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INDEPENDENT AUDITORS' REPORT

To the Members of
JAMAICA PRODUCERS GROUP LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of Jamaica Producers Group Limited (the company) and its subsidiaries (collectively, "the group"), set out on pages 9 to 59, which comprise the group balance sheet as at December 31, 2016, 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 significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the financial position of the group as at December 31, 2016, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the Jamaican Companies Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the group in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENT AUDITORS' REPORT

To the Members of
JAMAICA PRODUCERS GROUP LIMITED

Report on the Audit of the Financial Statements (continued)

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1 Consolidation of Kingston Wharves Limited

Key Audit Matter	*How the matter was addressed in our audit*
The group, through direct and indirect holdings, controls 44% of the shares of Kingston Wharves Limited (KWL), which was previously accounted for as an associated company. Effective June 23, 2016, the group commenced consolidating KWL as a subsidiary, consequent on amendments to KWL's Articles of Incorporation, which, in management's view, had the effect of allowing the group control over the relevant activities of KWL (i.e., those that affect returns) and thereby meeting the requirements for consolidation in accordance with IFRS 3 *Business Combinations*. The decision by management to consolidate KWL involves significant judgement, having regard to the company's effective shareholding and its ability to direct the relevant activities through its representation on the Board, commercial relationships and other relevant factors. *See note 13 of the consolidated financial statements.*	In performing our audit in respect of this matter, we did the following: • Inspected the Articles of Incorporation and considered the legal and regulatory environment of KWL to determine the basis of the control of the relevant activities, with reference to voting rights and the appointment of Directors; • Evaluated management's analysis of the relevant considerations and assessed the company's ability to exercise control, given the specific governance and commercial arrangements with KWL. We applied our knowledge and experience with reference to relevant accounting guidance and our own accounting advisory specialists, to form our own conclusion as to whether the accounting was appropriate.

INDEPENDENT AUDITORS' REPORT

To the Members of
JAMAICA PRODUCERS GROUP LIMITED

Report on the Audit of the Financial Statements (continued)

Key Audit Matters (continued)

2 Fair value measurements for Kingston Wharves Limited

Key Audit Matter	*How the matter was addressed in our audit*
Accounting for Kingston Wharves Limited as a subsidiary in a non-cash transaction required significant judgement and estimation to determine the fair value of: KWL as an enterprise; the net assets acquired; non-controlling interest; and the net gain arising on the transaction, in accordance with IFRS 3 *Business Combinations*. The determination of fair values involved judgment in the application of discounted cash flow analysis, including the projected cash flows, discount rates reflecting the business risk and capital structure. These measurements, being judgemental, are therefore, subject to higher risk of error. *See note 13 of the consolidated financial statements.*	In performing our audit in respect of this matter, we did the following: • Involved our own valuation specialists in challenging the valuation methodologies and assumptions used by management's valuation expert to identify and measure the enterprise value and net assets, including intangible assets. We considered historical customer retention rates and growth trends, and reconciled underlying data to customer contracts and relationship databases; • Evaluated the identification and reasonableness of valuations determined by management's valuation experts for property, plant and equipment, by considering market information on prices for similar assets; • Tested the mathematical accuracy of the calculations performed by management's expert and which formed the basis of accounting measurement for the transaction.

INDEPENDENT AUDITORS' REPORT

To the Members of
JAMAICA PRODUCERS GROUP LIMITED

Report on the Audit of the Financial Statements (continued)

Key Audit Matters (continued)

3 Impairment of goodwill and intangible assets

Key Audit Matter	*How the matter was addressed in our audit*
The carrying value of the group's goodwill and intangible assets may not be recoverable due to changes in the business and economic environment in which specific subsidiaries operate. These factors create inherent uncertainty in forecasting and require significant judgement in estimating and discounting future cash flows that support the assessment of recoverability. *See Note 14 of the consolidated financial statements.*	Our audit procedures included testing the reasonableness of the group's forecasts and discounted cash flow calculations, including: • Using our own valuation specialists to evaluate the assumptions and methodologies used by management; • Comparing the group's assumptions to externally derived data as well as our own assessments of key inputs, such as projected economic growth, competition, cost inflation and discount rates, as well as performing sensitivity analysis on the assumptions; • Comparing the sum of the discounted cash flows to the subsidiaries' market capitalisation to assess the reasonableness of those cash flows; and • Assessing the adequacy of the group's disclosures about the sensitivity of the impairment assessment to changes in key assumptions.

INDEPENDENT AUDITORS' REPORT

To the Members of
JAMAICA PRODUCERS GROUP LIMITED

Report on the Audit of the Financial Statements (continued)

Other Information

Management is responsible for the other information. The other information comprises the information in the company's annual report for the year ended December 31, 2016, but does not include the financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance *for the Financial Statements*

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS 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.

In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the company's financial reporting process.

INDEPENDENT AUDITORS' REPORT

To the Members of
JAMAICA PRODUCERS GROUP LIMITED

Report on the Financial Statements (continued)

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is included in the Appendix to this auditors' report. This description, which is located at pages 7 to 8, forms part of our auditors' report.

Report on additional matters as required by 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.

The engagement partner on the audit resulting in this independent auditors' report is Nigel Chambers.

KPMG

Chartered Accountants
Kingston, Jamaica

February 28, 2017

To the Members of
JAMAICA PRODUCERS GROUP LIMITED

Appendix to the Independent Auditors' report

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITORS' REPORT

To the Members of
JAMAICA PRODUCERS GROUP LIMITED

Appendix to the Independent Auditors' report (continued)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

JAMAICA PRODUCERS GROUP LIMITED

Group Balance Sheet
December 31, 2016

	Notes	2016 $'000	2015 $'000
CURRENT ASSETS			
Cash and cash equivalents	3(c)	632,914	361,091
Short-term investments	3(d),4	828,920	-
Securities purchased under resale agreements	3(e),5	2,830,027	355,500
Accounts receivable	6	1,857,690	1,071,138
Taxation recoverable		32,745	10,065
Inventories	7	731,510	374,536
Total current assets		6,913,806	2,172,330
CURRENT LIABILITIES			
Credit facilities		-	84,821
Accounts payable	8	2,530,926	1,411,980
Taxation		89,727	56,019
Loans and borrowings	19	1,213,145	194,013
Total current liabilities		3,833,798	1,746,833
WORKING CAPITAL		3,080,008	425,497
NON-CURRENT ASSETS			
Biological assets	9	151,934	135,534
Interest in associated companies and joint venture	10(b)	579,122	4,652,062
Investments	12	109,190	280,766
Intangible assets	14	1,699,185	1,174,643
Deferred tax assets	15	3,347	958
Property, plant and equipment	16	19,487,117	1,831,912
Retirement benefit asset	22(a)	936,177	-
Total non-current assets		22,966,072	8,075,875
Total assets less current liabilities		26,046,080	8,501,372
EQUITY			
Share capital	17	112,214	18,702
Reserves	18	10,306,274	6,380,304
Attributable to equity holders of the parent		10,418,488	6,399,006
NON-CONTROLLING INTEREST	11	10,779,986	161,458
Total equity		21,198,474	6,560,464
NON-CURRENT LIABILITIES			
Deferred tax liabilities	15	1,186,280	2
Loans and borrowings	19	3,384,564	1,940,906
Retirement benefit obligations	22(b)	276,762	-
Total equity and non-current liabilities		26,046,080	8,501,372

The financial statements on pages 9 to 59 were approved for issue by the Board of Directors on February 28, 2017 and signed on its behalf by:

______________________ Chairman
C. H. Johnston

______________________ Managing Director
J. Hall

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

JAMAICA PRODUCERS GROUP LIMITED

Group Profit and Loss Account
Year ended December 31, 2016

	Notes	2016 $'000	2015 $'000
Gross operating revenue	20	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	24	(816,541)	(650,530)
Administration and other operating expenses	24	(2,015,077)	(1,349,239)
Profit from operations		728,011	14,659
Share of profit in associated companies and joint venture		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	10(a)	649,910	-
Gain on recognition of subsidiary	13	2,916,869	-
Other income and expenses	1	(31,209)	(192,541)
Profit before finance cost and taxation		4,842,658	955,047
Finance cost - interest	21	(309,587)	(206,664)
Profit before taxation		4,533,071	748,383
Taxation charge	23	(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	11	369,675	(177,681)
		4,310,121	614,575
Dealt with in the financial statements of:			
The company		15,461	269,268
Subsidiary companies		3,526,895	(120,035)
Associated companies and joint venture	10(c)	398,090	643,023
		3,940,446	792,256
Profit per ordinary stock unit:	25		
Based on stock units in issue		351.15¢	70.60¢
Excluding stock units held by ESOP		380.14¢	77.17¢

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

JAMAICA PRODUCERS GROUP LIMITED

Group Statement of Profit or Loss and Other Comprehensive Income
Year ended December 31, 2016

	Notes	2016 $'000	2015 $'000
Profit for the year		4,310,121	614,575
Other comprehensive income/(loss):			
Items that will not be reclassified to profit or loss:			
Remeasurement of post-employment benefits	22	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 gain/(loss) of associated companies	10(c)	5,768	(60,238)
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		(16,686)	(103,246)
		299,143	(189,722)
Total comprehensive income for the year		4,609,264	424,853
Attributable to:			
Parent company stockholders		4,074,560	585,439
Non-controlling interest		534,704	(160,586)
		4,609,264	424,853

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

Group Statement of Changes in Equity
Year ended December 31, 2016

	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, 2014	18,702	135,087	2,391,553	135,699	(172,199)	3,354,851	5,863,693	322,044	6,185,737
Total comprehensive income:									
Profit for the year	-	-	-	-	-	792,256	792,256	(177,681)	614,575
Other comprehensive income									
Exchange losses arising on retranslation of foreign operations	-	-	(45,225)	-	-	-	(45,225)	17,095	(28,130)
Share of other comprehensive expense 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 profit	-	-	-	(103,246)	-	-	(103,246)	-	(103,246)
Total other comprehensive loss	-	-	(45,225)	(101,354)	-	(60,238)	(206,817)	17,095	(189,722)
Total comprehensive loss for the year	-	-	(45,225)	(101,354)	-	732,018	585,439	(160,586)	424,853
Transactions with owners of the company									
Own shares sold by ESOP	-	-	-	-	11,918	-	11,918	-	11,918
Distributions to stockholders (note 26)	-	-	-	-	-	(68,498)	(68,498)	-	(68,498)
Unclaimed distributions to stockholders (note 26)	-	-	6,454	-	-	-	6,454	-	6,454
	-	-	6,454	-	11,918	(68,498)	(50,126)	-	(50,126)
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		
Subsidiary companies	-	-	732,172	160	(160,281)	62,166	634,217		
Associated companies and joint venture	-	-	-	-	-	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		

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

Group Statement of Changes in Equity (Cont'd)
Year ended December 31, 2016

	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, 2015	18,702	135,087	2,352,782	34,345	(160,281)	4,018,371	6,399,006	161,458	6,560,464
Total comprehensive income:									
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 of defined benefit asset	-	-	-	-	-	(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 profit	-	-	-	(16,686)	-	-	(16,686)	-	(16,686)
Total other comprehensive income/(loss)	-	-	61,335	(34,345)	-	107,124	134,114	165,029	299,143
Total comprehensive income for the year	-	-	61,335	(34,345)	-	4,047,570	4,074,560	534,704	4,609,264
Transactions with owners of the company									
Issue of shares – bonus issue	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 (note 26)	-	-	(124,523)	-	-	-	(124,523)	-	(124,523)
Unclaimed distributions to stockholders (note 26)	-	-	6,075	-	-	-	6,075	-	6,075
	93,512	-	(211,960)	-	63,370	-	(55,078)	(282,035)	(337,113)
Changes in ownership interests									
Acquisition of subsidiary with NCI	-	-	-	-	-	-	-	10,365,859	10,365,859
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	-	-	2,874,716	4,520,533		
Subsidiary companies	-	-	803,641	-	(96,911)	5,138,223	5,844,953		
Associated companies and joint venture	-	-	-	-	-	53,002	53,002		
Balances at December 31, 2016	112,214	135,087	2,202,157	-	(96,911)	8,065,941	10,418,488		

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

JAMAICA PRODUCERS GROUP LIMITED

Group Statement of Cash Flows
Year ended December 31, 2016

	Notes	2016 $'000	2015 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Adjustment for:			
Profit for the year attributable to parent company stockholders		4,310,121	614,575
Adjustments for:			
Items not affecting cash:			
Depreciation and impairment losses - property plant and equipment	16	511,443	458,816
Amortisation and impairment losses – biological assets	9	46,850	39,941
Amortisation and impairment losses – intangible assets	14	64,949	35,391
Exchange movement in working capital		20,097	6,122
Current taxation charge	23(a)	224,755	132,578
Deferred tax, net	23(a)	(1,805)	1,230
Employee benefits, net		(15,804)	-
Gain on acquisition of subsidiary	13	(2,916,869)	-
Gain on disposal of joint venture	10(a)	(649,910)	-
Gain on disposal of property, plant and equipment and investments		(52,145)	(432,787)
Impairment allowance against long term receivables	12	-	38,308
Share of profit in associated companies and joint venture		(453,212)	(706,409)
Amortisation of bond issue cost	19	7,509	7,634
Dividend income		-	(69,564)
Interest earned	21	(43,427)	(12,637)
Interest expense	21	309,587	206,664
		1,362,139	319,862
(Increase)/decrease in current assets:			
Accounts receivable		(104,682)	(72,840)
Taxation recoverable		(13,258)	56
Inventories		(103,663)	117,764
Increase/(decrease) in current liabilities:			
Accounts payable		70,911	(189,871)
Tax paid		(159,645)	(57,300)
Net cash provided by operating activities		1,051,802	117,671
CASH FLOWS FROM INVESTING ACTIVITIES			
Biological assets	9	(63,250)	(40,702)
Short-term investments		(828,920)	283
Interest received		40,253	8,237
Securities purchased under resale agreements		580,803	(206,773)
Additions to property, plant and equipment	16	(1,870,997)	(350,994)
Additions to intangible assets	14	(16,668)	-
Proceeds from disposal of investments and property, plant and equipment, net of own shares sold by ESOP		240,404	503,790
Proceeds from disposal of joint ventures, net of costs		799,272	-
Cash acquired in recognition of subsidiary	13	295,801	-
Interest in associated companies and joint venture		(48,625)	183,218
Long-term loans receivable		39,179	-
Net cash (used)/provided by investment activities		(832,748)	97,059

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

JAMAICA PRODUCERS GROUP LIMITED

Group Statement of Cash Flows (Cont'd)
Year ended December 31, 2016

	2016 $'000	2015 $'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Short term credit lines	(84,821)	27,752
Loans and borrowings	573,253	39,172
Interest paid	(248,352)	(204,864)
Distributions to non-controlling interests	(118,992)	-
Distributions to stockholders, net	(62,423)	(26,737)
Net cash provided/(used) by financing activities	58,665	(164,677)
Net increase in cash and cash equivalents	277,719	50,053
Cash and cash equivalents at beginning of the year	361,091	322,281
Exchange losses on foreign currency cash and cash equivalents	(5,896)	(11,243)
Cash and cash equivalents at end of the year	632,914	361,091

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

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Financial Statements
Year ended December 31, 2016

1. The company

Jamaica Producers Group Limited ("the 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, its subsidiaries ("group") and associates (note 33) are juice and food 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 (KW), which had previously been accounted for as an associate, met the required parameters for recognition as a subsidiary (note 13) and was recognised as such effective June 23, 2016.

Also, during the year, the group divested its 50% joint venture, Mavis Bank Coffee Factory Limited (note 10).

During the prior year, the group's subsidiaries undertook a number of restructuring activities that gave rise to non-recurring costs totalling $223,797,000. These costs were included as part of other income and expenses. A summary of these items is listed below:

	2016 $'000	2015 $'000
Impairment of property, plant and equipment (i)	-	(178,000)
Impairment of inventory (i)	-	(19,000)
Closure of baking facility (ii)	-	(5,863)
Other staff related restructuring costs (iii)	-	(20,934)
Total restructuring expense	-	(223,797)
Other income	-	69,564
Other expense	(31,209)	(38,308)
Total other income and expenses	(31,209)	(192,541)

(i) The impairment of property, plant and equipment occurred following a review of the group's Jamaican mining and aggregates operation, after a sustained period of losses arising from (a) the emergence of drought conditions which affect raw material supply and (b) increases in operating costs, making the operations structurally loss-making. As a result, the group adjusted the carrying value of property, plant and equipment and inventory to reflect recoverable amounts.

(ii) The closure of baking facility includes staff redundancy costs and property, plant and equipment impairment following the planned closure of a subsidiary's baking facility in Jamaica, as part of a bakery consolidation programme.

(iii) Other staff-related restructuring relates to costs incurred for staff separation in both the mining and aggregates operation and the Corporate segment.

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 and comply with the provisions of the Jamaican Companies Act.

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Financial Statements
Year ended December 31, 2016

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

(a) Statement of compliance (cont'd)

Certain new, revised and amended standards and interpretations came into effect during the current financial year. The group has assessed them and has adopted those which are relevant to its financial statements.

- Amendments to IAS 16, *Property, Plant and Equipment,* and IAS 41, *Biological Assets, which are* effective for annual reporting periods beginning on or after January 1, 2016, require a bearer plant, defined as a living plant, to be accounted for as property, plant and equipment and included in the scope of IAS 16, instead of IAS 41. Therefore, a company can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less costs to sell under IAS 41. This amendment did not require a change in the group's financial statements.

  The other relevant amendments which had no significant impact on the group's financial statements are as follows:

  - Amendments to IFRS 11, *Accounting for Acquisitions of Interests in Joint Operations*,
  - Amendments to IAS 16 and IAS 38, *Clarification of Acceptable Methods of Depreciation and Amortisation,* are effective for accounting periods beginning on or after January 1, 2016.
  - Amendments to IAS 27, *Equity Method in Separate Financial Statements*,
  - IFRS 7, *Financial Instruments: Disclosures*
  - IAS 19, *Employee Benefits*
  - IAS 34, *Interim Financial Reporting*
  - Amendments to IFRS 10, *Consolidated Financial Statements*, and IAS 28, *Investments in Associates and Joint Ventures*,
  - Amendments to IFRS 10, *Consolidated Financial Statements*, IFRS 12, *Disclosure of Interests in Other Entities* and IAS 28, *Investments in Associates and Joint Ventures*,
  - Amendments to IFRS 5, *Non-current Assets Held for Sale and Discontinued Operations*

At the date of authorisation of the financial statements, certain new and amended standards 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 and amendments with respect to its operations and has determined that the following may be relevant:

- IFRS 9, *Financial Instruments,* which is effective for annual reporting periods beginning on or after January 1, 2018, replaces the existing guidance in IAS 39 *Financial Instruments: Recognition and Measurement.*

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

(a) Statement of compliance (cont'd)

Standards issued but not yet effective (cont'd)

- IFRS 9*, Financial Instruments (cont'd)*

  IFRS 9 includes revised guidance on the classification and measurement of financial assets and liabilities, including a new expected credit loss model for calculating impairment of financial assets and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

  Although the measurement bases for financial assets – amortised cost, fair value through other comprehensive income (FVOCI) and fair value though profit or loss (FVTPL) - are similar to IAS 39, the criteria for classification into the appropriate measurement categories are significantly different. IFRS 9 also replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model, which means that a loss event will no longer need to occur before an impairment allowance is recognised.

  The group is assessing the impact that the standard will have on its 2018 financial statements.

- IFRS 15, *Revenue from Contracts with Customers* is effective for periods beginning on or after January 1, 2018. It replaces IAS 11 *Construction Contracts*, IAS 18 *Revenue,* IFRIC 13 *Customer Loyalty Programmes*, IFRIC 15 *Agreements for the Construction of Real Estate*, IFRIC 18 *Transfer of Assets from Customers* and SIC-31 *Revenue – Barter Transactions Involving Advertising Services*.

  The new standard applies to contracts with customers. However, it does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other IFRSs. It also does not apply if two companies in the same line of business exchange non-monetary assets to facilitate sales to other parties. Furthermore, if a contract with a customer is partly in the scope of another IFRS, then the guidance on separation and measurement contained in the other IFRS takes precedence.

  The group is assessing the impact that the standard will have on its 2018 financial statements.

- Amendments to IAS 12, *Income Taxes*, effective for accounting periods beginning on or after January 1, 2017, clarified the following:

  - The existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset.

  - A deferred tax asset can be recognised if the future bottom line of the tax return is expected to be a loss, if certain conditions are met.

  - Future taxable profits used to establish whether a deferred tax can be recognised should be the amount calculated before the effect of reversing temporary differences.

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

(a) Statement of compliance (cont'd)

Standards issued but not yet effective (cont'd)

- Amendments to IAS 12, *Income Taxes* (cont'd)

  - An entity can assume that it will recover an asset for more than its carrying amount if there is sufficient evidence that it is probable that the entity will achieve this.

  - Deductible temporary differences related to unrealised losses should be assessed on a combined basis for recognition unless a tax law restricts the use of losses to deductions against income of a specific type.

  The group is assessing the impact that this amendment will have on its 2017 financial statements.

- IFRS 16, *Leases*, which is effective for annual reporting periods beginning on or after January 1, 2019, eliminates the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, there is a single, on-balance sheet accounting model that is similar to current finance lease accounting. Lessees will be required to bring all major leases on-balance sheet, recognising new assets and liabilities. The on-balance sheet liability will attract interest; the total lease expense will be higher in the early years of a lease even if a lease has fixed regular cash rentals. Optional lessee exemption will apply to short- term leases and for low-value items with value of US$5,000 or less.

  Lessor accounting remains similar to current practice as the lessor will continue to classify leases as finance and operating leases.

  Early adoption is permitted if IFRS 15, *Revenue from Contracts with Customer*s is also adopted.

  The group is assessing the impact that this amendment will have on its 2019 financial statements.

- Amendments to IFRS 2, *Classification and Measurement of Share-based Payment Transaction*s, effective for annual reporting periods beginning on or after January 1, 2018, clarifies the following:

  (i) Cash-settled share-based payment is measured using the same approach as for equity-settled share-based payments, i.e. the modified grant date method. The new requirements do not change the cumulative amount of expense that is ultimately recognised, because the total consideration for a cash-settled share-based payment is still equal to the cash paid on settlement.

  (ii) For classification purposes, an exception is made for a cash settled share-based payment transaction with employees to be accounted for as equity settled if:

  (a) the terms of the arrangement permit or require a company to settle the transaction net by withholding a specified portion of the equity instruments to meet the statutory tax withholding requirement and;

  (b) the entire share-based payment transaction would otherwise be classified as equity-settled if there were no net settlement feature.

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

(a) Statement of compliance (cont'd)

- Amendments to IFRS 2, *Classification and Measurement of Share-based Payment Transaction*s (cont'd)

  (iii) The approach in accounting for a modification of a share-based payment from cash-settled to equity-settled.

  The new requirements could affect the classification and/or measurement of these arrangements – and potentially the timing and amount of expense recognised for new and outstanding awards. The group is assessing the impact that this amendment will have on its 2018 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.

(c) Use of estimates and judgment

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 there may be a measurable decrease in the estimated future cash flows from receivables, for example, default or 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 individually significant receivables with similar characteristics, such as credit risks.

(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 the 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. The estimate of the amount recoverable from future use of those units is sensitive to the discount rates used (note 14).

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

(c) Use of estimates and judgment (cont'd)

(iii) Depreciation methods, useful lives and residual values

Depreciation methods, useful lives and residual values rely on judgment and estimates by management, one of which is that the relevant assets will continue to be used for their current purpose within the company. In addition, useful lives and residual values vary between individual assets and are dependent upon continuation of the current level of maintenance. Should there be a change in the present use or level of maintenance this could change the charge for depreciation and net book value of property, plant and equipment (note 10) within the next financial year.

3. Significant accounting policies

(a) Basis of consolidation

(i) Business combinations

Business combinations are accounted for using the acquisition method from 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.

(ii) Non-controlling interests

Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets from 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.

3. Significant accounting policies (cont'd)

(a) Basis of consolidation (cont'd)

(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 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 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, 2016.

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

(iv) Loss of control

On the loss of control, the group derecognises the assets and liabilities of a 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 recognised in profit or loss. If the group retains any interest in a former 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. 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 polices, 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 recognised at cost, including transaction costs.

The group's investment is carried at its 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 associates' post-acquisition profits or losses is recognised in profit or loss and its share of post-acquisition movements in reserves is recognised in other comprehensive income to the extent that the profits, losses or movements are consistent with the group's significant accounting policies.

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Financial Statements
Year ended December 31, 2016

3. Significant accounting policies

(a) Basis of consolidation (cont'd)

(vi) Associates (cont'd)

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 recognise 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 associates 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$166.62 (2015: J$176.95), US$1 to J$124.78 (2015: J$116.69), €1 to J$136.68 (2015: J$129.48), 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.

(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.

3. Significant accounting policies (cont'd)

(f) Trade and other receivables

Trade and other receivables are measured at amortised cost, less impairment losses.

(g) Inventories

Inventories are measured 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 measured 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 measured at cost, less accumulated amortisation and impairment losses. The costs are normally amortised over a period of two years for pineapples and seven years for bananas.

(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 measured 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, 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 measured at fair value with changes in 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 profit or loss. Where fair value cannot be reliably measured, these investments are measured 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.

(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 14) and tested annually for impairment. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the equity accounted investee as a whole.

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Financial Statements
Year ended December 31, 2016

3. Significant accounting policies (cont'd)

(k) Intangible assets and goodwill (cont'd)

(ii) Other intangible assets

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

(iii) Subsequent expenditure

Subsequent expenditure is capitalised 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 recognised in profit or loss as incurred.

(iv) Amortisation

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 their intended use by management.

The estimates useful lives are as follows:

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

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

(l) Property, plant and equipment

(i) Owned assets

Items of property, plant and equipment are measured 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 present value of 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 capitalised 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 item 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.

3. Significant accounting policies (cont'd)

(l) Property, plant and equipment (cont'd)

(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 50% 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. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit (CGU) exceeds its recoverable amount.

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 CGUs are allocated first to reduce the carrying amount of any goodwill allocated to CGUs 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 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 profit or loss, even though the investment has not been derecognised.

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

3. Significant accounting policies (cont'd)

(m) Impairment (cont'd)

(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 CGUs is the greater of their value in use and 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 CGUs to which the asset belongs.

(ii) Reversals of impairment

An impairment loss in respect of a held-to-maturity security, loan or receivable is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

An impairment loss in respect of an investment in an equity instrument classified as available-for-sale is not reversed through 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 amortisation, if no impairment loss had been recognised.

(n) Loans payable

Loans payable are initially recognised at fair value less any directly attributable transaction costs. Subsequent to initial recognition, loans are measured at amortised cost using the effective interest method.

(o) 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 employees become entitled to the leave.

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

3. Significant accounting policies (cont'd)

(o) Employee benefits (cont'd)

Pension obligations

The group through its subsidiaries participates in retirement plans, the assets of which are generally held in separate trustee-administered funds. The pension plans are funded by payments from employees and by the group, taking into account the recommendations of qualified actuaries. The group has defined benefit and defined contribution plans.

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors, such as age, years of service and compensation.

The asset or liability recognised in respect of the defined benefit pension plan is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets, together with adjustments for past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income in the period in which they arise. Past-service costs are recognised immediately in the profit or loss.

The group also participates in defined contribution plans whereby it pays contributions to privately administered pension plans which are administered by trustees. Once the contributions have been paid, the group has no further payment obligations. The contributions are charged to the profit or loss in the period to which they relate.

Other retirement obligations

The group, through its subsidiaries, provides post-employment health care and life insurance benefits to certain retirees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using an accounting methodology similar to that for defined benefit pension plans. Actuarial gains and losses arising from experience adjustments, and changes in actuarial assumptions are charged or credited to other comprehensive income in the period in which they arise. These obligations are valued annually by independent qualified actuaries.

Termination benefits

Termination benefits are payable when employment is terminated by the group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The group recognises termination benefits at the earlier of the following dates: (a) when the group can no longer withdraw the offer of those benefits; and (b) when the group recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

3. Significant accounting policies (cont'd)

(p) Revenue

Revenue from the sale of goods is recognised in 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 profit or loss in proportion to the stage of completion of the service at the reporting date.

(q) Finance costs

Finance costs represent interest payable and amortised upfront borrowing costs on borrowings calculated using the effective interest method.

(r) Interest income

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

(s) Taxation

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

(t) Segment reporting

An operating segment is a component of the group

(i) 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.

(ii) whose 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

(iii) for which discrete financial information is available.

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

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Financial Statements
Year ended December 31, 2016

4. Short-term investments

This comprises fixed deposits.

5. Securities purchased under resale agreements

The fair value of the underlying securities purchased under resale agreements approximated to $2,959,139 (2015: $388,270,000).

6. Accounts receivable

	2016 $'000	2015 $'000
Trade receivables	1,521,969	865,760
Staff receivables	12,579	8,569
Other receivables and prepayments	458,744	238,503
	1,993,292	1,112,832
Less: allowance for impairment	(135,602)	(41,694)
	1,857,690	1,071,138

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

	2016 $'000	2015 $'000
Balance at beginning of year	41,694	48,410
Impairment losses recognised	83,798	12,010
Impairment losses reversed	(247)	(272)
Amounts written-off as uncollectible	(5,909)	(17,543)
Amounts recovered during the year	(5,665)	(1,796)
Arising on acquistion of subsidiary	23,421	-
Exchange loss on retranslation	(1,490)	885
Balance at end of year	135,602	41,694

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:

	2016		2015	
	Gross $'000	Impairment $'000	Gross $'000	Impairment $'000
Not past due	830,874	-	563,764	-
Past due 0 - 30 days	346,316	-	153,061	-
Past due 31 - 120 days	272,641	2,285	107,586	4,475
Past due 121 days - 1 year	61,306	54,135	26,818	11,115
More than 1 year	10,832	10,832	14,531	14,531
	1,521,969	67,252	865,760	30,121

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Year ended December 31, 2016

7. Inventories

	2016 $'000	2015 $'000
Raw materials and consumables	275,384	276,455
Processed goods	149,654	94,718
Spare parts and other	306,472	3,363
	731,510	374,536

8. Accounts payable

	2016 $'000	2015 $'000
Trade payables	1,833,374	935,884
Dividend payable	135,937	68,001
Accrued expenses and other payables	561,615	408,095
	2,530,926	1,411,980

9. Biological assets

	2016 $'000	2015 $'000
Balance at beginning of the year	135,534	134,773
Increase due to new plantings	63,250	40,702
Amortisation in year	(46,850)	(39,941)
Balance at end of the year	151,934	135,534

10. Interest in associated companies and joint venture

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

	2016 $'000	2015 $'000
(a) Interest in joint venture		
50% joint venture investment in Mavis Bank Coffee Factory Ltd.	-	244,970
(b) Interest in associates		
Associated companies:		
(i) 40% investment in bakery operations	92,707	108,834
(ii) 42% investment in a multi-purpose port operator (note 13)	-	4,298,258
(iii) 30% investment in property and investment holding company	486,415	-
	579,122	4,407,092
	579,122	4,652,062

(a) Interest in joint venture

During the year the group held a 50% holding in Mavis Bank Coffee Factory Limited, that processes and sells Jamaican Blue Mountain coffee. At September 19, 2016, the group sold its entire investment in this joint venture with a carrying value of $149.4 million, for consideration of $829.4 million. The group incurred costs of $30.1 million relating to the disposal and recorded a net gain on sale of $649.9 million.

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Year ended December 31, 2016

10. Interest in associated companies and joint venture (cont'd)

(a) Interest in joint venture (cont'd)

The following table summarises the financial information of Mavis Bank Coffee Factory Limited as included in its own financial statements up to the date of disposal by the group, 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.

	Mavis Bank Coffee Factory Limited	
	2016	2015
	$'000	$'000
Percentage ownership interest	**50%**	**50%**
Balance Sheet		
Non-current assets	-	300,416
Current assets (including cash and cash equivalents – 2015: $48,736,000)	-	548,974
Non-current liabilities (including non-current financial liabilities, excluding trade and other payables 2015:$223,042,000)	-	(223,042)
Current liabilities (including current financial liabilities excluding trade and other payables 2015: $215,870,000)	-	(455,171)
Net assets (100%)	-	171,177
Group's share of net assets	-	85,586
Fair value adjustments and elimination of differences in accounting policies and intercompany transactions	-	159,384
Carrying amount of interest in joint venture	-	244,970
Profit and loss account		
Revenue	1,139,877	1,146,167
Depreciation and amortisation	(22,234)	(30,878)
Interest expense	(49,138)	(58,499)
Income tax charge	(23,194)	(9,923)
Profit and total comprehensive income (100%)	120,564	98,400
Group's share of profit and total comprehensive income	60,282	49,200

(b) Interest in associates

(b)(i) The group holds a 40% holding in Tortuga Cayman Limited, a company that manufactures and distributes baked products, through its subsidiary Tortuga International Holdings Limited.

(b)(ii) The group held a 42% (2015: 42%) shareholding in Kingston Wharves Limited ("KW"), which operates a multi-purpose shipping terminal and provides ancillary logistics services. With effect from June 23, 2016, the group recognised its ability to direct the activities that significantly affect the returns of KW and has therefore accounted for KW as a subsidiary under IFRS 10 (note 13).

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10. Interest in associated companies and joint venture (cont'd)

(b)(ii) (cont'd)

The following table summarises the financial information of Kingston Wharves Limited as included in the group's financial statements as at December 31, 2015 and up to June 23, 2016, reflecting adjustments for differences in accounting policies.

	Kingston Wharves Limited	
	2016 $'000	2015 $'000
Percentage ownership interest	**42%**	**42%**
Balance sheet		
Non-current assets	-	17,775,075
Current assets	-	3,642,644
Non-current liabilities	-	(2,478,723)
Current liabilities	-	(1,364,842)
Non-controlling interest	-	(77,258)
Net assets attributable to equity holders (100%)	-	17,496,896
Group's share of nets assets 42% (2015: 42%)	-	7,348,696
Fair value adjustments on acquisition and elimination of differences in accounting policies	-	(3,050,438)
Carrying amount of interest in Kingston Wharves Limited	-	4,298,258
Profit and loss account		
Revenue	2,472,386	4,672,884
Net profit from continuing operations	563,305	1,267,459
Other comprehensive income/(loss), net of tax	-	(360,212)
Total comprehensive income	563,305	907,247
Group's share of total comprehensive income	265,784	538,212

(b)(iii) During the prior year, the company obtained a 4% equity interest in Shipping Association of Jamaica Property Limited (SAJP) by a distribution-in-kind from Shipping Association of Jamaica. During the year, the group acquired additional shares in SAJP, bringing the group's investment to 20%. Consequently, SAJP is being accounted for as an associate. From June 23, 2016, the company also includes a further 10% shareholding in SAJP, following the recognition of Kingston Wharves as a subsidiary.

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

	2016 $'000	2015 $'000
Carrying amount of interest in associates	579,122	4,407,092
Share of:		
Profit from continuing operations	398,090	643,023
Other comprehensive income	5,768	(60,238)
Total comprehensive income	403,858	582,785

11. Non- controlling interest

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

	2016				2015			
	Kingston Wharves Limited	Tortuga International Holdings Limited	Other - immaterial NCI	Total	Kingston Wharves Limited	Tortuga International Holdings Limited	Other- immaterial NCI	Total
NCI percentage	**58%**	**38%**			**58%**	**38%**		
	$'000	$'000			$'000	$'000		
Non-current assets	19,408,455	1,002,576	-		-	861,543	118,685	
Current assets	4,148,620	383,427	16,625		-	327,818	25,722	
Non-current liabilities	(3,262,153)	(238,054)	(87,197)		-	(57,401)	(192,459)	
Current liabilities	(1,679,864)	(252,551)	(85,475)		-	(167,226)	(378,596)	
Net assets/(liabilities)	**18,615,058**	**895,398**	**(156,047)**		-	**964,734**	**(426,648)**	
Carrying amount of NCI	10,663,875	343,922	(227,811)	10,779,986	-	368,411	(206,953)	161,458
Revenue	2,937,295	881,793	34,799		-	845,592	294,422	
Profit/(Loss) for the year	726,788	(130,794)	(41,568)		-	(27,785)	(341,131)	
Other comprehensive income	241,323	66,144	-		-	45,118	-	
Total comprehensive income/(loss)	968,111	(64,650)	(41,568)		-	17,333	(341,131)	
Profit allocated to NCI	439,594	(49,551)	(20,368)	369,675	-	(10,527)	(167,154)	(177,681)
Other comprehensive income allocated to NCI	139,967	25,062	-	165,029	-	17,095	-	17,095
Cash flows from operating activities	1,637,585	28,368	(43,100)		-	40,000	(759)	
Cash flows from investment activities	(1,954,682)	(177,689)	93,730		-	(14,524)	(7,733)	
Cash flows from financing activities	198,859	148,128	(45,129)		-	(12,570)	12,727	
Net (decrease)/increase in cash and cash equivalents	(118,238)	(1,193)	5,501		-	**12,906**	**4,235**	

12. Investments

	2016 $'000	2015 $'000
Available-for-sale securities:		
Quoted	-	70,718
Unquoted	-	69,700
Loans and receivables:		
Third party loan (net of impairment)	109,190	140,348
	109,190	280,766

Long-term third party loan represents an amount of US$1.7 million repayable on an amortised 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.

During the prior year, following indicators of uncertainty in recoverability, and a review of the underlying value of the security and the costs of liquidation, an impairment allowance of US$332,000 was recognised against this loan. This was in addition to US$168,000 recognised in prior years.

13. Recognition of subsidiary

With effect from June 23, 2016, the group acquired control of Kingston Wharves Limited ("KW"), formerly an associate of the group (note 10). KW operates a multi-purpose shipping terminal and provides ancillary logistics services. The group holds 42% of the issued share capital directly, and following the acquisition of Shipping Association of Jamaica Property Limited (note 10(b)(iii)) it has a participating interest in that associate's 10% holding of the issued share capital of KW.

The investment in KW is expected to strengthen the group's long term involvement in the shipping and logistics industries and to allow the group to continue its documented strategy of participating in select opportunities to develop Caribbean logistics services and infrastructure.

Since June 23, 2016, KW contributed revenue of $2.9 billion and profit after tax of $737 million to the group's results in 2016. If the acquisition had occurred on January 1, 2016, management estimates that consolidated revenue would have been $14.6 billion, and consolidated profit after tax for the year would have been $4.7 billion.

The following summarises the fair value of the identifiable assets and liabilities recognised by the group at June 23, 2016:

	2016 $'000
Net identifiable assets and liabilities	
Property, plant and equipment	16,416,880
Intangible assets	531,755
Retirement benefit asset	619,083
Other non-current assets	85,867
Cash and cash equivalents	295,801
Short term investments	3,055,330
Other current assets	829,909
Current liabilities	(1,233,484)
Long-term loans and borrowings	(1,388,676)
Deferred tax liability	(1,157,191)
Retirement benefit liability	(245,378)
Non-controlling interest	(85,998)
Net assets recognised	17,723,898
Less: Non-controlling interest arising on recognition	(10,279,861)
Net identifiable assets acquired	7,444,037

13. Recognition of subsidiary (cont'd)

The fair value of certain material asset categories was established as follows:

(i) Property, plant and equipment: The value of land was assessed through market comparison techniques by qualified independent valuation assessors. The value of buildings and certain equipment was assessed through cost techniques, specifically the depreciated replacement cost methodology to account for physical deterioration as well as functional and economic obsolescence.

(ii) Intangible assets: The value of brands and trademarks was assessed through market benchmarking information provided by independent data specialists. The value of customer relationships was assessed through the multi-period excess earnings method, performed by a qualified independent valuator.

At June 23, 2016 the group's equity investment in KW was measured $4.5 billion. In accordance with IFRS 3, *Business Combinations*, the group performed a two-step recognition process. Firstly, the fair value of the equity investment immediately before the business combination was ascertained and compared to the carrying value to identify a fair value gain. Secondly, the fair value of identifiable assets and liabilities was individually performed and compared to the fair value of the equity investment to identify whether goodwill should be recognised. It was noted that within the range of equity valuations there was not a material difference between the fair value of the equity investment and the fair value of identifiable assets and liabilities. Accordingly, no goodwill has been recognised on the transaction. The net gain on recognition of KW as a subsidiary is calculated as below:

	2016 $'000
Fair value of net assets acquired	7,444,037
Less: Investment in KW as an associate held by the group at June 23, 2016	(4,473,605)
Less: costs directly associated with the transaction	(53,563)
Gain on acquisition of subsidiary	2,916,869

14. Intangible assets

	Brands and trademarks $'000	Customer relationships $'000	Other identifiable intangibles $'000	Goodwill $'000	Total $'000
Cost:					
December 31, 2014	391,920	220,710	29,626	824,339	1,466,595
Exchange adjustments	18,965	10,681	1,434	(118)	30,962
December 31, 2015	410,885	231,391	31,060	824,221	1,497,557
Additions	-	-	16,668	-	16,668
Recognition of subsidiary	106,000	414,000	11,755	-	531,755
Exchange adjustments	26,919	15,160	2,035	18,978	63,092
December 31, 2016	543,804	660,551	61,518	843,199	2,109,072
Amortisation and impairment:					
December 31, 2014	49,475	44,143	13,035	166,744	273,397
Charge for the year	17,132	15,045	3,214	-	35,391
Exchange adjustments	2,828	2,517	712	8,069	14,126
December 31, 2015	69,435	61,705	16,961	174,813	322,914
Charge for the year	20,439	36,788	7,722	-	64,949
Exchange adjustments	4,944	4,393	1,234	11,453	22,024
December 31, 2016	94,818	102,886	25,917	186,266	409,887

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Year ended December 31, 2016

14. Intangible assets (cont'd)

	Brands and trademarks $'000	Customer relationships $'000	Other identifiable intangibles $'000	Goodwill $'000	Total $'000
Net book values:					
December 31, 2016	448,986	557,665	35,601	656,933	1,699,185
December 31, 2015	341,450	169,686	14,099	649,408	1,174,643
December 31, 2014	342,445	176,567	16,591	657,595	1,193,198

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 cash flows and discounting those cash flows using long-term discount rates applicable to the countries in which the businesses operate. Future sustainable cash flows are estimated based on the most recent forecasts, after taking account of past experience. In all cases projected cash flows are taken over 5 years and the long-term growth rate above is applied following the immediately following year, followed by a terminal valued calculated based on the discount rate and growth rate applied. 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. Key assumptions are set out below:

	2016		2015	
Group of cash-generating units (CGUs)	Discount rate	Growth rate	Discount rate	Growth rate
Juice manufacturing business	10%	3%	10%	3%
Other food manufacturing business	15%	3%	15%	3%
Logistics business	10%	3%	10%	3%
Other units	15%	3%	15%	3%

15. Deferred tax asset/(liability)

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

	Deferred tax					
	Asset		Liability		Net	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Property, plant and equipment	1,630	751	(1,115,942)	-	(1,114,312)	751
Employee benefits	-	-	(69,832)	-	(69,832)	-
Other liabilities	1,717	207	2,508	-	4,225	207
Other assets	-	-	(3,014)	(2)	(3,014)	(2)
	3,347	958	(1,186,280)	(2)	(1,182,933)	956

Movement on net deferred tax asset during the year:

	2016 $'000	2015 $'000
Net deferred tax asset at beginning of year	956	2,226
Recognition of subsidiary	(1,157,191)	-
Effect of re-measurement of post-employment benefits	(28,583)	-
Recognised in taxation charge [note 23(a)(ii)]	1,805	(1,230)
Translation gain/(loss) in the year	80	(40)
	(1,182,933)	956

16. Property, plant and equipment

	Freehold land and buildings $'000	Leasehold land and buildings $'000	Equipment, vehicles and furniture $'000	Work-in-progress $'000	Total $'000
Cost:					
December 31, 2014	1,106,685	342,055	2,085,114	82,155	3,616,009
Additions	99,424	1,280	244,155	6,135	350,994
Disposals	(47,949)	(7,348)	(38,071)	-	(93,368)
Exchange adjustments	(48,738)	1,134	(42,905)	(4,795)	(95,304)
December 31, 2015	1,109,422	337,121	2,248,293	83,495	3,778,331
Additions	316,589	56,151	1,094,063	404,194	1,870,997
Disposals	-	(82,514)	(402,989)	-	(485,503)
Recognition of subsidiary	13,426,282	-	1,937,012	1,053,586	16,416,880
Transfers	1,471	-	-	(1,471)	-
Exchange adjustments	5,824	1,223	6,647	(211)	13,483
December 31, 2016	14,859,588	311,981	4,883,026	1,539,593	21,594,188
Depreciation and impairment:					
December 31, 2014	234,927	219,813	1,052,087	68,402	1,575,229
Charge for the year	47,822	15,512	214,605	2,877	280,816
Impairment charge	-	44,151	133,849	-	178,000
Eliminated on disposals	(14,283)	(7,796)	(29,238)	-	(51,317)
Exchange adjustments	(12,403)	695	(20,590)	(4,011)	(36,309)
December 31, 2015	256,063	272,375	1,350,713	67,268	1,946,419
Charge for the year	194,706	18,419	295,090	3,228	511,443
Eliminated on disposals	-	(78,379)	(268,729)	-	(347,108
Exchange adjustments	(2,772)	755	(1,397)	(269)	(3,683)
December 31, 2016	447,997	213,170	1,375,677	70,227	2,107,071
Net book values:					
December 31, 2016	14,411,591	98,811	3,507,349	1,469,366	19,487,117
December 31, 2015	853,359	64,746	897,580	16,227	1,831,912
December 31, 2014	871,758	122,242	1,033,027	13,753	2,040,780

17. Share capital

Authorised:
1,500,000,000 ordinary shares at no par value.

	2016 $'000	2015 $'000
Stated capital:		
Issued and fully paid – 1,122,144,036 (2015: 187,024,006) ordinary stock units at no par value	112,214	18,702

On July 12, 2016, the company completed a bonus issue of shares. Stock holders were issued five 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. A sum of $93,512,003 was applied from the capital reserve in making full payment on 935,120,030 shares at $0.10 per share.

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

	2016 $'000	2015 $'000
Capital:		
Share premium (note 17)	135,087	135,087
Fair value reserve	-	34,345
Reserve for own shares [see (i) below]	(96,911)	(160,281)
Other [see (ii) below]	2,202,157	2,352,782
	2,240,333	2,361,933
Revenue:		
Retained profits	8,065,941	4,018,371
	10,306,274	6,380,304

(i) Reserve for own shares is included in these financial statements by consolidation of the company's Employees Share Ownership Plan (ESOP), which is regarded as a structured entity and is required to be consolidated under IFRS10. 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 or loss of the ESOP based on management accounts for the year ended December 31, 2016. 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, 2016 was $81,845,976 (2015 : $94,678,740). Based on the bid price, less a 15% discount normally allowed to staff, the value of those stock units at December 31, 2016 was $642,123,000 (2015: $415,797,000). The fair 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, 2016, unrealised exchange gains and unclaimed distributions to stockholders (note 26).

(iii) Losses in a subsidiary, in excess of the non-controlling interest in the equity of the subsidiary, were included in the group's results prior to 2010. Should the subsidiary subsequently report profits, such profits would be included in the group results, until the non-controlling interest's share of losses, previously absorbed by the group, has been recovered.

19. Long-term loans

	2016 $'000	2015 $'000
Syndicated third party and bank loans	4,455,259	1,978,814
Finance leases	69,423	90,587
Other third party	87,197	87,197
	4,611,879	2,156,598
Less: Upfront borrowing costs		
Brought forward from prior year	(21,679)	(29,313)
Amortised in interest expense for the year	7,509	7,634
	(14,170)	(21,679)
Total carrying value of long-term loans	4,597,709	2,134,919
Less: current portion	(1,213,145)	(194,013)
	3,384,564	1,940,906

19. Long-term loans (cont'd)

The terms and conditions of outstanding loans were as follows:

				2016		2015	
	Currency	Nominal interest rate	Year of maturity	Face value $'000	Carrying value $'000	Face value $'000	Carrying value $'000
Secured syndicated third party loan	JMD	9.50%	2020	762,824	762,824	817,159	817,159
Secured syndicated third party loan	JMD	8.31%	2019	907,618	907,618	950,000	950,000
Secured bank loan	BBD	5.00%	2018	-	-	18,312	18,312
Secured bank loan	JMD	9.50%	2016	-	-	2,137	2,137
Secured bank loan	JMD	12.5%	2017	-	-	15,707	15,707
Secured bank loan	EUR	2.75%	2016	-	-	84,609	84,609
Secured bank loan	GBP	2.50%	2020	66,070	66,070	81,917	81,917
Secured bank loan	JMD	9.5%	2023	147,580	147,580	-	-
Secured bank loan	JMD	11.00%	2021	127,200	127,200	-	-
Secured bank loan	JMD	11.85%	2023	142,857	142,857	-	-
Secured bank loan	USD	4.85%	2018	520,509	520,509	-	-
Secured bank loan	JMD	8.9%	2023	296,593	296,593	-	-
Secured bank loan	USD	5.0%	2023	491,071	491,071	-	-
Secured bank loan	JMD	8.00%	2023	615,000	615,000	-	-
Secured bank loan	JMD	8.49%	2022	6,327	6,327	-	-
Secured revolving loan facility	USD	5.5%	2019	101,927	101,927	-	-
Secured loan	JMD	7.00%	2018	108,490	108,490	-	-
Secured loan	JMD	10.00%	2018	35,840	35,840	-	-
Unsecured bank loan	JMD	8.5%	2017	120,000	120,000	-	-
Other unsecured loan	JMD	nil	n/a	2,932	2,932	-	-
Finance lease	EUR	3.5%	2022	69,423	69,423	90,587	90,587
Other third party	USD	8.0%	2016	-	-	8,973	8,973
Other related party	JMD	5.0%	2018	87,197	87,197	87,197	87,197
Other	JMD	n/a	n/a	2,421	2,421	-	-
				4,611,879	4,611,879	2,156,598	2,156,598

(i) During 2016, upon recognition of Kingston Wharves Limited (KW) as a subsidiary (note 13) the group recognised loans and borrowings of $1,925,832,000, of which $1,388,676,000 was due after one year. At December 31, 2016 these loans total $2,342,913,000 after the subsidiary registered a new loan facility totalling $1.8 billion, of which $615,000,000 was drawn down to finance capital expenditure. The interest rate varies over the life of the loan, with rates initially fixed at 8.5% and capped at 9.5% for the remaining life. The total facility has a two-year moratorium on principal and is thereafter repayable in 19 instalments of $63,000,000, with a final payment of J$603,000,000.

(ii) Also, during the second half of 2016, KW entered into a one year financing arrangement with the vendor of a portion of land acquired. This is repayable during 2018 and is at a fixed interest rate of 7.00%.

(iii) During 2016, another subsidiary entered into two new financing arrangements to fund capital expenditure and working capital. The financing comprises $150,672,673 term loan repayable in equal instalments over 84 months at a fixed interest rate of 9.5% and a US$800,000 revolving working capital facility available for three years with a fixed interest rate of 5.5%, with each draw down having a 12 month tenure.

19. Long-term loans (cont'd)

(iv) During 2016, the company entered into a 12-month unsecured borrowing facility for $120,000,000 at a fixed rate of 8.5% for seven months moving to WATBY+250bps for the remaining term.

(v) During 2015, a subsidiary entered into a loan for £500,000. It is secured against leasehold property with £250,000 repayable in equal instalments over 60 months and the remaining £250,000 repayable in month 60. The interest rate is LIBOR+200bps.

(vi) Also, during 2015 one of the group's subsidiaries entered into a finance lease on manufacturing equipment for €720,000 repayable by 84 equal instalments of €9,000, followed by an optional terminal payment of €68,000, representing an effective interest rate of 3.5%.

(vii) The loan from other related party of $87.2 million is due to a company that holds 35% of the equity in Four Rivers Mining Company Limited. The loan is due and payable on or before January 1, 2018, with interest.

20. Gross operating revenue

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

21. Financial income and expenses

	2016 $'000	2015 $'000
Financial income:		
Interest income on available-for-sale financial assets	35,223	-
Interest income on bank deposits, loans and receivables	8,204	12,637
Dividend income on available-for-sale financial assets	712	2,338
Net gain on available-for-sale financial assets transferred from equity	16,686	103,246
Net foreign exchange gain	80,244	11,771
	141,069	129,992
Financial expenses:		
Interest expense on financial liabilities measured at amortised cost	(283,813)	(206,664)
Net foreign exchange loss	(25,774)	-
	(309,587)	(206,664)
Net financial expenses	(168,518)	(76,672)

22. Retirement benefit asset and obligations

The group operates benefit plans for its employees. These can be summarised as follows:

(i) Four defined contribution schemes for qualifying employees in Jamaica and another in the UK, which have operated for a number of years.

(ii) The group's subsidiary in the Netherlands employs staff who 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 contributions. Accordingly, it is treated as a defined contribution scheme for the purpose of the group's accounting.

22. Retirement benefit asset and obligations (cont'd)

(iii) Also in the Netherlands, the group operates a defined benefit scheme for certain employees of a subsidiary. The group has contracted out all legal and constructive commitments of this scheme to an insurance company and is only obliged to make annual specified contributions. Accordingly, this scheme is treated as a defined contribution scheme for the purpose of the group's accounting.

(iv) During the year as part of the group's recognition of Kingston Wharves Limited ("KW") as a subsidiary (note 13), the group also recognised two additional pension schemes, a defined contribution scheme and a defined benefit scheme. Kingston Wharves also provides other retirement benefits giving rise to assets/obligations. The assets of the funded plans are held independently of the group's assets in separate trustee administered funds.

	2016 $'000
Balance sheet (asset)/obligations for:	
Pension benefits	(936,177)
Other retirement benefits	276,762
Profit or loss for	
Pension benefits	(20,489)
Other retirement benefits	29,319
Remeasurements for:	
Pension benefits	(281,330)
Other retirement benefits	11,424
	(269,906)

(a) Defined benefit pension plan

Kingston Wharves operates a joint contributory defined benefit pension scheme which is fully funded. The scheme is open to all permanent employees of the subsidiary and is administered by trustees. Under the scheme, retirement benefits are based on average salary during the three years preceding retirement. The scheme is funded by employee contributions at 5% and employer contribution of 5% of salary, as recommended by independent actuaries. Members may also make voluntary contributions of up to 5% of their earnings.

The assets of the plan are held independently of the group's assets in a separate trustee-administered fund. The plan is valued by independent actuaries annually using the projected unit credit method. The latest actuarial valuation was carried out as at December 31, 2016.

The defined benefit asset recognised balance sheet are determined as follows:

	2016 $'000
Fair value of plan assets	2,588,704
Present value of funded obligations	(1,652,527)
Asset in the balance sheet	936,177

Movements in the amounts recognised in the balance sheet:

	2016 $'000
Additions from acquisition of subsidiary (note 13)	619,083
Amounts recognised in statement of comprehensive income	301,819
Contributions paid	15,275
Asset at end of year	936,177

22. Retirement benefit asset and obligations (cont'd)

(a) Defined benefit pension plan (cont'd)

The movement in the fair value of plan asset

	2016 $'000
Arising on acquisition of subsidiary	2,166,696
Interest income	182,007
Re-measurements -	
Return on plan assets, excluding amounts included in interest expense	290,888
Members' contributions	28,086
Employers' contributions	15,275
Benefits paid	(94,237)
Transfers	(11)
Balance at end of year	2,588,704

The movement in the present value of the funded obligations is as follows:

	2016 $'000
Arising on acquisition of subsidiary	1,547,613
Current service cost	64,892
Interest cost	132,718
Re-measurements -	
Loss from change in financial assumptions	9,536
Members' contributions	12,810
Benefits paid	(94,237)
Transfers in	11
Gain on curtailment	(20,816)
Balance at end of year	1,652,527

As at the last valuation date, the present value of the defined benefit obligation was comprised of approximately $900,692,000 relating to active employees, $51,063,000 relating to deferred members, $697,736,000 relating to members in retirement and $3,036,000 representing other liabilities.

The amounts recognised in profit or loss are as follows:

	2016 $'000
Current service cost	49,616
Interest income	(49,289)
Gain on curtailment	(20,816)
Total, included in staff costs	(20,489)

22. Retirement benefit asset and obligations (cont'd)

(a) Defined benefit pension plan (cont'd)

Plan assets are comprised as follows:

	2016	
	$'000	%
Quoted equity securities	934,911	36.1
Government of Jamaica securities	1,043,682	40.3
Corporate bonds and promissory notes	155,883	6.1
Repurchase agreements	213,652	8.3
Leases	11,433	0.4
Real estate	99,561	3.8
Other	129,582	5.0
	2,588,704	100.0

The pension plan assets include ordinary stock units of the subsidiary with a fair value of $240,000,000 (2015: $110,000,000).

Expected contributions to the post-employment plan for the year ending December 31, 2017 are $3.2 million.

The significant actuarial assumptions used were as follows:

	2016
Discount rate	9.00%
Future salary increases	6.50%
Expected pension increase	4.50%

Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience in each territory. These assumptions translate into an average life expectancy in years for a pensioner retiring at age 65.

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Impact on post-employment obligations		
	Change in assumption	Increase in assumption $'000	Decrease in assumption $'000
Discount rate	1%	(196,819)	247,903
Future salary increases	1%	31,342	(29,928)
Expected pension increase	1%	191,488	(158,022)
Life expectancy	1%	27,504	(28,954)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the balance sheet.

22. Retirement benefit asset and obligations (cont'd)

(a) Defined benefit pension plan (cont'd)

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

(b) Other retirement benefits

The group operates both a group health plan and a group life plan. The parent company covers 100% of the premiums of both plans. However, pensioners under the health plan have the option to pay an additional premium for single dependant or multiple dependants' coverage.

The method of accounting and the frequency of valuations for these plans are similar to those used for the pension scheme. In addition to the assumptions used for the pension scheme, the main actuarial assumption is a long term increase in health costs of 8% per year for the insured group health plan. The insured group life plan assumes a salary rate increase of 6.5% per year.

The amounts recognised in the balance sheet were determined as follows:

	2016 $'000
Arising on recognition of subsidiary	245,378
Amounts recognised in the statement of comprehensive income	40,743
Contributions paid	(9,359)
Liability at end of year	276,762

Movement in the present value of the defined benefit obligation:

	2016 $'000
Arising on recognition of subsidiary	245,378
Current service cost	12,234
Interest cost	21,319
Gain on curtailment	(4,234)
Included in staff costs in profit and loss account	29,319
Re-measurements -	
Loss from change in financial assumptions, being total included in other comprehensive income	11,424
Benefits paid	(9,359)
Balance at end of year	276,762

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Impact on post-employment obligations		
	Change in Assumption	Increase in Assumption $'000	Decrease in Assumption $'000
Life			
Discount rate	1%	(2,545)	3,043
Future salary increases	1%	799	(758)
Medical			
Discount rate	1%	(35,591)	45,997
Future medical cost rate	1%	46,807	(35,591)

22. Retirement benefit asset and obligations (cont'd)

(c) Risks associated with pension plans and other post-employment plans

Through its defined benefit pension plans and post-employment medical plans, the subsidiary is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility

The plan liabilities are calculated using a discount rate set with reference to Government of Jamaica bond yields; if plan assets underperform this yield, this will create a deficit.

As the plan matures, the trustees intend to reduce the level of investment risk by investing more in assets that better match the liabilities. The Government bonds largely represent investments in Government of Jamaica securities.

However, the subsidiary believes that due to the long-term nature of the plan liabilities, a level of continuing equity investment is an appropriate element of the long term strategy to manage plans efficiently. See below for more details on the subsidiary's asset-liability matching strategy.

Changes in bond yields

A decrease in Government of Jamaica bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plan's bond holdings.

Inflation risk

Higher inflation will lead to higher liabilities. The majority of the plan's assets are unaffected by fixed interest bonds, meaning that an increase in inflation will reduce the surplus or create a deficit.

Life expectancy

The majority of the plan's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan's liabilities. This is particularly significant, where inflationary increases result in higher sensitivity to changes in life expectancy.

The subsidiary ensures that the investment positions are managed within an asset-liability matching (ALM) framework that has been developed to achieve long-term investments that are in line with the obligations under the pension scheme. Within this framework, the subsidiary's ALM objective is to match assets to the pension obligations by investing in long-term fixed interest securities with maturities that match the benefit payments as they fall due.

The subsidiary actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the pension obligations. The subsidiary has not changed the processes used to manage its risks from previous periods. The subsidiary does not use derivatives to manage its risk. Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets.

Funding levels are monitored on an annual basis and the current agreed contribution rate is 5% of pensionable salaries for the employees and 10% for the subsidiary. The next triennial valuation is due to be completed as at December 31, 2017. The subsidiary considers that the contribution rates set at the last valuation date to be sufficient to prevent a deficit and that regular contributions, which are based on service costs, will not increase significantly.

The weighted average duration of the defined benefit obligation for pension scheme is 15 years.

The weighted average duration of the defined benefit obligation for post-employment medical and life insurance benefits is 16 years.

23. Taxation

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

	2016 $'000	2015 $'000
(i) Current tax charge:		
Jamaican corporation tax	105,099	8,563
United Kingdom corporation tax	15,850	15,702
Netherlands corporation tax	42,917	44,927
Tax on associated companies	60,889	63,386
	224,755	132,578
(ii) Deferred taxation (note 15):		
Origination and reversal of temporary differences	(1,805)	1,230
Total taxation charge in group profit and loss account	222,950	133,808

(b) Reconciliation of tax expense

The effective tax rate for 2016 was 4.9% (2015: 17.9%), compared to the statutory tax rate of 25% (2015: 25%). The actual charge differs from the "expected" tax charge for the year as follows:

	2016 $'000	2015 $'000
Profit before taxation	4,533,071	748,383
Computed "expected" tax charge at 25% (2014: 25%)	1,133,268	187,096
Taxation difference between profit for financial statements and tax reporting purposes on:		
Effect of non-standard tax rates and tax rates of foreign jurisdictions	(176,257)	(18,048)
Unrelieved tax losses less tax relief utilised	63,685	53,702
Lower rate associated company tax	(36,557)	(113,860)
Gain on disposal of property, plant and equipment and investments	(206,769)	(112,012)
Other gains arising on consolidation	(729,217)	-
Other related capital adjustments and disallowed expenses	174,797	136,930
Actual tax charge	222,950	133,808

(c) As at December 31, 2016, certain subsidiaries have had taxation losses, subject to agreement by the Commissioner General, Tax Administration Jamaica, of approximately $2,632,000,000 (2015: $2,247,000,000) available for relief against future taxable profits. Of this amount, $570,819,000 (2015: $570,819,000) 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 $658,000,000 (2015: $561,940,000) 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.

24. Disclosure of expenses

	2016 $'000	2015 $'000
Marketing, selling and distribution costs:		
Advertising, promotion and selling costs	193,030	161,890
Distribution costs	264,646	212,709
Other costs	37,594	34,279
Staff costs	321,271	241,652
Total marketing, selling and distribution costs	816,541	650,530
Administration and other operating expenses:		
Auditors' remuneration	48,513	39,229
Depreciation and amortisation	108,108	64,142
Directors' emoluments:		
Fees	10,740	10,158
For management	110,247	78,593
IT and communication	128,178	78,841
Legal, professional and consultancy	117,976	88,988
Other costs	265,116	113,314
Property costs	223,960	168,589
Staff costs	1,002,239	707,385
Total administration and other operating expenses	2,015,077	1,349,239

25. Profit per ordinary stock unit

The profit per ordinary stock unit is calculated by dividing the profit for the year of $3,940,446,000 (2015: $792,256,000), 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:

	2016	2015 (restated)
Issued ordinary stock units at January 1	1,122,144,036	1,122,144,036
Effect of own shares held by ESOP during the year	(85,562,569)	(95,555,784)
Weighted average number of ordinary stock units in issue during the year	1,036,581,467	1,026,588,252
Profit per ordinary stock unit in issue	351.15¢	70.60¢
Profit per ordinary stock unit excluding ESOP holdings	380.14¢	77.17¢

All amounts have been restated following the bonus issue of shares in July 2016. (Note 17).

26. Distributions to equity holders of parent

	2016 $'000	2015 $'000
Ordinary dividends:		
First interim payable in respect of 2016 - 12¢ (2015: restated 6.7¢) per stock unit – gross - parent	134,657	74,810
Distributions to ESOP [note 18(i)]	(10,134)	(6,312)
	124,523	68,498
Unclaimed distributions written back to capital reserves [note 18(ii)]	(6,075)	(6,454)
	118,448	62,044

27. Contingent liabilities

The company has also given a commitment to one of its subsidiaries to provide financial support as is necessary for its operations throughout 2017. That subsidiary has a net shareholders' deficit at December 31, 2016 of $648.7 million (2015: $541.9 million).

28. Operating lease arrangements

(a) Non-cancellable operating lease commitments

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

	2016 $'000	2015 $'000
Within one year	41,722	40,053
In the second to fifth years, inclusive	63,013	73,459
	104,735	113,512

(b) Non-cancellable operating lease receivables

The group earned property rental income of $34,599,000 (2015: $25,243,000) under operating leases. Commitments for income under non-cancellable operating leases at year-end are as follows:

	2016 $'000	2015 $'000
Within one year	38,674	3,003
In the second to fifth year inclusive	91,842	1,496
After five years	35,419	-
	165,935	4,499

29. Commitments for expenditure

As at December 31, 2016, capital expenditure authorised and committed amounted to approximately $971,047,000 (2015: $48,934,000).

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 32.4% (2015: 30.6%) of the voting shares of the company.

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:

	2016 $'000	2015 $'000
Short-term employment and other benefits	330,434	271,006
Post-employment benefits	33,723	31,986
Termination benefits	21,514	-
Total remuneration	385,671	302,992

30. Related parties (cont'd)

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

Category and nature of relationship	Nature of Transactions	Transactions in year 2016 $'000	Transactions in year 2015 $'000	(Payable)/receivable at end of year 2016 $'000	(Payable)/receivable at end of year 2015 $'000	Terms and conditions *	Provision end of year 2016 $'000	Provision end of year 2015 $'000	(Expense)/recovery during the year 2016 $'000	(Expense)/recovery during the year 2015 $'000
Transactions with joint ventures and associates:										
50% joint venture	Management services income to group	(22,762)	(29,337)	-	29,249	1, 2, 3	-	-	-	-
50% joint venture	Interest income on loans from group	(16,811)	(23,419)	-	23,419	2, 3	-	-	-	-
Transactions with key management personnel or entities under their control and/or significant influence:										
i) Company under their control	Insurance premiums charged to group	10,931	11,097	-	-	1, 2, 3	-	-	-	-
ii) Company under their control	Management services charged to group	9,358	8,751	(9,561)	(4,647)	2, 3, 4	-	-	-	-
iii) Company under their control	Shipping agency services charged to group	8,208	7,431	-	-	1, 2, 3	-	-	-	-
iv) Company under their control	Charges paid on behalf of the group	(5,291)	(3,819)	-	-	1, 2, 3	-	-	-	-
v) Company under their control	Collections from third parties on behalf of the group	(76,306)	(49,693)	37,276	42,576	1, 2, 3	-	-	-	-
vi) Company under their control	Sales by the group	(33,578)	-	21,067	-	2, 3, 4	-	-	-	-
vii) Company under their control	Legal services to the group	13,555	-	-	-	1, 2, 3	-	-	-	-
viii) Company under their control	Professional services to the group	1,089	2,972	-	(182)	1, 2, 3	-	-	-	-

* 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. Unsecured 3. Settlement in cash
4. Credit over 30 days

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Financial Statements (Cont'd)
December 31, 2016

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 reorganised its business segments in order to reflect its current strategy and focus. The change has culminated in the profit or loss before finance cost and taxation being used to measure the segment result instead of profit or loss before taxation. Previously reported segment information have been restated to conform to the current period's presentation. The reorganisation has resulted in the recognition of three business segments:

(a) JP Food & Drink - This comprises businesses that are engaged in agriculture, processing, distribution and/or retail of food and drink.
(b) JP Logistics & Infrastructure – This comprises businesses that are engaged in logistics, transportation, port operations, construction aggregates and related industries.
(c) Corporate Services – This comprises interest and investment income, net of the cost of corporate functions not directly charged to business units.

	JP Food & Drink		JP Logistics & Infrastructure		Corporate Services		Total	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Gross revenue	8,045,481	7,336,071	3,997,482	1,270,594	219,526	256,912	12,262,489	8,863,577
Inter- segment revenue	-	-	-	-	(123,254)	(157,653)	(123,254)	(157,653)
Revenue from external customers	8,045,481	7,336,071	3,997,482	1,270,594	96,272	99,259	12,139,235	8,705,924
Interest income	-	-	29,382	-	14,045	12,637	43,427	12,637
Segment profit/(loss)	31,186	265,480	1,429,866	399,372	3,381,606	290,195	4,842,658	955,047
Finance cost- interest expense							(309,587)	(206,664)
Profit before taxation							4,533,071	748,383
Taxation charge							(222,950)	(133,808)
Non-controlling interest							(369,675)	177,681
Profit attributable to equity holders of the parent							3,940,446	792,256
Segment assets	4,608,460	4,555,317	24,094,992	4,873,029	1,176,426	819,859	29,879,878	10,248,205
Segment liabilities	(1,288,013)	(1,195,895)	(6,997,122)	(2,236,108)	(396,269)	(255,738)	(8,681,404)	(3,687,741)
Capital expenditure	400,932	333,411	1,409,091	12,481	60,974	5,102	1,870,997	350,994
Depreciation and amortisation	(295,362)	(261,801)	(264,473)	(221,704)	(63,407)	(50,643)	(623,242)	(534,148)

The revenues and earnings on subsidiaries and associates acquired or disposed of during the year are included up to the date of acquisition or disposal.

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Financial Statements (Cont'd)
December 31, 2016

31. Segment reporting (cont'd)

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

	Revenues		Non-current assets	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Jamaica	5,059,716	2,269,933	20,035,235	5,143,009
Netherlands	4,495,427	4,314,383	1,512,124	1,548,946
United Kingdom	331,454	349,405	141,850	145,109
United States of America	670,838	651,492	11,811	10,884
Other Caribbean countries	616,667	655,879	1,265,052	1,227,927
Other European countries	940,066	458,357	-	-
Other countries	25,067	6,475	-	-
	12,139,235	8,705,924	22,966,072	8,075,875

Revenues from one customer of the JP Food and Drink segment represents approximately $4,404 million (2015: $3,831 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, credit facilities 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, credit facilities 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.

(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.

32. Financial instruments (cont'd)

(b) Financial instrument risks (cont'd)

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, financial 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, with a fair value of $2,959,139 (2015: $388,270,000).

  No allowance for impairment is deemed necessary.

- Accounts receivable

  The group has a credit policy in place to minimise 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 where circumstances 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, and 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.

32. Financial instruments (cont'd)

(b) Financial instrument risks (cont'd)

(i) Credit risk (cont'd)

The group manages this risk as follows (cont'd)

- Non-current investments

  The loan to the purchaser of former subsidiaries, net of its impairment allowance, is considered to be adequately secured.

  No further 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 optimising the return on assets.

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 (EUR), United States dollar (USD) and Pound Sterling (GBP).

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.

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Financial Statements (Cont'd)
December 31, 2016

32. Financial instruments (cont'd)

(b) Financial instrument risks (cont'd)

(ii) Market risk (cont'd)

Currency risk (cont'd)

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

	2016			2015		
	USD $'000	GBP $'000	EUR $000	USD $'000	GBP $'000	EUR $'000
Financial assets						
Cash and cash equivalents	2,196	577	297	1,119	645	666
Short term investments	6,500	-	-	-	-	-
Securities purchased under resale agreements	14,156	-	-	2,971	-	-
Accounts receivable	3,305	1,023	4,698	2,233	798	4,313
Investments	857	-	-	1,779	-	-
Financial liabilities						
Short term borrowing	-	-	-	(500)	-	-
Accounts payable	(2,019)	(1,093)	(4,526)	(1,597)	(860)	(4,669)
Current maturities of long term loans	(800)	(48)	(93)	(121)	(45)	(744)
Long-term loans	(4,696)	(373)	(442)	(107)	(421)	(604)
Financial instruments position	19,499	86	(66)	5,777	117	(1,038)
Other assets	10,558	1,886	12,881	10,875	1,871	13,080
Other liabilities	-	(53)	-	(13)	(67)	(258)
Gross balance sheet position	30,057	1,919	12,815	16,639	1,921	11,784

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.

Effect of a 10% depreciation of the Jamaican dollar:

	2016		2015	
	Equity $'000	Profit $'000	Equity $'000	Profit $'000
USD	145,208	8,555	147,014	50,685
GBP	30,098	31	32,866	68
EUR	166,305	-	143,443	-

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Notes to the Financial Statements (Cont'd)
December 31, 2016

32. Financial instruments (cont'd)

(b) Financial instrument risks (cont'd)

(ii) Market risk (cont'd)

Currency risk (cont'd)

Foreign currency sensitivity analysis (cont'd)

Effect of a 2% appreciation of the Jamaican dollar:

	2016		2015	
	Equity $'000	Profit $'000	Equity $'000	Profit $'000
USD	(29,042)	(1,711)	(29,403)	(10,137)
GBP	(6,020)	(6)	(6,573)	(18)
EUR	(33,261)	-	(28,689)	-

Buying exchange rates used at year-end:

	2016	2015
USD1 to J$	127.48	119.64
GBP1 to J$	157.03	175.74
EUR1 to J$	129.76	129.97

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:

	2016 $'000	2015 $'000
Fixed rate instruments:		
Financial assets	3,658,947	495,858
Financial liabilities	(2,793,995)	(2,025,929)
	864,952	(1,530,071)
Variable rate instruments:		
Financial liabilities	(1,803,714)	(184,838)

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

Cash flow sensitivity analysis for variable rate instruments

An increase of 250 basis points (bps) or a decrease of 100 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.

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Notes to the Financial Statements (Cont'd)
December 31, 2016

32. Financial instruments (cont'd)

(b) Financial instrument risks (cont'd)

(ii) Market risk (cont'd)

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

	2016		2015	
	250 bps increase	100 bps decrease	250 bps increase	100 bps decrease
	$'000	$'000	$'000	$'000
Variable rate instruments	(36,074)	18,037	(3,697)	1,848

(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.

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	Contractual cash flows	0-1 year	1-5 years
	%	$'000	$'000	$'000	$'000
			2016		
Secured syndicated loan	9.17	1,670,442	2,138,417	587,786	1,550,631
Bank loans	7.16	2,784,817	3,316,875	1,003,968	2,312,907
Other related party loan	5.00	87,197	95,917	4,360	91,557
Accounts payable		2,530,926	2,530,926	2,530,926	-
		7,073,382	8,082,135	4,127,040	3,955,095
			2015		
Secured syndicated loan	9.18	1,767,159	2,486,707	244,696	2,242,011
Bank loans	3.68	202,682	228,464	115,929	112,535
Credit facilities	8.75	84,821	84,821	84,821	-
Other third party loan	8.00	8,973	9,511	9,511	-
Other related party loan	5.00	87,197	100,277	4,360	95,917
Accounts payable		1,411,980	1,411,980	1,411,980	-
		3,562,812	4,321,760	1,871,297	2,450,463

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Notes to the Financial Statements (Cont'd)
December 31, 2016

32. Financial instruments (cont'd)

(b) Financial instrument risks (cont'd)

(iv) Capital management

There were no changes in the group's approach to capital management during the year. 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 stockholders' equity, excluding non-controlling interest. The level of dividends to ordinary stockholders 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.

33. Subsidiary, associated and joint venture companies

The company has the following subsidiary, associated and joint venture companies. Inactive subsidiaries are excluded.

	% equity held		Principal place
	2016	2015	of business
SUBSIDIARY COMPANIES			
JP Tropical Group Limited	100	100	Jamaica
Agualta Vale Limited	100	100	Jamaica
Agri Services Limited	100	100	Jamaica
Eastern Banana Estates Limited	100	100	Jamaica
St. Mary Banana Estates Limited	100	100	Jamaica
P.S.C. Limited	100	100	Jamaica
Jamaica Producers Shipping Company Limited	60	60	Jamaica
JP Tropical Foods Limited	100	100	Jamaica
JBFS Investments Limited	100	100	Jamaica
Crescent Developments Limited	100	100	Jamaica
Central American Banana (2005) Limited	100	100	Cayman Islands
Antillean Foods, Inc.	100	100	Cayman Islands
JP Shipping Services Limited	100	100	England and Wales
Kingston Wharves Limited	42	-	Jamaica
Harbour Cold Stores Limited	100	-	Jamaica
Security Administrators Limited	67	-	Jamaica
Western Storage Limited	100	-	Jamaica
Western Terminals Limited	100	-	Jamaica
Four Rivers Mining Company Limited	51	51	Jamaica

33. Subsidiary, associated and joint venture companies (cont'd)

	% equity held 2016	% equity held 2015	Principal place of business
SUBSIDIARY COMPANIES (CONT'D)			
JP International Group Limited	100	100	Cayman Islands
Cooperatief JP Foods U.A.	100	100	The Netherlands
A.L. Hoogesteger Fresh Specialist B.V.	100	100	The Netherlands
Tortuga International Holdings Company Limited	62	62	St. Lucia
Tortuga (Barbados) Limited	100	100	Barbados
Tortuga Imports, Inc	100	100	U.S.A.
Tortuga Caribbean Rum Cake Jamaica Limited	100	100	Jamaica
Cia. Bananera del Tropico JP, S.A.	100	100	Costa Rica
JOINT VENTURE COMPANIES			
Mavis Bank Coffee Factory Limited	-	50	Jamaica
ASSOCIATED COMPANIES			
Tortuga Cayman Limited	40	40	Cayman Islands
Kingston Wharves Limited	-	42	Jamaica
Shipping Association of Jamaica Property Limited	30	7	Jamaica