



# **JAMAICA PRODUCERS GROUP LIMITED**

**UNAUDITED GROUP RESULTS**  
26 WEEKS ENDED JUNE 27, 2020



# Jamaica Producers Group Limited

UNAUDITED GROUP RESULTS

26 WEEKS ENDED JUNE 27, 2020



## Chairman's Statement

For the **26-week** period ended June 27, 2020, Jamaica Producers Group Limited ("JP" or the "Group") generated revenues of \$9.5 billion and net profit attributable to shareholders of \$347 million. Year-to-date revenues were down 6% relative to the comparable period in 2019. Shareholder profit declined by 45%. The performance of the Group was adversely impacted by the COVID-19 pandemic. The Group operates internationally and many of the countries in which the Group operates had their most severe health effects and lock downs associated with the pandemic during the reporting period.

### JP Logistics & Infrastructure

The Logistics & Infrastructure ("L&I") Division accounts for the major share of the Group's net assets and, in turn, its profits. In addition to Kingston Wharves Limited, the Division's largest subsidiary (which operates a multipurpose port and logistics hub), the L&I Division also includes JP Shipping Services Limited (which operates logistics and shipping services between Caribbean ports and the United Kingdom) and our 32% shareholding in SAJE Logistics and Infrastructure Limited (a property and investment holding company). The Division generated a 2020 year-to-date profit before finance cost and taxation of \$1.3 billion from revenues of \$3.8 billion. Divisional profits before finance cost and taxation were down 16% relative to the comparable period in 2019.

### JP Food & Drink

JP's Food & Drink ("F&D") Division is the largest contributor to the revenues of the Group. The Division earned year-to-date revenues of \$5.8 billion, down 3% relative to the first six (6) months of the prior year. Profits before finance cost and taxation for the Division were \$116 million, compared to \$438 million in the prior year. The F&D Division comprises

our portfolio of subsidiaries that are engaged in farming, food processing, distribution and retail of food and drink, has production facilities in Europe and the Caribbean and operates a distribution centre in the United States. Our range of specialty food and drink products includes fresh juices, tropical snacks, fresh fruit and Caribbean rum-based confectionery and baked goods. A.L. Hoogesteger Fresh Specialist B.V. ("Hoogesteger") is the largest contributor to the revenues and profits of the Division. This business is a market leader in fresh juice in northern Europe and serves as a co-packer of juice for major supermarkets and food service entities in the Netherlands, Belgium, Scandinavia and Switzerland.

### Outlook

JP operates a portfolio of businesses in Europe and the Caribbean. The COVID-19 pandemic has had slightly different implications for each of our businesses and has affected their performance and the outlook for the remainder of the year in different ways. Our food businesses have managed to maintain core sales to supermarkets for 'take home' consumption. However, our sales to food service channels, convenience or roadside channels (in the Caribbean), travel retail and the hospitality sector were adversely affected in the second quarter. Moreover, although we maintained excellent service levels and robust supply chain management across all of our businesses, we incurred higher raw material costs, particularly in the global supply of fresh fruit for our European juice business. These challenges are likely to continue during the worst of the COVID-19 pandemic, but we do not believe them to be permanent in nature, and we remain confident that our largest customers remain committed to our product offerings. Nevertheless, during the second quarter we took definite steps to restructure and



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## Chairman's Statement (cont'd)

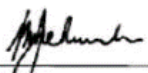
reduce our cost base and at the same time, develop new sales channels – particularly for those segments of our business that were most dependent on travel retail and hospitality. Among other early signs of success, these initiatives saw increased sales of Tortuga rum cakes in e-commerce and US mainstream retail channels.

Our logistics business is exposed to the range of factors that affect the level of trade between Jamaica and its key trading partners. Our transshipment operations are also affected by the overall level of global trade. During the second quarter, we experienced reduced volumes related to challenges in organising shipments (particularly shipments involving consolidated cargo) due to lockdowns in the US and the UK and deferred purchases of some classes of durable goods such as vehicles and heavy equipment and goods that directly service affected industries such as tourism. We are responding to these challenges by implementing a series of measures and technological solutions to better facilitate the clearing and handling of cargo under the current conditions. We have also taken steps to reduce costs and maintain our strong competitive position in the market for the services we offer. Over the medium term, we will further strengthen the business by improving our specialised capability of handling a wider range of cargo types. This has led to business growth in the past and we expect this to continue.

In our overall assessment of the potential impact of the COVID-19 pandemic across our businesses, a priority has been the health and safety of our employees, as well as, that of our customers and service providers wherever we do business. Accordingly, in all of our businesses, we have sought to operate at the highest regulatory standard set for hygiene and social distancing. We have also donated to those in need within the communities in which we operate. Our Group's commitment to upholding health and safety standards and supporting our communities in managing this crisis will continue.

We view the diversity of our business as a strength. In addition to providing some resilience to our operating income, it enables us to consider a range of business development and acquisition opportunities. We are fortunate at this time to have the expertise, capital and liquidity to consider these prospects while at the same time managing through very significant medium-term challenges.

I thank our board, management and teams for their commitment to our business and our shared values, and our customers and partners for their continued support. On their behalf, I also thank the front-line medical personnel wherever we operate. We appreciate that they are working tirelessly to keep us safe.

  
C. B. Johnston Chairman

# Jamaica Producers Group Limited

## UNAUDITED GROUP RESULTS

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### Group Balance Sheet

	Unaudited as at June 27, 2020 \$'000	Unaudited as at June 29, 2019 \$'000	Audited as at December 31, 2019 \$'000
<b>Current Assets</b>			
Cash and cash equivalents	1,000,783	792,105	1,407,847
Short-term investments	179,266	25,947	239,240
Securities purchased under resale agreements	5,857,796	5,233,512	5,380,567
Accounts receivable	2,782,276	2,791,537	2,949,230
Other financial assets	-	470,000	-
Taxation recoverable	57,336	28,865	23,696
Inventories	1,128,425	955,283	978,925
<b>Total Current Assets</b>	<b>11,005,882</b>	<b>10,297,249</b>	<b>10,979,505</b>
<b>Current Liabilities</b>			
Accounts payable	3,485,696	3,296,089	3,903,231
Taxation	163,816	208,790	191,714
Loans and borrowings	889,092	850,826	899,690
Lease liabilities	175,022	176,470	192,221
<b>Total Current Liabilities</b>	<b>4,713,626</b>	<b>4,532,175</b>	<b>5,186,856</b>
<b>Working Capital</b>	<b>6,292,256</b>	<b>5,765,074</b>	<b>5,792,649</b>
<b>Non-Current Assets</b>			
Biological assets	51,018	80,573	68,318
Interest in associates and joint venture	684,022	789,235	733,754
Investments	103,453	107,870	108,079
Intangible assets	1,523,561	1,535,510	1,486,347
Deferred tax assets	16,501	5,271	7,929
Property, plant and equipment	22,271,386	21,558,029	21,839,445
Investment property	564,660	-	568,619
Right-of-use assets	690,863	1,527,429	740,007
Employee benefit asset	2,071,885	1,985,258	2,071,885
<b>Total Non-Current Assets</b>	<b>27,977,349</b>	<b>27,589,175</b>	<b>27,624,383</b>
<b>Total Assets Less Current Liabilities</b>	<b>34,269,605</b>	<b>33,354,249</b>	<b>33,417,032</b>
<b>Equity</b>			
Share capital	112,214	112,214	112,214
Reserves	14,368,295	13,377,698	13,724,240
<b>Total equity attributable to equity holders of the parent</b>	<b>14,480,509</b>	<b>13,489,912</b>	<b>13,836,454</b>
<b>Non-Controlling Interest</b>	<b>14,224,791</b>	<b>13,209,426</b>	<b>13,760,645</b>
<b>Total Equity</b>	<b>28,705,300</b>	<b>26,699,338</b>	<b>27,597,099</b>
<b>Non-Current Liabilities</b>			
Deferred tax liabilities	1,394,102	1,306,268	1,410,804
Loans and borrowings	3,284,625	3,673,890	3,493,519
Lease liabilities	515,429	1,347,971	545,461
Employee benefit obligations	370,149	326,782	370,149
<b>Total Non-Current Liabilities</b>	<b>5,564,305</b>	<b>6,654,911</b>	<b>5,819,933</b>
<b>Total Equity and Non-Current Liabilities</b>	<b>34,269,605</b>	<b>33,354,249</b>	<b>33,417,032</b>
<b>Parent company stockholders' equity per ordinary stock unit:</b>			
Based on stock units in issue	<b>\$12.90</b>	<b>\$12.02</b>	<b>\$12.33</b>
After exclusion of stock units held by ESOP	<b>\$13.85</b>	<b>\$12.90</b>	<b>\$13.23</b>



# Jamaica Producers Group Limited

## UNAUDITED GROUP RESULTS

26 WEEKS ENDED JUNE 27, 2020

### Group Profit and Loss Account

Notes	Unaudited	Unaudited	Unaudited	Unaudited	
	13 weeks ended June 27, 2020	13 weeks ended June 29, 2019	26 weeks ended June 27, 2020	26 weeks ended June 29, 2019	
	\$'000	\$'000	\$'000	\$'000	
Gross operating revenue	3	4,361,986	5,365,502	9,516,705	10,155,181
Cost of operating revenue		( 3,152,559 )	( 3,513,026 )	( 6,707,183 )	( 6,651,926 )
<b>Gross profit</b>		<b>1,209,427</b>	<b>1,852,476</b>	<b>2,809,522</b>	<b>3,503,255</b>
Other income		205,711	190,504	360,412	162,678
Selling, administration and other operating expenses		( 896,306 )	( 954,420 )	( 1,862,534 )	( 1,831,045 )
<b>Profit from operations</b>		<b>518,832</b>	<b>1,088,560</b>	<b>1,307,400</b>	<b>1,834,888</b>
Share of profit/(loss) in joint venture		378	5,377	( 4,158 )	5,830
<b>Profit before finance cost and taxation</b>		<b>519,210</b>	<b>1,093,937</b>	<b>1,303,242</b>	<b>1,840,718</b>
Finance cost		( 77,347 )	( 77,196 )	( 148,943 )	( 156,212 )
<b>Profit before taxation</b>		<b>441,863</b>	<b>1,016,741</b>	<b>1,154,299</b>	<b>1,684,506</b>
Taxation charge		( 63,165 )	( 184,871 )	( 216,108 )	( 341,485 )
<b>Profit for the period</b>		<b>378,698</b>	<b>831,870</b>	<b>938,191</b>	<b>1,343,021</b>
Attributable to:					
Parent company stockholders		126,963	398,913	346,972	629,288
Non-controlling interest		251,735	432,957	591,219	713,733
		<b>378,698</b>	<b>831,870</b>	<b>938,191</b>	<b>1,343,021</b>
Profit per ordinary stock unit:	4				
Based on stock units in issue		<u>11.31</u> ¢	<u>35.55</u> ¢	<u>30.92</u> ¢	<u>56.08</u> ¢
Excluding stock units held by ESOP		<u>12.14</u> ¢	<u>38.17</u> ¢	<u>33.19</u> ¢	<u>60.22</u> ¢



# Jamaica Producers Group Limited

## UNAUDITED GROUP RESULTS

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

	Unaudited 13 weeks ended June 27, 2020 \$'000	Unaudited 13 weeks ended June 29, 2019 \$'000	Unaudited 26 weeks ended June 27, 2020 \$'000	Unaudited 26 weeks ended June 29, 2019 \$'000
<b>Profit for the period</b>	<b>378,698</b>	<b>831,870</b>	<b>938,191</b>	<b>1,343,021</b>
<b>Other comprehensive income:</b>				
Items that will not be reclassified to profit or loss:				
Revaluation (losses)/gains arising during the year on quoted investments	( 405 )	5,769	( 8,012 )	5,769
Items that may be reclassified to profit or loss:				
Exchange gains on translating foreign operations	279,009	241,047	327,809	170,614
	<b>278,604</b>	<b>246,816</b>	<b>319,797</b>	<b>176,383</b>
<b>Total comprehensive income for the period</b>	<b>657,302</b>	<b>1,078,686</b>	<b>1,257,988</b>	<b>1,519,404</b>
<b>Attributable to:</b>				
Parent company stockholders	390,285	629,941	627,939	790,690
Non-controlling interest	267,017	448,745	630,049	728,714
	<b>657,302</b>	<b>1,078,686</b>	<b>1,257,988</b>	<b>1,519,404</b>



# Jamaica Producers Group Limited

## UNAUDITED GROUP RESULTS

26 WEEKS ENDED JUNE 27, 2020

### 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, 2018</b>	<b>112,214</b>	<b>135,087</b>	<b>2,063,906</b>	<b>-</b>	<b>( 80,144 )</b>	<b>9,879,009</b>	<b>12,110,072</b>	<b>12,675,000</b>	<b>24,785,072</b>
<b>Changes in equity:</b>									
<b>Profit for the period</b>	-	-	-	-	-	629,288	629,288	713,733	1,343,021
<b>Other comprehensive income</b>									
Exchange gains arising on retranslation of foreign operations	-	-	155,633	-	-	-	155,633	14,981	170,614
Change in fair value of available-for-sale investments	-	-	-	5,769	-	-	5,769	-	5,769
Total other comprehensive income	-	-	155,633	5,769	-	-	161,402	14,981	176,383
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>155,633</b>	<b>5,769</b>	<b>-</b>	<b>629,288</b>	<b>790,690</b>	<b>728,714</b>	<b>1,519,404</b>
<b>Other reserve movements</b>									
Other transfer to capital reserve	-	-	6,378	-	-	( 6,378 )	-	-	-
<b>Transactions with owners recorded directly in equity</b>									
<b>Contributions and distributions</b>									
Own shares sold by ESOP	-	-	-	-	13,752	-	13,752	-	13,752
Net movement in subsidiary ESOP	-	-	-	-	-	-	-	6,811	6,811
Distributions to non-controlling interests	-	-	-	-	-	-	-	( 190,789 )	( 190,789 )
Disposal of shares in subsidiary to non-controlling interest	-	-	-	-	-	575,397	575,397	( 10,310 )	565,087
<b>Total transactions with owners recorded directly in equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,752</b>	<b>575,397</b>	<b>589,149</b>	<b>( 194,288 )</b>	<b>394,861</b>
<b>Total increase in equity</b>	<b>-</b>	<b>-</b>	<b>162,011</b>	<b>5,769</b>	<b>13,752</b>	<b>1,198,307</b>	<b>1,379,839</b>	<b>534,426</b>	<b>1,914,265</b>
<b>Balances at June 29, 2019</b>	<b>112,214</b>	<b>135,087</b>	<b>2,225,917</b>	<b>5,769</b>	<b>( 66,392 )</b>	<b>11,077,317</b>	<b>13,489,912</b>	<b>13,209,426</b>	<b>26,699,338</b>
Retained in the financial statements of:									
The company	112,214	135,087	1,167,202	5,769	-	2,629,471	4,049,743		
Subsidiary companies	-	-	1,058,715	-	( 66,392 )	8,251,304	9,243,627		
Associate companies and joint venture	-	-	-	-	-	196,542	196,542		
<b>Balances at June 29, 2019</b>	<b>112,214</b>	<b>135,087</b>	<b>2,225,917</b>	<b>5,769</b>	<b>( 66,392 )</b>	<b>11,077,317</b>	<b>13,489,912</b>		



# Jamaica Producers Group Limited

## UNAUDITED GROUP RESULTS

26 WEEKS ENDED JUNE 27, 2020

### 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, 2019</b>	<u>112,214</u>	<u>135,087</u>	<u>2,006,972</u>	<u>6,970</u>	<u>( 66,392 )</u>	<u>11,641,603</u>	<u>13,836,454</u>	<u>13,760,645</u>	<u>27,597,099</u>
<b>Changes in equity:</b>									
<b>Profit for the period</b>	-	-	-	-	-	346,972	346,972	591,219	938,191
<b>Other comprehensive income</b>									
Revaluation losses arising during the year on quoted investments	-	-	-	( 8,012 )	-	-	( 8,012 )	-	( 8,012 )
Exchange gains arising on retranslation of foreign operations	-	-	288,979	-	-	-	288,979	38,830	327,809
<b>Total other comprehensive income/(loss)</b>	<u>-</u>	<u>-</u>	<u>288,979</u>	<u>( 8,012 )</u>	<u>-</u>	<u>-</u>	<u>280,967</u>	<u>38,830</u>	<u>319,797</u>
<b>Total comprehensive income/(loss) for the period</b>	<u>-</u>	<u>-</u>	<u>288,979</u>	<u>( 8,012 )</u>	<u>-</u>	<u>346,972</u>	<u>627,939</u>	<u>630,049</u>	<u>1,257,988</u>
<b>Other reserve movements</b>									
Other transfer to capital reserve	-	-	6,350	-	-	( 6,350 )	-	-	-
<b>Transactions with owners recorded directly in equity</b>									
Own shares sold by ESOP	-	-	-	-	16,116	-	16,116	-	16,116
Distributions to non-controlling interests	-	-	-	-	-	-	-	( 165,903 )	( 165,903 )
<b>Total transactions with owners recorded directly in equity</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,116</u>	<u>-</u>	<u>16,116</u>	<u>( 165,903 )</u>	<u>( 149,787 )</u>
<b>Total increase/(decrease) in equity</b>	<u>-</u>	<u>-</u>	<u>295,329</u>	<u>( 8,012 )</u>	<u>16,116</u>	<u>340,622</u>	<u>644,055</u>	<u>464,146</u>	<u>1,108,201</u>
<b>Balances at June 27, 2020</b>	<u>112,214</u>	<u>135,087</u>	<u>2,302,301</u>	<u>( 1,042 )</u>	<u>( 50,276 )</u>	<u>11,982,225</u>	<u>14,480,509</u>	<u>14,224,791</u>	<u>28,705,300</u>
Retained in the financial statements of:									
The company	112,214	135,087	623,571	6,970	-	2,973,650	3,851,492		
Subsidiary companies	-	-	1,678,730	( 8,012 )	( 50,276 )	8,826,641	10,447,083		
Associate companies and joint venture	-	-	-	-	-	181,934	181,934		
<b>Balances at June 27, 2020</b>	<u>112,214</u>	<u>135,087</u>	<u>2,302,301</u>	<u>( 1,042 )</u>	<u>( 50,276 )</u>	<u>11,982,225</u>	<u>14,480,509</u>		





# Jamaica Producers Group Limited

## UNAUDITED GROUP RESULTS

26 WEEKS ENDED JUNE 27, 2020

### Group Statement of Cash Flows

	Unaudited as at 26 weeks ended June 27, 2020 \$'000	Unaudited as at 26 weeks ended June 29, 2019 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit for the period	938,191	1,343,021
Adjustments for items not affecting cash:		
Depreciation and amortisation	672,565	665,369
Share of losses/(profits) in associate companies and joint venture	4,158	( 5,830 )
Losses/(Gains) on disposal of fixed assets and investments	917	( 1,775 )
Exchange movement in working capital	88,784	269,434
Taxation charge	216,108	341,485
Net interest expense	47,702	69,270
	<u>1,968,425</u>	<u>2,680,974</u>
Increase in current assets	( 14,570 )	( 603,397 )
Decrease in current liabilities	( 474,082 )	( 819,336 )
<b>CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b><u>1,479,773</u></b>	<b><u>1,258,240</u></b>
<b>CASH FLOWS FROM INVESTMENT ACTIVITIES</b>		
Additions to property, plant, equipment and intangible assets	( 758,538 )	( 593,516 )
Additions to biological assets	( 4,750 )	( 11,290 )
Proceeds from disposal of property, plant and equipment and investments	8,312	23,590
Proceeds from disposal of shares in subsidiary, net of costs	-	575,397
Movement in short term investments and repos	( 417,255 )	( 771,877 )
Net movement in interest in associate companies and joint venture	46,489	18,926
Net movement in own shares held by group ESOPs	16,116	-
Long term loans receivable	-	6,521
Additions to investments	-	( 23,577 )
Interest received	99,625	80,537
<b>CASH USED BY INVESTMENT ACTIVITIES</b>	<b><u>( 1,010,001 )</u></b>	<b><u>( 695,289 )</u></b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net movement in loans	( 272,509 )	( 7,198 )
Net movement in right-of-use liabilities	( 75,708 )	( 107,407 )
Interest paid	( 126,366 )	( 149,549 )
Distributions to non-controlling interest	( 257,143 )	( 207,199 )
Other movements in non-controlling interest	-	( 10,310 )
Distributions to stockholders, net	( 145,110 )	( 125,360 )
<b>CASH USED BY FINANCING ACTIVITIES</b>	<b><u>( 876,836 )</u></b>	<b><u>( 607,023 )</u></b>
<b>Net decrease in cash and cash equivalents</b>	<b><u>( 407,064 )</u></b>	<b><u>( 44,071 )</u></b>
<b>Cash at beginning of the period</b>	<b><u>1,407,847</u></b>	<b><u>836,176</u></b>
<b>Cash at end of the period</b>	<b><u>1,000,783</u></b>	<b><u>792,105</u></b>



# Jamaica Producers Group Limited

UNAUDITED GROUP RESULTS

26 WEEKS ENDED JUNE 27, 2020

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## Notes to the Financial Statements

### 1. Group's Operations and Activities

Jamaica Producers Group Limited ("company") is incorporated and domiciled in Jamaica. The company's registered office is located at 4 Fourth Avenue, Newport West, Kingston 13.

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

During the prior year, on April 29, 2019, the group completed the disposal of a 30% stake in its tropical snacks holding company, JP Snacks Caribbean Limited (formerly Central American Banana (2005) Limited). Total consideration of \$740m was received, which included the proceeds from the sale of 30% of JP Snacks Caribbean's intercompany debt. The group recorded a gain on disposal of \$575m on the equity part of the transaction. In accordance with IFRS 10, Consolidated Financial Statements, changes in the group's ownership interest in a subsidiary that do not result in the group losing control of the subsidiary are equity transactions and any gain or loss arising therein are recognised directly in equity attributable to the shareholders of the group and are not reflected in the Group Statement of Profit or Loss.

Also during the prior year, on October 31, 2019, a subsidiary, KW Logistics Limited, acquired the remaining 50% of the shares of KW Warehousing Services Limited (formerly SSL REIT Limited) that it did not already own. KW Warehousing Services Limited is engaged principally in the rental of warehousing facilities and prior to that date had been accounted for as an associate.

### 2. Basis of Presentation

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

The accounting policies and methods of computation used in these financial statements are consistent with the most recent annual report except where certain new, revised and amended standards and interpretations came into effect during the current financial year.

During the current and prior year a number of new or amended standards became applicable for the current reporting period. The group has assessed these and has adopted those which are relevant to its financial statements. Their adoption did not result in any changes to amounts recognised or disclosed in these financial statements. A summary of these new or amended standards is below:

#### IFRS 16, Leases

The group adopted IFRS 16 retrospectively from January 1, 2019. On adoption of IFRS 16, the group recognised a liability in relation to leases, which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. The liability is measured at the present value of the remaining lease payments, discounted using appropriate weighted average incremental borrowing rates applied on 1 January 2019 with rates ranging from 3% to 7.5%. The associated right-of-use asset for the property lease is measured at the amount equal to the lease liability.



# Jamaica Producers Group Limited

## UNAUDITED GROUP RESULTS

26 WEEKS ENDED JUNE 27, 2020

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

#### 2. Basis of Presentation (cont'd)

##### IFRS 16, Leases (cont'd)

During the prior year the group prepared its unaudited quarterly financial information on the basis of best available information and certain interpretations of IFRS 16 guidelines. At the prior year end, in conjunction with our auditors, we performed a further detailed technical review which resulted in a revision to our original estimate of the value of the lease liability and associated right of use assets in one of our subsidiaries. This revision reduced the group's assets and liabilities in equal measure and as such had no impact on the total shareholders' equity or the net profit and comprehensive income recorded in the quarterly financial statements. We have not restated the prior year unaudited quarterly information for this change.

#### 3. Gross operating revenue

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

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

Profit per ordinary stock unit is calculated by dividing the profit attributable to the group for the quarter of \$126,963,000 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 June 27, 2020 was 1,046,865,148 (2019 - 1,045,164,488) 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 1,046,865,148 (2019 – 1,045,669,918), representing the total number of ordinary stock units in issue for the quarter ended June 27, 2020 less those held by the ESOP at the same date.

#### 5. Accounting Policies

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

##### a. Business combinations

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

##### 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".



# Jamaica Producers Group Limited

UNAUDITED GROUP RESULTS

26 WEEKS ENDED JUNE 27, 2020

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

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

#### 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. Intangible assets and goodwill

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

#### (ii) Other intangible assets

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

#### (iii) Subsequent expenditure

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

#### (iv) Amortisation

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

The estimates of useful lives are as follows:

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

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

#### e. 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,



# Jamaica Producers Group Limited

## UNAUDITED GROUP RESULTS

26 WEEKS ENDED JUNE 27, 2020

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

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

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

assets and liabilities include items directly attributable to a segment, as well as those that can be allocated on a reasonable basis.

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

- JP Food & Drink - This comprises businesses that are engaged in agriculture, processing, distribution and/or retail of food and drink.
- JP Logistics & Infrastructure - This comprises businesses that are engaged in logistics, transportation, port operations and related industries.
- Corporate Services - This comprises interest and investment income, net of the cost of corporate functions not directly charged to business units.

#### 6. Segment Results

##### 2020

	<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	5,759,453	3,758,778	45,168	9,563,399
Inter - segment revenue	( 2,975 )	-	( 43,719 )	( 46,694 )
Revenue from external sources	<u>5,756,479</u>	<u>3,758,778</u>	<u>1,449</u>	<u>9,516,705</u>
Profit/(loss) before finance cost and taxation	<u>115,666</u>	<u>1,309,776</u>	( <u>122,201</u> )	1,303,242
Finance cost				( <u>148,943</u> )
Profit before taxation				1,154,299
Taxation				( 216,108 )
Non-controlling interest				( <u>591,219</u> )
Net profit attributable to parent company stockholders				<u>346,972</u>

##### 2019

	<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	5,947,916	4,207,864	44,506	10,200,285
Inter - segment revenue	( 2,705 )	-	( 42,399 )	( 45,104 )
Revenue from external sources	<u>5,945,211</u>	<u>4,207,864</u>	<u>2,106</u>	<u>10,155,181</u>
Profit/(loss) before finance cost and taxation	<u>438,401</u>	<u>1,563,740</u>	( <u>161,423</u> )	1,840,718
Finance cost				( <u>156,212</u> )
Profit before taxation				1,684,506
Taxation				( 341,485 )
Non-controlling interest				( <u>713,733</u> )
Net profit attributable to parent company stockholders				<u>629,288</u>



# Jamaica Producers Group Limited

## UNAUDITED GROUP RESULTS

26 WEEKS ENDED JUNE 27, 2020

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

#### 7. Seasonal Variations

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

#### 8. Foreign Currency Translation

Overseas revenues and expenses have been translated at average exchange rates of J\$147.04 (2019: J\$142.82) to €1, J\$171.19 (2019: J\$167.26) to £1 and J\$138.50 (2019: J\$130.42) to US\$1.

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

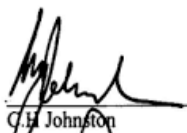
	<u>J\$/€</u>	<u>J\$/£</u>	<u>J\$/US\$</u>
June 27, 2020	152.37	175.22	139.42
December 31, 2019	141.22	167.12	130.02
June 29, 2019	144.42	162.49	130.31
December 31, 2018	135.92	161.10	126.68

#### 9. COVID-19

During March 2020, the World Health Organisation declared the Coronavirus to be a global pandemic. The pandemic has resulted in a significant downturn in global commercial activity as there is currently no cure and the accepted mechanisms for managing the contagion are containment measures such as closure of borders, physical distancing rules, mass quarantines and stay-at-home orders for non-essential services, all of which have negative global economic consequences. As a global manufacturer of food and drink products and provider of port and logistics services, the group's operations are at varying stages of the impact cycle.

The group is continuing to monitor and manage the impact of the pandemic and the global economic downturn on its financial position, financial results and cashflows.

On behalf of the Board

  
C.H. Johnston

Chairman

  
J. Hall

Group Managing Director

August 10, 2020

