

JAMAICA PRODUCERS GROUP LIMITED

FINANCIAL STATEMENTS

DECEMBER 31, 2013



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INDEPENDENT AUDITORS' REPORT

To the Members of
JAMAICA PRODUCERS GROUP LIMITED

Report on the Financial Statements

We have audited the consolidated financial statements of Jamaica Producers Group Limited and its subsidiaries ("the group"), set out on pages 3 to 50, which comprise the group balance sheet as at December 31, 2013, the group profit and loss account, statements of profit or loss and other 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 control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on 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 the group as at December 31, 2013, 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.



Chartered Accountants
Kingston, Jamaica

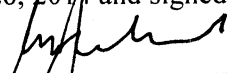
February 26, 2014


JAMAICA PRODUCERS GROUP LIMITED

Group Balance Sheet
December 31, 2013

	<u>Notes</u>	<u>2013</u> \$'000	<u>2012</u> \$'000
CURRENT ASSETS			
Cash and cash equivalents	3(c),4	398,920	323,929
Short-term investments	3(d),5	90,084	131,316
Securities purchased under resale agreements	3(e)	37,394	175,587
Accounts receivable	6	836,795	604,071
Taxation recoverable		30,646	72,491
Inventories	7	<u>509,698</u>	<u>353,932</u>
Total current assets		<u>1,903,537</u>	<u>1,661,326</u>
CURRENT LIABILITIES			
Credit facilities		53,591	30,870
Accounts payable	8	1,213,981	967,362
Taxation		64,305	3,154
Current portion of long-term loans	19	<u>72,810</u>	<u>67,235</u>
Total current liabilities		<u>1,404,687</u>	<u>1,068,621</u>
WORKING CAPITAL			
		<u>498,850</u>	<u>592,705</u>
NON-CURRENT ASSETS			
Biological assets	9	128,158	47,957
Interest in associated companies and joint ventures	10	2,885,935	2,617,756
Investments	12	540,506	502,998
Intangible assets	14	1,187,879	1,053,975
Deferred tax assets	15	2,492	3,083
Property, plant and equipment	16	<u>1,904,643</u>	<u>1,618,297</u>
Total non-current assets		<u>6,649,613</u>	<u>5,844,066</u>
Total assets less current liabilities		<u>7,148,463</u>	<u>6,436,771</u>
EQUITY			
Share capital	17	18,702	18,702
Reserves	18	<u>5,679,105</u>	<u>4,997,473</u>
Total equity attributable to equity holders of the parent		<u>5,697,807</u>	<u>5,016,175</u>
NON-CONTROLLING INTEREST			
		<u>333,296</u>	<u>259,087</u>
Total equity		<u>6,031,103</u>	<u>5,275,262</u>
NON-CURRENT LIABILITIES			
Deferred tax liability	15	-	1,611
Long-term loans	19	<u>1,117,360</u>	<u>1,159,898</u>
Total non-current liabilities		<u>1,117,360</u>	<u>1,161,509</u>
Total equity and non-current liabilities		<u>7,148,463</u>	<u>6,436,771</u>

The financial statements on pages 3 to 50 were approved for issue by the Board of Directors on February 26, 2014 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 LIMITEDGroup Profit and Loss Account
Year ended December 31, 2013

	<u>Notes</u>	<u>2013</u> \$'000	<u>2012</u> \$'000
Gross operating revenue	20	7,753,863	6,790,257
Cost of operating revenue		<u>(5,977,926)</u>	<u>(5,349,882)</u>
Gross profit		1,775,937	1,440,375
Marketing, selling and distribution costs		(543,871)	(477,972)
Administration and other operating expenses		<u>(1,187,854)</u>	<u>(999,050)</u>
Profit/(loss) from operations		44,212	(36,647)
Share of profit in associated companies and joint ventures		390,157	258,988
Net gain from fluctuations in exchange rates		15,921	17,310
Gain on disposal of property, plant and equipment and investments		116,077	71,866
Restructuring cost	1	(35,953)	-
Other income		<u>-</u>	<u>44,449</u>
Profit before finance cost and taxation		530,414	355,966
Finance cost - interest	21	<u>(99,392)</u>	<u>(83,517)</u>
Profit before taxation		431,022	272,449
Taxation charge	23	<u>(161,062)</u>	<u>(64,739)</u>
Profit for the year	24	<u>269,960</u>	<u>207,710</u>
Attributable to:			
Parent company stockholders		252,273	189,406
Non-controlling interest		<u>17,687</u>	<u>18,304</u>
		<u>269,960</u>	<u>207,710</u>
Dealt with in the financial statements of:			
The company		221,565	17,582
Subsidiary companies		(239,957)	(19,410)
Associated companies and joint ventures		<u>270,665</u>	<u>191,234</u>
		<u>252,273</u>	<u>189,406</u>
Profit per ordinary stock unit:			
Based on stock units in issue	25	<u>134.89¢</u>	<u>101.27¢</u>
After exclusion of stock units held by ESOP		<u>148.24¢</u>	<u>111.59¢</u>

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

JAMAICA PRODUCERS GROUP LIMITEDGroup Statement of Profit or Loss and Other Comprehensive Income
Year ended December 31, 2013

	<u>2013</u> \$'000	<u>2012</u> \$'000
Profit for the year	<u>269,960</u>	<u>207,710</u>
Other comprehensive income:		
Items that may be reclassified to profit or loss:		
Exchange gain on translating foreign operations	472,892	207,957
Share of other comprehensive expense of associated companies	(4,964)	-
Net change in fair value of available-for-sale investments	44,294	(95,320)
Realised revaluation gains on available-for-sale investments transferred to group profit and loss account	(15,757)	(61,517)
	<u>496,465</u>	<u>51,120</u>
Total comprehensive income for the year	<u>766,425</u>	<u>258,830</u>
Attributable to:		
Parent company stockholders	692,216	240,526
Non-controlling interest	<u>74,209</u>	<u>18,304</u>
	<u>766,425</u>	<u>258,830</u>

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

JAMAICA PRODUCERS GROUP LIMITED

**Group Statement of Changes in Equity
Year ended December 31, 2013**

	Share capital \$'000 (note 17)	Share premium \$'000 (note 18)	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 26)	-	-	-	-	-	(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	-	4,266,651
Subsidiary companies	-	-	371,606	3,782	(178,988)	490,166	686,566	-	686,566
Associated companies and joint ventures	-	-	(8,264)	-	-	71,222	62,958	-	62,958
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

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, 2013

	Share capital \$'000 (note 17)	Share premium \$'000 (note 18)	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, 2012	<u>18,702</u>	<u>135,087</u>	<u>1,952,467</u>	<u>229,048</u>	<u>(178,988)</u>	<u>2,859,859</u>	<u>5,016,175</u>	<u>259,087</u>	<u>5,275,262</u>
Changes in equity:									
Profit for the year	-	-	-	-	-	<u>252,273</u>	<u>252,273</u>	<u>17,687</u>	<u>269,960</u>
Other comprehensive income									
Exchange gains arising on retranslation of foreign operations	-	-	416,370	-	-	-	416,370	56,522	472,892
Share of other comprehensive income of associated companies	-	-	-	-	-	(4,964)	(4,964)	-	(4,964)
Net change in fair value of available-for-sale investments	-	-	-	44,294	-	-	44,294	-	44,294
Realised revaluation gains on available-for-sale investments transferred to group profit and loss account	-	-	-	(15,757)	-	-	(15,757)	-	(15,757)
Total other comprehensive income	-	-	<u>416,370</u>	<u>28,537</u>	-	<u>(4,964)</u>	<u>439,943</u>	<u>56,522</u>	<u>496,465</u>
Total comprehensive income for the year	-	-	<u>416,370</u>	<u>28,537</u>	-	<u>247,309</u>	<u>692,216</u>	<u>74,209</u>	<u>766,425</u>
Transactions with owners of the company									
Own shares sold by ESOP	-	-	-	-	5,523	-	5,523	-	5,523
Distributions to stockholders (note 26)	-	-	-	-	-	(34,001)	(34,001)	-	(34,001)
Unclaimed distribution to stockholders	-	-	17,894	-	-	-	17,894	-	17,894
	-	-	17,894	-	5,523	(34,001)	(10,584)	-	(10,584)
Balances at December 31, 2013	<u>18,702</u>	<u>135,087</u>	<u>2,386,731</u>	<u>257,585</u>	<u>(173,465)</u>	<u>3,073,167</u>	<u>5,697,807</u>	<u>333,296</u>	<u>6,031,103</u>
Retained in the financial statements of:									
The company	18,702	135,087	1,607,019	253,804	-	2,482,631	4,497,243	-	4,497,243
Subsidiary companies	-	-	807,444	3,781	(173,465)	328,818	966,578	-	966,578
Associated companies and joint ventures	-	-	(27,732)	-	-	261,718	233,986	-	233,986
Balances at December 31, 2013	<u>18,702</u>	<u>135,087</u>	<u>2,386,731</u>	<u>257,585</u>	<u>(173,465)</u>	<u>3,073,167</u>	<u>5,697,807</u>	<u>333,296</u>	<u>6,031,103</u>

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

JAMAICA PRODUCERS GROUP LIMITED

Group Statement of Cash Flows
Year ended December 31, 2013

	<u>2013</u> \$'000	<u>2012</u> \$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Adjustment for:		
Profit for the year attributable to parent company stockholders	252,273	189,406
Adjustments to reconcile profit for the year to net cash provided by operating activities:		
Items not affecting cash:		
Depreciation and impairment losses – property, plant and equipment	214,282	163,111
Amortisation and impairment losses – biological assets	23,459	18,650
Amortisation and impairment losses – goodwill and intangible assets	29,844	27,852
Exchange movement in working capital	(49,668)	17,153
Deferred tax, net	(933)	6,418
Taxation charge	161,995	58,321
Employee benefits, net	-	(20,239)
Gain on disposal of property, plant and equipment and investments	(116,077)	(71,866)
Share of profit in associated companies and joint ventures	(385,193)	(258,988)
Non-controlling interest in profit for the year	74,209	18,304
Interest earned	(34,015)	(66,423)
Interest expense	<u>99,392</u>	<u>83,517</u>
	269,568	165,216
(Increase)/decrease in current assets:		
Accounts receivable	(231,944)	598,843
Taxation recoverable	41,845	14,692
Inventories	(155,766)	61,050
Increase/(decrease) in current liabilities:		
Accounts payable	267,991	(172,026)
Tax refunded/(paid)	<u>15,191</u>	<u>(485)</u>
Net cash provided by operating activities	<u>206,885</u>	<u>667,290</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Biological assets	(103,660)	(45,088)
Short-term investments	41,232	130,234
Interest received	32,970	73,046
Securities purchased under resale agreements	138,193	1,097,768
Additions to property, plant and equipment	(277,502)	(216,838)
Proceeds from disposal of property, plant and equipment and investments, net of own shares acquired by ESOP	140,083	154,798
Acquisition of subsidiaries	-	(478,197)
Acquisition of associated companies	-	(2,089,795)
Interests in associated companies and joint ventures	25,863	4,795
Movement in long term loans receivable	2,698	5,041
Additions to investments	(250)	(5,000)
Net cash used by investment activities	<u>(373)</u>	<u>(1,369,236)</u>

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

JAMAICA PRODUCERS GROUP LIMITEDGroup Statement of Cash Flows (Continued)
Year ended December 31, 2013

	<u>2013</u> \$'000	<u>2012</u> \$'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Short term credit lines	22,721	-
Long-term loans	(64,536)	978,875
Interest paid	(93,398)	(54,877)
Distributions to stockholders, net	(43,473)	(77,006)
Net cash (used)/provided by financing activities	<u>(178,686)</u>	<u>846,992</u>
Net increase in cash and cash equivalents	27,826	145,046
Cash and cash equivalents at beginning of the year	323,929	160,339
Exchange gain on foreign currency cash and cash equivalents	<u>47,165</u>	<u>18,544</u>
Cash and cash equivalents at end of the year	<u>398,920</u>	<u>323,929</u>

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Financial Statements (Continued)
Year ended December 31, 2013

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 previous 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 the group holding 30.19% of the issued shares of that company (note 10) at year-end.

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 2011 group profit and loss account.

During the year one of the group’s subsidiaries restructured its banana operations and as a consequence, made the positions of 80 workers redundant, following damage caused by Hurricane Sandy in October, 2012. The group recognised a charge of \$35,953,000 in relation to this and other associated costs of restructuring.

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 the following new standards and amendments to standards, including any consequential amendments to other standards, applicable to its operations, with a date of initial application of January 1, 2013. The nature and effects of the changes are as follows:

(i) *IFRS 10 Consolidated Financial Statements (2011)*

As a result of IFRS 10 (2011), the group has changed its accounting policy for determining whether it has control over and consequently, whether it consolidates its investees. IFRS 10 introduces a new control model that focuses on whether the group has power over an investee, exposure or rights to variable returns from its involvement with the investee and ability to use its power to affect those returns. The group has therefore reassessed the control conclusion in respect of its investees as at January 1, 2013. This has however, not resulted in any changes to the control conclusions previously determined.

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Financial Statements (Continued)
Year ended December 31, 2013

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

(a) Statement of compliance (continued):

(ii) IFRS 11 *Joint Arrangements*

As a result of IFRS 11, the group has changed its accounting policy for its interest in joint arrangements. Under IFRS 11, the group has classified its interest in joint arrangements as either joint operations (if the group has rights to the assets, and obligations for the liabilities, relating to an arrangement) or joint ventures (if the group has rights only to the net assets of an arrangement). When making this assessment, the group considered the structure of the arrangements, the legal form of any separate vehicles, the contractual terms of the arrangements and other facts and circumstances. Previously, the structure of the arrangement was the sole focus of classification. The group has re-evaluated its involvement in its joint arrangements and has determined that no reclassification is required. The group continues to apply the equity method and there has been no impact on the recognised assets, liabilities and comprehensive income of the group.

(iii) IFRS 12 *Disclosure of Interests in Other Entities*

As a result of IFRS 12, the group expanded its disclosures about its interest in subsidiaries and equity-accounted investees (see Notes 10 and 11).

(iv) IFRS 13 *Fair Value Measurement*

IFRS 13 establishes a single framework for measuring fair value and making disclosures about fair value measurements when such measurements are required or permitted by other IFRSs. It unifies the definition of fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It replaces and expands the disclosure requirements about fair value measurements in other IFRSs, including IFRS 7. Consequently, the group has included additional disclosures in this regard [see Note 32(a)].

In accordance with the transitional provisions of IFRS 13, the group applied the new fair value measurement guidance prospectively and has not provided any comparative information for new disclosures. Notwithstanding the above, the change had no significant impact on the measurements of the group's assets and liabilities.

(v) Presentation of Items of Other Comprehensive Income (Amendments to IAS 1)

As a result of the amendments to IAS 1, items of other comprehensive income (OCI) that may be reclassified to profit or loss in the future are presented separately from those that would never be reclassified to profit or loss. Also, the title of the statement has changed from Statement of Comprehensive Income to Statement of Profit or Loss and Other Comprehensive Income.

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Financial Statements (Continued)
Year ended December 31, 2013

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:

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, 2017 (previously January 1, 2015). 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 2017 financial statements.
- Amendments to IAS 36 *Impairment of Assets: Recoverable Amount Disclosures for Non-financial Assets*, which is effective for accounting periods beginning on or after January 1, 2014, reverse the unintended requirement in IFRS 13 *Fair Value Measurement*, to disclose the recoverable amount of every cash-generating unit to which significant goodwill or indefinite-lived intangible assets have been allocated. The amendment requires the recoverable amount to be disclosed only when an impairment loss has been recognised or reversed.

The group is assessing the impact that this standard may have on its 2014 financial statements.

- Amendments to IAS 39, *Financial Instruments: Novation of Derivatives and Continuation of Hedge Accounting*, which is effective for accounting periods beginning on or after January 1, 2014, adds a limited exception to IAS 39, to provide relief from discontinuing an existing hedging relationship when a novation that was not contemplated in the original hedging documentation meets specific criteria.

The group is assessing the impact that this standard may have on its 2014 financial statements.

- Amendments to IFRS 10 *Consolidated Financial Statements*, IFRS 12 *Disclosure of interest in Other Entities* and IAS 27 *Consolidated and Separate Financial Statements* is effective for accounting periods beginning on or after January 1, 2014. The amendments define an investment entity and require a parent that is an investment entity to measure its investments in particular subsidiaries at fair value through profit or loss, instead of consolidating those subsidiaries in its financial statements. In addition, the amendments introduce new disclosure requirements related to investment entities in IFRS 12 *Disclosure of Interests in Other Entities* and IAS 27 *Separate financial Statements*.

The group is assessing the impact that the amendments may have on its 2014 financial statements.

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Financial Statements (Continued)
Year ended December 31, 2013

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

(a) Statement of compliance (continued):

- IFRIC 21 *Levies* is effective for accounting periods beginning on or after January 1, 2014. It provides guidance on accounting for levies in accordance with the requirements of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*. The interpretation defines a levy as an outflow from an entity imposed by a government in accordance with legislation. It requires an entity to recognise a liability for a levy when and only the triggering event specified in the legislation occurs.

The group is assessing the impact that this standard may have on its 2014 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) Impairment losses on receivables:

In determining amounts recorded for impairment losses in the financial statements, management makes judgements regarding indicators of impairment, that is, whether there are indicators that suggest there may be a measurable decrease in the estimated future cash flows from receivables, for example, default and adverse economic conditions. Management also makes estimates of the likely estimated future cash flows from impaired receivables, as well as timing of such cash flows. Historical loss experience is applied where indicators of impairment are not observable on individual significant receivables with similar characteristics, such as credit risks.

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Financial Statements (Continued)
Year ended December 31, 2013

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

(b) Basis of preparation (continued):

(ii) Impairment of goodwill and other intangible assets

Impairment of goodwill and other intangibles is dependent upon management's internal assessment of future cash flows from these intangibles and cash-generating units that gave rise to the goodwill. That internal assessment determines the amount recoverable from future use of cash generating units in respect of goodwill. 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 14(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.

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Financial Statements (Continued)
Year ended December 31, 2013

3. Significant accounting policies (continued)

(a) Basis of consolidation (continued):

(ii) Non-controlling interests

Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net asset at the acquisition date.

Changes in the group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(iii) Subsidiaries

Subsidiaries are those entities controlled by the group. The group controls an investee when it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

The consolidated financial statements include the financial statements of all subsidiaries, including an Employees Share Ownership Plan (ESOP) classified as a structured entity (note 18), made up to December 31, 2013.

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

(iv) 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.

(v) Joint venture arrangements

A joint venture is a contractual arrangement in which the group has joint control and whereby the group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. Joint ventures are recognised initially at cost, including transaction costs. Subsequent to initial recognition, the consolidated financial statements include the group's share of the profit or loss and other comprehensive income of joint ventures using the equity method until the date on which joint control ceases (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.

(vi) Associates

Associates are those entities over which the group has significant influence, but not control, or joint control over the financial and operating policies, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method and are initially recognized at cost, including transaction costs.

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Financial Statements (Continued)
Year ended December 31, 2013

3. Significant accounting policies (continued)

(a) Basis of consolidation (continued):

(vi) Associates (continued)

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.

(vii) 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 reporting date [note 32(b)(ii)]. Items in the foreign subsidiaries' profit and loss accounts are translated at rates of £1 to J\$155.50 (2012: J\$139.46), US\$1 to J\$99.94 (2012: J\$88.45), €1 to J\$132.27 (2012: J\$114.43), 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 18(ii)].

(c) Cash and cash equivalents:

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

(d) Short-term investments:

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

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Financial Statements (Continued)
Year ended December 31, 2013

3. Significant accounting policies (continued)

(e) Securities purchased under resale agreements:

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

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

(f) Trade and other receivables:

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

(g) Inventories:

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

(h) Trade and other payables:

Trade and other payables, including provisions, are stated at 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 charged 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 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.

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Financial Statements (Continued)
 Year ended December 31, 2013

3. Significant accounting policies (continued)

(j) Investments (continued):

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

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

(k) Intangible assets and goodwill:

(i) Goodwill arising on the acquisition of subsidiaries is measured at cost less 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.

(ii) Other intangible assets

Other intangible assets that are acquired by the group and have finite useful lives are measured at cost less accumulated amortization and any accumulation impairment losses.

(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.

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Financial Statements (Continued)
Year ended December 31, 2013

3. Significant accounting policies (continued)

(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.

If significant parts of an items of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of 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 reporting 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 reporting date. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit (CGU) exceeds its recoverable amount.

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Financial Statements (Continued)
Year ended December 31, 2013

3. Significant accounting policies (continued)

(m) Impairment (continued):

For impairment testing, assets are grouped together into the smallest group of assets that generates cash flows that are largely independent of the cash flows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs that are expected to benefit from the synergies of the combinations.

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 in other comprehensive income is recognised in group profit or loss, even though the investment has not been derecognised.

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

(i) Calculation of recoverable amount

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

The recoverable amount of other assets or CGU is the greater of its value in use and its fair value less cost to sell. Value in use is based on the estimated future cash flows, 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 or CGU. 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.

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Financial Statements (Continued)
Year ended December 31, 2013

3. Significant accounting policies (continued)

(m) Impairment (continued):

(ii) Reversals of impairment (cont'd)

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.
- Post-employment benefits, comprising defined contribution pensions are recognised in profit or loss as they become due.

(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 interest on the asset.

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Financial Statements (Continued)
Year ended December 31, 2013

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 reporting 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 reporting 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

	<u>2013</u> \$'000	<u>2012</u> \$'000
Cash and bank balances	<u>398,920</u>	<u>323,929</u>

5. Short-term investments

	<u>2013</u> \$'000	<u>2012</u> \$'000
This comprises fixed deposits as loans and receivables	<u>90,084</u>	<u>131,316</u>

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Financial Statements (Continued)
Year ended December 31, 2013

6. Accounts receivable

	<u>2013</u> \$'000	<u>2012</u> \$'000
Trade receivables	659,982	466,519
Staff receivables	5,677	15,820
Other receivables and prepayments	<u>211,313</u>	<u>150,749</u>
	876,972	633,088
Less: allowance for impairment	(40,177)	(29,017)
	<u>836,795</u>	<u>604,071</u>

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

	<u>2013</u> \$'000	<u>2012</u> \$'000
Balance at beginning of year	29,017	29,933
Impairment losses recognised	17,672	9,211
Impairment losses reversed	(521)	(516)
Amounts written off as uncollectible	(1,950)	(5,143)
Amounts recovered during the year	(5,526)	(5,358)
Exchange loss on retranslation	<u>1,485</u>	<u>890</u>
Balance at end of year	<u>40,177</u>	<u>29,017</u>

The allowance for impairment 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:

	<u>2013</u>		<u>2012</u>	
	<u>Gross</u> \$'000	<u>Impairment</u> \$'000	<u>Gross</u> \$'000	<u>Impairment</u> \$'000
Not past due	498,915	-	278,867	265
Past due 0 - 30 days	81,045	-	117,080	-
Past due 31 - 120 days	59,317	4,366	49,687	4,809
Past due 121 days - 1 year	18,860	14,695	2,244	2,244
More than 1 year	<u>1,845</u>	<u>1,845</u>	<u>18,641</u>	<u>11,564</u>
	<u>659,982</u>	<u>20,906</u>	<u>466,519</u>	<u>18,882</u>

Amounts due from directors in the ordinary course of business include \$108,806 (2012: \$1,579,026) in other receivables [note 30(b)] at the reporting date. These amounts were subsequently settled.

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Financial Statements (Continued)
Year ended December 31, 2013

7. Inventories

	<u>2013</u> \$'000	<u>2012</u> \$'000
Processed goods	109,607	116,519
Raw materials and consumables	384,415	226,479
Spare parts and other	<u>15,676</u>	<u>10,934</u>
	<u>509,698</u>	<u>353,932</u>

8. Accounts payable

	<u>2013</u> \$'000	<u>2012</u> \$'000
Trade payables	899,895	624,766
Dividend payable	34,001	34,001
Other	<u>280,085</u>	<u>308,595</u>
	<u>1,213,981</u>	<u>967,362</u>

9. Biological assets

	<u>2013</u> \$'000	<u>2012</u> \$'000
Balance at beginning of the year	47,957	21,519
Increase due to new plantings	103,660	45,088
Impairment losses	-	(13,296)
Amortisation in year	<u>(23,459)</u>	<u>(5,354)</u>
Balance at end of the year	<u>128,158</u>	<u>47,957</u>

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:

	<u>2013</u> \$'000	<u>2012</u> \$'000
(a) <u>Interest in joint ventures</u>		
50% joint venture investments in:		
(i) a Jamaican Blue Mountain coffee processor/distributor	206,996	181,807
(ii) a banana and plantain chip manufacturing business	<u>48,999</u>	<u>43,261</u>
	<u>255,995</u>	<u>225,068</u>
(b) <u>Interest in associates</u>		
Associated companies:		
(i) 40% investment in bakery operations	129,055	85,619
(ii) 30% investment in a multi-purpose port operator	<u>2,500,885</u>	<u>2,307,069</u>
	<u>2,629,940</u>	<u>2,392,688</u>
	<u>2,885,935</u>	<u>2,617,756</u>

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Financial Statements (Continued)
Year ended December 31, 2013

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

- (a)(i) The group has a 50% holding in a joint venture company, Mavis Bank Coffee Factory Limited that processes and sells Jamaican Blue Mountain coffee. Up to December 31, 2013, the group's contribution to that joint venture was \$136 million (2012: \$121 million) used for working capital financing and start-up costs.
- (a)(ii) The group has a 50% holding in Antillean Foods, Inc., a banana and plantain chip manufacturing business located in the Dominica Republic.
- (b)(i) The group holds a 40% holding in Tortuga Cayman Limited, a company that manufactures and distributes baked products through the group's subsidiary, Tortuga International Holdings Limited.
- (b)(ii) The group holds a 30% shareholding in Kingston Wharves Limited, which operates public wharves and provides security and cold storage services.

Kingston Wharves Limited is listed on the Jamaica Stock Exchange. Based on its closing price of \$6.06 per share at the reporting date, the fair value of the group's investment is \$2.6 billion. During the year the group received dividends of \$77.7 million (2012: \$43.2 million). Other associated company and joint ventures are not publicly listed and consequently, do not have published price quotations.

- (c) The following table summarises the financial information of Mavis Bank Coffee Factory Limited and Antillean Foods, Inc. as included in their own financial statements, after fair value adjustments on acquisition and elimination of differences in accounting policies and intercompany transactions. The table also reconciles the summarised financial information to the carrying amount of the group's interest in both joint ventures.

	Mavis Bank Coffee Factory Limited		Antillean Foods Inc.	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Percentage ownership interest	50%	50%	50%	50%
Non-current assets	319,258	285,708	88,229	65,795
Current assets (including cash and cash equivalents – 2013: \$3,884,000, 2012: \$46,344,000)	432,706	428,250	93,344	78,480
Non-current liabilities 2013: \$277,283,000, 2012: \$236,126,000)	(294,783)	(236,126)	(241,856)	(216,072)
Current liabilities 2013: \$230,257,000, 2012: \$193,958,000).	(315,107)	(329,253)	(72,933)	(13,928)
Net assets (100%)	<u>142,074</u>	<u>148,579</u>	<u>(133,216)</u>	<u>(85,725)</u>
Group's share of nets assets/(liabilities)	71,037	65,372	(66,608)	(53,171)
Fair value adjustments and elimination of differences in accounting policies and intercompany transactions	<u>135,959</u>	<u>116,435</u>	<u>115,607</u>	<u>96,432</u>
Carrying amount of interest in joint ventures	<u>206,996</u>	<u>181,807</u>	<u>48,999</u>	<u>43,261</u>

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Financial Statements (Continued)
Year ended December 31, 2013

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

	Mavis Bank Coffee Factory Limited		Antillean Foods Inc.	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Revenue	803,110	726,743	445,701	213,188
Depreciation and amortisation	(17,594)	(11,864)	5,668	25,388
Interest expense	(57,341)	(44,587)	-	-
Income tax (charge)/credit	(5,494)	10,373	-	-
Profit and total comprehensive income (100%)	<u>9,068</u>	<u>84,128</u>	<u>(15,708)</u>	<u>(139,075)</u>
Group's share of profit and total comprehensive income	4,534	42,064	(7,854)	(69,538)
Elimination of intercompany transaction	-	-	-	<u>39,496</u>
Group share of profit and total comprehensive income after elimination of inter company transactions	<u>4,534</u>	<u>42,064</u>	<u>(7,854)</u>	<u>(30,042)</u>

- (d) The following table summarises the financial information of Kingston Wharves Limited as included in its financial statements, showing fair value adjustments on acquisition and differences in accounting policies. The table also reconciles the summarised financial information to the carrying amount of the group's interest in this material associate.

	<u>2013</u> \$'000	<u>2012</u> \$'000
Percentage ownership interest	30.19%	30.19%
Non-current assets	12,815,706	12,442,472
Current assets	3,900,958	3,925,415
Non-current liabilities	(2,978,154)	(3,096,998)
Current liabilities	(989,583)	(1,080,646)
Non-controlling interest	<u>(59,534)</u>	<u>(51,815)</u>
Net assets attributable to equity holders of the parent (100%)	<u>12,689,393</u>	<u>12,138,428</u>
Group's share of nets assets/(liabilities) (30.19%)	3,830,928	3,664,591
Fair value adjustments on acquisition and elimination of differences in accounting policies	<u>(1,330,043)</u>	<u>(1,046,835)</u>
Carrying amount of interest in Kingston Wharves Limited	<u>2,500,885</u>	<u>2,617,756</u>
Revenue	<u>4,232,408</u>	<u>3,670,177</u>
Net profit from continuing operations	846,974	555,728
Other comprehensive expense, net of tax	<u>(28,586)</u>	<u>-</u>
Total comprehensive income	<u>818,388</u>	<u>555,728</u>
Group's share of total comprehensive income	<u>271,534</u>	<u>178,776</u>

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Financial Statements (Continued)

Year ended December 31, 201310. Interest in associated companies and joint ventures (continued)

- (e) The following table analyses, in aggregate, the carrying amounts and share of profit and other comprehensive income of all associates.

	<u>2013</u>	<u>2012</u>
	\$'000	\$'000
Carrying amount of interest in associates	<u>2,629,940</u>	<u>2,392,688</u>
Share of:		
Profit from continuing operations	278,949	179,212
Other comprehensive income	(4,964)	<u>-</u>
Total comprehensive income	<u>273,985</u>	<u>179,212</u>

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Financial Statements (Continued)
Year ended December 31, 2013

11. Non-controlling interest

The following table summarises the information relating to each of the group's subsidiaries that has material non-controlling interest (NCI), before any intra-group eliminations.

	2013				2012			
	Tortuga International Holdings Limited	Four Rivers Mining Limited	Other - immaterial NCI	Total	Tortuga International Holdings Limited	Four Rivers Mining Limited	Other - immaterial NCI	Total
NCI percentage	38%	49%			38%	49%		
	\$'000	\$'000			\$'000	\$'000		
Non-current asset	867,276	320,388	-	1,187,664	768,992	181,488	-	950,480
Current assets	256,686	81,607	-	338,293	257,589	64,392	-	321,981
Non-current liabilities	(89,950)	(181,846)	-	(271,796)	(72,979)	(177,952)	-	(250,931)
Current liabilities	(151,820)	(228,524)	-	(380,344)	(181,353)	(101,672)	-	(283,025)
Net assets/(liabilities)	882,192	(8,375)	-	873,817	772,249	(33,744)	-	738,505
Carrying amount of NCI	335,298	(2,492)	490	333,296	273,521	(14,924)	490	259,087
Revenue	769,134	362,329	-	1,131,463	688,692	246,396	-	935,088
Profit	13,872	25,369	-	39,241	43,756	3,523	-	47,279
Other comprehensive income	101,235	-	-	101,235	49,195	-	-	49,195
Total comprehensive income	115,107	25,369	-	140,476	92,951	3,523	-	96,474
Profit allocated to NCI	5,256	12,431	-	17,687	16,577	1,727	-	18,304
Other comprehensive income allocated to NCI	56,522	-	-	56,522	-	-	-	-
Cash flows from operating activities	18,838	17,583	-	36,421	6,501	40,340	-	46,841
Cash flows from investment activities	(5,741)	(165,478)	-	(171,219)	(78,760)	(13,733)	-	(92,493)
Cash flows from financing activities (dividends to NCI: nil)	10,679	124,715	-	135,394	93,757	(14,146)	-	79,611
Net increase (decrease) in cash and equivalents	23,776	(23,180)	-	696	21,498	12,461	-	33,959

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Financial Statements (Continued)

Year ended December 31, 201312. Investments

	<u>2013</u>	<u>2012</u>
	\$'000	\$'000
Available-for-sale securities:		
Quoted	355,578	334,044
Loans and receivables:		
Long-term loan	<u>184,928</u>	<u>168,954</u>
	<u>540,506</u>	<u>502,998</u>

Included in loans and receivables is a loan of \$197,949,000 or US\$1.9 million (2012: \$180,305,000 or US\$2.0 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.

13. Acquisition of subsidiary

In the prior year, the group acquired a 62% shareholding in Tortuga International Holdings Limited the ("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.

Tortuga contributed revenue of \$688.7 million after elimination of intercompany sales and attributable post-acquisition profit of \$27.6 million 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.

	<u>2012</u>
	\$'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	<u>(82,931)</u>
Net assets	541,065
Goodwill acquired	<u>116,369</u>
	657,434
Less: Non-controlling interest on acquisition	<u>(256,942)</u>
Total consideration on acquisition in the year	<u>400,492</u>

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Financial Statements (Continued)
Year ended December 31, 2013

13. Acquisition of subsidiary (continued)

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

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 2011 group profit or loss.

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

The goodwill is attributable mainly to synergies expected to be achieved upon full integration of the Tortuga operations, the skill and knowledge of Tortuga's workforce, and the future growth potential in Tortuga's markets.

14. Intangible assets

	<u>Brands and trademarks</u> \$'000	<u>Customer relationships</u> \$'000	<u>Other identifiable intangibles</u> \$'000	<u>Goodwill</u> \$'000	<u>Total</u> \$'000
At cost:					
December 31, 2011	-	-	-	<u>523,792</u>	<u>523,792</u>
Additions	339,073	123,491	30,586	117,431	610,581
Exchange adjustments	<u>23,709</u>	<u>8,623</u>	<u>2,219</u>	<u>48,714</u>	<u>83,265</u>
December 31, 2012	<u>362,782</u>	<u>132,114</u>	<u>32,805</u>	<u>689,937</u>	<u>1,217,638</u>
Reclassifications	(50,228)	50,006	(9,634)	9,856	-
Exchange adjustments	<u>50,508</u>	<u>22,339</u>	<u>4,273</u>	<u>112,449</u>	<u>189,569</u>
December 31, 2013	<u>363,062</u>	<u>204,459</u>	<u>27,444</u>	<u>812,242</u>	<u>1,407,207</u>
Amortisation and impairment:					
December 31, 2011	-	-	-	<u>125,855</u>	<u>125,855</u>
Charge for the year	14,150	8,454	5,248	-	27,852
Exchange adjustments	<u>594</u>	<u>354</u>	<u>220</u>	<u>8,788</u>	<u>9,956</u>
December 31, 2012	<u>14,744</u>	<u>8,808</u>	<u>5,468</u>	<u>134,643</u>	<u>163,663</u>
Charge for the year	12,664	16,220	960	-	29,844
Exchange adjustments	<u>2,903</u>	<u>2,234</u>	<u>861</u>	<u>19,823</u>	<u>25,821</u>
December 31, 2013	<u>30,311</u>	<u>27,262</u>	<u>7,289</u>	<u>154,466</u>	<u>219,328</u>
Net book values:					
December 31, 2013	<u>332,751</u>	<u>177,197</u>	<u>20,155</u>	<u>657,776</u>	<u>1,187,879</u>
December 31, 2012	<u>348,038</u>	<u>123,306</u>	<u>27,337</u>	<u>555,294</u>	<u>1,053,975</u>
December 31, 2011	<u>-</u>	<u>-</u>	<u>-</u>	<u>397,937</u>	<u>397,937</u>

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Financial Statements (Continued)
Year ended December 31, 2013

14. Intangible assets (continued)

(a) Goodwill comprises the following significant carrying amounts:

<u>Group of cash-generating units</u>	<u>2013</u>		<u>2012</u>	
	<u>Discount rate</u>	<u>\$'000</u>	<u>Discount rate</u>	<u>\$'000</u>
Juice manufacturing business	10%	340,727	10%	284,166
Other food manufacturing business	15%	154,496	15%	125,637
Logistics business	10%	123,611	10%	106,549
Other units	15%	<u>38,942</u>	15%	<u>38,942</u>
		<u>657,776</u>		<u>555,294</u>

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

15. Deferred tax asset/(liability)

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

	<u>Deferred tax</u>					
	<u>Asset</u>		<u>Liability</u>		<u>Net</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Property, plant and equipment	4,648	-	-	(397)	4,648	(397)
Other liabilities	4,010	3,083	-	-	4,010	3,083
Other assets	-	-	(6,166)	(1,214)	(6,166)	(1,214)
	<u>8,658</u>	<u>3,083</u>	<u>(6,166)</u>	<u>(1,611)</u>	<u>2,492</u>	<u>1,472</u>

Movement on net deferred tax asset during the year:

	<u>2013</u>	<u>2012</u>
	<u>\$'000</u>	<u>\$'000</u>
Net deferred tax asset at beginning of year	1,472	8,331
Acquisition of subsidiary companies	-	(621)
Recognised in taxation charge [note 23(a)(ii)]	933	(6,418)
Recognised in taxation charges	<u>87</u>	<u>180</u>
	<u>2,492</u>	<u>1,472</u>

JAMAICA PRODUCERS GROUP LIMITEDNotes to the Financial Statements (Continued)
Year ended December 31, 201316. Property, plant and equipment

	<u>Freehold land and buildings</u> \$'000	<u>Leasehold land and buildings</u> \$'000	<u>Equipment, vehicles and furniture</u> \$'000	<u>Work- in- progress</u> \$'000	<u>Total</u> \$'000
At cost:					
December 31, 2011	<u>685,148</u>	<u>291,371</u>	<u>1,345,934</u>	<u>54,029</u>	<u>2,376,482</u>
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	<u>53,639</u>	<u>743</u>	<u>65,900</u>	<u>4,829</u>	<u>125,111</u>
December 31, 2012	<u>736,219</u>	<u>314,405</u>	<u>1,608,914</u>	<u>62,632</u>	<u>2,722,170</u>
Additions	6,614	15,774	246,065	9,049	277,502
Disposals	-	(7,324)	(22,006)	(472)	(29,802)
Exchange adjustments	<u>134,609</u>	<u>2,746</u>	<u>176,102</u>	<u>13,165</u>	<u>326,622</u>
December 31, 2013	<u>877,442</u>	<u>325,601</u>	<u>2,009,075</u>	<u>84,374</u>	<u>3,296,492</u>
Depreciation and impairment:					
December 31, 2011	<u>95,225</u>	<u>178,231</u>	<u>613,583</u>	<u>40,699</u>	<u>927,738</u>
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	<u>8,728</u>	<u>169</u>	<u>19,138</u>	<u>4,066</u>	<u>32,101</u>
December 31, 2012	<u>136,362</u>	<u>189,032</u>	<u>724,843</u>	<u>53,636</u>	<u>1,103,873</u>
Charge for the year	37,480	14,417	157,066	5,319	214,282
Eliminated on disposals	-	(4,376)	(19,215)	-	(23,591)
Exchange adjustments	<u>27,471</u>	<u>965</u>	<u>57,639</u>	<u>11,210</u>	<u>97,285</u>
December 31, 2013	<u>201,313</u>	<u>200,038</u>	<u>920,333</u>	<u>70,165</u>	<u>1,391,849</u>
Net book values:					
December 31, 2013	<u>676,129</u>	<u>125,563</u>	<u>1,088,742</u>	<u>14,209</u>	<u>1,904,643</u>
December 31, 2012	<u>599,857</u>	<u>125,373</u>	<u>884,071</u>	<u>8,996</u>	<u>1,618,297</u>
December 31, 2011	<u>589,923</u>	<u>113,140</u>	<u>732,351</u>	<u>13,330</u>	<u>1,448,744</u>

Freehold land and buildings include land as follows:

	<u>2013</u> \$'000	<u>2012</u> \$'000
At cost	168,614	168,614
Directors' allocation of cost	<u>4,857</u>	<u>4,857</u>
Total land	<u>173,471</u>	<u>173,471</u>

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.

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Financial Statements (Continued)

Year ended December 31, 201317. Share capital

Authorised:

500,000,000 ordinary shares at no par value

Stated capital:

	<u>2013</u>	<u>2012</u>
	\$'000	\$'000
Issued and fully paid - 187,024,006 ordinary stock units at no par value	<u>18,702</u>	<u>18,702</u>

The company's stated capital does not include share premium, which is retained in capital reserves (note 18) in accordance with Section 39 (7) of the Jamaican Companies Act.

18. Reserves

	<u>2013</u>	<u>2012</u>
	\$'000	\$'000
Capital:		
Share premium (note 17)	135,087	135,087
Fair value reserve	257,585	229,048
Reserve for own shares [see (i) below]	(173,465)	(178,988)
Other [see (ii) below]	<u>2,386,731</u>	<u>1,952,467</u>
	2,605,938	2,137,614
Revenue:		
Retained profits	<u>3,073,167</u>	<u>2,859,859</u>
	<u>5,679,105</u>	<u>4,997,473</u>

- (i) Reserve for own shares is included in these financial statements by consolidation of the company's Employees Share Ownership Plan (ESOP) as it is regarded as a structured entity and is required to be consolidated under IAS 27. 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, 2013. The results of operation of this entity are immaterial in relation to the group.

The number of stock units held by the ESOP at December 31, 2013 was 16,721,860 (2012: 17,022,147). Based on the bid price, less a 15% discount normally allowed to staff, the value of those stock units at December 31, 2013 was \$270,058,000 (2012: \$299,589,800). 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, 2013, unrealised exchange gains and unclaimed distributions to stockholders (note 26).
- (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.

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Financial Statements (Continued)
Year ended December 31, 2013

19. Long-term loans

	<u>Current portion</u>		<u>Non-current portion</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Syndicated third party and bank loans	72,810	67,235	1,030,163	1,072,701
Other related party	-	-	87,197	87,197
	<u>72,810</u>	<u>67,235</u>	<u>1,117,360</u>	<u>1,159,898</u>

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. The loans 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 the reporting 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 Jamaica dollar denominated loan.

During 2013 one of the group's subsidiaries entered into a loan for \$5,800,000. It is secured against a specific piece of plant and equipment and repayable in 36 equal instalments over 3 years. The interest rate is 9.5% and is subject to change.

During 2012 the group entered into a loan for \$1,000,000,000. It is secured by a portion of the investment in an 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 one of the group's subsidiaries 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:

	<u>Currency</u>	<u>Nominal interest rate</u>	<u>Year of maturity</u>	<u>Face value</u>	<u>Carrying value</u>	<u>Face value</u>	<u>Carrying value</u>
				<u>2013</u>	<u>2013</u>	<u>2012</u>	<u>2012</u>
				<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Secured syndicated							
third party loan	JMD	8.9%	2017	945,250	945,250	995,000	995,000
Secured bank loan	BBD	5.5%	2018	25,209	25,209	25,778	25,778
Secured bank loan	JMD	9.5%	2016	5,661	5,661	-	-
Secured bank loan	Euro	Euribor+2.25%	2016	126,853	126,853	119,158	119,158
Other related party	JMD	5.0%	2015	87,197	87,197	87,197	87,197
				<u>1,190,170</u>	<u>1,190,170</u>	<u>1,227,133</u>	<u>1,227,133</u>

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.

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Financial Statements (Continued)
Year ended December 31, 2013

21. Financial income and expenses

	<u>2013</u> \$'000	<u>2012</u> \$'000
Financial income:		
Interest income on available-for-sale financial assets	1,575	1,575
Interest income on bank deposits, loans and receivables	32,440	64,848
Dividend income on available-for-sale financial assets	15,598	14,319
Net gain on available-for-sale financial assets transferred from equity	15,757	61,517
Net foreign exchange gain	<u>15,921</u>	<u>17,310</u>
	<u>81,291</u>	<u>159,569</u>
Financial expenses:		
Interest expense on financial liabilities measured at amortised cost	(99,392)	(83,517)
Net financial (expenses)/income	<u>(18,101)</u>	<u>76,052</u>

22. Pension arrangements

The group operates two defined contribution schemes for all qualifying employees in Jamaica and another in 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, 2013 at which time the fund had a coverage of 110% but a deficit of 5.2% (2011 – deficit of 4.3%) relative to the required coverage of 115.2%. The next full actuarial valuation is due as at December 31, 2014.

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 January 1, 2012 this scheme is treated as a defined contribution scheme for the purpose of the group's accounting.

Contributions under the defined-contribution pension schemes during the year amounted to \$112,468,000 (2012: \$103,023,000).

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Financial Statements (Continued)
Year ended December 31, 2013

23. Taxation

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

	<u>2013</u>	<u>2012</u>
	\$'000	\$'000
(i) Current tax charge:		
United Kingdom corporation tax at 25%	6,535	2,705
Netherlands corporation tax at 25.5%	39,022	(12,567)
Other corporation tax	-	429
Tax on associated companies	<u>116,438</u>	<u>67,754</u>
	161,955	58,321
(ii) Deferred taxation (note 15):		
Origination and reversal of temporary differences	(933)	<u>6,418</u>
Total taxation charge in group profit and loss account	<u>161,062</u>	<u>64,739</u>

- (b) The effective tax rate for 2013 was 37.4% (2012: 23.8%) of a pre-tax result of \$431,022,000 (2012: pre-tax result of \$272,449,000), compared to the statutory tax rate of 25% (2012: 33⅓%). The actual charge differs from the "expected" tax charge for the year as follows:

	<u>2013</u>	<u>2012</u>
	\$'000	\$'000
Profit before taxation	<u>431,022</u>	<u>272,449</u>
Computed "expected" tax charge at 25% (2012: 33⅓%)	107,755	90,816
Taxation difference between profit for financial statements and tax reporting purposes on:		
Overseas taxation	(12,101)	(43,152)
Unrelieved tax losses less tax relief utilised	36,631	(8,658)
Higher rate associated company tax	14,711	-
Gain on disposal of property, plant and equipment and investments	(29,417)	(23,955)
Other related capital adjustments	<u>43,483</u>	<u>49,688</u>
Actual tax charge	<u>161,062</u>	<u>64,739</u>

- (c) As at December 31, 2013, the group has taxation losses, subject to agreement by the Commissioner General of Tax Administration Jamaica of approximately \$1,535,765,000 (2012: \$1,505,223,000) available for relief against future taxable profits. Of this amount, \$577,526,000 (2012: \$448,866,000) is available for offset against specific income such as farming profits. As of January 1, 2014, tax losses may be carried forward indefinitely; however, the amount that can be utilised is restricted to 50% of chargeable income (before prior year losses) in any one year. A deferred tax asset of \$381,449,000 (2012: \$376,306,000) 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.

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Financial Statements (Continued)
 Year ended December 31, 2013

24. Disclosure of expenses

Profit for the year is stated after charging:

	<u>2013</u> \$'000	<u>2012</u> \$'000
Directors' emoluments:		
Fees	9,993	9,810
For management	57,957	36,553
Auditors' remuneration	32,547	26,874
Depreciation and impairment losses	214,282	163,111
Staff costs	<u>1,195,739</u>	<u>1,132,768</u>

25. Profit per ordinary stock unit

The profit per ordinary stock unit is calculated by dividing the profit for the year of \$252,273,000 (2012: \$189,406,000), attributable to the company's stockholders, by a weighted average number of ordinary stock units held during the year, excluding those held by the ESOP.

Weighted average number of ordinary stock units:

	<u>2013</u>	<u>2012</u>
Issued ordinary stock units at January 1	187,024,006	187,024,006
Effect of own shares held by ESOP during the year	<u>(16,841,151)</u>	<u>(17,283,598)</u>
Weighted average number of ordinary stock units held during the year	<u>170,182,855</u>	<u>169,740,408</u>
Profit per ordinary stock unit in issue	<u>134.89¢</u>	<u>101.27¢</u>
Profit per ordinary stock unit excluding ESOP holdings	<u>148.24¢</u>	<u>111.59¢</u>

26. Distributions to stockholders

	<u>2013</u> \$'000	<u>2012</u> \$'000
Ordinary dividends:		
First interim payable in respect of 2013 - 20¢ (2012: 20¢) per stock unit - gross	37,405	37,405
Distributions to ESOP [note 18(i)]	<u>(3,404)</u>	<u>(3,404)</u>
	34,001	34,001
Unclaimed distributions written back to capital reserves [note 18(ii)]	<u>(17,894)</u>	<u>(7,696)</u>
	<u>16,107</u>	<u>26,305</u>

27. Contingent liabilities

One of the group's bankers, The Bank of Nova Scotia Jamaica Limited, has issued guarantees on behalf of the company in favour of third parties totalling \$546,000 (2012: \$928,000). A subsidiary has guaranteed the US\$500,000 debt of another subsidiary in favour of the National Export Import Bank of Jamaica Limited. The company has also given a commitment to one of the subsidiary's of its intention to provide financial support as is necessary for its operations throughout 2014. That subsidiary has a net shareholders' deficit at December 31, 2013 of \$417.4 million (2012: \$303.4 million).

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Financial Statements (Continued)
Year ended December 31, 2013

28. Operating lease arrangements

(a) Non-cancellable operating lease commitments

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

	<u>2013</u> \$'000	<u>2012</u> \$'000
Within one year	52,047	37,326
In the second to fifth years inclusive	<u>31,375</u>	<u>35,250</u>
	<u>83,422</u>	<u>72,576</u>

(b) Non-cancellable operating lease receivables

Operating leases relate to the property owned by the group with lease terms of between 3 to 5 years, with options to extend for a further 1 to 5 years. The group do not have the option to purchase the property at the expiry of the lease period.

The group earned property rental income of \$29,260,000 (2012: \$26,617,000) under operating leases. Direct operating expenses arising on the property in the period was \$6,246,000 (2012: \$6,000,000). Commitments for income under non-cancellable operating leases at year-end are as follows:

	<u>2013</u> \$'000	<u>2012</u> \$'000
Within one year	25,901	20,002
In the second to fifth year inclusive	<u>25,290</u>	<u>40,750</u>
	<u>51,191</u>	<u>60,752</u>

29. Commitments for expenditure

As at December 31, 2013, capital expenditure authorised but not committed amounted to approximately \$308,169,000 (2012: \$156,137,000). Capital expenditure authorised and committed amounted to approximately \$6,641,000 (2012: \$3,686,000).

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Financial Statements (Continued)
Year ended December 31, 2013

30. Related parties

(a) Identity of related parties:

The group has related party relationships with its directors, 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 28.1% (2012: 27.3%) of the voting shares of the company. Receivables from directors which are current at December 31, 2013 amounted to \$108,806 (2012: \$1,579,026) and are included in "accounts receivable" (note 6). No interest is payable by directors on these balances. In addition to their salaries, the group contributes to various post-employment benefit plans on behalf of key management personnel.

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

	<u>2013</u>	<u>2012</u>
	\$'000	\$'000
Short-term employment and other benefits	252,761	185,055
Post-employment benefits	25,191	20,743
Termination benefits	<u>3,112</u>	<u>-</u>
Total remuneration	<u>281,064</u>	<u>205,798</u>

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Financial Statements (Continued)
December 31, 2013

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		Terms and conditions	(Payable)/receivable at end of year		Provision end of year		(Expense)/recovery during the year		
		2013	2012		2013	2012	2013	2012	2013	2012	
		\$'000	\$'000	*	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Transactions with joint ventures and associates:											
50% joint venture	Purchases by group	299,318	136,268	1, 4, 7	(18,440)	(8,734)	-	-	-	-	
50% joint venture	Management services income to group	(28,112)	(20,000)	1, 4, 7	20,000	-	-	-	-	-	
50% joint venture	Interest income on loans from group	(23,419)	(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	19,008	15,595	1, 4, 7	-	-	N/A	N/A	N/A	N/A	
ii) Company under their control	Management services charged to group	7,916	4,422	4, 7, 9	(7,929)	-	N/A	N/A	N/A	N/A	
iii) Company under their control	Shipping agency services charged to group	6,390	6,494	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	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	(40,826)	(54,896)	1, 4, 7	18,012	12,745	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

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Financial Statements (Continued)
December 31, 2013

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	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Gross revenue	5,469,370	4,716,597	2,188,543	1,950,339	211,266	215,236	7,869,179	6,882,172
Inter-segment revenue	-	-	-	-	(115,316)	(91,915)	(115,316)	(91,915)
Revenue from external customers	<u>5,469,370</u>	<u>4,716,597</u>	<u>2,188,543</u>	<u>1,950,339</u>	<u>95,950</u>	<u>123,321</u>	<u>7,753,863</u>	<u>6,790,257</u>
Interest income	-	165	798	450	33,217	65,808	34,015	66,423
Interest expense	(2,290)	(3,933)	(6,777)	(6,897)	(90,325)	(72,687)	(99,392)	(83,517)
Segment profit/(loss)	<u>183,863</u>	<u>78,885</u>	<u>(17,398)</u>	<u>24,057</u>	<u>264,557</u>	<u>169,507</u>	431,022	272,449
Taxation charge							(161,062)	(64,739)
Non-controlling interest							(17,687)	(18,304)
Profit attributable to equity holders of the parent							<u>252,273</u>	<u>189,406</u>
Segment assets	<u>2,838,442</u>	<u>2,247,796</u>	<u>2,331,969</u>	<u>1,963,787</u>	<u>3,382,739</u>	<u>3,293,809</u>	<u>8,553,150</u>	<u>7,505,392</u>
Segment liabilities	<u>911,338</u>	<u>667,149</u>	<u>527,652</u>	<u>434,931</u>	<u>1,083,057</u>	<u>1,128,050</u>	<u>2,522,047</u>	<u>2,230,130</u>
Capital expenditure	<u>63,113</u>	<u>47,370</u>	<u>193,400</u>	<u>153,780</u>	<u>20,989</u>	<u>15,688</u>	<u>277,502</u>	<u>216,838</u>
Depreciation and amortisation	<u>124,315</u>	<u>103,378</u>	<u>134,299</u>	<u>99,435</u>	<u>8,971</u>	<u>6,800</u>	<u>267,585</u>	<u>209,613</u>

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Financial Statements (Continued)
December 31, 2013

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.

	<u>Revenues</u>		<u>Non-current assets</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
	\$'000	\$'000	\$'000	\$'000
Jamaica	1,682,454	1,605,340	3,945,054	3,311,468
Netherlands	4,314,681	3,777,187	1,567,126	1,366,111
United Kingdom	273,378	263,006	132,426	109,255
United States of America	545,063	490,729	3,451	3,624
Other Caribbean countries	546,525	401,213	1,001,556	1,053,608
Other European countries	373,399	219,360	-	-
Other countries	<u>18,363</u>	<u>33,422</u>	<u>-</u>	<u>-</u>
	<u>7,753,863</u>	<u>6,790,257</u>	<u>6,649,613</u>	<u>5,844,066</u>

Revenues from one customer of the JP Europe segment represents approximately \$3,813 million (2012: \$3,257 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 their market value and is disclosed at note 12. This method falls within level 1 of the fair value hierarchy, defined as quoted prices (unadjusted) in an active market for identical assets. The fair value of other investments, are assumed to be cost, less allowance for impairment.

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

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Financial Statements (Continued)
December 31, 2013

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 and 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 cash and cash equivalents, other investments, securities purchased under resale agreements and account receivable.

The maximum exposure to credit risk at the reporting date is equal to the 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 \$41,228,000 (2012: \$192,205,000) for the group, was held for securities purchased under resale agreements [note 3(e)].

No allowance for impairment is deemed necessary.

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Financial Statements (Continued)
December 31, 2013

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 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 loan to the purchaser of former subsidiaries is 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 assets.

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Financial Statements (Continued)
December 31, 2013

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.

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:

	2013			2012		
	US\$'000	£'000	€'000	US\$'000	£'000	€'000
Financial assets						
Cash and cash equivalents	624	645	1,433	556	681	1,064
Short term investments	582	-	-	1,037	-	-
Securities purchased under resale agreements	245	-	-	1,729	-	-
Accounts receivable	1,514	470	3,207	1,475	586	2,109
Investments	<u>2,149</u>	<u>-</u>	<u>-</u>	<u>2,100</u>	<u>-</u>	<u>-</u>
Total financial assets carried forward	<u>5,114</u>	<u>1,115</u>	<u>4,640</u>	<u>6,897</u>	<u>1,267</u>	<u>3,173</u>

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Financial Statements (Continued)
December 31, 2013

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):

	2013			2012		
	US\$'000	£'000	€'000	US\$'000	£'000	€'000
Total financial assets brought forward	5,114	1,115	4,640	6,897	1,267	3,173
Financial liabilities						
Short term borrowing	(507)	-	-	(334)	-	-
Accounts payable	(1,436)	(881)	(4,646)	(1,290)	(945)	(3,897)
Current maturities of long term loans	-	-	(110)	-	-	(110)
Long-term loans	-	-	(871)	-	-	(871)
Financial instruments position	3,171	234	(987)	5,273	322	(1,705)
Other assets	10,626	318	12,998	10,004	306	13,118
Other liabilities	-	(42)	-	-	(19)	-
Gross balance sheet position	<u>13,797</u>	<u>510</u>	<u>12,011</u>	<u>15,277</u>	<u>609</u>	<u>11,413</u>

Other assets/liabilities represent balances denominated in the respective foreign 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% Depreciation of J\$ - resultant exchange gain/(loss):

	2013		2012	
	Equity \$'000	Profit \$'000	Equity \$'000	Profit \$'000
US\$	138,686	6,997	125,050	14,469
£	8,594	260	8,818	208
€	<u>175,659</u>	<u>-</u>	<u>142,218</u>	<u>-</u>

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Financial Statements (Continued)
December 31, 2013

32. Financial instruments (continued)

(b) Financial instrument risks (continued):

(ii) Market risk (continued)

Foreign currency sensitivity analysis (continued)

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

	2013		2012	
	<u>Equity</u> \$'000	<u>Profit</u> \$'000	<u>Equity</u> \$'000	<u>Profit</u> \$'000
US\$	(27,737)	(1,399)	(25,010)	(2,894)
£	(1,719)	(52)	(1,764)	(421)
€	<u>(35,132)</u>	<u>-</u>	<u>(28,444)</u>	<u>-</u>

Buying exchange rates used at year-end:

	<u>2013</u>	<u>2012</u>
US\$1 to J\$	105.72	92.15
£1 to J\$	173.56	148.29
€1 to J\$	<u>145.67</u>	<u>121.49</u>

Interest rate risk

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

The group 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:

	<u>2013</u> \$'000	<u>2012</u> \$'000
Fixed rate instruments:		
Financial assets	312,406	475,857
Financial liabilities	(1,091,699)	(1,082,197)
	<u>(779,293)</u>	<u>(606,340)</u>
Variable rate instruments:		
Financial liabilities	<u>(152,062)</u>	<u>(144,935)</u>

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

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Financial Statements (Continued)
December 31, 2013

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 for the year 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.

	2013		2012	
	500 bps <u>increase</u> \$'000	800 bps <u>decrease</u> \$'000	500 bps <u>increase</u> \$'000	800 bps <u>decrease</u> \$'000
Variable rate instruments	(7,603)	12,164	(7,247)	11,594

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 \$71,116,000 (2012: \$66,809,000) and profit by \$Nil (2012: \$Nil). The impact on profit for the year 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.

The management of the group aims at maintaining flexibility in funding by ensuring that sufficient cash resources are held or placed in short-term marketable instruments to meet financial obligations when they fall due.

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Financial Statements (Continued)
December 31, 2013

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 tables below 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 \$'000	Contractual cash flows \$'000	0-1 year \$'000	1-5 years \$'000	More than 5 years \$'000
<u>2013</u>						
Secured syndicated loan	8.90	945,250	1,229,335	132,319	1,097,016	-
Secured bank loans	3.35	157,723	180,343	27,492	152,851	-
Credit facilities	8.70	53,591	53,591	53,591	-	-
Other related party loan	5.00	87,197	108,996	4,360	104,636	-
		<u>1,243,761</u>	<u>1,572,265</u>	<u>217,762</u>	<u>1,354,503</u>	<u>-</u>
<u>2012</u>						
Secured syndicated loan	8.90	995,000	1,366,070	136,735	1,229,335	-
Secured bank loans	3.45	144,936	163,707	21,290	142,417	-
Credit facilities	5.82	30,870	30,870	30,870	-	-
Other related party loan	5.00	87,197	113,356	4,360	108,996	-
		<u>1,258,003</u>	<u>1,674,003</u>	<u>193,255</u>	<u>1,480,748</u>	<u>-</u>

(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 stakeholders' equity, excluding non-controlling interest. The level of dividends to ordinary stakeholders 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.

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Financial Statements (Continued)
December 31, 2013

33. Subsidiary, associated and joint venture companies

The company has the following subsidiary, associated and joint venture companies.

	<u>% equity held</u>		<u>Principal place of business</u>
	<u>2013</u>	<u>2012</u>	
<i>SUBSIDIARY COMPANIES*</i>			
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	62	St. Lucia
Bakers Choice Inc.	100	100	Barbados
Tortuga Imports, Inc	100	100	U.S.A.
Tortuga Caribbean Rum Cake Jamaica Limited	100	100	Jamaica
Tortuga International Limited	100	100	Cayman Islands
Cia. Bananera del Tropicico JP, S.A.	100	100	Costa Rica
JP Tropical Snacks Limited	100	100	Cayman Islands
<i>JOINT VENTURE COMPANIES</i>			
Antillean Foods, Inc.	50	50	Cayman Islands
Mavis Bank Coffee Factory Limited	50	50	Jamaica
<i>ASSOCIATED COMPANIES</i>			
Kingston Wharves Limited	30.19	30.19	Jamaica
Tortuga Cayman Limited	40	40	Cayman Islands

* The names of inactive subsidiary companies are omitted.