



JAMAICA PRODUCERS GROUP LIMITED

UNAUDITED GROUP RESULTS
13 WEEKS ENDED MARCH 31, 2018



Jamaica Producers Group Limited

UNAUDITED GROUP RESULTS

13 WEEKS ENDED MARCH 31, 2018

Chairman's Statement

During the first quarter of 2018, Jamaica Producers Group Limited ("JP" or the "Group") returned its corporate headquarters to the waterfront area of Kingston. Although we were based in the New Kingston area for 42 years, we were resident at the Kingston waterfront on Harbour Street at our inception in 1929 and for the majority of our corporate life. Our new head office is in Newport West. We are pleased to join a growing list of significant Jamaican public and private enterprises that are prepared to invest in the infrastructure development and commercial opportunities that are now available in this important part of our city.

For the **13-week** period ended March 31, 2018 ("first quarter"), JP increased consolidated net profit attributable to shareholders by 63% relative to the comparable period in 2017. JP's revenues are also up 31% over the 2017 first quarter revenues. Accordingly, JP earned net profit attributable to shareholders of \$152 million on revenues of \$4.5 billion for the 2018 first quarter.

The major share of the Group's profit during the 13-week period was earned in the Logistics & Infrastructure ("L&I") Division. Kingston Wharves Limited (which operates a multipurpose port and logistics services business) is the Group's largest subsidiary by assets. The L&I Division also includes JP Shipping Services Limited (which operates logistics and shipping services between Caribbean ports and the United Kingdom). The L&I Division generated first quarter profit before finance cost and taxation of \$520 million, a 14% increase on the prior year.

Divisional revenues were up 16% to \$1.8 billion. The Division continues to benefit from a series of initiatives to develop Kingston Wharves as a leading regional multipurpose and multi-user terminal and a market-leading logistics service provider.

JP's Food & Drink ("F&D") Division is the largest contributor to the revenues of the Group. The Division earned first quarter 2018 profit before finance cost and taxation of \$105 million, compared to the prior year result of \$12 million – a nine-fold increase. The F&D Division comprises our portfolio of subsidiaries that are engaged in farming, food processing, food distribution and retail of specialty food and drink. The F&D business has production facilities in Europe and the Caribbean and operates a distribution centre in the United States. Our range of specialty food and drink products includes fresh juices, tropical snacks, fresh fruit and Caribbean rum-based confectionery and baked goods. A.L. Hoogesteger Fresh Specialist B.V. is the largest contributor to the revenues and profits of the Division. This business is a leading producer of fresh juice in Northern Europe and serves as a co-packer of juice for major supermarket and food service entities in the Netherlands, Belgium, Scandinavia, Germany and Switzerland. During the quarter, the Division benefitted from a particularly strong result in our European juice business as well as improved farm yields in our tropical foods business. Our snacks and rum cake businesses also performed creditably.



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Chairman's Statement (cont'd)

Outlook

Jamaica Producers Group along with 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, Kingston Wharves will continue to distinguish itself on the basis of its service levels and its ability to handle a wide range of different types of domestic and transshipment cargo. Accordingly, we are improving the organisation of the shipping terminal and introducing a range of protocols to streamline our systems to allow cargo to be loaded, discharged and processed on behalf of importers and exporters with less wait time and an improved overall customer experience.

Our juice plant, bakery and snack business are all undertaking structured continuous improvement

initiatives that include new production lines, product and packaging innovation and improved sales and marketing activities. During the first quarter, we had a series of projects underway in our juice plant (to improve the efficiency of our juice extraction process in Holland), in our bakery (to diversify our packaging formats for rum cake), in our snack business (to update our packaging with a view to expanding sales volumes of a wider product range in international markets) and on our farms (to expand our pineapple production in Jamaica).

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

C. H. Johnston

Chairman

Jamaica Producers Group Limited

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Group Balance Sheet

	Unaudited as at March 31, 2018 \$'000	Unaudited as at April 1, 2017 \$'000	Audited as at December 31, 2017 \$'000
Current Assets			
Cash and cash equivalents	773,516	660,564	885,254
Short-term investments	-	3,368	-
Securities purchased under resale agreements	3,240,316	2,411,097	3,805,031
Accounts receivable	2,710,832	1,986,075	2,450,355
Taxation recoverable	8,233	22,928	23,944
Inventories	787,067	759,217	765,220
Total Current Assets	7,519,964	5,843,249	7,929,804
Current Liabilities			
Accounts payable	3,116,645	2,065,943	3,432,056
Taxation	103,454	56,634	173,250
Current portion of long-term loans	641,307	771,068	772,256
Total Current Liabilities	3,861,406	2,893,645	4,377,562
Working Capital	3,658,558	2,949,604	3,552,242
Non-Current Assets			
Biological assets	83,314	148,070	119,785
Interest in associated companies	626,581	583,793	625,664
Investments	95,398	107,343	97,813
Intangible assets	1,631,008	1,691,044	1,635,472
Deferred tax assets	1,917	1,943	2,245
Property, plant and equipment	21,284,318	19,676,560	21,083,079
Employee benefit asset	1,174,675	936,177	1,174,675
Total Non-Current Assets	24,897,211	23,144,930	24,738,733
Total Assets Less Current Liabilities	28,555,769	26,094,534	28,290,975
Equity			
Share capital	112,214	112,214	112,214
Reserves	11,353,123	10,433,794	11,148,619
Total equity attributable to equity holders of the parent	11,465,337	10,546,008	11,260,833
Non-Controlling Interest	11,647,421	10,974,014	11,484,023
Total Equity	23,112,758	21,520,022	22,744,856
Non-Current Liabilities			
Deferred tax liability	1,194,665	1,162,025	1,183,851
Long term loans	3,890,554	3,135,725	4,004,476
Retirement benefit obligation	357,792	276,762	357,792
Total Non-Current Liabilities	5,443,011	4,574,512	5,546,119
Total Equity and Non-Current Liabilities	28,555,769	26,094,534	28,290,975
Parent company stockholders' equity per ordinary stock unit:			
Based on stock units in issue	\$10.22	\$9.40	\$10.04
After exclusion of stock units held by ESOP	\$10.97	\$10.14	\$10.78



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Group Profit and Loss Account

	Notes	Unaudited 13 weeks ended March 31, 2018 \$'000	Unaudited 13 weeks ended April 1, 2017 \$'000
Gross operating revenue	3	4,479,348	3,408,271
Cost of operating revenue		(3,143,345)	(2,319,843)
Gross profit		1,336,003	1,088,428
Other income		53,050	46,596
Selling, administrative and other operating expenses		(815,257)	(699,584)
Profit from operations		573,796	435,440
Share of profit in associated companies		(421)	3,747
Profit before finance cost and taxation		573,375	439,187
Finance cost - interest		(98,262)	(74,424)
Profit before taxation		475,113	364,763
Taxation charge		(112,206)	(72,171)
Profit for the period		362,907	292,592
Attributable to:			
Parent company stockholders		151,618	93,105
Non-controlling interest		211,289	199,487
		362,907	292,592
Profit per ordinary stock unit:	4		
Based on stock units in issue		13.51 c	8.30 c
After exclusion of stock units held by ESOP		14.51 c	8.95 c



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Group Statement of Profit or Loss and Other Comprehensive Income

	Unaudited 13 weeks ended March 31, 2018 \$'000	Unaudited 13 weeks ended April 1, 2017 \$'000
Profit for the period	<u>362,907</u>	<u>292,592</u>
Other comprehensive income:		
Items that may be reclassified to profit or loss:		
Exchange gains on translating foreign operations	<u>54,994</u>	<u>28,956</u>
	<u>54,994</u>	<u>28,956</u>
Total comprehensive income for the period	<u><u>417,901</u></u>	<u><u>321,548</u></u>
Attributable to:		
Parent company stockholders	204,503	127,520
Non-controlling interest	<u>213,398</u>	<u>194,028</u>
	<u><u>417,901</u></u>	<u><u>321,548</u></u>



Jamaica Producers Group Limited

UNAUDITED GROUP RESULTS

13 WEEKS ENDED March 31, 2018

Group Statement of Changes in Equity

	Share Capital \$'000	Share Premium \$'000	Capital Reserves \$'000	Fair Value Reserve \$'000	Reserve For Own Shares \$'000	Retained Profits \$'000	Parent Company Stockholders' Equity \$'000	Non- Controlling Interest \$'000	Total Equity \$'000
Balances at December 31, 2016	112,214	135,087	2,202,157	-	(96,911)	8,065,941	10,418,488	10,779,986	21,198,474
Changes in equity:									
Profit for the period	-	-	-	-	-	93,105	93,105	199,487	292,592
Other comprehensive income/(loss)									
Exchange gains arising on retranslation of foreign operations	-	-	34,415	-	-	-	34,415	(5,459)	28,956
Total other comprehensive income/(expense)	-	-	34,415	-	-	-	34,415	(5,459)	28,956
Total comprehensive income for the period being total increase in equity	-	-	34,415	-	-	93,105	127,520	194,028	321,548
Balances at April 1, 2017	112,214	135,087	2,236,572	-	(96,911)	8,159,046	10,546,008	10,974,014	21,520,022
Retained in the financial statements of:									
The company	112,214	135,087	1,533,173	-	-	2,663,471	4,443,939		
Subsidiaries	-	-	703,399	-	(96,911)	5,438,179	6,044,673		
Associated companies	-	-	-	-	-	57,396	57,396		
Balances at April 1, 2017	112,214	135,087	2,236,572	-	(96,911)	8,159,046	10,546,008		



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UNAUDITED GROUP RESULTS

13 WEEKS ENDED March 31, 2018

Group Statement of Changes in Equity (cont'd)

	Share Capital \$'000	Share Premium \$'000	Capital Reserves \$'000	Fair Value Reserve \$'000	Reserve For Own Shares \$'000	Retained Profits \$'000	Parent Company Stockholders' Equity \$'000	Non- Controlling Interest \$'000	Total Equity \$'000
Balances at December 31, 2017	112,214	135,087	2,308,929	-	(72,419)	8,777,022	11,260,833	11,484,023	22,744,856
Changes in equity:									
Profit for the period	-	-	-	-	-	151,618	151,618	211,289	362,907
Other comprehensive income									
Exchange gains arising on retranslation of foreign operations	-	-	52,886	-	-	-	52,886	2,109	54,995
Total other comprehensive income	-	-	52,886	-	-	-	52,886	2,109	54,995
Total comprehensive income for the period	-	-	52,886	-	-	151,618	204,504	213,398	417,902
Other reserve movements									
Other transfer to capital reserve	-	-	15,924	-	-	(15,924)	-	-	-
Transactions with owners recorded directly in equity									
Net movement in subsidiary ESOP	-	-	-	-	-	-	-	(50,000)	(50,000)
Total transactions with owners recorded directly in equity	-	-	-	-	-	-	-	(50,000)	(50,000)
Total increase in equity	-	-	68,810	-	-	135,694	204,504	163,398	367,902
Balances at March 31, 2018	112,214	135,087	2,377,739	-	(72,419)	8,912,716	11,465,337	11,647,421	23,112,758
Retained in the financial statements of:									
The company	112,214	135,087	1,297,715	-	-	2,579,158	4,124,174		
Subsidiaries	-	-	1,080,024	-	(72,419)	6,253,785	7,261,390		
Associated companies	-	-	-	-	-	79,773	79,773		
Balances at March 31, 2018	112,214	135,087	2,377,739	-	(72,419)	8,912,716	11,465,337		



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Group Statement of Cash Flows

	Unaudited as at 13 weeks ended March 31, 2018 \$'000	Unaudited as at 13 weeks ended April 1, 2017 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period	362,907	292,592
Adjustments for items not affecting cash:		
Depreciation and amortisation	290,497	221,340
Share of profits/(losses) in associated companies	421	(3,747)
Losses/(gains) on disposal and acquisition of fixed assets and investments	871	(698)
Exchange movement in working capital	10,250	5,264
Taxation charge	112,206	72,171
Net interest expense	71,942	30,997
	<u>849,094</u>	<u>617,919</u>
Increase in current assets	(270,017)	(127,740)
Decrease in current liabilities	(184,584)	(264,682)
CASH PROVIDED BY OPERATING ACTIVITIES	<u>394,493</u>	<u>225,497</u>
CASH FLOWS FROM INVESTMENT ACTIVITIES		
Additions to property, plant, equipment and biological assets	(401,230)	(374,110)
Proceeds on disposals	173	1,121
Movement in short term investments and repos	564,715	1,244,482
Net movement in interest in associated companies	(1,456)	(271)
Net movement in own shares held by group ESOPs	(50,000)	-
Movement in long term loans receivable	3,123	1,850
Interest received	29,724	24,892
CASH PROVIDED BY INVESTMENT ACTIVITIES	<u>145,049</u>	<u>897,964</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net movement in loans	(251,105)	(693,498)
Interest paid	(132,716)	(111,887)
Distribution to minority interest	(162,976)	(165,903)
Dividends paid	(104,483)	(124,523)
CASH USED BY FINANCING ACTIVITIES	<u>(651,280)</u>	<u>(1,095,811)</u>
Net (decrease)/increase in cash and cash equivalents	(111,738)	27,650
Cash at beginning of the period	885,254	632,914
Cash at end of the period	<u>773,516</u>	<u>660,564</u>



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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 4 Fourth Avenue, Newport West, Kingston 13.

The main activities of the company and its subsidiaries ("group"), 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.

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.

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 \$151,618,000 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 March 31, 2018 was 1,044,832,060 (2017 – 1,040,298,060) 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 1,044,832,060 (2017 – 1,040,298,060), representing the total number of ordinary stock units in issue for the period ended March 31, 2018 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.



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Notes to the Financial Statements (cont'd)

5. Accounting Policies (cont'd)

b. Subsidiaries

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

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

c. Associates

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

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

d. Investments

Investments with fixed or determinable payments and which are not quoted in an active market are classified as loans and receivables and are stated at amortised cost, less impairment losses. Where the group has the positive intent and ability to hold securities to maturity, they are classified as held-to-maturity and recognised initially at cost and subsequently measured at amortised cost, less impairment losses. Other investments held by the group are classified as available-for-sale and are stated at fair value with changes in 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.



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Notes to the Financial Statements (cont'd)

5. Accounting Policies (cont'd)

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 accumulated impairment losses.

(iii) Subsequent expenditure

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

(iv) Amortization

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

The estimates of useful lives are as follows:

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

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

f. Segment reporting

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

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

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



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Notes to the Financial Statements (cont'd)

6. Segment Results

	2018			
	JP Food & Drink	JP Logistics & Infrastructure	Corporate Services	Group
	\$'000	\$'000	\$'000	\$'000
Gross revenue	2,643,650	1,834,624	26,286	4,504,560
Inter - segment revenue	(1,113)	-	(24,099)	(25,212)
Revenue from external sources	<u>2,642,537</u>	<u>1,834,624</u>	<u>2,187</u>	<u>4,479,348</u>
Profit before finance cost and taxation	<u>105,431</u>	<u>520,379</u>	(<u>52,435</u>)	573,375
Finance cost - interest				(98,262)
Profit before taxation				475,113
Taxation				(112,206)
Non-controlling interest				(211,289)
Net profit attributable to parent company stockholders				<u>151,618</u>
	2017			
	JP Food & Drink	JP Logistics & Infrastructure	Corporate Services	Group
	\$'000	\$'000	\$'000	\$'000
Gross revenue	1,828,638	1,579,633	21,136	3,429,407
Inter - segment revenue	-	-	(21,136)	(21,136)
Revenue from external sources	<u>1,828,638</u>	<u>1,579,633</u>	<u>-</u>	<u>3,408,271</u>
Profit before finance cost and taxation	<u>11,835</u>	<u>457,906</u>	(<u>30,554</u>)	439,187
Finance cost - interest				(74,424)
Profit before taxation				364,763
Taxation				(72,171)
Non-controlling interest				(199,487)
Net profit attributable to parent company stockholders				<u>93,105</u>



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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.

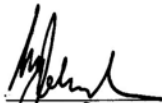
8. Foreign Currency Translation

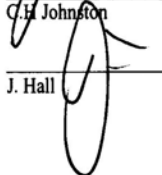
Overseas revenues and expenses have been translated at average exchange rates of J\$148.91 (2017: J\$131.64) to €1, J\$172.99 (2017: J\$157.90) to £1 and J\$124.94 (2017: J\$127.59) to US\$1.

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>
March 31, 2018	150.04	175.48	125.07
December 31, 2017	147.10	165.35	124.11
April 1, 2017	132.97	157.86	127.77
December 31, 2016	129.76	157.03	127.48

On behalf of the Board


C. H. Johnston Chairman


J. Hall Group Managing Director

May 11, 2018

