



# **JAMAICA PRODUCERS GROUP LIMITED**

## **UNAUDITED GROUP RESULTS**

26 WEEKS ENDED JULY 1, 2017

# Jamaica Producers Group Limited

UNAUDITED GROUP RESULTS

26 WEEKS ENDED JULY 1, 2017



## Chairman's Statement

For the **26-week** period ended July 1, 2017, Jamaica Producers Group Limited ("JP" or the "Group") earned \$251 million of net profit attributable to shareholders.

JP's revenues during the reporting period were \$7.4 billion and were roughly evenly split between the Group's two divisions – Logistics & Infrastructure ("L&I") and Food & Drink ("F&D"). In line with the strong performance of Kingston Wharves, the largest of the Group's subsidiaries (in terms of assets), the major share of the Group's profit during the period was earned in its L&I Division. In addition to Kingston Wharves, which operates a leading multipurpose port serving the Caribbean region, the L&I Division includes JP Shipping Services, a leading freight forwarder providing shipping services between Caribbean ports and the United Kingdom. The L&I Division generated profit before finance costs, taxation and non-controlling interests of \$973 million in 2017 (compared to \$306 million in 2016). Divisional revenues were \$3.4 billion. During the first half of 2016, Kingston Wharves was classified as an associate for accounting purposes and consequently only JP's 42% share of earnings was brought into the divisional Profit and Loss Account. With effect from June 23, 2016, this company has been treated as a subsidiary for accounting purposes. On a like-for-like basis the L&I Division's earnings for the first half of 2017 are up 26% on the prior year.

JP's F&D Division earned year-to-date 2017 profits before finance costs and taxation of \$74 million, compared to

prior year of \$134 million. Revenues of \$4.0 billion were flat when compared to the prior year. Profits were down relative to the prior year primarily because the 2016 performance included our 50 percent share of the profits from Mavis Bank Coffee Factory Limited ("MBCF"). The Group divested its joint venture interest in MBCF in the third quarter of 2016. The JP F&D Division now comprises our vertically integrated portfolio of subsidiaries that are engaged in farming, food processing, distribution and retail of food and drink. The JP Food & Drink business has production facilities in Europe and the Caribbean and operates a distribution center in the United States. Our range of specialty food and drink products includes fresh juices, tropical snacks, fresh fruit, specialty coffee and Caribbean rum-based confectionery and baked goods.

For the first half of 2016 (the 26-week period ended July 2, 2016) the Group earned profit attributable to shareholders of \$2.7 billion. This amount included a gain of \$2.5 billion resulting from the recognition (as a subsidiary) of our holdings in Kingston Wharves in the second quarter of 2016.

### Outlook

Jamaica Producers Group and its subsidiaries will continue a programme of investment that is designed to improve its product and service offering while enhancing its operating efficiency. In line with this programme of investment, prior to the end of this year, Kingston Wharves will launch new logistics facilities for the warehousing of general cargo, and



## Jamaica Producers Group Limited

UNAUDITED GROUP RESULTS

26 WEEKS ENDED JULY 1, 2017

### Chairman's Statement (cont'd)


the storage of bulk and automotive cargo for domestic and transshipment markets. At the same time, our JP Tropical Group will commission new state-of-the-art cold storage and ripening facilities at Retirement Road for its banana and pineapple business and will introduce a new variety of our classic St. Mary's banana chip for the first time in 20 years. We will also relocate our head office activities from Oxford Road in New Kingston to the locations in Kingston where our operations are centred. This will mean that we will enter the 2018 financial year operating from purpose-built corporate offices in Newport West with a lower overhead cost base.

These new initiatives build on the recent completion of a high specification bakery in Kingston to consolidate the production for international markets of Tortuga Rum Cakes, the launch of a new packaging facility for fresh pineapples in St. Mary, and a new juice line in the Netherlands that deploys high pressure processing

technology to extend the shelf life of fresh juice produced by us. We are particularly pleased to report that these completed capital programmes are all contributing positively to the performance of the Group.

Our commitment to the communities in which we do business remains strong. We maintained an active programme of charitable giving, primarily in programmes that support the education of young people in these communities.

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

  
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C. H. Johnston Chairman

# Jamaica Producers Group Limited

## UNAUDITED GROUP RESULTS

26 WEEKS ENDED JULY 1, 2017

### Group Balance Sheet

	Unaudited as at July 01, 2017 \$'000	Unaudited as at July 02, 2016 \$'000	Audited as at December 31, 2016 \$'000
<b>Current Assets</b>			
Cash and cash equivalents	728,559	490,704	632,914
Short-term investments	283	280	828,920
Securities purchased under resale agreements	2,873,936	3,082,325	2,830,027
Accounts receivable	2,166,077	1,856,834	1,857,690
Taxation recoverable	10,253	14,740	32,745
Inventories	738,316	677,050	731,510
Assets classified as held for sale	-	36,930	-
<b>Total Current Assets</b>	<b>6,517,424</b>	<b>6,158,863</b>	<b>6,913,806</b>
<b>Current Liabilities</b>			
Credit facilities	-	112,375	-
Accounts payable	2,561,393	2,214,623	2,530,926
Taxation	64,776	68,159	89,727
Current portion of long-term loans	739,894	857,943	1,213,145
<b>Total Current Liabilities</b>	<b>3,366,063</b>	<b>3,253,100</b>	<b>3,833,798</b>
<b>Working Capital</b>	<b>3,151,361</b>	<b>2,905,763</b>	<b>3,080,008</b>
<b>Non-Current Assets</b>			
Biological assets	141,151	149,796	151,934
Interest in joint venture and associated companies	565,080	778,287	579,122
Investments	102,660	390,484	109,190
Intangible assets	1,689,462	1,508,383	1,699,185
Deferred tax assets	2,171	2,591	3,347
Property, plant and equipment	20,043,571	17,468,997	19,487,117
Employee benefit asset	936,177	619,083	936,177
<b>Total Non-Current Assets</b>	<b>23,480,272</b>	<b>20,917,621</b>	<b>22,966,072</b>
<b>Total Assets Less Current Liabilities</b>	<b>26,631,633</b>	<b>23,823,384</b>	<b>26,046,080</b>
<b>Equity</b>			
Share capital	112,214	18,702	112,214
Reserves	10,713,517	9,315,292	10,306,274
<b>Total equity attributable to equity holders of the parent</b>	<b>10,825,731</b>	<b>9,333,994</b>	<b>10,418,488</b>
<b>Non-Controlling Interest</b>	<b>11,056,358</b>	<b>9,845,628</b>	<b>10,779,986</b>
<b>Total Equity</b>	<b>21,882,089</b>	<b>19,179,622</b>	<b>21,198,474</b>
<b>Non-Current Liabilities</b>			
Deferred tax liability	1,159,861	1,192,312	1,186,280
Long-term loans	3,312,921	3,206,072	3,384,564
Employee benefit obligation	276,762	245,378	276,762
<b>Total Non-Current Liabilities</b>	<b>4,749,544</b>	<b>4,643,762</b>	<b>4,847,606</b>
<b>Total Equity and Non-Current Liabilities</b>	<b>26,631,633</b>	<b>23,823,384</b>	<b>26,046,080</b>
<b>Parent company stockholders' equity per ordinary stock unit:</b>			
Based on stock units in issue	<b>\$9.65</b>	<b>\$8.32</b>	<b>\$9.28</b>
After exclusion of stock units held by ESOP	<b>\$10.40</b>	<b>\$8.97</b>	<b>\$10.01</b>



# Jamaica Producers Group Limited

UNAUDITED GROUP RESULTS  
26 WEEKS ENDED JULY 1, 2017

## Group Profit and Loss Account

	Notes	Unaudited 13 weeks ended July 01, 2017 \$'000	Unaudited 13 weeks ended July 02, 2016* \$'000	Unaudited 26 weeks ended July 01, 2017 \$'000	Unaudited 26 weeks ended July 02, 2016* \$'000
Gross operating revenue	3	3,995,939	2,406,596	7,404,210	4,569,697
Cost of operating revenue		( 2,763,368 )	( 1,969,900 )	( 5,083,211 )	( 3,675,604 )
<b>Gross profit</b>		<b>1,232,571</b>	<b>436,696</b>	<b>2,320,999</b>	<b>894,093</b>
Other income		45,874	5,398	92,470	69,426
Selling, administrative and other operating expenses		( 732,905 )	( 526,089 )	( 1,432,489 )	( 975,307 )
<b>Profit from operations</b>		<b>545,540</b>	<b>( 83,995 )</b>	<b>980,980</b>	<b>( 11,788 )</b>
Share of profit in joint venture and associated companies		( 5,976 )	221,733	( 2,229 )	362,346
Gain on recognition as a subsidiary	2	-	2,460,678	-	2,460,678
<b>Profit before finance cost and taxation</b>		<b>539,564</b>	<b>2,598,416</b>	<b>978,751</b>	<b>2,811,236</b>
Finance cost - interest		( 67,618 )	( 46,681 )	( 142,042 )	( 94,360 )
<b>Profit before taxation</b>		<b>471,946</b>	<b>2,551,735</b>	<b>836,709</b>	<b>2,716,876</b>
Taxation charge		( 94,305 )	( 53,573 )	( 166,476 )	( 74,242 )
<b>Profit for the period</b>		<b>377,641</b>	<b>2,498,162</b>	<b>670,233</b>	<b>2,642,634</b>
<b>Attributable to:</b>					
Parent company stockholders		157,931	2,557,111	251,036	2,707,147
Non-controlling interest		219,710	( 58,949 )	419,197	( 64,513 )
		<b>377,641</b>	<b>2,498,162</b>	<b>670,233</b>	<b>2,642,634</b>
<b>Profit per ordinary stock unit:</b>	4				
Based on stock units in issue		<b>14.07</b> ¢	<b>227.88</b> ¢	<b>22.37</b> ¢	<b>241.25</b> ¢
After exclusion of stock units held by ESOP		<b>15.18</b> ¢	<b>246.24</b> ¢	<b>24.13</b> ¢	<b>262.09</b> ¢

\* The comparative information has been restated to compare with current year presentation.



# Jamaica Producers Group Limited

UNAUDITED GROUP RESULTS  
26 WEEKS ENDED JULY 1, 2017

## Group Statement of Profit or Loss and Other Comprehensive Income

	Unaudited as at 13 weeks ended July 01, 2017	Unaudited as at 13 weeks ended July 02, 2016	Unaudited as at 26 weeks ended July 01, 2017	Unaudited as at 26 weeks ended July 02, 2016
	\$'000	\$'000	\$'000	\$'000
<b>Profit for the period</b>	<u>377,641</u>	<u>2,498,162</u>	<u>670,233</u>	<u>2,642,634</u>
<b>Other comprehensive income/(expense):</b>				
Items that may be reclassified to profit or loss:				
Exchange gains on translating foreign operations	123,091	83,977	152,047	193,920
Share of other comprehensive gains of associated companies	-	-	-	5,768
Available-for-sale financial assets:				
Net change in fair value of available-for-sale investments	<u>-</u>	<u>( 7,089 )</u>	<u>-</u>	<u>( 17,493 )</u>
	<u>123,091</u>	<u>76,888</u>	<u>152,047</u>	<u>182,195</u>
<b>Total comprehensive income for the period</b>	<u>500,732</u>	<u>2,575,050</u>	<u>822,280</u>	<u>2,824,829</u>
<b>Attributable to:</b>				
Parent company stockholders	277,371	2,621,437	404,891	2,871,620
Non-controlling interest	<u>223,361</u>	<u>( 46,387 )</u>	<u>417,389</u>	<u>( 46,791 )</u>
	<u>500,732</u>	<u>2,575,050</u>	<u>822,280</u>	<u>2,824,829</u>



# Jamaica Producers Group Limited

## UNAUDITED GROUP RESULTS

26 WEEKS ENDED JULY 1, 2017

### Group Statement of Changes in Equity

	Share Capital \$'000	Share Premium \$'000	Capital Reserves \$'000	Fair Value Reserve \$'000	Reserve For Own Shares \$'000	Retained Profits \$'000	Parent Company Stockholders' Equity \$'000	Non- Controlling Interest \$'000	Total Equity \$'000
<b>Balances at December 31, 2015</b>	<b>18,702</b>	<b>135,087</b>	<b>2,352,782</b>	<b>34,345</b>	<b>( 160,281 )</b>	<b>4,018,371</b>	<b>6,399,006</b>	<b>161,458</b>	<b>6,560,464</b>
<b>Changes in equity:</b>									
Profit/(loss) for the period	-	-	-	-	-	2,707,147	2,707,147	( 64,513 )	2,642,634
<b>Other comprehensive income/(loss)</b>									
Exchange gains arising on retranslation of foreign operations	-	-	176,198	-	-	-	176,198	17,722	193,920
Share of other comprehensive income of associated companies	-	-	-	-	-	5,768	5,768	-	5,768
Net change in fair value of available-for-sale investments	-	-	-	( 17,493 )	-	-	( 17,493 )	-	( 17,493 )
Total other comprehensive income/(expense)	-	-	176,198	( 17,493 )	-	5,768	164,473	17,722	182,195
<b>Total comprehensive income/(expense) for the period</b>	<b>-</b>	<b>-</b>	<b>176,198</b>	<b>( 17,493 )</b>	<b>-</b>	<b>2,712,915</b>	<b>2,871,620</b>	<b>( 46,791 )</b>	<b>2,824,829</b>
<b>Transactions with owners recorded directly in equity</b>									
<b>Contributions and Distributions</b>									
Own shares sold by ESOP	-	-	-	-	63,368	-	63,368	-	63,368
Acquisition of subsidiary	-	-	-	-	-	-	-	9,730,961	9,730,961
<b>Total Transactions with owners recorded directly in equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>63,368</b>	<b>-</b>	<b>63,368</b>	<b>9,730,961</b>	<b>9,794,329</b>
<b>Total increase/(decrease) in equity</b>	<b>-</b>	<b>-</b>	<b>176,198</b>	<b>( 17,493 )</b>	<b>63,368</b>	<b>2,712,915</b>	<b>2,934,988</b>	<b>9,684,170</b>	<b>12,619,158</b>
<b>Balances at July 2, 2016</b>	<b>18,702</b>	<b>135,087</b>	<b>2,528,980</b>	<b>16,852</b>	<b>( 96,913 )</b>	<b>6,731,286</b>	<b>9,333,994</b>	<b>9,845,628</b>	<b>19,179,622</b>
Retained in the financial statements of:									
The company	18,702	135,087	1,620,610	23,774	-	2,872,682	4,670,855		
Subsidiaries	-	-	908,370	( 6,922 )	( 96,913 )	2,707,355	3,511,890		
Joint venture and associated companies	-	-	-	-	-	1,151,249	1,151,249		
<b>Balances at July 2, 2016</b>	<b>18,702</b>	<b>135,087</b>	<b>2,528,980</b>	<b>16,852</b>	<b>( 96,913 )</b>	<b>6,731,286</b>	<b>9,333,994</b>		



# Jamaica Producers Group Limited

## UNAUDITED GROUP RESULTS

26 WEEKS ENDED JULY 1, 2017

### Group Statement of Changes in Equity (cont'd)

	Share Capital \$'000	Share Premium \$'000	Capital Reserves \$'000	Fair Value Reserve \$'000	Reserve For Own Shares \$'000	Retained Profits \$'000	Parent Company Stockholders' Equity \$'000	Non- Controlling Interest \$'000	Total Equity \$'000
<b>Balances at December 31, 2016</b>	<b>112,214</b>	<b>135,087</b>	<b>2,202,157</b>	-	( 96,911 )	<b>8,065,941</b>	<b>10,418,488</b>	<b>10,779,986</b>	<b>21,198,474</b>
<b>Changes in equity:</b>									
<b>Profit for the period</b>	-	-	-	-	-	251,036	251,036	419,197	670,233
<b>Other comprehensive income/(loss)</b>									
Exchange gains/(losses) arising on retranslation of foreign operations	-	-	153,855	-	-	-	153,855	( 1,808 )	152,047
<b>Total other comprehensive income/(expense)</b>	-	-	153,855	-	-	-	153,855	( 1,808 )	152,047
<b>Total comprehensive income for the period</b>	-	-	153,855	-	-	251,036	404,891	417,389	822,280
<b>Transactions with owners recorded directly in equity</b>									
<b>Contributions and Distributions</b>									
Own shares sold by ESOP	-	-	-	-	2,352	-	2,352	-	2,352
Distributions to non-controlling interests	-	-	-	-	-	-	-	( 141,017 )	( 141,017 )
<b>Total Transactions with owners recorded directly in equity</b>	-	-	-	-	2,352	-	2,352	141,017	138,665
<b>Total increase in equity</b>	-	-	153,855	-	2,352	251,036	407,243	276,372	683,616
<b>Balances at July 1, 2017</b>	<b>112,214</b>	<b>135,087</b>	<b>2,356,012</b>	-	( 94,559 )	<b>8,316,977</b>	<b>10,825,731</b>	<b>11,056,358</b>	<b>21,882,089</b>
Retained in the financial statements of:									
The company	112,214	135,087	1,533,173	-	-	2,674,906	4,455,380		
Subsidiaries	-	-	822,839	-	( 94,559 )	5,589,011	6,317,291		
Associated companies	-	-	-	-	-	53,060	53,060		
<b>Balances at July 1, 2017</b>	<b>112,214</b>	<b>135,087</b>	<b>2,356,012</b>	-	( 94,559 )	<b>8,316,977</b>	<b>10,825,731</b>		





# Jamaica Producers Group Limited

UNAUDITED GROUP RESULTS  
26 WEEKS ENDED JULY 1, 2017

## Group Statement of Cash Flows

	Unaudited as at 26 weeks ended July 01, 2017 \$'000	Unaudited as at 26 weeks ended July 02, 2016 * \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit for the period	670,233	2,642,634
Adjustments for items not affecting cash:		
Depreciation and amortisation	450,359	196,613
Share of losses/(profits) in joint venture and associated companies	2,229	( 368,870 )
Losses/(gains) on disposal and acquisition of fixed assets and investments	611	( 56,004 )
Exchange movement in working capital	29,754	86,890
Taxation charge	166,476	74,242
Net interest expense	98,615	90,851
Gain on recognition as a subsidiary	-	( 2,460,678 )
	<u>1,418,277</u>	<u>205,678</u>
Increase in current assets	( 302,683 )	( 279,188 )
(Decrease)/increase in current liabilities	( 33,784 )	<u>46,141</u>
<b>CASH PROVIDED/(USED) BY OPERATING ACTIVITIES</b>	<b><u>1,081,810</u></b>	<b><u>( 27,369 )</u></b>
<b>CASH FLOWS FROM INVESTMENT ACTIVITIES</b>		
Additions to property, plant, equipment and biological assets	( 858,838 )	( 319,969 )
Proceeds on disposals	4,916	69,380
Movement in short term investments and repos	784,728	328,225
Net movement in interest in associated companies	14,103	( 132,903 )
Acquisition of subsidiaries, net of cash	-	296,061
Movement in long term loans receivable	6,404	-
Interest received	53,409	<u>2,421</u>
<b>CASH PROVIDED BY INVESTMENT ACTIVITIES</b>	<b><u>4,722</u></b>	<b><u>243,215</u></b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net movement in loans and short term credit lines	( 554,079 )	68,461
Distribution to minority interest	( 165,903 )	-
Interest paid	( 146,382 )	( 95,728 )
Dividends paid	( 124,523 )	( 58,966 )
<b>CASH USED BY FINANCING ACTIVITIES</b>	<b><u>( 990,887 )</u></b>	<b><u>( 86,233 )</u></b>
<b>Net increase in cash and cash equivalents</b>	<b>95,645</b>	<b>129,613</b>
<b>Cash at beginning of the period</b>	<b>632,914</b>	<b>361,091</b>
<b>Cash at end of the period</b>	<b><u>728,559</u></b>	<b><u>490,704</u></b>

\* The comparative information has been restated to compare with current year presentation.



# Jamaica Producers Group Limited

UNAUDITED GROUP RESULTS  
26 WEEKS ENDED JULY 1, 2017

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## Notes to the Financial Statements

### 1. Basis of Presentation

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and their interpretations, issued by the International Accounting Standards Board (IASB) and comply with the provisions of the Jamaican Companies Act.

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

### 2. Group's Operations and Activities

Jamaica Producers Group Limited ("company") is incorporated and domiciled in Jamaica. The company's registered office is located at 6A Oxford Road, Kingston 5.

The main activities of the company and its subsidiaries ("group"), joint venture and associated companies are port terminal operations, logistics, the cultivation, marketing and distribution of fresh produce, food and juice manufacturing, land management and the holding of investments.

During the prior year the group's investment in Kingston Wharves Limited ("KWL"), which had previously been accounted for as an associate, met the required parameters for recognition as a subsidiary and was recognised as such effective June 23, 2016. From the beginning of Quarter 3, 2016 KWL transactions were fully included in the consolidated financial statements whereas the figures in the prior period comparative Group Profit and Loss Account and Group Statement of Profit and Loss and Other Comprehensive Income reflect the transactions of KWL as an associate.

During the prior year, and with effect from September 19, 2016, the group divested its 50% joint venture, Mavis Bank Coffee Factory Limited, through an exchange of securities.

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

During Q1, 2016, the group completed the acquisition of approximately 13% of The Shipping Association of Jamaica Property Limited (SAJP), a company involved in property and investment holdings. This brings the group's investment in SAJP to 20% and accordingly is reflected as an associate of the group, with the group's share of its results since acquisition included in the Group Profit and Loss Account under 'Share of profit in joint venture and associated companies'. Following the recognition of KWL at June 23, 2016 the group consolidates KWL's 10% ownership in SAJP to bring the total group ownership to 30%.

During Q2, 2016 the group completed the closure of mining operations in its Four Rivers Mining Company Limited subsidiary through the sale of substantially all mining assets to a third party.

### 3. Gross operating revenue

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



# Jamaica Producers Group Limited

UNAUDITED GROUP RESULTS  
26 WEEKS ENDED JULY 1, 2017

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## Notes to the Financial Statements (cont'd)

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

Profit per ordinary stock unit is calculated by dividing profit attributable to the group of \$251,036,000 by 1,122,144,036, being the total number of ordinary stock units in issue during the period and a weighted average number of ordinary stock units in issue (excluding those held by the ESOP) during the period. The weighted average number of ordinary stock units in issue (excluding those held by the ESOP) for the period ended July 1, 2017 was 1,040,371,247 (2016 – 1,038,467,808) stock units.

Stockholders' equity per ordinary stock unit is calculated by dividing the parent company stockholders' equity by 1,122,144,036 being the total number of ordinary stock units in issue at the end of the period and 1,040,478,060 (2016 – 1,040,298,060), representing the total number of ordinary stock units in issue for the period ended July 1, 2017 less those held by the ESOP at the same date.

### 5. Accounting Policies

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

#### a. Business combinations

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

#### b. Subsidiaries

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

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

#### c. Associates

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

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



# Jamaica Producers Group Limited

UNAUDITED GROUP RESULTS  
26 WEEKS ENDED JULY 1, 2017

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## Notes to the Financial Statements (cont'd)

### 5. Accounting Policies (cont'd)

#### d. Investments

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

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

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

#### e. Intangible assets and goodwill:

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

#### (ii) Other intangible assets

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

#### (iii) Subsequent expenditure

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

#### (iv) Amortization

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

The estimates of useful lives are as follows:

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

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



# Jamaica Producers Group Limited

UNAUDITED GROUP RESULTS  
26 WEEKS ENDED JULY 1, 2017

## Notes to the Financial Statements (cont'd)

### 5. Accounting Policies (cont'd)

#### f. Segment reporting

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

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

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

### 6. Segment Results

#### 2017

	JP Food & Drink	JP Logistics & Infrastructure	Corporate Services	Group
	\$'000	\$'000	\$'000	\$'000
Gross revenue	4,043,442	3,360,768	40,512	7,444,721
Inter - segment revenue	-	-	( 40,512 )	( 40,512 )
Revenue from external sources	<u>4,043,442</u>	<u>3,360,768</u>	<u>-</u>	<u>7,404,210</u>
Profit before finance cost and taxation	<u>74,135</u>	<u>973,013</u>	<u>( 68,397 )</u>	978,751
Finance cost - interest				( 142,042 )
Profit before taxation				836,709
Taxation				( 166,476 )
Non-controlling interest				( 419,197 )
Net profit attributable to parent company stockholders				<u>251,036</u>

#### 2016 \*

	JP Food & Drink	JP Logistics & Infrastructure	Corporate Services	Group
	\$'000	\$'000	\$'000	\$'000
Gross revenue	4,058,260	481,472	94,471	4,634,203
Inter - segment revenue	-	-	( 64,506 )	( 64,506 )
Revenue from external sources	<u>4,058,260</u>	<u>481,472</u>	<u>29,965</u>	<u>4,569,697</u>
Profit before finance cost and taxation	<u>134,207</u>	<u>306,422</u>	<u>2,370,607</u>	2,811,236
Finance cost - interest				( 94,360 )
Profit before taxation				2,716,876
Taxation				( 74,242 )
Non-controlling interest				64,513
Net profit attributable to parent company stockholders				<u>2,707,147</u>

\* The comparative information has been restated to compare with current year presentation.

Also, for the prior year period up to June 23, 2016 a material component of the Logistics and Infrastructure division was accounted for as an associate entity. (Note 2)



# Jamaica Producers Group Limited

UNAUDITED GROUP RESULTS  
26 WEEKS ENDED JULY 1, 2017

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## Notes to the Financial Statements (cont'd)

### 7. Seasonal Variations

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

### 8. Foreign Currency Translation

Overseas revenues and expenses have been translated at average exchange rates of J\$134.60 (2016: J\$135.39) to €1, J\$160.56 (2016: J\$172.55) to £1 and J\$128.08 (2016: J\$122.20) to US\$1.

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

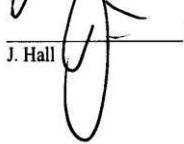
	<u>J\$/€</u>	<u>J\$/£</u>	<u>J\$/US\$</u>
July 1, 2017	141.34	163.23	127.64
December 31, 2016	129.76	157.03	127.48
July 2, 2016	140.19	163.83	125.93
December 31, 2015	129.97	175.74	119.64

On behalf of the Board



Chairman

C.H. Johnston



Group Managing Director

J. Hall

August 11, 2017

