



Jamaica Producers Group Limited

EXTRACTS FROM THE AUDITED GROUP RESULTS YEAR ENDED DECEMBER 31, 2016

Chairman's Statement

For 2016, Jamaica Producers Group Limited ("JP" or the "Group") earned record net profits attributable to shareholders of \$3.9 billion. JP's 2016 revenues increased 39% year-over-year to \$12.1 billion. Shareholders' equity (attributable to parent company stockholders) increased by 63% since the start of the financial year and now stands at \$10.4 billion.

The 2016 result reflects a series of initiatives over several years to position the Group as Jamaica's leading private investor in the business of logistics, while deploying an acquisition strategy to build a diversified international specialty food and drink group, and in so doing, generate value for shareholders. In line with this strategy, JP's 2016 profit benefitted from the gain on recognition, as a subsidiary, of our holdings in Kingston Wharves Limited ("KWL") in the Second Quarter and the gain recognized from the divestment of our 50% interest in Mavis Bank Coffee Factory Limited ("MBCF") in the Third Quarter.

Our strategy has been very successful when measured in terms of its return on investment and the overall accretion to the net equity of JP shareholders. We recognized a gain of \$2.9 billion during the year to reflect the difference between JP's share of the current fair value of the underlying assets of KWL and the book value of the investments that we made in the company as we built up our equity position. The assets of this subsidiary (which are now carried in our books at their fair value) include nine deep-water berths covering 1.7 kilometers of continuous quay space and over 75 acres of developed open storage space supporting our shipping terminal in Kingston. The KWL terminal is equipped with six mobile harbour cranes – including the largest of their kind anywhere in the Caribbean – as well as related specialized cargo handling equipment and vehicles. In addition, the Group has approximately 200,000 square feet of warehousing, cold storage and offices in use with an additional 160,000 square feet of warehousing and offices under construction, with completion scheduled for 2017.

In the case of our investment in MBCF, the gain recognized in 2016, together with the dividends and other distributions received during the five years of our ownership, resulted in an

average annual return to JP of over 65% per year. Importantly, the investment allowed us to participate alongside our joint venture partner – PanJam Investment Limited – in the revitalization and growth of Jamaica's iconic Blue Mountain Coffee industry.

JP Logistics & Infrastructure

Our JP Logistics & Infrastructure Division includes our businesses engaged in terminal operations, logistics, freight forwarding and logistics-centered property management in the Caribbean and in Europe. This business is now, by any measure, core to the operations of the Group.

The division's year to date earnings before finance costs and taxation were \$1.4 billion, up 258% relative to the comparable period last year. Year-to-date revenues of \$4.0 billion were up by \$2.7 billion relative to the prior year.

The improved results for the division reflect strong business performances from both KWL and JP Shipping Services, our UK-based freight forwarder. KWL benefitted from growth in its domestic and transshipment cargo movements and in its services as a regional hub for motor vehicles. The result for JP Shipping Services also reflected strong revenue growth and improved efficiency, but this was partially offset by the depreciation of the pound sterling relative to the Jamaican dollar during the year.

A significant contributor to the increase in revenues was the recognition of KWL as a subsidiary. With effect from 23rd June 2016, the results for this division and the Group as a whole consolidate the revenues, expenses and profits generated in our KWL subsidiary, less profits attributable to the other shareholders of KWL. Prior to that date, only our share of KWL's income was included as an associate undertaking in the profit and loss account.

JP Food & Drink

Our JP Food & Drink Division comprises our vertically integrated portfolio of subsidiaries, joint venture companies and associates that are engaged in farming, food processing, distribution and retail of food and drink. The JP Food &



Jamaica Producers Group Limited

EXTRACTS FROM THE AUDITED GROUP RESULTS YEAR ENDED DECEMBER 31, 2016

Chairman's Statement (cont'd)

Drink business has production facilities in Europe and the Caribbean and operates a distribution centre in the United States.

The division earned year-to-date revenues of \$8.0 billion, up 10% over the prior year. We experienced strong sales growth in our juice business as we commenced production for new customers and new markets in Europe. Our international sales of rum cake and tropical snacks also increased, in part as a result of the depreciation of the Jamaican dollar.

The division earned profits before finance costs and taxation of \$31.2 million compared to \$265.5 million for the comparable period last year. This result includes restructuring and start-up costs in connection with the launch of our new Tortuga bakery and commercial center in Kingston. We are confident that this project will improve the revenue and profitability of the division in 2017.

JP Tropical Foods, our snack and fresh produce business, was adversely affected by poor farm yields during 2016 as a result of a significant increase in rainfall and other challenging weather conditions in St. Mary. Banana production and sales are recovering but typically take a nine-month cycle to return to their peak. We continue to experience revenue growth in our pineapple business and export growth in our snack business.

The performance of the division also reflected higher raw material costs in our juice business and various start-up costs that were incurred as we launched new juice co-packing accounts, entered new markets across Northern Europe and expanded our range of innovative new products. These cost challenges saw meaningful improvement in the Fourth Quarter of 2016. Moreover, we experienced strong growth and demand for our products in Germany and Scandinavia as well as in our traditional Dutch market. Our juice company, A. L. Hoogesteger Fresh Specialist B.V., continues to be the

division's single largest business and we are optimistic that it will continue to achieve market leadership, revenue growth and profitability through innovation and by growing its pan-European customer base.

Corporate Services

The Corporate Services segment acts predominantly as a group financing, investment and corporate management operation. The segment earned a profit before interest and taxation of \$3.4 billion in 2016. This result includes the gain from our divestment of MBCF during the Third Quarter and the gain on recognition of KWL as a subsidiary during the Second Quarter. The Corporate Services segment earned \$290 million for the comparable period last year.

General

During the year, we will seek to optimize the potential for greater synergy among our food businesses on the one hand and our logistics businesses on the other. Among other things, this will see us relocating all of our head office activities from Oxford Road to our food production complex in Cross Roads and to Newport West. We expect that this will support focused revenue growth and cost control. We will continue to strongly support initiatives involving new product development, service improvement and innovation. We will also continue to selectively consider acquisition opportunities that fall within our areas of strategic focus and that do not compromise the strength of our balance sheet.

I thank our board, management and staff for their commitment to our success, and our customers and partners for their continued support.

Chairman
C. H. Johnston



Jamaica Producers Group Limited

EXTRACTS FROM THE AUDITED GROUP RESULTS YEAR ENDED DECEMBER 31, 2016

Group Balance Sheet

	<u>As at December 31, 2016</u>	<u>As at December 31, 2015</u>
	<u>\$'000</u>	<u>\$'000</u>
Current Assets		
Cash and cash equivalents	632,914	361,091
Short-term investments	828,920	-
Securities purchased under resale agreements	2,830,027	355,500
Accounts receivable	1,857,690	1,071,138
Taxation recoverable	32,745	10,065
Inventories	731,510	374,536
Total Current Assets	<u>6,913,806</u>	<u>2,172,330</u>
Current Liabilities		
Credit facilities	-	84,821
Accounts payable	2,530,926	1,411,980
Taxation	89,727	56,019
Current portion of long-term loans	1,213,145	194,013
Total Current Liabilities	<u>3,833,798</u>	<u>1,746,833</u>
Working Capital	<u>3,080,008</u>	<u>425,497</u>
Non-Current Assets		
Biological assets	151,934	135,534
Interest in joint venture and associated companies	579,122	4,652,062
Investments	109,190	280,766
Intangible assets	1,699,185	1,174,643
Deferred tax assets	3,347	958
Property, plant and equipment	19,487,117	1,831,912
Employee benefit asset	936,177	-
Total Non-Current Assets	<u>22,966,072</u>	<u>8,075,875</u>
Total Assets Less Current Liabilities	<u>26,046,080</u>	<u>8,501,372</u>
Equity		
Share capital	112,214	18,702
Reserves	10,306,274	6,380,304
Total equity attributable to equity holders of the parent	<u>10,418,488</u>	<u>6,399,006</u>
Non-Controlling Interest	<u>10,779,986</u>	<u>161,458</u>
Total Equity	<u>21,198,474</u>	<u>6,560,464</u>
Non-Current Liabilities		
Deferred tax liability	1,186,280	2
Long-term loans	3,384,564	1,940,906
Employee benefit obligation	276,762	-
Total Non-Current Liabilities	<u>4,847,606</u>	<u>1,940,908</u>
Total Equity and Non-Current Liabilities	<u>26,046,080</u>	<u>8,501,372</u>
Parent company stockholders' equity per ordinary stock unit:		
Based on stock units in issue	<u>\$9.28</u>	<u>\$5.70</u>
After exclusion of stock units held by ESOP	<u>\$10.01</u>	<u>\$6.23</u>



Jamaica Producers Group Limited

EXTRACTS FROM THE AUDITED GROUP RESULTS

YEAR ENDED DECEMBER 31, 2016

Group Profit and Loss Account

	Notes	2016	2015
		\$'000	\$'000
Gross operating revenue	3	12,139,235	8,705,924
Cost of operating revenue		(8,579,606)	(6,691,496)
Gross profit		3,559,629	2,014,428
Marketing, selling and distribution costs		(816,541)	(650,530)
Administrative and other operating expenses		(2,015,077)	(1,349,239)
Profit from operations		728,011	14,659
Share of profit in joint venture and associated companies		446,688	688,371
Net gain from fluctuations in exchange rates		80,244	11,771
Gain on disposal of property, plant and equipment and investments		52,145	432,787
Gain on disposal of joint venture		649,910	-
Gain on recognition as a subsidiary	2	2,916,869	-
Other income and expenses		(31,209)	(192,541)
Profit before finance cost and taxation		4,842,658	955,047
Finance cost - interest		(309,587)	(206,664)
Profit before taxation		4,533,071	748,383
Taxation charge		(222,950)	(133,808)
Profit for the year		4,310,121	614,575
Attributable to:			
Parent company stockholders		3,940,446	792,256
Non-controlling interest		369,675	(177,681)
		4,310,121	614,575
Profit per ordinary stock unit:	4		
Based on stock units in issue		351.15 ¢	70.60 ¢
After exclusion of stock units held by ESOP		380.14 ¢	77.17 ¢



Jamaica Producers Group Limited

EXTRACTS FROM THE AUDITED GROUP RESULTS

YEAR ENDED DECEMBER 31, 2016

Group Statement of Profit or Loss and Other Comprehensive Income

	<u>2016</u>	<u>2015</u>
	\$'000	\$'000
Profit for the year	<u>4,310,121</u>	<u>614,575</u>
Other comprehensive income/(expense):		
Items that will not be reclassified to profit or loss:		
Remeasurement of post-employment benefits	269,906	-
Deferred tax effect on remeasurement of post-employment benefits	(28,583)	-
Items that may be reclassified to profit or loss:		
Exchange gains/(losses) on translating foreign operations	86,397	(28,130)
Share of other comprehensive gains/(losses) of associated companies	5,768	(60,238)
Available-for-sale financial assets:		
Net change in fair value of available-for-sale investments	(17,659)	1,892
Realised revaluation gains on available-for-sale investments transferred to profit and loss account	(<u>16,686</u>)	(<u>103,246</u>)
	<u>299,143</u>	(<u>189,722</u>)
Total comprehensive income for the year	<u>4,609,264</u>	<u>424,853</u>
Attributable to:		
Parent company stockholders	4,074,560	585,439
Non-controlling interest	<u>534,704</u>	(<u>160,586</u>)
	<u>4,609,264</u>	<u>424,853</u>



Jamaica Producers Group Limited

EXTRACTS FROM THE AUDITED GROUP RESULTS

YEAR ENDED DECEMBER 31, 2016

Group Statement of Changes in Equity

	Share Capital \$'000	Share Premium \$'000	Capital Reserves \$'000	Fair Value Reserve \$'000	Reserve For Own Shares \$'000	Retained Profits \$'000	Parent Company Stockholders' Equity \$'000	Non- Controlling Interest \$'000	Total Equity \$'000
Balances at December 31, 2014	18,702	135,087	2,391,553	135,699	(172,199)	3,354,851	5,863,693	322,044	6,185,737
Changes in equity:									
Profit/(loss) for the year	-	-	-	-	-	792,256	792,256	(177,681)	614,575
Other comprehensive income									
Exchange (losses)/gains arising on retranslation of foreign operations	-	-	(45,225)	-	-	-	(45,225)	17,095	(28,130)
Share of other comprehensive loss of associated companies	-	-	-	-	-	(60,238)	(60,238)	-	(60,238)
Net change in fair value of available-for-sale investments	-	-	-	1,892	-	-	1,892	-	1,892
Realised revaluation gains on available-for-sale investments transferred to group profit and loss account	-	-	-	(103,246)	-	-	(103,246)	-	(103,246)
Total other comprehensive (expense)/income	-	-	(45,225)	(101,354)	-	(60,238)	(206,817)	17,095	(189,722)
Total comprehensive (expense)/income for the year	-	-	(45,225)	(101,354)	-	732,018	585,439	(160,586)	424,853
Transactions with owners recorded directly in equity									
Contributions and Distributions									
Own shares sold by ESOP	-	-	-	-	11,918	-	11,918	-	11,918
Distributions to stockholders	-	-	-	-	-	(68,498)	(68,498)	-	(68,498)
Unclaimed distributions to stockholders	-	-	6,454	-	-	-	6,454	-	6,454
Total Transactions with owners recorded directly in equity	-	-	6,454	-	11,918	(68,498)	(50,126)	-	(50,126)
Total (decrease)/increase in equity	-	-	(38,771)	(101,354)	11,918	663,520	535,313	(160,586)	374,727
Balances at December 31, 2015	18,702	135,087	2,352,782	34,345	(160,281)	4,018,371	6,399,006	161,458	6,560,464
Retained in the financial statements of:									
The company	18,702	135,087	1,620,610	34,185	-	2,859,255	4,667,839		
Subsidiaries	-	-	732,172	160	(160,281)	62,166	634,217		
Joint venture and associated companies	-	-	-	-	-	1,096,950	1,096,950		
Balances at December 31, 2015	18,702	135,087	2,352,782	34,345	(160,281)	4,018,371	6,399,006		



Jamaica Producers Group Limited

EXTRACTS FROM THE AUDITED GROUP RESULTS

YEAR ENDED DECEMBER 31, 2016

Group Statement of Changes in Equity (cont'd)

	Share Capital \$'000	Share Premium \$'000	Capital Reserves \$'000	Fair Value Reserve \$'000	Reserve For Own Shares \$'000	Retained Profits \$'000	Parent Company Stockholders' Equity \$'000	Non- Controlling Interest \$'000	Total Equity \$'000
Balances at December 31, 2015	18,702	135,087	2,352,782	34,345	(160,281)	4,018,371	6,399,006	161,458	6,560,464
Changes in equity:									
Profit for the year	-	-	-	-	-	3,940,446	3,940,446	369,675	4,310,121
Other comprehensive income/(loss)									
Remeasurement of defined benefits asset plan/obligations	-	-	-	-	-	113,361	113,361	156,545	269,906
Deferred tax effect on remeasurement defined benefits asset plan/obligations	-	-	-	-	-	(12,005)	(12,005)	(16,578)	(28,583)
Exchange gains arising on retranslation of foreign operations	-	-	61,335	-	-	-	61,335	25,062	86,397
Share of other comprehensive income of associated companies	-	-	-	-	-	5,768	5,768	-	5,768
Net change in fair value of available-for-sale investments	-	-	-	(17,659)	-	-	(17,659)	-	(17,659)
Realised revaluation gains on available-for-sale investments transferred to group profit and loss account	-	-	-	(16,686)	-	-	(16,686)	-	(16,686)
Total other comprehensive income/(expense)	-	-	61,335	(34,345)	-	107,124	134,114	165,029	299,143
Total comprehensive income/(expense) for the year	-	-	61,335	(34,345)	-	4,047,570	4,074,560	534,704	4,609,264
Transactions with owners recorded directly in equity									
Contributions and Distributions									
Issue of Bonus Shares	93,512	-	(93,512)	-	-	-	-	-	-
Own shares sold by ESOP	-	-	-	-	63,370	-	63,370	-	63,370
Distributions to non-controlling interests	-	-	-	-	-	-	-	(282,035)	(282,035)
Distributions to stockholders	-	-	(124,523)	-	-	-	(124,523)	-	(124,523)
Unclaimed distributions to stockholders	-	-	6,075	-	-	-	6,075	-	6,075
	<u>93,512</u>	<u>-</u>	<u>(211,960)</u>	<u>-</u>	<u>63,370</u>	<u>-</u>	<u>(55,078)</u>	<u>(282,035)</u>	<u>(337,113)</u>
Changes in ownership interest in subsidiaries									
Acquisition of subsidiary with NCI	-	-	-	-	-	-	-	10,365,859	10,365,859
Total Transactions with owners recorded directly in equity	<u>93,512</u>	<u>-</u>	<u>211,960</u>	<u>-</u>	<u>63,370</u>	<u>-</u>	<u>55,078</u>	<u>10,083,823</u>	<u>10,028,745</u>
Total increase/(decrease) in equity	93,512	-	(150,625)	(34,345)	63,370	4,047,570	4,019,482	10,618,528	14,638,010
Balances at December 31, 2016	112,214	135,087	2,202,157	-	(96,911)	8,065,941	10,418,488	10,779,986	21,198,474
Retained in the financial statements of:									
The company	112,214	135,087	1,398,516	-	-	2,874,715	4,520,532	-	-
Subsidiaries	-	-	803,641	-	(96,911)	5,138,224	5,844,954	-	-
Associated companies	-	-	-	-	-	53,002	53,002	-	-
Balances at December 31, 2016	112,214	135,087	2,202,157	-	(96,911)	8,065,941	10,418,488	-	-



Jamaica Producers Group Limited

EXTRACTS FROM THE AUDITED GROUP RESULTS YEAR ENDED DECEMBER 31, 2016

Group Statement of Cash Flows

	2016	2015
	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the year attributable to the group	4,310,121	614,575
Adjustments for items not affecting cash:		
Depreciation and amortisation	623,242	534,148
Share of profits in joint venture and associated companies	(453,212)	(706,409)
Gains on disposal and acquisition of fixed assets and investments	(52,145)	(432,787)
Exchange movement in working capital	20,097	6,122
Taxation charge	222,950	133,808
Net interest expense	266,160	194,027
Gain on recognition as a subsidiary	(2,916,869)	-
Gain on disposal of interest in joint venture	(649,910)	-
Other items	(8,295)	(23,622)
	1,362,139	319,862
Increase in current assets	(221,603)	44,980
Decrease in current liabilities	(88,734)	(247,171)
CASH PROVIDED BY OPERATING ACTIVITIES	1,051,802	117,671
CASH FLOWS FROM INVESTMENT ACTIVITIES		
Additions to property, plant, equipment and biological assets	(1,934,247)	(391,696)
Proceeds on disposals	1,039,676	503,790
Movement in short term investments and repos	(248,117)	(206,490)
Net movement in interest in joint venture and associated companies	(48,625)	183,218
Acquisition of subsidiaries, net of cash	295,801	-
Movement in long term loans receivable	39,179	-
Additions to intangible assets	16,668	-
Interest received	40,253	8,237
CASH (USED)/PROVIDED BY INVESTMENT ACTIVITIES	(832,748)	97,059
CASH FLOWS FROM FINANCING ACTIVITIES		
Net movement in loans and short term credit lines	488,432	66,924
Distribution to minority interest	(118,992)	-
Interest paid	(248,352)	(204,864)
Dividends paid	(62,423)	(26,737)
CASH PROVIDED/(USED) BY FINANCING ACTIVITIES	58,665	(164,677)
Net increase in cash and cash equivalents	277,719	50,053
Cash at beginning of the year	361,091	322,281
Exchange loss on foreign currency cash and cash equivalents	(5,896)	(11,243)
Cash at end of the year	632,914	361,091



Jamaica Producers Group Limited

EXTRACTS FROM THE AUDITED GROUP RESULTS YEAR ENDED DECEMBER 31, 2016

Notes to the Financial Statements

1. Basis of Presentation

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.

The accounting policies and methods of computation used in these financial statements are consistent with the most recent annual report.

2. Group's Operations and Activities

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"), joint venture and associated companies are food and juice manufacturing, the cultivation, marketing and distribution of fresh produce, port terminal operations, logistics, land management and the holding of investments.

During the year the group's investment in Kingston Wharves Limited ("KWL"), which had previously been accounted for as an associate, met the required parameters for recognition as a subsidiary and was recognised as such effective June 23, 2016. From the beginning of Quarter 3, 2016 KWL transactions are now fully included in the consolidated financial statements whereas the figures in the prior year comparative statements and in the first half of 2016 reflect the transactions of KWL as an associate. In accordance with IFRS 3 "Business Combinations", upon recognition as a subsidiary the group brought to account a gain of \$2.9 billion in the Group Profit and Loss Account.

During the year, and with effect from September 19, 2016, the group divested its 50% joint venture, Mavis Bank Coffee Factory Limited, through an exchange of securities. This resulted in a gain on disposal of \$650 million.

During the year, and with effect from July 12, 2016, the company completed a bonus issue of shares. Stockholders were issued 5 new shares for every one share held at that date, which increased the number of shares in issue from 187,024,006 to 1,122,144,036. For comparison purposes, all prior year comparative information has been restated for this.

During Quarter 1, 2016, the group completed the acquisition of approximately 13% of The Shipping Association of Jamaica Property Limited (SAJP), a company involved in property and investment holdings. This brings the group's investment in SAJP to 20% and accordingly is reflected as an associate of the group, with the group's share of its results since acquisition included in the Group Profit and Loss Account under 'Share of profit in joint venture and associated companies'. Following the recognition of KWL at June 23, 2016 the group consolidates KWL's 10% ownership in SAJP to bring the total group ownership to 30%.

During the first half of 2016 the group completed the closure of mining operations in its Four Rivers Mining Company Limited subsidiary through the sale of substantially all mining assets to a third party.

3. 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, discounts and consumption taxes and eliminating sales within the group.



Jamaica Producers Group Limited

EXTRACTS FROM THE AUDITED GROUP RESULTS
YEAR ENDED DECEMBER 31, 2016

Notes to the Financial Statements (cont'd)

4. Profit per stock unit and stockholders' equity per stock unit

Profit per ordinary stock unit is calculated by dividing profit attributable to the group by 1,122,144,036, being the total number of ordinary stock units in issue during the year and a weighted average number of ordinary stock units in issue (excluding those held by the ESOP) during the year. The weighted average number of ordinary stock units in issue (excluding those held by the ESOP) for the year ended December 31, 2016 was 1,036,581,467 (2015 – 1,026,588,252) stock units.

Stockholders' equity per ordinary stock unit is calculated by dividing the parent company stockholders' equity by 1,122,144,036 being the total number of ordinary stock units in issue at the end of the year and 1,040,298,060 (2015 – 1,027,465,296), representing the total number of ordinary stock units in issue at year-end less those held by the ESOP at the same date.

5. Accounting Policies

The following accounting policies have been reflected in these financial statements in compliance with IFRS:

a. Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is 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.

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

c. 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.

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.

d. 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



Jamaica Producers Group Limited

EXTRACTS FROM THE AUDITED GROUP RESULTS YEAR ENDED DECEMBER 31, 2016

Notes to the Financial Statements (cont'd)

5. Accounting Policies (cont'd)

d. Investments (cont'd)

fair value recognised in 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.

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.

e. 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 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 a straight-line basis in profit or loss over their estimated useful lives, from the date that they are available for use.

The estimates of useful lives are as follows:

- brands and trademarks 25 years
- customer relationships 10 - 15 years
- other identified intangible assets 3 - 5 years

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

f. 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's business segments reflect its current strategy and focus. The profit or loss before finance cost and taxation is used to measure the segment result. This has resulted in the recognition of three business segments:

- JP Food & Drink - This comprises businesses that are engaged in agriculture, processing, distribution and/or retail of food and drink.



Jamaica Producers Group Limited

EXTRACTS FROM THE AUDITED GROUP RESULTS YEAR ENDED DECEMBER 31, 2016

Notes to the Financial Statements (cont'd)

5. Accounting Policies (cont'd)

f. Segment reporting (cont'd)

- JP Logistics & Infrastructure - This comprises businesses that are engaged in logistics, transportation, port operations, construction aggregates and related industries.
- Corporate Services - This comprises interest and investment income, net of the cost of corporate functions not directly charged to business units.

6. Segment Results

	<u>2016</u>			
	<u>JP Food & Drink</u>	<u>JP Logistics & Infrastructure</u>	<u>Corporate Services</u>	<u>Group</u>
	\$'000	\$'000	\$'000	\$'000
Gross revenue	8,045,481	3,997,482	219,526	12,262,489
Inter - segment revenue	-	-	(123,254)	(123,254)
Revenue from external sources	<u>8,045,481</u>	<u>3,997,482</u>	<u>96,272</u>	<u>12,139,235</u>
Profit before finance cost and taxation	<u>31,186</u>	<u>1,429,866</u>	<u>3,381,606</u>	4,842,659
Finance cost - interest				(309,587)
Profit before taxation				4,533,072
Taxation				(222,950)
Non-controlling interest				(369,675)
Net profit attributable to parent company stockholders				<u>3,940,446</u>
	<u>2015</u>			
	<u>JP Food & Drink</u>	<u>JP Logistics & Infrastructure</u>	<u>Corporate Services</u>	<u>Group</u>
	\$'000	\$'000	\$'000	\$'000
Gross revenue	7,336,071	1,270,594	256,912	8,863,577
Inter - segment revenue	-	-	(157,653)	(157,653)
Revenue from external sources	<u>7,336,071</u>	<u>1,270,594</u>	<u>99,259</u>	<u>8,705,924</u>
Profit before finance cost and taxation	<u>265,480</u>	<u>399,372</u>	<u>290,195</u>	955,047
Finance cost - interest				(206,664)
Profit before taxation				748,383
Taxation				(133,808)
Non-controlling interest				177,681
Net profit attributable to parent company stockholders				<u>792,256</u>

7. Seasonal Variations

There are significant seasonal variations in some of the group's activities, and so the results for any period are not necessarily indicative of the final results for the whole year.



Jamaica Producers Group Limited

EXTRACTS FROM THE AUDITED GROUP RESULTS YEAR ENDED DECEMBER 31, 2016

Notes to the Financial Statements (cont'd)

8. Foreign Currency Translation

Overseas revenues and expenses have been translated at average exchange rates of J\$136.68 (2015: J\$129.48) to €1, J\$166.62 (2015: J\$176.95) to £1 and J\$124.78 (2015: J\$116.69) to US\$1.

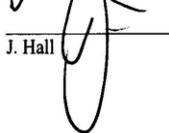
Adjustments have been made for exchange gains and losses on foreign currency assets and liabilities as shown below:

	<u>J\$/€</u>	<u>J\$/£</u>	<u>J\$/US\$</u>
December 31, 2016	129.76	157.03	127.48
December 31, 2015	129.97	175.74	119.64

On behalf of the Board


C.H. Johnston

Chairman


J. Hall

Group Managing Director

February 24, 2017