



# Jamaica Producers Group Limited

UNAUDITED GROUP RESULTS  
39 WEEKS ENDED OCTOBER 1, 2016

## Chairman's Statement

For the **39-week** period ended October 1, 2016, Jamaica Producers Group Limited ("JP" or the "Group") earned \$3.38 billion of net profit attributable to shareholders, up 334% over the comparable period last year. This record profit resulted from a series of specific initiatives over several years in which the Group has used an acquisition strategy to deliver value for shareholders in specialty food and drink, while positioning the Group as Jamaica's leading private investor in the logistics business. In line with this strategy, JP's year-to-date profit benefited significantly from the gain on recognition (as a subsidiary) of our holdings in Kingston Wharves Limited ("KW") in the second quarter and the gain recognized in connection with the divestment of our 50% interest in Mavis Bank Coffee Factory Limited in the third quarter.

Measured in terms of its return on investment and its overall accrual to the net equity of JP shareholders, JP's acquisition strategy has been very successful. In the case of Mavis Bank Coffee Factory, the gain recognized by JP in the third quarter, together with the dividends and other distributions received during the five years of its ownership by us, resulted in an average annual return to JP of over 65% per year. Importantly, JP was pleased to have been able to participate alongside our joint venture partner, Pan-Jamaican Investment Trust Limited, in the revitalization and growth of Jamaica's iconic Blue Mountain Coffee industry and the improvement in returns to Jamaica's coffee farmers. Our initiatives to enhance the product development and coffee processing capabilities of Mavis Bank Coffee Factory were in fact publicly recognized in the third quarter when the business received Jamaica's National Quality Award from The Bureau of Standards Jamaica. This is Jamaica's most prestigious award for excellence in quality management in manufacturing. We believe that the new owners of Mavis Bank Coffee Factory have the commitment, resources and expertise to continue this endeavour for the benefit of all stakeholders in this important sector.

JP's year-to-date revenues increased 34% to \$8.23 billion. Shareholders' equity (attributable to parent company stockholders) increased by 57% since the start of the financial year and now stands at \$10.03 billion or \$8.94 per stock unit.

For the 13-week period ended October 1, 2016 JP earned net profit attributable to shareholders of \$676 million, a 254% increase relative to the prior year. Revenues for the third quarter (which for the first time include the consolidated revenues of KW) increased by 79% to \$3.66 billion.

### JP Logistics & Infrastructure

Our JP Logistics & Infrastructure Division includes our businesses engaged in terminal operations, logistics, freight forwarding and logistics-centered property management in the Caribbean and in Europe.

The division's year-to-date earnings before finance costs and taxation were \$768 million, up 89% relative to the comparable period last year. Divisional revenues of \$2.15 billion year-to-date were up by \$1.27 billion relative to the prior year.

The improved results for the division reflect strong performances from both KW and JP Shipping Services, our UK-based freight forwarder. KW benefited from growth in its domestic and transshipment cargo movements and in its services as a regional hub for motor vehicles. The result for JP Shipping also reflected strong revenue growth and improved efficiency but this was partially offset by the depreciation of the pound sterling relative to the Jamaican dollar by 7% since the start of the year.

With effect from the third quarter, the results for the Logistics & Infrastructure Division and the Group as a whole also now consolidate the revenues, expenses and profits generated in our KW subsidiary. KW's recognition as a subsidiary took place at the start of this Quarter with our share of KW's profit being included as an associate undertaking prior to that time.

### JP Food & Drink

Our JP Food & Drink Division comprises our vertically integrated portfolio of subsidiaries, joint venture companies and associates that are engaged in farming, food processing, distribution and retail of food and drink. The JP Food & Drink business has production facilities in Europe and the Caribbean and operates a distribution centre in the United States.



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## Chairman's Statement (cont'd)

The division earned year-to-date revenues of \$6.03 billion, up 16% over the prior year. We experienced strong sales growth in our juice business as we commenced production for new customers and new markets in Europe. Our international sales of rum cake and tropical snacks also increased, in part as a result of the depreciation of the Jamaican dollar.

The division earned profits before finance costs and taxation of \$68 million compared to \$199 million for the comparable period last year. This result includes a restructuring charge and start-up costs in connection with the launch of our new Tortuga bakery and commercial centre in Kingston. We are confident that this project will improve the revenue and profitability of the division in 2017.

The year-to-date performance of the division also reflects higher raw material costs in our juice business and various fixed costs that are incurred as we launch new juice co-packing accounts and enter new markets across Northern Europe. Our juice company, A. L. Hoogesteger Fresh Specialist B.V., continues to be the division's single largest business and we are optimistic that it will continue to achieve market leadership, revenue growth and profitability through innovation and by growing its pan-European customer base.

### Corporate Services

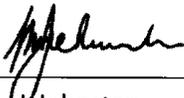
The Corporate Services segment acts predominantly as a group financing, investment and corporate management operation.

The segment earned a profit before interest and taxation of \$2.97 billion for the year-to-date. This result includes the gain in connection with our divestment of Mavis Bank Coffee Factory during the third quarter. The segment earned \$351 million for the comparable period last year.

### General

Over the course of the next few years, we will seek to optimize the potential for greater synergy among our food businesses on the one hand and our logistics businesses on the other. We expect that this will support both revenue growth and cost control. We will also invest in initiatives that promote new product development, service improvement and innovation. In line with these objectives, we will selectively consider acquisition opportunities that fall within our areas of strategic focus and that do not compromise the strength of our balance sheet.

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

  
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C. E. Johnston Chairman



# Jamaica Producers Group Limited

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## Group Balance Sheet

	Unaudited as at October 1, 2016	Unaudited as at September 26, 2015	Audited December 31, 2015
	\$'000	\$'000	\$'000
<b>Current Assets</b>			
Cash and cash equivalents	566,445	470,586	361,091
Short-term investments	829,651	138,423	-
Securities purchased under resale agreements	2,806,159	343,144	355,500
Accounts receivable	2,183,324	1,061,617	1,071,138
Taxation recoverable	15,582	8,971	10,065
Inventories	800,058	470,728	374,536
Assets classified as held for sale	13,620	-	-
<b>Total Current Assets</b>	<b>7,214,839</b>	<b>2,493,469</b>	<b>2,172,330</b>
<b>Current Liabilities</b>			
Credit facilities	-	23,690	84,821
Accounts payable	2,570,089	1,542,067	1,411,980
Taxation	55,465	55,065	56,019
Current portion of long-term loans	976,997	140,172	194,013
<b>Total Current Liabilities</b>	<b>3,602,551</b>	<b>1,760,994</b>	<b>1,746,833</b>
<b>Working Capital</b>	<b>3,612,288</b>	<b>732,475</b>	<b>425,497</b>
<b>Non-Current Assets</b>			
Biological assets	156,121	134,542	135,534
Interest in joint venture and associated companies	490,479	4,526,064	4,652,062
Investments	302,939	271,452	280,766
Employee benefit asset	619,083	-	-
Intangible assets	1,487,281	1,176,514	1,174,643
Deferred tax asset	3,346	1,054	956
Property, plant and equipment	18,560,967	1,946,425	1,831,912
<b>Total Non-Current Assets</b>	<b>21,620,216</b>	<b>8,056,051</b>	<b>8,075,873</b>
<b>Total Assets Less Current Liabilities</b>	<b>25,232,504</b>	<b>8,788,526</b>	<b>8,501,370</b>
<b>Equity</b>			
Share capital	18,702	18,702	18,702
Reserves	10,014,432	6,492,870	6,380,304
<b>Total equity attributable to equity holders of the parent</b>	<b>10,033,134</b>	<b>6,511,572</b>	<b>6,399,006</b>
<b>Non-Controlling Interest</b>	<b>9,909,085</b>	<b>267,160</b>	<b>161,458</b>
<b>Total Equity</b>	<b>19,942,219</b>	<b>6,778,732</b>	<b>6,560,464</b>
<b>Non-Current Liabilities</b>			
Deferred tax liability	1,192,645	-	-
Employee benefit obligation	245,378	-	-
Long-term loans	3,852,262	2,009,794	1,940,906
<b>Total Non-Current Liabilities</b>	<b>5,290,285</b>	<b>2,009,794</b>	<b>1,940,906</b>
<b>Total Equity and Non-Current Liabilities</b>	<b>25,232,504</b>	<b>8,788,526</b>	<b>8,501,370</b>
<b>Parent company stockholders' equity per ordinary stock unit:</b>			
Based on stock units in issue*	<b>\$8.94</b>	<b>\$5.80</b>	<b>\$5.70</b>
After exclusion of stock units held by ESOP*	<b>\$9.64</b>	<b>\$6.34</b>	<b>\$6.23</b>

\* Prior year comparatives have been restated following the bonus issue of shares in Q3 2016 (See Note 2).



# Jamaica Producers Group Limited

**UNAUDITED GROUP RESULTS**  
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## Group Profit and Loss Account

	Notes	Unaudited 13 weeks ended October 1, 2016 \$'000	Unaudited 13 weeks ended September 26, 2015 \$'000	Unaudited 39 weeks ended October 1, 2016 \$'000	Unaudited 39 weeks ended September 26, 2015 \$'000
Gross operating revenue	3	3,658,292	2,041,243	8,230,893	6,147,658
Cost of operating revenue		( 2,547,040 )	( 1,601,633 )	( 6,030,350 )	( 4,702,357 )
<b>Gross profit</b>		<b>1,111,252</b>	<b>439,610</b>	<b>2,200,543</b>	<b>1,445,301</b>
Marketing, selling and distribution costs		( 188,185 )	( 155,846 )	( 567,472 )	( 456,885 )
Administrative and other operating expenses		( 670,992 )	( 329,642 )	( 1,351,266 )	( 993,433 )
<b>Profit from operations</b>		<b>252,075</b>	<b>( 45,878 )</b>	<b>281,805</b>	<b>( 5,017 )</b>
Share of profit in joint venture and associated companies		76,451	217,396	438,797	491,454
Net gain/(loss) from fluctuations in exchange rates		4,045	( 65 )	14,563	4,747
Gain on disposal of fixed assets and investments		16,487	10,390	72,491	434,178
Gain on disposal of joint venture		649,910	-	649,910	-
Gain on recognition as a subsidiary	2	-	-	2,460,678	-
Restructuring costs		-	-	( 108,040 )	-
Other income		-	69,564	-	69,564
Other expenses		-	-	-	( 38,308 )
<b>Profit before finance cost and taxation</b>		<b>998,968</b>	<b>251,407</b>	<b>3,810,204</b>	<b>956,618</b>
Finance cost - interest		( 80,194 )	( 49,092 )	( 174,554 )	( 149,613 )
<b>Profit before taxation</b>		<b>918,774</b>	<b>202,315</b>	<b>3,635,650</b>	<b>807,005</b>
Taxation charge		( 67,838 )	( 38,457 )	( 142,080 )	( 94,426 )
<b>Profit for the period</b>		<b>850,936</b>	<b>163,858</b>	<b>3,493,570</b>	<b>712,579</b>
<b>Attributable to:</b>					
Parent company stockholders		676,011	190,851	3,383,158	780,282
Non-controlling interest		174,925	( 26,993 )	110,412	( 67,703 )
		<b>850,936</b>	<b>163,858</b>	<b>3,493,570</b>	<b>712,579</b>
<b>Profit per ordinary stock unit:</b>	4				
Based on stock units in issue*		<u>60.24</u> ¢	<u>17.01</u> ¢	<u>301.49</u> ¢	<u>69.53</u> ¢
After exclusion of stock units held by ESOP*		<u>64.98</u> ¢	<u>18.57</u> ¢	<u>326.76</u> ¢	<u>76.03</u> ¢

\* Prior year comparatives have been restated following the bonus issue of shares in Q3 2016 (See Note 2).



# Jamaica Producers Group Limited

**UNAUDITED GROUP RESULTS**  
**39 WEEKS ENDED OCTOBER 1, 2016**

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

	Unaudited as at 13 weeks ended October 1, 2016 \$'000	Unaudited as at 13 weeks ended September 26, 2015 \$'000	Unaudited as at 39 weeks ended October 1, 2016 \$'000	Unaudited as at 39 weeks ended September 26, 2015 \$'000
<b>Profit for the period</b>	<u>850,936</u>	<u>163,858</u>	<u>3,493,570</u>	<u>712,579</u>
<b>Other comprehensive income/(loss):</b>				
Items that may be reclassified to profit or loss:				
Exchange gains/(losses) on translating foreign operations	44,646	46,695	238,566	( 16,910 )
Share of other comprehensive gains/(losses) of associated companies	-	-	5,768	( 533 )
Available-for-sale financial assets:				
Net change in fair value of available-for-sale investments	( 166 )	5,058	( 17,659 )	( 1,527 )
Realised revaluation gains on available-for-sale investments transferred to profit and loss account	( 16,686 )	-	( 16,686 )	( 103,246 )
	<u>27,794</u>	<u>51,753</u>	<u>209,989</u>	<u>( 122,216 )</u>
<b>Total comprehensive income for the period</b>	<u><u>878,730</u></u>	<u><u>215,611</u></u>	<u><u>3,703,559</u></u>	<u><u>590,363</u></u>
<b>Total comprehensive income/(expense) attributable to:</b>				
Parent company stockholders	699,140	237,265	3,570,760	645,247
Non-controlling interest	179,590	( 21,654 )	132,799	( 54,884 )
	<u><u>878,730</u></u>	<u><u>215,611</u></u>	<u><u>3,703,559</u></u>	<u><u>590,363</u></u>



# Jamaica Producers Group Limited

**UNAUDITED GROUP RESULTS**  
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## Group Statement of Changes in Equity

	Share Capital \$'000	Share Premium \$'000	Capital Reserves \$'000	Fair Value Reserve \$'000	Reserve For Own Shares \$'000	Retained Profits \$'000	Parent Company Stockholders' Equity \$'000	Non- Controlling Interest \$'000	Total Equity \$'000
<b>Balances at December 31, 2014</b>	<b>18,702</b>	<b>135,087</b>	<b>2,391,553</b>	<b>135,699</b>	<b>( 172,199 )</b>	<b>3,354,851</b>	<b>5,863,693</b>	<b>322,044</b>	<b>6,185,737</b>
<b>Changes in equity:</b>									
<b>Profit/(loss) for the period</b>	-	-	-	-	-	780,282	780,282	( 67,703 )	712,579
<b>Other comprehensive income</b>									
Exchange (losses)/gains arising on retranslation of foreign operations	-	-	( 29,729 )	-	-	-	( 29,729 )	12,819	( 16,910 )
Share of other comprehensive loss of associated companies	-	-	-	-	-	( 533 )	( 533 )	-	( 533 )
Net change in fair value of available-for-sale investments	-	-	-	( 1,527 )	-	-	( 1,527 )	-	( 1,527 )
Realised revaluation gains on available-for-sale investments transferred to group profit and loss account	-	-	-	( 103,246 )	-	-	( 103,246 )	-	( 103,246 )
<b>Total other comprehensive (expense)/income</b>	-	-	( 29,729 )	( 104,773 )	-	( 533 )	( 135,035 )	12,819	( 122,216 )
<b>Total comprehensive (expense)/income for the period</b>	-	-	( 29,729 )	( 104,773 )	-	779,749	645,247	( 54,884 )	590,363
<b>Transactions with owners recorded directly in equity</b>									
<b>Contributions and Distributions</b>									
Own shares sold by ESOP	-	-	-	-	1,449	-	1,449	-	1,449
Unclaimed distributions to stockholders	-	-	1,183	-	-	-	1,183	-	1,183
<b>Total Transactions with owners recorded directly in equity</b>	-	-	1,183	-	1,449	-	2,632	-	2,632
<b>Total (decrease)/increase in equity</b>	-	-	( 28,546 )	( 104,773 )	1,449	779,749	647,879	( 54,884 )	592,995
<b>Balances at September 26, 2015</b>	<b>18,702</b>	<b>135,087</b>	<b>2,363,007</b>	<b>30,926</b>	<b>( 170,750 )</b>	<b>4,134,600</b>	<b>6,511,572</b>	<b>267,160</b>	<b>6,778,732</b>
Retained in the financial statements of:									
The company	18,702	135,087	1,615,339	30,759	-	3,328,944	5,128,831		
Subsidiaries	-	-	747,668	167	( 170,750 )	( 166,042 )	411,043		
Joint venture and associated companies	-	-	-	-	-	971,698	971,698		
<b>Balances at September 26, 2015</b>	<b>18,702</b>	<b>135,087</b>	<b>2,363,007</b>	<b>30,926</b>	<b>( 170,750 )</b>	<b>4,134,600</b>	<b>6,511,572</b>		



# Jamaica Producers Group Limited

**UNAUDITED GROUP RESULTS**  
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## Group Statement of Changes in Equity (cont'd)

	Share Capital \$'000	Share Premium \$'000	Capital Reserves \$'000	Fair Value Reserve \$'000	Reserve For Own Shares \$'000	Retained Profits \$'000	Parent Company Stockholders' Equity \$'000	Non- Controlling Interest \$'000	Total Equity \$'000
<b>Balances at December 31, 2015</b>	<b>18,702</b>	<b>135,087</b>	<b>2,352,782</b>	<b>34,345</b>	<b>( 160,281 )</b>	<b>4,018,371</b>	<b>6,399,006</b>	<b>161,458</b>	<b>6,560,464</b>
<b>Changes in equity:</b>									
<b>Profit for the period</b>	-	-	-	-	-	3,383,158	3,383,158	110,412	3,493,570
<b>Other comprehensive income</b>									
Exchange gains arising on retranslation of foreign operations	-	-	216,179	-	-	-	216,179	22,387	238,566
Share of other comprehensive income of associated companies	-	-	-	-	-	5,768	5,768	-	5,768
Net change in fair value of available-for-sale investments	-	-	-	( 17,659 )	-	-	( 17,659 )	-	( 17,659 )
Realised revaluation gains on available-for-sale investments transferred to group profit and loss account	-	-	-	( 16,686 )	-	-	( 16,686 )	-	( 16,686 )
Total other comprehensive income/(expense)	-	-	216,179	( 34,345 )	-	5,768	187,602	22,387	209,989
<b>Total comprehensive income/(expense) for the period</b>	-	-	216,179	( 34,345 )	-	3,388,926	3,570,760	132,799	3,703,559
<b>Transactions with owners recorded directly in equity</b>									
<b>Contributions and Distributions</b>									
Own shares sold by ESOP	-	-	-	-	63,368	-	63,368	-	63,368
Distributions to non-controlling interests	-	-	-	-	-	-	-	( 116,133 )	( 116,133 )
	-	-	-	-	63,368	-	63,368	( 116,133 )	( 52,765 )
<b>Changes in ownership interest in subsidiaries</b>									
Non-controlling interest on acquisition of subsidiary	-	-	-	-	-	-	-	9,730,961	9,730,961
<b>Total Transactions with owners recorded directly in equity</b>	-	-	-	-	63,368	-	63,368	9,614,827	9,678,195
<b>Total increase/(decrease) in equity</b>	-	-	216,179	( 34,345 )	63,368	3,388,926	3,634,128	9,747,626	13,381,755
<b>Balances at October 1, 2016</b>	<b>18,702</b>	<b>135,087</b>	<b>2,568,961</b>	<b>-</b>	<b>( 96,913 )</b>	<b>7,407,297</b>	<b>10,033,134</b>	<b>9,909,084</b>	<b>19,942,219</b>
Retained in the financial statements of:									
The company	18,702	135,087	1,620,610	-	-	2,847,612	4,622,011		
Subsidiaries	-	-	948,351	-	( 96,913 )	4,507,949	5,359,387		
Associated companies	-	-	-	-	-	51,736	51,736		
<b>Balances at October 1, 2016</b>	<b>18,702</b>	<b>135,087</b>	<b>2,568,961</b>	<b>-</b>	<b>( 96,913 )</b>	<b>7,407,297</b>	<b>10,033,134</b>		



# Jamaica Producers Group Limited

**UNAUDITED GROUP RESULTS**  
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## Group Statement of Cash Flows

	Unaudited as at 39 weeks ended October 1, 2016 \$'000	Unaudited as at 39 weeks ended September 26, 2015 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit for the period attributable to the group	3,383,158	780,282
Adjustments for items not affecting cash:		
Depreciation and amortisation	410,557	225,416
Share of profits in joint venture and associated companies	( 445,321 )	( 490,921 )
Gains on disposal and acquisition of fixed assets and investments	( 72,491 )	( 434,178 )
Exchange movement in working capital	72,635	4,201
Taxation charge	142,080	94,426
Minority interest	132,799	( 54,884 )
Net interest expense	139,133	131,345
Gain on recognition as a subsidiary	( 2,460,678 )	-
Gain on disposal of interest in joint venture	( 649,910 )	-
Other items	-	( 31,256 )
	<u>651,962</u>	<u>224,431</u>
Increase in current assets	( 595,982 )	( 34,467 )
Increase/(decrease) in current liabilities	368,761	( 73,808 )
<b>CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b><u>424,741</u></b>	<b><u>116,156</u></b> *
<b>CASH FLOWS FROM INVESTMENT ACTIVITIES</b>		
Additions to property, plant, equipment and biological assets	( 1,585,781 )	( 198,022 )
Proceeds on disposals	936,340	493,526
Movement in short term investments and repos	( 224,980 )	( 332,557 )
Net movement in interest in joint venture and associated companies	( 49,637 )	171,797
Acquisition of subsidiaries, net of cash	296,061	-
Movement in long term loans receivable	36,841	-
Additions to investment	( 2,172 )	-
Interest received	29,004	7,738
<b>CASH (USED)/PROVIDED BY INVESTMENT ACTIVITIES</b>	<b><u>( 564,324 )</u></b>	<b><u>142,482</u></b> *
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net movement in loans and short term credit lines	722,754	25,837
Distribution to minority interest	( 116,132 )	-
Interest paid	( 202,719 )	( 106,010 )
Dividends paid	( 58,966 )	( 30,160 )
<b>CASH PROVIDED/(USED) BY FINANCING ACTIVITIES</b>	<b><u>344,937</u></b>	<b><u>( 110,333 )</u></b>
<b>Net increase in cash and cash equivalents</b>	<b>205,354</b>	<b>148,305</b>
<b>Cash at beginning of the period</b>	<b>361,091</b>	<b>322,281</b>
<b>Cash at end of the period</b>	<b><u>566,445</u></b>	<b><u>470,586</u></b>

\* Includes an item reclassified and restated to conform with figures reported in the current quarter.



# Jamaica Producers Group Limited

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39 WEEKS ENDED OCTOBER 1, 2016

## Notes to the Financial Statements

### 1. Basis of Presentation

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

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

### 2. Group's Operations and Activities

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

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

At the end of Quarter 2, 2016, the group recognised its ability to direct the activities that significantly affect the returns of Kingston Wharves Limited ("KWL"). From that point the group has accounted for KWL as a subsidiary under IFRS 10 and in Quarter 2 brought to account a gain of approximately \$2.5 billion in the Group Profit and Loss Account which is attributable to that recognition. This was based on the best possible information in arriving at the fair value of net assets of KWL at the end of the quarter and is subject to review at year-end. As a result of this recognition, all transactions of KWL from the beginning of Quarter 3, 2016 are included in the consolidated financial statements whereas the figures in the prior year comparative statements and in the first two quarters of 2016 reflect the transactions of KWL as an associate.

During Quarter 3, 2016 and with effect from July 12, 2016, the company completed a bonus issue of shares. Stockholders were issued 5 new shares for every one share held at that date, which increased the number of shares in issue from 187,024,006 to 1,122,144,036. For comparison purposes, the prior year's per stock unit information has been restated on the same basis.

During Quarter 3, 2016, and with effect from September 19, 2016, the group completed an exchange of securities that resulted in the divestment of its 50% shareholding in Mavis Bank Coffee Factory Limited. This resulted in a gain on disposal in the quarter of approximately \$650 million.

During Quarter 1, 2016, the group completed the acquisition of approximately 13% of The Shipping Association of Jamaica Property Limited (SAJP), a company involved in property and investment holdings. This brings the group's investment in SAJP to 20% and accordingly is reflected as an associate of the group, with the group's share of its results since acquisition included in the Group Profit and Loss Account under 'Share of profit in joint venture and associated companies'.

Also, during Quarter 1, 2016, the group commenced the closure of mining operations in its Four Rivers Mining Company Limited subsidiary, a process which was substantially completed in Quarter 2 through the sale of substantially all mining assets to a third party. Following a review for impairment at the end of 2015, no further provisions were deemed necessary. Certain residual assets of this subsidiary have been reclassified as held for sale at the end of the period.

There were no other exceptional items or discontinued operations.

### 3. Gross operating revenue

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



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

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

Profit per ordinary stock unit is calculated by dividing profit attributable to the group by 1,122,144,036, being the total number of ordinary stock units in issue during the quarter and a weighted average number of ordinary stock units in issue (excluding those held by the ESOP) during the quarter. The weighted average number of ordinary stock units in issue (excluding those held by the ESOP) for the quarter ended October 1, 2016 was 1,040,298,060 (2015 – 1,027,465,296) stock units.

Stockholders' equity per ordinary stock unit is calculated by dividing the parent company stockholders' equity by 1,122,144,036 being the total number of ordinary stock units in issue at the end of the quarter and 1,040,298,060 (2015 – 1,027,465,296), representing the total number of ordinary stock units in issue at quarter-end less those held by the ESOP at the same date.

### 5. Accounting Policies

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

#### a. Business combinations

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

#### b. Subsidiaries

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

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

#### c. Associates

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

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

#### d. Investments

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



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

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

#### d. Investments (cont'd)

fair value recognised in other comprehensive income, except for impairment losses and foreign exchange gains and losses in the case of monetary items, such as debt securities. Where these investments are derecognised, the cumulative gain or loss previously recognised in other comprehensive income is recognised in group profit or loss. Where fair value cannot be reliably measured, these investments are stated at cost. Available-for-sale investments include certain debt and equity securities.

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

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

#### e. Intangible assets and goodwill:

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

#### (ii) Other intangible assets

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

#### (iii) Subsequent expenditure

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

#### (iv) Amortization

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

The estimates of useful lives are as follows:

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

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

#### f. Segment reporting

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

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

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



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

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

#### f. Segment reporting (cont'd)

- JP Logistics & Infrastructure - This comprises businesses that are engaged in logistics, transportation, port operations, construction aggregates and related industries.
- Corporate Services - This comprises interest and investment income, net of the cost of corporate functions not directly charged to business units.

### 6. Segment Results

	<u>2016</u>			
	<u>JP Food &amp; Drink</u>	<u>JP Logistics &amp; Infrastructure</u>	<u>Corporate Services</u>	<u>Group</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Gross revenue	6,026,265	2,149,612	145,864	8,321,741
Inter - segment revenue	-	-	( 90,848 )	( 90,848 )
Revenue from external sources	<u>6,026,265</u>	<u>2,149,612</u>	<u>55,016</u>	<u>8,230,893</u>
Profit before finance cost and taxation	<u>67,813</u>	<u>767,834</u>	<u>2,974,557</u>	3,810,204
Finance cost - interest				( 174,554 )
Profit before taxation				3,635,650
Taxation				( 142,080 )
Non-controlling interest				( 110,412 )
Net profit attributable to parent company stockholders				<u>3,383,158</u>
	<u>2015</u>			
	<u>JP Food &amp; Drink</u>	<u>JP Logistics &amp; Infrastructure</u>	<u>Corporate Services</u>	<u>Group</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Gross revenue	5,184,437	884,299	185,340	6,254,076
Inter - segment revenue	-	-	( 106,418 )	( 106,418 )
Revenue from external sources	<u>5,184,437</u>	<u>884,299</u>	<u>78,922</u>	<u>6,147,658</u>
Profit before finance cost and taxation	<u>198,596</u>	<u>406,817</u>	<u>351,205</u>	956,618
Finance cost - interest				( 149,613 )
Profit before taxation				807,005
Taxation				( 94,426 )
Non-controlling interest				67,703
Net profit attributable to parent company stockholders				<u>780,282</u>

### 7. Seasonal Variations

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



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

### 8. Foreign Currency Translation

Overseas revenues and expenses have been translated at average exchange rates of J\$136.75 (2015: J\$129.25) to €1, J\$169.68 (2015: J\$176.11) to £1 and J\$123.63 (2015: J\$115.81) to US\$1.

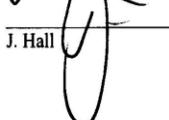
Adjustments have been made for exchange gains and losses on foreign currency assets and liabilities as shown below:

	<u>J\$/€</u>	<u>J\$/£</u>	<u>J\$/US\$</u>
October 1, 2016	142.19	163.15	127.59
December 31, 2015	129.97	175.74	119.64
September 26, 2015	132.35	178.09	118.45
December 31, 2014	138.09	175.97	114.12

*On behalf of the Board*

  
C.H. Johnston

Chairman

  
J. Hall

Group Managing Director

*November 14, 2016*