Jamaica Producers Group Limited

Annual Report 2007

Contents

Notice of Meeting	**2**
Financial Highlights	**3**
Chairman's Statement	**4**
Board of Directors	**14**
Directors' Report	**16**
Board Committees	**17**
Auditors' Report	**18**
Group Balance Sheet	**20**
Group Profit and Loss Account	**21**
Group Statement of Changes in Equity	**22**
Group Statement of Cash Flows	**24**
Notes to the Financial Statements	**25**
Stockholdings of Directors and Officers	**66**
Top Ten Stockholders	**67**
Form of Proxy	

Notice of Meeting

NOTICE IS HEREBY GIVEN that the seventy-first ANNUAL GENERAL MEETING of JAMAICA PRODUCERS GROUP LIMITED will be held at **St. Mary Banana Estates Limited, Annotto Bay, St. Mary**, at 11:00 o'clock in the forenoon of Thursday June 19, 2008 for the following purposes:-

AGENDA

1. To receive and consider the Directors' Report, Auditors' Reports and Audited Financial Statements of the Company and the Group for the year ended December 31, 2007 and, if thought fit, pass the following resolution:-

   "That the Directors' Report, Auditors' Reports and Audited Financial Statements of the Company and the Group for the year ended December 31, 2007 be and are hereby adopted."

2. To fix the remuneration of the Auditors for 2007.

3. To ratify interim dividends and declare them final:-

   "That the two interim dividends of 25¢ each of record dates June 29 and December 24, 2007 as well as the special interim dividend of $2.25 of record date June 29, 2007, be and are hereby ratified and declared final for 2007."

4. To pass the following resolution:-

   "That the Auditors, KPMG, having indicated their willingness to continue in office, be and are hereby re-appointed for the year 2009."

5. To elect Directors.

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

   (a) "That Mr. Donovan Perkins 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 The Hon. Oliver F. Clarke, OJ, 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."

   (c) "That The Hon. Emil George, OJ, who retires by rotation, be and is hereby re-elected a director of the Company."

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

6. To fix the remuneration of Directors.

7. To transact any other competent business.

BY ORDER OF THE BOARD

Paul St. E. Samuels
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
March 5, 2008

Financial Highlights

Financial Highlights
Five-year Summary

	2007 $'000	2006 $'000	2005 $'000	2004 $'000	2003 $'000
GROUP					
PROFIT AND LOSS ACCOUNTS					
Gross operating revenue	13,855,865*	28,486,288	26,311,118	21,979,915	18,412,626
(Loss)/profit before taxation and minority interest	(728,475)	2,721,980	621,209	710,740	1,071,029
Taxation	249,367	(108,770)	(159,642)	(233,255)	(194,669)
(Loss)/profit after taxation and before minority interest	(479,108)	2,613,210	461,567	477,485	876,360
Minority interest	15,685	(26,876)	(81,247)	(51,167)	15,454
(Loss)/profit attributable to the group	(463,423)	2,586,334	380,320	426,318	891,814
Weighted average stock units in year:					
based on stock units in issue	187,024,006	187,024,006	187,024,006	187,024,006	187,024,006
after exclusion of stock held by ESOP	170,550,104	171,001,256	171,030,574	171,230,498	170,996,101
(Loss)/earnings per ordinary stock unit					
based on stock units in issue	(247.79)¢	1,382.89¢	203.35¢	227.95¢	476.84¢
after exclusion of stock held by ESOP	(271.72)¢	1,512.46¢	222.37¢	248.97¢	521.54¢
Distributions to stockholders	452,664	66,628	45,226	188,965	152,652
Average exchange rates:					
US$1 to J$	68.49	65.73	62.22	61.01	58.13
UK£1 to J$	136.39	118.08	111.28	109.38	92.21
GROUP BALANCE SHEETS					
Property, plant and equipment, investments, etc.	7,272,774	6,912,544	6,707,089	7,597,486	5,002,178
Working capital	3,369,117	3,955,858	3,317,307	2,916,743	2,510,143
Long-term loans	(1,135,260)	(1,081,683)	(557,497)	(207,338)	(234,726)
Deferred income, taxation, etc.	(424,452)	(314,645)	(571,786)	(647,067)	(477,752)
Minority interest	(5,604)	(21,015)	(669,064)	(544,583)	(429,685)
Net assets	9,076,575	9,451,059	8,226,049	9,115,241	6,370,158
Share capital	18,702	18,702	18,702	18,702	18,702
Reserves	9,057,873	9,432,357	8,207,347	9,096,539	6,351,456
Stockholders' equity	9,076,575	9,451,059	8,226,049	9,115,241	6,370,158
Stock units held at year-end:					
based on stock units in issue	187,024,006	187,024,006	187,024,006	187,024,006	187,024,006
after exclusion of stock held by ESOP	170,162,741	171,162,741	170,878,089	171,230,498	170,477,630
Stockholders' funds per stock unit:					
based on stock units in issue	$ 48.53	$ 50.53	$ 43.98	$ 48.74	$ 34.06
after exclusion of stock held by ESOP	$ 53.34	$ 55.22	$ 48.14	$ 53.23	$ 37.37
Buying exchange rates at December 31:					
US$1 to J$	70.18	66.92	64.18	61.27	60.42
UK£1 to J$	140.10	128.93	108.84	115.68	105.89

* Reduction from 2006 resulted from discontinued operations which had operating revenue of $15,134,339,000 for 2006 [note 23 (a)].

Statement from the Chairman

In 2007, Jamaica Producers Group incurred net losses of $479.1 million on revenues of $13.86 billion. Revenue from continuing operations increased 3.8% relative to 2006. Profit from continuing operations was $205.8 million in 2006.

The performance of JP in 2007 was not satisfactory. We are confident, however, that an appropriate turnaround plan has been established and that the major strategic initiatives now being undertaken by our management will return the Group to profitability. We are a company that has always taken long-term decisions, often against great odds. We have built considerable resources that will enable us to effectively and efficiently increase both our return to profitability and shareholders' wealth.

Our Balance Sheet remains strong. As at December 31, 2007, JP had stockholders' equity of $9.08 billion. Based on the stock units in issue, this amounted to $48.53 per stock unit.

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General

Over the years, we have built several successful businesses in open markets characterized by fierce international competition, particularly around price and service. We again face this challenge in our core juice and smoothie businesses in the United Kingdom. Our analysis of market conditions indicates that there is tremendous opportunity in this industry for a company that: (a) has the industry expertise necessary to compete through innovation; (b) is prepared to invest the capital necessary to achieve operating efficiencies and superior product quality; and (c) has an operating ethos that emphasizes cost control. We believe that our turnaround plan will meet these conditions.

Our reinvestment in the banana business in Jamaica has been undertaken on the basis of sharing the risk of catastrophe with the Government of Jamaica. Diversification of our banana growing and processing operations continues.

Fresh & Processed Foods Division

In 2007, revenue from continuing operations increased 7.9% to $11.3 billion. The divisional pre-tax loss from continuing operations was $711 million. The loss compares to a profit of $199 million in the previous year.

The Fresh & Processed Foods Division consists of our prepared foods businesses in juice, smoothies, desserts, soups and ready meals, chilled distribution and tropical snack foods. The UK-based juice and smoothie business is the single largest contributor to divisional revenues but also represents the largest share of the loss position. The juice and smoothie business was buffeted by significant increases in raw material commodity prices (principally citrus) that we could not pass along as price increases to the major food retailers who are our primary customers.

The price increases that we faced were not unique to our business. The dramatic rise in citrus prices is a reflection of increased energy costs that in turn drive the cost of ocean freight and fertilizers. Growing demand for citrus from emerging markets such as Russia and Eastern Europe, the reduced supply as a result of the conversion of citrus lands to crops for bio-fuels, and the impact of adverse weather have together increased our cost of production.

Our ability to maintain operating margins by increasing our selling prices is most difficult when we are trading in standard juice products (such as orange juice) that are sold under the house labels of the

Over the years, we have built several successful businesses in open markets, characterized by fierce international competition, around price and service.

major UK supermarket chains. As such, this business must achieve profitable growth by (a) focusing on blended juices and smoothies that are manufactured to unique and innovative specifications, (b) entering into strategic alliances with the leading brands in the business, and (c) developing new market opportunities outside the UK. At present, our management is executing a series of well-defined strategic initiatives to tackle each of these growth opportunities.

Changing the product mix and customer profile of our juice and smoothie business will take time. We have taken immediate action on cost control. In our turnaround plan, launched in October 2007, we targeted annualised cost savings of $250 million from overhead reduction, labour efficiencies, reduced wastage and more effective raw material sourcing. This project is underway and has led to a reduction in our staff complement by fifty-one persons.

In our turnaround plan, launched in October 2007, we targeted annualised cost savings of $250 million from overhead reduction, labour efficiencies, reduced wastage and more effective raw material sourcing.

Our UK-based soup and dessert businesses – which are small relative to our juice business – continue to experience start-up losses. Performance trends are positive but the time to break-even has been longer than expected. We have made management changes that we expect will accelerate the transition to profitability.

Serious Food Distribution (SFD), our distribution business for premium chilled food and drink, now has national distribution with hubs in London, Birmingham and Wales. SFD distributed products from our factory as well as premium prepared foods from third parties. The business recorded revenue and earnings growth in 2007.

Our tropical snack business in Jamaica was destroyed by Hurricane Dean in August 2007. The main raw material – bananas – became unavailable in Jamaica after the hurricane. We previously recognized the risk inherent in this business, and at the time of the hurricane had already put plans in place to launch a new joint venture tropical snack factory in the Dominican Republic.

This new factory was commissioned in October 2007 and is presently shipping banana chips into Jamaica and meeting targeted volumes. We expect the Jamaican snack operation to re-open by mid-2008 when banana production resumes. We have had to carry the overheads of this business during the period in which Jamaican production was suspended and, as such, the business incurred a loss for the year. We are confident in the medium-term prospects for this business when full banana availability resumes in both Jamaica and the Dominican Republic. We plan to drive rapid sales growth by supporting our production team with stronger commercial management and an enhanced marketing budget.

Banana Division

The continuing operations of the Banana Division are focused on the production of bananas for export, the ripening and sale of bananas in Jamaica, and logistics. Divisional revenue was $2.26 billion in 2007, down from $2.69 billion the previous year. The divisional pre-tax loss from continuing operations was $97.3 million in 2007. This compares with a profit of $44.6 million in 2006.

Losses and reduced revenues in our banana farming, shipping and local ripening businesses were partially offset by profits and increased revenues in general cargo logistics activities.

During 2007, our banana business faced its fourth major hurricane in four years. Hurricane Dean destroyed our Jamaican farms, and with them, our snack food and local ripe banana trading operations. Moreover, the hurricane caused considerable loss of income for our logistics business. The frequency of hurricanes decimated the Banana Industry Insurance Fund that is organized by the Banana Board in

Jamaica, and significantly increased the cost of independent private coverage. Insurance payments did not, therefore, cover the cost of the damage from Hurricane Dean.

We have always included the risk of a hurricane as a factor in our planning and investment decisions in the banana business. After Hurricane Dean, our Board determined that the prospect of more frequent hurricanes, increased insurance costs and the changed trade regime in Europe, significantly and adversely affected the risk profile of further investment in Jamaican banana production. We resolved that we would only undertake the replanting of our Jamaican farms if we could share the risk of catastrophe with another party. The Government of Jamaica committed to provide financing to export banana farmers (via the Banana Export Company Limited) on terms that allow for a restructuring of payments in the event of a hurricane. Our Group expects to take up our share of the proceeds of this industry-wide credit facility in 2008 and, on this basis, has commenced re-investing in banana farming in Jamaica.

The redevelopment of our farms will be complete in the summer of 2008. We intend to return approximately 75% of our 2007 acreage to banana production in 2008. This decision to reduce our acreage reflects the realities of the ongoing challenges made at the World Trade Organisation (WTO) to the tariff protection granted by the European Union to bananas from Jamaica and other African Caribbean and Pacific (ACP) countries. Further erosion of the tariff could render the business uncompetitive, and would force us to depend fundamentally on the domestic market.

We are pleased to report that our farms in Jamaica achieved Fairtrade certification in 2007 which will generate higher prices in the UK. Our farms also won the Bureau of Standards National Quality Award for Excellence in Manufacturing. Our St. Mary Banana Estates also

We are pleased to report that our farms in Jamaica achieved Fairtrade certification in 2007 and won the Bureau of Standards National Quality Award for Excellence in Manufacturing.

won the Pesticides Control Authority Award for excellence in toxic pesticide management based on our systems for low pesticide usage.

During 2007, we expanded our involvement in logistics by reacquiring a portion of the business that we had sold to the Dole Food Company in 2006, namely, the profitable freight forwarding, shipping agency and customs clearance businesses of JP Fresh Limited (formerly JP Fruit Distributors Limited). The viability of this business is not dependent on the continuity of banana exports. The acquisition positions us as a leading freight forwarder between the UK and the English-speaking Caribbean islands, with two depots in London and a range of logistics skills that complement this activity. The logistics business benefited from these added sources of income during the period in which our banana exports and traditional shipping schedules were disrupted as a result of Hurricane Dean. This business achieved a satisfactory profit for 2007.

Corporate

The Corporate segment comprises interest and investment income, net of the cost of corporate functions not directly charged to the business units. The segment recorded a pre-tax profit of $79.8 million in 2007, compared with $40.6 million in 2006.

The improved profit was achieved despite the inclusion of an exceptional charge of $80.4 million associated with the restructuring of our corporate overheads and staffing levels. This restructuring formed part of our overall focus on reducing overhead costs and is already delivering the anticipated payback.

In 2007, we announced an initiative to eliminate certain centralized functions in our group and to have these functions absorbed by the business units or outsourced at reduced cost. This process, now substantially complete, saw the elimination of eighteen senior management and staff positions in our corporate office.

Community Outreach

In 2007, a particularly exciting initiative was our work to revolutionize the way our farm employees and their families and communities relate to the business. As part of the Fairtrade programme, we have cooperated with employees on each of our farms to support the establishment, ownership and ongoing governance of a legal entity committed to implementing community projects. The entity will be funded by a premium paid by our Fairtrade banana customers in the United Kingdom, who wish to support sustainable community development in Jamaica. Our employees intend to use the funds to improve health care delivery and basic school education in St. Mary and St. Thomas. As part of the programme, we have also transformed our agricultural practices to demonstrate our commitment to excellent environmental standards. We have done this by eliminating the use of chemical herbicides and pesticides, and by more aggressively monitoring all aspects of water quality and water usage to minimize any adverse impact on the environment. All aspects of the programme were audited and certified to international standards by the Fairtrade Labelling Organization.

The Group continues to fund various social outreach programmes that also target the communities in which we operate. To note a few of our projects, we continue to assist basic schools in the vicinity of our farm in St. Thomas. In Kingston, we have sustained our support to the Voluntary Organization for Uplifting Children (VOUCH), which runs a basic and nursery school in the inner city. We are also proud sponsors of the Sydney Phillips Scholarship Fund, which provides successful applicants from the parish of St. Mary with scholarships to pursue tertiary studies. Also, in the area of agriculture, we are pleased to have been associated with the St. Mary Agricultural Expo over the years, and in 2007 were the sponsors of that event's Youth in Agriculture and Champion Farmer Competitions. The awards made to the winners, provide incentive and give prestige to agriculturalists, young and old, in the parish of St. Mary.

THE FUTURE

An important strategic objective for us in 2008 is to raise the competitive position and operating performance of each of our businesses. We will then use this as a platform for long-term growth in the markets in which we now do business, as well as elsewhere.

In general, our customers are strong and growing and are looking to us as potential suppliers for market opportunities on the European continent.

Approximately 77% of our Group revenues are earned from the fresh prepared foods sector (fresh juices and smoothies, fresh soups and premium desserts) in the United Kingdom. Strong consumer demand for high quality, innovative, fresh prepared foods at keenly competitive prices has made the UK perhaps the world's most advanced market for this product category. Our main business model has required us to develop state-of-the-art processing facilities to co-pack fresh prepared food and drink on behalf of our clients. Within the UK, our products are seen as "best in class" and we have developed a strong reputation in new product development. As a result, our customer base includes all major food retailers, and we co-pack, under strategic alliances, for leading brands. In general, our customers are strong and growing and are looking to us as potential suppliers for market opportunities on the European continent.

The 2008 priority for this aspect of our business will, therefore, be to ensure that the management structure drives operational efficiencies and achieves better margins. This, combined with our strong product knowledge and customer base, will facilitate profitable growth through major new business development initiatives and strategic acquisitions. We have made significant changes in and strengthened our management team which will drive the process.

The strength of our balance sheet gives us the flexibility to move swiftly and decisively. The Board and management understand, however, the need to maintain a strong financial base and a disciplined investment programme along with the requirements of our business transformation.

A minority share of our operating revenue has as its core the activities that have traditionally been synergistic with the production of bananas in Jamaica. This block of business includes our farming, snack food and logistics operations. During the last two years, we have implemented a series of strategic decisions aimed at developing these businesses, while reducing their dependence on Jamaican bananas. We started production of bananas and snack foods outside Jamaica (in Honduras and the Dominican Republic respectively). In addition, as a result of recent acquisitions, we now provide a range of logistics services within the UK as well as freight forwarding from the UK to the entire Caribbean. Moreover, we have complemented our diversification programme with steps to limit our financial exposure in the event that our banana production is affected by further catastrophe.

We are optimistic that the continued dedication, professionalism and industriousness of our management and staff will support the Company's programme to improve performance in 2008.

As we undertake the range of activities necessary to transform the business, we are mindful of the need for capable and experienced oversight. Accordingly we have deepened our Board capability with two new appointments, Messrs. Oliver Clarke and Donovan Perkins, who will be considered for re-appointment at the General Meeting. Please join me in welcoming them to Jamaica Producers.

After seventeen and twelve years of board service respectively, Messrs. Aubrey Ffrench and Michael Lord have retired as directors.

We thank them for their dedicated service and wise counsel over the years, and are pleased to announce that Mr. Ffrench has been appointed an Honorary Director of the Parent Board, and Mr. Lord has been appointed an Honorary Director of the Board of Serious Food Company.

We are optimistic that the continued dedication, professionalism and industriousness of our management and staff will support the Company's programme to improve performance in 2008. I join the Board in recognizing the value of their work, and in registering our appreciation.

C. H. Johnston
March 5, 2008

Board of Directors

Charles H. Johnston, CD, BSc (Econ.), is the Executive Chairman of Jamaica Fruit and Shipping Company Limited. He has been the Chairman of Jamaica Producers Group since 1986, where he serves as the Chairman of the Compensation and Executive Committees, and is a member of the Audit Committee. Mr. Johnston has for many years, been actively involved in Jamaica's shipping industry and is a Past President of the Shipping Association of Jamaica. He is currently a member of that Association's Management Committee. He also serves on various Boards including the Bank of Nova Scotia Jamaica Limited, Port Authority of Jamaica, Kingston Wharves Limited, Jamaica Public Service Company Limited, Kingston Logistics Center Limited and H.D. Hopwood and Company Limited. He is also a member of the King's House Foundation. Mr. Johnston was conferred with the Order of Distinction, Commander Class in 2006.

The Hon. Oliver F. Clarke, OJ, JP, BSc., (Econ.), FCA, is the Chairman and Managing Director of the Gleaner Company Limited and Chairman of the Jamaica National Building Society. He was appointed to the Board of Jamaica Producers Group in January 2008. Mr. Clarke also serves on the Boards of several other companies, including Independent Radio Company Limited, Sangster's Book Stores, Peace Education Foundation in Miami and PALS Jamaica. He is President of the Commonwealth Press Union and Past President of the Private Sector Organisation of Jamaica (PSOJ). In 1997, he was inducted into the Hall of Fame of the PSOJ. He is a member of the Police Service Commission and the Police (Civilian Oversight) Authority. In 1998, Mr. Clarke was awarded the Order of Jamaica.

The Hon. Emil C. George, OJ, QC, BCL, MA (Oxon.), Attorney-at-Law, is consultant to the law firm DunnCox and Honorary Consul for Dominica. He was appointed to the Board of Jamaica Producers in 1981. His other directorships include: Chairman of Wray & Nephew Group Limited, Member of the Board of Seprod Group of Companies and Chairman of Crown Packaging Limited. He was recently appointed Chairman of the Financial Services Commission. Mr. George was appointed Queens Counsel in 1970 and was conferred with the Order of Jamaica in August 2002.

David F. McConnell, was named to the Board of Jamaica Producers Group in 1996. He brought to the Board extensive experience in the fresh fruit and food processing businesses. Mr. McConnell has been a member of the Managing Committee of United Estates since 1982.

Kathleen A.J. Moss, BSc, MBA, CBV, is Management Consultant and Chartered Business Valuator with Sierra Associates, an independent financial advisory practice that she established in 1993. She was appointed to the Board of Directors of Jamaica Producers Group in 1999. She is a member of the Compensation Committee and chairs the Audit Committee. Mrs. Moss serves on the Boards of NEM Insurance Company (Jamaica) Limited where she is Deputy Chairman, Assurance Brokers of Jamaica and Rebhan's Gases Limited. She is a licensed investment dealer. Mrs. Moss is a member of the Canadian Institute of Chartered Business Valuators and is a past president of the Institute of Management Consultants of Jamaica.

Donovan H. Perkins, BA (Hons.), MBA, is the President and Chief Executive Officer of Pan Caribbean Financial Services Limited. Prior to joining Pan Caribbean, he worked with Bank of America in Corporate Banking. Mr. Perkins has served as a Director of Jamaica Producers Group since July 2007. In addition, he sits on the Boards of Pan Jamaican Investment Trust Limited, First Jamaica Investment Limited, the Jamaica Stock Exchange and the National Insurance Fund. Mr. Perkins holds a Bachelor's Degree in Finance (Hons.) from the University of South Florida and an MBA with concentrations in Finance and Marketing from the Darden School at the University of Virginia.

Jeffrey McG. Hall, BA, MPP, JD, was appointed Group Managing Director of Jamaica Producers Group in July 2007 after joining the Board in January 2004. He serves on the Board's Audit, Compensation and Executive Committees. Since 2003 he has served the Group in the capacity of Divisional Director with responsibility for bananas, shipping and fresh produce throughout the Group. Mr. Hall is a Director of the Bank of Nova Scotia Jamaica Limited, the Jamaica Stock Exchange and the Banana Export Company Limited.

Marshall McG. Hall, CD, PhD, formerly served as Group Managing Director from 1979 until his retirement in June 2007. He serves on the Board's Audit, Compensation and Executive Committees in addition to being a Board member of the subsidiary companies. He is a former Professor at the University of the West Indies and Washington University and has served as consultant to the Government of Jamaica. He has contributed to the public sector as Chairman and CEO of Jamaica Public Service Company Limited and Chairman of theNational Development Bank of Jamaica in addition to being Chairman of Banana Export Company Limited. He is also a member of the Police Service Commission and the Police (Civilian Oversight) Authority. Dr. Hall was inducted into the PSOJ Hall of Fame in October 2005.

Dahlia E. Kelly, BSc, is Managing Director of Patsy Kelly and Associates, an executive placement service. She has served as Director of Public Relations for Jamaica Producers Group with responsibility for guiding the Group's corporate social responsibility programme. As such, she contributed significantly to the increased awareness of the Company and the respect with which it is regarded. She serves on the Board's Executive Committee.

John O. (Jackie) Minott, CD, BCom, JP, has served as a Director of Jamaica Producers Group since 1993. He is a member of the Audit and Executive Committees of the Board. He is Managing Director of the family-owned Jamaica Standard Products Company Limited, producers of Jamaica's most well-known coffee products. Mr. Minott chaired the Munro & Dickenson Trust for over 20 years. He currently sits on the Boards of the Barita Unit Trust and the Manchester Parish Development Committee and served previously as a Director of Jamaica Trade and Invest (formerly JAMPRO). In 1994, Mr. Minott was awarded the Jamaica Exporters' Association Trailblazer Award and in 2000 was conferred with the Order of Distinction, Commander Class.

Alvin G. Wint, BSc, MBA, DBA, is currently Professor of International Business and Pro Vice Chancellor and Chair of the Board for Undergraduate Studies at the University of the West Indies. He joined the Board of Jamaica Producers Group in August 1998 and is a member of the Group's Audit Committee. He also serves on the boards of several companies in the NCB Group and is a director of the Planning Institute of Jamaica. He is Chairman of the Audit Committees of the Boards of NCB Jamaica Limited and NCB Insurance Company Limited. Professor Wint, who holds a doctorate in International Business from Harvard University, has served as an expert resource person for the United Nations and is a former consultant to the World Bank. He was a recipient of the prestigious UWI Vice-Chancellor's Award for Excellence in 2003.

Aubrey E. Ffrench, (Honorary Director since September 2007), joined the staff of Jamaica Producers Group in 1961 and was appointed a member of the Board in 1990. Prior to that, he served Jamaica Producers Group as Accountant, Manager and as Company Secretary for over 23 years at his retirement in 1994.

Directors' Report

The Directors present this report, the Chairman's Statement and the Audited Financial Statements of the Company and the Group for the year 2007 to the 71st Annual General Meeting.

FINANCIAL STATEMENTS
The Group's financial statements are shown on pages 20 to 65 of this publication.

Highlights are:

	2007	2006
	J$M	J$M
Gross Operating Revenue	13,856*	28,486
Group Attributable (Loss)/Profit	(463)	2,586
Retained earnings January 1	5,198	2,700
Retained earnings December 31	4,271	5,198
(Loss)/earnings per stock unit:-		
based on stock units in issue	(247.79)¢	1,382.89¢
after excluding stocks held by the ESOP	(271.72)¢	1,512.46¢
Stockholders' Funds per stock unit at December 31, net of stock units held by the ESOP, amounted to	$53.34	$55.22
	======	=======

* Reduction from 2006 resulted from discontinued operations which had operating revenue of $15,134 million for 2006 [note 23 (a)]

DIVIDENDS		**Ordinary**
		J$'000
Interim of 25 cents per stock unit	- paid July 20	46,756
Special interim of $2.25 per stock unit	- paid July 20	420,804
Interim of 25 cents per stock unit	- payable at December 31	46,756

No final dividend is recommended in respect of 2007.

AUDITORS
The Auditors, KPMG, Chartered Accountants, 6 Duke Street, Kingston, Jamaica have expressed their willingness to continue in office.

DIRECTORS
Your Directors who served diligently during the year are: -
Mr. Aubrey Ffrench - *Retired August 31, 2007*
The Hon. Emil C. George, OJ, QC, BCL, MA (Oxon.)
Mr. Jeffrey McG. Hall, BA, MPP, JD - Group Managing Director
Marshall McG. Hall, CD, PhD
Mr. Charles Johnston, CD, BSc (Econ.) - Chairman
Mrs. Dahlia Kelly, BSc
Mr. Michael R. Lord, OBE - *Retired January 24, 2008*
Mr. David McConnell
Mr. John O. Minott, CD, BCom, JP
Mr. Peter K. Morris, BSc (Hons.), MBA - *Resigned May 31, 2007*
Mrs. Kathleen A. J. Moss, BSc, MBA, CBV
Mr. Donovan H. Perkins, BA (Hons.), MBA - *Appointed July 25, 2007*
Prof. Alvin G. Wint, BSc, MBA, DBA

The Hon. Emil George, OJ and Mr. David McConnell retire by rotation and being eligible, offer themselves for re-election in accordance with the Articles of Association.

C. H. Johnston
Chairman
March 5, 2008

Board Committees

AUDIT COMMITTEE

Mrs. Kathleen A. J. Moss - Chair

Mr. Jeffrey Hall

Dr. Marshall Hall

Mr. Charles Johnston

Mr. J.O. Minott

Prof. Alvin G. Wint

COMPENSATION COMMITTEE

Mr. Charles Johnston - Chair

Dr. Marshall Hall

Mrs. Kathleen A. J. Moss

EXECUTIVE COMMITTEE

Mr. Charles Johnston - Chair

Mr. Jeffrey Hall

Dr. Marshall Hall

Mrs. Dahlia Kelly

Mr. J.O. Minott

Mrs. Kathleen A.J. Moss

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INDEPENDENT AUDITORS' REPORT

To the Members of
JAMAICA PRODUCERS GROUP LIMITED

Report on the Financial Statements

We have audited the consolidated financial statements of Jamaica Producers Group Limited and its subsidiaries ("group"), set out on pages 20 to 65 which comprise the group's balance sheet as at December 31, 2007, the group's profit and loss account, statements changes in equity and cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the Jamaican Companies Act. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and consistently applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether or not the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence relating to the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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To the Members of
JAMAICA PRODUCERS GROUP LIMITED

Report on the Financial Statements, cont'd

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the group as at December 31, 2007, and of the group's financial performance, changes in equity and cash flows for the year then ended in accordance with International Financial Reporting Standards and the Jamaican Companies Act, so far as concerns members of the company.

Additional reporting requirements of the Jamaican Companies Act

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit. In our opinion, proper accounting records have been maintained and the financial statements, which are in agreement therewith, give the information required by the Jamaican Companies Act in the manner so required.

KPMG

February 29, 2008

JAMAICA PRODUCERS GROUP LIMITED

Group Balance Sheet
December 31, 2007

	Notes	2007 $'000	2006 $'000
CURRENT ASSETS			
Cash and cash equivalents	3(c),4	1,387,172	625,769
Short-term investments	3(d),5	1,578,096	2,805,407
Securities purchased under resale agreements	3(e)	334,006	530,674
Accounts receivable	6	2,384,232	2,327,184
Taxation recoverable		163,316	143,680
Inventories	7	913,823	872,446
Total current assets		6,760,645	7,305,160
CURRENT LIABILITIES			
Bank overdrafts and short-term loans	8	7,180	30,683
Accounts payable	9	3,041,663	2,888,235
Taxation		3,103	16,078
Unclaimed dividends		82,913	15,282
Current portion of long-term loans	19	256,669	399,024
Total current liabilities		3,391,528	3,349,302
WORKING CAPITAL		3,369,117	3,955,858
NON-CURRENT ASSETS			
Biological assets	10	21,768	50,336
Interest in joint venture	11	47,568	-
Investments	12	3,120,599	2,967,898
Goodwill	13	852,671	888,392
Deferred tax assets	14	286,371	61,639
Property, plant and equipment	15	2,943,797	2,944,279
Total non-current assets		7,272,774	6,912,544
Total assets less current liabilities		10,641,891	10,868,402
EQUITY			
Share capital	16	18,702	18,702
Reserves	17	9,057,873	9,432,357
Total equity attributable to equity holders of the parent		9,076,575	9,451,059
MINORITY INTEREST		5,604	21,015
Total equity		9,082,179	9,472,074
NON-CURRENT LIABILITIES			
Deferred tax liabilities	14	267,956	270,261
Deferred income		122,590	1,581
Employee benefit obligation	18	33,906	42,803
Long-term loans	19	1,135,260	1,081,683
Total non-current liabilities		1,559,712	1,396,328
Total equity and non-current liabilities		10,641,891	10,868,402

The financial statements on pages 20 to 65 were approved for issue by the Board of Directors on February 29, 2008 and signed on its behalf by:

_________________________ Chairman
C. H. Johnston

_________________________ Managing Director
J. Hall

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

JAMAICA PRODUCERS GROUP LIMITED

Group Profit and Loss Account
Year ended December 31, 2007

	Notes	2007 $'000	2006 $'000
Continuing operations			
Gross operating revenue	21	13,855,865	13,351,949
Cost of operating revenue		(11,571,102)	(10,837,882)
Gross profit		2,284,763	2,514,067
Marketing, selling and distribution costs		(1,236,741)	(996,888)*
Administration and other operating expenses		(1,655,400)	(1,408,223)*
(Loss)/profit from continuing operations		(607,378)	108,956
Share of loss in joint venture		(6,567)	-
Net (loss)/gain from fluctuations in exchange rates		(19,555)	42,943
Impairment loss on investments		(18,127)	-
Gains on disposal of property, plant and equipment and investments		44,619	67,399
Reorganization and restructuring costs	1	(111,867)	-
Other income		124,971	131,530
(Loss)/profit from continuing operations before finance cost and taxation		(593,904)	350,828
Finance cost - interest		(134,571)	(66,643)
(Loss)/profit from continuing operations before taxation		(728,475)	284,185
Taxation credit/(charge)	22	249,367	(78,393)
(Loss)/profit from continuing operations after taxation		(479,108)	205,792
Discontinued operations			
Profit from discontinued operations after taxation	23	-	67,147
Gain on sale of interest in subsidiary and associated company		-	2,340,271
(Loss)/profit for the year	24	(479,108)	2,613,210
Attributable to:			
Parent company stockholders		(463,423)	2,586,334
Minority interest		(15,685)	26,876
		(479,108)	2,613,210
Dealt with in the financial statements of:			
The company		280,733	1,029,070
Subsidiary companies		(737,589)	1,557,264
Joint venture company		(6,567)	-
		(463,423)	2,586,334
(Loss)/earnings per ordinary stock unit:			
Based on stock units in issue	25	(247.79)¢	1,382.89¢
After exclusion of stock units held by ESOP	25	(271.72)¢	1,512.46¢

* Reclassified to conform with current year presentation.
The accompanying notes form an integral part of the financial statements.

JAMAICA PRODUCERS GROUP LIMITED

Group Statement of Changes in Equity
Year ended December 31, 2007

	Share capital $'000 (note 16)	Share premium $'000	Capital reserves $'000	Fair value reserve $'000	Reserve for own shares $'000	Retained profits $'000	Parent company stockholders' equity $'000	Minority interest $'000	Total equity $'000
Balances at December 31, 2005	18,702	135,087	2,622,721	2,892,630	(143,465)	2,700,374	8,226,049	669,064	8,895,113
Changes in equity:									
Exchange gains arising on retranslation of foreign operations	-	-	493,041	-	-	-	493,041	86,352	579,393
Unrealised exchange gains transferred	-	-	3,230	-	-	(3,230)	-	-	-
Realised exchange gains transferred on sale of interest in subsidiary	-	-	(999,588)	-	-	-	(999,588)	-	(999,588)
Change in fair value of available-for-sale investments	-	-	-	(796,444)	-	-	(796,444)	-	(796,444)
Realised gains on available-for-sale investments transferred to group profit and loss account	-	-	-	82	-	(82)	-	-	-
Own shares acquired by ESOP	-	-	-	-	(864)	-	(864)	-	(864)
Own shares sold by ESOP	-	-	-	-	9,159	-	9,159	-	9,159
Unclaimed distributions to stockholders	-	-	18,953	-	-	-	18,953	-	18,953
Income and expenses recognised directly in equity	-	-	(484,364)	(796,362)	8,295	(3,312)	(1,275,743)	86,352	(1,189,391)
Profit for the year	-	-	-	-	-	2,586,334	2,586,334	26,876	2,613,210
Total recognised income and expenses for the year	-	-	(484,364)	(796,362)	8,295	2,583,022	1,310,591	113,228	1,423,819
Minority interest released on sale of interest in subsidiary	-	-	-	-	-	-	-	(761,277)	(761,277)
Distributions to stockholders (note 26)	-	-	-	-	-	(85,581)	(85,581)	-	(85,581)
Balances at December 31, 2006	18,702	135,087	2,138,357	2,096,268	(135,170)	5,197,815	9,451,059	21,015	9,472,074
Retained in the financial statements of:									
The company	18,702	135,087	1,463,505	2,055,074	-	1,024,515	4,696,883		
Subsidiary companies	-	-	674,852	41,194	(135,170)	4,173,300	4,754,176		
Balances at December 31, 2006	18,702	135,087	2,138,357	2,096,268	(135,170)	5,197,815	9,451,059		

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

JAMAICA PRODUCERS GROUP LIMITED

Group Statement of Changes in Equity (Continued)
Year ended December 31, 2007

	Share capital $'000 (note 16)	Share premium $'000	Capital reserves $'000	Fair value reserve $'000	Reserve for own shares $'000	Retained profits $'000	Parent company stockholders' equity $'000	Minority interest $'000	Total equity $'000
Balances at December 31, 2006	18,702	135,087	2,138,357	2,096,268	(135,170)	5,197,815	9,451,059	21,015	9,472,074
Changes in equity:									
Exchange gains arising on retranslation of foreign operations	-	-	335,003	-	-	-	335,003	1,229	336,232
Unrealised exchange losses transferred	-	-	(4,110)	-	-	4,110	-	-	-
Change in fair value of available-for-sale investments	-	-	-	236,208	-	-	236,208	-	236,208
Impairment loss on available-for-sale investments recognised in group profit and loss account	-	-	-	18,127	-	-	18,127	-	18,127
Realised gains on available-for-sale investments transferred to group profit and loss account	-	-	-	(22,605)	-	-	(22,605)	-	(22,605)
Own shares acquired by ESOP	-	-	-	-	(25,130)	-	(25,130)	-	(25,130)
Unclaimed distributions to stockholders	-	-	15,282	-	-	-	15,282	-	15,282
Income and expenses recognised directly in equity	-	-	346,175	231,730	(25,130)	4,110	556,885	1,229	558,114
Loss for the year	-	-	-	-	-	(463,423)	(463,423)	(15,685)	(479,108)
Total recognised income and expenses for the year	-	-	346,175	231,730	(25,130)	(459,313)	93,462	(14,456)	79,006
Distributions to stockholders (note 26)	-	-	-	-	-	(467,946)	(467,946)	(955)	(468,901)
Balances at December 31, 2007	18,702	135,087	2,484,532	2,327,998	(160,300)	4,270,556	9,076,575	5,604	9,082,179
Retained in the financial statements of:									
The company	18,702	135,087	1,478,787	2,264,895	-	798,634	4,696,105		
Subsidiary companies	-	-	1,005,745	63,103	(160,300)	3,478,489	4,387,037		
Joint venture company	-	-	-	-	-	(6,567)	(6,567)		
Balances at December 31, 2007	18,702	135,087	2,484,532	2,327,998	(160,300)	4,270,556	9,076,575		

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

JAMAICA PRODUCERS GROUP LIMITED

Group Statement of Cash Flows
Year ended December 31, 2007

	Notes	2007 $'000	2006 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss)/profit for the year attributable to parent company stockholders		(463,423)	2,586,334
Adjustments to reconcile net profit for the year to net cash provided/(used) by operating activities:			
Items not involving cash:			
Depreciation and impairment losses - fixed assets	15	461,434	367,194
Amortisation and impairment losses - biological assets	10	32,639	8,742
Exchange movement in working capital		343,547	161,524
Deferred tax, net	14	(238,729)	64,787
Employee benefits, net		(12,275)	50,892
Impairment loss on investments		18,127	-
Gain on disposal of property, plant and equipment and investments		(44,619)	(68,454)
Share of loss in joint venture		6,567	-
Gain on sale of subsidiary and associated company		-	(2,340,271)
Minority interest in (loss)/profit for the year		(15,685)	26,876
Deferred income amortised		(17,458)	(24,417)
Interest earned		(249,339)	(225,769)
Interest expense		134,571	66,643
		(44,643)	674,081
(Increase)/decrease in current assets:			
Accounts receivable		(41,807)	(1,126,318)
Taxation recoverable		(19,636)	(49,273)
Inventories		(41,377)	(551,426)
Increase/(decrease) in current liabilities:			
Accounts payable		87,738	2,020,690
Taxation		(12,975)	(11,026)
Unclaimed distributions to stockholders		67,631	(3,690)
Net cash (used)/provided by operating activities		(5,069)	953,038
CASH FLOWS FROM INVESTMENT ACTIVITIES			
Biological assets	10	-	(57,202)
Short-term investments		1,227,311	(2,440,826)
Interest received		234,098	233,756
Securities purchased under resale agreements		196,668	149,478
Additions to property, plant and equipment	15	(246,140)	(1,440,711)
Proceeds from disposal of property, plant and equipment and investments, net of own shares acquired by ESOP		93,106	183,713
Proceeds, net of cash from sale of subsidiary and associated company		-	1,467,646
Interests in associated and joint venture companies		(54,135)	25,576
Acquisition of subsidiaries	13	(60,543)	(514,349)
Additions to investments		(132,538)	(101,059)
Net cash provided/(used) by investment activities		1,257,827	(2,493,978)
CASH FLOWS FROM FINANCING ACTIVITIES			
Bank overdrafts and short-term loans		(23,503)	(3,663)
Long-term loans		(80,574)	830,559
Interest paid		(68,881)	(64,046)
Deferred income received		135,222	-
Distribution to minority interest		(955)	-
Distributions to stockholders	26	(452,664)	(66,628)
Net cash (used)/provided by financing activities		(491,355)	696,222
Net increase/(decrease) in cash and cash equivalents		761,403	(844,718)
Cash and cash equivalents at beginning of the year	4	625,769	1,470,487
Cash and cash equivalents at end of the year	4	1,387,172	625,769

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

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Financial Statements
December 31, 2007

1. The company

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

The main activities of the company and its subsidiaries (note 33) are juice and food manufacturing and distribution, the cultivation, marketing and distribution of bananas locally and overseas, shipping and the holding of investments.

To enable the group's traditional agricultural businesses and its vertically integrated snack food business to be carried on through a wholly-owned, but independently operated subsidiary with more specific emphasis and focus, the company implemented a scheme of reorganization by way of amalgamation during the year. As a result, certain subsidiaries, all of which are principally engaged in banana production or the processing and distribution of banana-related products in Jamaica and Central America, have been transferred to Producers Holdings Limited (note 33), a wholly-owned subsidiary of Jamaica Producers Group Limited.

The resultant reorganization and restructuring costs which comprise redundancy, termination and legal costs totaled $111.867 million in the year.

In addition, the group acquired the shipping division of a former UK subsidiary for £440,000 which operates in the Banana segment. The impact of this acquisition is set out in note 13.

The group also established a banana and plantain chip manufacturing business in the Dominican Republic at a cost to the group of US$0.65 million in conjunction with a 50% Dominican Republic partner. This business commenced trading in the fourth quarter and operates in the Fresh and Processed Foods segment. The impact of this start-up business is set out in note 11.

2. Statement of compliance and basis of preparation

(a) Statement of compliance:

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

Certain new IFRS and interpretations of, and amendments to, existing standards, which were in issue, came into effect for the current financial year, as follows:

- *IFRS 7 Financial Instruments*: *Disclosures and the Amendments to IAS 1 Presentation of Financial Statements: Capital Disclosures* require disclosures about the significance of financial instruments for an entity's financial position and performance, and qualitative and quantitative disclosures on the nature and extent of risks. The additional disclosures with respect to the group's financial instruments and share capital are included in the financial statements.

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

(a) Statement of compliance (cont'd):

- *IFRIC 7 Applying the Restatement Approach under* IAS 29 *Financial Reporting* in *Hyperinflationary Economies* addresses the application of IAS 29 when an economy first becomes hyperinflationary and, in particular, the accounting for deferred tax. IFRIC 7 has no impact on the group's financial statements.

- *IFRIC 8 Scope of IFRS 2 Shared-based Payment* addresses the accounting for share-based payment transactions in which some or all goods or services received cannot be specially identified. IFRIC 8 has no impact on the group's financial statements.

- *IFRIC 9 Reassessment of Embedded Derivatives* requires that a reassessment of whether an embedded derivative should be separated from the underlying host contract should be made only when there are changes to the contract. IFRIC 9 has no impact on the group's financial statements.

- *IFRIC 10 Interim Financial Reporting and Impairment* prohibits the reversal of an impairment loss recognised in a previous interim period in respect of goodwill, an investment, an equity instrument or a financial asset carried at cost. IFRIC 10 has no impact on the group's financial statements.

New standards, and interpretations of and amendments to existing standards, that are not yet effective:

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

- *IFRS 8 Operating Segments* requires segment disclosure based on the components of the group that management monitors in making decisions about operating matters, as well as qualitative disclosures on segments. Segments will be reportable based on threshold tests related to revenues, results and assets. IFRS 8, which is effective from January 1, 2009, is not expected to have any significant impact on the group's financial statements.

- *IFRIC 11 – IFRS 2 – Group and Treasury Share Transactions* addresses the classification of a share-based payment transaction (as equity or cash-settled), in the financial statements of the entity whose employees are entitled to the share-based payment, where equity instruments of the parent or another group company are transferred in settlement of the obligation. IFRIC 11, which becomes mandatory for 2008 financial statements, is not expected to have any impact on the group's financial statements.

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Financial Statements (Continued)
December 31, 2007

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

(a) Statement of compliance (cont'd):

- *IFRIC 12 Service Concession Arrangements* addresses the accounting requirements for public-to-private service concession arrangements in private sector entities. IFRIC 12 will become mandatory for 2008 financial statements and is not expected to have any impact on the group's financial statements.

- *IFRIC 13 Accounting for Customer Loyalty Programmes,* creates consistency in accounting for customer loyalty plans. The interpretation is applicable to all entities that grant awards as part of a sales transaction (including awards that can be redeemed for goods or services not supplied by the entity). IFRIC 13, which becomes mandatory for 2009 financial statements, is not expected to have any impact on the group's financial statements.

- *IFRIC 14, IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction* provides guidance on assessing the limit set in IAS 19 on the amount of the surplus that can be recognised as an asset. It also explains how the pension asset or liability may be affected by a statutory or contractual minimum funding requirement. IFRIC 14, which becomes mandatory for 2008 financial statements, is not expected to have any impact on the group's financial statements.

- *IAS 1 (Revised) Presentation of Financial Statements,* requires the presentation of all non-owners' changes in equity in one or two statements: either in a single statement of comprehensive income, or in an income statement of comprehensive income. IAS 1 (revised), which becomes mandatory for 2009 financial statements, is not expected to have any significant impact on the group's financial statements.

- *IAS 23(Revised) - Borrowing Costs* removes the option of either capitalising borrowing costs relating to qualifying assets or expensing the borrowing costs, and requires management to capitalise borrowing costs attributable to qualifying assets. Qualifying assets are assets that take a substantial time to get ready for their intended use or sale. IAS 23, which becomes mandatory for 2009 financial statements, is not expected to have any significant impact on the group's financial statements.

- *Amendments to IFRS 2 Share-based payment – Vesting Conditions and Cancellations* is effective for annual periods beginning on or after January 1, 2009. Under the amendment, non-vesting conditions are taken into account in measuring the grant date fair value of the share-based payment and there is no true-up for differences between expected and actual outcomes. This amendment is not expected to have any significant impact on the group's financial statements.

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

(a) Statement of compliance (cont'd):

- *Revised IFRS 3 Business Combinations* and *amended IAS 27 Consolidated and Separate Financial Statements* are effective for annual periods beginning on or after July 1, 2009. The definition of a business combination has been revised and focuses on control. All items of consideration transferred by the acquirer are measured and recognised at fair value as of the acquisition date, including contingent consideration. An acquirer can elect to measure non-controlling interest at fair value at the acquisition date or on a transaction by transaction basis. New disclosure requirements have been introduced. The revisions are not expected to have any significant impact on the group's financial statements.

- *Amendments to IAS 32 Financial instruments: Presentation and IAS 1, Presentation of Financial Statements* is effective for annual periods beginning on or after January 1, 2009. The amendments allow certain instruments that would normally be classified as liabilities to be classified as equity if certain conditions are met. Where such instruments are reclassified, the entity is required to disclose the amount, the timing and the reason for the reclassification. The revisions are not expected to have any significant impact on the group's financial statements.

(b) Basis of preparation:

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

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

Judgements made by management in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next financial year are discussed below:

(i) Pension and other post-retirement benefits

The amounts recognised in the group's balance sheet and profit and loss account for pension and other post-retirement benefits are determined actuarially using several assumptions. The primary assumptions used in determining the amounts recognised include expected long-term return on plan assets and the discount rate used to determine the present value of estimated future cash flows required to settle the pension and other post-retirement obligations.

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Financial Statements (Continued)
December 31, 2007

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

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

(i) Pension and other post-retirement benefits (cont'd)

The expected return on plan assets is assumed considering the long-term historical returns, asset allocation and future estimates of long-term investment returns. The discount rate is determined based on the estimate of yield on long-term government securities that have maturity dates approximating the terms of the group's obligation. Any changes in these assumptions will impact the amounts recorded in the financial statements for these obligations.

(ii) Impairment of goodwill

Impairment of goodwill is dependent upon management's internal assessment of future cash flows from cash-generating units that gave rise to the goodwill. That internal assessment determines the amount recoverable from future use of those units. In addition, the estimate of the amount recoverable from future use of those units is sensitive to the discount rates used (see note 13).

It is possible, based on existing knowledge, that outcomes that are different from these assumptions could require a material adjustment to the carrying amount reflected in future financial statements.

3. Significant accounting policies

The significant accounting policies below conform in all material respects to IFRS.

(a) 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, including an Employees' Share Ownership Plan (ESOP) classified as a special purpose entity [note 17(i)], made up to December 31, 2007.

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

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, over the financial and operating policies. The consolidated financial statements include the group's share of the total recognised gains and losses of joint ventures on the equity accounting basis (note 11). When the group's share of losses exceeds its interest in a joint venture the group's carrying amount is reduced to $Nil and recognition of further losses is discontinued, except to the extent that the group has incurred legal or constructive obligations or made payments on behalf of a joint venture. If the joint venture subsequently reports gains, the group resumes recognising its share of those gains only after its share of gains equals the share of losses not recognised.

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

3. Significant accounting policies (cont'd)

(b) Foreign currencies:

The group's foreign assets and liabilities are translated at the buying rates of exchange ruling at the balance sheet date [note 32(b)(ii)]. Items in the foreign subsidiaries' profit and loss account are translated at rates of £1 to J$136.39 (2006: J$118.08) and US$1 to J$68.49 (2006: J$65.73), being the weighted 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 group 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 17(ii)].

(c) Cash and cash equivalents:

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

(d) Short-term investments:

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

(e) Securities purchased under resale agreements:

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

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

(f) Trade and other receivables:

Trade and other receivables are stated at amortised cost, less impairment losses [see note 3(m)].

(g) Inventories:

Inventories are valued at the lower of cost, determined principally on the first-in first-out basis, and net realisable value. Net realisable value is the estimated selling price less the estimated costs of completion and selling expenses.

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Financial Statements (Continued)
December 31, 2007

3. Significant accounting policies (cont'd)

(h) Trade and other payables:

Trade and other payables, including provisions, are stated at their amortised cost. A provision is recognised in the balance sheet when the group has a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(i) Biological assets:

Biological assets represent the cost of primarily banana plants which are capitalised up to maturity. These are stated at cost, less accumulated amortisation and impairment losses, as fair value cannot be reliably determined. The costs are normally amortised over a period of seven years. Certain subsidiaries have taken those costs to their profit and loss accounts in the year incurred due to the uncertainty of future profits from which those costs would normally be recovered.

(j) Investments:

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

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

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.

(k) Goodwill:

Goodwill represents amounts arising on acquisition of subsidiaries after 1995. It comprises the excess of the cost of acquisition over the fair value of the net identifiable assets acquired less contingent liabilities, and deemed cost at March 31, 2004.

Goodwill is stated at cost, less any accumulated impairment losses. Goodwill is allocated to cash-generating units (note 13) and is no longer amortised but tested annually for impairment.

3. Significant accounting policies (cont'd)

(l) Property, plant and equipment:

(i) Owned assets

Items of property, plant and equipment are stated at cost, less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets include the costs of material and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment. Borrowing costs related to the acquisition or construction of qualifying assets are recognised in profit or loss as incurred.

(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 (iv) below, and impairment losses. After deducting interest attributable to future periods, the net amount payable is included in accounts payable.

(iii) Subsequent costs

The group recognises in the carrying amount of an item of property, plant and equipment, the cost of replacing part of such an item when that cost is incurred, if it is probable that the future economic benefits embodied with the item will flow to the group and the cost of the item can be measured reliably.

(iv) Depreciation

Property, plant and equipment, including leased assets, with the exception of freehold land on which no depreciation is provided, are depreciated on the straight-line basis at annual rates, varying between 2% and 50%, estimated to write off the assets over their expected useful lives. Computer software and equipment are depreciated on the straight-line basis at rates between 25% and 100% per annum. Depreciation methods, useful lives and residual values are reassessed at each reporting date.

(m) Impairment:

The carrying amounts of the group's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill, the 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.

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Financial Statements (Continued)
December 31, 2007

3. Significant accounting policies (cont'd)

(m) Impairment (cont'd):

Impairment losses in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then to reduce the carrying amount of other assets in the unit on a pro rata basis. Impairment losses are recognised in the group profit and loss account.

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

A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost is also objective evidence of impairment. When a decline in the fair value of an available-for-sale investment has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in equity is recognised in group profit or loss even though the investment has not been derecognised.

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

(i) Calculation of recoverable amount

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

The recoverable amount of other assets 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 pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

(ii) Reversals of impairment

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

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

An impairment loss in respect of goodwill is not reversed.

In respect of other assets, an impairment loss is reversed, if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3. Significant accounting policies (cont'd)

(n) Employee benefits:

Employee benefits are all forms of consideration given by the group in exchange for service rendered by employees. These include current or short-term benefits such as salaries, bonuses, national insurance contributions, annual leave and non-monetary benefits such as medical care and housing, post-employment benefits such as pensions and other long-term employee benefits such as termination benefits.

Employee benefits that are earned as a result of past or current service are recognised in the following manner: 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 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 group'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.

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 group 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.

(o) 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.

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Financial Statements (Continued)
December 31, 2007

3. Significant accounting policies (cont'd)

(p) Finance costs:

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

(q) 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.

(r) 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.

(s) 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.

4. Cash and cash equivalents

	2007 $'000	2006 $'000
Cash and bank balances	1,265,355	571,175
Deposits	121,817	54,594
	1,387,172	625,769

4. Cash and cash equivalents (cont'd)

Movement on cash and cash equivalents:

	2007 $'000	2006 $'000
Balance at beginning of the year	625,769	1,470,487
Net cash inflows	678,688	183,644
From acquisition of subsidiary	-	23,772
Released on disposal of subsidiary	-	(1,286,839)
Unrealised exchange gain	82,715	234,705
Balance at end of the year	1,387,172	625,769

5. Short-term investments

	2007 $'000	2006 $'000
Loans and receivables		
Government of Jamaica securities	208,051	25,000
Other debt securities	1,370,045	2,780,407
	1,578,096	2,805,407

6. Accounts receivable

	2007 $'000	2006 $'000
Trade receivables	2,105,977	2,086,016 *
Staff receivables	35,717	35,614
Other receivables and prepayments	353,656	299,444 *
	2,495,350	2,421,074
Less: Provision for doubtful debts	(111,118)	(93,890)*
	2,384,232	2,327,184

The movement in the provision for doubtful debts in respect of accounts receivable during the year is as follows:

	2007 $'000	2006 $'000
Balance at January 1	93,890	89,807 *
Impairment losses recognised	41,642	21,664
Impairment losses reversed	(934)	(724)
Amounts written off as uncollectible	(28,572)	(20,533)
Amounts recovered during the year	-	(2,000)
Exchange gains on retranslation	5,092	5,676
	111,118	93,890

* Restated

The provision for doubtful debts account in respect of accounts receivable is used to record impairment losses, unless the company is satisfied that no recovery of the amount owing is possible, at which point the amount considered irrecoverable is written off against the receivable directly.

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Financial Statements (Continued)
December 31, 2007

6. Accounts receivable (cont'd)

The aging of trade receivables at the reporting date was:

	Gross		Impairment	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
Not past due	1,475,763	1,588,567	-	-
Past due 0 - 30 days	400,305	327,484	560	-
Past due 31 - 120 days	186,813	145,784	48,979	35,475
Past due 121 days - 1 year	24,411	8,388	18,947	7,501
More than 1 year	18,685	15,793	15,465	15,020
	2,105,977	2,086,016	83,951	57,996

Other receivables and prepayments include $10,939 (2006: $3,626) receivable from directors in the ordinary course of business [note 30 (b)].

7. Inventories

	2007	2006
	$'000	$'000
Processed goods	92,578	194,782
Raw materials and consumables	791,843	658,596
Spare parts and other	29,402	19,068
	913,823	872,446

8. Bank overdrafts and short-term loans

The overdraft facility of the company is unsecured (note 15).

9. Accounts payable

	2007	2006
	$'000	$'000
Trade payables	1,497,873	1,603,071
Other	1,543,790	1,285,164
	3,041,663	2,888,235

Accounts payable includes $Nil (2006: $42,048,000) due to directors.

10. Biological assets

	2007	2006
	$'000	$'000
Balance at beginning of the year	50,336	1,876
Increase due to new plantings	-	57,202
Impairment losses	(21,818)	-
Amortisation for the year	(10,821)	(8,742)
Unrealised exchange gain	4,071	-
Balance at end of the year	21,768	50,336

11. Interest in joint venture

During the year, the group established a banana and plantain chip manufacturing business in the Dominican Republic in conjunction with a 50% Dominican Republic partner. The following represents the group's investment in the joint venture, using the equity method:

	2007 $'000	2006 $'000
Shares, at cost, less amounts written off	26,129	-
Group's share of reserves	(6,526)	-
Loan account receivable	27,965	-
	47,568	-

12. Investments

	2007 $'000	2006 $'000
Available-for-sale securities:		
Quoted	3,040,362	2,780,503
Unquoted	30,764	25
	3,071,126	2,780,528
Loans and receivables:		
Government of Jamaica bonds	48,000	181,831
Other debt securities	1,473	5,539
	49,473	187,370
	3,120,599	2,967,898

Market values of quoted investments are computed using listed bid prices or where not available, based on quotations received from stockbrokers.

It is the opinion of the directors that the fair value of unquoted investments approximates at least to their carrying value.

Included in available-for-sale securities is a quoted investment having a fair value at year-end of $639,000,000 which is being held as collateral for the £2,000,000 long-term loan shown in note 19(a)(iii).

13. Goodwill

Goodwill comprises the following significant carrying amounts:

	2007		2006	
Group of cash-generating units	Discount rate(s)	$'000	Discount rate(s)	$'000
Juice manufacturing and food distribution business	10%	318,988	10%	306,553
Soup business	10%	299,765	-	411,890
Other units	10 – 20%	233,918	10 – 20%	169,949
		852,671		888,392

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Financial Statements (Continued)
December 31, 2007

13. Goodwill (cont'd)

In testing goodwill for impairment, recoverable amounts of cash-generating units are estimated based on value in use. Where the recoverable amounts exceed the carrying amounts, no impairment provision is made. The recoverable amounts of cash-generating units are arrived at by estimating their future cashflows and discounting those cashflows using long-term discount rates applicable to the countries in which the businesses operate. Future sustainable cashflows are estimated based on the most recent forecasts, after taking account of past experience. Each unit is regarded as saleable to a third party at any future date at a price sufficient to recover its carrying amount of goodwill. The movement in goodwill during the year comprises:

	2007 $'000	2006 $'000
Goodwill at January 1	888,392	331,004
Acquisitions during the year	51,893	514,349
Payments in relation to previous acquisitions	1,904	-
Total relating to acquisitions	53,797	514,349
	942,189	845,353
Released on sale of subsidiary	-	(8,921)
	942,189	836,432
Offset against deferred consideration	(143,923)	-
	798,266	836,432
Exchange gain on retranslation	54,405	51,960
Goodwill at December 31	852,671	888,392

The goodwill which arose during the year resulted from the acquisition of the shipping division of a former UK subsidiary. The effect of that acquisition and computation of goodwill acquired is set out below.

On January 27, 2007, a subsidiary acquired the shipping division for $58.64 million. That business is involved in the consolidation of cargo for shipment from the UK to the Caribbean.

The acquisition was accounted for using the purchase method. The carrying amount, which approximates fair value of assets and liabilities of the business recognised by the group, at the date of acquisition, is as follows:

	$'000
Net identifiable assets and liabilities	
Property, plant and equipment	6,746
Share of net assets 100%	6,746
Goodwill during year	51,893
Total consideration on acquisition in the year	58,639
Satisfied by the following:	
Cash consideration	57,082
Fees	1,557
Net cash outflow arising on acquisition in the year	58,639
Payments in relation to previous acquisitions	1,904
Net cash outflow for the year	60,543

Deferred consideration was offset by revised amounts paid and estimated to be payable between 2008 and 2009, based upon certain performance milestones being achieved.

14. Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Deferred tax					
	Assets		Liabilities		Net	
	2007	2006	2007	2006	2007	2006
	$'000	$'000	$'000	$'000	$'000	$'000
Property, plant and equipment	10,927	7,147	259,752	219,689	(248,825)	(212,542)
Employee benefits	10,228	12,893	-	-	10,228	12,893
Other liabilities	41,130	25,365	-	-	41,130	25,365
Other assets	-	-	8,204	50,572	(8,204)	(50,572)
Tax losses carried forward	224,086	16,234	-	-	224,086	16,234
	286,371	61,639	267,956	270,261	18,415	(208,622)

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

	2007	2006
	$'000	$'000
Net deferred tax liabilities at beginning of year	(208,622)	(24,450)
Recognised in gain on sale of subsidiary and associated company	-	(107,166)
Recognised in taxation credit/(charge) [note 22(a)(ii)]	238,729	(64,787)
Retranslation loss	(11,692)	(12,219)
Net deferred tax assets/(liabilities) at end of year	18,415	(208,622)

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Financial Statements (Continued)
December 31, 2007

15. Property, plant and equipment

	Freehold land and buildings $'000	Leasehold land and buildings $'000	Equipment, vehicles and furniture $'000	Work-in-progress $'000	Total $'000
At cost:					
December 31, 2005	773,564	878,457	3,922,278	98,525	5,672,824
Additions	128,129	8,173	1,251,802	52,607	1,440,711
Transfers	(657)	2,053	4,534	(5,930)	-
Disposals	-	(2,749)	(170,413)	(4,049)	(177,211)
Released on disposal of subsidiary	(293,048)	(619,151)	(1,402,526)	-	(2,314,725)
Exchange adjustments	108,484	44,283	557,130	490	710,387
December 31, 2006	716,472	311,066	4,162,805	141,643	5,331,986
Additions	4,569	1,384	231,610	8,577	246,140
Acquisitions	-	-	6,746	-	6,746
Transfers	20,958	860	14,595	(36,413)	-
Disposals	(1,818)	(760)	(48,697)	-	(51,275)
Exchange adjustments	55,441	-	307,834	650	363,925
December 31, 2007	795,622	312,550	4,674,893	114,457	5,897,522
Depreciation and Impairment:					
December 31, 2005	240,284	394,502	2,480,337	85,990	3,201,113
Charge for the year	28,200	2,180	336,814	-	367,194
Eliminated on disposals	-	(514)	(124,172)	-	(124,686)
Released on disposal of subsidiary	(67,167)	(119,915)	(1,181,685)	-	(1,368,767)
Exchange adjustments	36,704	8,577	267,572	-	312,853
December 31, 2006	238,021	284,830	1,778,866	85,990	2,387,707
Charge for the year	34,411	1,851	414,709	-	450,971
Impairment losses	-	-	10,463	-	10,463
Eliminated on disposals	(625)	(260)	(36,644)	-	(37,529)
Exchange adjustments	19,841	-	122,272	-	142,113
December 31, 2007	291,648	286,421	2,289,666	85,990	2,953,725
Net book values:					
December 31, 2007	503,974	26,129	2,385,227	28,467	2,943,797
December 31, 2006	478,451	26,236	2,383,939	55,653	2,944,279
December 31, 2005	533,280	483,955	1,441,941	12,535	2,471,711

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

Freehold land and buildings include land as follows:

	2007 $'000	2006 $'000
At cost	55,958	54,565*
Directors' allocation of cost	4,857	4,857
Total land	60,815	59,422*

* Restated.

The company has given an undertaking to one of its bankers not to encumber real estate held at 6A Oxford Road while the company has credit arrangements (note 8).

16. Share capital

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

Stated capital:	2007 $'000	2006 $'000
Issued and fully paid - 187,024,006 ordinary stock units	18,702	18,702

In accordance with Section 37 (1) of the Companies Act 2004 (the Act), the company elected on June 2, 2005 to retain its existing shares and to continue the issue of shares with a nominal or par value of 10¢ each. Under the Act, eighteen months after this election, on December 3, 2006, the shares in issue were deemed to be shares without a nominal or par value. The company's stated capital does not include share premium which is retained in capital reserves (note 17) in accordance with Section 39 (7) of the Act.

17. Reserves

	2007 $'000	2006 $'000
Capital:		
Share premium (note 16)	135,087	135,087
Fair value reserve	2,327,998	2,096,268
Reserve for own shares [see (i) below]	(160,300)	(135,170)
Other [see (ii) below]	2,484,532	2,138,357
	4,787,317	4,234,542
Revenue:		
Retained profits	4,270,556	5,197,815
	9,057,873	9,432,357

(i) Reserve for own shares was included in these financial statements by consolidation of the company's Employees' Share Ownership Plan (ESOP) as it is regarded as a Special Purpose Entity and is required to be consolidated under IAS 27, as interpreted by the Standing Interpretations Committee (SIC) Statement 12. The reserve comprises the cost of the company's shares held by the group through the ESOP, less net gains on shares sold.

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Financial Statements (Continued)
December 31, 2007

17. Reserves (cont'd)

(i) (Cont'd)

The consolidated financial statements include the group's share of profits/losses of the ESOP based on management accounts for the year ended December 31, 2007. The results of this entity is insignificant in relation to the group.

The number of stock units (note 16) held by the ESOP at December 31, 2007 was 16,861,265 (2006: 15,861,265). Based on the bid price, less a 15% discount normally allowed to staff, the value of those stock units at December 31, 2007 was $530,287,000 (2006: $525,801,000). The value of these stock units is not recognised in the group's reserve for own shares until sold.

(ii) Other capital reserves comprise gains on disposal of property, plant and equipment and investments until December 31, 2001, unrealised exchange gains and unclaimed distributions to stockholders (note 26).

(iii) Losses in a subsidiary, in excess of the minority's interest in the equity of the subsidiary, are included in the group's results. If the subsidiary subsequently reports profits, such profits are included in the group results, until the minority's share of losses, previously absorbed by the group, has been recovered.

18. Employee benefit obligation

The group participates in one defined-benefit and two defined-contribution pension schemes. The defined-benefit scheme is closed to new entrants. It is managed by trustees and covers salaried employees of a certain subsidiary, who have satisfied minimum service requirements.

(a) Contributions under the two defined-contribution pension schemes during the year amounted to $78,890,000 (2006: $54,478,000).

(b) The amounts recognised in the financial statements in respect of the defined-benefit scheme is as follows:

(i) Employee benefit obligation:

	2007 $'000	2006 $'000
Present value of funded obligations [see (iii) below]	(687,769)	(671,056)
Fair value of plan assets [see (iv) below]	699,677	569,334
Sub-total	11,908	(101,722)
Unrecognised actuarial (gains)/losses included in the sub-total above	(45,814)	58,919
Recognised obligation	(33,906)	(42,803)

18. Employee benefit obligation (cont'd)

(b) (Cont'd)

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

	2007 $'000	2006 $'000
Net obligation at January 1	(42,803)	(377,767)
Contributions paid	46,101	87,594
Expense recognised in the group profit and loss account	(33,826)	(138,486)
	(30,528)	(428,659)
Exchange loss on obligation released	-	(44,473)
Less obligation released on sale of shares in subsidiary	-	436,482
Exchange loss on retranslation	(3,378)	(6,153)
Net obligation at December 31	(33,906)	(42,803)

(iii) Movements in present value of funded obligation:

	2007 $'000	2006 $'000
Balance at January 1	(671,056)	(3,723,578)
Interest cost	(39,418)	(90,904)
Current service cost	(36,826)	(106,882)
Benefits paid	1,637	30,393
Actuarial gain	114,980	41,358
	(630,683)	(3,849,613)
Exchange loss on obligation released	-	(394,419)
Less liability released on sale of shares in subsidiary	-	3,675,632
Exchange loss on retranslation	(57,086)	(102,656)
Balance at December 31	(687,769)	(671,056)

(iv) Movements in fair value of plan assets:

	2007 $'000	2006 $'000
Fair value of plan assets at January 1	569,334	2,280,751
Expected return on plan assets	41,327	83,091
Contributions paid	46,101	87,594
Benefits paid	(1,637)	(30,393)
Actuarial (loss)/gain	(6,956)	21,437
	648,169	2,442,480
Exchange gain on plan assets released	-	233,952
Less plan asset released on sale of shares in subsidiary	-	(2,188,884)
Exchange gain on retranslation	51,508	81,786
Fair value of plan assets at December 31	699,677	569,334

Plan assets consist of the following:

	2007 $'000	2006 $'000
Equities	457,158	358,154
Fixed income securities	178,772	148,909
Annuity policies and cash	63,747	62,271
	699,677	569,334

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Financial Statements (Continued)
December 31, 2007

18. Employee benefit obligation (cont'd)

(b) (Cont'd)

(v) Expense recognised in the group profit and loss account:

	2007 $'000	2006 $'000
Current service cost	(36,826)	(106,882)
Interest on obligation	(39,418)	(90,904)
Actuarial gain/(loss) recognised	1,091	(23,791)
Expected return on plan assets	41,327	83,091
Expense recognised in the group profit and loss account	(33,826)	(138,486)
Actual return on plan assets	4.5%	9.0%

(vi) Principal actuarial assumptions at the balance sheet date:

	2007 %	2006 %
Discount rate at December 31	5.90	5.20
Expected return on plan assets at December 31	7.30	6.30
Future salary increases	4.40	4.60
Future pension increases	2.80	2.60

(c) Historical information for defined-benefit pension plan:

	2007 $'000	2006 $'000	2005 $'000
Present value of the defined benefit obligation	(687,769)	(671,056)	(3,723,578)
Fair value of plan assets	699,677	569,334	2,280,751
Surplus/(deficit) in plan	11,908	(101,722)	(1,442,827)
Experience adjustments arising on plan liabilities	(30,825)	(26,686)	(144,550)
Change in assumptions underlying present value of plan obligations	123,846	58,874	(403,273)
Experience adjustments arising on plan assets	15,003	30,607	167,919

19. Long-term loans

		Current portion		Non-current portion	
		2007 $'000	2006 $'000	2007 $'000	2006 $'000
(a)	Bank loans	115,585	68,202	628,785	433,446
(b)	Finance lease obligations	109,561	248,568	486,860	543,291
(c)	Deferred consideration	31,523	82,254	19,615	104,946
		256,669	399,024	1,135,260	1,081,683

19. Long-term loans (cont'd)

(a) During the year, a new loan of £2,000,000 was obtained. This is secured by a portion of the company's equity investment portfolio (note 12). The loans are repayable as follows:

(i) £3,000,000 by quarterly instalments over a ten-year period that commenced December 22, 2006; and

(ii) £1,000,000 by quarterly instalments over a five-year period that commenced June 29, 2007.

(iii) £2,000,000 by quarterly instalments over a five-year period that commenced April 30, 2007.

(b) The obligations under finance leases are denominated in Pounds Sterling (£) and payable by quarterly instalments over periods between five and seven years.

	2007 $'000	2006 $'000
Within one year	142,906	291,758
In the second to fifth year inclusive	462,202	459,747
After five years	196,671	172,889
	701,779	924,394
Less future finance charges	(105,358)	(132,535)
Present value of minimum lease payments	596,421	791,859
Included in the financial statements as:		
Current portion of long-term loans	109,561	248,568
Long-term loans	486,860	543,291
	596,421	791,859

(c) This represents the balance expected to be paid to the previous owners of a subsidiary acquired during the year. It is denominated in Pounds Sterling (£), is unsecured and will be payable between 2007 and 2009. However, the amount is dependent upon certain performance milestones being achieved.

The terms and conditions of outstanding loans were as follows:

	Currency	Nominal Interest rate	Year of maturity	Face value 2007 $'000	Carrying value 2007 $'000	Face value 2006 $'000	Carrying value 2006 $'000
Secured bank loans	GBP	LIBOR + 1.1%	2012-2017	506,194	506,194	501,648	501,648
Secured bank loan	GBP	UK Prime + 1.0%	2012	238,176	238,176	-	-
Finance leases	GBP	6.0 - 6.7%	2010-2013	701,779	596,421	924,265	791,859
Deferred consideration	GBP	6.0 - 7.0%	2009	51,138	51,138	187,200	187,200
				1,497,287	1,391,929	1,613,113	1,480,707

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Financial Statements (Continued)
December 31, 2007

20. Financial income and expenses

	Continuing operations 2007 $'000	Continuing operations 2006 $'000	Discontinued operations 2006 $'000
Recognised in group profit and loss account:			
Financial income			
Interest income on available-for-sale financial assets	8,013	10,089	-
Interest income on bank deposits, loans and receivables	241,326	137,810	47,903
Dividend income on available-for-sale financial assets	43,728	39,597	-
Net gain on available-for-sale financial assets transferred from equity	22,605	82	-
Net foreign exchange gain/(loss)	-	42,943	(4,218)
	315,672	230,521	43,685
Financial expenses			
Interest expense on financial liabilities measured at amortised cost	(134,571)	(66,643)	-
Impairment loss on available-for-sale securities	(18,127)	-	-
Net foreign exchange loss	(19,555)	-	-
	(172,253)	(66,643)	-
Net financial income	143,419	163,878	43,685

21. Gross operating revenue

Gross operating revenue comprises investment income, the gross sales of goods and services of the group and commission earned by the group on consignment sales. This is shown after deducting returns, rebates and discounts, U.K. value-added tax (VAT) and Jamaican General Consumption Tax (GCT) and eliminating sales within the group.

22. Taxation

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

	2007 $'000	2006 $'000
(i) Current tax charge:		
Jamaican company profits tax @ 33⅓%	-	1,461
United Kingdom corporation tax @ 30% (2006: 30%)	3,546	49,796
Other taxes	-	1,794
Over-provision in previous year	(14,184)	(9,068)
	(10,638)	43,983
(ii) Deferred taxation (note 14):		
Origination and reversal of temporary differences	(35,925)	72,839
Tax losses	(202,804)	(8,052)
	(238,729)	64,787
Total taxation (credit)/charge in group profit and loss account	(249,367)	108,770
Attributable to continuing operations	(249,367)	78,393
Attributable to discontinued operations [note 23 (a)]	-	30,377
Total taxation (credit)/charge in group profit and loss account	(249,367)	108,770

22. Taxation (cont'd)

(b) The effective tax rate for 2007 was 34.2% (2006: 4.0%) of pre-tax losses of \$(728,475,000) (2006: pre-tax profits of \$2,721,980,000), compared to the statutory tax rate of 33⅓% (2006: 33⅓%). The actual charge differs from the "expected" tax charge for the year as follows:

	2007		
	Discontinued operations		Continuing
	(gain on sale)	(operations)	operations
	\$'000	\$'000	\$'000
Loss before taxation	-	-	(728,475)
Computed "expected" tax credit @ 33⅓%	-	-	(242,825)
Taxation difference between loss for financial statements and tax reporting purposes on -			
Overseas taxation	-	-	23,068
Tax losses and tax relief utilised	-	-	181,104
Gain on disposal of property, plant and equipment and investments	-	-	(117)
Disallowed expenses, depreciation and other related capital adjustments	-	-	(210,597)
Actual tax credit	-	-	(249,367)

	2006		
	Discontinued operations		Continuing
	(gain on sale)	(operations)	operations
	\$'000	\$'000	\$'000
Profit before taxation	2,340,271	97,524	284,185
Computed "expected" tax charge @ 33⅓%	780,090	32,508	94,727
Taxation difference between profit for financial statements and tax reporting purposes on -			
Overseas taxation	(778,609)	(3,218)	(6,795)
Tax losses and tax relief utilised	-	-	(518)
Gain on disposal of property, plant and equipment and investments	-	-	(2,044)
Disallowed expenses, depreciation and other related capital adjustments	(1,481)	1,087	(6,977)
Actual tax charge	-	30,377	78,393

(c) Four subsidiary companies operated, of which two continue to operate, under relief from taxation on agricultural income as follows:

		Effective dates	
Company	Income Tax Order	From	To
Eastern Banana Estates Limited	Income Tax (Approved Farmer) (No. 3) Order 1993 and 2004	1992 2003	2001 2008
Victoria Banana Company Limited	Income Tax (Approved Farmer) (No. 4) Order 1994	1995	2003

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Financial Statements (Continued)
December 31, 2007

22. Taxation (cont'd)

(c) Four subsidiary companies operated, of which two continue to operate, under relief from taxation on agricultural income as follows: (cont'd)

Company	Income Tax Order	Effective dates From	To
St. Mary Banana Estates Limited	Income Tax (Approved Farmer) (No. 3) Order 1993 and 2004	1992 2003	2001 2008
Agualta Vale Limited	Income Tax (Approved Farmer) Order of 1984 and 1990.	1985 1990	1989 2000

(d) As at December 31, 2007, the group has taxation losses, subject to agreement by the Commissioner of Taxpayer Audit and Assessment of approximately $591,297,000 (2006: $344,014,000) and the Inland Revenue (UK) of approximately $662,970,000 (2006: $Nil), available for relief against future taxable profits. The taxation losses disclosed in the financial statements, reflect those available under existing legislation. A deferred tax asset of $178,533,000 (2006: $114,671,000) in respect of taxation losses of certain subsidiaries has not been recognised by the group as management considers its realisation within the foreseeable future to be too uncertain.

23. Profit after taxation and cash flows from discontinued operations

(a) Profit from discontinued operations after taxation in the previous year comprises:

	(52 weeks) 2007 $'000	(40 weeks) 2006 $'000
Gross operating revenue	-	15,134,339
Cost of operating revenue	-	(13,636,428)
Gross profit	-	1,497,911
Selling and distribution costs	-	(1,098,812)
Administration and other operating expenses	-	(344,410)
Profit from discontinued operations	-	54,689
Net loss from fluctuations in exchange rates	-	(4,218)
Gains on disposal of property, plant and equipment and investments	-	1,055
Other income	-	45,998
Profit from discontinued operations before taxation	-	97,524
Taxation [note 22(a)]	-	(30,377)
Profit from discontinued operations after taxation	-	67,147

23. Profit after taxation and cash flows from discontinued operations (cont'd)

(b) Cash flows from discontinued operations in the previous year comprise:

	(52 weeks) 2007 $'000	(40 weeks) 2006 $'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit from discontinued operations after taxation	-	67,147
Items not involving cash:		
Gains on disposal of property, plant and equipment and investments	-	(1,055)
Other items	-	63,415
	-	129,507
Increase in current assets	-	(915,615)
Increase in current liabilities	-	741,746
Cash used by operating activities	-	(44,362)
CASH USED BY INVESTMENT ACTIVITIES	-	(777)
CASH PROVIDED BY FINANCING ACTIVITIES	-	88,754
Net increase in cash and cash equivalents	-	43,615
Cash and cash equivalents at beginning of the year	-	1,243,224
Sub-total	-	1,286,839
Less cash released on sale of subsidiary	-	(1,286,839)
Cash and cash equivalents at end of the year/period	-	-

24. Disclosure of expenses

(Loss)/profit for the year is stated after charging:

	2007 $'000	2006 $'000
Directors' emoluments:		
Fees	9,434	9,340
Remuneration	109,742	123,230
Auditors' remuneration	23,920	26,737
Depreciation and impairment losses	461,434	367,194
Staff costs	2,745,402	2,878,855

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Financial Statements (Continued)
December 31, 2007

25. (Loss)/earnings per ordinary stock unit

The (loss)/earnings per ordinary stock unit is calculated by dividing the (loss)/profit for the year of $(463,423,000) (2006: profit $2,586,334,000), attributable to the group, by a weighted average number of ordinary stock units held during the year, excluding those held by the ESOP.

Weighted average number of ordinary stock units:

	2007	2006
Issued ordinary stock units at January 1	187,024,006	187,024,006
Effect of own shares held by ESOP during the year	(16,473,902)	(16,022,750)
Weighted average number of ordinary stock units held during the year	170,550,104	171,001,256
(Loss)/earnings per ordinary stock unit in issue		
on continuing operations	(247.79)¢	108.28¢
on discontinued operations – from trading	-	23.29¢
on discontinued operations – gain on sale of subsidiary and associated company	-	1,251.32¢
(Loss)/earnings per ordinary stock unit in issue	(247.79)¢	1,382.89¢
(Loss)/earnings per ordinary stock unit excluding ESOP holdings		
on continuing operations	(271.72)¢	118.42¢
on discontinued operations – from trading	-	25.47¢
on discontinued operations – gain on sale of subsidiary and associated company	-	1,368.57¢
(Loss)/earnings per ordinary stock unit excluding ESOP holdings	(271.72)¢	1,512.46¢

26. Distributions to stockholders

	2007 $'000	2006 $'000
Ordinary dividends:		
First interim paid in respect of 2007 - 25¢ (2006: 25¢) per stock unit - gross	46,756	46,756
Special interim paid in respect of 2007 - $2.25 (2006: Nil) per stock unit - gross	420,804	-
Second interim payable in respect of 2007 - 25¢ (2006: 25¢) per stock unit - gross	46,756	46,756
	514,316	93,512
Distributions to ESOP [note 17(i)]	(46,370)	(7,931)
	467,946	85,581
Unclaimed distributions written back to capital reserves [note 17(ii)]	(15,282)	(18,953)
	452,664	66,628

27. Contingent liabilities

One of the group's bankers, The Bank of Nova Scotia Jamaica Limited, has issued guarantees on behalf of certain subsidiaries in favour of third parties totalling $903,000 (2006: $521,000).

28. Operating lease arrangements

(a) Non-cancellable operating lease commitments

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

	2007 $'000	2006 $'000
Within one year	13,023	2,936
In the second to fifth year inclusive	47,676	29,121
After five years	113,772	124,994
	174,471	157,051

(b) Non-cancellable operating lease receivables

Operating leases relate to property owned by the group with lease terms of between 3 to 5 years, with options to extend for a further 1 to 5 years. The lessees do not have the option to purchase the property at the expiry of the lease period.

The group earned property rental income of $6,016,000 (2006: $4,002,000) under operating leases. Direct operating expenses arising on the property in the period was $3,827,000 (2006: $1,738,000). Commitments for income under non-cancellable operating leases at year-end are as follows:

	2007 $'000	2006 $'000
Within one year	6,984	4,587
In the second to fifth year inclusive	14,711	951
	21,695	5,538

29. Commitments for expenditure

(a) As at December 31, 2007, capital expenditure authorised but not committed amounted to approximately $506,055,000 (2006: $NIL - $590,043,000 approved by the Board of Directors subsequent to the balance sheet date).

(b) At December 31, 2007, a subsidiary had purchase commitments of $Nil (£Nil) [2006: $209,890,000 (£1,628,000)], in the ordinary course of business in respect of forward exchange contracts.

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Financial Statements (Continued)
December 31, 2007

30. Related parties

(a) Identity of related parties:

The group has a related party relationship with its directors and officers and senior executives of subsidiaries. The company's executive directors, officers and the senior executives of subsidiaries are collectively referred to as "key management personnel".

(b) Transactions with directors and other key management personnel:

Directors and officers of the company, their immediate relatives and entities over which they have significant influence control 24.57% (2006: 23.53%) of the voting shares of the company. Receivables from directors at December 31, 2007 amounted to $10,939 (2006: $3,626) and are included in "Other receivables" (note 6). No interest is payable by directors on these balances. In addition to their salaries, the group contributes to various post-employment benefit plans on behalf of key management personnel.

The compensation of key management personnel based in Jamaica and overseas is as follows:

	2007	2006
	$'000	$'000
Short-term employment and other benefits	164,026	260,334
Post-employment benefits	17,543	23,027
Termination benefits	90,319	-
Total remuneration	271,888	283,361

Notes to the Financial Statements (Continued)
December 31, 2007

30. Related parties (cont'd)

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

Category, nature of relationship and nature of transactions	Transactions in year 2007 $'000	Transactions in year 2006 $'000	(Payable)/receivable at end of year 2007 $'000	(Payable)/receivable at end of year 2006 $'000	Terms and conditions *	Bad and doubtful debts: provision at end of year 2007 $'000	Bad and doubtful debts: provision at end of year 2006 $'000	Bad and doubtful debts: (expense)/recovery during the year 2007 $'000	Bad and doubtful debts: (expense)/recovery during the year 2006 $'000
Transactions with associates:									
25% associate - Secondment fees charged by group ♦	-	660	-	-	2, 3, 4	-	-	-	3,445
Transactions with directors and key management personnel or entities under their control and/or significant influence:									
i) Company under their significant influence - Consultancy services charged to group	-	5,886	-	-	1, 3, 4				
ii) Company under their control - Insurance premiums charged to group by broker	26,433	44,532	-	42	1, 3, 4				
iii) Company under their control - Management services charged to group	4,104	4,016	(352)	(2,166)	3, 4, 5				
iv) Company under their control - Shipping agency services charged to group	17,667	20,862	-	-	1, 3, 4				
v) Company under their control - Loan provided by group	-	-	-	-	2, 3, 4	-	-	-	2,000
Other related party transactions (company with significant overlapping directorship with group):									
i) Fruit sales by/other income to group	860,947	1,365,982	18,505	134,068	1, 3, 4, 5	-	-	-	-
ii) Fruit purchases by group	-	1,117,622	-	-	1, 3, 4, 5				

* The numbers in this column represent the terms and conditions that are applicable to the stated transactions and their meanings are as follows:

1. Credit of up to 30 days
2. Interest-free
3. Unsecured
4. Settlement in cash
5. Credit over 30 days

♦ Shares in the associated company, Belvedere Limited were sold during 2006.

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Financial Statements (Continued)
December 31, 2007

31. 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 production and marketing of fresh juices, drinks and other freshly prepared foods and tropical snacks.

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

Segment information below represents the total for the group from continuing and discontinued operations and the segment profit/(loss) in each table refers to the total profit before taxation and before gain on sale of interest in subsidiary and associated company.

	Banana		Fresh and Processed Foods		Corporate		Total	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Gross revenue	2,298,332	10,846,242	11,302,703	17,486,490	459,321	331,542	14,060,356	28,664,274
Inter-segment revenue	(36,540)	(37,576)	-	-	(167,951)	(140,410)	(204,491)	(177,986)
Revenue from external customers	2,261,792	10,808,666	11,302,703	17,486,490	291,370	191,132	13,855,865	28,486,288
Segment (loss)/profit	(97,262)	(53,510)	(711,043)	394,650	79,830	40,569	(728,475)	381,709
Taxation credit/(charge)							249,367	(108,770)
Gain on sale of interest in subsidiary and associated company							-	2,340,271
Minority interest							15,685	(26,876)
(Loss)/profit attributable to equity holders of the parent							(463,423)	2,586,334
Segment assets	921,782	816,332	6,173,916	6,459,274	6,937,721	6,942,098	14,033,419	14,217,704
Segment liabilities	263,553	338,321	3,996,480	4,147,379	691,207	259,930	4,951,240	4,745,630
Capital expenditure	67,127	250,409	169,649	1,152,342	15,990	37,960	252,766	1,440,711
Depreciation and amortisation	54,518	61,465	399,434	293,201	18,173	21,270	472,125	375,936

31. Segment Reporting (cont'd)

Segment information below represents the total for the group from continuing operations.

	Banana		Fresh and Processed Foods		Corporate		Total	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Gross revenue	2,298,332	2,726,460	11,302,703	10,471,933	459,321	331,542	14,060,356	13,529,935
Inter-segment revenue	(36,540)	(37,576)	-	-	(167,951)	(140,410)	(204,491)	(177,986)
Revenue from external customers	2,261,792	2,688,884	11,302,703	10,471,933	291,370	191,132	13,855,865	13,351,949
Segment (loss)/profit	(97,262)	44,567	(711,043)	199,049	79,830	40,569	(728,475)	284,185
Taxation credit/(charge)							249,367	(78,393)
Minority interest							15,685	(3,289)
(Loss)/profit attributable to equity holders of the parent							(463,423)	202,503
Segment assets	921,782	816,332	6,173,916	6,459,274	6,937,721	6,942,098	14,033,419	14,217,704
Segment liabilities	263,553	338,321	3,996,480	4,147,379	691,207	259,930	4,951,240	4,745,630
Capital expenditure	67,127	121,233	169,649	1,131,946	15,990	37,960	252,766	1,291,139
Depreciation and amortisation	54,518	17,625	399,434	275,735	18,173	21,270	472,125	314,630

Segment information below represents the total for the group from discontinued operations.

	Banana		Fresh and Processed Foods		Corporate		Total	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Gross revenue	-	8,119,782	-	7,014,557	-	-	-	15,134,339
Inter-segment revenue	-	-	-	-	-	-	-	-
Revenue from external customers	-	8,119,782	-	7,014,557	-	-	-	15,134,339
Segment profit/(loss)	-	(98,077)	-	195,601	-	-	-	97,524
Taxation							-	(30,377)
Gain on sale of interest in subsidiary and associated company							-	2,340,271
Minority interest							-	(23,587)
Profit attributable to equity holders of the parent							-	2,383,831
Segment assets	-	-	-	-	-	-	-	-
Segment liabilities	-	-	-	-	-	-	-	-
Capital expenditure	-	129,176	-	20,396	-	-	-	149,572
Depreciation and amortisation	-	43,840	-	17,466	-	-	-	61,306

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Financial Statements (Continued)
December 31, 2007

32. Financial instruments

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

(a) Fair value of financial instruments:

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

The fair value of cash and cash equivalents, short-term investments, securities purchased under resale agreements, accounts receivable, bank overdrafts and short-term loans and accounts payable are assumed to approximate their carrying values due to their relatively short-term nature. The fair value of quoted investments is at market value. The fair value of other investments, except for certain unquoted shares (note 12), 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:

The group has exposure to the following risks from its use of financial instruments: credit risk, liquidity risk and market risk including interest rate risk, currency risk and price risk. Information about the group's exposure to each of the above risks, the group's objectives, policies and processes for measuring and managing risk is detailed below.

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

The risk management policies are established to identify and analyse the risks faced by the group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the group's activities. Management's standards and procedures, aim to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

(i) Credit risk

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

32. Financial instruments (cont'd)

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

(i) Credit risk (cont'd)

The maximum exposure to credit risk at the reporting date was:

	2007 $'000	2006 $'000
Cash and cash equivalents	1,387,172	625,769
Short-term investments	1,578,096	2,805,407
Securities purchased under resale agreements	334,006	530,674
Accounts receivable	2,384,232	2,327,184
Non-current investments	3,120,599	2,967,898
	8,804,105	9,256,932

The group manages this risk as follows:

Cash and cash equivalents and Short-term investments

The group maintains cash resources with reputable financial institutions. Certain investments with a carrying value of $25,800,000 (2006: Nil) are secured by collateral with a fair value of $54,993,000 (2006: Nil). The credit risk is considered to be low.

No provision for impairment is deemed necessary.

Securities purchased under resale agreements

The group holds collateral for securities purchased under resale agreements. Assigned collateral, with a fair value of $435,277,000 (2006: $580,657,000) for the group, was held for securities purchased under resale agreements [note 3(e)].

No provision for impairment is deemed necessary.

Accounts receivable

The group has a credit policy in place to minimize exposure to credit risk inherent in trade accounts receivable. Credit evaluations are performed on all customers requiring credit. Credit terms are negotiated based on a mix of terms acceptable to both parties. The group provides credit up to 60 days dependent on other pricing arrangements that may be beneficial to the relationship. A continuing relationship with customers is dependent upon adherence to the credit terms.

The group has a policy in place to provide for impairment on all debts more than ninety (90) days past due except for specific balances that relate to special circumstances that provide fresh evidence that recovery is not in doubt.

Staff and other receivables are subject to credit terms consistent with staff guidelines and other factors, including Jamaican GCT and U.K. VAT. These guidelines include the provision of collateral as security for credit extended.

Impairment provisions are made on the basis of reviews of specific balances that are inconsistent with staff guidelines or the terms relating to other receivables.

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Financial Statements (Continued)
December 31, 2007

32. Financial instruments (cont'd)

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

(i) Credit risk (cont'd)

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

Non-current investments

More than 75% of non-current investments comprise equity instruments the credit risk of which is considered to be negligible. The balance of investments is largely held in securities issued by the Government of Jamaica, the credit risk of which is considered to be minimal.

No provision for impairment is deemed necessary.

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

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

(ii) Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates, interest rates and equity prices will affect the group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

The group manages this risk by conducting research and monitoring the price movement of securities on the local and international markets. The group also buys and sells derivative financial instruments in the ordinary course of business in order to manage market risks [note 29(b)].

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

Currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The group is exposed to foreign currency risk on transactions that are denominated in currencies other than the Jamaican dollar. The main currencies giving rise to this risk are the Pound Sterling (£), United States dollar (US$) and Euros (€).

32. Financial instruments (cont'd)

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

(ii) Market risk (cont'd)

Currency risk (cont'd)

The group manages this risk by matching foreign currency assets with liabilities as far as possible. Interest on borrowings is denominated in currencies that match the cash flows generated by the underlying operations in which the borrowings are invested. This provides an economic hedge and no derivatives are entered into. When necessary, the group uses forward exchange contracts to hedge a significant portion of its currency risk, most with a maturity of one year from the reporting date.

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

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

	2007			2006		
	US$'000	£'000	€'000	US$'000	£'000	€'000
Financial assets						
Cash and cash equivalents	17,030	385	31	34,787	4,032	-
Short-term investments	2,123	9,357	-	2,352	-	-
Securities purchased under resale agreements	1,420	494	801	2,915	-	-
Accounts receivable	1,273	14,621	8	2,530	14,510	66
Investments	6,624	-	-	6,232	-	-
Financial liabilities						
Accounts payable	(2,078)	(18,740)	(61)	(4,144)	(18,370)	(131)
Current maturities of long term loans	-	(1,832)	-	-	(3,095)	-
Long-term loans	-	(8,288)	-	-	(8,575)	-
Financial instruments exposure	26,392	(4,003)	779	44,672	(11,498)	(65)
Other assets	5,110	27,439	-	4,626	30,239	-
Other liabilities	(10)	(1,197)	-	(11)	(1,989)	-
Gross balance sheet exposure	31,492	22,239	779	49,287	16,752	(65)

Other assets/liabilities represent balances denominated in other currencies that are expected to be realised or settled in those currencies.

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Financial Statements (Continued)
December 31, 2007

32. Financial instruments (cont'd)

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

(ii) Market risk (cont'd)

Currency risk (cont'd)

Foreign currency sensitivity analysis

The following table details the group's sensitivity to a 10% strengthening of the relevant currencies against the Jamaica dollar. 10% represents management's assessment of the reasonably possible change in foreign currency rates. This analysis assumes that all other variables, in particular interest rates, remain constant. This analysis is performed on the same basis for 2006.

	2007		2006	
	Equity	Profit and loss	Equity	Profit and loss
	$'000	$'000	$'000	$'000
US$	196,757	24,317	296,835	32,895
UK£	225,239	85,769	214,142	(309)
EU€	(279)	8,334	(575)	-

Buying exchange rates at:

	February 29, 2008	December 31 2007	December 31 2006
US$1 to J$	J$ 71.10	70.18	66.92
UK£1 to J$	J$139.61	140.10	128.93
€1 to J$	J$107.97	103.37	88.48

Interest rate risk

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

The group materially contracts financial liabilities at fixed interest rates for the duration of the term. Bank overdrafts are subject to interest rates which may be varied by appropriate notice by the lender.

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

	2007	2006
	$'000	$'000
Fixed rate instruments		
Financial assets	1,950,102	1,257,923
Financial liabilities	(647,559)	(979,059)
	1,302,543	278,864
Variable rate instruments		
Financial assets	11,473	2,265,528
Financial liabilities	(744,370)	(501,648)
	732,897	1,763,880

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

32. Financial instruments (cont'd)

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

(ii) Market risk (cont'd)

Interest rate risk (cont'd)

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points (bps) in interest rates at the reporting date would have (decreased)/increased profit or loss by the amounts shown below. There would be no effect on equity. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. This analysis is performed on the same basis for 2006.

	2007		2006	
	100 bps increase $'000	100 bps decrease $'000	100 bps increase $'000	100 bps decrease $'000
Variable rate instruments	(7,329)	7,329	17,639	(17,639)

Other market price risk

The group is exposed to equity price risks arising from available for sale equity investments. Equity investments are held for strategic purposes and capital gains.

All of the group's equity investments are listed on the Jamaica Stock Exchange with the exception of a block of newly issued shares purchased late in the year which was listed in January 2008. A two percent (2%) decline in the JSE All Jamaican Composite at the reporting date would have decreased equity by $273,633,000 (2006: $250,245,000). There would no impact on profit or loss at the reporting date (2006: Nil) as there were no investments designated as fair value through profit or loss.

(iii) Liquidity risk

Liquidity risk, also referred to as funding risk, is the risk that the group will not be able to meet it financial obligations as they fall due and/or encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at, or close to, its fair value. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, and the availability of funding through an adequate amount of committed facilities.

Due to the dynamic nature of the underlying businesses, the management of the group aim at maintaining flexibility in funding by ensuring that sufficient cash resources are held or placed in short-term marketable instruments to meet financial obligations when they fall due.

There were no changes in the group's approach to liquidity risk management during the year.

Notes to the Financial Statements (Continued)
December 31, 2007

32. Financial instruments (cont'd)

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

(iii) Liquidity risk (cont'd)

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

	Weighted average interest rate	Carrying amount	Contractual cash flows	0-1 year	1-5 years	More than 5 years
	%	$'000	$'000	$'000	$'000	$'000
December 31, 2007						
Secured bank loans	6.61	744,370	921,280	162,618	535,392	223,269
Finance leases	6.65	596,421	701,779	142,906	462,202	96,671
Deferred consideration	-	51,138	51,138	31,523	19,615	-
		1,391,929	1,674,197	337,047	1,017,210	319,940
December 31, 2006						
Secured bank loans	6.90	501,648	664,481	68,124	339,538	256,819
Finance leases	6.65	791,859	924,395	291,758	459,748	172,889
Deferred consideration	-	187,200	187,200	82,254	104,946	-
		1,480,707	1,674,197	442,136	904,232	429,708

(iv) Capital management

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

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

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

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

Notes to the Financial Statements (Continued)
December 31, 2007

33. Subsidiary and joint venture companies

	2007 % equity held	Place of incorporation
SUBSIDIARY COMPANIES*		
Producers Holdings Limited (note 1)	100	Jamaica
Agualta Vale Limited	100	"
Agri Services Limited	100	"
Eastern Banana Estates Limited	100	"
St. Mary Banana Estates Limited	100	"
P.S.C. Limited	100	"
Jamaica Producers Shipping Company Limited	60	"
Trinjam Food Processors Limited	100	"
The Jamaica Producers Marketing Company Limited	100	"
JBFS Investments Limited	100	"
Crescent Developments Limited	100	"
Central American Banana (2005) Limited	100	Cayman Islands
Agroindustrial La Mesa, S.A.	100	Honduras
Sula Valley Banana Company, S.A.	80	"
JP (formerly R.A.M.) Shipping Services Limited	100	England and Wales
SFG Holdings Limited	100	Cayman Islands
Serious Food Limited	100	England and Wales
Sunjuice Limited	100	"
Serious Food (Distribution) Limited	100	"
Serious Soup Limited	100	"
Simply Organic Limited	100	"
Serious Desserts Limited	100	"
Astrol Properties Limited	100	"
Frobishers Juices Limited	65	"
Cia. Bananera del Tropico JP, S.A.	100	Costa Rica
Cia. Comercializadora Productos de Limon, S.A.	100	"
Cariban Limited	100	Guernsey
Victoria Banana Company Limited	100	Jamaica
JOINT VENTURE COMPANY		
Antillean Foods, Inc.	50	Cayman Islands

* The names of inactive subsidiary companies are omitted.

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Financial Statements (Continued)
December 31, 2007

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

	2006 % equity held	Place of incorporation
SUBSIDIARY COMPANIES*		
Agualta Vale Limited	100	Jamaica
Agri Services Limited	100	"
Eastern Banana Estates Limited	100	"
St. Mary Banana Estates Limited	100	"
P.S.C. Limited	100	"
Jamaica Producers Shipping Company Limited	60	"
Trinjam Food Processors Limited	100	"
The Jamaica Producers Marketing Company Limited	100	"
JBFS Investments Limited	100	"
Crescent Developments Limited	100	"
Central American Banana (2005) Limited	100	Cayman Islands
Agroindustrial La Mesa, S.A.	100	Honduras
Sula Valley Banana Company, S.A.	80	"
R.A.M. Shipping Services Limited	100	England and Wales
SFG Holdings Limited	100	Cayman Islands
Serious Food Limited	100	England and Wales
Sunjuice Limited	100	"
Serious Food (Distribution) Limited	100	"
Serious Soup Limited	100	"
Simply Organic Limited	100	"
Serious Desserts Limited	100	"
Astrol Properties Limited	100	"
Frobishers Juices Limited	65	"
Cia. Bananera del Tropico JP, S.A.	100	Costa Rica
Cia. Comercializadora Productos de Limon, S.A.	100	"
Cariban Limited	100	Guernsey
Victoria Banana Company Limited	100	Jamaica
Producers Fruit Distributors Limited	100	"
Jamaica Producers Ripening Company Limited	100	"

* The names of inactive subsidiary companies are omitted.

Stockholdings of Directors and Officers

December 31, 2007

	Personal shareholdings	Shareholdings in which Director/Officer has a controlling interest	Total
DIRECTORS			
The Hon. E.C. George	4,687	-	4,687
Mr. J. McG. Hall	438,876	1,223,167	1,662,043
Dr. M. McG. Hall	12,913,216	-	12,913,216
Mr. C.H. Johnston	397,389	10,774,104	11,171,493
Mrs. D. Kelly	211,963	-	211,963
Mr. M.R. Lord	9,910	106,208	116,118
Mr. D. McConnell	6,000	-	6,000
Mr. J.O. Minott	13,182	-	13,182
Mrs. K.A.J. Moss	1,708,238	1,198,600	2,906,838
Mr. D. Perkins	-	-	-
Prof. A.G. Wint	8,228	-	8,228
HONORARY DIRECTORS			
Mr. A.E. Ffrench	15,892	-	15,892
OFFICERS			
Mr. Charles Czerkawski	-	-	-
Mr. Nadav Goren	37,015	-	37,015
Mr. David Martin	-	-	-
Mr. Paul Samuels	13,041	-	13,041
Mr. Don Witter	3,818	-	3,818
TRUSTEES			
Jamaica Producers Group Limited ESOP	16,861,265	-	16,861,265

List of Top Ten Stockholders

December 31, 2007

Trustees - Jamaica Producers Group Limited ESOP	16,861,265
GraceKennedy Ltd. Pension Scheme	15,025,848
Marshall Hall & Jeanette Hall	12,913,216
Lennox Portland Ltd.	11,171,493
National Commercial Bank Ja. Ltd.	8,569,580
MF&G Trust & Finance Ltd. A/C 528	6,639,038
National Insurance Fund	6,231,401
Life Of Jamaica Ltd.	5,753,989
Scotia Jamaica Investment Management Ltd. A/C 3119 (Pension Fund)	3,171,986
David & Kathleen Moss	2,906,838

Form of Proxy

Jamaica Producers Group Limited

I/We……………………………………………………………………………………………………
(Block Capitals)
of……………………………………………………………………………………………..……..

being a member/members of the above-mentioned Company HEREBY APPOINT ……………..

……………………………………………………………………………… or failing him/her

………………………………………………………………………………………………………
as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on Thursday June 19, 2008 at 11:00 a.m. and at any adjournment thereof.

DATED this …………………………….. day of …………….………………………… 2008

Signed ………………………………………………………………………………………..

If you wish your proxy to vote in a particular manner, please indicate.

	FOR	AGAINST
RESOLUTION 1:		
RESOLUTION 2:		
RESOLUTION 3:		
RESOLUTION 4:		
RESOLUTION 5A:		
RESOLUTION 5B:		
RESOLUTION 5C:		
RESOLUTION 5D:		
RESOLUTION 6:		

Notes

1. This Form of Proxy must be lodged at the Registered Office of the Company not later than forty-eight hours before the meeting.
2. Any alterations in this Form of Proxy should be initialled.
3. In the case of joint holders, the signature of one holder will be sufficient but the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, seniority being determined by the order in which the names stand on the Register.
4. If the appointer is a Corporation this Form of Proxy must be executed under its Common Seal.
5. An adhesive stamp for $100.00 must be affixed to this Form of Proxy.

Place $100
adhesive
stamp here