



# **JAMAICA PRODUCERS GROUP LIMITED**

**UNAUDITED GROUP RESULTS**  
39 WEEKS ENDED SEPTEMBER 26, 2020



# Jamaica Producers Group Limited

UNAUDITED GROUP RESULTS

39 WEEKS ENDED SEPTEMBER 26, 2020



## Chairman's Statement

We present the results for Jamaica Producers Group Limited (the 'Group' or 'JP') for the 13-week period (the 'third quarter') and the **39-week** period (the 'year-to-date') ended September 26, 2020. Net profit attributable to shareholders of the Group for the third quarter was \$1.6 billion. Year-to-date net profit attributable to JP shareholders of \$2.0 billion has more than doubled the amount recorded in the prior year.

Although JP's results continue to be affected by the COVID-19 pandemic, the business experienced improved operating performance relative to the 2020 second quarter. The Group's results were further bolstered by a gain on sale of our 22 percent interest in SAJE Logistics Infrastructure Limited ('SAJE'), a real estate and investment holding company. Through its holdings in Kingston Wharves Limited, the Group continues to hold 10 percent of SAJE and the current fair market value of this interest is now reflected on the Group's balance sheet.

The Group's total equity now stands at \$31.1 billion, which includes cash, short term investments, securities purchased under resale agreements and the sale proceeds receivable by the Group in connection with the divestment of our direct SAJE interest of \$9.3 billion. Total equity attributable to JP shareholders has increased by 17 percent since the start of the financial year to \$16.2 billion.

### JP Logistics & Infrastructure ('L&I')

The L&I Division accounts for the major share of the Group's net assets and, in turn, its profits. In addition to Kingston Wharves Limited, the Division's largest subsidiary (which operates a multipurpose port and a warehousing and logistics hub), the L&I Division includes JP Shipping Services Limited (which provides logistics and shipping services between the Caribbean and the United Kingdom). Divisional year-to-date revenues of \$5.8

billion were down 8% over the prior year, primarily from reduced trading, shipping and consumption as a result of the COVID-19 pandemic. The L&I Division generated 2020 year-to-date profit before finance cost and taxation of \$2.1 billion, a 15% reduction over the prior year. Notwithstanding the pandemic, the Division remains solidly profitable, well capitalised and competitive. We anticipate being in a strong position to resume profitable growth as soon as the conditions associated with the pandemic improve. Accordingly, the major areas of focus for management are overall cost control and ongoing investment in improved efficiency. We are also implementing a range of initiatives to improve digital processes to allow for more convenient tracking and receipt of cargo at our logistics facilities. Our goal is to better support our commercial customers with improved inventory management and supply chain control as well as their timely receipt of cargo. During peak periods, our initiatives will improve the customer experience, reduce crowding and support social distancing of individuals who are shipping, clearing and collecting personal effects at our logistics facilities.

### JP Food & Drink ('F&D')

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

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## Chairman's Statement (cont'd)

The Division's year-to-date revenues of \$9.0 billion are essentially flat relative to the prior year. During the third quarter, the Division experienced reduced specialty food sales in travel retail, foodservice and convenience channels but this was offset by increased sales of consumer staples through supermarkets. Regrettably, our margins were adversely affected by the change in the sales mix as well as extraordinary measures taken to maintain our customarily strong service levels across all aspects of our international fresh fruit and vegetable supply chain and food processing facilities during the pandemic. These challenges were compounded by significant price increases in key raw material items that have not yet been passed on to customers. The F&D Division generated year-to-date profit before finance cost and taxation of \$121 million, compared to \$645 million for the comparable period of 2019.

### Outlook

The COVID-19 pandemic is unprecedented in the scale, reach and immediacy of its impact on society and global commerce. The board and management of Jamaica Producers Group Limited continues to closely monitor the effects of the pandemic across our businesses. A priority for us continues to be the health and safety of our employees as well as that of our customers and service providers wherever we do business. We have also sought to be a compassionate source of strength for the communities in which we operate by recently providing devices suitable for distance learning to students in need.

Importantly, Jamaica Producers Group Limited now generates revenues from a diverse range of business lines and a diverse range of markets. Our food and drink businesses include premium and travel retail products, everyday snacks, baked goods, a wide range of fresh and cold pressed juices, fresh tropical fruit and prepared frozen foods. These businesses are aligned to general consumer trends such as the focus on health, convenience and provenance, and they serve markets as diverse as the Caribbean and its diaspora, North America and Northern Europe.

Our logistics businesses, which also operate in Europe and the Caribbean, handle a wide range of cargo types – including bulk, breakbulk, containerised cargo and vehicles – and service a large number of origin and destination markets. Services provided range from freight forwarding to stevedoring, terminal operations, warehousing, cold storage and logistics.

We view the diversity of our business as a strength. In addition to providing some resilience to our operating income, it also positions us very well to consider new business development and acquisition opportunities in a wide range of markets. This is now a definite part of our strategy. We believe we are fortunate to have the expertise, capital and liquidity to consider these prospects while at the same time managing very significant medium-term challenges.

I thank our board, management and team for their commitment to our business and our shared values, and our customers and partners for their continued support.

  
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C. B. Johnston Chairman



# Jamaica Producers Group Limited

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### Group Balance Sheet

	Unaudited as at September 26, 2020	Unaudited as at September 28, 2019	Audited as at December 31, 2019
	\$'000	\$'000	\$'000
<b>Current Assets</b>			
Cash and cash equivalents	922,736	926,967	1,407,847
Short-term investments	1,016,553	26,529	239,240
Securities purchased under resale agreements	5,805,068	5,496,525	5,380,567
Accounts receivable	4,541,720	2,862,311	2,949,230
Other financial assets	-	470,000	-
Taxation recoverable	19,450	31,174	23,696
Inventories	1,184,332	1,020,474	978,925
<b>Total Current Assets</b>	<b>13,489,859</b>	<b>10,833,980</b>	<b>10,979,505</b>
<b>Current Liabilities</b>			
Accounts payable	3,384,647	3,171,548	3,903,231
Taxation	150,529	249,291	191,714
Loans and borrowings	1,400,493	830,818	899,690
Lease liabilities	175,594	175,969	192,221
<b>Total Current Liabilities</b>	<b>5,111,263</b>	<b>4,427,626</b>	<b>5,186,856</b>
<b>Working Capital</b>	<b>8,378,596</b>	<b>6,406,354</b>	<b>5,792,649</b>
<b>Non-Current Assets</b>			
Biological assets	56,606	82,854	68,318
Interest in associates and joint venture	27,531	807,455	733,754
Investments	697,826	110,508	108,079
Intangible assets	1,550,939	1,542,164	1,486,347
Deferred tax assets	17,744	5,615	7,929
Property, plant and equipment	22,363,935	21,569,597	21,839,445
Investment property	562,681	-	568,619
Right-of-use assets	671,012	1,667,935	740,007
Employee benefit asset	2,071,885	1,985,258	2,071,885
<b>Total Non-Current Assets</b>	<b>28,020,159</b>	<b>27,771,386</b>	<b>27,624,383</b>
<b>Total Assets Less Current Liabilities</b>	<b>36,398,755</b>	<b>34,177,740</b>	<b>33,417,032</b>
<b>Equity</b>			
Share capital	112,214	112,214	112,214
Reserves	16,129,025	13,796,620	13,724,240
<b>Total equity attributable to equity holders of the parent</b>	<b>16,241,239</b>	<b>13,908,834</b>	<b>13,836,454</b>
<b>Non-Controlling Interest</b>	<b>14,824,310</b>	<b>13,614,723</b>	<b>13,760,645</b>
<b>Total Equity</b>	<b>31,065,549</b>	<b>27,523,557</b>	<b>27,597,099</b>
<b>Non-Current Liabilities</b>			
Deferred tax liabilities	1,389,070	1,320,518	1,410,804
Loans and borrowings	3,080,294	3,601,325	3,493,519
Lease liabilities	493,693	1,405,558	545,461
Employee benefit obligations	370,149	326,782	370,149
<b>Total Non-Current Liabilities</b>	<b>5,333,206</b>	<b>6,654,183</b>	<b>5,819,933</b>
<b>Total Equity and Non-Current Liabilities</b>	<b>36,398,755</b>	<b>34,177,740</b>	<b>33,417,032</b>
<b>Parent company stockholders' equity per ordinary stock unit:</b>			
Based on stock units in issue	<b>\$14.47</b>	<b>\$12.39</b>	<b>\$12.33</b>
After exclusion of stock units held by ESOP	<b>\$15.51</b>	<b>\$13.30</b>	<b>\$13.23</b>



# Jamaica Producers Group Limited

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### Group Profit and Loss Account

		Unaudited 13 weeks ended September 26, 2020	Unaudited 13 weeks ended September 28, 2019	Unaudited 39 weeks ended September 26, 2020	Unaudited 39 weeks ended September 28, 2019
	Notes	\$'000	\$'000	\$'000	\$'000
Gross operating revenue	3	5,324,417	5,228,520	14,841,122	15,383,701
Cost of operating revenue		( 3,850,245 )	( 3,468,490 )	( 10,557,428 )	( 10,120,416 )
<b>Gross profit</b>		<b>1,474,172</b>	<b>1,760,030</b>	<b>4,283,694</b>	<b>5,263,285</b>
Other income		137,739	153,761	498,151	316,439
Selling, administration and other operating expenses		( 937,707 )	( 958,344 )	( 2,800,241 )	( 2,789,389 )
<b>Profit from operations</b>		<b>674,204</b>	<b>955,447</b>	<b>1,981,604</b>	<b>2,790,335</b>
Share of profit in joint venture		8,286	41,445	4,128	47,275
Gain on disposal of associate		1,755,664	-	1,755,664	-
<b>Profit before finance cost and taxation</b>		<b>2,438,154</b>	<b>996,892</b>	<b>3,741,396</b>	<b>2,837,610</b>
Finance cost		( 64,819 )	( 78,132 )	( 213,762 )	( 234,344 )
<b>Profit before taxation</b>		<b>2,373,335</b>	<b>918,760</b>	<b>3,527,634</b>	<b>2,603,266</b>
Taxation charge		( 145,862 )	( 188,599 )	( 361,970 )	( 530,084 )
<b>Profit for the period</b>		<b>2,227,473</b>	<b>730,161</b>	<b>3,165,665</b>	<b>2,073,182</b>
<b>Attributable to:</b>					
Parent company stockholders		1,626,199	329,682	1,973,171	958,970
Non-controlling interest		601,275	400,479	1,192,494	1,114,212
		<b>2,227,473</b>	<b>730,161</b>	<b>3,165,665</b>	<b>2,073,182</b>
<b>Profit per ordinary stock unit:</b>	4				
Based on stock units in issue		<b>144.92</b> ¢	<b>29.38</b> ¢	<b>175.84</b> ¢	<b>85.46</b> ¢
Excluding stock units held by ESOP		<b>155.34</b> ¢	<b>31.54</b> ¢	<b>188.59</b> ¢	<b>91.77</b> ¢



# Jamaica Producers Group Limited

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

	Unaudited 13 weeks ended September 26, 2020 \$'000	Unaudited 13 weeks ended September 28, 2019 \$'000	Unaudited 39 weeks ended September 26, 2020 \$'000	Unaudited 39 weeks ended September 28, 2019 \$'000
<b>Profit for the period</b>	<u>2,227,473</u>	<u>730,161</u>	<u>3,165,665</u>	<u>2,073,182</u>
<b>Other comprehensive income:</b>				
Items that will not be reclassified to profit or loss:				
Revaluation (losses)/gains arising during the year on quoted investments	( 1,501 )	1,889	( 9,513 )	7,658
Items that may be reclassified to profit or loss:				
Exchange gains on translating foreign operations	<u>134,277</u>	<u>92,169</u>	<u>462,086</u>	<u>262,783</u>
	<u>132,776</u>	<u>94,058</u>	<u>452,573</u>	<u>270,441</u>
<b>Total comprehensive income for the period</b>	<u><u>2,360,249</u></u>	<u><u>824,219</u></u>	<u><u>3,618,238</u></u>	<u><u>2,343,623</u></u>
<b>Attributable to:</b>				
Parent company stockholders	1,760,730	418,922	2,388,669	1,209,612
Non-controlling interest	<u>599,520</u>	<u>405,297</u>	<u>1,229,569</u>	<u>1,134,011</u>
	<u><u>2,360,249</u></u>	<u><u>824,219</u></u>	<u><u>3,618,238</u></u>	<u><u>2,343,623</u></u>



# Jamaica Producers Group Limited

## UNAUDITED GROUP RESULTS

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### Group Statement of Changes in Equity

	Share Capital \$'000	Share Premium \$'000	Capital Reserves \$'000	Fair Value Reserve \$'000	Reserve For Own Shares \$'000	Retained Profits \$'000	Parent Company Stockholders' Equity \$'000	Non- Controlling Interest \$'000	Total Equity \$'000
<b>Balances at December 31, 2018</b>	<b>112,214</b>	<b>135,087</b>	<b>2,063,906</b>	<b>-</b>	<b>( 80,144 )</b>	<b>9,879,009</b>	<b>12,110,072</b>	<b>12,675,000</b>	<b>24,785,072</b>
<b>Changes in equity:</b>									
<b>Profit for the period</b>	-	-	-	-	-	958,970	958,970	1,114,212	2,073,182
<b>Other comprehensive income</b>									
Exchange gains arising on retranslation of foreign operations	-	-	242,984	-	-	-	242,984	19,799	262,783
Change in fair value of available-for-sale investments	-	-	-	7,658	-	-	7,658	-	7,658
Total other comprehensive income	-	-	242,984	7,658	-	-	250,642	19,799	270,441
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>242,984</b>	<b>7,658</b>	<b>-</b>	<b>958,970</b>	<b>1,209,612</b>	<b>1,134,011</b>	<b>2,343,623</b>
<b>Other reserve movements</b>									
Other transfer to capital reserve	-	-	9,546	-	-	( 9,546 )	-	-	-
<b>Transactions with owners recorded directly in equity</b>									
<b>Contributions and distributions</b>									
Own shares sold by ESOP	-	-	-	-	13,752	-	13,752	-	13,752
Net movement in subsidiary ESOP	-	-	-	-	-	-	-	6,811	6,811
Distributions to non-controlling interests	-	-	-	-	-	-	-	( 190,789 )	( 190,789 )
Disposal of shares in subsidiary to non-controlling interest	-	-	-	-	-	575,397	575,397	( 10,310 )	565,087
<b>Total transactions with owners recorded directly in equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,752</b>	<b>575,397</b>	<b>589,149</b>	<b>( 194,288 )</b>	<b>394,861</b>
<b>Total increase in equity</b>	<b>-</b>	<b>-</b>	<b>252,530</b>	<b>7,658</b>	<b>13,752</b>	<b>1,524,821</b>	<b>1,798,761</b>	<b>939,723</b>	<b>2,738,484</b>
<b>Balances at September 28, 2019</b>	<b>112,214</b>	<b>135,087</b>	<b>2,316,436</b>	<b>7,658</b>	<b>( 66,392 )</b>	<b>11,403,831</b>	<b>13,908,834</b>	<b>13,614,723</b>	<b>27,523,557</b>
Retained in the financial statements of:									
The company	112,214	135,087	1,167,202	7,658	-	2,576,894	3,999,055		
Subsidiary companies	-	-	1,149,234	-	( 66,392 )	8,611,901	9,694,743		
Associate companies and joint venture	-	-	-	-	-	215,036	215,036		
<b>Balances at September 28, 2019</b>	<b>112,214</b>	<b>135,087</b>	<b>2,316,436</b>	<b>7,658</b>	<b>( 66,392 )</b>	<b>11,403,831</b>	<b>13,908,834</b>		



# Jamaica Producers Group Limited

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### Group Statement of Changes in Equity (cont'd)

	Share Capital	Share Premium	Capital Reserves	Fair Value Reserve	Reserve For Own Shares	Retained Profits	Parent Company Stockholders' Equity	Non- Controlling Interest	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balances at December 31, 2019</b>	<b>112,214</b>	<b>135,087</b>	<b>2,006,972</b>	<b>6,970</b>	<b>( 66,392 )</b>	<b>11,641,603</b>	<b>13,836,454</b>	<b>13,760,645</b>	<b>27,597,099</b>
<b>Changes in equity:</b>									
<b>Profit for the period</b>	-	-	-	-	-	1,973,171	1,973,171	1,192,494	3,165,665
<b>Other comprehensive income</b>									
Revaluation losses arising during the year on quoted investments	-	-	-	( 9,513 )	-	-	( 9,513 )	-	( 9,513 )
Exchange gains arising on retranslation of foreign operations	-	-	425,011	-	-	-	425,011	37,075	462,086
<b>Total other comprehensive income/(loss)</b>	-	-	425,011	( 9,513 )	-	-	415,498	37,075	452,573
<b>Total comprehensive income/(loss) for the period</b>	-	-	425,011	( 9,513 )	-	1,973,171	2,388,669	1,229,569	3,618,238
<b>Other reserve movements</b>									
Other transfer to capital reserve	-	-	9,534	-	-	( 9,534 )	-	-	-
<b>Transactions with owners recorded directly in equity</b>									
Own shares sold by ESOP	-	-	-	-	16,116	-	16,116	-	16,116
Distributions to non-controlling interests	-	-	-	-	-	-	-	( 165,904 )	( 165,904 )
<b>Total transactions with owners recorded directly in equity</b>	-	-	-	-	16,116	-	16,116	( 165,904 )	( 149,788 )
<b>Total increase/(decrease) in equity</b>	-	-	434,545	( 9,513 )	16,116	1,963,637	2,404,785	1,063,665	3,468,450
<b>Balances at September 26, 2020</b>	<b>112,214</b>	<b>135,087</b>	<b>2,441,517</b>	<b>( 2,543 )</b>	<b>( 50,276 )</b>	<b>13,605,240</b>	<b>16,241,239</b>	<b>14,824,310</b>	<b>31,065,549</b>
Retained in the financial statements of:									
The company	112,214	135,087	623,571	6,970	-	3,277,485	4,155,327		
Subsidiary companies	-	-	1,817,946	( 9,513 )	( 50,276 )	10,332,607	12,090,764		
Associate companies and joint venture	-	-	-	-	-	( 4,852 )	( 4,852 )		
<b>Balances at September 26, 2020</b>	<b>112,214</b>	<b>135,087</b>	<b>2,441,517</b>	<b>( 2,543 )</b>	<b>( 50,276 )</b>	<b>13,605,240</b>	<b>16,241,239</b>		





# Jamaica Producers Group Limited

## UNAUDITED GROUP RESULTS

39 WEEKS ENDED SEPTEMBER 26, 2020

### Group Statement of Cash Flows

	Unaudited as at 39 weeks ended September 26, 2020 \$'000	Unaudited as at 39 weeks ended September 28, 2019 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit for the period	3,165,665	2,073,182
Adjustments for items not affecting cash:		
Depreciation and amortisation	1,028,901	1,008,764
Share of profits in associate companies and joint venture	( 4,128 )	( 47,275 )
Losses/(Gains) on disposal of fixed assets and investments	917	( 3,625 )
Exchange movement in working capital	80,434	56,558
Taxation charge	361,970	530,084
Net interest expense	40,478	94,311
Gain on disposal of interest in associate	( 1,755,664 )	-
	<u>2,918,573</u>	<u>3,711,999</u>
Increase in current assets	( 1,770,762 )	( 733,019 )
Decrease in current liabilities	( 716,408 )	( 849,531 )
<b>CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b><u>431,403</u></b>	<b><u>2,129,449</u></b>
<b>CASH FLOWS FROM INVESTMENT ACTIVITIES</b>		
Additions to property, plant, equipment and intangible assets	( 1,030,935 )	( 589,041 )
Additions to biological assets	( 19,440 )	( 18,458 )
Proceeds from disposal of property, plant and equipment and investments	9,020	25,440
Proceeds from disposal of shares in subsidiary, net of costs	1,900,000	575,397
Movement in short term investments and repos	( 1,201,814 )	( 1,035,472 )
Net movement in interest in associate companies and joint venture	87,961	31,193
Net movement in own shares held by group ESOPs	16,116	-
Long term loans receivable	-	6,588
Additions to investments	-	( 23,577 )
Interest received	150,395	124,976
<b>CASH USED BY INVESTMENT ACTIVITIES</b>	<b><u>( 88,697 )</u></b>	<b><u>( 902,954 )</u></b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net movement in loans	12,509	( 110,681 )
Net movement in right-of-use liabilities	( 107,055 )	( 236,779 )
Interest paid	( 175,849 )	( 254,586 )
Distributions to non-controlling interest	( 412,345 )	( 397,988 )
Other movements in non-controlling interest	-	( 10,310 )
Distributions to stockholders, net	( 145,078 )	( 125,360 )
<b>CASH USED BY FINANCING ACTIVITIES</b>	<b><u>( 827,817 )</u></b>	<b><u>( 1,135,704 )</u></b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>( 485,111 )</b>	<b>90,791</b>
<b>Cash at beginning of the period</b>	<b>1,407,847</b>	<b>836,176</b>
<b>Cash at end of the period</b>	<b><u>922,736</u></b>	<b><u>926,967</u></b>



# Jamaica Producers Group Limited

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39 WEEKS ENDED SEPTEMBER 26, 2020

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### Notes to the Financial Statements

#### 1. Group's Operations and Activities

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

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

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

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

On August 13, 2020, the Group sold 100% of its subsidiary P.S.C. Limited to its associated company, SAJE Logistics Infrastructure Limited ("SAJE"), for a consideration of \$1,900,000,000. At the date of transfer, the only asset owned by P.S.C. Limited was the 48,563 shares in SAJE, representing 22% of that company's issued shares. The Group has retained a 9.5% ownership in SAJE. As a result of the sale of the shares the company has ceased accounting for SAJE as an associate effective August 13, 2020 and recognised a gain of \$1,755,664,000.

#### 2. Basis of Presentation

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

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

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



# Jamaica Producers Group Limited

## UNAUDITED GROUP RESULTS

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

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

##### IFRS 16, Leases

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

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

#### 3. Gross operating revenue

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

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

Profit per ordinary stock unit is calculated by dividing the profit attributable to the group for the quarter of \$1,626,199,000 by 1,122,144,036, being the total number of ordinary stock units in issue during the quarter and a weighted average number of ordinary stock units in issue (excluding those held by the ESOP) during the quarter. The weighted average number of ordinary stock units in issue (excluding those held by the ESOP) for the quarter ended September 26, 2020 was 1,046,865,148 (2019 - 1,045,669,918) stock units.

Stockholders' equity per ordinary stock unit is calculated by dividing the parent company stockholders' equity by 1,122,144,036 being the total number of ordinary stock units in issue at the end of the quarter and 1,046,865,148 (2019 - 1,045,669,918), representing the total number of ordinary stock units in issue for the quarter ended September 26, 2020 less those held by the ESOP at the same date.

#### 5. Accounting Policies

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

##### a. Business combinations

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



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

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

#### b. Subsidiaries

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

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

#### c. Associates

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

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

#### d. Intangible assets and goodwill

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

#### (ii) Other intangible assets

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

#### (iii) Subsequent expenditure

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

#### (iv) Amortisation

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



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

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

#### d. Intangible assets and goodwill (cont'd)

##### (iv) Amortisation (cont'd)

The estimates of useful lives are as follows:

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

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

#### e. Segment reporting

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

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

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



# Jamaica Producers Group Limited

## UNAUDITED GROUP RESULTS

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

#### 6. Segment Results

	<b>2020</b>			
	<b>JP Food &amp; Drink</b>	<b>JP Logistics &amp; Infrastructure</b>	<b>Corporate Services</b>	<b>Group</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Gross revenue	9,020,732	5,823,033	69,392	14,913,157
Inter - segment revenue	( 4,462 )	-	( 67,574 )	( 72,035 )
Revenue from external sources	<u>9,016,270</u>	<u>5,823,033</u>	<u>1,818</u>	<u>14,841,122</u>
Profit before finance cost and taxation	<u>121,348</u>	<u>2,065,329</u>	<u>1,554,720</u>	3,741,396
Finance cost				( 213,762 )
Profit before taxation				3,527,634
Taxation				( 361,970 )
Non-controlling interest				( 1,192,494 )
Net profit attributable to parent company stockholders				<u>1,973,171</u>
	<b>2019</b>			
	<b>JP Food &amp; Drink</b>	<b>JP Logistics &amp; Infrastructure</b>	<b>Corporate Services</b>	<b>Group</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Gross revenue	9,045,368	6,339,253	66,887	15,451,508
Inter - segment revenue	( 4,056 )	-	( 63,751 )	( 67,807 )
Revenue from external sources	<u>9,041,312</u>	<u>6,339,253</u>	<u>3,136</u>	<u>15,383,701</u>
Profit/(loss) before finance cost and taxation	<u>645,367</u>	<u>2,422,934</u>	( 230,691 )	2,837,610
Finance cost				( 234,344 )
Profit before taxation				2,603,266
Taxation				( 530,084 )
Non-controlling interest				( 1,114,212 )
Net profit attributable to parent company stockholders				<u>958,970</u>

#### 7. Seasonal Variations

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

#### 8. Foreign Currency Translation

Overseas revenues and expenses have been translated at average exchange rates of J\$152.70 (2019: J\$143.24) to €1, J\$175.14 (2019: J\$165.95) to £1 and J\$140.88 (2019: J\$131.76) to US\$1.



# Jamaica Producers Group Limited

## UNAUDITED GROUP RESULTS

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

#### 8. Foreign Currency Translation (cont'd)

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

	<u>J\$/€</u>	<u>J\$/£</u>	<u>J\$/US\$</u>
September 26, 2020	159.72	177.25	141.33
December 31, 2019	141.22	167.12	130.02
September 28, 2019	147.29	163.84	134.10
December 31, 2018	135.92	161.10	126.68

#### 9. COVID-19

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

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

*On behalf of the Board*

  
C. M. Johnston Chairman

  
J. Hall Group Managing Director

*November 6, 2020*

