



**JAMAICA PRODUCERS GROUP LIMITED**

MINUTES OF THE 81<sup>ST</sup> ANNUAL GENERAL MEETING HELD AT THE SPANISH COURT HOTEL, THE PAVILION, 16 WORTHINGTON AVENUE, KINGSTON 5, ON FRIDAY, 22<sup>ND</sup> JUNE 2018 AT 10:00 A.M.

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<b>Present Were:</b>	Mr. Charles Johnston	-	Chairman/Shareholder
	Mrs. Patricia Francis	-	Director
	Mrs. Sanya Goffe	-	Director
	Mr. Jeffrey Hall	-	Group Managing Director/ Shareholder
	Dr. the Hon. Marshall Hall	-	Director/Shareholder
	Mrs. Dahlia Kelly	-	Director/Shareholder
	Mrs. Kathleen Moss	-	Director/Shareholder/Proxy for Rebhan's Gases Limited & Assurance Brokers Jamaica Limited
	Mr. Grantley Stephenson	-	Director/CEO - Kingston Wharves
	Prof. Alvin Wint	-	Director/Shareholder
	Mr. Alan Buckland	-	Group Finance Director/Shareholder
	Ms. Simone Pearson	-	Corporate Secretary/ General Counsel

Shareholders in attendance are listed on the attachment.

**1. CALL TO ORDER**

The Chairman extended a warm welcome to everyone present, and after receiving confirmation from the Company Secretary that a quorum was present, called the meeting to order at approximately 10:05 a.m. This was followed by prayer, which was offered by Mr. Kennis Harris, JP Tropical Group Limited.

**2. APOLOGIES FOR ABSENCE**

Apologies were tendered on behalf of the Hon. Oliver Clarke and Mr. Donovan Perkins who were unavoidably absent.

**3. DOCUMENTS AVAILABLE FOR INSPECTION**

The shareholders were informed that the Register of Members, Articles of Incorporation, list of proxies and Minutes of the last Annual General Meeting were available for their inspection.

**4. NOTICE OF MEETING**

The Notice of the 81<sup>st</sup> Annual General Meeting was taken as read.

**5. INTRODUCTIONS**

Prior to the commencement of the formal proceedings, the Chairman introduced the members of the Board of Directors and management team, who were present. The Chairman also introduced and welcomed representatives from JP subsidiaries and associated companies and the auditors, KPMG.

## 6. CHAIRMAN'S REMARKS

The Chairman gave his remarks in respect of the Group's results for the year ended December 31, 2017. He pointed out that the Group earned consolidated revenues of \$16.2 billion and generated \$662 million of net profit attributable to shareholders. At the end of the year, the Group had shareholders' equity of \$11.3 billion, reflecting an increase of 8% relative to the equity of the Group at the beginning of the year.

He further noted that the Group's 2016 profits exceeded the 2017 result because the 2016 results included gains related to both the acquisition of Kingston Wharves Limited (KWL) (\$2.9 billion) and the divestment of the Group's holdings in Mavis Bank Coffee Factory Limited (\$650 million).

The Chairman stated that the JP Group and its subsidiaries will continue a programme of investment that is designed to improve its product and service offering, while enhancing its operating efficiency.

The Chairman expressed his sincere appreciation to the over 1,000 employees for their contribution to the Group's 2017 performance as well as to the shareholders for their confidence in the Group, and the Board of Directors for their wise counsel.

## 7. AUDITORS' REPORT

At the invitation of the Chairman Mr. Nigel Chambers, Partner from KPMG, read the Auditors' Report on the Audited Financial Statements for the year ended December 31, 2017.

## 8. DIRECTORS' REPORT

The Directors' Report for the year ended December 31, 2017, was taken as read.

## 9. PRESENTATION BY THE GROUP MANAGING DIRECTOR

The Group's Managing Director, Mr. Jeffrey Hall, was then invited to make a presentation to the shareholders, which included an overview of JP as it stands today the Group's results for 2017, and the Strategy of the Group going forward. Highlights of the presentation are set out below.

Prior to his presentation, Mr. Hall thanked the Group directors for their leadership and guidance during the year and highlighted the fact that JP's Board members the Hon. Oliver Clarke and Mr. Charles Johnston were two of the longest serving Chairmen of public companies in Jamaica. He also highlighted that JP was one of the few public companies in respect of which 50% of independent directors were female.

### a. **Highlights of the Report:**

Mr. Hall explained that JP is a multinational group with 13 locations in 8 countries, and more than 1000 employees. He gave shareholders an overview of the results of the Group by segment.

#### • **Logistics & Infrastructure Division**

The Logistics & Infrastructure Division reported an 85% increase in revenues, and earnings for 2017 were up 51 % on the prior year. KWL reported 17% revenue growth with profits up by 25%. KWL also launched its auto logistics centre.

- **JP Food & Drink Division**

The JP Food & Drink division recorded an increase in segmental revenues of 9%. Mr. Hall noted that JP Food & Drink division revenues had increased by 9%, mainly driven by new product and new business development at Hoogesteger in Holland. He also noted that the turnaround of the Tortuga business had been a success.

- **JP Corporate Services**

The consolidation of JP's corporate division has resulted in savings of \$120m. JP Corporate relocated their office activities from Oxford Road in New Kingston to Newport West, where a significant share of the Group's investment activity is centred. The Corporate Division is pursuing new development initiatives such as the public private partnership with the Government of Jamaica for the Norman Manley International Airport.

**b. The Group's Strategy**

Mr. Hall explained that going forward the Group is focused on certain strategic pillars and has implemented initiatives in respect of these pillars:

- Product and Service development- the focus is on innovation to satisfy consumer trends;
- Market development- the business is pursuing market leading positions;
- Margin enhancement- the business is seeking to drive returns from efficiency and consolidation;
- Asset optimisation- the group is focused on opportunistically acquiring, financing and realising assets.

**c. The Group Looking Forward**

Going forward the Group is pursuing various initiatives including: rum cake bites in the Tortuga business; new innovations in the Hoogesteger business; and frozen tropical food business opportunities in the JP Foods division. He noted that the outlook for 2018 is positive, with Q1 2018 revenues up by 31% and Q1 2018 profits up by 63%.

**10. QUESTIONS FROM SHAREHOLDERS**

At this point, the Chairman invited questions from the floor, and several shareholders took the opportunity to commend management and the Board on the Group's positive performance in 2017. The main contributors were Mr. Orrette Staple, Mrs. Kayree Teape, Mr. Lanzel Bloomfield, Mr. Ralston Isaacs, Mr. Leecep Sterling, and Mr. Basil Lue. Questions, answers and observations are summarised below:

- **Total Receivables**

It was highlighted that Total Receivables had increased by 29% in 2017. Management was asked about its plans to reduce the \$120 million of the \$1.1 billion past due amount, which was provided for as impaired.

**Response-** Mr. Buckland assured shareholders that the increase in total receivables was not a worsening issue of aging. Rather, the year on year growth in receivables was due largely to growth in revenues. With regard to past due receivables, shareholders were informed that the Company has a very stringent provision policy in place so that receivables that surpass past due amounts are escalated very quickly. Mr. Buckland further stated that the provision amount of \$120m, which included \$62m of new provisions in the year was a result of JP's stringent provision policy and that the

Company had a good success rate of writing those back, as evidence by the \$76m recovered in the year.

- **Implementation of IFRS9 in 2018**

The question was raised as to the impact on net profit of IFRS 9 in 2018.

**Response-** Mr. Buckland indicated that as JP already has a stringent provisioning policy in place there was no foreseeable material impact on net profit. He also indicated that even with the forward looking approach of IFRS 9 he was not expecting it to increase the Company's provisioning.

- **Beneficial Properties of Pineapple**

A comment was made on the health benefits of pineapples particularly in relation to weight maintenance and it was suggested that the Company could use that information as a marketing tool.

**Response** – Mr. Hall advised that this suggestion would be considered. He noted that management was focused on the expansion of pineapples so that it would be more available to consumers.

- **Presentation on Subsidiary Companies**

A question was raised about Four Rivers Mining Company Limited, and whether JP could provide a more detailed report on its subsidiaries in the form of a pie chart depicting the capital invested, revenue generated, expenses incurred and profit by the subsidiaries.

**Response-** Mr. Hall pointed out that the decision was taken in respect of Four Rivers Mining Company Limited, to lease the aggregate facility to a third party operator which has proved to be a successful arrangement. Regarding a more detailed report on the subsidiary companies, Mr. Hall indicated that this was already being done for a few divisions but he agreed that management would review the reports in light of this comment.

- **Disclosure of expenses**

The Group Finance Director was asked to provide an explanation for the significant increase in 2017 expenses, over 2016 expenses, in particular utilities.

**Response-**Mr. Buckland reported that the general increases in expenses were due to the commencement of the full consolidation of the Group's investment in KWL in June 2016. This resulted in 2016 KWL's revenues and costs being included in the Group's Profit and Loss on a line by line basis for the second half of the year. He reported that this was a change from the previous method of accounting for KWL as an associate under the equity method whereby JP's share of KWL's earnings were represented as a single line item in the Group Profit and Loss. During 2017 the revenues and costs have been included on a line by line basis for the full year.

- **Sourcing of Raw Material**

A question was raised regarding the sourcing of local raw materials for the juice business in Holland.

**Response-** Mr. Abels reported that raw materials, in particular oranges, were sourced worldwide from countries such as South Africa and Egypt in collaboration with retailers on the basis of availability, quality and price. Mr. Abels further reported that oranges were obtained from Jamaica some years ago however the quantities needed were quite significant, which Jamaica could not provide at the time.

- **Relocation of Head Office**

A question was raised as to whether it was prudent for the Group to move all its head office activities from Oxford Road, New Kingston, to Newport West, Kingston, since the new location may be vulnerable to hurricanes, etc.

**Response-** The Chairman indicated that there were offices also at Retirement Road and in St. Mary and that every effort has been made to ensure that the offices at Newport West are as secure as possible.

- **Venue for Annual General Meeting**

The Chairman was asked whether shareholders could be given the opportunity to participate in a tour of the Group's facilities later in the year or prior to the next annual general meeting in 2019.

**Response-** Mr. Johnston acknowledged the suggestion and indicated that future meetings could be held at the farm in St. Mary, as was done in the past or at the Newport West location.

- **Stock Split**

Management was asked whether they had any plans to carry out a stock split.

**Response-** Mr. Johnston indicated that there were no immediate plans for a stock split but that the Board would consider it at an appropriate time.

- **Bananas for Export**

An enquiry was made as to whether the export of green bananas is as profitable as it was in the past.

**Response-** Mr. Johnston explained that since the crop is susceptible to hurricanes the decision was taken to exit that business several years ago.

- **Related Parties, and other matters**

A shareholder recommended that the financial reports should use the terminology "Post-Employment Benefits" rather than "Post Retirement Benefits". She agreed to confer with the auditors on this matter.

- **Group Profit and Loss Account**

In view of the increase in 2017 revenue, management was asked to explain the reduction in profit for 2017.

**Response-** In response, Mr. Buckland supported by Mr. Hall reminded the shareholders that the Group had two significant non-recurring events in 2016 namely, the sale of the business in Mavis Bank Coffee Factory Limited and the consolidation of Kingston Wharves Limited, as a subsidiary company. Both transactions resulted in substantial profit for the Group in 2016 and were not repeated in 2017.

- **Long-Term Loans**

It was observed that the Group had taken out long-term loans at various interest rates totalling \$4.7B. Management was asked whether the Group has plans to reduce the heavy dependency on loans and finance its operations from profit.

**Response-** Mr. Hall highlighted that management considers a range of factors such as interest rates and the return on investment when taking a decision on how to finance the company. He further highlighted that a mixture of finance and debt was appropriate for the business and its investors. Mr. Hall acknowledged the point made about managing long term loans and indicated that management expects to manage its debt without taking on materially more projects than necessary. He noted that where there are new opportunities management will look at the debt to equity mix.

- **Carrying Value of the Group's Investment**

Concern was expressed about the high risk of the carrying value of the Group's investment in Property, Plant and Equipment ('PPE') that may not be recoverable as a result of the changes in technology and ultimately impacting on net profit going forward.

**Response-**Mr. Hall reported that the risks affecting all the key assets of the company, for example, potential of obsolescence, in relation to PPE, were highlighted in the financial statements. Mr. Hall further reported that management has a duty to stay current and also to ensure that the fair value of PPE is reflected in the accounts. It was highlighted that the core businesses were up to date with the technology and are competitive. In addition to monitoring the PPE, management was also closely monitoring its other assets such as real estate to ensure that the right technology was in place and functioning effectively.

- **Reclassification**

Management was asked to give an explanation for the need for certain comparative figures in the profit and loss accounts to be reclassified for consistency with the 2017 presentation.

**Response-** Mr. Buckland reported that Management periodically carries out a review of the balance sheet, profit and loss and cash flow of the Company to ensure that it is providing stakeholders with the most relevant information. Consequent upon the consolidation of KWL in 2016 management decided that it was timely to do a full review of its financial statements in the last quarter of 2017 and concluded that certain items needed to be reclassified. Mr. Buckland assured the meeting that the presentation of the accounts for 2017 was to make the accounts more useful and relevant to stakeholders.

- **Deferred Tax Liabilities**

Concern was expressed that the figure for Deferred Tax Liabilities amount of approximately \$1.1B was high.

**Response-** Mr. Buckland noted that the majority of this related to the significant capital expenditure at KWL, which as a Terminal Operator and Logistics provider is a capital intensive operation. The high level of depreciation on the associated capital assets gave rise to significant timing differences between the accounting and tax amortisation of these assets. It was noted that the liability will unwind over many years and is appropriately recorded.

- **Norman Manley International Airport (NMIA)**

Management was asked how the Group plans to finance the expansion, if JP's Consortium is successful in its bid for a 25- year concession of the NMIA.

**Response-** Mr. Hall indicated that JP together with the other members of the consortium would be able to provide significant investment in the form of debt and equity towards the expansion of the airport. He further indicated that if there was an opportunity that would be attractive to shareholders they would be informed.

- **Corporate Social Responsibility**

Shareholders acknowledged the work done by JP in giving back to the community, for example job creation. Management was therefore encouraged to highlight their contribution to the community/society in more detail in the Annual Report.

The session ended at this point and the Chairman thanked everyone for their questions, observations, comments and suggestions.

## 11. RESOLUTIONS

### **ORDINARY RESOLUTION NO. 1 - DIRECTORS' REPORT, AUDITORS' REPORT AND AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017**

The resolution for the adoption of the Directors' Report, Auditors' Report and Audited Financial Statements for the year ended December 31, 2017 was unanimously passed after being put to the meeting by the Chairman. Mr. Orrette Staple moved the motion for its adoption, which was seconded by Mr. Lepert Ewart. Accordingly it was resolved:

"THAT the Directors' Report, Auditors' Report and Audited Financial Statements of the Company and the Group for the year ended December 31, 2017 be and are hereby adopted."

### **ORDINARY RESOLUTION NO. 2 - REMUNERATION OF AUDITORS**

The following resolution was unanimously passed after being put to the meeting by the Chairman. Mr. Lanzel Bloomfield moved the motion for its adoption, which was seconded by Ms. Carol Leslie. Accordingly, it was resolved:

"THAT the remuneration of the Auditors, KPMG, having been fixed by the Directors for 2017 be and is hereby approved."

### **ORDINARY RESOLUTION NO. 3 – INTERIM CAPITAL DISTRIBUTION**

The following resolution was passed by a majority decision after being proposed by the Chairman. Mr. Mark Barton moved the motion for its adoption, which was seconded by Mr. Ralston Isaacs. Accordingly, it was resolved:

“THAT the interim capital distribution of 10 cents per stock unit of record date December 22, 2017 be and is hereby ratified and declared final for 2017.”

### **ORDINARY RESOLUTION NO. 4 - RE-APPOINTMENT OF AUDITORS**

The Chairman reported that the Auditors, KPMG had expressed their willingness to continue as the Group’s Auditors. The following resolution was unanimously passed after being put forward by the Chairman. Mr. Orrette Staple moved the motion for its adoption, which was seconded by Ms. Carol Leslie. Accordingly, it was resolved:

“THAT the Auditors, KPMG, having indicated their willingness to continue in office, be and are hereby re-appointed for the year 2019.”

### **ORDINARY RESOLUTIONS NO. 5 - RE-ELECTION OF DIRECTORS**

The following resolution was unanimously passed after being proposed by the Chairman. Mr. Mark Banton moved the motion for its adoption, which was seconded by Mr. Lepert Ewart. Accordingly, it was resolved:

“THAT Mr. Donovan Perkins who retires by rotation, be and is hereby re-elected a Director of the Company.”

The following resolution was unanimously passed after being proposed by the Chairman. Ms. Dahlia Kelly proposed the motion for its adoption, which was seconded by Mr. Orrette Staple. Accordingly, it was resolved:

“THAT Mr. Grantley Stephenson who retires by rotation, be and is hereby re-elected a Director of the Company.”

### **ORDINARY RESOLUTION NO. 6 - REMUNERATION OF DIRECTORS**

The following resolution was unanimously passed after being proposed by the Chairman. Mr. Ralston Isaacs moved the motion for its adoption, which was seconded by Ms. Carol Leslie. Accordingly, it was resolved:

“THAT the amount of \$9,940,000.00 shown in the Accounts for the year ended December 31, 2017 for Non-Executive Directors’ fees be and is hereby approved.”

## **12. TERMINATION**

In closing the Chairman expressed appreciation to the shareholders for attending the meeting as well as for their continued confidence and support which was necessary for the Company’s success. The Chairman also expressed appreciation to the Board, management

and team of employees for their contribution in successfully dealing with the challenges experienced during the year. The members noted that last year's results as well as the first Quarter results for 2018 demonstrated that the Company was in a strong position to continue the growth and improve the performance of the Company.

There being no further business, the Chairman declared the meeting terminated at 12:00 noon.

## **JAMAICA PRODUCERS GROUP LIMITED**

### **Annual General Meeting – Friday June 22, 2018**

#### **Group Management in Attendance**

Mrs. Lisa McGregor Johnston, Corporate Affairs Manager  
Ms. Antoinette Livingston, Group Financial Controller - JP Tropical Group  
Ms. Calais Hayden, Human Resources Business Partner - JP Tropical Group  
Mrs. Tara Goulbourne, Commercial Manager - JP Tropical Group  
Mr. Mario Figueroa, Farm Manager - JP Farms  
Mrs. Peta-Gaye Yorke, Finance Business Partner - JP Tropical Foods  
Mr. Alfred Maragh, Factory Manager - JP Snacks  
Mrs. Camille Lawson, Finance Business Partner - Tortuga International Holdings  
Ms. Florence Reid, Head of Manufacturing - Tortuga International Holdings Limited  
Mr. Mark Williams, Chief Operating Officer - Kingston Wharves Limited  
Mrs. Clover Moodie, Group Chief Financial Officer - Kingston Wharves Limited  
Ms. Anna Harry, Company Secretary/Legal Counsel - Kingston Wharves Limited  
Mr. Edo Abels, Managing Director - Hoogesteger  
Mr. Marco Zohlandt, Deputy Managing Director & Financial Controller - Hoogesteger  
Ms. Sanne Merkelbach, Marketing Manager - Hoogesteger  
Mr. Albert De Vries, Sales Manager - Hoogesteger  
Mr. Raymond Hernandez, Group Financial Controller - SAJE Group Limited  
Mr. Nigel Chambers, Partner - KPMG  
Miss Vivienne Spence- Recording Secretary, KPMG

**SHAREHOLDERS ATTENDANCE REGISTER**

Carol Leslie  
Lepert Ewart  
Michael Hendricks  
Simone Spaulding  
Lincoln Russell  
Ralston Isaacs  
Orrette Staple  
Suzette Riley  
Josephine Bennett  
Gilroy Julal  
Cheryl Wright  
Ann-Marie Rufus  
Mark Myrie  
Mark Barton  
Eric Taylor  
Silvan Brown  
Magdalena Cooper  
Douglas Wilson  
Waseme Blake  
Clive Bernard

Claudius Mitchell  
Hubert Foster  
Lanzel Bloomfield  
Peter Pearson  
Allan Marsh  
Tamara Dennis-Desgoutes  
Marcia Campbell  
Venita Hanson  
Yvonne Williams  
Errol Hamilton  
Lana Deane  
Patrick Fletcher  
Marco Zohlandt  
Winsome Cobern  
Michael Cohen  
Janet Shaw  
Josiah Williams  
Hudson Tinglin  
George Levy  
Kayree Teape  
Clinton Allen