

*Leveraging Adversity into Opportunity*



# Contents

Mission, Vision	3	Management Discussion & Analysis	29
Notice of AGM	5	Five-year Financial Review	33
CEO's Message to Shareholders	7	CPJ St. Lucia	34
Tribute to Tony Hart	8	Human Resources Report	36
Board of Directors	10	Corporate Social Responsibility	37
Management Team	14	Auditor's Report	41
Corporate Data	18	Audited Financial Statements	49
Shareholders' Interests	19	Form of Proxy	
Corporate Governance	20		



## Mission

To provide the highest levels of service and quality products available, in striving to ensure the success of our customers.

## Vision

To expand in new markets while maintaining a leadership position in established markets, and to provide an energised and harmonious workplace for our employees.

## Strategy

To drive profitability through strong supplier relationships by delivering great products with exceptional service.

# THE BEST CHOICE



\*Drink Responsibly



[www.cpj.com](http://www.cpj.com) |   

## Available

### Customer Service Motto

We measure our effectiveness as a company by our ability to meet the expectations of our customers. We strive to ensure our professional team of representatives reflect this commitment. By building strong customer relationships we promote our continued growth.

### Core Strengths

- Integrity
- Commitment
- Going the Extra Mile



# Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of Caribbean Producers (Jamaica) Limited Group will be held on Tuesday, February 9, 2021 at 3:00 p.m. in a fully electronic format for shareholders to consider, and if thought fit, to pass the following resolutions:

## Ordinary Resolutions

### 1. To receive the Reports of the Directors and Auditors and the audited accounts of the Company for the financial year ended 30 June 2020.

To consider and (if thought fit) pass the following resolution:

“THAT the Reports of the Directors and Auditors and the Audited Accounts of the Company for the financial year ended 30 June 2020 be adopted”.

### 2. In accordance with Article 102 of the Company’s Articles Incorporation, Mr. A Mark Hart, Mr. Thomas Tyler and Mrs. Theresa Chin, retire from office by rotation and, being eligible, offer themselves for re-election.

To consider and (if thought fit) pass the following resolutions:

- (a) “THAT Mr. A. Mark Hart who retires by rotation and being eligible for re-election be and is hereby re-elected a Director of the Company”.
- (b) “THAT Mr. Thomas Tyler who retires by rotation and being eligible for re-election be and is hereby re-elected a Director of the Company”.
- (c) “THAT Mrs. Theresa Chin who retires by rotation and being eligible for re-election be and is hereby re-elected a Director of the Company”.

### 3. In accordance with Article 110 of the Company’s Articles Incorporation, Mrs. Candace Hart having been appointed during the year, retire and is eligible for re-election.

Candace Hart, being a Director of the Board appointed on 10 February 2020 to fill a casual vacancy, has resigned

prior to the start of the Annual General Meeting in accordance with the Articles of Incorporation of the Company and, being eligible, hereby offers herself for re-appointment by the shareholders.

### 4. To appoint the Auditors and authorize the Directors to fix the remuneration of the Auditors.

To consider and (if thought fit) pass the following resolution:

“THAT KPMG, Chartered Accountants, having agreed to continue in office as auditors, be and are hereby appointed auditors of the Company to hold office until the next Annual General Meeting at a remuneration to be fixed by the Directors of the Company”.

### 5. To fix the remuneration of the Directors.

To consider and (if thought fit) pass the following resolution:

“THAT the amount included in the Audited Accounts of the Group for the year ended 30 June 2020, as remuneration for their services as Directors be and is hereby approved”.

**Dated this 28 day of October 2020**

By Order of the Board



**Theresa Chin**  
Company Secretary

*A form of proxy. A shareholder who is entitled to attend and vote at the Annual General Meeting of the company may appoint one or more proxies to attend in his/her place. A proxy need not be a shareholder of the company. All completed original proxy forms must be deposited together with the power of attorney or other document accompanying the proxy at the registered office of the company at least 48 hours before the Annual General Meeting.*

*\*\*\* The details of the modes of accessing the meeting online will be shared shortly.*



CPJ  
DISTRIBUTION CENTER

Mark Hart

Tom Tyler

“We foresee that tourism will continue to be at the forefront of GOJ’s economic strategy to lead the post-COVID recovery and will also provide the impetus for sustainable growth for the near and longer term.”

We are pleased to report that despite the unprecedented global economic dislocation caused by the Covid-19 pandemic, we at CPJ are extremely optimistic about our future. Unavoidably, as the largest supplier of food and beverage to the Hospitality sector, the financial results of the Group have been severely impacted by the pandemic and ultimately the shutdown of the travel industry. Group sales plummeted from the month of March 2020 and continued to be adversely affected until the end of the fiscal year June 2020. As a result, sales in Q4 of the fiscal year 2020 were US\$5.78M, down 79% compared to Q4 of the last fiscal year 2019. The loss in revenue for this period was observed both in onshore and offshore operations.

The Company has taken a proactive approach to not only secure our business but to position ourselves for growth when conditions return to normal. Strategies such as aggressive debtor management coupled with inventory containment resulted in strong cash flow management. We managed our collections and met all of our obligations to our vendors by the end of the fiscal year, decreasing total liabilities by US\$10.02M.

The Group is committed to sound treasury management during these turbulent times as we expect a solution to the virus will be available soon and restore confidence in travel during the usual busy tourist season from December 2020 to March 2021 and beyond. Tourism is vital to the health of the nation and the well-being of the Jamaican economy. The government is committed to restoring the capacity of the industry in the shortest possible time, while safely guarding the health of its citizens.

The Company is prepared for what we are certain will be a full recovery of the travel industry. We remain committed to our strategic goal of achieving long term shareholder value by creating scale and implementing strategic business transformation initiatives. The Group has a series of new IT initiatives to take us into the new fiscal year, the desired outcome of which is to strengthen its technology platform for further growth and to achieve operational efficiencies. The slowdown in the sales activity due to the ongoing pandemic has assisted the company in a smooth implementation of these new initiatives as it reduced the risk of technological related errors towards the fulfilment of customer obligations. Most of these IT upgrades have already been smoothly implemented at the time of writing. We are excited to see the power of these systems and processes in use as the business begins its full recovery.

We are grateful for the tremendous support already received from our employees, suppliers, customers, bondholders and shareholders in these difficult times. Many have had to make concessions and sacrifices to ensure that the Company not only gets through this historical challenge but is placed in the best possible position to emerge when it is all over. Thank you all again and please stay safe, as we all pray that something good will come from these difficult times.



**A. Mark Hart**  
*Interim CEO & Executive Chairman*



**Thomas Tyler**  
*Co-Chairman*

# *Tribute to Tony Hart*

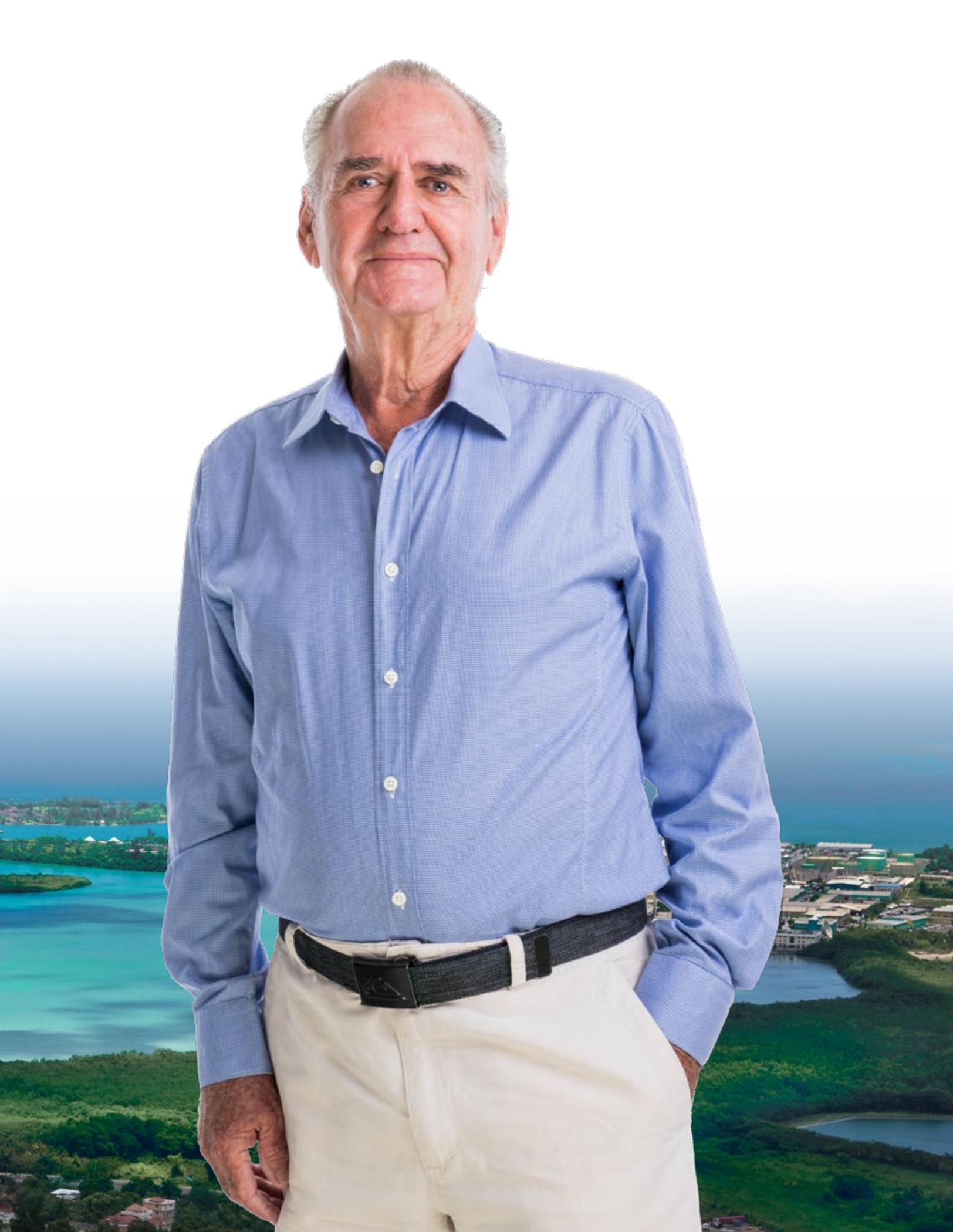
On August 20th, 2020, one of our founding Directors, Antony "Tony" Hart, father of our Executive Chairman, Mark Hart, passed away peacefully at the age of 87.

Tony Hart served as a director of the Board from April 2007 through to his retirement in November 2016.

As a director, Tony was extremely passionate about the development of CPJ and would often be seen unannounced, walking between the various buildings on our compound. He had a special love for researching and developing new products in the meat plant and he wanted to know "When are we going to add more solar to our existing system?".

Tony Hart was widely considered as one of the fathers of the city of Montego Bay as a conceptualizer of the Montego Freeport Peninsula.





# The Board of Directors



## **A. Mark Hart**

*Executive Chairman (appointed April 1994)*

A. Mark Hart has served as Chief Executive Officer from 2004 until early in 2011, when he was promoted to his current position of Executive Chairman. He is also a co-founder and controlling shareholder of the Company. Mr. Hart began his career as the Managing Director of the Hart family's group of companies in 1982, eventually becoming Chairman and Chief Executive Officer in 1997. Mr. Hart is also Chairman of Cargo Handlers Ltd, a JSE Junior Market listed company, and is currently the Chairman of the Montego Bay Freezone Company Limited, as well as a member of the boards of the NMIA Airports Limited, Bank of Nova Scotia Jamaica Limited and Scotia Group Jamaica Limited. In January 2020 Mr. Hart assumed the role of Interim CEO at CPJ.

## **Thomas N. Tyler**

*Co-Chairman*

Thomas (Tom) Tyler is a founding member of Caribbean Producers Jamaica Limited. He served as the company's CEO from 2011 to 2016. He is currently the company's Co-Chairman, where he maintains strong vendor and customer relations that fuels the rapid growth of the company and has established Caribbean Producers Jamaica as the leading food service company in Jamaica.

Following his education at the University of South Florida, Thomas Tyler joined his family based company, Caribbean Producers, specialized in supplying furniture and equipment to the Hospitality sector across the Caribbean.

The Tyler family played a fundamental role in the development of the Hospitality Industry across the Caribbean and especially in Jamaica for over 40 years.

Thomas Tyler later on had the vision to create an integrated Distribution company that led to Caribbean Producers Jamaica, which he co-founded with Mark Hart in 1994.

Thomas Tyler is a Director of CPJ Investments Limited and Chairman of CPJ St. Lucia Limited; subsidiary companies of CPJ, also serves as President of Hospitality Services Unlimited, a company registered in the U.S. that engages in business with CPJ.

## **Dr. David Lowe**

*Chief Executive Officer -  
Resigned January 31, 2020*

Dr. David Lowe was appointed Chief Executive Officer in June 2016. He originally joined CPJ as the Vice President of Marketing and Retail Sales before being promoted to Chief Revenue Officer. Dr. Lowe made the day-to-day management decisions to lead the financial, operational and strategic operations of the company. Previously, Dr. Lowe held distinguished positions in investment banking, management consulting and government. He currently serves as a board member of the National Health Fund, Chairman of the Western Region Health Authority (WRHA) and the National Compliance Regulatory Authority (NCRA). Dr. Lowe received his Ph.D in Corporate Finance from the Manchester Business School, University of Manchester, UK.



### **Dr. Candace Hart**

*Executive Director (appointed February 2020)*

Candace Hart joined CPJ in September 2018 in Special Projects and Change Management. She has been focused on data management, information technology and process implementation in the company. She holds a Ph.D. in Psychology from the University of Miami and brings her experience working with large data sets from her published research work on several grants funded by the National Institute of Mental Health. Candace moved to Montego Bay in 1997. She initially volunteered with the Committee for the Upliftment of the Mentally Ill (CUMI), a non-profit focusing on the care of the homeless mentally ill. Candace has served on the Board of Directors of Hanover Charities since 2011, specifically focusing on tertiary education in Jamaica and the mentoring of academic scholarship recipients. Candace served as a Trustee and Co-Chair on the Development Committee of the Indian Mountain School in Lakeville, CT, which all 3 of her children attended. Candace lives in Montego Bay with her husband Mark Hart and their 3 children, Maya, Ethan and Cameron.

### **Theresa Chin**

*Non-Executive Director and Company Secretary (appointed September 2004)*

Theresa Chin is a graduate of York University, Toronto Canada where she gained a Bachelor of Science degree in Mathematics. She has worked with the Hart family Group of companies since 1993. She is currently a Director of Cargo Handlers Limited, as well as acting as Financial Manager for Hart group of companies. Prior to joining the Hart group of companies, she worked as a financial analyst for the Four Seasons Hotel, a tax consultant for the Borough of East York, Toronto, Canada and as an auditor at Deloitte & Touche in Toronto Canada.

As an independent Non – Executive member of the Board, Mrs. Chin also serves on the Audit and Compensation Committees of the Board. Mrs. Chin is also the Company Secretary.

### **Ronald Schragar**

*Non-Executive Director (appointed June 2011)*

Mr. Schragar is a principal and co-founder of Eightfold Real Estate Capital, LP a real estate investment and advisory firm. Prior to forming Eightfold, Mr. Schragar was the Chief Operating Officer of LNR Property LLC of the USA, from May 2003 until December 2010. In 1992, Mr. Schragar came to Lennar (former parent of LNR) from Chemical Bank (now JP Morgan Chase) in New York, where he served as Vice President. Mr. Schragar received a master's degree in business administration from Harvard Business School in 1988.

As an independent Non – Executive member of the Board, Mr. Schragar is Chairman of the Audit Committee and a member of the Compensation Committee.



### **Richard 'Mark' Hall**

*Non-Executive Independent Director  
(appointed September 2011)*

For the past 40 years Mark Hall has been the CEO of Hall's Investment Limited, operating the IGL filling plant franchise and Boomerang Tyre Sales in Western Jamaica. Over the years Mr. Hall has served on numerous private and public corporate boards, civic and social trusts and management committees.

As an independent Non – Executive member of the Board, Mr. Hall also serves as the Chairman of the Compensation Committee and a member of the Audit and Corporate Governance committees of the Board.

### **L. Camille Shields**

*Non-Executive Independent Director  
(appointed February 2014)*

L. Camille Shields is a Barrister and Attorney-at-Law with more than 17 years of practice in the area of Civil Law with a client-base spanning multiple jurisdictions. She has spent the last thirteen years establishing a Private Law Practice with concentration in Corporate and Commercial Law, Land and Conveyance matters as well as Probate and Succession. She obtained a Legal Education Certificate from the Norman Manley Law School ("Norman Manley") and was enrolled as an Attorney-at-Law in Jamaica in mid-2003 and prior was called to the Bar of England and Wales and was entered as a member of the Honourable Society of Lincoln's Inn in 2002. Additionally, she holds a Bachelor of Arts from University of Western Ontario ("Western") at London, Ontario, Canada and a Bachelor of Laws from the University of London ("UL") at London, England. She is a Notary Public for the Island of Jamaica.

As an independent Non-Executive member of the Board, Ms. Shields serves as Chairman of the Corporate Governance Committee and also serves on the Compensation and Audit Committees of the Board.

### **Konrad 'Mark' Berry**

*Non-Executive Director  
(appointed February 2016)*

Konrad Berry joined Mayberry Investments Limited at its inception and was one of its founding Directors. He has been the Company Secretary since 1985, Finance Director between 1992 and 1995 and in 1999 assumed the position of Vice Chairman. He has over thirty (30) years of experience in the securities industry. Having joined Mayberry Investments Limited in 1985 where he was primarily responsible for the company's day to day operations including the development and supervision of its management and operating system.

Mr. Berry obtained a B.Sc (Hons) degree in Management and Economics from the University of the West Indies in 1992. In that year, he also successfully completed the Canadian Securities Course.

# The Board of Directors



## **Christopher Berry**

*Non-Executive Director  
(appointed February 2016)*

Christopher Berry has been the Executive Chairman of Mayberry Investments Limited since 1993. A former Deputy Chairman of the Jamaica Stock Exchange, he also sits on several boards, including the Lasco Financial Services, Apex Health Care Associates Limited and Apex Pharmacy Limited. He has over thirty years of experience in the securities industry. Having joined Mayberry Investments Limited in 1987 where he was responsible for corporate planning and information technology. He subsequently led the company's listing on the Jamaica Stock Exchange in 2005.

Mr. Berry has a Bachelor of Industrial Engineering (Hons.) from the Georgia Institute of Technology, Atlanta, Georgia.

## **Frank O'Dowd**

*Non-Executive Director  
(appointed February 2019)*

Mr. O'Dowd has held multiple senior management positions and is currently Managing Director of BFC Advisors, a foodservice consulting firm. Most recently he was CIO and CAO of Chefs Warehouse from 2007-2017. During that time period the Company grew from \$200M to over a billion in annual revenues and had an IPO and is listed on the Nasdaq. Prior to Chefs Warehouse, Frank was the CIO at GAF Materials Corporation the largest roofing manufacturer in North America. Frank also worked in the pharmaceutical and publishing industries. He has an undergraduate degree from University of Dayton and a graduate degree from the State University of New York at Stony Brook.

## Senior Management Team



### Vivek Gambhir

*Chief Financial Officer*

Vivek Gambhir was appointed CFO in the fiscal year 2018/19. Mr. Gambhir is a fellow of the Institute of Chartered Accountants of India and an Associate member of the Institute of Company Secretaries of India. He has over twenty-five years of diversified professional experience in operational and corporate finance, having held senior roles across the industries of hospitality, banking and fast-moving consumer goods.

Throughout Mr. Gambhir's career he has specialized in business transformation having navigated several multinational corporations such as RBS India, RPG Itochu, MEN-ESPN, East India Hotels-The Oberoi as well as Misys PLC in capitalizing on growth opportunities. He is a graduate of the University of New Delhi with a Bachelor of Commerce and possesses a Diploma in Hotel Management from the Institute of Hotel Management Catering and Nutrition of New Delhi.

### Alejandro Sánchez

*Chief Information Officer*

Systems Engineer Alejandro Sánchez was appointed CIO on September 1, 2019

Mr. Sánchez brings over thirty years of hands-on experience in different information technology operational and managerial positions, starting with software development and support in industrial, health information and variety of environments, especially in the warehouse management and product distribution in the food industry. Since the late 80's and early 90's, Sánchez has worked with important Puerto Rican and multinational organizations like Packer's Provision, V. Suarez, Oracle, SAP, Agua La Montana, PFS, and Trafon Group, contributing to their growth and success in their lines of business.

Sánchez is a Computer Systems Engineer graduate with additional studies in Civil Engineering, plus extensive IBM, Microsoft, Oracle, SAP, Project Management, Business Processes Re-engineering and Business Intelligence trainings, certificates and practical experience.

As a results-driven Business Executive, Alejandro Sánchez contributes with his experiences in Full Scale Operations, Project Management, Re-engineering and Process Implementation and will be in charge of the overall operations of CPJ's IT Team and Service Strategy, ultimately aligning the Information Technology Office with CPJ's strategic Vision and Mission.

### Hugh Logan

*Director of Hospitality Sales and Export*

Hugh Logan joined the Company in February 1997 as the Beverage Systems Manager before being promoted to National Sales Manager, Vice President of Hospitality Sales, and then to his current role as Director of Hospitality Sales. In his current role Mr. Logan is responsible for driving sales in the institutional market while maintaining oversight and direction of the regional sales expansion.

Prior to joining the Company Mr. Logan worked in various management roles in the hotel sector. He graduated from Seneca College and Queen's University (both of Ontario Canada) where he received a Bachelor of Science degree in Psychology.



### **Javier Martinez Perez**

*Director of Supply Chain*

Mr. Javier Martinez Perez was appointed Director Procurement, Logistics and Supply Chain on April 1, 2019. Javier has previously worked in the tourism industry for 25 years, accumulating 18 years of experience in managerial positions in the hotel industry focusing on daily operations in both F&B and rooms division, and also at procurement in the capacity of Director of Procurement for English speaking Caribbean islands. He is highly oriented to provide outstanding service to both internal and external customers, targeting the balance in quality and profitability, also believe and work towards teams motivation.

### **Debbie Clarke**

*Director of Human Resources*

Debbie Clarke was appointed Director of Human Resources in February 2016. She brings over 20 years of human resources and administrative experience to CPJ, where she is responsible for both day-to-day human resources needs and developing strategic initiatives jointly with the Executive team to integrate HR policies into the organization's overall mission and operational strategy. Prior to joining CPJ, Ms. Clarke worked with Island Entertainment Brands. She holds a Master of Science in Hospitality & Tourism Management from Revans University and is currently completing her Executive Master in Public Administration (UCC).

### **Terry-Ann Johnson**

*Financial Controller (appointed January 2020)*

Ms. Johnson was appointed Financial Controller in January 2020. She originally joined CPJ as the Accounting Manager before being promoted to Financial Controller. She brings over 12 years of finance and auditing experience to CPJ, where she is responsible for the day-to-day operations of the finance department. Ms. Johnson served as a Director of the Hospitality Financial and Technology Professionals (Jamaica Chapter) for two consecutive years. Ms. Johnson is a member of the Association of Chartered Certified Accountants (ACCA) and holds a Diploma in Business Administration (Finance) from the University of Technology.

### **Other members:**

**Mark Hart, Executive Chairman**

**Thomas Tyler, Co-Chairman**

## Senior Management Team



### Gerhard Drechsler

*Distribution & Process Change Manager*

Gerhard Drechsler joined the company in 2018 as a consultant in the area of Warehouse and Distribution Management, he was instrumental in the launch of the new Distribution Center in 2019 and the effective reengineering of the company's warehousing and distribution processes. In March of 2020 he was appointed to the role of Distribution & Process Change Manager.

Prior to joining CPJ, Gerhard has worked in high-level roles for both distribution and food manufacturing companies. Gerhard holds a Bachelor of Science in Industrial Distribution from Texas A&M University, authored the book *Distribution Management in the New Economy: A Blueprint for Success*, and has written over a dozen trade journal articles.



SEAFOOD

MEATS



We are grateful for the tremendous support already received from our employees, suppliers, customers, bondholders and shareholders in these difficult times.

## JAMAICA

### HEADQUARTERS

**Montego Bay**  
Caribbean Producers  
(Jamaica) Limited  
1 Guinep Way  
Montego Freeport  
St. James, Jamaica

### Mailing Address:

P.O. Box 302, Montego Bay  
St. James, Jamaica W.I.  
Tel: (876) 979-8134 / 8136  
Fax: (876) 953-6898

Email: [info@cpj.com](mailto:info@cpj.com)

Websites: [www.cpj.com](http://www.cpj.com)  
[www.cpjmarketonline.com](http://www.cpjmarketonline.com)

### Kingston

CPJ Market & CRU bar  
71 Lady Musgrave Road  
Kingston 10, Jamaica  
Tel: (876) 633-5973 /  
633-5976  
Tel: (876) 618-0852 (CRU)

### REGISTERED OFFICE

Shop#14,  
Montego Freeport  
Shopping Center  
Montego Freeport,  
St. James, Jamaica

### AUDITORS

**KPMG**  
6 Duke Street,  
Kingston, Jamaica

### INTERNAL AUDITORS

**PriceWaterhouseCoopers LLP**  
Scotiabank Centre  
Duke Street  
Kingston, Jamaica

### BANKERS

**The Bank of Nova Scotia  
Jamaica Limited**  
Scotiabank Centre  
Duke Street  
Kingston, Jamaica

### National Commercial Bank

Baywest Center  
Harbour Street  
Montego Bay, Jamaica

### Sagicor Bank Jamaica Limited

17 Dominica Drive  
Kingston 5, Jamaica

### Citibank N.A. Jamaica

19 Hillcrest Avenue  
Kingston 6, Jamaica

## SAINT LUCIA

### HEADQUARTERS

CPJ St. Lucia  
Cul De Sac  
Castries, St. Lucia

### AUDITORS

**KPMG**  
Morgan Buiding  
P.O. Box 1101  
Castries, St. Lucia

### REGISTERED OFFICE

6 Brazil Street  
Castries, St. Lucia

### BANKERS

**Bank of Nova Scotia**  
Castries, St. Lucia  
**RBC St. Lucia Limited**  
Castries, St. Lucia



*Corporate Data*

## Top Ten (10) Shareholders As at 30 June 2020

NAME	SHARES	%
Sportswear Producers Limited	252,692,542	22.9720
Mayberry Jamaican Equities Limited	214,979,522	19.5436
Wave Trading Limited	129,632,858	11.7848
Oniks Investments Limited	126,297,515	11.4816
Thomas Tyler	82,830,563	7.5301
Ho Choi Limited	33,581,579	3.0529
Beech Realty Company Limited	31,000,000	2.8182
PWL Bamboo Holdings Limited	20,536,570	1.8670
MF& G Trust & Finance Ltd A/C 58	12,503,933	1.1367
SJIML A/C 3119	11,906,171	1.0824

## Directors' & Senior Management's Interests As at 30 June 2020

The interests of the Directors and Senior Officers, holding office at the end of the quarter, along with their connected persons, in the ordinary stock units of the Company were as follows:

DIRECTORS	POSITION	RELATIONSHIP	SHARES	%
Sportswear Producers Limited Mark Hart	Chairman	Connected party holding	252,692,542	22.9720
Mayberry West Indies Limited Konrad Mark Berry Christopher Berry	Director Director	Connected party holding Connected party holding	214,979,522	19.5436
Wave Trading Limited Mark Hart	Chairman	Connected party holding	129,632,858	11.7848
Oniks Investments Limited Thomas Tyler	Co-Chairman	Connected party holding	126,297,515	11.4816
Thomas Tyler	Co-Chairman	Self	82,830,563	7.5301
PWL Bamboo Holdings Limited Mark Konrad Berry	Director	Connected party holding	20,536,570	1.8670
Alpine Endeavours Limited Ronald Schragar	Director	Connected party holding	1,881,100	0.1710
Apex Pharmacy Limited Christopher Berry	Director	Connected party holding	1,421,936	0.1292
A+Medical Centre Limited Christopher Berry	Director	Connected party holding	1,000,000	0.0909
Konrad Mark Berry	Director	Self	500,000	0.0454
Theresa Chin	Director	Self	288,900	0.0262
Richard Mark Hall	Director	Self	114,090	0.0104
<b>SENIOR MANAGEMENT</b>				
Hugh Logan			144,343	0.0131

# *Corporate Governance*

CPJ is prepared for what we are certain will be a full recovery of the travel industry.



# CHIEF



# Corporate Governance

This statement contains the corporate governance arrangements set by the Board of Directors of Caribbean Producers Jamaica Limited having regard to its Corporate Governance Charter, industry best practices and guidelines that it considers to be the most appropriate for the Company. The Board's primary role of strategic oversight is with the ultimate goal of profitability and increasing shareholder value. Further, the company's corporate governance guidelines allow the Board to make decisions that are independent of Management. The Board periodically reviews these guidelines and they can be accessed from our website [www.cpj.com](http://www.cpj.com).

This statement describes the main Corporate Governance practices in place during the year ending June 30, 2020.

## Roles and Responsibilities of the Board

The Directors are accountable to shareholders and for the overall operation and stewardship of the Company in particular for long-term growth and profitability of the Company and for monitoring the implementation of policies strategies and financial objectives.

The responsibilities of the Board include:

- Contributing to the development of and approving the Company's strategy and setting financial targets;
- Monitoring the implementation and execution of strategy and performance against financial targets;
- Appointing and overseeing the performance of senior executive management;
- Monitoring the Company's culture and values.

The Board has reserved to itself, in addition to those matters reserved to it by law, the following functions and all power and authority in relation to:

- Composition of the Board itself (including appointment and retirement or removal of Directors);
- Periodic evaluation of the Board, its committees and individual Directors;
- Oversight of the Company, including its control and accountability systems;
- Appointing and removing the Chief Executive Officer;
- Ratifying the appointment and, where appropriate, the removal of the Chief Financial Officer and the Company Secretary;
- Reviewing and overseeing the operation of systems of risk management and internal compliance and control, codes of ethics and conduct, and legal and regulatory compliance;
- Input into and final approval of management's development of corporate strategy and performance objectives;
- Monitoring senior executive management's performance and implementation of strategy, and ensuring appropriate resources are available;

- Approving and monitoring the progress of major capital expenditure, capital management, and divestitures;
- Approving and monitoring financial and other reporting;
- Approving the payment of dividends to shareholders;
- Approving the Company's remuneration framework;
- Monitoring industry developments relevant to the Company and its business;
- Developing suitable key indicators of financial performance for the Company and its business;
- The overall corporate governance of the Company, including strategic direction, establishing goals for management and monitoring the achievement of these goals; and
- The oversight of Committees.

To assist in performing its duties in the most efficient manner the Board has delegated specific responsibilities to three Board Committees which act, subject to the terms of their respective charters, in an advisory capacity, subject to the oversight of the Board.

Day to day management of the Company's affairs and the implementation of the corporate strategy and policy initiatives are formally delegated by the Board to the Chief Executive Officer and senior executive management of the Company. These delegations are reviewed periodically as appropriate.

The Board generally meets on a quarterly basis, or more regularly as may be required. Details of each Director's relevant qualifications and experience, the number of times the Board and each committee has met as well as Director attendance at each meeting is included here for the Company's annual report.

Additionally special committees are established from time to time to oversee particular operational matters and new opportunities.

The Company Secretary, Theresa Chin, is accountable to the Board, through the Chair, on all matters relevant to the proper functioning of the Board. All Directors have direct access to the Company Secretary.



**CPI**  
COUNTRY OF PIGS  
INSTITUTION

**CANADIAN LOIN BACON**  
WITH LOW & MILD SWEET

**SMOKED BACON**  
SMOKED LOW & SLOW USING HICKORY WOOD

**JAMAICAN JERK BACON**  
SMOKED WITH A SLIGHT FRESH BITE

**CANADIAN LOIN BACON**  
WITH LOW & MILD SWEET

**SMOKED BACON**  
SMOKED LOW & SLOW USING HICKORY WOOD

**JAMAICAN JERK BACON**  
SMOKED WITH A SLIGHT FRESH BITE

**CANADIAN LOIN BACON**  
WITH LOW & MILD SWEET

**SMOKED BACON**  
SMOKED LOW & SLOW USING HICKORY WOOD

**JAMAICAN JERK BACON**  
SMOKED WITH A SLIGHT FRESH BITE

**CANADIAN LOIN BACON**  
WITH LOW & MILD SWEET

**SMOKED BACON**  
SMOKED LOW & SLOW USING HICKORY WOOD

**JAMAICAN JERK BACON**  
SMOKED WITH A SLIGHT FRESH BITE

**CANADIAN LOIN BACON**  
WITH LOW & MILD SWEET

**JAMAICAN JERK BACON**  
SMOKED WITH A SLIGHT FRESH BITE

## Appointment of New Directors, Nominations and Re-Election of Directors

The Corporate Governance and Nomination Committee is responsible for recommending the appointment of new Directors to the Board. During the Director selection process, potential candidates are subject to appropriate and prudent background and screening checks prior to appointment. These include checks in relation to the person's character's experience and qualifications, criminal history, bankruptcy as well as ensuring that the person is available to provide the appropriate time commitment to serve as a Director on the Board. At the Annual General Meeting held on February 10, 2020 Candace Hart was appointed a Director to the Board of Directors.

In the event a Director is appointed to fill a casual vacancy he/she must stand for election at the next Annual General Meeting (AGM) of the Company which is generally held in February each year. Additionally, Directors who have been in office without re-election for three years since their last appointment must retire and seek re-election at the Company's AGM. In each case, the Company provides to shareholders all material information in its possession, concerning the Director standing for appointment or re-election.

### Board Diversity

The Board considers gender diversification to be important and has maintained a mixed Board. This diversity extends and perme-

ates to the management team which helps to improve business results, enhance its reputation and attract, engage and retain talented people. People value an organisation where differences are respected.

### Board Composition

In accordance with its charter, the Board is comprised of Directors with a mix of skills and expertise to enable the Board to effectively oversee all aspects of the Company's operations and enhance its performance. These include but are not limited to the following skills and experience:

- Industry
- Strategy
- Finance/ Audit/ Risk
- Legal
- International Business
- Corporate Governance
- Brand and Marketing
- Mergers and Acquisitions
- Distributions and Logistics

The Board considers that it has a good mix of skills which provide good corporate governance and oversight and are aligned with the Company's strategy "To drive our profitability through strong supplier relationships by delivering great products with exceptional service". The areas of expertise possessed by Directors are shown in the Table below.

## Board Member Qualifications, Skills & Experience

Name of Director	Area of expertise							
	Industry	Strategy & Leadership	Finance & Audit	Legal	Int'l Business	Governance	Brand & Marketing	Mergers & Acquisitions
A. Mark Hart	•	•	•		•	•	•	
Thomas Tyler	•	•				•	•	
Theresa Chin	•	•	•			•		•
Richard M. Hall	•	•			•	•	•	•
L. Camille Shields				•		•		•
Frank O'Dowd	•	•			•			
Ronald Schrage		•	•		•	•	•	•
Christopher Berry		•	•			•	•	•
Konrad Mark Berry		•	•		•	•	•	•
Candace Hart		•	•		•	•	•	

The Board is also structured so that it has an appropriate mix of executive, non-executive and independent directors to maintain its independence, and separate the functions of governance and management.



The composition of the Board adheres to the following principles:

- The Board must comprise members with a broad range of experience, expertise, skills and contacts relevant to the Company and its business;
- The number of Directors may be increased where the Board considers that additional expertise is required in specific areas or when an outstanding candidate is identified;
- At least half of the Board must be non-executive Directors, at least two of whom must also be independent.

As at June 30, 2020, the Board consisted of ten Directors: two Executive Directors, including the Executive Chairman/ Chief Executive Officer & the Co-Chairman and eight Non-Executive Directors, among them two Independent Directors.

### Directors' Independence

The Board has adopted specific principles in relation to Directors' independence and based on these principles, the Directors deemed to be independent as at June 30, 2020 are:

- o Richard M. Hall,
- o L. Camille Shields.

## Meetings of the Board July 2019 to June 2020

The Board meets quarterly and the agenda for board meetings is prepared in conjunction with the Chairman/Chief Executive Officer, the Chief Financial Officer and the Company Secretary. Standing items include the CEO's report, division operating reports, committee minutes and reports, financial reports, strategic matters and governance and compliance updates. All submissions are circulated in advance of the meetings to allow the Board time to review and give due consideration to each report. Every Board member can suggest the inclusion of additional items on the agenda.

Director's Name	Position	Number of meetings eligible to attend	Number of meetings attended	% of eligible meetings attended
A. Mark Hart	Executive Chairman	12	12	100%
Thomas Tyler	Co-Chairman	12	12	100%
David Lowe	Chief Executive Officer	2	2	100%
Candace Hart	Non-Executive Director	2	2	100%
Ronald Schragger	Non-Executive Director	10	7	70%
Frank O'Dowd	Non-Executive Director	8	8	100%
Richard Mark Hall	Non-Executive Director	12	8	66%
L. Camille Shields	Non-Executive Director	12	12	100%
Theresa Chin	Non-Executive Director & Company Secretary	10	10	100%
Christopher Berry	Non-Executive Director	6	6	100%
Konrad Berry	Non-Executive Director	11	11	100%

Meetings were held on the August 28, 2019, November 11, 2019, February 10, 2020 & May 11, 2020.

## BOARD COMMITTEES

The Board has established standing Committees to assist in the execution of its duties and to allow detailed consideration of complex issues. There are three current standing Committees of the Board, viz:

- Corporate Governance and Nomination Committee
- Audit Committee
- Compensation Committee, and

Each of these Committees has its own written charter setting out its role and responsibilities, composition, structure, membership requirements and the manner in which the committee is to operate. All matters determined by the Committees are submitted to the Board as recommendations for Board consideration. Each Director has unrestricted access to all committee meetings and records. Details of the committees may be found on the Company's website at [www.cpj.com/investor-relations/corporate-governance](http://www.cpj.com/investor-relations/corporate-governance)

## Corporate Governance and Nomination Committee

The Board has a Corporate Governance and Nominations Committee to assist the Board and make recommendations to it in relation to the search for and appointment of new Directors (both executive and non-executive) and senior executive management. The Nominations Committee consists of the following Directors:

- L. Camille Shields, Chairman and Independent Director
- Richard Mark Hall, Independent Director
- Konrad Mark Berry, Director

During the reporting period, the Committee met two times, on August 28, 2019 & February 10, 2020.

### Number of meetings held = 2

Name	# of meetings attended	% of eligible meetings attended
<b>Committee Chairman:</b>		
L. Camille Shields	2	100%
<b>Committee Members:</b>		
Richard M. Hall	1	50%
Konrad Mark Berry	2	100%

## Audit Committee

The Board has established an Audit Committee to advise on the establishment and maintenance of a framework of internal control and appropriate ethical standards for the management of the Company. The Audit Committee consists of the following Directors:

- Ronald Schragger, Chair
- Theresa Chin, Director & Company Secretary
- Richard M. Hall, Independent Director
- L. Camille Shields, Independent Director
- Konrad Berry, Director

### External Auditor

KPMG is the Company's external auditor, and, on the invitation of the Audit Committee, the Lead Audit Partner attends meeting of the Committee to present the firm's audit findings and discuss the draft audited financial statements. The external auditor also attended the Annual General Meeting to present the audited financial statements to shareholders and was available to answer shareholder questions about the conduct of the audit and the preparation and content of the audit report.

### Internal Auditor

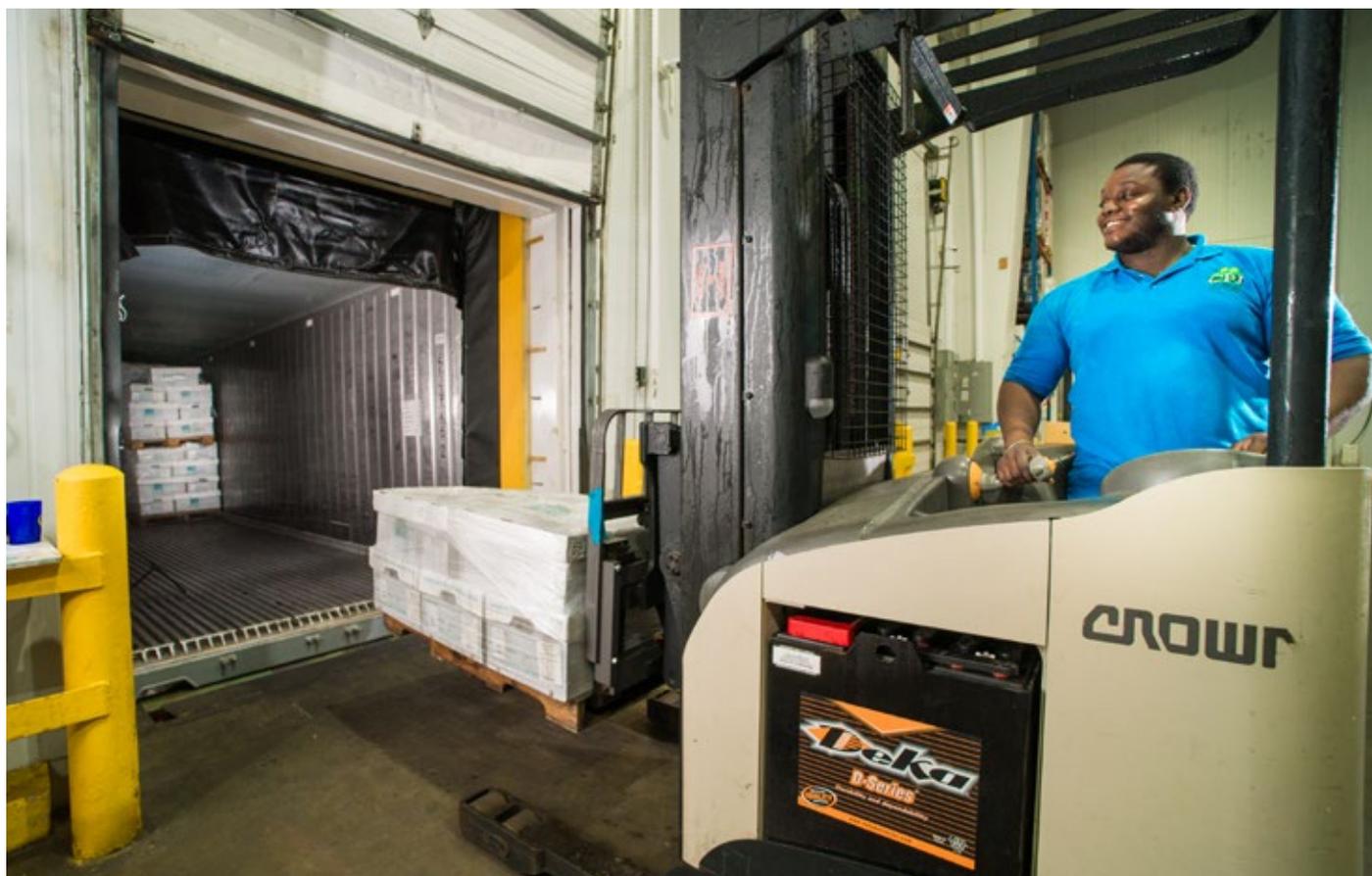
The Company's internal audit function is outsourced to Price-waterhouseCoopers, which carries out targeted internal audits on a quarterly basis. An annual internal audit plan is presented to and approved by the Audit Committee and, generally, four times a year, the Committee receives an internal audit report.

### Managing Risk

The Company has several risk management policies for the oversight and management of financial and non-financial material business risks, as well as related internal compliance systems that are designed to:

- protect the interests of stakeholders;
- safeguard the Company's assets and maintain its reputation;
- improve the Company's operating performance; and
- Fulfil the Company's strategic objectives.

During the reporting period, the Audit Committee met four times, on the August 28, 2019, November 11, 2019, February 10, 2020 & May 11, 2020.



### Number of Audit Committee meetings held = 4

Name	# of meetings attended	% of eligible meetings attended
<b>Committee Chairman:</b>		
Ronald Schrager	3	75%
<b>Committee Members:</b>		
Richard M. Hall	3	75%
Theresa Chin	3	75%
L. Camille Shields	4	100%
Konrad Mark Berry *	3	75%

### Compensation Committee

The Compensation Committee assists the Board in fulfilling its fiduciary responsibilities relating to the fair and competitive compensation of non-executive Directors, executives and other key employees of the Company, and in connection with the administration of the general employee welfare plans of the company. The Compensation Committee has a solid understanding of the

role of compensation in attracting, motivating and retaining senior executives in particular and all employees in general. The Committee is primarily responsible for providing recommendations to the Board regarding the remuneration strategy, policies and practices applicable to non-executive Directors, the CEO, and senior management.

During the reporting period, the committee met once on August 28, 2019 with 60% attendance of all director members.

### Number of Compensation Committee meetings held = 1

Name	# of meetings attended	% of eligible meetings attended
<b>Committee Chairman:</b>		
Richard M. Hall	0	0%
<b>Committee Members:</b>		
Ronald Schrager	0	0%
L. Camille Shields	1	100%
Theresa Chin	1	100%
Christopher Berry	1	100%

## Director Remuneration

The maximum aggregate amount of fees paid to non-executive Directors is subject to approval by shareholders at the Annual General Meeting. The total remuneration paid to the members of the Board for the year ending June 30, 2020 is detailed below.

Director's Name	Meetings Eligible to attend	Total Meetings Attended	Gross Director Fees	% of eligible meetings attended
Theresa Chin	10	10	2,500.00	100%
Mark Hall	12	8	2,000.00	67%
Ronald Schragar	10	7	1,750.00	70%
Camille Shields	12	12	3,000.00	100%
Konrad Berry	11	11	2,750.00	100%
Chris Berry	6	6	1,500.00	100%
Frank O'Dowd	8	8	2,000.00	100%

## Disclosure and Transparency

The Company is committed to timely disclosure of material information to shareholders and the market and has a Disclosure Policy that identifies matters that may have a material effect on the price of the Company's securities including ensuring that any required market announcements are reported to the Jamaica Stock Exchange (JSE) in a timely manner.

The Company aims to keep shareholders informed of the Company's performance and all major developments related to its operations and information is communicated to shareholders through:

- The Annual Report and Financial Statements, including the Annual Report, and quarterly Financial Statements which are uploaded to the Jamaica Stock Exchange's platform and the Company's website. A copy of the Annual Report, either in printed or electronic form, is distributed to all shareholders on record;
- The Annual General Meeting, and any other formally convened Company meetings; and
- All other information released to the JSE and subsequently posted on the Company's website [www.cpj.com](http://www.cpj.com).

## Shareholder Communications

The Company is committed to effective, accurate and timely communication with its shareholders, market participants, customers, employees, suppliers, financiers, creditors, other stakeholders and the wider community. The Company will ensure that all stakeholders, market participants and the wider community are informed of its activities and performance. The Board has adopted a Communications Policy, which is available on the Company's website, which sets out the Group's approach and commitment to communication. Information is communicated in a number of ways including:

- Group website;
- annual and interim reports;
- market disclosures;
- presentations at General Meetings;
- Market releases and AGM presentations.

The annual reports, market releases and AGM presentations are all available on the Company's website.

The Board places importance on these interactions as it allows the Company to articulate its objectives and also receive feedback from investors on all areas of its performance including its strategy, financial results and governance.

*Management Discussion & Analysis*

MARKET



# Management Discussion & Analysis

The Board of Directors of the CPJ Group are pleased to present the consolidated audited results for the year ending June 2020.

## Performance

In the first six months of the current fiscal year, CPJ Group had recorded strong sales of US\$59.47M and profitability of US\$0.62M (post IFRS-16 adjustments) and was on track to deliver a robust financial performance for the fiscal year ending June 2020. However, the onset of Covid-19 resulted in the unexpected shut down of hotels both onshore and offshore.

CPJ Group, being the largest supplier of food and beverage to the Hospitality sector, was severely impacted by the global pandemic. Group sales plummeted from the month of March 2020 and continued to be adversely affected until the end of the fiscal year June 2020, impacting Q3 and Q4 sales and profitability, typically the Group's most profitable trading period.

As a result, Group sales in Q4 of the fiscal year 2020 were US\$5.78M, down 79% compared to Q4 of the last fiscal year 2019. Group sales for the entire fiscal year

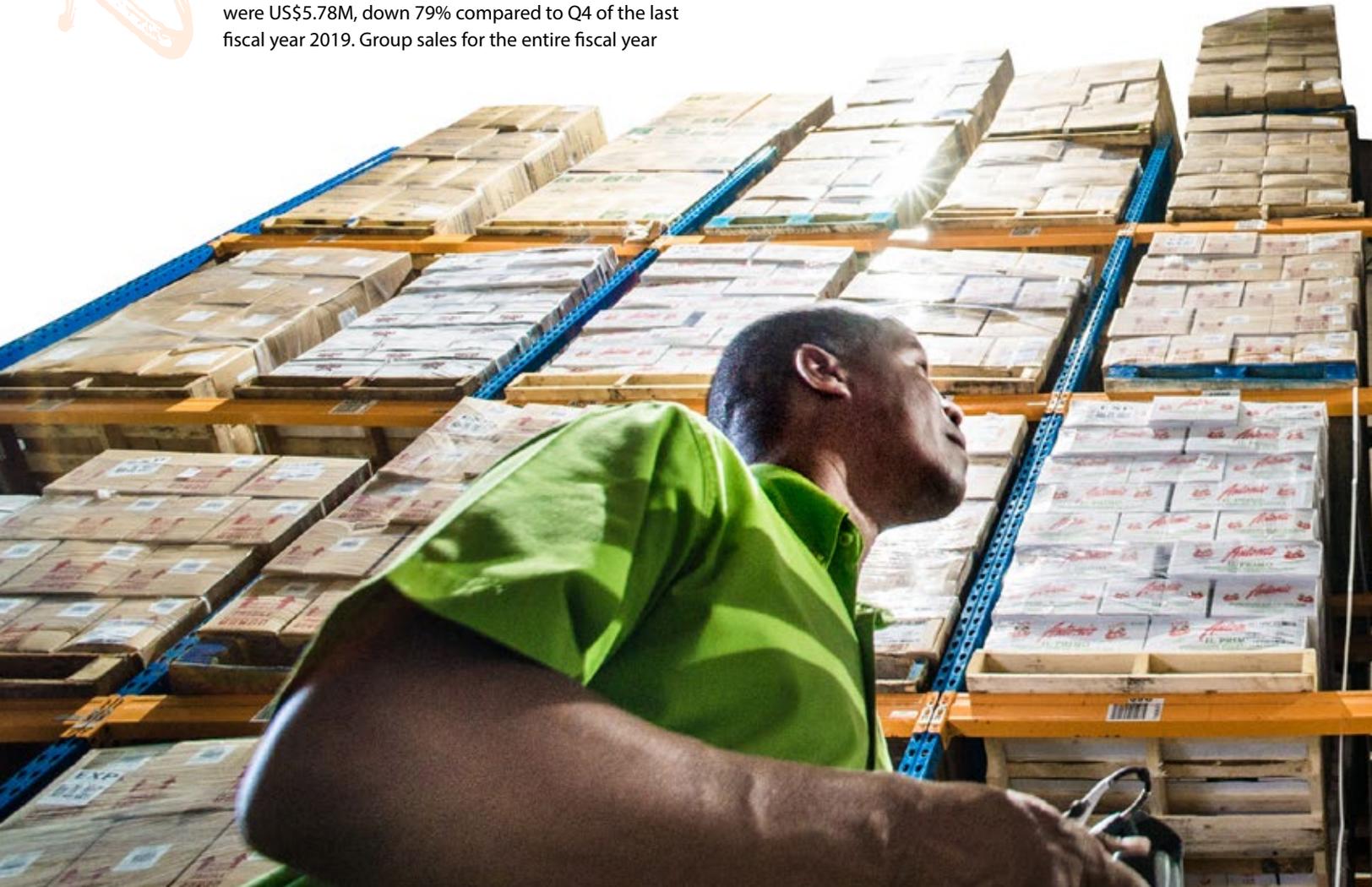
were US\$91.70M, down 16% compared to the last fiscal year 2019 and 26% less than expected revenue. The loss in revenue for this period was observed both in onshore and offshore operations.

## EBITDA and Net Profitability

The Group's EBITDA for the first six months of the current fiscal year 2020 had improved significantly over the same period of the prior year 2019, increasing from US\$1.64M to US\$3.32M. With the impact of COVID-19, the Group's EBITDA for the current fiscal year recorded a decrease of US\$1.9M when compared to the prior fiscal year 2019.

The above results are prior to effecting new accounting standards IFRS 9 and 16 (accounts receivable provisions and lease liability accounting entries respectively), excess inventory provisions and foreign exchange losses. After inclusion of these accounting entries, a reported net loss of US\$4.35M was observed, the impact of the IFRS entries being US\$929K, the inventory provisions of US\$596K and foreign exchange loss of US\$130K.

Finally, the CPJ group losses from operations are US\$2.7M.





CPJ has new IT initiatives to methodically and systematically upgrade key software tools and processes necessary to run an efficient supply chain business.





## Balance Sheet and Current Assets to Current Liabilities Ratio

Aggressive debtors management coupled with inventory containment resulted in decrease in current assets by US\$12.82M and accordingly total assets also decreased by US\$14.91M. Prudent creditors and cash flow management resulted in decrease in total liabilities by US\$10.02M over the last fiscal year. The lower than usual business activity due to the ongoing pandemic also contributed to reduction in total assets and total liabilities.

The Group continued to demonstrate sound treasury management during these turbulent times with a current asset to liabilities ratio of 2.46:1 compared to 1.91:1 for the last fiscal year. The above calculations are prior to any adjustments for IFRS 16.

## Outlook

COVID-19 official travel bans, and restrictions continue to disrupt global economic activity on an otherwise booming travel and tourism sector. With the easing of the travel restrictions and bans beginning June 2020, CPJ Group has seen some increased demand for products and services in the first few months of the fiscal year 2021.

We are optimistic of a solution to the virus will be available soon and restore confidence in travel in the usual busy tourist season from December 2020 to March 2021 and beyond. Tourism is vital to the health of the nation and the well-being of the Jamaican economy. The Jamaican government is committed to restoring the capacity of the industry in the shortest possible time, while safely guarding the health of its citizens.

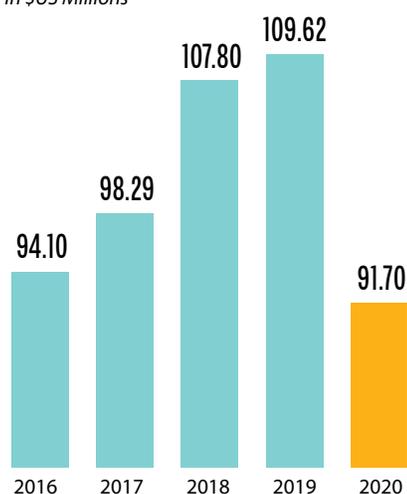
The Company is prepared for what we are certain will be a full recovery of the travel industry. We remain committed to our strategic goal of achieving long term shareholder value by creating scale and implementing strategic business transformation initiatives. The Group has a series of new IT initiatives lined up for implementation in the new fiscal year, the desired outcome of which is to strengthen its technology platform for further growth and to achieve operational efficiencies. The slowdown in the sales activity due to the ongoing pandemic has assisted the company in a smooth implementation of the new IT initiatives as it reduced the risk of technological related errors towards the fulfilment of its customers' obligations.

CPJ Group extends its gratitude to its vendors, suppliers, customers, employees, bondholders and shareholders for their continued support in these difficult times.

## Gross Operating Revenue

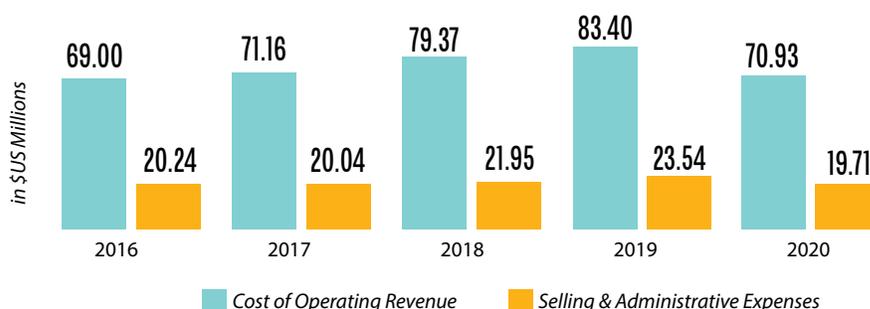
Gross operating revenue decreased by 2.55% from US\$94.10M in 2016 to US\$91.70M in fiscal year 2020. The gross operating revenue reflects a 16.34% decrease for the year which was less favourable than the previous year's growth of 1.69%. The impact of COVID-19 resulted in a negative compound annual growth rate (CAGR) between the period 2016 to 2020 of 0.52%. The Group was on track to deliver a robust financial performance for the fiscal year, however the pandemic in March 2020, had a major impact on global economic activities, especially on the travel and tourism sector resulting in official travel bans and restrictions, and a reduced appetite for business and leisure travel.

in \$US Millions



## Operating Expenses

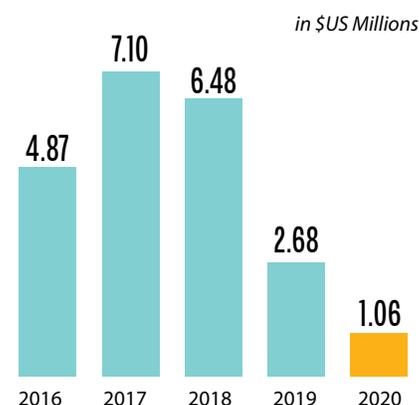
Selling and Administration Expenses decreased from US\$23.54M to US\$19.71M or 16.27% primarily related to Salaries & Wages, Property Rental, Motor Vehicle Expenses, Utilities, and Advertising in comparison to prior year. Cost of Operating Revenue decreased from US\$83.40M to US\$70.93M or 14.95% when compared to the previous year. The reduction in group revenue due to the COVID 19 pandemic, resulted in the decrease in cost of revenue as well as selling and administrative expenses as management tried to mitigate the fallout on the financial performance.



## EBITDA Earnings before Interest, Taxes and Depreciation

Earnings before Interest, Taxes and Depreciation decreased from US\$4.87M in financial year 2016 to US\$1.06M in financial year 2020 or 78.2%. The year 2020 shows a net loss of US\$4.35M which was the second time in the past 14 years. The company entered the Junior Stock Exchange on July 20th, 2011 and as such enjoys a 10-year tax benefit as follows:

Years 1 - 5	100%
Years 6 - 10	50%



## Important Ratios

	2020	2019	2018	2017	2016
Debt to Equity	2.4	2.1	1.5	1.5	1.9
Return on Equity	-24.5%	-5.3%	9.8%	11.8%	5.5%
Profit/(Loss) before Taxation/Sales	-6.0%	-1.2%	2.4%	2.9%	0.8%
Return on Asset	-7.2%	-1.7%	4.0%	4.7%	1.9%
Current Ratio	2.30	1.91	2.49	2.69	2.22
Earnings per Stock Unit (US Cents)	-0.37	-0.11	0.19	0.23	0.10
Weighted Avg. Exchange Rate J\$:US\$	139.11	129.96	130.33	128.62	126.08

# Trending to be the best



**CPJ** St. Lucia experienced an eventful year due to the COVID-19 pandemic. We view the year in 2 separate phases: pre-Covid (July 2019 -March 2020) and post-COVID-19 (April-June 2020). In the Pre-Covid period CPJSL grew strongly; revenues were up 23%, and EBITDA 15% from prior year. FY 2020 was trending to be the best on record. Then, Covid-19 struck St. Lucia in mid-March and the country closed its borders from early April until the end of the fiscal year; all but eliminating hospitality revenue. In response, we rapidly shed 45% of our operational expenses and pivoted swiftly to expand existing retail channels. Fortunately, the uncertainty surrounding COVID-19 sparked a run on food





Tony DuBoulay (Director), Richard DuBoulay (Director), Dunstan DuBoulay (Director)

and other essentials that pushed many new customers into CPJ's flagship retail store. Retail sales surged by over 50% to record highs during this period. Also, we placed increased focus on the direct to consumer sales, growing revenue in that channel by over 100% by end of year. Growth in these cash generating segments enabled us to maintain a cash surplus at EOY. By our quick response we minimized losses and expanded sales channels that leave CPJSL strongly positioned for the future. Due to the low number of Covid cases and St. Lucia's strong tourism product, a gradual return to normalcy in 2021-22 appears possible. However, much is dependent on the trajectory of the COVID pandemic.

**Board of Directors**

Thomas Tyler: Chairman  
 Mark Hart: Director  
 Candace Hart: Director

Richard DuBoulay: Director  
 Tony DuBoulay: Director  
 Dunstan DuBoulay : Director

**Senior Management**

Richard DuBoulay  
 General Manager

Bernard Mereigh  
 Director of Finance



# Human Resources Report

Not every company understands or values the responsibility of the human resource team. Human resources professionals are the lifeblood of the company, because their job is to ensure that the business gets the most out of its employees. In other words, the human resource department needs to provide a high return on the business's investment in its people.

The most valuable part of our company is the people—the human capital—and any plan to move our business forward has to start there. Our focus remains on motivating and empowering our workforce to peak performance, to achieve the company's mission of providing the highest levels of service to ensure the success of our customers.

## Recruitment & Staffing

As a company, we continue to subscribe to our mantra of "Best People—Best Fit—Best Practices". Over the past fiscal year, we continued to streamline our manning to ensure the right talent was engaged for every vacant position we sought to fill. We continue to benchmark best practices to ensure that CPJ's compensation and benefits policy remains competitive and in line with industry standards. The company continues to seek out top talent to strengthen the team.

## A Great Place to Work

CPJ cares about the mental, physical, and financial health of our employees and their families. Every year, CPJ collaborates with a number of companies for the well-being



of our valued team members: Staff facilities at CPJ include a fitness centre and cafeteria to keep team members healthy and energized. CPJ stands out in the region as an employer who cares. Unfortunately, the pandemic Covid-19 has severely

impacted our employee and corporate social responsibility engagement for this financial year. We are hoping and working to rebound stronger so we can once again celebrate as a company and also impact our community.

## Training & Development

In spite of the current pandemic, we were able to focus on some key areas of training and to reinforce concepts already in operation. The HR department aims to create more awareness and greater sensitivity to workplace issues. Key trainings offered and undertaken by most if not all CPJ employees over the year include:

- Cyber Security
- Food Handlers' Clinics
- Forklift Certification & Re-certification
- Customer Service Training
- HACCP Food Safety System for the Warehouse & Distribution Centre including Product recall training.
- International Food Safety & Quality Network (IFSQN) Online Webinars
- Food Defense Training

# Corporate Social Responsibility

CPJ continues in its role as a responsible corporate citizen by giving back to the communities in which we work and proudly support the following ventures:

## Education

CPJ Scholarship and Book List Programme is geared exclusively to the children of company employees who have excelled academically and express a desire to succeed in their chosen field. During the fiscal year we awarded 37 scholarships totalling \$1,332,363.71 and books to 14 recipients totalling \$176,416.58.



## Easter 2020

During the traditional “bun and cheese” season, we not only made the usual offering to our team members, but also expanded said offering this year to include over 500 front-line workers who have been working tirelessly through Covid-19 in their respective disciplines. All team members also received a care package.

## The Hanover Poor Relief

On Friday, January 31, 2020, CPJ partnered with The Hanover Poor Relief Department to stage its’ 6th annual Health Fair under the theme “Broadway to Better Health”. We had nine (9) volunteers who attended the day’s event and helped to feed over two hundred (200) persons from the vulnerable groups (Home-



less and Registered Poor) of the parish with cooked meals and distribution of packages which included food and hygienic items. Street persons were also offered a bath and change of clothes.

In addition to our presence we prepared ham and various juice products from our Cariburst Brand and bottled water. We donated Swai Fish, Tuna and pasta for meals and package distribution.

## Moving Forward

At CPJ, we want the corporate social responsibility initiatives we support to align with our business mission, vision and values and have the greatest possible impact in our communities. As a company that cares, CPJ will continue to seek out areas in which to serve, to do our part as a socially responsible corporate citizen.



*Financial Statements*



THERMO KING



061571943

Discover Premium



Available at retailers islandwide.

www.premium.com





KPMG  
Chartered Accountants  
P.O. Box 220  
Unit #14 Fairview Office Park  
Alice Eldemire Drive  
Montego Bay  
Jamaica, W.I.  
+1 (876) 684 9922  
firmmail@kpmg.com.jm

## INDEPENDENT AUDITORS' REPORT

To the Members of  
CARIBBEAN PRODUCERS (JAMAICA) LIMITED

### **Report on the Audit of the Financial Statements**

#### *Opinion*

We have audited the financial statements of Caribbean Producers (Jamaica) Limited ("the Company") comprising the separate financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries ("the Group"), set out on pages 49-101 which comprise the Group's and Company's statement of financial position as at June 30, 2020, the Group's and Company's statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and the Company as at June 30, 2020, and of the Group's and Company's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the Jamaican Companies Act.

#### *Basis for Opinion*

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants including International Independence Standards (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KPMG, a Jamaican partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

R. Tarun Handa  
Cynthia L. Lawrence  
Rajan Trehan  
Norman O. Rainford  
Nigel R. Chambers  
Nyssa A. Johnson  
W. Gihan C. de Mel  
Wilbert A. Spence  
Rochelle N. Stephenson  
Sandra A. Edwards



Page 2

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of  
CARIBBEAN PRODUCERS (JAMAICA) LIMITED

**Report on the Audit of the Financial Statements (continued)**

*Material Uncertainty Related to Going Concern*

We draw your attention to note 31 to the financial statements, which discloses that the Group's operation has been significantly affected by the outbreak of the Coronavirus (COVID-19). As stated in note 31, the uncertainty regarding the control of the virus and restrictions on inbound tourism markets have created conditions that indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Based on the initiatives taken by the Group since the outset of the crisis, and other matters stated in the note, management has concluded that the going concern basis of accounting remains appropriate. Our opinion is not modified in respect of this matter.

*Key Audit Matters*

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.



INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of  
CARIBBEAN PRODUCERS (JAMAICA) LIMITED

**Report on the Audit of the Financial Statements (continued)**

*Key Audit Matters (continued)*

**1. Valuation of inventories**

<i>Key Audit Matter</i>	<i>How the matter was addressed in our audit</i>
<p>Due to the highly perishable nature of the stock items held and a need for an adequate storage environment from the receipt to the delivery of inventory items, there is an inherent risk that material misstatement could arise due to inventories being impaired.</p> <p>There is increased judgement involved in assessing estimates of impaired inventories as a result of the economic impacts of COVID-19 due to partial closure of tourism sector resulting in slower movement of stock items and continued low demand for the products.</p> <p>We therefore determined that the impairment estimates in respect of inventories have a high degree of estimation uncertainty.</p>	<p>Our audit procedures in response to this matter, included:</p> <ul style="list-style-type: none"><li>• Checking management's process of identifying obsolete inventory during the count and observing the year end count to ascertain if the process is employed and if the process, by design, is adequate to identify stock items which may be impaired.</li><li>• Reviewing aged expiration reports for each inventory category and sales strategy and campaigns to determine management's plan to sell items nearing expiration and whether these were being sold below costs.</li><li>• Computing the net realisable value (NRV) of a sample of the inventory items.</li><li>• Reviewing the slow moving inventories report and assessing the adequacy of the process given the findings from the slow moving report.</li></ul>



INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of  
CARIBBEAN PRODUCERS (JAMAICA) LIMITED

**Report on the Audit of the Financial Statements (continued)**

*Key Audit Matters (continued)*

**2. Measurement of Expected Credit Losses**

<i>Key Audit Matter</i>	<i>How the matter was addressed in our audit</i>
<p>The determination of expected credit losses (ECL) is highly subjective and requires management to make significant judgements and estimates including the identification of significant increase in credit risk (SICR), determination of the appropriate variables and assumptions used and the application of forward-looking information.</p> <p>These estimates involve increased judgment as a result of the economic impacts of COVID-19 on the Group's financial assets. Management considered the following:</p> <ul style="list-style-type: none"> <li>- qualitative factors that create COVID-19 related changes to SICR.</li> <li>- increased uncertainty about potential future economic scenarios and their impact on credit losses.</li> </ul>	<p>Our audit procedures in response to this matter, included:</p> <ul style="list-style-type: none"> <li>• Obtaining an understanding of the model used by management for the calculation of expected credit losses on financial assets.</li> <li>• Testing the completeness and accuracy of the data used in the ECL models to the underlying accounting records on a sample basis</li> <li>• Involving our financial risk management specialist, to review the ECL model, assess the appropriateness of the Group's impairment methodology, management's assumptions and compliance with the requirements of IFRS 9, <i>Financial Instruments</i>.</li> <li>• Involving our financial risk management specialists to evaluate the appropriateness of economic parameters including the use of forward looking information and management overlay.</li> <li>• Testing the accuracy of the ECL calculation.</li> <li>• Testing the group's recording and ageing of accounts receivable.</li> <li>• Assessing the adequacy of the disclosures of the key assumptions and judgements for compliance with IFRS 9.</li> </ul>



Page 5

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of  
CARIBBEAN PRODUCERS (JAMAICA) LIMITED

**Report on the Audit of the Financial Statements (continued)**

*Other information*

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

*Responsibilities of Management and Those Charged with Governance for the Financial Statements*

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS and the Jamaican Companies Act, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group and the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.



Page 6

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of  
CARIBBEAN PRODUCERS (JAMAICA) LIMITED

**Report on the Audit of the Financial Statements (continued)**

*Auditors' Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is included in the Appendix to this auditors' report. This description, which is located at pages 7 and 8, forms part of our auditors' report.

**Report on Additional Matters as Required by the Jamaican Companies Act**

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

In our opinion, proper accounting records have been maintained, so far as appears from our examination of those records, and the financial statements, which are in agreement therewith, give the information required by the Jamaican Companies Act, in the manner required.

The engagement partner on the audit resulting in this independent auditors' report is Rajan Trehan.

*KPMG*

Chartered Accountants  
Montego Bay, Jamaica

August 29, 2020



Page 7

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of  
CARIBBEAN PRODUCERS (JAMAICA) LIMITED

**Appendix to the Independent Auditors' Report**

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.



Page 8

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of  
CARIBBEAN PRODUCERS (JAMAICA) LIMITED

**Appendix to the Independent Auditors' Report (continued)**

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

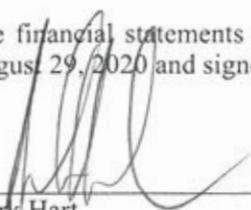
From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

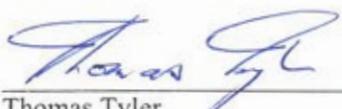
# Statement of Financial Position

Year ended June 30, 2020 (Presented in United States dollars)

	Notes	Group		Company	
		2020	2019	2020	2019
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	5	6,050,144	4,212,776	5,819,566	4,182,025
Accounts receivable	6	8,388,879	15,889,156	7,735,988	14,519,281
Inventories	7	<u>24,113,750</u>	<u>31,865,641</u>	<u>19,424,904</u>	<u>26,216,658</u>
		<u>38,552,773</u>	<u>51,967,573</u>	<u>32,980,458</u>	<u>44,917,964</u>
<b>CURRENT LIABILITIES</b>					
Bank overdraft	5	122,060	1,067,854	-	-
Short-term loans	8	1,900,000	5,150,000	1,900,000	5,150,000
Accounts payable	9	8,417,693	15,520,287	6,566,890	13,335,864
Short-term promissory notes	10	4,317,794	4,317,794	4,317,794	4,317,794
Current portion of lease liabilities	14(b)	861,405	-	803,488	-
Current portion of long-term borrowings	19	1,068,964	1,070,490	1,022,794	1,026,347
Taxation payable		<u>74,962</u>	<u>70,648</u>	<u>142,514</u>	<u>142,757</u>
		<u>16,762,878</u>	<u>27,197,073</u>	<u>14,753,480</u>	<u>23,972,762</u>
<b>NET CURRENT ASSETS</b>		<u>21,789,895</u>	<u>24,770,500</u>	<u>18,226,978</u>	<u>20,945,202</u>
<b>NON-CURRENT ASSETS</b>					
Investments		67,885	71,581	67,885	71,581
Interest in subsidiary	11	-	-	3,031,308	3,050,406
Deferred tax asset	12	2,296,001	1,096,001	2,296,001	1,096,001
Property, plant and equipment	13	12,200,012	14,303,532	9,767,596	11,611,467
Right-of-use assets	14(a)	7,394,234	-	6,304,000	-
Intangible asset	15	<u>50,798</u>	<u>32,585</u>	<u>32,179</u>	<u>6,000</u>
		<u>22,008,930</u>	<u>15,503,699</u>	<u>21,498,969</u>	<u>15,835,455</u>
		<u>\$43,798,825</u>	<u>40,274,199</u>	<u>39,725,947</u>	<u>36,780,657</u>
<b>EQUITY</b>					
Share capital	16	4,898,430	4,898,430	4,898,430	4,898,430
Accumulated surplus		<u>13,007,189</u>	<u>17,074,870</u>	<u>13,187,025</u>	<u>16,963,578</u>
Equity attributable to shareholders		17,905,619	21,973,300	18,085,455	21,862,008
Non-controlling interest	17	<u>(137,161)</u>	<u>141,254</u>	<u>-</u>	<u>-</u>
		<u>17,768,458</u>	<u>22,114,554</u>	<u>18,085,455</u>	<u>21,862,008</u>
<b>NON-CURRENT LIABILITIES</b>					
Lease liabilities	14(b)	7,018,056	-	5,921,418	-
Long-term promissory notes	18	9,272,356	7,270,669	9,272,356	7,270,669
Long-term borrowings	19	6,596,164	7,832,373	6,446,718	7,647,980
Due to related company	20(a)	<u>3,143,791</u>	<u>3,056,603</u>	<u>-</u>	<u>-</u>
		<u>26,030,367</u>	<u>18,159,645</u>	<u>21,640,492</u>	<u>14,918,649</u>
		<u>\$43,798,825</u>	<u>40,274,199</u>	<u>39,725,947</u>	<u>36,780,657</u>

The financial statements on pages 49 to 101 were approved for issue by the Board of Directors on August 29, 2020 and signed on its behalf by:

  
 \_\_\_\_\_ Director  
 Mark Hart

  
 \_\_\_\_\_ Director  
 Thomas Tyler

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

# Statement of Profit or Loss and Other Comprehensive Income

Year ended June 30, 2020 (Presented in United States dollars)

	Notes	Group		Company	
		2020	2019	2020	2019
Gross operating revenue	21	91,703,310	109,620,529	78,525,705	94,576,574
Cost of operating revenue	22(a)	(70,931,125)	(83,397,830)	(60,709,530)	(71,671,765)
Gross profit		20,772,185	26,222,699	17,816,175	22,904,809
Selling and administration expenses	22(b)	(19,265,895)	(22,861,791)	(16,520,417)	(20,014,280)
Depreciation and amortisation	13,14,15	(4,336,133)	(2,466,027)	(3,737,909)	(2,032,658)
Expected credit losses		(443,496)	1,842	(393,893)	43,337
Write-off of intangible asset	15	-	(679,713)	-	(679,713)
Other operating income, net	23(a)	128,448	175,059	102,480	98,452
Operating (loss)/profit		(3,144,891)	392,069	(2,733,564)	319,947
Finance income	23(b)	3,724	569	3,724	569
Finance costs	23(c)	(2,404,929)	(1,677,861)	(2,246,713)	(1,602,679)
Loss before taxation		(5,546,096)	(1,285,223)	(4,976,553)	(1,282,163)
Taxation	24	1,200,000	117,354	1,200,000	116,485
Loss for the year, being total comprehensive loss		\$(4,346,096)	\$(1,167,869)	\$(3,776,553)	\$(1,165,678)
Attributable to:					
Shareholders		(4,067,681)	(1,168,829)	(3,776,553)	(1,165,678)
Non-controlling interest		(278,415)	960	-	-
		\$(4,346,096)	\$(1,167,869)	\$(3,776,553)	\$(1,165,678)
Earnings per stock unit (cents)	25	(0.37)	(0.11)		

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

## Statement of Changes in Equity

Year ended June 30, 2020 (Presented in United States dollars)

	Group			
	<u>Share capital</u> (note 16)	<u>Accumulated surplus</u>	<u>Non-controlling interest</u> (note 17)	<u>Total</u>
Balances at June 30, 2018	4,898,430	18,606,749	140,294	23,645,473
Adjustment on initial application of IFRS 9	-	( 363,050)	-	( 363,050)
Adjusted balances as at July 1, 2018	4,898,430	18,243,699	140,294	23,282,423
<b>Total Comprehensive Loss for the year:</b>				
Loss for the year, being total comprehensive loss	-	( 1,168,829)	960	( 1,167,869)
Balances at June 30, 2019	4,898,430	17,074,870	141,254	22,114,554
<b>Total Comprehensive Loss for the year:</b>				
Loss for the year, being total comprehensive loss	-	( 4,067,681)	(278,415)	( 4,346,096)
Balances at June 30, 2020	<u>\$4,898,430</u>	<u>13,007,189</u>	<u>(137,161)</u>	<u>17,768,458</u>
	Company			
Balances at June 30, 2018	4,898,430	18,477,473	-	23,375,903
Adjustment on initial application of IFRS 9	-	( 348,217)	-	( 348,217)
Adjusted balances as at July 1, 2018	4,898,430	18,129,256	-	23,027,686
<b>Total Comprehensive Loss for the year:</b>				
Loss for the year, being total comprehensive loss	-	( 1,165,678)	-	( 1,165,678)
Balances at June 30, 2019	4,898,430	16,963,578	-	21,862,008
<b>Total Comprehensive Loss for the year:</b>				
Loss for the year, being total comprehensive loss	-	( 3,776,553)	-	( 3,776,553)
Balances at June 30, 2020	<u>\$4,898,430</u>	<u>13,187,025</u>	<u>-</u>	<u>18,085,455</u>

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

# Statement of Cash Flows

Year ended June 30, 2020 (Presented in United States dollars)

	Notes	Group		Company	
		2020	2019	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Loss for the year		( 4,067,681)	( 1,168,829)	( 3,776,553)	( 1,165,678)
Adjustments for:					
Depreciation and amortisation	13, 14, 15	4,336,133	2,466,027	3,737,909	2,032,658
Gain/(loss) on disposal of property, plant and equipment	23(a)	( 6,487)	8,624	( 6,487)	18,903
Loss on revaluation of investment		3,696	-	3,696	-
Transfer and adjustments to property, plant and equipment	13	1,167	22,309	1,167	22,309
Intangible asset write-off		-	679,713	-	679,713
Interest income	23(b)	( 3,724)	( 569)	( 3,724)	( 569)
Interest expense	23(c)	2,269,380	1,677,861	2,116,852	1,602,679
Non-controlling interest		( 278,415)	960	-	-
Taxation recovered/(paid)	24	( 1,200,000)	( 117,354)	( 1,200,000)	( 116,485)
		1054,069	3,568,742	872,860	3,073,530
Decrease/(increase) in current assets:					
Accounts receivable		7,500,277	( 1,060,618)	6,783,293	( 1,339,828)
Inventories		7,751,891	( 5,959,179)	6,791,754	( 4,639,488)
Decrease/(increase) in current liability:					
Accounts payable		( 7,127,448)	5,434,910	( 6,793,827)	4,911,368
Cash generated from operations		9,178,789	1,983,855	7,654,080	2,005,582
Interest paid		( 2,244,526)	( 1,727,411)	( 2,091,999)	( 1,652,229)
Tax paid		4,314	( 379,765)	243	( 217,014)
Net cash provided/(used) by operating activities		6,938,577	( 123,321)	5,561,838	136,339
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest in subsidiary		-	-	19,098	( 131,067)
Additions to property, plant and equipment and intangible asset	13, 15	( 1,041,936)	( 5,061,393)	( 834,499)	( 4,359,474)
Proceeds from disposal of property, plant and equipment		35,053	32,387	35,053	17,694
Interest received		3,724	569	3,724	569
Net cash used by investing activities		( 1,003,159)	( 5,028,437)	( 776,624)	( 4,472,278)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Promissory notes received		2,001,687	1,559	2,001,687	1,559
Promissory notes repaid		-	( 1,000,000)	-	( 1,000,000)
Payment of lease liabilities		( 753,396)	-	( 694,545)	-
Long-term/short-term borrowings repaid		(13,617,809)	( 9,517,159)	(13,584,889)	( 9,517,159)
Due to related company		87,188	320,400	-	-
Long-term/short-term borrowings received		9,130,074	15,512,153	9,130,074	15,283,617
Net cash (used)/provided by financing activities		( 3,152,256)	5,316,953	( 3,147,673)	4,768,017
Net increase in cash and cash equivalents		2,783,162	165,195	1,637,541	432,078
Cash and cash equivalents at beginning of the year		3,144,922	2,979,727	4,182,025	3,749,947
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>		<u>\$ 5,928,084</u>	<u>3,144,922</u>	<u>5,819,566</u>	<u>4,182,025</u>
Comprised of:					
Cash and cash equivalents	5	6,050,144	4,212,776	5,819,566	4,182,025
Bank overdraft	5	( 122,060)	( 1,067,854)	-	-
		<u>\$ 5,928,084</u>	<u>3,144,922</u>	<u>5,819,566</u>	<u>4,182,025</u>

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

## Notes to the Financial Statements

Year ended June 30, 2020 (Presented in United States dollars)

### 1. Identification

Caribbean Producers (Jamaica) Limited (“company” or “parent company”) is incorporated under laws of and domiciled in Jamaica. Its registered office is situated at Shop No. 14, Montego Freeport Shopping Centre, Montego Bay, St. James and its principal place of business is at 1 Guinea Way, Montego Freeport, Montego Bay, St. James.

The company’s shares are listed on the Junior Market of the Jamaica Stock Exchange.

The company and its subsidiaries are collectively referred to as “the group”.

The Group’s principal activities are the wholesale and distribution of food and beverages, the distribution of non-food supplies and the manufacture and distribution of fresh juices and meats.

The details of the company’s subsidiaries as at June 30, 2020 are as follows:

<u>Company</u>	<u>Principal activity</u>	<u>Percentage of ordinary shares held by company</u>	<u>Place of incorporation</u>
CPJ Investments Limited	Holds investment in CPJ (St. Lucia) Limited	100	St. Lucia
CPJ (St. Lucia) Limited	Wholesale and distribution of food and beverages and distribution of non-food supplies	51	St. Lucia

### 2. Statement of compliance and basis of preparation

#### (a) Statement of compliance:

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), and comply with the provisions of the Jamaican Companies Act.

#### **New and amended standards that came into effect during the current financial year:**

Certain new and amended standards that were in issue came into effect during the current financial year. This is the first set of the group’s annual financial statements in which IFRS 16, *Leases* have been applied from July 1, 2019. Changes to significant accounting policies are described in note 3.

#### **New and amended standards issued but not yet effective:**

At the date of authorisation of the financial statements, certain new and amended standards and interpretations have been issued which are not yet effective for the current year and which the company has not early-adopted. The group has assessed the relevance of all such new and amended standards and interpretations.

## Notes to the Financial Statements

Year ended June 30, 2020 (Presented in United States dollars)

### 2. Statement of compliance and basis of preparation (continued)

#### (a) Statement of compliance (continued):

- Amendments to *References to Conceptual Framework in IFRS Standards* is effective retrospectively for annual reporting periods beginning on or after January 1, 2020. The revised framework covers all aspects of standard setting including the objective of financial reporting.

The main change relates to how and when assets and liabilities are recognised and de-recognised in the financial statements.

- New 'bundle of rights' approach to assets will mean that an entity may recognise a right to use an asset rather than the asset itself;
  - A liability will be recognised if a company has no practical ability to avoid it. This may bring liabilities on the statement of financial position earlier than at present.
  - A new control-based approach to de-recognition will allow an entity to derecognise an asset when it loses control over all or part of it; the focus will no longer be on the transfer of risks and rewards.
- Amendments to IFRS 3 Business Combinations, applicable to businesses acquired in annual reporting periods beginning on or after January 1, 2020, provides more guidance on the definition of a business. The amendments include:
    - An election to use a concentration test by way of an assessment that results in an asset acquisition, if substantially all of the fair value of the gross asset is concentrated in single identifiable asset or a group of similar identifiable assets.
    - Otherwise, the assessment focuses on the existence of a substantive process. A business consists of inputs and processes applied to those inputs to create outputs.
  - Amendments to IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* is effective for annual reporting periods beginning on or after January 1, 2020, and provides a definition of 'material' to guide preparers of financial statements in making judgements about information to be included in financial statements.

*"Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."*

Management is evaluating the impact that the foregoing standards, amendments to standards may have on its financial statements when they are adopted.

## *Notes to the Financial Statements*

Year ended June 30, 2020 (Presented in United States dollars)

### 2. Statement of compliance and basis of preparation (continued)

#### (b) Basis of preparation and measurement:

The financial statements are prepared under the historical cost convention, and are presented in United States dollars (\$), which is the Group's functional currency.

The significant accounting policies stated in note 4(a) to (u) have been applied in the period presented in these financial statements and conform in all material aspects with IFRS.

#### (c) Going concern:

The preparation of the financial statements in conformity with IFRS assumes that the group will continue in operational existence for the foreseeable future. This means, in part, that the statements of financial position and profit or loss and other comprehensive income assume no intention or necessity to liquidate or curtail the scale of operations. As detailed in note 31, the group was affected by the outbreak of the Coronavirus (COVID-19) pandemic which resulted in the groups revenue from sales to hotels falling for the period March 23, 2020 to June 30, 2020. On July 2, 2020, following the Government of Jamaica's national plan put in place to facilitate tourist arrivals to the country, the group's revenue from sales to hotels increased. The full impact of the pandemic on the group remains unknown as it is uncertain how long it will take to fully control the virus and return to normalcy.

Continuation as a going concern therefore may be in doubt. However, based on the matters stated in Note 31, management has concluded that the going concern basis of accounting remains appropriate in the preparation of the financial statements.

If, for any reason the group is unable to continue as a going concern, then this could have an impact on the group's ability to realise assets at their recognised values and to extinguish liabilities in the normal course of business at the amounts stated in the financial statements.

#### (d) Use of estimates and judgements:

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

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

## Notes to the Financial Statements

Year ended June 30, 2020 (Presented in United States dollars)

### 2. Statement of compliance and basis of preparation (continued)

#### (d) Use of estimates and judgements (continued):

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

#### (i) Judgements:

For the purpose of these financial statements, judgement refers to the informed identification and analysis of reasonable alternatives, considering all relevant facts and circumstances, and the well-reasoned, objective and unbiased choice of the alternative that is most consistent with the agreed principles set out in IFRS. The key relevant judgements are as follows:

##### Classification of financial assets:

The assessment of the business model within which the assets are held and assessment of whether the contractual cash flows from a financial asset are solely payments of principal and interest (SPPI) on the principal amount requires management to make certain judgements on its business operations.

##### Impairment of financial assets:

Establishing the criteria for determining whether credit risk on a financial asset has increased significantly since initial recognition, determining methodology for incorporating forward-looking information into measurement of expected credit loss (ECL) and selection and approval of models used to measure ECL requires significant judgement.

#### (ii) Key assumptions concerning the future and other sources of estimation uncertainty:

##### Allowance for impairment losses on financial assets:

##### *Measurement of the expected credit loss allowance*

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in notes 4(q) and 4(r), which also set out key sensitivities of the ECL to changes in these elements.

## Notes to the Financial Statements

Year ended June 30, 2020 (Presented in United States dollars)

### 2. Statement of compliance and basis of preparation (continued)

#### (d) Use of estimates and judgements (continued):

##### (ii) Key assumptions concerning the future and other sources of estimation uncertainty (continued):

Allowance for impairment losses on financial assets:

##### *Measurement of the expected credit loss allowance (continued)*

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

##### (iii) Net realisable value of inventories:

Estimates of net realisable value are based on the most reliable evidence available, at the time the estimates are made, of the amount the inventories are expected to realise. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after the end of the year to the extent that such events confirm conditions existing at the end of the year.

Estimates of net realisable value also take into consideration the purpose for which the inventory is held.

##### (iv) Judgement in evaluation of contingencies:

For a contingent liability to qualify for recognition there must be a present obligation and the probability of an outflow of economic benefits to settle that obligation. In recognising contingent liabilities of the group, management determines the possibility of an outflow of resources and makes estimates of expenditure required to settle the present obligation at the reporting date.

No provision is made if management considers the possibility of any outflow in settlement to be remote.

## Notes to the Financial Statements

Year ended June 30, 2020 (Presented in United States dollars)

### 2. Statement of compliance and basis of preparation (continued)

(d) Use of estimates and judgements (continued):

(v) Residual value and expected useful life of property plant and equipment:

The residual value and the expected useful life of an asset are reviewed at least at each reporting date, and, if expectations differ from previous estimates, the change is accounted for prospectively. The useful life of an asset is defined in terms of the asset's expected utility to the company and its subsidiaries.

(e) Basis of consolidation:

(i) A "subsidiary" is an enterprise controlled by the company. The group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of a subsidiary are included in the consolidated financial statements from the date control commences until the date that control ceases.

The consolidated financial statements include the financial statements of the company and its subsidiaries (note 1), made up to June 30, 2020.

(ii) Intra-group balances and transactions, and any unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(iii) 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. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain or bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issued debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts, generally, are recognised in profit or loss.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not re-measured and settlement is accounted for within equity. Otherwise, subsequent changes in fair value of the contingent consideration are recognised in profit or loss.

## Notes to the Financial Statements

Year ended June 30, 2020 (Presented in United States dollars)

### 2. Statement of compliance and basis of preparation (continued)

(e) Basis of consolidation (continued):

(iii) (Continued)

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquired entity; plus
- if the business combination is achieved in stages, the fair value of the pre-existing interest in the acquired entity; less
- the net recognised amount (generally, fair value) of the identifiable assets acquired and liabilities assumed.

(iv) The financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances.

(v) Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date. Changes in the group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests, even if doing so causes the non-controlling interest to have a deficit balance.

(vi) When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, any related non-controlling interest and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

### 3. Changes in significant accounting policies

The group and the company initially applied IFRS 16 *Leases* from July 1, 2019. A number of other new standards are also effective from January 1, 2019 but they do not have a material effect on the group's financial statements.

The group and the company applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised at July 1, 2019. Accordingly, the comparative information presented for 2019 is not restated – i.e. it is presented, as previously reported, under IAS 17 and related interpretations.

*Notes to the Financial Statements*

Year ended June 30, 2020 (Presented in United States dollars)

3. Changes in significant accounting policies (continued)

The details of the changes in accounting policies are disclosed in note 4(e). Additionally, the disclosure requirements in IFRS 16 have not generally been applied to comparative information.

(a) The group and the company used a number of practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17. In particular, the group:

- did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
- did not recognise right-of-use assets and liabilities for leases of low value assets;
- excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- used hindsight when determining the lease term.

*Leases classified as finance leases under IAS 17*

The company did not have any leases that were classified as finance lease under IAS 17 Leases.

(b) Impact on financial statements

*Impact on transition*

- (i) On adoption of IFRS 16 on July 1, 2019, the group and the company recognised right-of-use assets and lease liabilities at the same amount. Consequently, there was no impact on the accumulated surplus at the date of transition.
- (ii) In measuring lease liabilities for leases that were classified as operating leases, the group discounted lease payments using its incremental borrowing rate at July 1, 2019. The weighted- average rate applied is 8.10% for the group and 7.88% for the company.

	<u>Group</u> <u>July 1, 2019</u>	<u>Company</u> <u>July 1, 2019</u>
Operating lease commitment at June 30, 2019	11,130,711	9,578,034
Discounted using the incremental borrowing rate at at July 1, 2019	( 2,497,854)	(2,158,583)
Lease liability recognised at July 1, 2019	<u>\$ 8,632,857</u>	<u>7,419,451</u>

4. Significant accounting policies

Except for the changes in note 3, the group has consistently applied the accounting policies as set out in note 4 to all periods presented in these financial statements.

## *Notes to the Financial Statements*

Year ended June 30, 2020 (Presented in United States dollars)

### 4. Significant accounting policies (continued)

(a) Cash and cash equivalents:

This comprises cash and bank balances and short-term deposits maturing within three months or less from the date of deposit or acquisition that are readily convertible into known amounts of cash and which are not subject to significant risk of changes in value.

Bank overdrafts that form an integral part of the group's cash management for financing operations are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(b) Accounts receivable:

Trade and other receivables are measured at amortised cost, less impairment losses [see note 4(r)].

(c) Inventories:

Inventories are valued at the lower of cost, determined on the weighted average basis, and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less selling expenses.

The cost of raw materials, labour and appropriate allocations for overhead expenses are included in manufactured finished goods.

(d) Property, plant and equipment:

(i) Recognition and measurement:

Items of property, plant and equipment are measured at cost, less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

The carrying amount of an asset is written down immediately to its recoverable amount if the amount is greater than its estimated recoverable amount.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

(ii) Subsequent expenditure:

Subsequent expenditure is capitalised only if it is probable that future economic benefits associated with the expenditure will flow to the group.

## Notes to the Financial Statements

Year ended June 30, 2020 (Presented in United States dollars)

### 4. Significant accounting policies (continued)

#### (d) Property, plant and equipment (continued):

##### (iii) Depreciation:

Depreciation is recognised in profit or loss on the straight-line basis at annual rates estimated to write down the assets to their residual values over their expected useful lives. No depreciation is charged on construction in progress.

The depreciation rates are as follows:

Leasehold improvements	6.67%, 10% and 20%
Furniture, fixtures and equipment	10%, 20% and 33.33%
Computer equipment	33.33%
Motor vehicles	20%

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

##### (iv) Impairment:

The carrying amount of the company's property and equipment is reviewed at each reporting date to determine whether there is any indication of impairment. The recoverable amount is assessed when there is an indication of impairment. An asset's carrying amount is written down immediately to its recoverable amount, if the carrying amount is greater than its estimated recoverable amount.

#### (e) Leases:

##### *Policy applicable from July 1, 2019*

At inception of a contract, the group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the group uses the definition of a lease in IFRS 16.

This policy is applied to contracts entered into, on or after July 1, 2019.

##### i. As a lessee

At commencement or on modification of a contract that contains a lease component, the group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

## Notes to the Financial Statements

Year ended June 30, 2020 (Presented in United States dollars)

### 4. Significant accounting policies (continued)

#### (e) Leases (continued):

This policy is applied to contracts entered into, on or after July 1, 2019 (continued)

#### i. As a lessee (continued):

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the group by the end of the lease term or the cost of the right-of-use asset reflects that the group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the scheduled lease payments, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the group's incremental borrowing rate. Generally, the group uses its incremental borrowing rate as the discount rate.

The group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the group is reasonably certain to exercise, lease payments in an optional renewal period if the group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the group is reasonably certain to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the group's estimate of the amount expected to be payable under a residual value guarantee, if the group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

## Notes to the Financial Statements

Year ended June 30, 2020 (Presented in United States dollars)

### 4. Significant accounting policies (continued)

(e) Leases (continued):

i. As a lessee (continued)

*Short-term leases and leases of low-value assets*

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

*Leases classified as Operating leases under IAS 17 – policy before July 1, 2019*

Assets held under other leases were classified as operating leases and were not recognised in the group's balance sheet. Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease.

The group has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17.

(f) Intangible asset:

Intangible asset, which represents computer software, is deemed to have a finite useful life of three years and is measured at cost, less accumulated amortisation and impairment losses, if any.

(g) Accounts payable:

Trade and other payables are measured at amortised cost

(h) Provisions:

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

## Notes to the Financial Statements

Year ended June 30, 2020 (Presented in United States dollars)

### 4. Significant accounting policies (continued)

#### (i) Related parties:

A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to in IAS 24 *Related Party Disclosures*, as the “reporting entity”, in this case, the group).

(a) A person or a close member of that person’s family is related to the group if that person:

- (i) has control or joint control over the group;
- (ii) has significant influence over the group; or
- (iii) is a member of the key management personnel of the group or of a parent of the group.

(b) An entity is related to the group if any of the following conditions applies:

- (i) The entity and the group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the group or an entity related to the group.
- (vi) The entity is controlled, or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the group or to the parent of the group.

(c) A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

#### (j) Investments:

(i) Interest in subsidiary:

Interest in subsidiary is measured at cost, less provision for impairment, if any.

(ii) Advances to subsidiary:

Advances to subsidiary is measured at amortised cost, less impairment losses.

## *Notes to the Financial Statements*

Year ended June 30, 2020 (Presented in United States dollars)

### 4. Significant accounting policies (continued)

#### (k) Share capital and dividends:

Ordinary shares are classified as equity and carried at cost. Incremental costs directly attributable to the issue of ordinary shares, net of any tax effects, are recognised as a deduction from equity.

Dividends on ordinary shares are recognised as a liability in the period in which they are declared.

#### (l) Interest-bearing borrowings:

Interest-bearing borrowings are recognised initially at cost. Subsequent to initial recognition, interest bearing borrowings are measured at amortised cost, with any difference between cost and redemption value recognised in profit or loss over the period of the borrowing on an effective interest basis.

#### (m) Transaction costs:

##### (i) Transaction costs of share issue:

Transaction costs on the issue of shares are deducted from the proceeds of the issue of share capital to the extent the costs are directly attributable to the issue of the shares.

##### (ii) Debt issuance costs:

Debt issuance costs represent financing and certain related fees associated with securing long-term borrowings. Amortisation is charged to profit or loss on the effective interest basis over the life of the related borrowings.

#### (n) Revenue:

Performance obligations and revenue recognition policies:

Revenue is measured based on the consideration specified in a contract with a customer. The group recognises revenue when it transfers control over a good or service to a customer.

*Notes to the Financial Statements*

Year ended June 30, 2020 (Presented in United States dollars)

4. Significant accounting policies (continued)

## (n) Revenue (continued):

## Performance obligations and revenue recognition policies (continued):

The nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies are as follows:

<i>Type of product</i>	Wholesale and distribution of food and beverage, the distribution of non-food supplies and the manufacturing and distribution of fresh juices and meats.
<i>Nature and timing of satisfaction of performance obligations, including significant payment terms.</i>	<p>Customers obtain control of goods when the goods are delivered to and accepted by them. Invoices are generated and the revenue is recognised at that point in time.</p> <p>Invoices are usually payable within 30 days.</p> <p>Some contracts permit the customer to return an item. Returned goods are exchanged only for new goods – i.e. no cash refunds are offered.</p> <p>Therefore, the amount of revenue recognised is adjusted for expected returns, which are estimated based on the historical data for specific types of goods. In these circumstances, a refund liability and a right to recover returned goods asset are recognised.</p> <p>The right to recover returned goods asset is measured at the former carrying amount of the inventory less any expected costs to recover goods. The refund liability is included in other payables and the right to recover returned goods is included in inventory. The Group reviews its estimate of expected returns at each reporting date and updates the amounts of the asset and liability accordingly.</p> <p>The company gives rebates to select customers based on the volume of purchase made.</p> <p>Certain major customers receive volume rebates based on purchases made.</p> <p>Rebates are included in other payables and payments are made to the customers.</p>

## Notes to the Financial Statements

Year ended June 30, 2020 (Presented in United States dollars)

### 4. Significant accounting policies (continued)

(o) Expenses/income:

(i) Expenses:

Expenses are recognised in profit or loss on the accrual basis.

(ii) Finance costs:

Finance costs comprise interest payable on borrowings calculated using the effective interest method and material bank overdraft interest.

(iii) Finance income:

Finance income comprises interest earned on funds invested and is recognised in profit or loss as it accrues, taking into account the effective yield on the asset.

(iv) Employee benefits:

Employee benefits include current or short-term benefits such as salaries, statutory contributions paid, annual vacation leave and non-monetary benefits such as medical care and housing. Short-term employee benefits are recognised as a liability, net of payments made, and charged as expenses as incurred. The expected cost of vacation leave that accumulates is recognised over the period that the employees become entitled to the leave.

(p) Taxation:

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

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

Deferred tax is provided for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted at the reporting date.

## Notes to the Financial Statements

Year ended June 30, 2020 (Presented in United States dollars)

### 4. Significant accounting policies (continued)

(p) Taxation (continued):

A deferred tax liability is recognised for taxable temporary differences, except to the extent that the group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary differences will not reverse in the foreseeable future.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(q) Financial instruments:

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. In these financial statements, financial assets comprise investments, cash and cash equivalents, accounts receivable and interest in subsidiary. Financial liabilities comprise accounts payable, short-term loans, bank overdraft, short-term promissory notes, long-term promissory notes, long-term borrowings and due to related company.

(i) Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

*Financial assets*

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or fair value through profit or loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition unless the group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

## Notes to the Financial Statements

Year ended June 30, 2020 (Presented in United States dollars)

### 4. Significant accounting policies (continued)

#### (q) Financial instruments (continued):

##### (ii) Classification and subsequent measurement (continued)

###### *Financial assets (continued)*

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI).

In assessing whether the contractual cash flows are solely payments of principal and interest, the company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

Amortised cost represents the net present value (“NPV”) of the consideration receivable or payable as of the transaction date. This classification of financial assets comprises the following captions:

- Investments
- Cash and cash equivalents
- Accounts receivable
- Interest in subsidiary

Due to their short-term nature, the group initially recognises these assets at the original invoiced or transaction amount less expected credit losses.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

###### *Financial liabilities*

All financial liabilities are recognised initially at fair value and in the case of borrowings, plus directly attributable transaction costs. The group’s financial liabilities are recognised initially at fair value.

## Notes to the Financial Statements

Year ended June 30, 2020 (Presented in United States dollars)

### 4. Significant accounting policies (continued)

#### (q) Financial instruments (continued):

##### (ii) Classification and subsequent measurement (continued)

###### *Financial assets and liabilities – Subsequent measurement and gains and losses:*

Financial assets at amortised cost are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

The subsequent measurement of financial liabilities depends on their classification as described in the particular recognition methods disclosed in the individual policy statements associated with each item.

##### (iii) Derecognition

###### *Financial assets*

The group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The group enters into transactions whereby it transfers assets recognised on its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. In such cases, the transferred assets are not derecognised.

###### *Financial liabilities*

The group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, with the difference in the respective carrying amounts recognised in the consolidated statement of comprehensive income.

## Notes to the Financial Statements

Year ended June 30, 2020 (Presented in United States dollars)

### 4. Significant accounting policies (continued)

#### (q) Financial instruments (continued):

##### (iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

#### (r) Impairment:

##### *Financial assets*

The group recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost and at fair value through OCI.

The group measures loss allowances at an amount equal to lifetime ECLs.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward looking information.

The group assumes that the credit risk on financial assets has increased significantly if it is more than 180 days past due.

The group recognises loss allowances for ECLs and considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the group in full, without recourse by the group to action such as realising security if any is held; or
- the financial asset is more than 180 days past due.

Life-time ECLs are the ECLs that result from all possible default events over the expected life of the financial instrument.

The maximum period considered when estimating ECLs is the maximum contractual period over which the group is exposed to credit risk.

## Notes to the Financial Statements

Year ended June 30, 2020 (Presented in United States dollars)

### 4. Significant accounting policies (continued)

#### (r) Impairment (continued):

##### *Financial assets (continued)*

##### *Measurement of ECLs*

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the group in accordance with the contract and the cash flows that the group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

##### *Credit-impaired financial assets*

At each reporting date, the Group assesses whether financial assets carried at amortised costs are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

##### *Presentation of allowance for ECL in the statement of financial position*

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

##### *Write-off*

The gross carrying amount of a financial asset is written-off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is the case when the group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

Recoveries of amounts previously written-off are included in 'impairment losses on financial instruments' in the statement of profit or loss.

Financial assets that are written-off could still be subject to enforcement activities in order to comply with the group's procedures for recovery of amounts due.

## Notes to the Financial Statements

Year ended June 30, 2020 (Presented in United States dollars)

### 4. Significant accounting policies (continued)

#### (s) Operating segments:

An operating segment is a component of the group:

- (i) that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the group's other components.
- (ii) whose operating results are reviewed regularly by the Chief Executive Officer (CEO) to make decisions about resources to be allocated to the segment and assess its performance, and
- (iii) for which discrete financial information is available.

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

The group has primarily geographical segments determined by the countries in which the group operates. Transactions between business segments have been eliminated.

#### (t) Foreign currencies:

Transactions in foreign currencies are converted at the rates of exchange ruling on the dates of those transactions. Monetary assets and liabilities denominated in other currencies at the reporting date are translated to United States dollars at the rates of exchange ruling on that date. Gains and losses arising from fluctuations in exchange rates are included in profit or loss.

For the purpose of the statement of cash flows, all foreign currency gains and losses recognised in profit or loss are treated as cash items and included in cash flows from operating or financing activities along with movements in the principal balances.

#### (u) Determination of fair value:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Market price is used to determine fair value where an active market exists as it is the best evidence of the fair value of a financial instrument. The group's financial instruments lack an available trading market. Further, the company has no financial instruments that are carried at fair value. The carrying value of the group's financial instruments approximates their fair value.

*Notes to the Financial Statements*

Year ended June 30, 2020 (Presented in United States dollars)

5. Cash and cash equivalents

	<u>Group</u>		<u>Company</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Cash	10,387	8,526	4,866	5,324
Bank balances	<u>6,039,757</u>	<u>4,204,250</u>	<u>5,814,700</u>	<u>4,176,701</u>
	6,050,144	4,212,776	5,819,566	4,182,025
Bank overdraft (a)	<u>( 122,060)</u>	<u>(1,067,854)</u>	<u>-</u>	<u>-</u>
	<u>\$5,928,084</u>	<u>3,144,922</u>	<u>5,819,566</u>	<u>4,182,025</u>

- (a) The overdraft facility is secured by way of a guarantee and postponement of claims from a related party.
- (b) The company has a multi-purpose operating line of credit in the amount of \$8,500,000 which facilitates an overdraft limit of J\$120 million. The overdraft is subject to interest at the bank's base lending rate less 5% and is secured as disclosed in note 19.

6. Accounts receivable

	<u>Group</u>		<u>Company</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Trade receivables (a)	4,865,054	11,175,116	4,296,934	9,748,404
Other receivables (b)	<u>4,135,047</u>	<u>5,138,121</u>	<u>3,904,968</u>	<u>4,995,503</u>
	9,000,101	16,313,237	8,201,902	14,743,907
Less: Allowance for impairment losses	<u>( 611,222)</u>	<u>( 424,081)</u>	<u>( 465,914)</u>	<u>( 224,626)</u>
	<u>\$8,388,879</u>	<u>15,889,156</u>	<u>7,735,988</u>	<u>14,519,281</u>

- (a) Trade receivables include due from directors amounting to \$1,135 (2019: \$6,035) for the group and the company; and \$317,668 (2019: \$213,190) due from related companies, which are controlled by directors for the group and the company.
- (b) Other receivables include due from directors amounting to \$200 (2019: \$14,382) for the group and the company; and \$18,605 (2019: \$18,605) due from related companies, which are controlled by directors for the group and the company.
- (c) Information about the Group's and the company's exposure to credit and market risks and impairment losses for trade receivables is included at note 29(a).

7. Inventories

	<u>Group</u>		<u>Company</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Goods held for resale – duty paid	17,443,147	23,445,155	13,571,816	19,420,789
Goods held in bonded warehouse	4,341,457	772,149	3,841,843	165,925
Goods in transit	890,731	5,764,560	747,301	4,898,070
Raw materials	649,921	1,161,769	629,881	1,144,741
Others	<u>788,494</u>	<u>722,008</u>	<u>634,063</u>	<u>587,133</u>
	<u>\$24,113,750</u>	<u>31,865,641</u>	<u>19,424,904</u>	<u>26,216,658</u>

## Notes to the Financial Statements

Year ended June 30, 2020 (Presented in United States dollars)

### 7. Inventories (continued)

During the year, expenses relating to inventory write-offs amounted to \$2,756,009 (2019: \$2,394,334) for the group and \$2,336,104 (2019: \$1,998,410) for the company.

During the year inventories of \$68,681,648 (2019: \$82,937,004) for the group and \$58,367,103 (2019: \$70,417,782) for the company were recognised as an expense in cost of sales.

### 8. Short-term loans

	<u>Group and Company</u>	
	<u>2020</u>	<u>2019</u>
The Bank of Nova Scotia Jamaica Limited loans	<u>\$1,900,000</u>	<u>5,150,000</u>

These are US\$ revolving loans that bear interest at 4.25% and are secured as disclosed in note 19. Total draw-down during the year was \$9,050,000 (2019: \$12,300,000) and total repayments \$12,300,000 (2019: \$8,850,000).

### 9. Accounts payable

	<u>Group</u>		<u>Company</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Trade payables (a)	5,436,104	12,560,329	4,438,046	10,887,027
Other payables (b)	<u>2,981,589</u>	<u>2,959,958</u>	<u>2,128,844</u>	<u>2,448,837</u>
	<u>\$8,417,693</u>	<u>15,520,287</u>	<u>6,566,890</u>	<u>13,335,864</u>

(a) Trade payables include due to related companies, which are controlled by directors amounting to \$64,728 (2019: \$459,184) for the group and \$30,065 (2019: \$338,208) for the company.

(b) Other payables include \$30,283 (2019: \$12,533) due to related companies which are controlled by directors for the group and the company.

### 10. Short-term promissory notes

	<u>Group and Company</u>	
	<u>2020</u>	<u>2019</u>
8% related company loan	750,000	750,000
8% related party loans	1,858,333	1,858,333
7% related party loan	1,563,333	1,563,333
6% related party loan	<u>146,128</u>	<u>146,128</u>
	<u>\$4,317,794</u>	<u>4,317,794</u>

(a) These US\$ promissory notes are unsecured and repayable with three months notice to the company.

(b) The related company is controlled by directors.

*Notes to the Financial Statements*

Year ended June 30, 2020 (Presented in United States dollars)

11. Interest in subsidiary

Interest in subsidiary comprises:

	<u>Company</u>	
	<u>2020</u>	<u>2019</u>
Shares, at cost	10,000	10,000
Advances (see note below)	<u>3,257,067</u>	<u>3,182,252</u>
	3,267,067	3,192,252
Less: Impairment allowance	<u>( 235,759)</u>	<u>( 141,846)</u>
	<u>\$3,031,308</u>	<u>3,050,406</u>

These advances represent amounts loaned to a subsidiary company and are interest-free and unsecured. These amounts are due and repayable on June 30, 2024.

12. Deferred tax asset

The deferred tax asset is attributable to differences in tax and financial statement reporting in respect of the following:

	<u>Group</u>					
	<u>2018</u>	Recognised <u>in equity</u>	Recognised <u>in income</u> [note 24(a)]	<u>2019</u>	Recognised <u>in income</u> [note 24(a)]	<u>2020</u>
Accounts payable	62,494	-	( 15,205)	47,289	1,169	48,458
Accounts receivable	-	23,345	( 7,330)	16,015	21,483	37,498
Lease liabilities	-	-	-	-	1,953,727	1,953,727
Provision for obsolete inventory	-	-	-	-	74,392	74,392
Unrealised foreign exchange gains	( 15,390)	-	6,640	( 8,750)	8,750	-
Tax effect of losses carried forward	168,339	-	(159,542)	8,797	747,897	756,694
Property, plant and equipment	739,859	-	292,791	1,032,650	241,082	1,273,732
Right-of-use asset	-	-	-	-	(1,848,500)	(1,848,500)
	<u>\$955,302</u>	<u>23,345</u>	<u>117,354</u>	<u>1,096,001</u>	<u>1,200,000</u>	<u>2,296,001</u>

	<u>Company</u>					
	<u>2018</u>	Recognised <u>in equity</u>	Recognised <u>in income</u> [note 24(a)]	<u>2019</u>	Recognised <u>in income</u> [note 24(a)]	<u>2020</u>
Accounts payable	62,494	-	( 15,205)	47,289	1,169	48,458
Accounts receivable	-	23,345	( 7,330)	16,015	21,483	37,498
Lease liabilities	-	-	-	-	1,681,227	1,681,227
Provision for obsolete inventory	-	-	-	-	74,392	74,392
Unrealised foreign exchange gains	( 15,390)	-	6,640	( 8,750)	8,750	-
Tax effect of losses carried forward	-	-	8,797	8,797	747,897	756,694
Property, plant and equipment	909,067	-	123,583	1,032,650	241,082	1,273,732
Right-of-use asset	-	-	-	-	(1,576,000)	(1,576,000)
	<u>\$956,171</u>	<u>23,345</u>	<u>116,485</u>	<u>1,096,001</u>	<u>1,200,000</u>	<u>2,296,001</u>

## Notes to the Financial Statements

Year ended June 30, 2020 (Presented in United States dollars)

### 13. Property, plant and equipment

	Group					Total
	Leasehold improvements	Furniture, fixtures and equipment	Computer equipment	Motor vehicles	Construction in progress	
Cost:						
June 30, 2018	9,492,268	13,356,752	2,396,222	1,732,644	804,046	27,781,932
Additions	129,259	815,420	101,480	288,130	3,714,764	5,049,053
Disposals	( 11,824)	( 243,868)	( 13,784)	( 92,857)	-	( 362,333)
Transfers (note 15)	551,716	504,274	34,561	-	(1,112,560)	( 22,009)
Adjustments	<u>2,251</u>	<u>277,911</u>	<u>( 232,980)</u>	<u>( 63,912)</u>	<u>-</u>	<u>( 16,730)</u>
June 30, 2019	10,163,670	14,710,489	2,285,499	1,864,005	3,406,250	32,429,913
Additions	36,951	705,503	65,684	162,864	27,231	998,233
Disposals	-	( 162,559)	( 351,922)	( 136,574)	-	( 651,055)
Transfer	<u>3,030,186</u>	<u>259,230</u>	<u>-</u>	<u>-</u>	<u>(3,289,416)</u>	<u>-</u>
June 30, 2020	<u>13,230,807</u>	<u>15,512,663</u>	<u>1,999,261</u>	<u>1,890,295</u>	<u>144,065</u>	<u>32,777,091</u>
Depreciation:						
June 30, 2018	5,789,890	7,101,512	1,947,175	1,090,801	75,861	16,005,239
Charge for the year	691,538	1,240,851	221,532	282,964	-	2,436,885
Disposals	( 7,291)	( 219,170)	( 13,784)	( 81,077)	-	( 321,322)
Adjustments	<u>32,942</u>	<u>236,208</u>	<u>( 213,646)</u>	<u>( 49,925)</u>	<u>-</u>	<u>5,579</u>
June 30, 2019	6,507,079	8,359,401	1,941,277	1,242,763	75,861	18,126,381
Charge for the year	1,317,258	1,335,443	189,169	230,150	-	3,072,020
Disposals	-	( 142,004)	( 351,922)	( 128,563)	-	( 622,489)
Adjustments	<u>43</u>	<u>821</u>	<u>303</u>	<u>-</u>	<u>-</u>	<u>1,167</u>
June 30, 2020	<u>7,824,380</u>	<u>9,553,661</u>	<u>1,778,827</u>	<u>1,344,350</u>	<u>75,861</u>	<u>20,577,079</u>
Net book values:						
June 30, 2020	<u>\$ 5,406,427</u>	<u>5,959,002</u>	<u>220,434</u>	<u>545,945</u>	<u>68,204</u>	<u>12,200,012</u>
June 30, 2019	<u>\$ 3,656,591</u>	<u>6,351,088</u>	<u>344,222</u>	<u>621,242</u>	<u>3,330,389</u>	<u>14,303,532</u>

	Company					Total
	Leasehold improvements	Furniture, fixtures and equipment	Computer equipment	Motor vehicles	Construction in progress	
Cost:						
June 30, 2018	8,801,584	11,830,327	2,267,125	1,197,439	119,913	24,216,388
Additions	64,460	785,447	83,462	238,560	3,181,545	4,353,474
Disposals	( 11,824)	( 243,868)	( 13,784)	( 59,731)	-	( 329,207)
Adjustments	<u>2,251</u>	<u>277,911</u>	<u>( 232,980)</u>	<u>( 63,912)</u>	<u>-</u>	<u>( 16,730)</u>
June 30, 2019	8,856,471	12,649,817	2,103,823	1,312,356	3,301,458	28,223,925
Additions	36,951	567,075	64,749	98,489	27,231	794,495
Disposals	-	( 162,559)	( 351,922)	( 136,574)	-	( 651,055)
Transfers	<u>3,030,186</u>	<u>259,230</u>	<u>-</u>	<u>-</u>	<u>(3,289,416)</u>	<u>-</u>
June 30, 2020	<u>11,923,608</u>	<u>13,313,563</u>	<u>1,816,650</u>	<u>1,274,271</u>	<u>39,273</u>	<u>28,367,365</u>
Depreciation:						
June 30, 2018	5,598,176	6,544,320	1,887,694	859,173	-	14,889,363
Charge for the year	587,948	1,044,974	189,748	187,456	-	2,010,126
Disposals	( 7,291)	( 219,170)	( 13,784)	( 52,365)	-	( 292,610)
Adjustments	<u>32,942</u>	<u>236,208</u>	<u>( 213,646)</u>	<u>( 49,925)</u>	<u>-</u>	<u>5,579</u>
June 30, 2019	6,211,775	7,606,332	1,850,012	944,339	-	16,612,458
Charge for the year	1,186,020	1,108,564	162,951	151,098	-	2,608,633
Disposals	-	( 142,004)	( 351,922)	( 128,563)	-	( 622,489)
Adjustments	<u>43</u>	<u>821</u>	<u>303</u>	<u>-</u>	<u>-</u>	<u>1,167</u>
June 30, 2020	<u>7,397,838</u>	<u>8,573,713</u>	<u>1,661,344</u>	<u>966,874</u>	<u>-</u>	<u>18,599,769</u>
Net book values:						
June 30, 2020	<u>\$ 4,525,770</u>	<u>4,739,850</u>	<u>155,306</u>	<u>307,397</u>	<u>39,273</u>	<u>9,767,596</u>
June 30, 2019	<u>\$ 2,644,696</u>	<u>5,043,485</u>	<u>253,811</u>	<u>368,017</u>	<u>3,301,458</u>	<u>11,611,467</u>

## Notes to the Financial Statements

Year ended June 30, 2020 (Presented in United States dollars)

### 14. Leases

The group and the company leases property and vehicles. The leases typically run for 3 to 10 years, with options to renew. Previously, these leases were classified as operating leases under IAS 17. The group and the company has elected not to recognise right-of-use assets and lease liabilities for leases that are short-term and/or leases of low-value items.

Information about leases for which the group and the company owe a lessee is presented below:

	<u>2020</u>	
	<u>Group</u>	<u>Company</u>
(a) Right-of-use assets:		
Balance at July 1, 2019	8,632,857	7,419,451
Depreciation charge for the year	<u>(1,238,623)</u>	<u>(1,115,451)</u>
Balance at June 30, 2020	<u>\$7,394,234</u>	<u>6,304,000</u>
(b) Lease liabilities:		
Maturity analysis – contractual undiscounted cash flows:		
Less than one year	1,461,317	1,304,889
One to five years	3,848,182	3,097,326
More than 5 years	<u>7,909,635</u>	<u>7,127,493</u>
Total undiscounted lease liabilities at June 30, 2020	<u>13,219,134</u>	<u>11,529,708</u>
Interest expense	<u>(5,339,673)</u>	<u>(4,804,802)</u>
Lease liabilities included in the statement of financial position at June 30, 2020.	<u>7,879,461</u>	<u>6,724,906</u>
Current	861,405	803,488
Non-current	<u>7,018,056</u>	<u>5,921,418</u>
	<u>\$ 7,879,461</u>	<u>6,724,906</u>
(c) Amounts recognised in profit/(loss):		
Depreciation	1,238,623	1,115,451
Interest on lease liabilities [Note 23(c)]	648,612	543,214
Expenses relating to short-term leases [Note 23(b)]	<u>63,000</u>	<u>63,000</u>
	<u>\$ 1,950,235</u>	<u>1,721,665</u>
(d) Amounts recognised in the statement of cash flows:		
Total cash outflow for leases excluding interest	<u>\$ (753,396)</u>	<u>(694,545)</u>

*Notes to the Financial Statements*

Year ended June 30, 2020 (Presented in United States dollars)

15. Intangible asset

	<u>Computer software</u>	
	<u>Group</u>	<u>Company</u>
Cost:		
June 30, 2018	792,106	760,830
Addition	12,340	6,000
Transfer from property, plant and equipment (note 13)	22,009	-
Write-off	<u>(679,713)</u>	<u>(679,713)</u>
June 30, 2019	146,742	87,117
Addition	<u>43,703</u>	<u>40,004</u>
June 30, 2020	<u>190,445</u>	<u>127,121</u>
Amortisation:		
June 30, 2018	85,015	58,585
Charge for the year	<u>29,142</u>	<u>22,532</u>
June 30, 2019	114,157	81,117
Charge for the year	<u>25,490</u>	<u>13,825</u>
June 30, 2020	<u>139,647</u>	<u>94,942</u>
Carrying amount:		
June 30, 2020	<u>\$ 50,798</u>	<u>32,179</u>
June 30, 2019	<u>\$ 32,585</u>	<u>6,000</u>

16. Share capital

	<u>Group and Company</u>	
	<u>2020</u>	<u>2019</u>
Authorised:		
176,000,000,000 ordinary shares of no par value		
Stated capital, issued and fully paid:		
1,100,000,000 ordinary shares of no par value	5,117,611	5,117,611
Less: Transaction costs of share issue	<u>( 219,181)</u>	<u>( 219,181)</u>
	<u>\$4,898,430</u>	<u>4,898,430</u>

*Notes to the Financial Statements*

Year ended June 30, 2020 (Presented in United States dollars)

17. Non-controlling interest

This represents non-controlling interest of 49% in the company's subsidiary CPJ (St. Lucia) Ltd.

The following table summarises the financial information of CPJ (St. Lucia) Ltd., the group's subsidiary that has non-controlling interest, before any intra-group eliminations:

	<u>The group</u>	
	<u>2020</u>	<u>2019</u>
	\$	\$
<b>Percentage ownership interest</b>	<b><u>49%</u></b>	<b><u>49%</u></b>
Non-current assets	3,541,269	2,718,650
Current assets	5,808,580	7,384,078
Non-current liabilities	( 7,539,135)	( 6,406,137)
Current liabilities	( 1,530,794)	( 3,408,318)
Net assets (100%)	( 279,920)	288,273
Non-controlling interest share of net assets	( 137,161)	141,254
Revenue	<u>13,724,081</u>	<u>15,837,112</u>
Net (loss)/profit from continuing operations	( 568,193)	1,960
(Loss)/profit allocated to Non-controlling interest (NCI)	( 278,415)	960
Cash flows from operating activities	1,376,739	( 277,363)
Cash flows from investing activities	( 226,535)	( 666,824)
Cash flows from financing activities	( 4,583)	677,302
Net increase/(decrease) in cash and cash equivalents	<u>1,145,621</u>	<u>( 266,885)</u>

18. Long-term promissory notes

	<u>Group and Company</u>	
	<u>2020</u>	<u>2019</u>
Due to related companies:		
6% loan	100,000	100,000
8% loan	500,000	500,000
9% loan	6,000,000	6,000,000
4.5% loan	2,000,000	-
Due to related company:		
Non-interest bearing loans	650,000	650,000
Due to third party:		
8% loan	<u>22,356</u>	<u>20,669</u>
	<u>\$9,272,356</u>	<u>7,270,669</u>

(a) These US\$ loans are unsecured and not repayable before June 30, 2021.

(b) Related companies are controlled by directors.

# Notes to the Financial Statements

Year ended June 30, 2020 (Presented in United States dollars)

## 19. Long-term borrowings

		Group		Company	
		2020	2019	2020	2019
8% Bonds	(a)	3,571,145	3,814,808	3,571,145	3,814,808
10.5% Sagicor Bank Jamaica Limited [J\$ 2,121,341 (2019: J\$4,434,649)]	(b)	15,151	33,835	15,151	33,835
10.9% Sagicor Bank Jamaica Limited [J\$Nil (2019: J\$6,995,620)]	(c)	-	53,374	-	53,374
10.9% Sagicor Bank Jamaica Limited [J\$261,284 (2019: J\$1,733,535)]	(d)	1,866	13,226	1,866	13,226
10.5% Sagicor Bank Jamaica Limited [J\$515,693 (2019: J\$1,078,053)]	(e)	3,683	8,225	3,683	8,225
9.25% Bank of Nova Scotia Jamaica Limited [J\$53,345,750 (2019: J\$75,419,852)]	(f)	381,011	575,425	381,011	575,425
4.75% Bank of Nova Scotia Jamaica Limited	(g)	725,000	1,025,000	725,000	1,025,000
9.5% Bank of Nova Scotia Jamaica Limited [J\$10,000,016 (2019: J\$14,615,408)]	(h)	70,793	111,510	70,793	111,510
10% Bank of Nova Scotia Jamaica Limited [J\$8,666,632 (2019: J\$12,666,640)]	(i)	61,890	96,642	61,890	96,642
9.5% Bank of Nova Scotia Jamaica Limited [J\$Nil (2019: J\$3,630,918)]	(j)	-	27,703	-	27,703
9.5% Bank of Nova Scotia Jamaica Limited [J\$513,331 (2019: J\$1,393,327)]	(k)	3,666	10,631	3,666	10,631
9% Bank of Nova Scotia Jamaica Limited [J\$1,044,000 (2019: J\$2,436,000)]	(l)	7,457	18,586	7,457	18,586
8.75% Bank of Nova Scotia Jamaica Limited [J\$750,000 (2019: J\$1,875,000)]	(m)	5,357	15,260	5,357	15,260
7% Bank of Nova Scotia Jamaica Limited [J\$3,296,667 (2019: J\$4,216,667)]	(n)	23,546	32,172	23,546	32,172
7% Bank of Nova Scotia Jamaica Limited [J\$3,637,500 (2019: J\$4,607,500)]	(o)	25,980	34,565	25,980	34,565
7% Bank of Nova Scotia Jamaica Limited [J\$5,145,833 (2019: J\$5,792,738)]	(p)	35,073	45,991	35,073	45,991
4.35% Bank of Nova Scotia Jamaica Limited	(q)	2,467,952	2,750,000	2,467,952	2,750,000
6.95% Bank of Nova Scotia Jamaica Limited [J\$12,551,786 (2019: J\$14,673,214)]	(r)	89,649	111,971	89,649	111,971
6.95% Bank of Nova Scotia Jamaica Limited [J\$9,816,786 (2019: J\$Nil)]	(s)	67,161	-	67,161	-
4.5% First Caribbean International Bank Limited	(t)	<u>195,616</u>	<u>228,536</u>	<u>-</u>	<u>-</u>
		7,751,996	9,007,460	7,556,380	8,778,924
Less: Current portion		<u>(1,068,964)</u>	<u>(1,070,490)</u>	<u>(1,022,794)</u>	<u>(1,026,347)</u>
		<u>6,683,032</u>	<u>7,936,970</u>	<u>6,533,586</u>	<u>7,752,577</u>
Debt issuance costs:	(u)				
At beginning of the year		( 104,597)	( 108,928)	( 104,597)	( 108,928)
Additional costs incurred in the year		( 9,484)	( 17,327)	( 9,484)	( 17,327)
Debt costs amortised during the year		<u>27,213</u>	<u>21,658</u>	<u>27,213</u>	<u>21,658</u>
At the end of the year		<u>( 86,868)</u>	<u>( 104,597)</u>	<u>( 86,868)</u>	<u>( 104,597)</u>
		<u>\$6,596,164</u>	<u>7,832,373</u>	<u>6,446,718</u>	<u>7,647,980</u>

## Notes to the Financial Statements

Year ended June 30, 2020 (Presented in United States dollars)

### 19. Long-term borrowings (continued)

- (a) On April 27, 2018, the company authorised the private placement by way of an exempt distribution under the Guidelines for Exempt Distributions (Guidelines SR-GUID-08/05-0016) of a series of 5-year unsecured promissory Bonds (“the Bonds”) denominated in Jamaican dollars (“J\$”) for an aggregate principal amount of J\$500,000,000. These bonds mature in May 2023.
- (b) This represents the balance due on an initial loan of J\$13,195,000. The loan is repayable in eighty-four monthly instalments of principal and interest of J\$222,477; the final instalment being due in April 2021.
- (c) This represented the balance due on an initial loan of J\$17,768,000. The loan was repayable in eighty-four monthly instalments of principal and interest of J\$303,298; the loan was fully repaid during the year.
- (d) This represents the balance due on an initial loan of J\$6,976,000. The loan is repayable in seventy-two monthly instalments of principal and interest of J\$132,425; the final instalment being due in August 2020.
- (e) This represents the balance due on an initial loan of J\$2,880,006. The loan is repayable in seventy-two monthly instalments of principal and interest of J\$54,084; the final instalment being due in August 2021.
- (f) This represents the balance due on an initial loan of J\$147,160,689. The applicable rate of interest was 9.25% per annum up to July 16, 2018 and thereafter the 6 months Weighted Average Treasury Bill Yield (WATBY) rate plus 4.82% per annum (with a floor of 9% per annum), reset quarterly. The loan matures in July, 2020. The loan was refinanced and is payable in 30 equal monthly installments.
- (g) This represents the balance due on an initial loan of \$2,000,000. The applicable rate of interest was 4.75% per annum up to July 16, 2018 and thereafter the 6 months LIBOR rate plus 4.35% per annum, reset quarterly. The loan is repayable in sixty months and matures on July, 2020. The loan was refinanced and is payable in 30 equal monthly installments.
- (h) This represents the balance due on an initial loan of J\$30,000,000, funded by the Development Bank of Jamaica Limited (DBJ). The DBJ’s authorised lending rate for its energy funding line is currently at 6.5% per annum, plus a commission of 3% per annum, gives an effective all-in-one interest rate of 9.5% per annum. The loan is for seven years with a six months moratorium. The principal is repayable in seventy-seven equal monthly payments of J\$384,616 and one final payment of J\$384,568. The loan matures on August 8, 2022.
- (i) This represents the balance due on an initial loan of J\$26,000,000, funded by the DBJ. The DBJ’s authorised lending rate for its regular J\$ funding line is currently at 7% per annum, plus a commission of 3% per annum, gives an effective all-in-one interest rate of 10% per annum. The principal is repayable in seventy-seven equal monthly payments of J\$333,334 and one final payment of J\$333,282. The loan matures on August 12, 2022.
- (j) This represented the balance due on an initial loan of J\$7,625,000. The applicable rate of interest was 9.5% per annum for years 1 to 5 and thereafter the 6 months WATBY plus 3% for years 6 and 7. The loan was repayable in eighty-four months with initial principal payment of J\$90,841 followed by eighty-three monthly payments of J\$90,773. The loan was fully repaid during the period.

*Notes to the Financial Statements*

Year ended June 30, 2020 (Presented in United States dollars)

19. Long-term borrowings (continued)

- (k) This represents the balance due on the initial loan of J\$4,400,000. This initial loan is repayable in fifty-nine monthly payments of J\$73,333 and matures January 31, 2021. The interest rate on this initial disbursement is fixed at 9.5% per annum.
- (l) This represents the balance due on an initial loan of J\$6,960,000 for the purchase of two motor vehicles. The interest rate of 9% per annum is fixed for the term. The loan is repayable in sixty monthly instalments of J\$116,000; the final instalment being due in March 2021.
- (m) This represent the balance due on an initial loan of J\$7,500,000 for the purchase of two motor vehicles. The interest rate of 8.75% per annum is fixed for the term. The loan is repayable in sixty monthly instalments of J\$125,000; the final instalment being due in February 2022.
- (n) This represents the balance due on an initial loan of J\$4,600,000 received in January 2019. The interest rate of 7% per annum is fixed for the term. The loan is repayable in sixty (60) monthly installments of principal and interest of J\$76,667; the final installment being due in January 2024.
- (o) This represents the balance due on an initial loan of J\$4,850,000 received in January 2019. The interest rate of 7% per annum is fixed for the term. The loan is repayable in sixty (60) monthly installments of principal and interest of J\$80,833; the final installment being due in April 2024.
- (p) This represents the balance due on an initial loan of J\$6,175,000 received in April 2019. The interest rate of 7% per annum is fixed for the term. The loan is repayable in sixty (60) monthly installments of principal and interest of J\$73,512; the final installment being due in May 2024.
- (q) This represents the balance due on an initial loan of US\$2,750,000 received in May 2019. The interest rate of 4.35% per annum is fixed for the term. The loan is repayable in sixty (60) monthly installments of principal and interest of US\$35,246; the final installment being due in May 2024.
- (r) This represents the balance due on an initial loan of J\$14,850,000 received in May 2019. The interest rate of 6.95% per annum is fixed for the term. The loan is repayable in sixty (60) monthly installments of principal and interest of J\$176,785; the final installment being due in May 2024.
- (s) This represents the balance due on an initial loan of J\$10,850,000 received in October 2019. The interest rate of 6.95% per annum is fixed for the term. The loan is repayable in eighty-four (84) monthly installments of principal and interest of J\$129,167; the final installment being due in October 2026.
- (t) This represents the balance outstanding on a revolving loan facility of US\$650,000 received in April 2019. Total drawdown for the period was \$195,616. The interest rate of 4.5% per annum is fixed for the term.
- (u) This represents costs incurred in obtaining certain long-term borrowings. The costs are being written off over the period of the borrowings on the effective interest basis.

## Notes to the Financial Statements

Year ended June 30, 2020 (Presented in United States dollars)

### 19. Long-term borrowings (continued)

The borrowings at (b) to (e) and (s) were secured as follows:

- In respect of the purchase of motor vehicles; bill of sale to cover the purchase price and assignment of comprehensive insurance over the assets endorsed in favour of the bank.

The borrowings at (f) to (r) and short-term loans (note 8) with the Bank of Nova Scotia Jamaica Limited are primarily secured as follows:

- Demand debenture stamped to cover US\$14,112,000 and J\$50,000,000, with power to upstamp, constituting a charge over assets of the company and:
  - (i) Limited guarantee of a related company, supported by a first legal mortgage for \$1,000,000 over certain commercial properties owned by the said related company.
  - (ii) Limited guarantee of another related company supported by a first legal mortgage for \$2,000,000 over certain commercial properties owned by this related company.
  - (iii) Limited guarantee by both related companies mentioned in (i) and (ii) supported by a second legal mortgage for J\$64,890,278 over commercial properties owned per (i) and (ii).
- Assignment of peril insurance policy providing adequate replacement coverage over charged assets with loss if any payable to the bank.
- Subordination and postponement agreement for \$6,000,000 due to a related company (note 18).
- In respect of the purchase of motor vehicles; bill of sale to cover the purchase price and assignment of comprehensive insurance over the assets endorsed in favour of the bank.
- Unsupported guarantee of CPJ Investments Limited.

In respect of these credit facilities except (f) and (g), the bank allowed the company a 6 months postponement of the principal payments due from April to September 2020 resulting in new maturity dates being 6 months after the disclosed original maturity dates.

The borrowings at (t) with First Caribbean International Bank (Barbados) Limited is primarily secured as follows:

- Supported by a first legal mortgage of \$6,375,000 over certain immovable property.

Breach of loan covenants:

- The Group has certain loans totalling \$7,537,360 as at June 30, 2020. These loans contain covenants which are to be tested annually/semi-annually. If the covenants are not met, the loans can be repayable on demand.
- According to the agreements, the debt service coverage ratio cannot be less than 1.5:1 and the debt to EBITDA cannot exceed 3:1. The Group is in breach of these ratios. However, management obtained a waiver from the respective institutions in August 2020. Accordingly, the loans were not payable on demand at June 30, 2020 (see note 32).

*Notes to the Financial Statements*

Year ended June 30, 2020 (Presented in United States dollars)

20. Related party balances and transactions

- (a) The statement of financial position includes balances arising in the ordinary course of business with related parties.

The amounts due to related company are payable to non-controlling interests and are interest-free, unsecured and have no fixed repayment terms.

Other related party balances are disclosed in notes 6, 9, 10, 11 and 18.

- (b) The profit for the year includes the following (income)/expense and transactions with related parties in the ordinary course of business:

	Group		Company	
	2020	2019	2020	2019
	\$	\$	\$	\$
Sales to related companies/parties	( 651,172)	( 829,212)	( 651,172)	( 829,212)
Sales to subsidiary	-	-	( 546,476)	( 793,157)
Interest expense paid to related companies/parties	621,688	646,000	621,688	646,000
Rent paid to related companies-included in right-of-use-assets and lease liabilities	911,128	762,145	746,824	516,488
Agency fee paid to a related company	1,199,000	1,410,000	1,199,000	1,410,000
Directors' emoluments:				
Fees	15,500	21,000	15,500	21,000
Management remuneration	311,017	637,757	311,017	637,757
Compensation for key management:				
Short-term benefits	<u>980,660</u>	<u>853,524</u>	<u>699,342</u>	<u>578,443</u>

Related companies are controlled by directors.

21. Gross operating revenue

Gross operating revenue represents income from the sale of food, beverages and non-food items for the year.

22. Nature of expenses

- (a) Cost of operating revenue:

Cost of operating revenue primarily comprises the costs to purchase or process inventory items, such as meats, seafood, dairy products and beverages, which were sold by the group to third parties during the year.

*Notes to the Financial Statements*

Year ended June 30, 2020 (Presented in United States dollars)

22. Nature of expenses (continued)

## (b) Selling and administration expenses:

	<u>Group</u>		<u>Company</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Advertising	866,221	1,109,746	816,461	1,027,143
Audit fees	110,700	111,745	94,500	96,290
Bank charges	178,931	150,615	164,372	134,389
Cleaning and sanitation	65,301	57,910	57,473	50,012
Data processing	758,448	604,107	758,448	604,107
Garbage disposal	130,647	131,203	112,499	117,217
GCT irrecoverable	125,239	-	125,239	-
Insurance	447,791	560,282	399,644	514,962
Miscellaneous	841,214	756,995	197,812	276,122
Motor vehicle expenses	2,026,170	2,622,285	1,943,689	2,537,194
Penalties and interest	27,213	22,253	27,213	22,253
Pest control	19,622	18,139	14,249	14,934
Printing, postage and stationery	161,431	185,102	137,798	156,368
Professional fees	1,637,062	1,687,183	1,574,210	1,677,514
Rates and taxes	132,659	149,955	122,406	139,082
Rental of premises [notes 14(c), 26]	63,000	1,238,969	63,000	1,050,887
Repairs and maintenance	967,952	918,969	807,419	734,878
Security	451,542	527,657	388,420	470,610
Staff costs:				
Salaries, wages, and other payroll costs	7,107,855	8,436,585	6,044,174	7,280,249
Payroll taxes	738,003	818,728	698,273	773,704
Staff welfare	444,876	490,116	421,940	470,291
Subscriptions	39,431	66,075	35,789	60,623
Travel and entertainment	380,207	386,623	319,052	340,955
Utilities	<u>1,544,380</u>	<u>1,810,549</u>	<u>1,196,337</u>	<u>1,464,496</u>
	<u>\$19,265,895</u>	<u>22,861,791</u>	<u>16,520,417</u>	<u>20,014,280</u>

23. Disclosure of income/(expenses)

	<u>Group</u>		<u>Company</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
(a) Other operating income/(expense), net:				
Gain/(loss) on disposal of property, plant and equipment	6,487	( 8,624)	6,487	(18,903)
Suppliers rebate	-	69,705	-	69,705
Others	<u>121,961</u>	<u>113,978</u>	<u>95,993</u>	<u>47,650</u>
	<u>\$128,448</u>	<u>175,059</u>	<u>102,480</u>	<u>98,452</u>

*Notes to the Financial Statements*

Year ended June 30, 2020 (Presented in United States dollars)

23. Disclosure of income/(expenses) (continued)

	<u>Group</u>		<u>Company</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
(b) Finance income:				
Interest income - third party	<u>3,724</u>	<u>569</u>	<u>3,724</u>	<u>569</u>
	<u>\$ 3,724</u>	<u>569</u>	<u>3,724</u>	<u>569</u>
(c) Finance costs:				
Foreign exchange loss, net	( 135,549)	( 42,297)	( 129,861)	( 35,589)
Interest on promissory notes	( 847,757)	( 914,458)	( 847,757)	( 914,458)
Interest on long-term and short term borrowings	( 733,103)	( 655,305)	( 725,881)	( 652,632)
Interest on lease liabilities	( 648,612)	-	( 543,214)	-
Overdraft interest	( 39,908)	( 65,801)	-	-
	<u>\$ (2,404,929)</u>	<u>(1,677,861)</u>	<u>(2,246,713)</u>	<u>(1,602,679)</u>

24. Taxation

(a) Taxation is based on the following:

	<u>Group</u>		<u>Company</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Current tax	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred tax (note 12):				
Tax losses	( 747,897)	159,542	( 747,897)	( 8,797)
Origination and reversal of temporary differences	( 452,103)	( 276,896)	( 452,103)	( 107,688)
	<u>(1,200,000)</u>	<u>( 117,354)</u>	<u>(1,200,000)</u>	<u>( 116,485)</u>
Tax credit recognised during the year	<u>\$ (1,200,000)</u>	<u>( 117,354)</u>	<u>(1,200,000)</u>	<u>( 116,485)</u>
(b) Reconciliation of actual taxation credit:				
Loss before taxation	<u>\$ (5,546,096)</u>	<u>(1,285,223)</u>	<u>(4,976,553)</u>	<u>(1,282,163)</u>
Computed "expected" tax (credit)/ charge at 25% and 30%	(1,386,524)	( 321,459)	(1,244,138)	( 320,541)
Tax effect of differences between treatment for financial statement and taxation purposes:				
Depreciation and capital allowances	241,082	258,992	241,082	258,992
Other items, net	( 54,558)	( 54,887)	( 196,944)	( 54,936)
	<u>\$ (1,200,000)</u>	<u>( 117,354)</u>	<u>(1,200,000)</u>	<u>( 116,485)</u>

## Notes to the Financial Statements

Year ended June 30, 2020 (Presented in United States dollars)

### 24. Taxation (continued)

(c) The company's shares were listed on the Junior Market of the Jamaica Stock Exchange on July 20, 2011. Consequently, the company is entitled to a remission of taxes for 10 years in the proportions set out below, provided the shares remain listed for at least 15 years:

- Years 2012 to 2016 - 100%
- Years 2017 to 2021 - 50%

(d) As at June 30, 2020, subject to the agreement of the Commissioner, General, Tax Administration Jamaica, tax losses available for set-off against future profits amounted to approximately \$3,027,000 (2019: \$166,000). If unutilised, these losses can be carried forward indefinitely. However, the amount that can be utilised is restricted to 50% of chargeable income (before prior year losses) in any one year.

### 25. Earnings per stock unit

Earnings per stock unit is calculated by dividing the profit for the year by the weighted average number of ordinary shares in issue for the year as follows:

	<u>Group</u>	
	<u>2020</u>	<u>2019</u>
Loss for the year attributable to the shareholders of the company	(4,067,681)	(1,168,829)
Weighted average number of ordinary stock units held during the year	\$1,100,000,000	1,100,000,000
Earnings per stock unit (expressed in ¢ per share)	(0.37)	(0.11)

### 26. Lease commitments

Lease commitments under operating leases at June 30, 2019 were payable as follows:

	<u>Group</u>		<u>Company</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Within one year	-	1,529,134	-	1,341,052
Between one and five years	-	3,990,997	-	3,237,669
After five years	-	5,610,580	-	4,999,313
	\$ -	11,130,711	-	9,578,034

The effects of the adoption of *IFRS 16*, Leases are reflected in notes 3 and 14.

## Notes to the Financial Statements

Year ended June 30, 2020 (Presented in United States dollars)

### 27. Contingent liabilities

- (a) In 2016, Tax Administration Jamaica (TAJ) conducted a GCT audit for the period January 2012 to December 2015 and proposed an adjustment to the returns for the period. No formal assessment has been served in this regard. During the year, the management and directors continued discussions with TAJ and other relevant authorities to review and resolve the proposed adjustments. At the date of authorisation of these financial statements, the resolution process is still ongoing.
- (b) The company has given guarantees in the ordinary course of business, under banking arrangements, in favour of the Collector of Customs in the amount of \$339,259 (J\$47,500,000). Additionally a letter of credit was issued amounting to \$125,000 on behalf of the company in favour of a third party.
- (c) In 2018, Jamaica Customs Agency Post Clearance Audit (JCA) conducted a review of the company's import declarations for the period from January 1, 2017 to July 31, 2018 and assessed the company for potential additional duty and taxes as per the Assessment Order dated January 22, 2019. The management has had discussions with JCA and has disputed the assessment. As at the date of authorisation of these financial statements, the resolution process is still ongoing.

### 28. Dividends

There was no dividend declaration in the current year.

### 29. Financial instruments

- (a) Financial risk management:

The group has exposure to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk; and
- market risk.

This note presents information about the group's exposure to each of the above risks, the group's objectives, policies and processes for measuring and managing risk, and the group's management of capital.

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

The risk management policies are established to identify and analyse the risks faced by the group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the group's activities. The Board of Directors has monitoring oversight of the risk management policies.

## Notes to the Financial Statements

Year ended June 30, 2020 (Presented in United States dollars)

### 29. Financial instruments (continued)

#### (a) Financial risk management (continued):

##### (i) Credit risk:

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The maximum exposure to credit risk at the reporting date was represented by the carrying value of financial assets in the statement of financial position.

##### *Cash and cash equivalents*

The group limits its exposure to credit risk by placing cash resources with substantial counterparties who are believed to have minimal risk of default.

##### *Accounts receivable*

The group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer base, including the default risk of the industry in which customers operate, has less of an influence on credit risk. The group does not require collateral in respect of trade and other receivables.

Trade receivables mainly consist of balances due from retail and hospitality customers across Jamaica. Apart from the concentration of customers in Jamaica, the group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

##### *Expected credit loss assessment*

The group allocates each exposure to a credit risk grade based on the data that is determined to be predictive of the risk of loss (including but not limited to external ratings, audited financial statements, management accounts and cash flow projections and the available press information about its customers) and applying experienced credit judgement.

The group uses a provision matrix to measure ECLs on trade receivables. The provision matrix is based on its historical observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates.

Loss rates are calculated based on the probability of a receivable progressing through successive stages of delinquency to write-off, current conditions and the economic conditions over the expected lives of the receivables.

*Notes to the Financial Statements*

Year ended June 30, 2020 (Presented in United States dollars)

29. Financial instruments (continued)

## (a) Financial risk management (continued):

## (i) Credit risk (continued):

The following table provides information about the exposure to credit risk and ECL for trade receivables as at June 30, 2020 (see also note 6).

	Group 2020			
	<u>Weighted average loss rate</u>	<u>Gross carrying amount</u> \$	<u>Loss allowance</u> \$	<u>Credit impaired</u>
Current (not past due)	0.2%	1,023,602	3,728	No
31-60 days past due	0.4%	501,903	1,950	No
61-90 days past due	1.8%	153,222	2,735	No
91-180 days past due	10.0%	2,870,617	287,099	No
More than 180 days past due	100%	<u>315,710</u>	<u>315,710</u>	Yes
		<u>4,865,054</u>	<u>611,222</u>	

	Company 2020			
	<u>Weighted average loss rate</u>	<u>Gross carrying amount</u> \$	<u>Loss allowance</u> \$	<u>Credit impaired</u>
Current (not past due)	0.2%	881,069	1,633	No
31-60 days past due	0.3%	428,609	1,217	No
61-90 days past due	1.9%	141,015	2,613	No
91-180 days past due	7.7%	2,584,017	198,227	No
More than 180 days past due	100%	<u>262,224</u>	<u>262,224</u>	Yes
		<u>4,296,934</u>	<u>465,914</u>	

The following table provides information about the exposure to credit risk and ECL for trade receivables as at June 30, 2019 (see also note 6).

	Group 2019			
	<u>Weighted average loss rate</u>	<u>Gross carrying amount</u> \$	<u>Loss allowance</u> \$	<u>Credit impaired</u>
Current (not past due)	1.7%	8,278,988	141,073	No
31-60 days past due	0.3%	2,052,809	6,059	No
61-90 days past due	2.0%	483,600	9,672	No
91-180 days past due	8.0%	100,481	8,039	No
More than 180 days past due	100%	<u>259,238</u>	<u>259,238</u>	Yes
		<u>11,175,116</u>	<u>424,081</u>	

*Notes to the Financial Statements*

Year ended June 30, 2020 (Presented in United States dollars)

29. Financial instruments (continued)

## (a) Financial risk management (continued):

## (i) Credit risk (continued):

	Company 2019			
	<u>Weighted average loss rate</u>	<u>Gross carrying amount</u> \$	<u>Loss allowance</u> \$	<u>Credit impaired</u>
Current (not past due)	1.3%	7,304,764	94,962	No
31-60 days past due	0.3%	1,788,122	5,278	No
61-90 days past due	2%	483,600	9,672	No
91-180 days past due	8%	62,178	4,974	No
More than 180 days past due	100%	<u>109,740</u>	<u>109,740</u>	Yes
		<u>9,748,404</u>	<u>224,626</u>	

The impairment of trade receivables at the reporting date was:

	<u>Group</u>		<u>Company</u>	
	<u>2020</u> \$	<u>2019</u> \$	<u>2020</u> \$	<u>2019</u> \$
Balance at beginning of year	424,081	89,068	224,626	73,264
Amount charged, net	443,496	( 1,842)	398,893	( 43,337)
Recoveries	(256,355)	( 49,540)	(157,605)	( 48,254)
Transition adjustment	-	<u>386,395</u>	-	<u>242,953</u>
Balance at end of year	<u>611,222</u>	<u>424,081</u>	<u>465,914</u>	<u>224,626</u>

These balances are deemed irrecoverable based on historical experience. The provision is determined by taking into consideration past default experience, current economic conditions and expected receipts and recoveries once impaired.

## (ii) Liquidity risk:

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due. Liquidity risk may result from an inability to sell a financial asset at, or close to, its fair value. Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities.

Management of the group manages liquidity risk by maintaining adequate liquid financial assets with appropriate terms and currencies, together with committed financing to meet all contractual obligations and operational cash flows, including the servicing of its long-term liabilities.

*Notes to the Financial Statements*

Year ended June 30, 2020 (Presented in United States dollars)

29. Financial instruments (continued)

## (a) Financial risk management (continued):

## (ii) Liquidity risk (continued):

The following are the contractual maturities of financial liabilities measured at amortised cost, including interest payments. The tables show the undiscounted cash flows of non-derivative financial liabilities based on the earliest date on which the group can be required to pay.

	<u>Group</u>			
	<u>2020</u>			
	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>1 year or less</u>	<u>2-9 years</u>
Bank overdraft	122,060	122,060	122,060	-
Short-term loans	1,900,000	1,980,750	1,980,750	-
Accounts payable	8,417,693	8,417,693	8,417,693	-
Short-term promissory notes	4,317,794	4,653,428	4,653,428	-
Lease liabilities	7,879,461	7,879,461	861,405	7,018,056
Long-term promissory notes	9,272,356	10,431,933	-	10,431,933
Long-term borrowings	7,665,128	9,699,791	1,133,096	8,566,695
Due to related company	<u>3,143,791</u>	<u>3,143,791</u>	<u>-</u>	<u>3,143,791</u>
Total financial liabilities	<u>\$42,718,283</u>	<u>46,328,907</u>	<u>17,168,432</u>	<u>29,160,475</u>

	<u>Group</u>			
	<u>2019</u>			
	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>1 year or less</u>	<u>2-9 years</u>
Bank overdraft	1,067,854	1,067,854	1,067,854	-
Short-term loans	5,150,000	5,368,875	5,368,875	-
Accounts payable	15,520,287	15,520,287	15,520,287	-
Short-term promissory notes	4,317,794	4,653,429	4,653,429	-
Long-term promissory notes	7,270,669	8,449,976	-	8,449,976
Long-term borrowings	8,902,863	10,887,944	2,221,422	8,666,522
Due to related company	<u>3,056,603</u>	<u>3,056,603</u>	<u>-</u>	<u>3,056,603</u>
Total financial liabilities	<u>\$45,286,070</u>	<u>49,004,968</u>	<u>28,831,867</u>	<u>20,173,101</u>

*Notes to the Financial Statements*

Year ended June 30, 2020 (Presented in United States dollars)

29. Financial instruments (continued)

## (a) Financial risk management (continued):

## (ii) Liquidity risk (continued):

	Company			
	2020			
	Carrying amount	Contractual cash flows	1 year or less	2-9 years
Short-term loans	1,900,000	1,980,750	1,980,750	-
Accounts payable	6,566,890	6,566,890	6,566,890	-
Short-term promissory notes	4,317,794	4,653,428	4,653,428	-
Lease liabilities	6,724,096	6,724,906	803,488	5,921,418
Long-term promissory notes	9,272,356	10,451,933	-	10,451,933
Long-term borrowings	<u>7,469,512</u>	<u>9,495,372</u>	<u>1,084,848</u>	<u>8,410,524</u>
Total financial liabilities	<u>\$36,250,648</u>	<u>39,873,279</u>	<u>15,089,404</u>	<u>24,783,875</u>

	Company			
	2019			
	Carrying amount	Contractual cash flows	1 year or less	2-9 years
Short-term loans	5,150,000	5,368,875	5,368,875	-
Accounts payable	13,335,864	13,335,864	13,335,864	-
Short-term promissory notes	4,317,794	4,653,429	4,653,429	-
Long-term promissory notes	7,270,669	8,449,976	-	8,449,976
Long-term borrowings	<u>8,674,327</u>	<u>10,703,551</u>	<u>2,221,422</u>	<u>8,482,129</u>
Total financial liabilities	<u>\$38,748,654</u>	<u>42,511,695</u>	<u>25,579,590</u>	<u>16,932,105</u>

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

## (iii) Market risk:

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate as a result of changes in market prices. These arise mainly from changes in interest rates and foreign exchange rates and will affect the group's income or the value of its holdings of financial instruments.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on assets. The nature of the group's exposures to market risk and its objectives, policies and processes for managing these risks have not changed significantly over the prior year. For each of the major components of market risk, the group has policies and procedures in place which detail how the risk is managed and monitored.

*Notes to the Financial Statements*

Year ended June 30, 2020 (Presented in United States dollars)

29. Financial instruments (continued)

## (a) Financial risk management (continued):

## (iii) Market risk (continued):

The management of each of these major components of market risk and the exposure of the group at the reporting date to each major risk are addressed below.

Derivative financial instruments are not used to reduce exposure to fluctuations in interest and foreign exchange rates.

*Interest rate risk*

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

The group materially contracts financial liabilities at fixed interest rates. These primarily relate to borrowings which are subject to interest rates fixed in advance, but which may be varied with appropriate notice by the lenders.

Interest-bearing financial assets are primarily represented by cash and cash equivalents, which are contracted at various interest rates.

Financial instruments are subject to interest as follows:

	<u>Carrying amount</u>			
	<u>The Group</u>		<u>The Company</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Fixed rate instruments:				
Financial assets	1,813,009	1,058,210	1,813,009	1,058,210
Financial liabilities	(21,541,033)	(24,535,646)	(21,223,357)	(23,239,256)
	\$(19,728,024)	(23,477,436)	(19,410,348)	(22,181,046)
Variable rate instruments:				
Financial assets	115,681	182,376	115,681	182,376
Financial liabilities	( 1,106,011)	( 1,628,127)	(1,106,011)	( 1,628,127)
	\$( 990,330)	( 1,445,751)	( 990,330)	( 1,445,751)

*Notes to the Financial Statements*

Year ended June 30, 2020 (Presented in United States dollars)

29. Financial instruments (continued)

## (a) Financial risk management (continued):

## (iii) Market risk (continued):

*Cash flow sensitivity analysis for variable rate instruments*

An increase or decrease in basis points in interest rates at the reporting date would have (increased)/decreased loss (2019: (increased)/decreased profit) for the year by amounts shown below:

	<u>The Group and the Company</u>			
	<u>2020</u>		<u>2019</u>	
	<u>Increase</u> 100bp	<u>Decrease</u> 100bp	<u>Increase</u> 100bp	<u>Decrease</u> 100bp
Effect on profit (decrease)/increase	\$( <u>9,903</u> )	<u>9,903</u>	( <u>14,458</u> )	<u>14,458</u>

*Fair value sensitivity analysis for fixed rate instruments*

The group does not account for any fixed rate financial instrument at fair value. Therefore, a change in interest rates at the reporting date would not affect the profit or other comprehensive income recognised for the year.

*Foreign currency risk*

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The group incurs foreign currency risk primarily on receivables, purchases and borrowings that are denominated in a currency other than the United States dollar. The principal foreign currency risks of the group are denominated in Jamaica dollar (J\$).

The group ensures that the risk is kept to an acceptable level by monitoring its risk exposure and by maintaining funds in J\$ as a hedge against adverse fluctuations in exchange rates.

At the reporting date, net foreign currency assets/(liabilities) of the group and the company are as follows:

	<u>Group and Company</u>	
	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	215,155,630	230,710,899
Accounts receivable	681,594,847	786,036,445
Accounts payable	(129,729,401)	(298,418,440)
Long-term borrowings	( <u>611,017,928</u> )	( <u>661,323,718</u> )
Net foreign currency assets	J\$ <u>156,003,148</u>	<u>57,005,186</u>
Equivalent to	US\$ <u>1,129,558</u>	<u>438,636</u>

## Notes to the Financial Statements

Year ended June 30, 2020 (Presented in United States dollars)

### 29. Financial instruments (continued)

#### (a) Financial risk management (continued):

##### (iii) Market risk (continued):

##### *Foreign currency risk (continued)*

Exchange rates for the J\$ in comparison to the United States dollar were as follows:

	<u>J\$</u>
June 30, 2020:	\$139.11
June 30, 2019:	\$129.96

##### *Sensitivity analysis*

Changes in exchanges rates would have the effects described below:

	<u>Group and Company</u>	
	<u>Decrease/(increase) in loss for the year 2020</u>	<u>(Decrease)/increase in loss for the year 2019</u>
6% (2019: 6%) strengthening against the US\$	\$ <u>67,773</u>	<u>26,318</u>
2% (2019: 4%) weakening against the US\$	\$( <u>22,591</u> )	( <u>17,545</u> )

The analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is done on the same basis as for 2019.

#### (b) Capital risk management:

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders. The directors of the company seek to maintain a strong capital base so as to maintain shareholder and creditor confidence. The group defines capital as total shareholders' equity.

Management of the group is responsible for monitoring the group's adherence to loan covenants on a timely basis and also to obtain relevant approvals from the bank before certain decisions are finalised.

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

#### (c) Fair value disclosures:

The fair values of cash and cash equivalents, accounts receivable, bank overdraft, accounts payable and short-term loans and promissory notes are assumed to approximate their carrying values due to their relatively short-term nature. Long-term borrowings and promissory notes are carried at their contracted settlement value based on commercial terms. Amounts due to related companies are considered to approximate their carrying value due to their short-term nature, and/or an ability to effect future set-offs in the amounts disclosed.

*Notes to the Financial Statements*

Year ended June 30, 2020 (Presented in United States dollars)

30. 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.

Segment information below represents segment revenue based on the country receiving the benefit of the products/services and segment assets based on the country in which the owner is registered.

Geographical information:

	2020			
	<u>Jamaica</u>	<u>St. Lucia</u>	<u>Eliminations</u>	<u>Total</u>
Revenue from external customers	78,525,705	13,724,081	( 546,476)	91,703,310
Segment non-current assets	21,498,969	3,541,269	(3,031,308)	22,008,930
Additions to property, plant and equipment	<u>\$ 794,495</u>	<u>203,738</u>	<u>-</u>	<u>998,233</u>
	2019			
	<u>Jamaica</u>	<u>St. Lucia</u>	<u>Eliminations</u>	<u>Total</u>
Revenue from external customers	94,576,574	15,837,112	( 793,157)	109,620,529
Segment non-current assets	15,835,455	2,718,650	(3,050,406)	15,503,699
Additions to property, plant and equipment	<u>\$ 4,353,474</u>	<u>695,579</u>	<u>-</u>	<u>5,049,053</u>

31. Impact of COVID-19

The World Health Organization had declared the novel Coronavirus (COVID-19) outbreak a global pandemic on March 11, 2020. The Government of Jamaica seeing a surge in COVID cases declared the island a disaster zone on March 13, 2020. The government shut down the island from 29<sup>th</sup> March to 14<sup>th</sup> June 2020. The Government in St. Lucia also shut down the island earlier from the 23<sup>rd</sup> March to 4<sup>th</sup> June 2020.

Travel restrictions and lockdown on the Islands resulted in the closure of hotels since April 2020 and this resulted in a significant decrease in the group's revenue.

Effective end of March 2020, the Group had to restrict its operations to direct selling and retail market till the partial re-opening of the hotels from June 2020 onwards. Although this was new, the group adjusted to the changing landscape with ease and successfully adapted to the new economic order.

## *Notes to the Financial Statements*

Year ended June 30, 2020 (Presented in United States dollars)

### 31. Impact of COVID-19 (continued)

The group performed various assessments and stress testing of its business plans under multiple scenarios, as part of its business continuity and contingency planning. Assessments revealed that there was a significant business interruption primarily due to travel restrictions and closure of hotels. This may result in the partial obsolescence of inventory held, delays in collection of trade receivables, managing the expectation of lenders and liquidity to continue the operations at reduced level. The group may also experience significant decline in sales resulting in reduced earnings and operating cash flows.

To address these challenges and risks identified, the Group management immediately resorted to implementing the following measures:

- Acted diligently on collection of its account receivables and continued monitoring leading to significant further reduction in receivables;
- Negotiated extended credit terms with its suppliers from 30 to 90 days;
- Stopped import of goods by cancelling orders where terms allowed;
- Shut down its meat and juice plants;
- Focused on selling its inventory at risk through retail and online sales strategies;
- Separation of non-critical staff;
- Deferral of planned non-essential capital expenditure;
- Reduction of non-critical overheads;
- Agreed salary reduction for all staff;
- Negotiated interest rate reduction on all related party loans to September 2020;
- Negotiated moratorium its bank loans;
- Negotiated with the banks to re-establish its two credit facilities which were expiring in July 2020;
- Negotiated reduction of rental charge on most properties for a period of 4 to 6 months;
- Obtained waiver letter from lenders regarding the breach in debt covenants at the reporting date;

All the above measures led to an improved cashflow position, a reduction in account receivables and payables and reduction in inventories to a manageable level. The group has been able to meet its obligation to its suppliers, bondholders and to its employees to date and has implemented strategic plans to continue the operations at reduced level for the next financial year.

Further, the Group used the COVID period for IT initiatives, such as the reimplementation of its ERP and a new Warehouse Management System (WMS), demand planning software etc. These massive changes to the architecture of its software would have been an enormous challenge at any other time during the normal course of business. The Group will implement the WMS with its legacy system running in parallel to minimize any risk of disruption.

## *Notes to the Financial Statements*

Year ended June 30, 2020 (Presented in United States dollars)

### 31. Impact of COVID-19 (continued)

With the easing of travel restrictions and bans beginning June 2020, the Group has seen some increased demand for products and services in the first few months of the new financial year 2021. Moreover, the group is seeing low occupancies but increased offtake from the hotels, which is very encouraging.

The Group is optimistic that a solution to the virus will be available soon and restore confidence in travel during the usual busy tourist season from December 2020 to March 2021 and beyond. The governments in the countries of operations are committed to restoring the capacity of the tourism industry in the shortest possible time, while ensuring the safety protocols. The Group is prepared for what its certain, will be a full recovery of the travel industry. It remains committed to its strategic goal of achieving long term shareholder value by creating scale and implementing strategic business transformation initiatives.

The financial support required is dependent on the evolution of the pandemic and its implications on the Group's operations. Based on sales projections, reflecting the estimated impact of the stressed conditions currently experienced and other initiatives undertaken, management expects to continue in operations, meeting its obligations as and when they fall due, for at least twelve months from the reporting date. Consequently, management is of the opinion that the going concern basis of accounting, applied in preparation of these financial statements remains appropriate.

As at the date of approval of these financial statements, the ultimate impact of the pandemic on the group remains unknown as it is uncertain how long it will take to fully control the virus and return to normalcy.

### 32. Subsequent event

The group was in breach of certain loan covenants. Subsequent to the year end, the group obtained a waiver from the respective financial institutions. Accordingly, the loans were not payable on demand as at June 30, 2020 (see note 19).



We remain committed to our strategic goal of achieving long-term shareholder value by creating scale and implementing strategic business transformation initiatives.





Form of Proxy

PLACE POSTAGE STAMP

I/We \_\_\_\_\_ (insert name)
of \_\_\_\_\_ (address)

being a shareholder(s) of the above-named Company, hereby appoint:

\_\_\_\_\_ (proxy name)
of \_\_\_\_\_ (address)
or failing him, \_\_\_\_\_ (alternate proxy)
of \_\_\_\_\_ (address)

as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at 3:00 p.m. on Tuesday, 09 February 2021 in fully electronic format and at any adjournment thereof. I desire this form to be used for/against the resolutions as follows (unless directed the proxy will vote as he sees fit):

Table with 3 columns: No., Resolution details, and Vote for or against (tick as appropriate). Contains 5 rows of resolutions regarding financial reports, director appointments, and auditor re-appointments.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_ : \_\_\_\_\_
Signature of Shareholder

Signed: \_\_\_\_\_ (signature of primary shareholder)

Name: \_\_\_\_\_ (print name of primary shareholder)

Signed: \_\_\_\_\_ (signature of joint shareholder, if any)

Name: \_\_\_\_\_ (print name of joint shareholder, if any)





Despite the unprecedented global economic dislocation caused by the Covid-19 pandemic, we at CPJ are extremely optimistic about our future.



Caribbean Producers (Jamaica) Limited  
1 Guinep Way, Montego Freeport  
St. James, Jamaica