Jamaica Producers Group Limited

75 Years

Annual Report

2003

Contents

The photographs in this publication represent some of the combinations of fresh produce which are used in manufacturing the yoghurt smoothies and soups produced by Sunjuice Limited, the Group's subsidiary based in Wales.

Financial Highlights

Five-year Summary

	2003	2002	2001	2000	1999
	$'000	$'000 (Restated*)	$'000	$'000	$'000
GROUP PROFIT AND LOSS ACCOUNT					
Gross operating revenue	18,412,626	14,097,166	12,846,012	11,091,475	11,177,835
Profit before taxation and minority interests	1,076,952	927,618	277,606	146,741	290,547
Taxation	(194,669)	(71,212)	(199,050)	(55,170)	(76,994)
Profit after taxation and before minority interests	882,283	856,406	78,556	91,571	213,553
Minority interests	15,454	(130,492)	(38,102)	(6,576)	(20,844)
Profit attributable to the group before extraordinary items	897,737	725,914	40,454	84,995	192,709
Extraordinary items	(5,923)	(24,051)	(421,610)	(4,888)	(36,931)
Net profit/(loss) for the year attributable to the group	891,814	701,863	(381,156)	80,107	155,778
Earnings/(loss) per ordinary stock unit:					
Before extraordinary items	480.01¢	388.14¢	21.63¢	45.45¢	103.04¢
After extraordinary items	476.84¢	375.28¢	(203.80¢)	42.83¢	83.29¢
Distributions to stockholders	167,811	68,505	70,365	69,600	71,037
Average exchange rates:					
US$1 to J$	58.13	48.40	45.91	43.17	38.48
UK£1 to J$	92.21	71.32	65.67	62.07	60.11
GROUP BALANCE SHEET					
Property, plant and equipment, investments, etc.	5,052,977	4,119,940	2,264,904	2,699,432	2,600,527
Working capital	2,540,292	1,571,222	643,969	921,318	975,071
Long-term loans	(234,726)	(206,258)	(151,614)	(113,724)	(150,203)
Deferred income and taxation, etc.	(477,752)	310,011	(97,347)	(99,488)	(62,139)
Minority interests	(429,685)	(255,351)	(219,400)	(537,356)	(502,529)
Stockholders' equity	6,451,106	4,919,542	2,440,512	2,870,182	2,860,727
Capital	18,702	18,702	18,702	18,702	18,702
Reserves	6,432,404	4,900,840	2,421,810	2,851,480	2,842,025
	6,451,106	4,919,542	2,440,512	2,870,182	2,860,727
Stock units eligible for distribution	187,024,006	187,024,006	187,024,006	187,024,006	187,024,006
Stockholders' funds per stock unit	$ 34.49	26.30	13.05	15.35	15.30
Buying exchange rates at December 31:					
US$1 to J$	60.42	50.55	47.17	45.30	41.16
UK£1 to J$	105.89	79.89	66.76	65.43	64.46

*2002 and 2003 are prepared under International Financial Reporting Standards (IFRS). 1999 to 2001 are prepared under Jamaica Generally Accepted Accounting Principles. Adjustments which would be required to make 1999 to 2001 information IFRS compliant are in respect of:

IAS 12 – Income Taxes
IAS 19 – Employee benefits
IAS 22 – Business combinations
IAS 37 – Provisions, contingent liabilities and contingent assets
IAS 38 – Intangible assets
IAS 39 – Financial instruments – Recognition and measurement

Notice of Meeting

NOTICE IS HEREBY GIVEN that the sixty-seventh ANNUAL GENERAL MEETING of JAMAICA PRODUCERS GROUP LIMITED will be held at the Negril Suite, Jamaica Pegasus Hotel, 81 Knutsford Boulevard, Kingston 5, at 10:00 o'clock in the forenoon of Thursday, June 3, 2004 for the following purposes:-

AGENDA

1. To receive and consider the Directors' and Auditors' Reports and Audited Statement of Accounts for the year ended December 31, 2003 and, if thought fit, pass the following resolution:-

   "That the Directors' and Auditors' Reports and Audited Statement of Accounts for the year ended December 31, 2003 be and are hereby adopted."

2. To fix the remuneration of the Auditors for 2003.

3. To pass the following resolution:-

   "That the Auditors, KPMG Peat Marwick, having indicated their willingness to continue in office, be and are hereby re-appointed for the year 2005."

4. To elect Directors.

   To consider and, if thought fit, pass the following resolutions:-

   (a) "That Mr. Jeffrey Hall who, having been appointed a director since the last Annual General Meeting, retires and being eligible, be and is hereby elected a director of the Company."

   (b) "That Mr. David Read who retires by rotation, be and is hereby re-elected a director of the Company."

   (c) "That Mr. Michael Lord who retires by rotation, be and is hereby re-elected a director of the Company."

   (d) "That Prof. Alvin Wint who retires by rotation, be and is hereby re-elected a director of the Company."

5. To transact any other competent business.

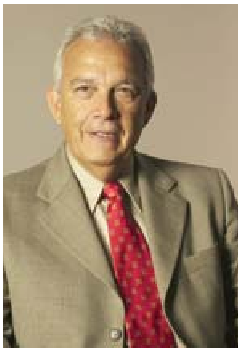
BY ORDER OF THE BOARD

Kermitt McGann
Company Secretary

A member of the Company who is entitled to attend and vote is entitled to appoint one or more proxies to attend and, on a poll, to vote in his stead. A proxy need not be a member of the Company. Form of Proxy must be lodged at the Registered Office of the Company not later than forty-eight hours before the meeting. An appropriate Form of Proxy is attached, to which should be affixed adhesive stamps to the value of $100.00.

Kingston, Jamaica
April 8, 2004

Chairman's Statement



Charles H. Johnston
Chairman

I am pleased to report that in 2003, Jamaica Producers Group (JPG) recorded a net profit of $891.8 million on revenues of $18.41 billion. Our net profit increased 27.1% on a 30.6% increase in revenue year over year. We adopted International Financial Reporting Standards (IFRS) on January 1, 2003. For comparative purposes, our 2002 results have been restated in compliance with IFRS.

In 2004, JPG celebrates its 75th year in business. We have a track record of success in producing, sourcing, transporting, processing and distributing fresh food. JPG today reflects the lessons learned from decades of experience in supplying short shelf-life food products in the United Kingdom – one of the most demanding and competitive markets in the world. In 2003, some of the most enduring and important of these lessons motivated our key strategic initiatives:

- *We found new ways to get closer to the fresh food consumer and diversify our customer base* by strengthening our distribution capabilities through organic growth and through the acquisition of a London-based fresh food distribution business. These initiatives will support our established business of supplying fresh food to major supermarkets by strengthening our position as suppliers to the growing foodservice and convenience store market segments.

We found new ways to get closer to the fresh food consumer and diversify our customer base

- *We developed new ways to add value to our fresh food products*.We expanded the sales and product range of our value-added products – fresh juices, smoothies, soups and tropical snacks.

- *We enhanced the reliability of our produce supply sources* by strengthening our relationships with independent growers around the world and, in Jamaica, by increasing our ownership position in Eastern Banana Estates Limited. Both of Jamaica's large banana estates, Eastern and St. Mary Banana Estates, are now wholly-owned JPG subsidiaries. In addition to being a source of high quality bananas, our estates serve as an important customer interface for the Group's overall produce business by demonstrating our commitment to strict environmental, health and safety standards and to the well-being of our employees and their communities.

- *We have focused on achieving economies of scale through improved capacity utilization.* In our shipping service, we improved our demand forecasting and entered more flexible charter arrangements that allow us to easily off-load space to other parties and to control costs in the event of variations in demand. This builds on similar improvements to the capacity utilization, flexibility and cost control of our fresh produce cold storage and packing facilities in the United Kingdom in recent years.

• *We achieved greater productivity by investing in our employees* through training and continuous improvement. Moreover, we maintained our commitment to ISO standards, fair wages and benefits, and a safe and healthy workplace in all of our businesses.

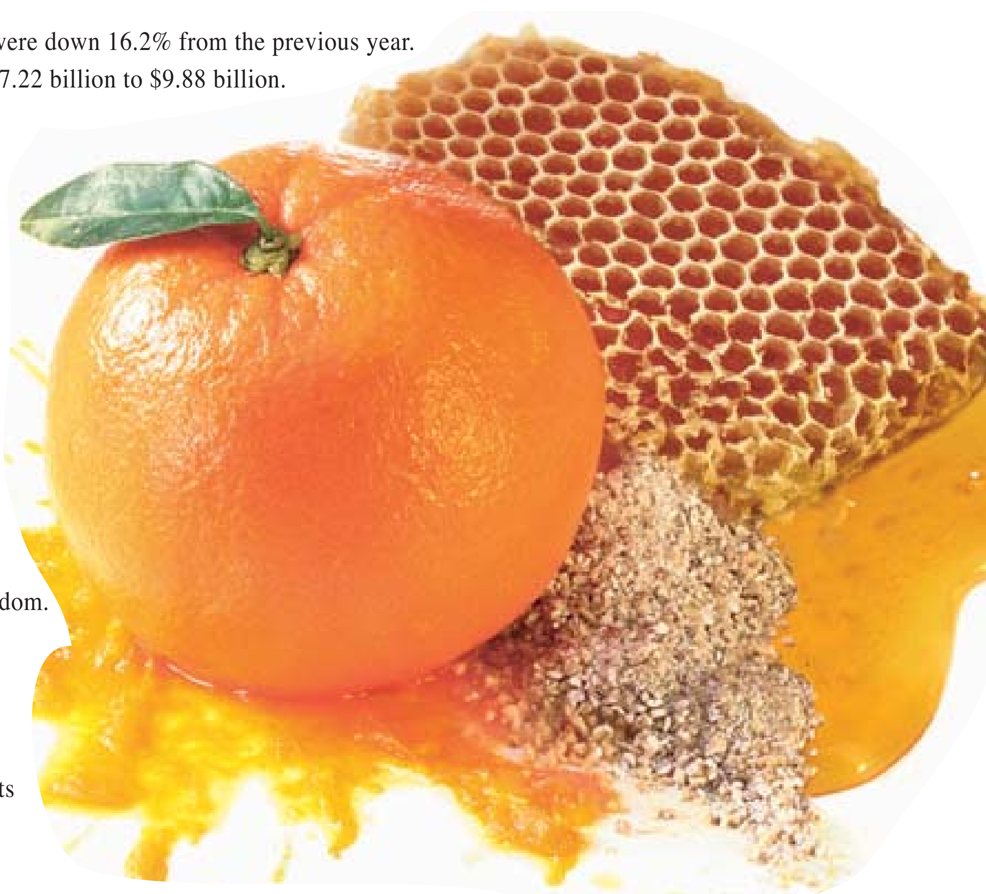
• *We continued to be customer-focused and offered outstanding service*. Customer-measured service and quality levels in all our businesses met the highest standards applicable to the relevant market.

FRESH AND PROCESSED FOODS DIVISION

The Group's largest division is Fresh and Processed Foods. It includes the food processing and distribution businesses that form part of our ongoing push into fresh prepared foods and tropical snacks. This division also sources, markets, packs and distributes a range of tropical and temperate fresh produce (other than bananas) and exports "exotic" produce from Jamaica to the United Kingdom and the United States.

Pre-tax profits of $293.6 million were down 16.2% from the previous year. Revenues increased 36.8% from $7.22 billion to $9.88 billion.

2003 was another exciting and successful year for Sunjuice, our juice and smoothie business based in Wales. Sunjuice was the principal contributor to the profitability of the Fresh and Processed Foods Division. Sales growth remained strong as we brought innovative new products to market, won business from competitors and took advantage of continued growth in the market for fresh foods in the United Kingdom.



During the year, we got closer to our customers, strengthening our relationship with major retail chains whose private label products we produce.

We also continued to build the Sunjuice brand of fresh juices and smoothies, which can now be found in over 2,000 outlets in the UK.

In addition to our commercial successes, we gained recognition at the Great Taste Awards, the largest and most respected fine food awards in Europe. Our Passion-fruit and Lychee Smoothie won a Gold medal, and our Strawberry, Apple and Banana Smoothie won a Bronze medal.

In 2003, we commissioned our new plant in Wales to produce high quality fresh soups for the UK market. We launched the Serious Food Co. brand of fresh soups in convenient microwaveable retail packs and re-sealable catering packs. Our Cream of Red Pepper Soup won a Gold medal at the Great Taste Awards, and our Tomato and Basil Soup won a Silver medal.

The soup business allows us to leverage our strengths in the UK fresh food business, and is expected to make a significant contribution to growth over the next 3-5 years. We are encouraged by the market response to date although sales remain below plant capacity. The soup business recorded significant start-up losses.

In November 2003, Sunjuice acquired Regale Foods, a London-based fresh food distribution business serving the foodservice industry including major hotels and restaurants. As a result of the acquisition, we are able to offer a wider range of products to customers of our London Distribution Centre, and to increase sales of juices, smoothies and fresh soups to Regale's traditional customer base.We are in the process of fully integrating the businesses to ensure that the expected synergies are realized. Regale's operations were moved into the London Distribution Centre at the beginning of 2004 and we now have 20 vans delivering fresh food to 1,200 customers in London. The acquisition had a positive impact on our 2003 profits.

Trading in fresh produce by our subsidiary, JP Fruit Distributors, also produced good results although profits were below the previous year. The main produce lines of the division are apples, citrus, pineapples, melons, pears, grapes and exotics. We source produce globally to ensure year round supply and we distribute principally to the leading UK supermarkets.

In general, our fresh produce business faced some pressure in 2003 as a result of intense competition in the UK supermarket sector. As the major supermarkets jostle for market share, they have sought to drive down prices and costs by squeezing supplier margins. This has had the greatest impact on commodity businesses such as produce.

Our counter-strategy is to be the low-cost provider and to seek market share with added value that distinguishes us from our competitors. As such, the division benefited from our increased emphasis on technical oversight and quality control throughout the supply chain. Moreover, within our lines of produce, we were able to offer new and distinctive varieties of fruit and innovative and convenient packaging.

The Jamaica-based fresh and processed foods businesses showed continued improvement in 2003. The tropical snacks business achieved steady growth, becoming the market-leading producer of banana chips and re-launching exports to Miami and the UK. We have continued to expand the productive capacity of the operation and last year commissioned a new peeling facility and frying line. The produce export business had steady sales of a range of Jamaican "exotic produce" and generated profits in accordance with expectations.

BANANA DIVISION

Our banana business continues to be vertically integrated. This allows us to offer our customers tremendous product knowledge as we are involved at every stage of the value chain—growing, shipping, ripening and distribution. In 2003, the division achieved pre-tax profits of $204.6 million on revenues of $8.32 billion compared with profits of $309.4 million on revenues of $6.83 billion the previous year.

The results in 2003 were achieved despite unusually intense competition in the UK supermarket sector. This led to downward price pressure on food suppliers generally and on our UK banana ripening and distribution business in particular. We maintained a strong position in the market, securing additional business to partially offset eroded margins. The division continues to be a leading banana supplier to the largest players in the UK supermarket sector. In 2003, we also increased sales to the foodservice sector.

We source bananas for the market from high quality producers in Africa, Latin America and the Caribbean. The breadth of our banana procurement is a strategic asset. In 2003, we took further steps to balance our mix of supply sources to strengthen our competitive position and increase our flexibility.

The marketing of ripe and green bananas in Jamaica continues to expand profitably and should benefit from ongoing growth in the Jamaican supermarket sector.

Our banana farms in Jamaica are also seeing improved profits as a result of their continuous improvement programme aimed at cost containment, labour productivity, environmental protection and quality control. The estates maintained their ISO 9001 certification

Marshall Hall,C.D.,Ph.D
Group Managing Director

and ISO 14001 certification. Accordingly, we are able to demonstrate to our customers measurable standards for product and environmental quality as well as social accountability.

The banana farms have made tremendous strides in supporting staff development, welfare and worker productivity. We continued our Employee Education Training Programme on the estates. This literacy training programme includes 800 participants and is jointly funded by ourselves and the European Union. To date, 181 persons have graduated and 80 are expected to graduate in 2004. Across our Jamaican banana operations, a total of 993 persons went on training during 2003 amounting to 4,802 training hours.

We have also made improvements to our staff welfare infrastructure which includes canteens, changing rooms and gazebos. In addition, we introduced a formal Employee Recognition Programme to evaluate all employees at the farms and reward the most outstanding members of the team.

Jamaica Producers Shipping Company successfully restructured its operations to better absorb variances in shipping space requirements and to reduce its stock of equipment. The result was that, in 2003, the line turned in a strong operating result.

CORPORATE

The Corporate segment primarily comprises the cost of corporate functions that are not directly charged to the business units, as well as interest and investment income. In 2003, the Corporate segment generated a pre-tax profit of $578.7 million up from $267.7 million the previous year, primarily due to higher levels of interest income.

Investments

Our investment portfolio performed well in 2003. Early in the year, we realized a gain of $325.6 million on the sale of shares in Jamaica Money Market Brokers Limited (JMMB). We had held these shares since JMMB's inception, and decided to reduce our position following that company's listing on the stock exchange.

At the end of 2003, our balance sheet included available-for-sale investments with a fair value of $1.91 billion. The fair value reserve was $1.62 billion, which represented the unrealized gain on these investments. Our balance sheet has been enhanced by the strong performance of our investment portfolio over time. This is an important source of shareholder value, and gives us the financial flexibility to maintain our diversification programme and pursue strategic investment opportunities in our fresh food business.

COMMUNITY SUPPORT

Our community support programme continues across a wide range of projects in education, environmental control and health.

Our commitment to peace in Jamaica remains unchanged and we continue to support Peace and Love in Schools. This programme has been expanded and renamed Peace and Love in Society and is badly needed to counteract violence in both our schools and our society.

In the field of education, we contributed significantly to the production of a resource book by the University of the West Indies on the history of Early Childhood Education in Jamaica. This text will be required reading for teachers of Early Childhood Education, another area we feel to be of great importance to nation building.

THE FUTURE

Throughout our 75-year history, we have demonstrated that fresh food businesses succeed by focusing on factors within their control and by the delivery of great products and reliable service.

Jamaica Producers Group is fortunate to have planted the seeds of a major long-term diversification and re-development strategy over 20 years ago. This strategy led to the development of Sunjuice and to increased worldwide sourcing and distribution of a wide range of fresh produce other than bananas in the United Kingdom.

The strategy also led to the development of what are now our two wholly-owned estates – the largest banana farms in the Caribbean islands – accounting for over 90% of Jamaica's export banana production. We also established modern large-scale ripening and distribution centres in the UK that handle bananas from a range of global sources.

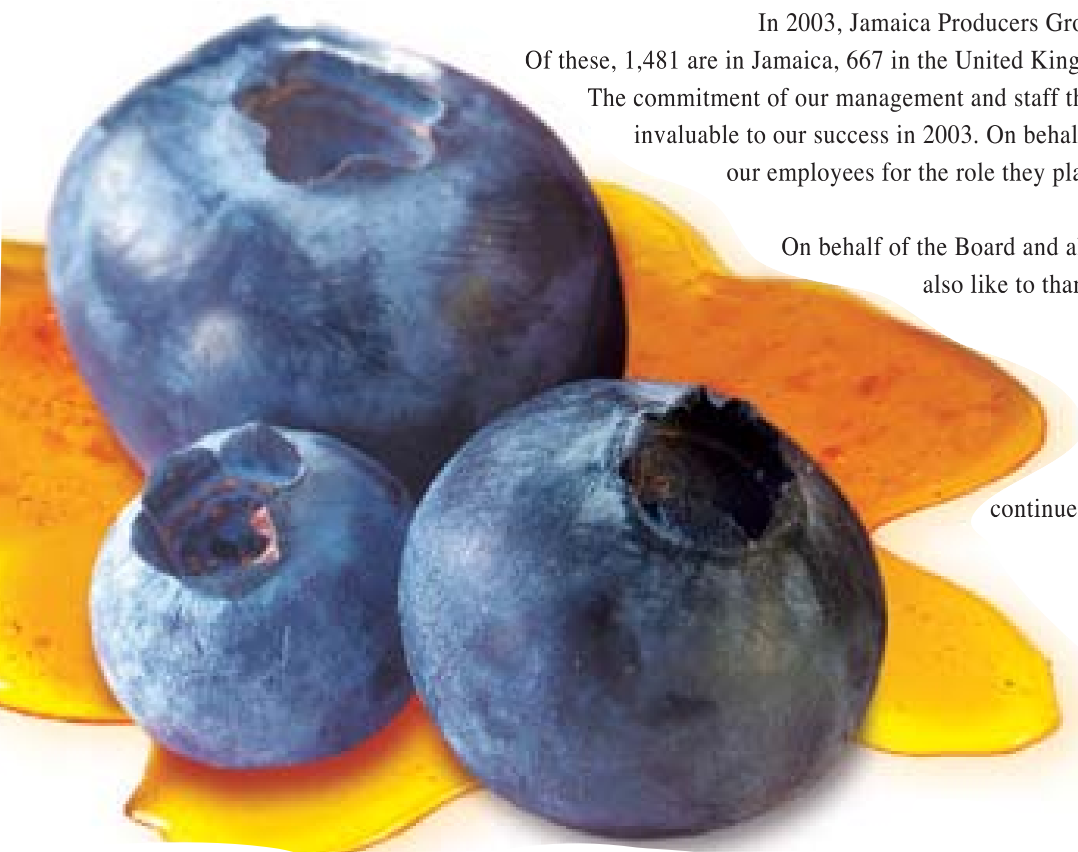
I am pleased to report that our diversification and re-development strategy has been successful. The Group has reduced its exposure to the long-term regulatory and other risks associated with its traditional core banana business. We have done so by making our banana business globally competitive while creating an excellent platform for sustained long-term growth in the wider fresh food business. However, we face a growing challenge to these sectors due to increased competition between the major UK supermarkets. JPG remains nimble and innovative, developing new products, distribution channels and other areas of diversification to create long-term shareholder value. The strength of our balance sheet indicates our flexibility to undertake further diversification.

ACKNOWLEDGEMENTS

In 2003, Jamaica Producers Group had 2,154 employees. Of these, 1,481 are in Jamaica, 667 in the United Kingdom and 6 in Costa Rica. The commitment of our management and staff throughout the Group was invaluable to our success in 2003. On behalf of the Board, I thank all our employees for the role they played in our achievements.

On behalf of the Board and all our employees, I would also like to thank our customers for their support and feedback.

I am fortunate to have extremely dedicated Board members who continue to be generous with their time and guidance.



C. H. Johnston
Chairman
April 8, 2004

Directors' Report

The Directors present this report, the Chairman's statement and the audited Financial Statements for the year 2003 to the 67th Annual General Meeting.

FINANCIAL STATEMENTS

The year's financial statements are shown on pages16 to 48 of this publication.

Highlights are:	**2003**	**2002**
	J$M	**J$M** (Restated)
Gross Operating Revenue	18,413	14,097
Group Attributable Profit	892	702
Retained earnings January1	1,453	785
Retained earnings December 31	2,243	1,453
Earnings per stock unit before extraordinary items	480.01¢	388.14¢
Earnings per stock unit after extraordinary items	476.84¢	375.28¢
Stockholders Funds per stock unit at December 31 amounted to	$34.49	$26.30

DISTRIBUTIONS

		Ordinary	Capital
Interim of 25¢ per share	- paid 25th July 2003	-	46.756
First Special of 25¢ per share	- paid 25th July 2003	-	46.756
Interim of 30¢ per share	- paid 30th December 2003	56.107	-
Second Special of 20¢ per share	- paid 30th December 2003	-	37.405

No final dividend is recommended in respect of 2003.

AUDITORS

The Auditors, KPMG Peat Marwick, have expressed their willingness to continue in office.

DIRECTORS

Your Directors who served diligently during the year are:-

Mr. Aubrey E. Ffrench
The Hon. Emil C. George, O.J., Q.C., B.C.L., M.A. (Oxon.)
Marshall McG. Hall, C.D., Ph.D. - Group Managing Director
Mr. Robert D. Honiball
Mr. Charles H. Johnston, B.Sc. (Econ.) - Chairman
Mrs. Dahlia Kelly, B.Sc.
Mr. Michael R. Lord, O.B.E.
Mr. David McConnell
Mr. John O. Minott, C.D., B.Com., J.P.
Mr. Peter K. Morris, B.Sc.. (Hons.), MBA
Mrs. Kathleen A.J. Moss, B.Sc., MBA, CBV
Mr. David H. Read, O.B.E.
Prof. Alvin G. Wint, B.Sc., MBA, DBA

Messrs. David Read, Michael Lord and Prof. Alvin Wint retire by rotation and being eligible, offer themselves for re-election in accordance with the Articles of Association.

Mr. Jeffrey Hall was appointed a director on 29th January 2004. He retires in accordance with the Articles of Association and being eligible offers himself for election.

MANAGEMENT AND STAFF

Our management and staff at all levels and in all locations, remained committed to their task in the midst of much change and challenge. We thank them for their dedicated service and hard work during 2003.

C.H. Johnston
Chairman

SOUPS

Stilton

Coriander

Chicken & Vegetable

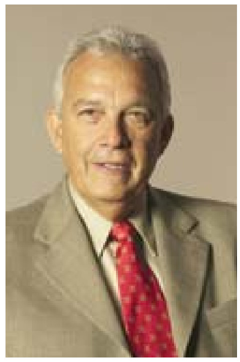
Leek & Potato

SOUPS

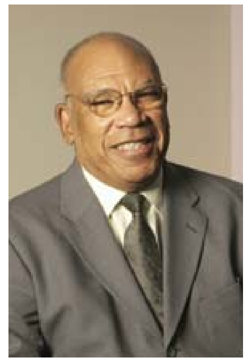
Cream of Red Pepper

Pea & Ham

Board of Directors

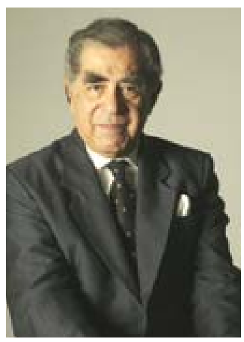


C.H. Johnston
B.Sc. (Econ.)
Chairman



Marshall McG. Hall
C.D.,Ph.D.
Group Managing Director

A.E. Ffrench



E.C. George
O.J., Q.C., B.C.L., M.A. (Oxon)

Jeffrey McG. Hall
B.A., M.P.P., J.D.

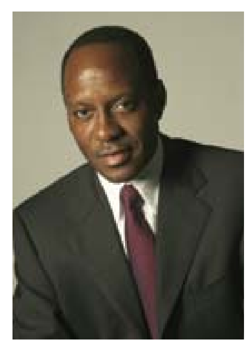
R.D. Honiball

D. Kelly
B.Sc.

M.R. Lord
O.B.E.

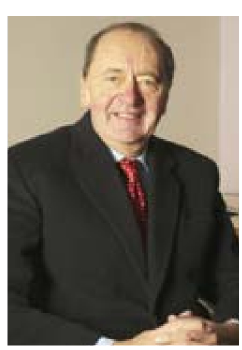
D. McConnell

J.O. Minott
C.D., B.Com., J.P.



P. Morris
B.Sc. (Hons.), MBA

K.A.J. Moss
B.Sc., MBA, CBV



D.H. Read
O.B.E.

A.G. Wint
B.Sc., MBA, DBA

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To the Members of
JAMAICA PRODUCERS GROUP LIMITED

Auditors' Report

We have audited the financial statements as of and for the year ended December 31, 2003, set out on pages 16 to 48, and have obtained all the information and explanations which we required. The financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, proper accounting records have been kept and the financial statements, which are in agreement therewith and have been prepared in accordance with International Financial Reporting Standards, give a true and fair view of the state of affairs of the company and the group as at December 31, 2003, and of the results of operations and cash flows of the group for the year then ended, and comply with the provisions of the Companies Act, so far as concerns members of the company.

April 8, 2004

Jamaica Producers Group Limited

Company Balance Sheet
December 31, 2003

	Notes	2003 $'000	2002 $'000 (Restated*)
CURRENT ASSETS			
Cash resources		62,962	11,135
Short-term investments		182,002	26,503
Securities purchased under resale agreements	2(i)	878,644	729,113
Accounts receivable	3	89,716	57,259
Taxation recoverable		49,191	15,133
Inventories	4	640	552
		1,263,155	839,695
CURRENT LIABILITIES			
Bank overdraft and short-term loan	5	18,410	151,171
Accounts payable	6	129,989	109,694
Unclaimed dividends		27,573	5,544
Current portion of long-term loan	14	3,557	-
		179,529	266,409
WORKING CAPITAL		1,083,626	573,286
INTERESTS IN SUBSIDIARY AND ASSOCIATED COMPANIES	7	84,765	302,225
INVESTMENTS	8	2,141,587	1,746,433
EMPLOYEE BENEFIT ASSET	9	116,619	95,968
DEFERRED TAX ASSETS	10	-	5,260
PROPERTY, PLANT AND EQUIPMENT	11	73,344	86,876
		3,499,941	2,810,048
Financed by:			
STOCKHOLDERS' EQUITY			
Share capital	12	18,702	18,702
Reserves	13	3,433,574	2,791,346
		3,452,276	2,810,048
DEFERRED TAX LIABILITIES	10	45,041	-
LONG-TERM LOAN	14	2,624	-
		3,499,941	2,810,048

The financial statements on pages 16 to 48 were approved by the Board of Directors on April 8, 2004 and signed on its behalf by:

Chairman
C. H. Johnston

Managing Director
M. Hall

* See note 2(a)
The accompanying notes form an integral part of the financial statements.

Jamaica Producers Group Limited

Group Balance Sheet
December 31, 2003

	Notes	2003 $'000	2002 $'000 (Restated*)
CURRENT ASSETS			
Cash resources		1,494,900	1,125,526
Short-term investments		182,002	26,503
Securities purchased under resale agreements	2(i)	878,644	729,113
Accounts receivable	3	2,418,549	1,708,829
Taxation recoverable		52,637	18,504
Inventories	4	498,193	355,424
		5,524,925	3,963,899
CURRENT LIABILITIES			
Bank overdrafts and short-term loans	5	18,410	153,216
Accounts payable	6	2,841,560	1,978,692
Taxation		26,978	124,595
Unclaimed dividends		27,573	5,544
Due to related companies		-	96,106
Current portion of long-term loans	14	70,112	34,524
		2,984,633	2,392,677
WORKING CAPITAL		2,540,292	1,571,222
INTERESTS IN ASSOCIATED COMPANIES	7	76,195	91,485
INVESTMENTS	8	2,262,642	1,772,530
EMPLOYEE BENEFIT ASSET	9	116,619	95,968
GOODWILL		257,318	177,966
DEFERRED TAX ASSETS	10	171,442	215,205
PROPERTY, PLANT AND EQUIPMENT	11	2,168,761	1,766,786
		7,593,269	5,691,162
Financed by:			
STOCKHOLDERS' EQUITY			
Share capital	12	18,702	18,702
Reserves	13	6,432,404	4,900,840
		6,451,106	4,919,542
MINORITY INTERESTS		429,685	255,351
DEFERRED TAX LIABILITIES	10	158,834	111,552
DEFERRED INCOME		48,055	42,914
EMPLOYEE BENEFIT LIABILITIES	9	270,863	155,545
LONG-TERM LOANS	14	234,726	206,258
		7,593,269	5,691,162

The financial statements on pages 16 to 48 were approved by the Board of Directors on April 8, 2004 and signed on its behalf by:

_________________________ Chairman
C. H. Johnston

_________________________ Managing Director
M. Hall

* See note 2(a)
The accompanying notes form an integral part of the financial statements.

Jamaica Producers Group Limited

Group Profit and Loss Account
Year ended December 31, 2003

	Notes	2003	2002
		$'000	$'000 (Restated*)
Gross operating revenue	15	18,412,626	14,097,166
Cost of operating revenue		(15,226,937)	(11,401,493)
Gross profit		3,185,689	2,695,673
Selling and distribution costs		(1,172,892)	(876,102)
Administration and other operating expenses		(1,465,161)	(1,313,960)
Profit from operations		547,636	505,611
Share of profit/(loss) in associated companies		3,346	(3,031)
Finance cost - interest		(26,635)	(28,466)
Net gain from fluctuations in exchange rates		129,597	36,387
Impairment loss on investments		(7,562)	(1,869)
Gains on disposal of property, plant and equipment and investments		322,819	341,360
Gain on disposal of subsidiary		6,302	-
Other income		101,449	77,626
Profit before taxation and minority interests	16	1,076,952	927,618
Taxation	17	(194,669)	(71,212)
Profit after taxation and before minority interests		882,283	856,406
Minority interests		15,454	(130,492)
Profit attributable to the group before extraordinary items		897,737	725,914
Extraordinary items	18	(5,923)	(24,051)
Net profit for the year attributable to the group	19	891,814	701,863
Earnings per ordinary stock unit:			
- before extraordinary items	20	480.01¢	388.14¢
- after extraordinary items		476.84¢	375.28¢

* See note 2(a)
The accompanying notes form an integral part of the financial statements.

Jamaica Producers Group Limited

Group Statement of Changes in Stockholders' Equity
Year ended December 31, 2003

	Share capital (Note 12)	Share premium	Capital reserves	Fair value reserve	Retained profits	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Balances at December 31, 2001						
As previously reported	18,702	135,087	1,467,078	-	819,645	2,440,512
Effect of first-time adoption of International Financial Reporting Standards (IFRS) [note 21(b)]	-	-	236,196	460,389	(34,789)	661,796
Restated balances at December 31, 2001	18,702	135,087	1,703,274	460,389	784,856	3,102,308
Restated net profit for the year [note 21(c)]	-	-	-	-	701,863	701,863*
Exchange gains not recognised in the group profit and loss account	-	-	285,680	-	-	285,680*
Unrealised exchange gains transferred	-	-	33,859	-	(33,859)	-
Change in fair value of investments	-	-	-	1,216,122	-	1,216,122*
Realised gains on investments recognised in group profit and loss account	-	-	-	(317,926)	-	(317,926)*
Unclaimed distributions to stockholders (note 22)	-	-	13,786	-	-	13,786*
Distributions to stockholders (note 22)	-	-	(82,291)	-	-	(82,291)
Restated balances at December 31, 2002	18,702	135,087	1,954,308	1,358,585	1,452,860	4,919,542
Net profit for the year attributable to the group	-	-	-	-	891,814	891,814*
Exchange gains not recognised in the group profit and loss account	-	-	542,019	-	-	542,019*
Unrealised exchange gains transferred	-	-	45,749	-	(45,749)	-
Change in fair value of investments	-	-	-	586,555	-	586,555*
Realised gains on investments recognised in group profit and loss account	-	-	-	(321,013)	-	(321,013)*
Unclaimed distributions to stockholders (note 22)	-	-	19,213	-	-	19,213*
Distributions to stockholders (note 22)	-	-	(130,917)	-	(56,107)	(187,024)
Balances at December 31, 2003	18,702	135,087	2,430,372	1,624,127	2,242,818	6,451,106
Retained in the financial statements of:						
The company	18,702	135,087	1,379,429	1,624,123	294,935	3,452,276
Subsidiary companies	-	-	1,045,116	4	1,938,703	2,983,823
Associated companies	-	-	5,827	-	9,180	15,007
Balances at December 31, 2003	18,702	135,087	2,430,372	1,624,127	2,242,818	6,451,106
The company	18,702	135,087	1,481,172	1,358,581	(183,494)	2,810,048
Subsidiary companies	-	-	465,227	4	1,629,504	2,094,735
Associated companies	-	-	7,909	-	6,850	14,759
Restated balances at December 31, 2002	18,702	135,087	1,954,308	1,358,585	1,452,860	4,919,542

*Total recognised gains for the year - $1,718,588,000 (2002: $1,899,525,000).
The accompanying notes form an integral part of the financial statements.

Jamaica Producers Group Limited

Group Statement of Cash Flows
Year ended December 31, 2003

	2003 $'000	2002 $'000 (Restated*)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit for the year attributable to the group	891,814	701,863
Adjustments to reconcile net profit for the year to net cash provided by operating activities:		
Items not involving cash:		
Depreciation	338,077	294,360
Goodwill amortised	11,864	11,864
Impairment loss on investment	7,562	1,869
Net unrealised exchange gains	277,912	43,866
Deferred tax, net	91,045	(161,838)
Employee benefits, net	94,667	59,577
Gain on disposal of property, plant and equipment and investments	(322,819)	(341,360)
Share of (profit)/loss in associated companies	(2,330)	3,518
Minority interests in profit for the year	(15,454)	130,492
Deferred income amortised	(9,259)	(9,599)
	1,363,079	734,612
(Increase)/decrease in current assets:		
Accounts receivable	(709,720)	(128,505)
Taxation recoverable	(34,133)	(4,341)
Inventories	(142,769)	64,703
Increase/(decrease) in current liabilities:		
Accounts payable	862,868	202,273
Taxation	(97,617)	17,929
Unclaimed distributions to stockholders	22,029	(10,199)
Due to related companies	(96,106)	7,069
Net cash provided by operating activities	1,167,631	883,541
CASH FLOWS FROM INVESTMENT ACTIVITIES		
Short-term investments	(155,499)	(15,519)
Securities purchased under resale agreements	(149,531)	(701,096)
Additions to property, plant and equipment	(281,222)	(233,199)
Proceeds from disposal of property, plant and equipment and investments	327,414	572,467
Interests in associated companies	17,620	(16,256)
Goodwill acquired	(91,216)	-
Additions to investments	(241,662)	(25,159)
Net cash used by investment activities	(574,096)	(418,762)
CASH FLOWS FROM FINANCING ACTIVITIES		
Minority interest in dividends paid by subsidiary company	-	(104,665)
Bank overdrafts and short-term loans	(134,806)	4,233
Long-term loans	64,056	67,120
Deferred income received	14,400	-
Distributions to stockholders	(167,811)	(68,505)
Net cash used by financing activities	(224,161)	(101,817)
Net increase in cash resources	369,374	362,962
Cash resources at beginning of the year	1,125,526	762,564
Cash resources at end of the year	1,494,900	1,125,526

* see note 2(a)
The accompanying notes form an integral part of the financial statements.

1. The company

Jamaica Producers Group Limited ("company") is incorporated under the Laws of Jamaica.

The main activities of the company and its subsidiaries (note 28) are the cultivation, marketing and distribution of bananas and other fresh produce locally and overseas, juice manufacturing and distribution, shipping and the holding of investments.

The average number of employees during the year was 88 (2002: 82) for the company and 2,154 (2002: 1,978) for the group.

2. Basis of preparation, compliance and significant accounting policies

(a) Basis of preparation and compliance:

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB), as well as interpretations issued by the International Financial Reporting Interpretations Committee of the IASB and practice statements issued by the Institute of Chartered Accountants of Jamaica, and comply with the provisions of the Companies Act.

These are the group's first consolidated financial statements prepared in accordance with IFRS. Consequently, there have been significant changes in the accounting policies followed in these financial statements compared with the policies used in previous years. Accordingly, comparative figures have been restated to conform with the provisions of IFRS and the significant accounting policies in paragraphs (c) to (r) below.

IFRS 1, *First-time Adoption of International Financial Reporting Standards,* effective for accounting periods beginning on or after January 1, 2004, has been adopted early in the preparation of the company's and the group's financial statements. An explanation of the effects of the transition to IFRS on the equity, results of operations, financial position and cash flows is provided in note 21.

The financial statements are presented in Jamaican dollars and are prepared on the historical cost basis, except for available-for-sale investments and certain classes of property, plant and equipment which are stated at fair value.

The preparation of the financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amount of assets, liabilities and contingent assets and liabilities at the balance sheet date and the income and expenses for the year then ended. Actual amounts could differ from those estimates.

(b) Basis of consolidation:

Subsidiaries are those entities controlled by the company. Control exists when the company has the power, directly or indirectly, to govern the financial and operating policies so as to obtain benefits from its activities. The consolidated financial statements include the financial statements of all subsidiaries, made up to December 31, 2003.

2. Basis of preparation, compliance and significant accounting policies (cont'd)

(b) Basis of consolidation (cont'd):

Associates are those entities in which the group has significant influence, but not control, over the financial and operating policies. The consolidated financial statements include the group's share of the total recognised gains and losses of associated companies on an equity accounting basis (note 7).

Inter-company balances and transactions, and any unrealised gains arising from inter-company transactions, are eliminated in preparing the consolidated financial statements.

The company, its subsidiaries and associated companies are collectively referred to as the "group".

(c) Foreign currencies:

The group's foreign assets and liabilities are translated at the buying rates of exchange ruling at the balance sheet date [note 26(b)(iii)]. Items in the foreign subsidiaries' profit and loss account are translated at rates of £1 to J$92.21 (2002: J$71.32) and US$1 to J$58.13 (2002: J$48.40), being the average rates of exchange ruling for the year.

Other transactions in foreign currencies are converted at the rates of exchange ruling at the dates of those transactions.

Gains and losses arising from translating income statement items are included in the profit and loss account. Unrealised portions of such gains are, ultimately, transferred to capital reserve. Exchange differences arising on other changes to stockholders' interests are reflected in other capital reserves (note 13).

(d) Property, plant and equipment:

(i) Owned assets

Items of property, plant and equipment are stated at cost, or deemed cost, less accumulated depreciation and impairment losses [see note 2(k)].

Certain items of property, plant and equipment that had been revalued to fair value on or prior to January 1, 2002, the date of transition to IFRS, are measured on the basis of deemed cost, being the carrying amount at that date.

(ii) Leased assets

Leases under which the group assumes substantially all the risks and rewards of ownership are classified as finance leases. Assets acquired under finance leasing arrangements in the United Kingdom are stated at an amount equal to the lower of the fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation, calculated in accordance with the policy in (iii) below, and impairment losses [see note 2(k)]. After deducting interest attributable to future periods, the net amount payable is included in accounts payable.

2. Basis of preparation, compliance and significant accounting policies (cont'd)

(b) Basis of consolidation (cont'd):

Associates are those entities in which the group has significant influence, but not control, over the financial and operating policies. The consolidated financial statements include the group's share of the total recognised gains and losses of associated companies on an equity accounting basis (note 7).

Inter-company balances and transactions, and any unrealised gains arising from inter-company transactions, are eliminated in preparing the consolidated financial statements.

The company, its subsidiaries and associated companies are collectively referred to as the "group".

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Items of property, plant and equipment are stated at cost, or deemed cost, less accumulated depreciation and impairment losses [see note 2(k)].

Certain items of property, plant and equipment that had been revalued to fair value on or prior to January 1, 2002, the date of transition to IFRS, are measured on the basis of deemed cost, being the carrying amount at that date.

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Leases under which the group assumes substantially all the risks and rewards of ownership are classified as finance leases. Assets acquired under finance leasing arrangements in the United Kingdom are stated at an amount equal to the lower of the fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation, calculated in accordance with the policy in (iii) below, and impairment losses [see note 2(k)]. After deducting interest attributable to future periods, the net amount payable is included in accounts payable.

2. Basis of preparation, compliance and significant accounting policies (cont'd)

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

(iii) Depreciation:

Property, plant and equipment, including leased assets, with the exception of freehold land on which no depreciation is provided, are depreciated on the straight-line basis at annual rates, varying between 2% and 50%, estimated to write off the assets over their expected useful lives. Computer software and equipment are depreciated on the straight-line basis at $33\frac{1}{3}$% and 100% per annum, respectively.

(e) Inventories:

Inventories are valued at the lower of cost determined principally on the first-in first-out basis, and net realisable value.

(f) Trade and other receivables:

Trade and other receivables are stated at their costs less impairment losses [see note 2(k)].

(g) Goodwill:

Goodwill represents amounts arising on acquisition of subsidiaries after 1995. Goodwill is stated at cost, less accumulated amortisation and impairment losses [see note 2(k)]. Goodwill is being amortised on the straight-line basis over a period of twenty years.

(h) Investments:

Investments acquired at the time of primary issue are classified as originated securities and are stated at amortised cost less impairment losses [note 2(k)]. Where the group has the positive intent and ability to hold securities to maturity, they are classified as held-to-maturity and stated at amortised cost less impairment losses. Other investments held by the group are classified as being available-for-sale and are stated at fair value with changes in fair value taken to fair value reserve. 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 available-for-sale investments is their quoted bid price.

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

2. Basis of preparation, compliance and significant accounting policies (cont'd)

(i) 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.

(j) Biological assets:

Biological assets represent the cost of the banana plantations which are capitalised up to maturity. These are stated at cost, less accumulated amortisation and impairment losses [see note 2(k)], as fair value cannot be reliably determined. The costs are amortised over a period of twenty years.

(k) Impairment:

The carrying amounts of the company's and the group's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated at each balance sheet date. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the profit and loss account.

(i) Calculation of recoverable amount

The recoverable amount of the group's investments in originated and held-to-maturity securities 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 net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax 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 an originated and held-to-maturity security 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.

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.

2. Basis of preparation, compliance and significant accounting policies (cont'd)

(l) Trade and other payables:

Trade and other payables, including provisions, are stated at their cost. A provision is recognised in the balance sheets when the company and group have 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.

(m) Employee benefits:

Employee benefits are all forms of consideration given by the group in exchange for service rendered by employees. These include current or short-term benefits such as salaries, bonuses, NIS contributions, annual leave, and non-monetary benefits such as medical care and housing; post-employments 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. The expected cost of vacation leave that accumulates is recognised when the employee becomes entitled to the leave. Post-employment benefits are accounted for as described below.

Post-employment benefits, comprising pensions and other post-employment assets and obligations included in the financial statements, are actuarially determined by a qualified independent actuary, appointed by management. The appointed actuary's report outlines the scope of the valuation and the actuary's opinion. The actuarial valuations are conducted in accordance with IAS 19, and the financial statements reflect the company's/group's post-employment benefit asset and obligation as computed by the actuary. In carrying out their audit, the auditors rely on the actuary's report.

Defined benefit pension plans

The group's net obligation in respect of its defined benefit pension plans is calculated by estimating the amount of future benefits that employees have earned in return for their service in the current and prior periods; that value is discounted to determine the present value, and the fair value of any plan assets is deducted. The discount rate is determined by reference to the yield at the balance sheet date on long-term government bonds of maturities approximating the terms of the company's obligation. The calculation is performed by a qualified actuary using the projected unit credit method.

When the benefits of the plan are improved, the portion of the increased benefit relating to past service by employees is recognised as an expense in the group profit and loss account on the straight-line basis over the average period until the benefits become vested. To the extent that the benefits are vested immediately, the expense is recognised immediately in the group profit and loss account.

2. Basis of preparation, compliance and significant accounting policies (cont'd)

(m) Employee benefits (cont'd):

Defined benefit pension plans (cont'd)

All actuarial gains and losses as at January 1, 2002, the date of transition to IFRS, are recognised. In respect of actuarial gains and losses that arise subsequent to January 1, 2002, in calculating the group's obligation in respect of each plan, to the extent that any cumulative unrecognised actuarial gain or loss exceeds ten percent of the greater of the present value of the defined benefit obligation and the fair value of plan assets, that portion is recognised in the profit and loss account over a period representing 50% of the average remaining working lives of staff members in the plan.

Where the calculation results in a pension surplus to the group, the recognised asset is limited to the present value of any future refunds from the plan or reductions in future contributions to the plan less any unrecognised actuarial losses and past service costs.

(n) Revenue:

Revenue from the sale of goods is recognised in the group profit and loss account when the significant risks and rewards of ownership have been transferred to the buyer. Revenue from services rendered is recognised in the group profit and loss account in proportion to the stage of completion of the transaction at the balance sheet date.

(o) Finance costs:

Finance costs represent interest payable on borrowings calculated using the effective interest rate method.

(p) Interest income:

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

(q) Taxation:

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

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing 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 balance sheet 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.

(r) Segment reporting:

A segment is a distinguishable component of the group that is engaged either in providing products (business segment), or in providing products within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

3. Accounts receivable

	Company		Group	
	2003	2002	2003	2002
	$'000	$'000	$'000	$'000
Trade receivables	1,549	394	2,196,300	1,528,843
Staff receivables	31,107	20,885	34,338	23,176
Other receivables and prepayments	91,823	66,911	314,331	258,643
	124,479	88,190	2,544,969	1,810,662
Less: Provision for doubtful debts	(34,763)	(30,931)	(126,420)	(101,833)
	89,716	57,259	2,418,549	1,708,829

Accounts receivable for the company and the group include $201,000 (2002: $8,000) receivable from directors of the company in the ordinary course of business.

4. Inventories

	Company		Group	
	2003	2002	2003	2002
	$'000	$'000	$'000	$'000
Raw materials and consumables	-	-	294,128	179,076
Merchandise	-	-	184,909	159,690
Spare parts and other	640	552	19,156	16,658
	640	552	498,193	355,424

5. Bank overdrafts and short-term loans

The overdraft facility of the company is unsecured (see note 11). The overdraft facility of a UK subsidiary is secured on that subsidiary's freehold property and by a fixed and floating charge over its assets. Interest is charged at between $1^1/_2$% and 2% above base rate. The bank overdraft of a Jamaican subsidiary is secured by a debenture over the fixed and floating assets of that subsidiary, stamped to cover $12 million.

The company's short-term loan, which was unsecured, denominated in US dollars and bore interest at 6% per annum, was repaid during the year.

6. Accounts payable

	Company		Group	
	2003	2002	2003	2002
	$'000	$'000	$'000	$'000
Trade payables	42,702	29,603	2,223,471	1,359,868
Provisions	59,018	51,263	60,666	51,263
Other	28,269	28,828	557,423	567,561
	129,989	109,694	2,841,560	1,978,692

Provisions represent employee benefits and are broken down as follows:

	Company		Group	
	2003	2002	2003	2002
	$'000	$'000	$'000	$'000
Balance at beginning of the year	51,263	-	51,263	-
Provisions made during the year	59,018	51,263	60,666	51,263
Provisions used during the year	(51,263)	-	(51,263)	-
Balance at end of the year	59,018	51,263	60,666	51,263

Provisions include $35,126,000 (2002: $33,436,000) due to directors of the company and the group.

7. Interests in subsidiary and associated companies

	Company		Group	
	2003	2002	2003	2002
	$'000	$'000	$'000	$'000
Subsidiary companies:				
Shares, at cost, less amounts written off	21,455	21,495	-	-
Loan accounts receivable	534,120	431,518	-	-
Loan accounts payable	(792,175)	(713,810)	-	-
Current accounts receivable	893,865	1,194,903	-	-
Current accounts payable	(599,210)	(659,832)	-	-
	58,055	274,274	-	-
Associated companies:				
Shares, at cost, less amounts written off	1	1	28,927	21,927
Group's share of reserves	-	-	16,023	14,759
Loan accounts receivable	32,456	33,709	33,709	43,862
Current accounts (payable)/receivable	(5,747)	(5,759)	(2,464)	10,937
	26,710	27,951	76,195	91,485
	84,765	302,225	76,195	91,485

An associated company, Belvedere Limited has its year-end at June 30 each year, while a subsidiary, Cia. Bananera del Tropico JP, S. A. has its year-end at September 30 each year. The consolidated profit and loss account includes the group's share of profits/losses of these companies, as well as Jamaica Producers Marketing (USA) Inc., based on the management accounts for the year ended December 31, 2003. The results of these companies are insignificant in relation to the group.

8. Investments

	Company		Group	
	2003	2002	2003	2002
	$'000	$'000	$'000	$'000
Available-for-sale securities:				
Quoted-long-term	1,877,143	1,258,377	1,877,288	1,268,463
Unquoted-long-term	34,961	379,210	34,968	395,149
	1,912,104	1,637,587	1,912,256	1,663,612
Originated loans and receivables:				
Government of Jamaica 2006 bonds	120,831	-	120,831	-
Promissory notes	27,406	23,461	27,406	23,461
Loan to employee share ownership Plan (ESOP)	81,207	85,346	81,207	85,346
Other debt securities	-	-	120,831	-
National Housing Trust (receivable in years 2001/2004)	39	39	76	76
Mortgage loans for staff housing	-	-	35	35
	229,483	108,846	350,386	108,918
	2,141,587	1,746,433	2,262,642	1,772,530

8. Investments (cont'd)

Market values of quoted investments are computed based on quotations received from stockbrokers.

It is the opinion of the directors that the value of unquoted investments approximates at least to their carrying value. Unquoted investments at December 31, 2002 include shares in a company which was listed on the Jamaica Stock Exchange on January 2, 2003. The fair value of these shares was $344,249,000, based on their bid price at balance sheet date. Subsequent to listing, 84.4% of these shares were sold during the year.

The number of stock units (note 12) held by the ESOP at December 31, 2003 was 16,546,377 (2002: 16,091,609).

9. Employee benefit asset/liability

The group operates three benefits-based and two contributory pension schemes. These are managed by trustees and cover certain salaried employees of the company and certain of its subsidiary and associated companies, who have satisfied minimum service requirements.

(a) Contributions under the two contributory pension schemes during the year amounted to $14,422,000 (2002: $7,591,000).

(b) The amounts recognised in the balance sheet in respect of the defined benefit schemes are as follows:

(i) Plan asset/obligation:

	Asset		Obligation	
	2003	2002	2003	2002
	$'000	$'000	$'000	$'000
Present value of funded obligations	57,442	73,541	2,583,990	1,464,783
Fair value of plan assets	(280,678)	(251,776)	(1,638,090)	(1,035,774)
	(223,236)	(178,235)	945,900	429,009
Unrecognised actuarial gains/(losses)	69,651	48,227	(675,037)	(273,464)
Unrecognised asset due to limitation in economic benefit	36,966	34,040	-	-
Recognised (asset)/obligation	(116,619)	(95,968)	270,863	155,545

9. Employee benefit asset/liability (cont'd)

(b) The amounts recognised in the balance sheet in respect of the defined benefit schemes are as follows (cont'd):

(ii) Movements in net asset/obligation recognised in the balance sheet:

	Asset		Obligation	
	2003	2002	2003	2002
	$'000	$'000	$'000	$'000
Net (asset)/obligation at January 1	(95,968)	(94,952)	155,545	141,130
Contributions paid	(6,565)	(6,718)	(62,795)	(76,526)
(Income)/expense recognised in the group profit and loss account	(17,013)	(11,479)	119,134	64,617
	(119,546)	(113,150)	211,884	129,221
Exchange loss on retranslation	-	-	58,979	26,324
Change in asset not recognised due to limitation on economic benefit	2,927	17,182	-	-
Net (asset)/obligation at December 31	(116,619)	(95,968)	270,863	155,545

(iii) (Income)/expense recognised in the group profit and loss account:

	Asset		Obligation	
	2003	2002	2003	2002
	$'000	$'000	$'000	$'000
Current service cost	-	(1,790)	83,910	54,204
Interest on obligation	8,071	8,354	93,500	67,112
Actuarial (gains)/losses recognised	(806)	-	19,272	785
Expected return on plan assets	(24,279)	(18,043)	(77,548)	(57,484)
(Income)/expense recognised in the group profit and loss account	(17,014)	(11,479)	119,134	64,617
Actual return on plan assets	17.6%	30.8%	14.3%	(9.5)%

(iv) Principal actuarial assumptions at the balance sheet date (expressed as weighted averages based on the plan assets of each scheme):

	2003	2002
	%	%
Discount rate at December 31	6.65	6.79
Expected return on plan assets at December 31	7.38	7.61
Future salary increases	5.52	5.33
Future pension increases	1.90	1.58

10. Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

Company

	Assets		Liabilities		Net	
	2003	2002	2003	2002	2003	2002
	$'000	$'000	$'000	$'000	$'000	$'000
Property, plant and equipment	-	-	3,413	5,612	(3,413)	(5,612)
Employee benefits	-	-	38,844	31,957	(38,844)	(31,957)
Other liabilities	7,091	-	-	-	7,091	-
Other assets	-	215	9,875	5,018	(9,875)	(4,803)
Tax losses carried forward	-	47,632	-	-	-	47,632
	7,091	47,847	52,132	42,587	(45,041)	5,260

Group

	Assets		Liabilities		Net	
	2003	2002	2003	2002	2003	2002
	$'000	$'000	$'000	$'000	$'000	$'000
Property, plant and equipment	-	-	110,115	89,252	(110,115)	(89,252)
Employee benefits	75,593	-	38,844	17,282	36,749	(17,282)
Other liabilities	18,666	29,557	-	-	18,666	29,557
Other assets	-	216	9,875	5,018	(9,875)	(4,802)
Tax losses carried forward	77,183	185,432	-	-	77,183	185,432
	171,442	215,205	158,834	111,552	12,608	103,653

Movement on net deferred tax during the year is as follows:

	2003	2002
	$'000	$'000
Net deferred tax assets/(liabilities) at beginning of year	103,653	(57,528)
Recognised in group profit and loss account [note 17(a) (ii)]	(91,045)	161,181
Net deferred tax assets at end of year	12,608	103,653

Notes to the Financial Statements (Continued)
December 31, 2003

11. Property, plant and equipment

Company

	Freehold land and buildings	Leasehold land and buildings	Furniture, machinery and motor vehicles	Work-in-progress	Total
	$'000	$'000	$'000	$'000	$'000
At cost:					
December 31, 2002	43,884	26,310	117,122	-	187,316
Transfers	4,676	(4,676)	-	-	-
Additions	1,924	-	11,300	590	13,814
Disposals	-	-	(3,894)	-	(3,894)
December 31, 2003	50,484	21,634	124,528	590	197,236
Depreciation:					
December 31, 2002	9,531	10,164	80,745	-	100,440
Transfers	1,095	(1,095)	-	-	-
Charge for the year	1,346	1,298	24,702	-	27,346
Eliminated on disposals	-	-	(3,894)	-	(3,894)
December 31, 2003	11,972	10,367	101,553	-	123,892
Net book values:					
December 31, 2003	38,512	11,267	22,975	590	73,344
December 31, 2002	34,353	16,146	36,377	-	86,876

11. Property, plant and equipment (cont'd)

Group

	Freehold land and buildings	Leasehold land, buildings and farm develop - ment costs	Furniture, equipment and vehicles	Work-in-progress	Total
	$'000	$'000	$'000	$'000	$'000
At cost or deemed cost:					
December 31, 2002	531,757	872,440	2,496,891	7,306	3,908,394
Additions	8,483	2,877	195,292	74,570	281,222
Transfers	4,676	(8,430)	(1,730)	(764)	(6,248)
Disposals	-	(7,414)	(88,656)	-	(96,070)
Exchange adjustments	155,503	155,940	608,007	-	919,450
December 31, 2003	700,419	1,015,413	3,209,804	81,112	5,006,748
Depreciation:					
December 31, 2002	131,248	355,337	1,655,023	-	2,141,608
Charge for the year	18,551	43,177	276,349	-	338,077
Eliminated on disposals	-	(922)	(84,553)	-	(85,475)
Exchange adjustments	40,691	27,403	375,683	-	443,777
December 31, 2003	190,490	424,995	2,222,502	-	2,837,987
Net book values:					
December 31, 2003	509,929	590,418	987,302	81,112	2,168,761
December 31, 2002	400,509	517,103	841,868	7,006	1,766,786

Freehold land and buildings include land as follows:

	Company		Group	
	2003	2002	2003	2002
	$'000	$'000	$'000	$'000
Deemed cost [note 2(d) (i)]	-	-	138,053	138,053
Directors' allocation of cost	4,507	4,507	4,857	4,857
At cost	21,659	21,659	29,133	29,133
Total land	26,166	26,166	172,043	172,043

Bank overdraft facilities (note 5) are supported by an undertaking from the company not to encumber real estate held at 6A Oxford Road while the company has credit arrangements.

12. Share capital

	2003	2002
	$'000	$'000
Authorised:		
500,000,000 ordinary shares of 10¢ each	50,000	50,000
Issued and fully paid:		
187,024,006 ordinary stock units of 10¢ each (note 8)	18,702	18,702

13. Reserves

	Company		Group	
	2003	2002	2003	2002
	$'000	$'000	$'000	$'000
Capital:				
Share premium	135,087	135,087	135,087	135,087
Fair value reserve	1,624,123	1,358,581	1,624,127	1,358,585
Other [see (a) below]	1,379,429	1,481,172	2,430,372	1,954,308
Total capital	3,138,639	2,974,840	4,189,586	3,447,980
Revenue [see (b) below]:				
Retained profits/(deficit)	294,935	(183,494)	2,242,818	1,452,860
	3,433,574	2,791,346	6,432,404	4,900,840

(a) Other capital reserves comprise gain on disposal of property, plant and equipment and investments, unrealised exchange gains and unclaimed distributions to stockholders (note 22).

(b) Revenue reserves include:

(i) $80,759,000 (2002: $56,750,000) for the company and $80,789,000 (2002: $56,751,000) for the group of franked income available for distribution without deduction of tax.

(ii) Incentive profits of $47,195,000 (2002: $47,195,000) for the company and $358,090,000 (2002: $358,090,000) for the group, which can be distributed to local stockholders without deduction of tax.

As of April 1, 2002, dividends declared by publicly listed companies are not subject to withholding tax.

14. Long-term loans

		Company		Group	
		2003	2002	2003	2002
		$'000	$'000	$'000	$'000
(a)	Bank loans	-	-	281,410	195,548
(b)	Rehabilitation loans	-	-	-	5,252
(c)	Jamaica Exporters Association (JEA)	-	-	17,247	22,507
(d)	Banana Export Company Limited (BECO)	6,181	-	6,181	-
(e)	Finance lease obligations	-	-	-	17,475
		6,181	-	304,838	240,782
Less:	Current portion	(3,557)	-	(70,112)	(34,524)
		2,624	-	234,726	206,258

(a) These are loans, denominated in Pound Sterling (£), which are secured over a subsidiary company's freehold land and building and by a fixed and floating charge over its operating assets. The loans are repayable by monthly or quarterly instalments over a five to fifteen-year period.

(b) The rehabilitation loans received during 1998 are repayable over a three- to five-year period by quarterly instalments after a moratorium period of one year. The loans are secured on the assets that were purchased from the proceeds. Previously, 75% of the loans were converted to grants and made interest-free, retroactive to their commencement.

(c) The JEA loan is denominated in US dollars. It was received in 2000, supported by a bank guarantee and repayable over five years from disbursement, with a moratorium on principal for two years. Interest is charged at a fixed rate of 3% per annum.

(d) This represents an interest-free loan, from the Banana Export Company Limited (BECO) and is repayable by twenty-four monthly payments with a six-month moratorium after the first disbursement.

15. 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, U.K. value added tax and Jamaican General Consumption Tax.

16. Profit before taxation and minority interests

Profit before taxation and minority interests is stated after charging/(crediting):

	2003 $'000	2002 $'000
Directors' emoluments:		
Fees	1,616	1,430
Remuneration	88,140	85,016
Auditors' remuneration	16,678	15,258
Depreciation	338,077	294,360
Goodwill amortised	11,864	11,864
Staff costs	1,837,596	1,467,923
Interest income	(236,435)	(67,936)
Dividends received (gross)	(28,619)	(34,173)

17. Taxation

(a) Recognised in the group profit and loss account.

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

	2003 $'000	2002 $'000
(i) Current tax charge		
Taxation on share of profits of associated companies	1,016	487
United Kingdom Corporation tax @ 30% (2002: 30%)	102,608	231,621
Corporation tax (other than U.K.)	-	285
	103,624	232,393
(ii) Deferred taxation:		
Origination and reversal of temporary differences (note 10)	91,045	(161,181)
Total taxation in group profit and loss account	194,669	71,212

17. Taxation (cont'd)

(b) The effective tax rate for 2003 was 18.08% (2002: 7.68% - restated) of $1,076,952,000 (2002: $927,618,000 - restated) pre-tax profits, compared to the statutory tax rate of 33 1/3% (2002: 33 1/3%). The actual charge differs from the "expected" tax charge for the year as follows:

	2003	2002
	$'000	$'000
Computed "expected" tax charge	358,625	308,897
Taxation difference between profit for financial statements and tax reporting purposes on -		
Overseas taxation	(10,273)	(9,676)
Effect of (tax)/trading losses	(7,578)	(19,773)
Gain on sale of property, plant and equipment and investments	(107,499)	(113,787)
Disallowed expenses, depreciation and other related capital adjustments	(21,402)	75,332
Tax losses utilised	(108,249)	(8,600)
Deferred tax	91,045	(161,181)
Actual tax charge	194,669	71,212

(c) Four subsidiary companies operated under relief from taxation on agricultural income as follows:

Company	IncomeTax Order	Effective dates From	To
Eastern Banana Estates Limited	IncomeTax (Approved Farmer) (No. 3) Order 1993	1992	2001
Victoria Banana Company Limited	IncomeTax (Approved Farmer) (Victoria Banana Company Limited) (No. 4) Order 1995	1996	2003
St. Mary Banana Estates Limited	IncomeTax (Approved Farmer) (No. 3) Order 1993	1992	2001
Agualta Vale Limited	IncomeTax (Approved Farmer) Order of 1984 and 1990.	1990	2000

(d) As at December 31, 2003, tax losses, subject to agreement by the Commissioner of Taxpayer Audit and Assessment, available for relief against future profits amounted to approximately $Nil (2002: $143,038,000 - restated) for the company and $584,363,000 (2002: $853,257,000 - restated) for the group. A deferred tax asset of $167,794,000 in respect of tax losses of certain subsidiaries have not been recognised by the group as management does not believe that the asset will be realised in the foreseeable future.

18. Extraordinary items

		2003	2002
		$'000	$'000
Closure and reorganisation costs	- Jamaica	5,923	20,268
Redundancy costs	- Jamaica	-	3,783
		5,923	24,051

These costs represent the group's restructuring and rationalisation exercise in various subsidiary and associated companies and the write-down of assets and other provisions in the banana farms.

19. Net profit for the year attributable to the group

Net profit dealt with in the financial statements of the company amounted to $512,318,000 [2002: $132,581,000 – restated (note 21(c)].

20. Earnings per ordinary stock unit

The earnings per ordinary stock unit is calculated by dividing the profit for the year of $897,737,000 (2002: $725,914,000 - restated) and a profit of $891,814,000 (2002: $701,863,000 – restated [note 21(c)] attributable to the group before and after extraordinary items, respectively, by the total of 187,024,006 ordinary stock units of 10¢ each being the number of units in issue.

21. Explanation of transition to IFRS

An explanation of the effects of the transition from Jamaica Generally Accepted Accounting Principles (JGAAP) to IFRS [note 2(a)] on equity, financial position, results of operation and cash flows is set out in the following notes and tables.

(a) The nature of IFRS adjustments is set out in the notes below:

(i) IAS 12 - Income taxes: Provision is made for deferred tax on all temporary differences between carrying amounts of assets and liabilities using the balance sheet liability method and tax rates enacted at the balance sheet date. Also, deferred tax asset is recognised on tax losses brought forward that are available for relief against all taxable profits. Deferred tax was not considered significant under JGAAP.

(ii) IAS 19 - Employee benefits: Employee benefit asset and other post retirement obligations are recognised under IFRS based on valuation results of the pension and other schemes carried out by Independent actuaries. Also, the value of outstanding vacation leave is accounted for under IFRS. These were not recognised under JGAAP.

(iii) IAS 22 - Business combinations: Goodwill purchased on the acquisition of a subsidiaary is now being capitalised in accordance with IFRS.

(iv) IAS 37 - Provisions: General provisions made under Jamaica GAAP are reversed to conform with IFRS.

(v) IAS 38 - Intangible assets: Certain assets that were being carried under Jamaica GAAP are being written off to conform with IFRS.

(vi) IAS 39 - Financial Instruments - recognition and measurement: Investments were carried at the lower of cost and fair value under JGAAP. Under IFRS, investments classified as available-for-sale are shown at fair value. The resultant difference between the carrying values under JGAAP and IFRS is taken to fair value reserve.

21. Explanation of transition to IFRS (cont'd)

(b) Reconciliation of 2001 group equity:

	Capital reserves	Fair value reserve	Retained earnings	Total
	$'000	$'000	$'000	$'000
Balances at December 31, 2001:				
As previously reported	1,467,078	-	819,645	2,286,723
Effect of first-time adoption of IFRS:				
IAS 12 – Income taxes [a(i)]	-	-	(10,778)	(10,778)
IAS 19 – Employee benefits [a(ii)]	(1,090)	-	(4,359)	(5,449)
IAS 22 – Business combination [a(iii)]	237,286	-	(47,456)	189,830
IAS 37 – Provisions [a(iv)]	-	-	27,804	27,804
IAS 39 – Financial instruments – recognition and measurement [a(vi)]	-	460,389	-	460,389
Total effect of first-time adoption of IFRS	236,196	460,389	(34,789)	661,796
As restated	1,703,274	460,389	784,856	2,948,519

(c) Reconciliation of 2002 net profit:

	Company	Group
	$'000	$'000
Net profit for the year:		
As previously reported	117,527	588,251
Effect of first-time adoption of IFRS:		
IAS 12 – Income taxes [a(i)]	16,038	119,992
IAS 19 – Employee benefits [a(ii)]	(984)	3,627
IAS 37 – Provisions [a(iv)]	-	1,857
IAS 38 – Intangible assets [a(v)]	-	(11,864)
Total effect of first-time adoption of IFRS	15,054	113,612
As restated	132,581	701,863

21. Explanation of transition to IFRS (cont'd)

(d) The summarised effects of (b) and (c) on the company's and group's financial position as at December 31, 2002 and in the preparation of an opening IFRS balance sheet as at January 1, 2002 (the company's and group's date of transition) are as follows:

Company

	January 1, 2002			December 31, 2002		
	Previous JGAAP	Effects of transition to IFRS	IFRS	Previous JGAAP	Effects of transition to IFRS	IFRS
	$'000	$'000	$'000	$'000	$'000	$'000
CURRENT ASSETS						
Cash resources	40,657	-	40,657	11,135	-	11,135
Short-term investments	10,984	-	10,984	26,503	-	26,503
Securities purchased under resale agreements	28,017	-	28,017	729,113	-	729,113
Accounts receivable	119,342	-	119,342	57,259	-	57,259
Taxation recoverable	10,296	-	10,296	15,133	-	15,133
Inventories	30,390	-	30,390	552	-	552
	239,686	-	239,686	839,695	-	839,695
CURRENT LIABILITIES						
Bank overdraft and short-term loan	-	-	-	151,171	-	151,171
Accounts payable [(a)(ii)]	56,461	-	56,461	107,694	2,000	109,694
Unclaimed dividends	15,743	-	15,743	5,544	-	5,544
Current portion of long-term loan	2,500	-	2,500	-	-	-
	74,704	-	74,704	264,409	2,000	266,409
WORKING CAPITAL	164,982	-	164,982	575,286	(2,000)	573,286
INTERESTS IN SUBSIDIARY AND ASSOCIATED COMPANIES	562,329	-	562,329	302,225	-	302,225
INVESTMENTS [(a)(vi)]	443,363	460,389	903,752	397,814	1,348,619	1,746,433
DEFERRED TAX ASSETS [(a)(i)]	-	-	-	-	5,260	5,260
EMPLOYEE BENEFIT ASSET [(a)(ii)]	-	94,952	94,952	-	95,968	95,968
PROPERTY, PLANT AND EQUIPMENT	163,600	-	163,600	86,876	-	86,876
	1,334,274	555,341	1,889,615	1,362,201	1,447,847	2,810,048
STOCKHOLDERS' EQUITY						
Share capital	18,702	-	18,702	18,702	-	18,702
Reserves [(a)(i), (ii), (iii), (iv), (v), (vi)]	1,294,476	544,563	1,839,039	1,343,499	1,447,847	2,791,346
	1,313,178	544,563	1,857,741	1,362,201	1,447,847	2,810,048
DEFERRED TAX LIABILITIES [(a)(i)]	-	10,778	10,778	-	-	-
LONG-TERM LOAN	21,096	-	21,096	-	-	-
	1,334,274	555,341	1,889,615	1,362,201	1,447,847	2,810,048

Notes to the Financial Statements (Continued)
December 31, 2003

21 Explanation of transition to IFRS (cont'd)

(d) The summarised effects of (b) and (c) on the company's and group's financial position as at December 31, 2002 and in the preparation of an opening IFRS balance sheet as at January 1, 2002 (the company's and group's date of transition) are as follows: (cont'd)

Group

	January 1, 2002			December 31, 2002		
	Previous JGAAP	Effects of transition to IFRS	IFRS	Previous JGAAP	Effects of transition to IFRS	IFRS
	$'000	$'000	$'000	$'000	$'000	$'000
CURRENT ASSETS						
Cash resources	762,564	-	762,564	1,125,526	-	1,125,526
Short-term investments	10,984	-	10,984	26,503	-	26,503
Securities purchased under resale agreements	28,017	-	28,017	729,113	-	729,113
Accounts receivable	1,580,324	-	1,580,324	1,708,829	-	1,708,829
Taxation recoverable	14,163	-	14,163	18,504	-	18,504
Inventories	420,127	-	420,127	355,424	-	355,424
	2,816,179	-	2,816,179	3,963,899	-	3,963,899
CURRENT LIABILITIES						
Bank overdrafts and short-term loans	148,983	-	148,983	153,216	-	153,216
Accounts payable [(a)(ii),(iv)]	1,776,419	(36,280)	1,740,139	2,006,353	(27,661)	1,978,692
Taxation	106,666	-	106,666	124,595	-	124,595
Unclaimed dividends	15,743	-	15,743	5,544	-	5,544
Due to related companies	89,037	-	89,037	96,106	-	96,106
Current portion of long-term loans	35,362	-	35,362	34,524	-	34,524
	2,172,210	(36,280)	2,135,930	2,420,338	(27,661)	2,392,677
WORKING CAPITAL	643,969	36,280	680,249	1,543,561	27,661	1,571,222
INTERESTS IN ASSOCIATED COMPANIES	72,685	-	72,685	91,485	-	91,485
INVESTMENTS [(a)(vi)]	541,352	460,389	1,001,741	413,945	1,358,585	1,772,530
EMPLOYEE BENEFIT ASSET [(a)(ii)]	-	94,952	94,952	-	95,968	95,968
GOODWILL [(a)(iii)]	-	189,830	189,830	-	177,966	177,966
DEFERRED TAX ASSETS [(a)(i)]	-	27,791	27,791	-	215,205	215,205
PROPERTY, PLANT AND EQUIPMENT	1,650,867	-	1,650,867	1,766,786	-	1,766,786
	2,908,873	809,242	3,718,115	3,815,777	1,875,385	5,691,162
STOCKHOLDERS' EQUITY						
Share capital	18,702	-	18,702	18,702	-	18,702
Reserves [(a)(i), (ii), (iii), (iv), (v), (vi)]	2,421,810	661,796	3,083,606	3,252,057	1,648,783	4,900,840
	2,440,512	661,796	3,102,308	3,270,759	1,648,783	4,919,542
MINORITY INTERESTS [(a)(i),(ii)]	219,400	(21,512)	197,888	241,763	13,588	255,351
DEFERRED TAX LIABILITIES [(a)(i)]	58,148	27,828	85,976	54,083	57,469	11,552
DEFERRED INCOME	39,199	-	39,199	42,914	-	42,914
EMPLOYEE BENEFIT LIABILITIES [(a)(ii)]	-	141,130	141,130	-	155,545	155,545
LONG-TERM LOANS	151,614	-	151,614	206,258	-	206,258
	2,908,873	809,242	3,718,115	3,815,777	1,875,385	5,691,162

21. Explanation of transition to IFRS (cont'd)

(e) The summarised effects of (c) on the company's and group's results of operations for the year ended December 31, 2002 are as follows:

Company

	Previous JGAAP	Efects of transition to IFRS	IFRS
	$'000	$'000	$'000
Gross operating revenue	6,836	-	6,836
Cost of operating revenue	(5,404)	-	(5,404)
Gross profit	1,432	-	1,432
Other operating revenue:			
Sundry	8,173	-	8,173
Management fees - subsidiaries	128,604	-	128,604
Interest - other	32,277	-	32,277
- subsidiaries	27,807	-	27,807
Dividends and capital distributions - other	34,173	-	34,173
- subsidiaries	1,100	-	1,100
Impairment loss on investments	(1,869)	-	(1,869)
Joint venture operations	(5,174)	-	(5,174)
Administration expenses	(255,342)	-	(255,342)
Other operating expenses [(a)(ii)]	(30,876)	(984)	(31,860)
Loss from operations	(59,695)	(984)	(60,679)
Finance costs - interest	(4,076)	-	(4,076)
Net gain from fluctuations in exchange rates	31,806	-	31,806
Gain on disposal of investments	295,762	-	295,762
Gain on disposal of property, plant and equipment	14,289	-	14,289
Profit before taxation and extraordinary items	278,086	(984)	277,102
Taxation [(a)(i)]	-	16,038	16,038
Profit after taxation and before extraordinary items	278,086	15,054	293,140
Extraordinary items	(160,559)	-	(160,559)
Net profit for the year	117,527	15,054	132,581

21. Explanation of transition to IFRS (cont'd)

(e) The summarised effects of (c) on the company's and group's results of operations for the year ended December 31, 2002 are as follows: (cont'd)

Group

	Previous JGAAP $'000	Effects of transition to IFRS $'000	IFRS $'000
Gross operating revenue	14,097,166	-	14,097,166
Cost of operating revenue	(11,401,493)	-	(11,401,493)
Gross profit	2,695,673	-	2,695,673
Distribution costs	(876,102)	-	(876,102)
Administration and other operating expenses [(a) (ii), (v)]	(1,310,911)	(3,049)	(1,313,960)
Profit from operations	508,660	(3,049)	505,611
Share of loss in associated companies	(3,031)	-	(3,031)
Finance costs - interest	(28,466)	-	(28,466)
Net gain from fluctuations in exchange rates	36,387	-	36,387
Impairment loss on investments	(1,869)	-	(1,869)
Gain on disposal of property, plant and equipment and investments	341,360	-	341,360
Other income	77,626	-	77,626
Profit before taxation and minority interests	930,667	(3,049)	927,618
Taxation [(a)(i)]	(232,298)	161,086	(71,212)
Profit after taxation and before minority interests	698,369	158,037	856,406
Minority interests [(a)(i), (ii)]	(86,067)	(44,425)	(130,492)
Profit attributable to the group before extraordinary items	612,302	113,612	725,914
Extraordinary items	(24,051)	-	(24,051)
Net profit for the year attributable to the group	588,251	113,612	701,863

(f) Effect on statement of cash flows:

There was no adjustment between the net increase in cash resources for the year presented in the cash flow statement under IFRS and that presented under previous JGAAP.

22. Distributions to stockholders

	2003 $'000	2002 $'000
Capital distributions:		
First interim paid in respect of 2003 - 25¢ (2002 - 20¢) per stock unit - gross	46,756	37,405
Special interim paid in respect of 2003 - 25¢ (2002 – Nil) per stock unit - gross	46,756	-
Second special interim paid in respect of 2003- 20¢ (2002 second interim - 24¢) per stock unit - gross	37,405	44,886
	130,917	82,291
Ordinary dividends:		
Interim paid in respect of 2003 – 30¢ (2002: Nil) per stock unit – gross	56,107	-
	187,024	82,291
Unclaimed distributions written back to capital reserve [note 13(a)]	(19,213)	(13,786)
	167,811	68,505

23. Contingent liabilities

(a) The company has given a guarantee of $1,000,000 to cover bank borrowings of a subsidiary. One of the company's bankers, Bank of Nova Scotia Jamaica Limited, has also issued a letter of credit in favour of Jamaica Public Service Company Limited for $521,000.

(b) On November 4, 2003, a subsidiary acquired a 100% shareholding in a company incorporated in Great Britain, for initial consideration of £800,000 ($80,000,000). Additional consideration estimated at £868,000 ($91,913,000) may be payable in 2004 and 2005, depending on certain performance milestones being achieved.

24. Commitments

(a) Unexpired lease commitments at December 31, 2003 expire as follows:

	Company		Group	
	2003 $'000	2002 $'000	2003 $'000	2002 $'000
Within one year	-	-	1,906	26,541
Subsequent years	-	-	34,308	58,278
	-	-	36,214	84,819

(b) As at December 31, 2003, capital expenditure authorised but not committed amounted to approximately $36,916,000 (2002: $10,620,000) for the company and $872,087,000 (2002: $440,118,000 - restated) for the group.

(c) At December 31, 2003, a subsidiary had purchase commitments of $126,882,000 (US$ 2,100,000) (2002: $Nil), in the ordinary course of business in respect of forward exchange contracts.

25. Segment Reporting

Segment information is presented in respect of the group's business segments. The primary format, business segmentation, 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. Unallocated items comprise mainly income-earning assets and revenue.

Segment capital expenditure is the total cost incurred during the year to acquire segment assets that are expected to be used for more than one period.

Business segments:

The group is organised into three business segments. These are:

(a) Banana segment – this comprises the growing, sourcing, ripening, marketing and distribution of bananas and the operation of a shipping line that, inter alia, transports bananas to the United Kingdom.

(b) Fresh and processed foods segment – this comprises the sourcing, marketing and distribution of fresh produce (other than bananas), and the production and marketing of fresh juices, drinks and other freshly prepared foods and tropical snacks.

(c) Corporate segment – this comprises the cost of corporate functions that are not directly charged to business units, as well as interest and investment income.

	Banana		Fresh and Processed Foods		Corporate		Total	
	2003	2002	2003	2002	2003	2002	2003	2002
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Gross operating revenue	8,319,180	6,833,172	9,881,263	7,222,970	357,859	195,537	18,558,302	14,251,679
Inter-segment revenue	(20,514)	(26,674)	-	-	(125,162)	(127,839)	(145,676)	(154,513)
Revenue from external customers	8,298,666	6,806,498	9,881,263	7,222,970	232,697	67,698	18,412,626	14,097,166
Segment result	204,607	309,430	289,036	348,360	579,963	272,859	1,073,606	930,649
Share of profit/(loss) in associated companies	-	-	4,599	2,143	(1,253)	(5,174)	3,346	(3,031)
Profit before taxation and minority interests	204,607	309,430	293,635	350,503	578,710	267,685	1,076,952	927,618
Taxation							(194,669)	(71,212)
Minority interests							15,454	(130,492)
Extraordinary items							(5,923)	(24,051)
Net profit for the year							891,814	701,863
Segment assets	3,259,090	2,738,771	3,064,584	2,318,787	4,254,228	3,026,281	10,577,902	8,083,839
Segment liabilities	2,143,923	1,252,538	1,263,546	1,454,343	719,327	457,416	4,126,796	3,164,297
Capital expenditure	106,831	84,838	154,075	147,996	20,316	365	281,222	233,199
Depreciation and amortisation	195,182	177,385	119,679	101,592	35,080	27,247	349,941	306,224

26. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of an enterprise and a financial liability or equity instrument of another enterprise. For the purpose of the financial statements, financial assets have been determined to include cash resources, short-term investments, securities purchased under resale agreements, accounts receivable and investments. Financial liabilities include bank overdrafts and demand loans, accounts payable, due to related companies and long-term loans.

(a) Fair value of financial instruments:

Fair value amounts represent estimates of the arm's length consideration for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties who are under no compulsion to act. Fair value is best evidenced by a quoted market price, if one exists.

The fair value of cash resources, short-term investments, securities purchased under resale agreements, accounts receivable, bank overdrafts and demand loans, accounts payable, unclaimed dividends and due to related companies are assumed to approximate their carrying values due to their relatively short-term nature. The fair value of quoted investments is at market value. The fair value of other investments, except for certain unquoted shares (note 8), are assumed to be cost less provision for impairment.

The fair value for long-term loans is assumed to approximate carrying value as no discount on settlement is anticipated.

(b) Financial instrument risks:

Exposure to credit, interest rate, foreign currency, market, liquidity and cash flow risks arises in the ordinary course of the company's and the group's business. No derivative financial instruments are presently used to manage, mitigate or eliminate exposure to financial instrument risk, except as shown in note 24 (c).

(i) Credit risk:

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation resulting in loss to the other party.

The company and the group manage this risk by:

- having a credit policy in place to minimize exposure to credit risk;
- performing credit evaluations on all customers requiring credit; and
- maintaining cash resources with reputable financial institutions.

Except for cash resources and accounts receivable, there were no other significant concentrations of credit risk and the maximum exposure to credit risk is represented by the carrying amount of each financial asset.

(ii) Interest rate risk:

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The company and the group materially contract financial liabilities at fixed interest rates for the duration of the term. Bank overdrafts are subject to fixed interest rates which may be varied by appropriate notice by the lender. Financial liabilities subject to fixed interest rates are shown at note 14.

26. Financial instruments (cont'd)

(b) Financial instrument risks (cont'd):

(iii) Foreign 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 and the group are exposed to foreign currency risk on transactions that are denominated in currencies other than the Jamaican dollar. The main currencies giving rise to this risk are the Pound Sterling (£), United States dollar (US$) and Costa Rican Colones (CR¢).

The company and group manage this risk by matching foreign currency assets with liabilities as far as possible.

The net foreign currency assets at year-end were as follows:

	Company		Group	
	2003 ('000)	2002 ('000)	2003 ('000)	2002 ('000)
US dollar	US$16,066	8,739	26,133	9,060
Pound Sterling	£ 786	219	7,028	3,427
Costa Rican (CR) Colones	CR¢ -	-	57,050	26,197

Buying exchange rates at:

	April 8, 2004	December 31 2003	December 31 2002
US$1 to J$	J$ 60.64	60.42	50.55
UK£1 to J$	J$ 111.64	105.89	79.89
CR¢1 to J$	J$ 0.14	0.14	0.13

(iv) Market risk:

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual security, its issuer or factors affecting all securities traded in the market.

The company and the group manage this risk by conducting research and monitoring the price movement of securities on the local and international market.

(v) Liquidity risk:

Liquidity risk, also referred to as funding risk, is the risk that the company will 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.

Due to the dynamic nature of the underlying businesses, the management of the company and the group aim at maintaining flexibility in funding by ensuring that sufficient cash resources are held or placed in short-term marketable instruments.

26. Financial instruments (cont'd)

(b) Financial instrument risks (cont'd):

(vi) Cash flow risk:

Cash flow risk is the risk that future cash flows associated with a monetary financial instrument will fluctuate in amount. The company manages this risk by contracting, as far as possible, at fixed interest rates.

27. Subsequent event

Effective January 1, 2004, Jamaica Producers Ripening Company Limited became a wholly-owned subsidiary of Jamaica Producers Group Limited (note 28).

28. Subsidiary and associated companies

	2003	2002	Place of
		% equityheld	incorporation
SUBSIDIARY COMPANIES*			
Jamaica Banana Producers Steamship Company Limited	100	100	Jamaica
Agualta Vale Limited	100	100	"
St. Mary Banana Estates Limited	100	100	"
The Jamaica Producers Marketing Company Limited	100	100	"
Cariban Limited	100	100	Guernsey
JP Fruit Distributors Limited	65	65	England and Wales
Producers Fruit Distributors Limited	100	100	Jamaica
Jamaica Producers Ripening Company Limited (note 27)	51	51	"
JBFS Investments Limited	100	100	"
Crescent Developments Limited	100	100	"
Southern Shipping Company Limited	100	100	"
P.S.C. Limited	100	100	"
Jamaica Producers Shipping Company Limited	60	60	"
Jamaica Producers Marketing (U.S.A.) Inc.	100	100	U.S.A.
Caribbean Chartering Limited	100	100	Cayman Islands
Central American Banana Limited	100	100	"
Sunjuice Limited	100	100	England and Wales
Astrol Properties Limited	100	100	"
Regale Foods Limited [note 23(b)]	100	-	"
Cia. Bananera del Tropico JP, S.A.	100	100	Costa Rica
Cia. Comercializadora Productos Limon	100	100	"
Jamaica Banana Holdings Limited	-	55	Jamaica
Eastern Banana Estates Limited	100	100**	"
Victoria Banana Company Limited	100	100**	"
Agri Services Limited	100	100**	"
Trinjam Food Processors Limited	100	100	"
ASSOCIATED COMPANIES			
Belvedere Limited	25	25	Jamaica
Frobishers Juices Limited	47.5	47.5	England and Wales

* The names of inactive subsidiary companies are omitted.

** In the previous year, these were 100% subsidiaries of Jamaica Banana Holdings Limited.

Jamaica Producers Group Limited

Stockholding of Directors and Officers

December 31, 2003

DIRECTORS	Personal Stockholding	Stockholding in which Director/Officer has a Controlling Interest
Mr. A.E. Ffrench	15,892	-
Hon. E.C. George	4,687	-
Dr. M. Hall	11,075,731	-
Mr. R.D. Honiball	10,546	-
Mr. C.H. Johnston	197,389	10,430,092
Mrs. D. Kelly	106,133	-
Mr. M.R. Lord	51,020	-
Mr. D. McConnell	-	-
Mr. J.O. Minott	51,849	-
Mr. P.K. Morris	77,859	-
Mrs. K.A.J. Moss	1,634,748	727,964
Mr. D.H. Read	4,634	-
Prof. A.E. Wint	187	-
OFFICERS		
Mr. M.J. Cousins	103,615	-
Ms. J.D. Goodall	2,500	-
Mr. Jeffrey Hall	956,290	-
Mr. K.O. McGann	76,750	-
Mr. Paul Samuels	8,041	-
Mr. Don Witter	3,818	-
TRUSTEES		
JPG Ltd. (ESOP)	16,546,377	

Jamaica Producers Group Limited

Top Ten Stockholders

December 31, 2003

Trustees - JPG Ltd (ESOP)	16,549,377
Grace, Kennedy Pension Scheme	15,025,848
Marshall Hall & Jeanette Hall	11,075,731
Lennox Portland Ltd.	10,627,481
NCB Trust & Merchant Bank Ltd.	6,605,520
Scotiabank Ja. Trust & Merchant Bank Ltd.	6,591,807
National Insurance Fund	6,231,401
Jamaica National Building Society	3,550,508
Scojampen Ltd.	3,171,986
David & Kathleen Moss	2,362,712