



SEPROD LIMITED

Interim Report

12 Months Ended

31 December 2020



SEPROD LIMITED

Interim Report to the Stockholders

Overview of the Group's unaudited results for 2020

Q4: October to December 2020

For the three (3) months ended 31 December 2020, the Seprod Group achieved revenues of J\$9.41 billion, an increase of J\$1.51 billion or 19% over the corresponding period in 2019 and net profit of J\$614 million, an increase of J\$19 million or 3% over the corresponding period in 2019.


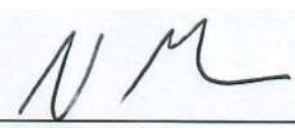
This ended a good year that validated deliberate efforts made by the Board in prior years to focus on execution, a strong innovation pipeline and diversification of our revenue pillars. The pandemic has brought many challenges, but it has also offered opportunities for us to relook at how we operate, accelerated our digitization process and is driving us to expand our innovation pipeline to include healthier options.

Financial Year: January to December 2020

Revenues from continuing operations for the year ended 31 December 2020 amounted to J\$38.07 billion, an increase of J\$5.37 billion or 16% over the corresponding period in 2019 and this translated to a net profit from continuing operations of J\$3.17 billion, an increase of J\$1.46 billion or 86% over the corresponding period in 2019. Note that the profit from continuing operations for the year includes a one-off gain of J\$762 million from the sale of a property that the Group was able to dispose of due to the consolidation and relocation of a distribution operation.

The Group exited the perennial loss-making sugar manufacturing operation in July 2019. As required by accounting standards, the losses from this discontinued operation are presented as a single line item in the Statement of Comprehensive Income until the operation has been disposed of (losses for historical periods have also been re-presented in this manner for comparability). The losses from this discontinued operation for the year ended 31 December 2020 amounted to J\$70 million. This compares to losses of J\$732 million (inclusive of a J\$331 million write-down in assets following the closure of the factory) for the corresponding period in 2019.

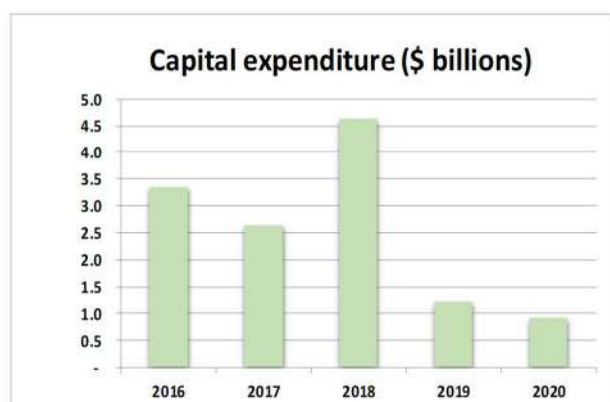
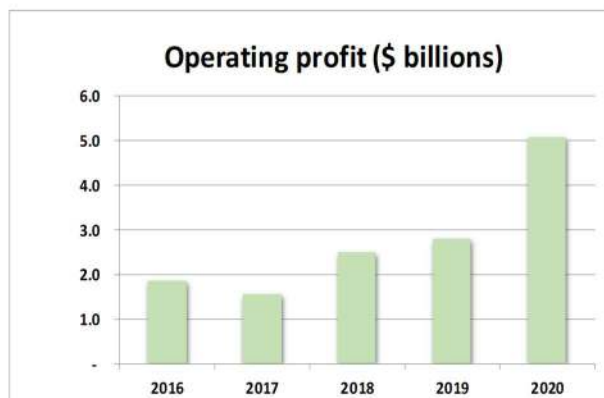
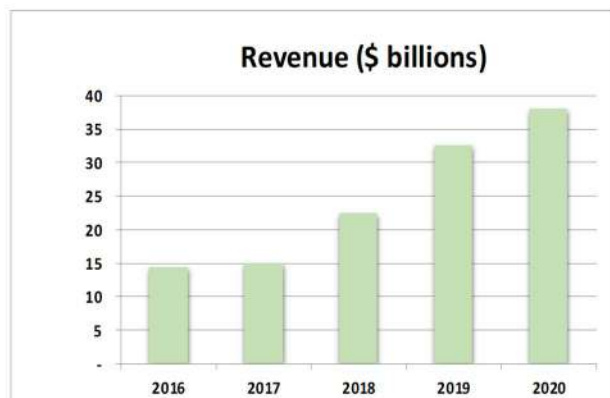
The pandemic has had a negative impact on our operations, but the Group's diversified portfolio has certainly allowed it to be resilient up to this point. We have gone above and beyond the health protocol guidelines of the Ministry of Health and Wellness to ensure the safety of everyone that has to interface with the business and to ensure supply continuity to our customers and consumers.

	
P. B. Scott Chairman	R. R. Pandohie Chief Executive Officer

February 8, 2021



SEPROD LIMITED



Revenue, operating profit and earnings per share are in respect of continuing operations



SEPROD LIMITED

Shareholders' Profile as at 31 December 2020

Ten Largest Shareholders

1. Musson (Jamaica) Limited	233,747,988
2. Coconut Industry Board	163,420,345
3. JCSD Trustee Services Limited – Facey Group Limited	125,234,043
4. Grace Kennedy Limited Pension Scheme	21,955,904
5. National Insurance Fund	15,443,045
6. Scotia Jamaica Investment Management - A/C 3119	9,074,455
7. ATL Group Pension Fund Trustee Nominee Limited	6,492,559
8. Sagicor Select Fund Limited ('Class C' Shares)	5,879,298
9. VM Wealth Equity Fund	5,786,571
10. NCB Insurance Company Limited - A/C 109	5,648,346

Shareholding of Directors, along with their connected persons

1. Paul B. Scott (Chairman)	Nil
- connected persons	366,772,031
2. Peter J. Thwaites (Vice Chairman)	11,020
3. Richard R. Pandohie (Chief Executive Officer)	3,998,231
4. Byron E. Thompson	1,220,668
5. Melanie Subratie	Nil
- connected persons	366,772,031
6. Michael J. Subratie	Nil
7. Nicholas Scott	Nil
- connected persons	1,206,768
8. Christopher Gentles	Nil
9. Hugh Gentles	Nil
- connected person	500,000
10. Patrick Scott	3,000,000
11. Nicholas Jones	Nil
12. Brian Wynter	Nil



SEPROD LIMITED

Shareholding of Management, along with their connected persons

1. Marilyn Anderson	25,000
2. Carol Andrade	13,000
3. Damion Dodd	300,000
4. Fredy Graef	Nil
5. Chana Hay	1,375,500
6. Tricia Hill	Nil
7. Alerie Hull-Duhaney	15,000
8. Kerrian Johnson	25,000
9. Efrain Lara	Nil
10. Roger Lewis	75,300
11. Joyce Miller	35,000
12. Jeffrey Moss-Solomon	201,900
13. Richard Pandohie	3,998,231
14. Patrick Scott	3,000,000
15. Patrick Sterling	20,700
16. Amanda Watson	460,000



SEPROD LIMITED

Interim Financial Statements (Unaudited)

12 months ended 31 December 2020

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SEPROD LIMITED

Consolidated Statement of Comprehensive Income (Unaudited)

(expressed in Jamaican dollars unless otherwise indicated)

	3 months ended 31 December		12 months ended 31 December	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Revenue	9,408,306	7,897,255	38,067,252	32,694,821
Direct expenses	(7,279,159)	(5,771,636)	(25,341,075)	(23,894,709)
Gross Profit	2,129,147	2,125,619	12,726,177	8,800,112
Other operating income	467,965	1,138,789	1,465,661	1,313,817
Other operating expenses	(1,303,728)	(2,570,973)	(9,087,012)	(7,311,294)
Operating Profit	1,293,384	693,435	5,104,826	2,802,635
Finance costs	(599,478)	(606,287)	(1,465,568)	(1,472,947)
Share of results of joint venture	16,130	12,193	1,872	57,705
Profit before Taxation	710,036	99,341	3,641,130	1,387,393
Taxation	(73,309)	542,069	(474,475)	318,255
Net Profit from continuing operations	636,727	641,410	3,166,655	1,705,648
Net loss from discontinued operations	(22,540)	(45,821)	(69,839)	(732,314)
Net Profit	614,187	595,589	3,096,816	973,334
Other comprehensive income, net of taxes	(203,054)	1,981	(72,361)	94,216
Total Comprehensive Income	411,133	597,570	3,024,455	1,067,550

Net Profit from continuing operations is attributable to Stockholders of the Company

Net Loss from discontinued operations is attributable to:

Stockholders of the Company	(22,540)	(45,821)	(69,839)	(638,214)
Non-controlling interest	-	-	-	(94,100)
	(22,540)	(45,821)	(69,839)	(732,314)

Total Comprehensive Income is attributable to:

Stockholders of the Company	411,133	597,570	3,024,455	1,161,650
Non-controlling interest	-	-	-	(94,100)
	411,133	597,570	3,024,455	1,067,550

Earnings per Stock Unit attributable to Stockholders of the Company

Continuing operations	\$0.87	\$0.87	\$4.32	\$2.33
Discontinued operations	(\$0.03)	(\$0.06)	(\$0.10)	(\$0.87)
Total	\$0.84	\$0.81	\$4.22	\$1.46



SEPROD LIMITED

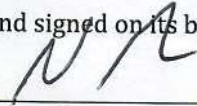
Consolidated Statement of Financial Position (Unaudited)

(expressed in Jamaican dollars unless otherwise indicated)

	31 December 2020 \$'000	31 December 2019 \$'000
Non-current Assets		
Property, plant and equipment	6,951,505	7,197,435
Right of use assets	397,489	1,040,734
Intangible assets	9,172,623	9,414,737
Investments	1,624,819	1,500,210
Investment in joint venture	455,942	454,070
Long term receivables	759,830	713,815
Post-employment benefit asset	35,100	35,100
Biological assets	411,220	409,370
Deferred tax assets	1,362,933	1,299,895
	<u>21,171,461</u>	<u>22,065,366</u>
Current Assets		
Inventories	6,801,980	6,914,312
Biological assets	276,185	286,549
Receivables	5,834,995	5,256,720
Non-current assets held for sale	289,241	289,241
Taxation recoverable	23,713	210,060
Cash and bank balances	2,743,203	1,476,292
	<u>15,969,317</u>	<u>14,433,174</u>
Current Liabilities		
Payables	4,796,938	6,321,220
Current portion of long term liabilities	3,598,457	829,438
Current portion of lease obligations	69,087	67,731
Taxation payable	261,331	235,285
	<u>8,725,813</u>	<u>7,453,674</u>
Net Current Assets	<u>7,243,504</u>	<u>6,979,500</u>
	<u>28,414,965</u>	<u>29,044,866</u>
Equity attributable to Stockholders of the Company		
Share capital	5,768,558	5,768,558
Capital reserves	1,024,839	1,097,200
Retained earnings	10,156,423	8,104,479
	<u>16,949,820</u>	<u>14,970,237</u>
Non-current Liabilities		
Post-employment benefit obligations	148,300	148,300
Long term liabilities	9,540,406	11,393,938
Lease obligations	339,214	1,105,372
Deferred tax liabilities	1,437,225	1,427,019
	<u>11,465,145</u>	<u>14,074,629</u>
	<u>28,414,965</u>	<u>29,044,866</u>

Approved for issue by the Board of Directors on 8 February 2021 and signed on its behalf by:


Paul B. Scott Chairman


Richard R. Pandohie Director



SEPROD LIMITED

Consolidated Statement of Changes in Equity (Unaudited)

(expressed in Jamaican dollars unless otherwise indicated)

12 months ended 31 December 2020						
	Attributable to Stockholders of the Company				Non-controlling Interests	Total Equity
	Share Capital \$'000	Capital Reserves \$'000	Retained Earnings \$'000	Sub-Total \$'000		
At 1 January 2020	5,768,558	1,097,200	8,104,479	14,970,237	-	14,970,237
Total comprehensive income:						
Profit for the period	-	-	3,096,816	3,096,816	-	3,096,816
Currency translation gains and losses	-	(196,970)	-	(196,970)	-	(196,970)
Fair value gains on investments	-	124,609	-	124,609	-	124,609
	-	(72,361)	3,096,816	3,024,455	-	3,024,455
Dividends declared	-	-	(1,044,872)	(1,044,872)	-	(1,044,872)
At 31 December 2020	5,768,558	1,024,839	10,156,423	16,949,820	-	16,949,820

12 months ended 31 December 2019						
	Attributable to Stockholders of the Company				Non-controlling Interests	Total Equity
	Share Capital \$'000	Capital Reserves \$'000	Retained Earnings \$'000	Sub-Total \$'000		
At 1 January 2019	5,768,558	993,334	8,983,102	15,744,994	(999,372)	14,745,622
Effect of adoption of new accounting standards	-	-	(83,437)	(83,437)	-	(83,437)
	5,768,558	993,334	8,899,665	15,661,557	(999,372)	14,662,185
Total comprehensive income:						
Profit for the period	-	-	1,067,434	1,067,434	(94,100)	973,334
Re-measurement of post-employment benefits	-	-	(9,650)	(9,650)	-	(9,650)
Currency translation gains and losses	-	18,101	-	18,101	-	18,101
Fair value gains on investments	-	85,765	-	85,765	-	85,765
	-	103,866	1,057,784	1,161,650	(94,100)	1,067,550
Dividends declared	-	-	(733,557)	(733,557)	-	(733,557)
Acquisition of shareholding of non-controlling interests	-	-	(1,119,413)	(1,119,413)	1,093,472	(25,941)
At 31 December 2019	5,768,558	1,097,200	8,104,479	14,970,237	-	14,970,237



SEPROD LIMITED

Consolidated Statement of Cash Flows (Unaudited)

(expressed in Jamaican dollars unless otherwise indicated)

	12 months ended 31 December	
	2020	2019
	\$'000	\$'000
Cash Flows from Operating Activities		
Net profit	3,096,816	973,334
Items not affecting cash resources:		
Amortization of intangible assets	242,114	243,027
Depreciation	948,675	900,826
Impairment of assets held for sale	-	50,000
Net impairment of long term receivables	(24,510)	132,538
Gain on lease modification	(172,349)	-
Interest income	(61,927)	(33,394)
Interest expense on long term liabilities	977,674	1,285,087
Interest expense on lease obligation	109,980	100,240
Results of joint venture	(1,872)	(57,705)
Taxation	474,475	(318,255)
	5,589,076	3,275,698
Changes in operating assets and liabilities:		
Inventories	112,332	(366,207)
Receivables	(595,775)	(195,894)
Biological assets	8,514	85,948
Payables	(2,116,474)	63,617
	2,997,673	2,863,162
Taxation paid	(314,914)	(308,398)
Cash provided by operating activities	2,682,759	2,554,764
Cash Flows from Investing Activities		
Net purchase of property, plant and equipment	(903,305)	(1,014,342)
Long term receivables	(21,505)	246,774
Acquisition of shareholding of non-controlling interests	-	(25,941)
Interest received	79,427	29,849
Cash used in investing activities	(845,383)	(763,660)
Cash Flows from Financing Activities		
Long term liabilities	945,738	(184,011)
Lease obligations	213,352	(87,419)
Dividends paid	(611,650)	(696,588)
Interest paid	(1,117,905)	(1,402,129)
Cash used in financing activities	(570,465)	(2,370,147)
Increase/(decrease) in cash and cash equivalents	1,266,911	(579,043)
Cash and cash equivalents at beginning of year	1,476,292	2,055,335
CASH AND CASH EQUIVALENTS AT END OF YEAR	2,743,203	1,476,292

Significant non-cash transactions: During the year, the Group disposed of property valued at \$800 million, which was paid by way of shares issued to the Group by the purchaser. The Group then declared these shares as a non-cash dividend.



SEPROD LIMITED

Business Segments (Unaudited)

(expressed in Jamaican dollars unless otherwise indicated)

12 months ended 31 December 2020	Manufacturing \$'000	Distribution \$'000	Eliminations \$'000	Group \$'000
External revenue	9,434,562	28,632,690	-	38,067,252
Inter-segment revenue	12,957,886	-	(12,957,886)	-
Total revenue	22,392,448	28,632,690	(12,957,886)	38,067,252
Segment result	3,260,518	1,911,347	-	5,171,865
Unallocated income and expenses				(87,039)
Operating profit				5,084,826
Segment assets	11,678,349	9,425,801	-	21,104,150
Unallocated assets				16,036,628
Total assets				37,140,778
Segment liabilities	5,707,659	4,917,857	-	10,625,516
Unallocated liabilities				9,565,442
Total liabilities				20,190,958
Capital expenditure	475,080	206,104	-	681,184
Unallocated capital expenditure				222,121
Total capital expenditure				903,305
Depreciation	570,107	178,570	-	748,677
Unallocated depreciation				199,998
Total depreciation				948,675

12 months ended 31 December 2019	Manufacturing \$'000	Distribution \$'000	Eliminations \$'000	Group \$'000
External revenue	8,477,207	24,217,614	-	32,694,821
Inter-segment revenue	10,995,769	100,956	(11,096,725)	-
Total revenue	19,472,976	24,318,570	(11,096,725)	32,694,821
Segment result	1,890,340	1,004,229	-	2,894,569
Unallocated income and expenses				(91,934)
Operating profit				2,802,635
Segment assets	12,472,914	9,877,645	-	22,350,559
Unallocated assets				14,147,981
Total assets				36,498,540
Segment liabilities	5,391,207	6,125,156	-	11,516,363
Unallocated liabilities				10,011,940
Total liabilities				21,528,303
Capital expenditure	996,228	85,253	-	1,081,481
Unallocated capital expenditure				142,323
Total capital expenditure				1,223,804
Depreciation	531,161	228,638	-	759,799
Unallocated depreciation				44,214
Total depreciation				804,013

Total revenue for the period includes export sales of \$2,187,592,000 (2019 – \$1,350,366,000)



SEPROD LIMITED

Notes to the Interim Financial Statements

(expressed in Jamaican dollars unless otherwise indicated)

Basis of preparation

These unaudited interim financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention, as modified by the measurement of investments at fair value, assets held for sale and biological assets measured at fair value less costs to sell, and defined benefit pension plan assets measured at fair value.

The accounting policies followed in these interim financial statements are consistent with those used in the audited financial statements for the year ended 31 December 2019.

These interim financial statements do not reflect adjustments for the re-measurement of post-employment benefits or for the fair value of investments (other than those resulting from changes in foreign exchange rates) as at 31 December 2020. Such adjustments are made during our annual audit process based on independent valuations and will be reflected in our annual audited financial statements.