(3,705)	(3,705)
December 31, 2011	-	-	-	523,792	523,792
Additions	339,073	123,491	30,586	117,431	610,581
Exchange adjustments	23,709	8,623	2,219	48,714	83,265
December 31, 2012	362,782	132,114	32,805	689,937	1,217,638
Amortisation and impairment:					
December 31, 2010	-	-	-	-	-
Impairment recognised	-	-	-	125,855	125,855
December 31, 2011	-	-	-	125,855	125,855
Charge for the year	14,150	8,454	5,248	-	27,852
Exchange adjustments	594	354	220	8,788	9,956
December 31, 2012	14,744	8,808	5,468	134,643	163,663
Net book values:					
December 31, 2012	348,038	123,306	27,337	555,294	1,053,975
December 31, 2011	-	-	-	397,937	397,937
December 31, 2010	-	-	-	527,497	527,497

13. Intangible assets (continued)

(a) Goodwill comprises the following significant carrying amounts:

	2012		2011	
Group of cash-generating units	Discount rate	$'000	Discount rate	$'000
Juice manufacturing business	10%	284,166	10%	261,538
Other food manufacturing business	15%	125,637	15%	-
Logistics business	10%	106,549	10%	97,457
Other units	15%	38,942	15%	38,942
		555,294		397,937

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.

14. Deferred tax asset/(liability)

The deferred tax asset/(liability) is attributable to the following:

	Deferred tax					
	Asset		Liability		Net	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Property, plant and equipment	-	962	(397)	-	(397)	962
Employee benefits	-	5,161	-	-	-	5,161
Other liabilities	-	3,039	(1,214)	-	(1,214)	3,039
Other assets	3,083	(3,226)	-	-	3,083	(3,226)
Tax losses carried forward	-	2,395	-	-	-	2,395
	3,083	8,331	(1,611)	-	1,472	8,331

Movement on net deferred tax asset during the year:

	2012 $'000	2011 $'000
Net deferred tax asset at beginning of year	8,331	7,659
Acquisition of subsidiary companies	(621)	-
Recognised in taxation charge [note 22(a)(ii)]	(6,418)	501
Recognised in taxation charges	180	171
	1,472	8,331

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Financial Statements (Continued)
Year ended December 31, 2012

15. Property, plant and equipment

	Freehold land and buildings $'000	Leasehold land and buildings $'000	Equipment, vehicles and furniture $'000	Work-in-progress $'000	Total $'000
At cost:					
December 31, 2010	555,618	223,137	1,100,186	67,490	1,946,431
Additions	150,923	17,237	346,348	-	514,508
Disposals	-	-	(35,420)	-	(35,420)
Transfers	-	50,997	(38,818)	(12,179)	-
Exchange adjustments	(21,393)	-	(26,362)	(1,282)	(49,037)
December 31, 2011	685,148	291,371	1,345,934	54,029	2,376,482
Additions	955	18,680	191,506	5,697	216,838
Disposals	(90)	(213)	(26,959)	(1,430)	(28,692)
Addition through acquisition of subsidiaries	-	10,653	21,778	-	32,431
Transfers	(3,433)	(6,829)	10,755	(493)	-
Exchange adjustments	53,639	743	65,900	4,829	125,111
December 31, 2012	736,219	314,405	1,608,914	62,632	2,722,170
Depreciation and impairment:					
December 31, 2010	71,246	169,129	554,383	29,081	823,839
Charge for the year	27,004	6,851	89,175	13,160	136,190
Eliminated on disposals	-	-	(23,399)	-	(23,399)
Transfers	-	2,251	(2,251)	-	-
Exchange adjustments	(3,025)	-	(4,325)	(1,542)	(8,892)
December 31, 2011	95,225	178,231	613,583	40,699	927,738
Charge for the year	32,519	11,462	110,259	8,871	163,111
Eliminated on disposals	(110)	(140)	(18,827)	-	(19,077)
Transfers	-	(690)	690	-	-
Exchange adjustments	8,728	169	19,138	4,066	32,101
December 31, 2012	136,362	189,032	724,843	53,636	1,103,873
Net book values:					
December 31, 2012	599,857	125,373	884,071	8,996	1,618,297
December 31, 2011	589,923	113,140	732,351	13,330	1,448,744
December 31, 2010	484,372	54,008	545,803	38,409	1,122,592

Freehold land and buildings include land as follows:

	2012 $'000	2011 $'000
At cost	168,614	168,614
Directors' allocation of cost	4,857	4,857
Total land	173,471	173,471

The company has given an undertaking to one of its bankers not to encumber real estate held at 4 Belmont Road, Kingston 5 while the company has credit arrangements.

16. Share capital

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

Stated capital:	2012 $'000	2011 $'000
Issued and fully paid - 187,024,006 ordinary stock units	18,702	18,702

The company's stated capital does not include share premium which is retained in capital reserves (note 17) in accordance with Section 39 (7) of the Jamaican Companies Act.

17. Reserves

	2012 $'000	2011 $'000
Capital:		
Share premium (note 16)	135,087	135,087
Fair value reserve	229,048	385,885
Reserve for own shares [see (i) below]	(178,988)	(190,646)
Other [see (ii) below]	1,952,467	1,736,814
	2,137,614	2,067,140
Revenue:		
Retained profits	2,859,859	2,704,454
	4,997,473	4,771,594

(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.

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, 2012. 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, 2012 was 17,022,147 (2011: 17,620,200). Based on the bid price, less a 15% discount normally allowed to staff, the value of those stock units at December 31, 2012 was $299,589,800 (2011: $359,901,400). 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, 2012, unrealised exchange gains and unclaimed distributions to stockholders (note 25).

(iii) Losses in a subsidiary, in excess of the minority's interest in the equity of the subsidiary, have been included in the group's results prior to 2010. 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.

18. 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 December 31, 2011 at which time the fund had a deficit of 4.3% (2010 – deficit of 2.0%). The next full actuarial valuation is due as at December 31, 2012.

In 2009, the group commenced participation in a defined benefit scheme for certain employees of the group's subsidiary in the Netherlands. From inception this company had partly contracted the commitments of this scheme to an insurance company. With effect from January 1, 2012 the group restructured contractual arrangement of this defined benefit pension scheme to contract all remaining legal and constructive commitments of the scheme to an insurance company. Accordingly, from 1 January 2012 this scheme is treated as a defined contribution scheme for the purpose of the group's accounting.

(a) Contributions under the two defined-contribution pension schemes, the industry-wide multi-employer scheme and, for 2012, the insured plan defined benefit scheme e during the year amounted to $103,023,000 (2011: $61,186,000).

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

(i) Employee benefit obligation:

	2012 $'000	2011 $'000
Present value of funded obligations [see (iii) below]	-	(84,757)
Fair value of plan assets [see (iv) below]	-	41,037
Sub-total	-	(43,720)
Elimination of unrecognised actuarial losses included in the sub-total above	-	23,481
Recognised obligation at end of year	-	(20,239)

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

	2012 $'000	2011 $'000
Net obligation at January 1	(20,239)	(3,562)
Contributions paid	-	18,429
Transferred to insurance contract	20,239	-
Expense recognised in the group profit and loss account	-	(36,498)
	-	(21,631)
Exchange gain on retranslation	-	1,392
Net obligation at December 31	-	(20,239)

18. 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):

(iii) Movements in present value of funded obligation:

	2012 $'000	2011 $'000
Balance at January 1	(84,757)	(63,074)
Transferred to insurance contract	84,757	-
Interest cost	-	(4,547)
Current service cost	-	(27,165)
Employee contributions	-	(1,915)
Actuarial gain/(loss)	-	8,616
	-	(88,085)
Exchange gain on retranslation	-	3,328
Balance at December 31	-	(84,757)

(iv) Movement in fair value of plan assets:

	2012 $'000	2011 $'000
Fair value of plan assets at January 1	41,037	26,884
Transferred to insurance contract	(41,037)	-
Expected return on plan assets	-	1,915
Contributions paid	-	20,344
Additional charges	-	(3,590)
Actuarial loss	-	(2,752)
	-	42,801
Exchange loss on retranslation	-	(1,764)
Fair value of plan assets at December 31	-	41,037

Plan assets are 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 in the prior year was determined as the present value of vested benefits, based on a discount rate of 4.6%.

18. 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):

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

	2012 $'000	2011 $'000
Current service cost	-	(27,165)
Additional charges – insurance premiums	-	(3,590)
Interest on obligation	-	(4,547)
Actuarial loss recognised	-	(3,111)
Expected return on plan assets	-	1,915
Expense recognised in the group profit and loss account	-	(36,498)

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

	2012 %	2011 %
Discount rate	n/a	4.60
Expected return on plan assets	n/a	4.60
Future salary increases	n/a	2.00
Future pension increases	n/a	2.00

19. Long-term loans

	Current portion		Non-current portion	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Bank loans	67,235	12,300	1,072,701	110,698
Other related party	-	-	87,197	87,197
	67,235	12,300	1,159,898	197,895

The loan from other related party of $87.2 million 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 January 1, 2018. Effective January 1, 2011 this was converted from a US dollar denominated loan to a Jamaican dollar denominated loan.

19. Long-term loans (continued)

During 2012 the group entered into a loan for $1,000,000,000. It is secured by a portion of the investment in associated company, and is repayable by annual instalments of $50,000,000 in the first four years, starting March 20, 2013 and a final payment of $800,000,000 in year five. The interest rate on the loan is fixed at 8.9% for the first three years then increases to 9.5% for the remaining two years.

During 2011 the group entered into a loan for €1,100,000. Of the total, €550,000 is repayable in quarterly instalments over five years commencing October 2011. The remaining €550,000 is repayable in full in October 2016. This loan is secured by a charge over certain properties of the group.

The terms and conditions of outstanding loans were as follows:

	Currency	Nominal interest rate	Year of maturity	Face value 2012 $'000	Carrying value 2012 $'000	Face value 2011 $'000	Carrying value 2011 $'000
Secured syndicated third party loan	JMD	8.9%	2017	995,000	995,000	-	-
Secured bank loan	BBD	5.0%	2018	25,778	25,778	-	-
Secured bank loan	Euro	Euribor+2.25%	2016	119,158	119,158	122,998	122,998
Other related party	JMD	5.0%	2015	87,197	87,197	87,197	87,197
				1,227,133	1,227,133	210,195	210,195

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. Financial income and expenses

	2012 $'000	2011 $'000
Financial income:		
Interest income on available-for-sale financial assets	1,575	1,144
Interest income on bank deposits, loans and receivables	64,848	104,448
Dividend income on available-for-sale financial assets	14,319	21,487
Net gain on available-for-sale financial assets transferred from equity	61,517	1,104,982
Net foreign exchange gain	17,310	-
	159,569	1,232,061
Financial expenses:		
Interest expense on financial liabilities measured at amortised cost	(83,517)	(6,559)
Net foreign exchange loss	-	(3,860)
	(83,517)	(10,419)
Net financial income	76,052	1,221,642

22. Taxation

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

	2012 $'000	2011 $'000
(i) Current tax charge:		
United Kingdom corporation tax @ 25%	2,705	-
Netherlands corporation tax @ 25.5%	(12,567)	39,334
Other corporation tax	429	531
Tax on associated companies	67,754	-
	58,321	39,865
(ii) Deferred taxation (note 14):		
Origination and reversal of temporary differences	6,418	1,894
Due to tax losses	(-)	(2,395)
Total taxation charge in group profit and loss account	64,739	39,364

(b) The effective tax rate for 2012 was 23.8% (2011: 4.0%) of a pre-tax result of $272,449,000 (2011: pre-tax result of $995,131,000), compared to the statutory tax rate of 33⅓% (2011: 33⅓%). The actual charge differs from the "expected" tax charge for the year as follows:

	2012 $'000	2011 $'000
Profit before taxation	272,449	995,131
Computed "expected" tax charge at 33⅓%	90,816	331,710
Taxation difference between profit for financial statements and tax reporting purposes on:		
Overseas taxation	(43,152)	(18,823)
Tax losses and tax relief utilised	(8,658)	8,253
Gain on disposal of property, plant and equipment and investments	(23,955)	(363,938)
Other related capital adjustments	49,688	82,162
Actual tax charge	64,739	39,364

(c) As at December 31, 2011, the group has taxation losses, subject to agreement by the Commissioner of Taxpayer Audit and Assessment of approximately $1,505,223,000 (2011: $1,484,164,000) available for relief against future taxable profits. Of this amount, $448,866,000 (2011: $599,374,000) 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 $376,306,000 (2011: $494,721,000) 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. During its 2012/13 budget presentation, the Government announced that the corporate income tax rate for non-regulated entities would be reduced from 33⅓% to 25%, effective January 1, 2013.

23. Disclosure of expenses

Profit for the year is stated after charging:

	2012 $'000	2011 $'000
Directors' emoluments:		
Fees	9,810	8,883
For management	36,553	68,296
Auditors' remuneration	26,874	21,387
Depreciation and impairment losses	163,111	136,190
Staff costs	1,132,768	1,030,821

24. Profit per ordinary stock unit

The profit per ordinary stock unit is calculated by dividing the profit for the year of $189,406,000 (2011: $962,907,000), 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:

	2012	2011
Issued ordinary stock units at January 1	187,024,006	187,024,006
Effect of own shares held by ESOP during the year	(17,283,598)	(17,809,512)
Weighted average number of ordinary stock units held during the year	169,740,408	169,214,494
Profit per ordinary stock unit in issue	101.27¢	514.86¢
Profit per ordinary stock unit excluding ESOP holdings	111.59¢	569.05¢

25. Distributions to stockholders

	2012 $'000	2011 $'000
Ordinary dividends:		
First interim payable in respect of 2012 - 20¢ (2011: 50¢) per stock unit - gross	37,405	93,512
Distributions to ESOP [note 17(i)]	(3,404)	(8,810)
	34,001	84,702
Unclaimed distributions written back to capital reserves [note 17(ii)]	(7,696)	(3,643)
	26,305	81,059

26. 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 $928,000 (2011: $928,000). The parent company has also given a commitment to one of its subsidiaries of its intention to provide financial support as is necessary for its operations throughout 2012. That subsidiary has a net shareholders' deficit at December 31, 2012 of $311.4 million (2011: $139.2 million).

27. Operating lease arrangements

(a) Non-cancellable operating lease commitments

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

	2012 $'000	2011 $'000
Within one year	37,326	22,370
In the second to fifth year inclusive	35,250	35,059
	72,576	57,429

(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 $26,617,000 (2011: $27,581,000) under operating leases. Direct operating expenses arising on the property in the period was $6,000,000 (2011: $4,000,000). Commitments for income under non-cancellable operating leases at year-end are as follows:

	2012 $'000	2011 $'000
Within one year	20,002	10,741
In the second to fifth year inclusive	40,750	10,382
	60,752	21,123

28. Commitments for expenditure

As at December 31, 2012, capital expenditure authorised but not committed amounted to approximately $156,137,000 (2011: $87,048,000). Capital expenditure authorised and committed amounted to approximately $3,686,000 (2011: $35,950,000).

29. Subsequent event

Subsequent to December 31, 2012 one of the group's subsidiaries took the decision to restructure its banana operations and as a consequence make the positions of 80 workers redundant following damage caused by Hurricane Sandy in October, 2012. This subsidiary will consider the possibility of producing additional acreages of banana in a parish in western Jamaica with a different profile and incidence of hurricane damage to satisfy the long-term growth market demand. The full financial impact of these plans have yet to be finalised.

30. 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 27.3% (2011: 27.3%) of the voting shares of the company. Receivables from directors which are current at December 31, 2012 amounted to $1,579,026 (2011: $1,047,103) 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:

	2012 $'000	2011 $'000
Short-term employment and other benefits	185,055	169,278
Post-employment benefits	20,743	19,290
Termination benefits	-	4,095
Total remuneration	205,798	192,663

30. 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	Nature of Transactions	Transactions in year 2012 $'000	Transactions in year 2011 $'000	(Payable)/receivable at end of year 2012 $'000	(Payable)/receivable at end of year 2011 $'000	Terms and conditions *	Provision end of year 2012 $'000	Provision end of year 2011 $'000	(Expense)/recovery during the year 2012 $'000	(Expense)/recovery during the year 2011 $'000
Transactions with joint ventures and associates:										
50% joint venture	Purchases by group	136,268	267,962	(8,734)	(4,053)	1, 4, 7	-	-	-	-
50% joint venture	Management services income to group	(20,000)	-	-	-	1, 4, 7	-	-	-	-
50% joint venture	Interest income on loans from group	(18,834)	-	-	-	4, 7	-	-	-	-
Transactions with key management personnel or entities under their control and/or significant influence:										
i) Company under their control	Insurance premiums charged to group	15,595	16,004	-	-	1, 4, 7	N/A	N/A	N/A	N/A
ii) Company under their control	Management services charged to group	4,422	4,285	-	(8,614)	4, 7, 9	N/A	N/A	N/A	N/A
iii) Company under their control	Shipping agency services charged to group	6,494	4,692	-	-	1, 4, 7	N/A	N/A	N/A	N/A
iv) Company under their control	Charges paid on behalf of the group	1,498	2,086	-	-	1, 4, 7	N/A	N/A	N/A	N/A
v) Company under their control	Collections from third parties on behalf of the group	(54,896)	(41,736)	12,745	45,424	1, 4, 7	N/A	N/A	N/A	N/A

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

1. Credit of up to 30 days
2. Interest free
3. 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

31. Segment reporting

Segment information is presented in respect of the group's strategic business segments. 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) refers to the total profit before taxation.

	JP Europe		JP Tropical		Corporate		Total	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Gross revenue	4,716,597	4,850,134	1,950,339	1,180,066	215,236	222,710	6,882,172	6,252,910
Inter-segment revenue	-	-	-	-	(91,915)	(72,341)	(91,915)	(72,341)
Revenue from external customers	4,716,597	4,850,134	1,950,339	1,180,066	123,321	150,369	6,790,257	6,180,569
Interest income	165	2,462	450	2,213	65,808	100,917	66,423	105,592
Interest expense	(3,933)	(1,036)	(6,897)	(5,026)	(72,687)	(497)	(83,517)	(6,559)
Segment profit/(loss)	78,885	14,543	24,057	(74,117)	169,507	1,054,705	272,449	995,131
Taxation charge							(64,739)	(39,364)
Non-controlling interest							(18,304)	7,140
Profit attributable to equity holders of the parent							189,406	962,907
Segment assets	2,247,796	2,288,920	1,963,787	862,404	3,293,809	2,918,538	7,505,392	6,069,862
Segment liabilities	667,149	883,501	434,931	234,898	1,128,050	177,326	2,230,130	1,295,725
Capital expenditure	47,370	440,593	153,780	68,712	15,688	5,203	216,838	514,508
Depreciation and amortisation	103,378	86,234	99,435	45,847	6,800	4,109	209,613	136,190

31. 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.

	Revenues		Non-current assets	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Jamaica	1,605,340	1,467,603	3,311,468	1,254,655
Netherlands	3,777,187	3,997,018	1,366,111	1,315,235
United Kingdom	263,006	261,228	109,255	104,238
United Stated of America	490,729	38,117	3,624	-
Other Caribbean countries	401,213	213,234	1,053,608	167,664
Other European countries	219,360	164,423	-	-
Other countries	33,422	38,946	-	-
	6,790,257	6,180,569	5,844,066	2,841,792

Revenues from one customer of the JP Europe segment represents approximately $3,257 million (2011: $3,457 million) of the group's total revenues.

32. 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.

32. 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 is equal to its carrying value.

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.

- Securities purchased under resale agreements

  The group holds collateral for securities purchased under resale agreements. Assigned collateral, with a fair value of $192,205,000 (2011: $1,442,600,000) for the group, was held for securities purchased under resale agreements [note 3(e)].

  No allowance for impairment is deemed necessary.

32. Financial instruments (continued)

(b) Financial instrument risks (continued):

(i) Credit risk (continued)

The group manages this risk as follows (continued):

- 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

  The credit risk on securities issued by the Government of Jamaica is considered to be minimal. The loan to the purchaser of former subsidiaries considered to be adequately secured.

  No allowance for impairment is deemed necessary.

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

(ii) Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates, interest rates and equity prices will affect the 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.

32. Financial instruments (continued)

(b) Financial instrument risks (continued):

(ii) Market risk (continued)

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:

	2012			2011		
	US$'000	£'000	€'000	US$'000	£'000	€'000
Financial assets						
Cash and cash equivalents	556	681	1,064	159	411	639
Short term investments	1,037	-	-	3,011	-	-
Securities purchased under resale agreements	1,729	-	-	6,206	-	-
Accounts receivable	1,475	586	2,109	760	784	3,885
Investments	2,100	-	-	3,314	-	-
Total financial assets	6,897	1,267	3,173	13,450	1,195	4,524

32. 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):

	2012			2011		
	US$'000	£'000	€'000	US$'000	£'000	€'000
Total financial assets	6,897	1,267	3,173	13,450	1,195	4,524
Financial liabilities						
Short term borrowing	(334)	-	-	-	-	-
Accounts payable	(1,290)	(945)	(3,897)	(273)	(843)	(5,949)
Current maturities of long term loans	-	-	(110)	-	-	(110)
Long-term loans	-	-	(871)	-	-	(990)
Financial instruments position	5,273	322	(1,705)	13,177	352	(2,525)
Other assets	10,004	306	13,118	1,164	358	12,031
Other liabilities	-	(19)	-	-	(1)	(82)
Gross balance sheet position	15,277	609	11,413	14,341	709	9,424

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):

	2012		2011	
	Equity $'000	Profit and loss $'000	Equity $'000	Profit and loss $'000
US$	43,209	14,469	83,471	40,077
£	8,818	208	9,602	(147)
€	142,218	-	105,402	-

32. 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):

	2012		2011	
	Equity $'000	Profit and loss $'000	Equity $'000	Profit and loss $'000
US$	(8,642)	(2,894)	(16,694)	(8,015)
£	(1,764)	(421)	(1,920)	29
€	(28,444)	-	(21,080)	-

Buying exchange rates used at year-end:

	2012	2011
US$1 to J$	92.15	86.14
£1 to J$	148.29	133.26
€1 to J$	121.49	111.82

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 contracts material financial liabilities at fixed interest rates for the duration of the term. Credit facilities 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:

	2012 $'000	2011 $'000
Fixed rate instruments:		
Financial assets	475,857	1,788,701
Financial liabilities	(1,082,197)	(87,197)
	(606,340)	1,701,504
Variable rate instruments:		
Financial liabilities	(144,935)	(122,998)

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

32. 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. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. This analysis is performed on the same basis for the previous year.

	2012		2011	
	500 bps increase	800 bps decrease	500 bps increase	800 bps decrease
	$'000	$'000	$'000	$'000
Variable rate instruments	(7,247)	11,594	(6,149)	9,839

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 $66,809,000 (2011: $108,190,000) and profit or loss by $Nil (2011: $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.

32. 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	Carrying amount	Contractual cash flows	0-1 year	1-5 years	More than 5 years
	%	$'000	$'000	$'000	$'000	$'000
			2012			
Secured syndicated loan	8.90	995,000	995,000	50,000	945,000	-
Secured bank loans	3.45	144,936	144,936	17,236	127,700	-
Credit facilities	5.82	30,870	30,870	30,870	-	-
Other related party loan	5.00	87,197	87,197	-	87,197	-
		1,258,003	1,258,003	98,106	1,159,897	-
			2011			
Secured bank loans	1.50	122,998	122,998	12,300	110,698	-
Other related party loan	5.00	87,197	87,197	-	87,197	-
		210,195	210,195	12,300	197,895	-

(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 in accordance with the group's stated dividend policy.

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.

33. Subsidiary, associated and joint venture companies

The company has the following subsidiary, associated and joint venture companies. Subsidiaries are indented under their respective parent companies in the list below.

	% equity held		Place of
	2012	2011	incorporation
SUBSIDIARY COMPANIES*			
JP Tropical Group Limited	100	100	Jamaica
Agualta Vale Limited	100	100	"
Agri Services Limited	100	100	"
Eastern Banana Estates Limited	100	100	"
St. Mary Banana Estates Limited	100	100	"
P.S.C. Limited	100	100	"
Jamaica Producers Shipping Company Limited	60	60	"
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
JP Shipping Services Limited	100	100	England and Wales
Four Rivers Mining Company Limited	51	51	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	"
Tortuga International Holdings Company Limited	62	-	St. Lucia
Tortuga Imports, Inc	100	-	U.S.A.
Bakers Choice Inc.	100	-	Barbados
Tortuga Caribbean Rum Cake Jamaica Limited	100	-	Jamaica
Tortuga International Limited	100	-	Cayman Islands
Cia. Bananera del Tropico JP, S.A.	100	100	Costa Rica
JP Tropical Snacks Limited	100	-	Cayman Islands
JOINT VENTURE COMPANIES			
Antillean Foods, Inc.	50	50	Cayman Islands
Mavis Bank Coffee Factory Limited	50	50	Jamaica
ASSOCIATED COMPANIES			
Kingston Wharves Limited	30	-	Jamaica
Tortuga Cayman Limited	40	-	Cayman Islands

* The names of inactive subsidiary companies are omitted.