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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 separate financial statements of Jamaica Producers Group Limited ("the company"), set out on pages 7 to 38, which comprise the unconsolidated balance sheet as at December 31, 2017, the unconsolidated 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 financial statements give a true and fair view of the financial position of the company as at December 31, 2017, and of its financial performance and its 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 company 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 (CONT'D)

To the Members of
JAMAICA PRODUCERS GROUP LIMITED

Report on the Audit of the Financial Statements (cont'd)

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. This matter was 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 this matter.

Impairment of investment in subsidiaries

Key Audit Matter	*How the matter was addressed in our audit*
The carrying value of the company's investments in subsidiaries 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.	In this area our audit procedures included testing the reasonableness of the company's forecasts and discounted cash flow calculations, including: • Comparing the company'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 carrying value of investment in subsidiaries. • Assessing the adequacy of the company's disclosures in the financial statements.

INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
JAMAICA PRODUCERS GROUP LIMITED

Report on the Audit of the Financial Statements (cont'd)

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, 2017, 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 (CONT'D)

To the Members of
JAMAICA PRODUCERS GROUP LIMITED

Report on the Audit of the Financial Statements (cont'd)

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 5 to 6, 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

Kingston, Jamaica

March 1, 2018

INDEPENDENT AUDITORS' REPORT (CONT'D)

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 company'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 company'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 company 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.

INDEPENDENT AUDITORS' REPORT (CONT'D)

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 the matters that were of most significance in the audit of the separate 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

Company Balance Sheet
December 31, 2017

	Notes	2017 $'000	2016 $'000
CURRENT ASSETS			
Cash and cash equivalents	3(b),4	58,779	72,874
Securities purchased under resale agreements	3(d)	231,671	-
Accounts receivable	5	17,164	12,207
Taxation recoverable		312	-
Total current assets		307,926	85,081
CURRENT LIABILITIES			
Accounts payable	6	406,238	449,623
Loans and borrowings	12	100,000	530,072
Total current liabilities		506,238	979,695
WORKING CAPITAL DEFICIT		(198,312)	(894,614)
NON-CURRENT ASSETS			
Interests in subsidiary and associated companies	7	5,793,503	6,558,662
Investments	8	-	3,800
Property, plant and equipment	9	105,378	88,515
Total non-current assets		5,898,881	6,650,977
Total assets less current liabilities		5,700,569	5,756,363
EQUITY			
Share capital	10	112,214	112,214
Reserves	11	4,200,067	4,408,319
Total equity attributable to stockholders		4,312,281	4,520,533
NON-CURRENT LIABILITIES			
Loans and borrowings	12	1,388,288	1,235,830
Total equity and non-current liabilities		5,700,569	5,756,363

The financial statements on pages 7 to 38 were approved by the Board of Directors on March 1, 2018 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

Company Statement of Profit or Loss Account and Other Comprehensive Income
Year ended December 31, 2017

	Notes	2017 $'000	2016 $'000
Gross operating revenue:			
Management fees - subsidiaries		39,110	86,287
- other		-	22,762
Interest - subsidiaries		38,391	50,446
- other		5,076	3,579
Dividends and capital distributions	13	228,687	295,942
Rent - subsidiaries		11,309	3,749
- other		3,903	4,546
		326,476	467,311
Administration and other operating expenses	14	(275,331)	(461,389)
Profit from operations		51,145	5,922
Net (loss)/gain from fluctuation in exchange rates		(28,930)	90,754
(Loss)/gain on disposal of investments and property, plant equipment		(1,217)	16,866
Decrease in impairment allowance on loans and receivables - subsidiaries	7	12,631	68,491
Sundry income		4,421	-
Profit before finance cost and taxation		38,050	182,033
Finance cost - interest	13	(145,321)	(166,349)
(Loss)/profit before taxation		(107,271)	15,684
Taxation	15	(181)	(223)
(Loss)/profit for the year		(107,452)	15,461
Other comprehensive income:			
Items that may be reclassified to profit or loss:			
Realised revaluation gains on available-for-sale investments transferred to profit and loss account		-	(34,185)
Total comprehensive loss for the year		(107,452)	(18,724)

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

JAMAICA PRODUCERS GROUP LIMITED

Company Statement of Changes in Equity
Year ended December 31, 2017

	Share capital $'000 (note 10)	Share premium $'000	Capital reserves $'000	Fair value reserve $'000	Retained profits $'000	Total equity $'000
Balances at December 31, 2015	18,702	135,087	1,620,610	34,185	2,859,255	4,667,839
Total comprehensive income:						
Profit for the year	-	-	-	-	15,461	15,461
Other comprehensive income						
Realised revaluation gains on available-for-sale investments transferred to profit and loss account	-	-	-	(34,185)	-	(34,185)
Total comprehensive loss for the year	-	-	-	(34,185)	15,461	(18,724)
Transactions with owners of the company						
Unclaimed distributions to stockholders written back (note 16)	-	-	6,075	-	-	6,075
Distributions to stockholders (note 16)	-	-	(134,657)	-	-	(134,657)
Issue of shares – bonus issue (note 10)	93,512	-	(93,512)	-	-	-
Balances at December 31, 2016	112,214	135,087	1,398,516	-	2,874,716	4,520,533
Total comprehensive income:						
Loss for the year, being other Comprehensive loss	-	-	-	-	(107,452)	(107,452)
Transactions with owners of the company						
Unclaimed distributions to stockholders written back (note 16)	-	-	11,414	-	-	11,414
Distributions to stockholders (note 16)	-	-	(112,214)	-	-	(112,214)
Balances at December 31, 2017	112,214	135,087	1,297,716	-	2,767,264	4,312,281

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

JAMAICA PRODUCERS GROUP LIMITED

Company Statement of Cash Flows
Year ended December 31, 2017

	Notes	2017 $'000	2016 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss)/profit for the year		(107,452)	15,461
Adjustments for:			
Depreciation	9	18,598	16,557
Net unrealised exchange gains		29,720	(87,544)
Loss/(gain) on disposal of property, plant and equipment and investments		1,217	(16,866)
Decrease in provision for diminution in value of interest in subsidiaries	7	(12,631)	(68,491)
Impairment loss on trade receivables		154	4,297
Amortisation of bond issuance costs		14,658	7,509
Interest income	13	(43,467)	(54,025)
Interest expense	13	145,321	166,349
		46,118	(16,753)
(Increase)/decrease in current assets:			
Accounts receivable		(4,382)	7,178
Taxation recoverable		(312)	2,153
(Decrease)/increase in current liabilities:			
Accounts payable		(30,360)	138,420
Unclaimed dividends		24,707	11,414
Net cash (used)/provided by operating activities		35,771	142,412
CASH FLOWS FROM INVESTMENT ACTIVITIES			
Securities purchased under resale agreements		(231,919)	362,755
Additions to property, plant and equipment	9	(40,002)	(60,974)
Net movement in investments		3,800	40,975
Interest received		58,955	67,988
Interests in subsidiary and associated companies		727,401	(387,196)
Proceeds from disposal of investments and property, plant and equipment		3,324	63,031
Net cash provided by investment activities		521,559	86,579
CASH FLOWS FROM FINANCING ACTIVITIES			
Distribution to stockholders		(134,657)	(74,810)
Interest paid		(149,181)	(170,866)
Loans and borrowings		(292,272)	7,564
Net cash used by financing activities		(576,110)	(238,112)
Net decrease in cash and cash equivalents		(18,780)	(9,121)
Effect of foreign exchange movement		4,685	599
Cash and cash equivalents at beginning of year		72,874	81,396
Cash and cash equivalents at end of year		58,779	72,874

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

1. The company

Jamaica Producers Group Limited (the company) is incorporated and domiciled in Jamaica. The company's registered office is located at 4 Fourth Avenue, Newport West, Kingston 13.

Its principal activities are the provision of administration services to its subsidiaries and associates (note 21) and the holding of investments.

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.

Certain new, revised and amended standards and interpretations came into effect during the current financial year. None of these pronouncements had a material impact on the financial statements.

At the date of authorisation of the financial statements, certain new, revised and amended standards and interpretations, have been issued which are not yet effective and which the company has not early-adopted. The company has assessed the relevance of all such new standards, amendments and interpretations with respect to its operations and has determined that the following may be relevant:

- 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.* 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.

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

(a) Statement of compliance (continued):

- IFRS 9*, Financial Instruments, continued*

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

- Amendments to IFRS 2, *Classification and Measurement of Share-based Payment Transactions*, 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 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 (continued)

(a) Statement of compliance (continued):

- 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 Customers* is also adopted.

  The company 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 Transactions*, *continued*

  (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 company is assessing the impact that this amendment will have on its 2018 financial statements.

(b) Basis of preparation:

These separate financial statements are intended to show the affairs of the company as a stand-alone business. They are not intended to, and do not, show the consolidated financial position, results of operations and cash flows of the group. The company's interests in subsidiaries [note 21] are shown at cost, less allowance for diminution in value [note 3(i)]. Unless otherwise indicated, references to financial statements herein are to the un-consolidated financial statements.

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

(b) Basis of preparation (continued):

The financial statements are prepared on the historical cost basis, except for available-for-sale investments which are measured at fair value. The financial statements are presented in Jamaica dollars (J$), which is the functional currency of the company.

The preparation of the financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amount of, and disclosures relating to assets, liabilities, contingent assets and contingent liabilities at the reporting 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 assessments

Impairment allowances against the carrying value of interest in subsidiaries and associated companies (note 7) are determined from a comparison between carrying amounts and an estimate of the net present value of future cash flows. That estimate is based on forecasts and an assessment of risk and uncertainty by management. Those estimates could be subject to significant variation from year to year.

(ii) 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 9) within the next financial year.

3. Significant accounting policies

(a) Foreign currencies:

Except for investments in foreign subsidiaries, foreign currency balances at the reporting date are translated at the buying rates of exchange ruling at that date [note 20(b)(ii)]. Investments in foreign subsidiaries are carried at historical rates of exchange.

Transactions in foreign currencies are converted at the rates of exchange ruling at the dates of those transactions. Gains and losses arising from fluctuations in exchange rates are included in profit or loss.

(b) Cash and cash equivalents:

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

(c) Short-term investments:

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

(d) Securities purchased under resale agreements:

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

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

(e) Trade and other receivables:

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

3. Significant accounting policies (continued)

(f) Trade and other payables:

Trade and other payables, including provisions, are measured at amortised cost. A provision is recognised when the company 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.

(g) 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 company 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 company 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, in the case of monetary items such as debt securities, foreign exchange gains and losses.

Where these investments are derecognised, the cumulative gain or loss previously recognised in other comprehensive income is transferred to profit or loss. Where fair value cannot be reliably measured, these investments are measured at cost. Available-for-sale investments include certain equity securities.

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

Available-for-sale investments are recognised/derecognised by the company 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 company.

(g) 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. 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 those qualifying assets.

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the company and it can be measured reliably. The cost of day-to-day servicing of property, plant and equipment is recognised in profit or loss, as it is incurred.

3. Significant accounting policies (continued)

(g) Property, plant and equipment:

(ii) Depreciation

Property, plant and equipment, with the exception of freehold land on which no depreciation is provided, are depreciated on the straight-line basis at annual rates estimated to write-off the assets over their expected useful lives. Depreciation methods, useful lives and residual values are reassessed at each reporting date. The depreciation rates are as follows:

Leasehold land and buildings	5%
Freehold buildings	5%
Furniture and equipment	10%
Motor vehicles	20%
Computer software and equipment	33⅓%

(h) Impairment:

The carrying amounts of the company'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 exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

Financial assets are impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset and that the loss event has an impact on the future cash flows on the asset that can be estimated. Objective evidence that financial assets are impaired can include default or delinquency by a customer or counterparty or indicators that the customer or counterparty will enter bankruptcy.

A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost is also objective evidence of impairment. When a decline in the fair value of an available-for-sale investment has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in equity 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 losses previously recognised in profit or loss.

3. Significant accounting policies (continued)

(i) Impairment (continued):

[i] Calculation of recoverable amount

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

The recoverable amount of other assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value, using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

[ii] Reversals of impairment

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

An impairment loss in respect of an investment in an equity instrument classified as available-for-sale is not reversed through profit or loss. 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.

(i) Employee benefits:

Employee benefits are all forms of consideration given by the company in exchange for service rendered by employees. These include current or short-term benefits such as salaries, bonuses, NIS 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:

- short-term employee benefits are recognised as a liability, net of payments made, and charged as expense.

3. Significant accounting policies (continued)

(j) Employee benefits (continued):

Employee benefits that are earned as a result of past or current service are recognised in the following manner (continued):

- the expected cost of vacation leave that accumulates is recognised when the employee becomes entitled to the leave.
- post-employment benefits are pensions provided through a defined contribution pension plan in which the company participates. The company's contributions to the plan are charged to profit or loss in the period in which they are due.

(k) Revenue:

Revenue from services rendered is recognised in profit and loss in proportion to the stage of completion of the transaction at the reporting date.

(l) Finance costs:

Finance costs represent interest payable on borrowings together with amortised transaction costs and are recognised in profit or loss using the effective interest method.

(m) Interest income:

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

(n) Dividend income:

Dividend income is recognised on the date that the company's right to receive payment is established.

(o) Royalty income:

Royalty income is recognised in profit or loss on an accrual basis in accordance with the substance of the relevant agreement.

3. Significant accounting policies (continued)

(p) 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 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.

(q) 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.

(r) Subsidiary and associated companies:

Interests in subsidiary and associated companies are measured at cost, less allowance for impairment.

4. Cash and cash equivalents

	2017 $'000	2016 $'000
Cash and bank balances	58,779	72,874

5. Accounts receivable

	2017 $'000	2016 $'000
Staff receivables	2,507	4,661
Prepayment	12,045	4,651
Other receivables and prepayments	8,935	9,284
	23,487	18,596
Less: Allowance for impairment	(6,323)	(6,389)
	17,164	12,207

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

	2017 $'000	2016 $'000
Balance at January 1	6,389	2,092
Impairment provision written off	(52)	-
Impairment losses recognised	154	4,297
Exchange gain	(168)	-
Balance at end of year	6,323	6,389

An allowance for impairment in respect of accounts receivable is used to record impairment losses, unless the company 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.

6. Accounts payable

	2017 $'000	2016 $'000
Dividends payable	112,214	134,657
Accrued staff costs	46,512	88,896
Accrued expenses	46,686	65,966
Interest payable	34,672	38,532
Loan from ESOP (i)	116,995	83,173
Trade payables	2,993	15,130
Unclaimed dividends	24,707	11,414
Other	21,459	11,855
	406,238	449,623

7. Interests in subsidiary and associated companies

	2017 $'000	2016 $'000
Subsidiary companies:		
Shares, at cost	4,129,526	4,129,526
Loan accounts receivable	295,535	520,616
Current accounts receivable	2,375,422	2,755,682
Less: Impairment allowance	(336,206)	(350,051)
Loan accounts payable	(439,264)	(443,793)
Current accounts payable	(274,580)	(96,388)
Interest in subsidiaries	5,750,433	6,515,592
Associated companies:		
Shares	43,070	43,070
Interests in subsidiary and associated companies	5,793,503	6,558,662

Shares held in a subsidiary are pledged as security against corporate bonds (note 12).

The recoverable amount of the company's investment in each subsidiary is reviewed annually for impairment. The impairment review at the end of the year resulted in a decrease in the impairment allowance by $12,631,000 (2016: $68,491,000). Net of exchange rate fluctuation of $1,214,000 (2016: nil).

8. Investments

	2017 $'000	2016 $'000
Loans and receivables:		
Corporate bonds 2020	-	3,800
	-	3,800

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Financial Statements (Continued)
December 31, 2017

9. Property, plant and equipment

	Work -in-progress $'000	Freehold land and buildings $'000	Leasehold land and buildings $'000	Equipment, vehicles and furniture $'000	Total $'000
Cost:					
December 31, 2015	1,471	7,662	11,300	112,904	133,337
Additions	-	38,719	-	22,255	60,974
Transfers	(1,471)	1,471	-	-	-
Disposals	-	-	-	(14,743)	(14,743)
December 31, 2016	-	47,852	11,300	120,416	179,568
Additions	12,019	25,571	-	2,412	40,002
Disposals	-	-	-	(16,663)	(16,663)
December 31, 2017	12,019	73,423	11,300	106,165	202,907
Depreciation:					
December 31, 2015	-	-	9,119	73,875	82,994
Charge for the year	-	345	565	15,647	16,557
Eliminated on disposals	-	-	-	(8,498)	(8,498)
December 31, 2016	-	345	9,684	81,024	91,053
Charge for the year	-	2,020	565	16,013	18,598
Eliminated on disposals	-	-	-	(12,122)	(12,122)
December 31, 2017	-	2,365	10,249	84,915	97,529
Net book values:					
December 31, 2017	12,019	71,058	1,051	21,250	105,378
December 31, 2016	-	47,507	1,616	39,392	88,515
December 31, 2015	1,471	7,662	2,181	39,029	50,343

10. Share capital

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

Stated capital, comprising issued and fully paid stock units:

	2017		2016	
	Stock units	Carrying Value $'000	Stock units	Carrying Value $'000
At beginning of year	1,122,144,036	112,214	187,024,006	18,702
Bonus issue	-	-	935,120,030	93,512
At end of year	1,122,144,036	112,214	1,122,144,036	112,214

The company's stated capital does not include share premium which is retained in capital reserves (note 11) in accordance with Section 39 (7) of the Companies Act.

During the prior year, the company completed a bonus issue of shares. Stock holders 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. A sum of $93,512,003 of capital reserves was applied in making a full payment for the issue of 935,120,030 shares at $0.10 per share.

11. Reserves

	2017 $'000	2016 $'000
Capital:		
Share premium (note 10)	135,087	135,087
Other	1,297,716	1,398,516
Total capital	1,432,803	1,533,603
Revenue:		
Retained profits	2,767,264	2,874,716
	4,200,067	4,408,319

Other capital reserves comprise gains on disposal of property, plant and equipment and investments until December 31, 2001, unrealised exchange gains and unclaimed dividends to stockholders (note 16).

The company declared a special capital distribution of $0.10 (2016: $0.12) per share unit effective December 22, 2017 (note 16).

12. Loans and borrowings

	2017 $'000	2016 $'000
Corporate bonds	1,500,000	1,660,072
Bank loans	-	120,000
	1,500,000	1,780,072
Less upfront borrowing costs:		
Balance at start of the year	(14,170)	(21,679)
Incurred during the year	(12,200)	-
Amortised in interest expense for the year	14,658	7,509
	(11,712)	(14,170)
Total carrying value of long-term loans	1,488,288	1,765,902
Less: Current portion long term loan	(100,000)	(530,072)
	1,388,288	1,235,830

(a) On September 29, 2017, the company issued a Corporate bond for $1,500,000,000. This note is secured by shares in Kingston Wharves Limited and is repayable by September 2024. The note is to be repaid by semi -annual payments and a lump sum payment of $700,000,000 in the final year. The interest rate on the loan is fixed at 9% p.a. for the first five years and thereafter at the GOJ 6 month Weighted Average Treasury Bill Yield (WATBY) plus 200 basis points, capped at 12% p.a. The proceeds of this note were principally used to refinance Corporate bonds issued in prior years.

(b) Corporate bond 1 represented a $1,000,000,000 loan, secured by shares in Kingston Wharves Limited and repayable by the year 2020 in yearly instalments of $50,000,000 for the first four years, the sixth year and the seventh year, and lump sum payments of $400,000,000 and $300,000,000 in the fifth and final year respectively. Interest was fixed at 8.9% until March 31, 2015, after which it increased to 9.5% until March 31 2017 and thereafter was at the Weighted Average Treasury Bill Yield (WATBY) plus 250 basis points and capped at 14%. This note was prepaid during the year.

(c) Corporate bond 2 represented a $1,000,000,000 loan, secured on shares in Kingston Wharves Limited and was repayable by the year 2019 in annual instalments of $50,000,000 for the first four years and a lump sum payment of $800,000,000 in the final year. The applicable interest rate was the Weighted Average Treasury Bill Yield (WATBY) plus 250 basis points capped at a rate of 12% for the first two years and thereafter at 14% until maturity. This note was prepaid during the year.

(d) During the prior year the company entered into a bank loan of $120,000,000 payable over a period of 12 months. The interest rate was fixed at 8.5% for the first seven (7) months, and thereafter at the six- month Weighted Average Treasury Bill Yield (WATBY) plus 250 basis points. This was repaid during the year.

13. Financial income and expenses

	2017 $'000	2016 $'000
Financial income:		
Interest income on bank deposits, loans and receivables	43,467	54,025
Dividend income on available-for-sale financial assets	228,687	295,942
Net foreign exchange gain	-	90,754
	272,154	440,721
Financial expenses:		
Interest expense on financial liabilities measured at amortised cost	(145,321)	(166,349)
Net foreign exchange loss	(28,931)	-
	(174,252)	(166,349)
Net finance income	97,902	274,372

14. Disclosure of expenses

	2017 $'000	2016 $'000
Administrative and other expenses:		
Advertising & promotion	930	2,417
Audit	11,452	10,105
Bad debt	154	4,133
Bank charges	1,125	1,659
Depreciation	18,598	16,558
Directors Emoluments – Fees	8,371	8,990
Donations	9,974	9,448
Insurance	1,419	1,932
IT & Communications	9,604	26,762
Legal & professional	20,521	27,946
Office costs	1,665	2,616
Other property costs, maintenance, security, cleaning	6,766	15,682
Rent	15,324	15,862
Staff costs	121,968	277,179
Transport, automobile and associated costs	5,201	7,236
Travel	19,270	21,952
Utilities	2,928	2,755
Other	20,061	8,157
Total administrative and other operating expenses	275,331	461,389

15. Taxation

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

	2017 $'000	2016 $'000
Current tax expense:		
Withholding tax at source on dividend	61	133
Minimum business tax	120	90
	181	223

(b) Reconciliation of actual taxation charge:

The effective tax rate for 2017 was 0.2% (2016: 1.4%) compared to a statutory rate of 25% (2016: 25%). The actual tax charge differs from the "expected" tax charge for the year as follows:

	2017 $'000	2016 $'000
(Loss)/profit before taxation	(107,271)	15,684
Computed "expected" tax charge at 25%	(26,818)	3,921
Taxation difference between profit for financial statements and tax reporting purposes on:		
Loss/(gain) on sale of investment and property, plant and equipment	304	(4,217)
Foreign currency loss/(gain) on capital items	9,579	(25,379)
Capital adjustments	(3,158)	(17,123)
Disallowed income and expenses, depreciation and other items	20,274	43,021
Actual tax charge recognised in the profit and loss account	181	223

(c) At December 31, 2017, taxation losses subject to agreement by the Commissioner General, Tax Administration Jamaica, available for relief against future taxable profits amounted to approximately $1,463,136,000 (2016: $1,198,016,000). 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 $365,784,000 (2016: $299,504,000) has not been recognised as management considers its realisation within the foreseeable future to be uncertain.

16. Distributions to stockholders

	2017 $'000	2016 $'000
Ordinary dividends:		
First interim paid in respect of 2017 - $0.10¢ (2016: $0.12¢) per stock unit - gross	112,214	134,657
Unclaimed dividends written back to capital reserves (note 11)	(11,414)	(6,075)
	100,800	128,582

During the prior year, the company completed a bonus issue of 5 shares for every existing share held by registered shareholders of the company (note 10).

17. Contingent liabilities

The company has given a commitment to one of its subsidiaries of its intention to provide financial support as is necessary for its operations throughout 2017. That subsidiary has a net shareholders' surplus of $124.1 million at December 31, 2017 (2016: deficit of $648.7 million).

18. Operating lease arrangements

Non-cancellable operating lease receivables

Operating leases relate to property owned by the company or property leased from its subsidiaries with lease or sub-lease terms of between 2 to 5 years, with options to extend for a further 1 to 5 years. The lessees do not have the option to purchase the property at the expiry of the lease period.

The company earned property rental income of $15,212,000 (2016:$ 8,295,000) under operating leases. Direct operating expenses arising on the property in the period was $1,038,000 (2016: $1,421,000). Commitments for income under non-cancellable operating leases at year-end are as follows:

	2017 $'000	2016 $'000
Within one year	14,272	13,927
In the second to fifth year inclusive	37,389	48,708
	51,661	62,635

19. Related parties

(a) Identity of related parties:

The company has related party relationships with its directors and officers. The company's executive directors and officers 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 32.2% (2016: 32.4%) of the voting shares of the company. In addition to their salaries, the company contributes to various post-employment benefit plans on behalf of key management personnel.

	2017 $'000	2016 $'000
Short-term employment and other benefits	68,396	130,685
Post-employment benefits	7,966	12,251
Termination benefits	-	18,569
Total remuneration, included in directors' emoluments and staff costs, where applicable (note 14)	76,362	161,505

19. Related parties (continued)

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

		Transactions in year (income)/expense		(Payable)/receivable at end of year		Terms and conditions
		2017	2016	2017	2016	
		$'000	$'000	$'000	$'000	*
Category and nature of relationship	Nature of transactions					
Transactions with joint venture and associate:						
50% joint venture partner	Management services charged by company	-	(22,762)	-	-	2,3,4
50% joint venture partner	Interest on loans charged by company	-	(442)	-	-	2,3,4
42% Associate	Dividend income	228,280	204,250	126,687	120,147	3
Transactions with directors and key management personnel or entities under their control and/or significant influence:						
Company under their control	Insurance premiums charged to company by broker	1,576	1,717	-	-	1,2,3
Company under their control	Professional fees charged to company	3,845	-	-	-	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

20. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one 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, securities purchased under resale agreements, accounts receivable and investments. Financial liabilities include long-term loans and accounts payable.

(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, securities purchased under resale agreements, accounts receivable and accounts payable are assumed to approximate their carrying values due to their relatively short-term nature. The fair value of long-term loans is assumed to approximate the carrying value as the interest rate reflects the market rate. Fair value of quoted investments is the market value. This method falls within the level 1 fair value hierarchy and is defined as quoted prices (unadjusted) in an active market for identical assets. The fair values of other investments are assumed to be cost, less allowance for impairment.

(b) Financial instrument risks:

The company 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 company's exposure to each of the above risks, the company's objectives, policies and processes for measuring and managing risk is detailed below.

The Board of Directors has overall responsibility for the establishment and oversight of the company's risk management framework.

The risk management policies are established to identify and analyse the risks faced by the company, 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 company's activities. Management standards and procedures aim to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

20. Financial instruments (continued)

(b) Financial instrument risks (continued):

(i) Credit risk

Credit risk is the risk of financial loss to the company if a counterparty to a financial instrument fails to meet its contractual obligations. This arises principally from amounts due from customers, securities purchased under resale agreements, other investments and cash and cash equivalents.

The maximum exposure to credit risk at the reporting date is equal to its carrying value:

The company manages this risk as follows:

- Cash and cash equivalents and short-term investments

  The company maintains cash resources and short-term deposits with reputable financial institutions. The credit risk is considered to be low.

  No allowance for impairment is deemed necessary.

- Securities purchased under resale agreements

  Assigned collateral, with a fair value of $273,658,000 (2016: $Nil) for the company, was held for securities purchased under resale agreements [note 3(d)].

  No allowance for impairment is deemed necessary.

- Accounts receivable

  The company has a credit policy in place to minimize exposure to credit risk inherent in trade accounts receivable. Credit terms are negotiated based on a mix of terms acceptable to both parties.

  The company has a policy in place to provide for impairment on all debts more than ninety (90) days past due, except for specific balances that relate to special circumstances that provide fresh 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. These guidelines include the provision of collateral as security for credit extended.

20. Financial instruments (continued)

(b) Financial instrument risks (continued):

(i) Credit risk (continued)

- Accounts receivable (continued)

  Impairment allowances are made for specific balances that are inconsistent with staff guidelines or the terms relating to other receivables.

- Non-current investments

  Credit risk on non-current investments is considered to be minimal. No allowance for impairment is deemed necessary.

  The maximum exposure to credit risk is represented by the carrying amount of each financial asset.

  There were no changes in the company'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 company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimising the return on assets.

The company 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 company'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 company is exposed to foreign currency risk on transactions that are denominated in currencies other than the Jamaica dollar. The main currencies giving rise to this risk are the Pound Sterling (GBP) and United States dollar (USD).

20. Financial instruments (continued)

(b) Financial instrument risks (continued):

(ii) Market risk (continued)

Currency risk (continued)

The company 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 company's approach to managing foreign currency risk during the year.

There were no material foreign currency financial assets/(liabilities) at year-end.

Foreign currency sensitivity analysis

The following table details the company'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 the 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. This analysis is performed on the same basis as in the previous year.

(i) 10% (2016: 10%) Depreciation of JMD

	Effect on profit	
	2017	2016
USD	112,045	135,616
GBP	(50)	(49)

20. Financial instruments (continued)

(b) Financial instrument risks (continued):

(ii) Market risk (continued)

Currency risk (continued)

Foreign currency sensitivity analysis (continued)

(ii) 2% (2016: 2%) Appreciation of JMD

	Effect on profit	
	2017	2016
USD	(22,409)	(27,123)
GBP	10	10

Buying exchange rates at:

	December 31	
	2017	2016
USD 1 to JMD 1	124.11	127.48
GBP 1 to JMD 1	165.35	157.03
EUR 1 to JMD 1	147.10	129.76

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.

Bank loans and overdrafts are subject to interest rates which may be varied by appropriate notice from the lender.

At the reporting date the interest rate profile of the company's interest-bearing financial instruments was:

	2017	2016
	$'000	$'000
Fixed rate instrument		
Financial Liabilities	1,500,000	1,660,072

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

20. Financial instruments (continued)

(b) Financial instrument risks (continued):

(iii) Liquidity risk

Liquidity risk, also referred to as funding risk, is the risk that the company 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 company 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 company's approach to liquidity risk management during the year.

The following tables show the undiscounted cash flows of non-derivative financial liabilities based on the earliest date on which the company can be required to pay. The analysis also assumes that all other variables, in particular interest and exchange rates, remain constant.

	Weighted average interest rate %	Carrying amount $'000	Contractual cash flows $'000	0-1 year $'000	1-5 years $'000	Over 5 years $'000
				2017		
Corporate bonds	9	1,500,000	2,249,183	232,247	980,705	1,036,231
				2016		
Corporate bonds	8.9	1,660,072	2,170,331	570,293	1,600,038	-
Accounts payable		120,000	120,866	120,866	-	-
Short term loan	8.5	449,623	449,623	449,623	-	-
		2,229,695	2,740,820	1,140,782	1,600,038	-

20. Financial instruments (continued)

(c) Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the company defines as total shareholders' equity, excluding minority interest. The level of dividends to ordinary shareholders is also monitored in accordance with the company'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.

There were no changes in the company's approach to capital management during the year.

Neither the company nor any of its subsidiaries are subject to externally imposed capital requirements.

21. Subsidiary and associated companies

The company has the following subsidiary and associated companies. The results of these companies are not included in these financial statements [see note 2 (b)]. Subsidiaries of subsidiaries are indented under their respective parent in the list below. Inactive subsidiaries are excluded.

	% equity held		Place of
	2017	2016	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

21. Subsidiary and associated companies (continued)

	% equity held		Place of
	2017	2016	business
SUBSIDIARY COMPANIES (CONTINUED)			
Kingston Wharves Limited	42	42	Jamaica
Harbour Cold Stores Limited	100	100	Jamaica
Security Administrators Limited	67	67	Jamaica
Western Storage	100	100	Jamaica
Western Terminals Limited	100	100	Jamaica
Four Rivers Mining Company Limited	51	51	Jamaica
JP International Group Limited	100	100	Cayman Islands
Coöperatief JP Foods U.A.	100	100	The Netherlands
A.L.Hoogesteger Fresh Specialist B.V.	100	100	The Netherlands
Tortuga International Holdings Limited	62	62	St. Lucia
Tortuga (Barbados) Limited (formerly Bakers Choice Inc.)	100	100	Barbados
Tortuga Imports, Inc	100	100	U.S.A
Tortuga Caribbean Rum Cake Jamaica Limited	100	100	Jamaica
Tortuga Caribbean Jamaica Limited	100	100	Jamaica
ASSOCIATED COMPANIES			
Tortuga Cayman Limited	40	40	Cayman Islands
Shipping Association of Jamaica of Property Limited	30	30	Jamaica