



JAMAICA PRODUCERS GROUP LIMITED

EXTRACTS FROM THE AUDITED GROUP RESULTS
YEAR ENDED DECEMBER 31, 2020



Jamaica Producers Group Limited

AUDITED GROUP RESULTS

YEAR ENDED DECEMBER 31, 2020



Chairman's Statement

For the year ended December 31, 2020, Jamaica Producers Group Limited ("JP" or the "Group") earned consolidated revenues of \$21.0 billion. Revenues were down 2%, primarily due to the impact of the COVID-19 pandemic across our operations. The consolidated net profits of the Group for 2020 were \$3.7 billion of which net profit attributable to shareholders was \$2.2 billion, an increase of 80% over the prior year. As at the end of the year, the Group had shareholders' equity of \$16.1 billion, reflecting an increase of 17% relative to the equity of the Group at the beginning of the year. We expect new attractive investment opportunities in our core business lines to become available to the Group in the current trading environment. The improved results in part reflect our decision to realise gains from the partial sale of our interest in SAJE Logistics Infrastructure Limited (a real estate and investment company), in order to put the Group in a strong position to seize prospects that align more directly with our strategic priorities.

JP Logistics & Infrastructure

The Logistics & Infrastructure ("L&I") Division accounts for the larger share of the Group's net assets and, in turn, its profits. The L&I Division comprises Kingston Wharves Limited ("KW") and JP Shipping Services Limited. Kingston Wharves Limited operates a multipurpose and multi-user shipping terminal in Kingston, as well as an integrated warehousing and logistics business, and is the Division's largest subsidiary. JP Shipping Services Limited operates logistics and shipping services between Caribbean ports and the United Kingdom. The L&I Division generated 2020 profit before finance cost and taxation of \$2.9 billion, a 10% reduction relative to the prior year. Divisional revenues of \$8.3 billion were down 6% relative to the prior year. During the year, Kingston Wharves experienced reduced volumes of cargo to Jamaica and other tourism-dependent Caribbean markets that we serve. We observed reduced trade in consumer goods, as well as the deferral of some domestic capital purchases. This was only

partially offset by growth in aspects of our broader transshipment business and improved profitability of our logistics service. KW continues to build on its platform in terminal management and logistics to develop and market special economic zone facilities in Newport West, an industrial area that is adjacent to the port of Kingston. Notwithstanding the general adverse economic impact of COVID-19, JP Shipping Services Limited experienced improved profitability in part due to the improved functionality and service standards of the new JP Shipping Caribbean Logistics Centre in London. This location consolidates and ships commercial cargo, personal effects and vehicles to Jamaica and other CARICOM countries from the UK on a weekly or fortnightly basis.

JP Food & Drink

JP's Food & Drink ("F&D") Division is the largest contributor to the revenues of the Group. The Division experienced modest revenue growth of 1% to \$12.7 billion but faced a reduction of profits. Profit before finance cost and taxation amounted to \$101 million for 2020. The F&D Division comprises our portfolio of subsidiaries that are engaged in farming, food processing, distribution and retail of food and drink. The Division 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 prepared and frozen food, 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, Scandinavia and Switzerland. In 2020, the Division was affected by increased raw material costs, significant disruptions to our customers across Europe that operate in the food service or convenience category, and general challenges

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Chairman's Statement (cont'd)

with the efficient management of short shelf- life production and supply chains during the worst moments of the COVID-19 pandemic in Europe. This was only partially offset by growth in volumes sold to mainstream supermarkets that generally specialize in consumer staples. We expect trading conditions to improve as lockdowns and other restrictions associated with the pandemic are eased in the second half of 2021.

The Division experienced improved productivity and overall results on our banana and pineapple farms in Jamaica. This was offset by significant challenges with distribution and demand in the Jamaican vendor and convenience trade for both snacks and fresh fruit as a result of the COVID-19 pandemic. All of our food products that depend on Caribbean tourism and sales through travel retail channels (particularly the Tortuga brand and to some extent our fresh fruit) were adversely impacted by COVID-19.

Importantly, all our Caribbean business succeeded in identifying and developing attractive new opportunities for growth in North America. Although this was not sufficient to overcome the setbacks from COVID-19, the bold initiatives to pivot to these large new commercial opportunities now present a constructive platform for long-term profitable growth. Tortuga International secured important new listings in the US market for an extended range of cakes using spirits such as bourbon and whiskey alongside our traditional rum cake. JP Snacks Caribbean experienced growth in West Indian and Latin diasporic markets in the United States. JP Farms showed steady export growth of bananas to the Canadian market.

Outlook

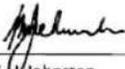
Jamaica Producers Group Limited has been organised to generate revenues from a diverse range of business lines and, importantly, a diverse range of markets. Our Food & Drink business includes premium and travel retail products, as well as everyday snacks and basic food items. These businesses are aligned to general consumer trends such as the focus on health, convenience and provenance, and they serve markets as diverse as the Caribbean diaspora Northern Europe and the

full range of US cruise and stopover tourist destinations in the Caribbean, Mexico and Florida. Our Food & Drink business also has the distinction of being vertically integrated. Our diverse food processing businesses are complemented by the JP St Mary's banana and pineapple farms which are Jamaica's market leading producer of tropical fruit. The COVID-19 pandemic has definitely had a short term adverse impact on parts of our portfolio of food businesses but the business as a whole remains structurally sound and capable of adjusting well and returning to sustainable long-term earnings growth.

Our logistics businesses, also operating in Europe and the Caribbean, handle a wide range of cargo types 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 remain absolutely convinced that Jamaica has the capacity to deepen its position as a regional centre for supply chain management and global services. As Jamaica's policies towards trade and investment become more flexible and open, we are confident that the country can generate growth and we consider ourselves well positioned to participate in this important opportunity.

We view the diversity of our business as a strength. In addition to providing some resilience to our operating income, it also positions us to consider business development and acquisition opportunities in a wide range of markets. We are fortunate to have the expertise, capital and liquid assets to effectively consider a broad range of growth and investment possibilities and, at the same time, to be highly selective and able to focus our attention and resources on the prospects that can generate attractive long-term shareholder returns.

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


C. Johnston Chairman



Jamaica Producers Group Limited

AUDITED GROUP RESULTS

YEAR ENDED DECEMBER 31, 2020

Group Balance Sheet

| | As at December 31, 2020 \$'000 | As at December 31, 2019 \$'000 |
|---|--------------------------------------|--------------------------------------|
| Current Assets | | |
| Cash and cash equivalents | 1,127,084 | 1,407,847 |
| Short-term investments | 1,091,990 | 239,240 |
| Securities purchased under resale agreements | 7,645,526 | 5,380,567 |
| Accounts receivable | 2,894,684 | 2,949,230 |
| Taxation recoverable | 38,133 | 23,696 |
| Inventories | 979,484 | 978,925 |
| Total Current Assets | 13,776,901 | 10,979,505 |
| Current Liabilities | | |
| Accounts payable | 3,919,950 | 3,903,231 |
| Taxation | 135,508 | 191,714 |
| Loans and borrowings | 712,762 | 899,690 |
| Lease liabilities | 184,088 | 192,221 |
| Total Current Liabilities | 4,952,308 | 5,186,856 |
| Working Capital | 8,824,593 | 5,792,649 |
| Non-Current Assets | | |
| Biological assets | 55,880 | 68,318 |
| Interest in associates | - | 733,754 |
| Investments | 591,325 | 108,079 |
| Intangible assets | 1,466,364 | 1,486,347 |
| Deferred tax assets | 14,011 | 7,929 |
| Property, plant and equipment | 22,306,664 | 21,839,445 |
| Investment property | 560,701 | 568,619 |
| Right-of-use assets | 636,304 | 740,007 |
| Employee benefit asset | 1,549,850 | 2,071,885 |
| Total Non-Current Assets | 27,181,099 | 27,624,383 |
| Total Assets Less Current Liabilities | 36,005,692 | 33,417,032 |
| Equity | | |
| Share capital | 112,214 | 112,214 |
| Reserves | 16,019,886 | 13,724,240 |
| Total equity attributable to equity holders of the parent | 16,132,100 | 13,836,454 |
| Non-Controlling Interest | 14,799,759 | 13,760,645 |
| Total Equity | 30,931,859 | 27,597,099 |
| Non-Current Liabilities | | |
| Deferred tax liabilities | 1,313,920 | 1,410,804 |
| Loans and borrowings | 2,898,428 | 3,493,519 |
| Lease liabilities | 476,968 | 545,461 |
| Employee benefit obligations | 384,517 | 370,149 |
| Total Non-Current Liabilities | 5,073,833 | 5,819,933 |
| Total Equity and Non-Current Liabilities | 36,005,692 | 33,417,032 |
| Parent company stockholders' equity per ordinary stock unit: | | |
| Based on stock units in issue | \$14.38 | \$12.33 |
| After exclusion of stock units held by ESOP | \$15.41 | \$13.23 |



Jamaica Producers Group Limited

AUDITED GROUP RESULTS

YEAR ENDED DECEMBER 31, 2020

Group Profit and Loss Account

| | Notes | 2020 \$'000 | 2019* \$'000 |
|--|-------|------------------|------------------|
| Gross operating revenue | 3 | 20,998,982 | 21,464,068 |
| Cost of operating revenue | | (15,488,280) | (14,702,854) |
| Gross profit | | 5,510,702 | 6,761,214 |
| Other income and expenses | | 382,821 | 322,392 |
| Selling, administration and other operating expenses | | (3,260,093) | (3,369,330) |
| Profit from operations | | 2,633,430 | 3,714,276 |
| Share of profits in associates | | 4,084 | 26,821 |
| Gain on disposal of interest in associate | | 1,871,349 | - |
| Profit before finance cost and taxation | | 4,508,863 | 3,741,097 |
| Finance cost | | (293,400) | (307,153) |
| Profit before taxation | | 4,215,463 | 3,433,944 |
| Taxation charge | | (478,050) | (701,993) |
| Profit for the year | | 3,737,413 | 2,731,951 |
| Attributable to: | | | |
| Parent company stockholders | | 2,167,593 | 1,204,338 |
| Non-controlling interest | | 1,569,820 | 1,527,613 |
| | | 3,737,413 | 2,731,951 |
| Profit per ordinary stock unit: | 4 | | |
| Based on stock units in issue | | 193.17 ¢ | 107.32 ¢ |
| Excluding stock units held by ESOP | | 207.11 ¢ | 115.22 ¢ |

*The prior year comparatives have been restated to conform with current year presentation



Jamaica Producers Group Limited

AUDITED GROUP RESULTS

YEAR ENDED DECEMBER 31, 2020

Group Statement of Profit or Loss and Other Comprehensive Income

| | <u>2020</u> | <u>2019</u> |
|---|--------------------------------|--------------------------------|
| | \$'000 | \$'000 |
| Profit for the year | <u>3,737,413</u> | <u>2,731,951</u> |
| Other comprehensive income: | | |
| Items that will not be reclassified to profit or loss: | | |
| Remeasurement of defined benefit asset and obligations | (616,284) | (11,791) |
| Deferred tax effect on remeasurement of defined benefit asset and obligations | 77,036 | 1,288 |
| Appreciation of fair value through other comprehensive income (FVOCI) investments | (65,506) | 5,785 |
| Realised revaluation gains on disposal of quoted investments | - | 1,185 |
| Items that may be reclassified to profit or loss: | | |
| Exchange gains on translating foreign operations | 671,868 | 96,529 |
| | <u>67,114</u> | <u>92,996</u> |
| Total comprehensive income for the year | <u>3,804,527</u> | <u>2,824,947</u> |
| Attributable to: | | |
| Parent company stockholders | 2,543,751 | 1,287,864 |
| Non-controlling interest | 1,260,776 | 1,537,083 |
| | <u><u>3,804,527</u></u> | <u><u>2,824,947</u></u> |



Jamaica Producers Group Limited

AUDITED GROUP RESULTS

YEAR ENDED DECEMBER 31, 2020

Group Statement of Changes in Equity

| | Share Capital \$'000 | Share Premium \$'000 | Capital Reserves \$'000 | Fair Value Reserve \$'000 | Reserve For Own Shares \$'000 | Retained Profits \$'000 | Parent Company Stockholders' Equity \$'000 | Non- Controlling Interest \$'000 | Total Equity \$'000 |
|---|----------------------------|----------------------------|-------------------------------|------------------------------------|--|-------------------------------|--|---|---------------------------|
| Balances at December 31, 2018 | 112,214 | 135,087 | 2,063,906 | - | (80,144) | 9,879,009 | 12,110,072 | 12,675,000 | 24,785,072 |
| Changes in equity: | | | | | | | | | |
| Profit for the year | - | - | - | - | - | 1,204,338 | 1,204,338 | 1,527,613 | 2,731,951 |
| Other comprehensive income/(loss) | | | | | | | | | |
| Remeasurement of defined benefit asset and obligations | - | - | - | - | - | (4,952) | (4,952) | (6,839) | (11,791) |
| Deferred tax effect on remeasurement of defined benefit asset and obligations | - | - | - | - | - | 541 | 541 | 747 | 1,288 |
| Appreciation of fair value through other comprehensive income (FVOCI) investments | - | - | - | 5,785 | - | - | 5,785 | - | 5,785 |
| Realised gain on disposal of FVOCI investments | - | - | - | 1,185 | - | - | 1,185 | - | 1,185 |
| Exchange gains arising on retranslation of foreign operations | - | - | 80,967 | - | - | - | 80,967 | 15,562 | 96,529 |
| Total other comprehensive income/(loss) | - | - | 80,967 | 6,970 | - | (4,411) | 83,526 | 9,470 | 92,996 |
| Total comprehensive income for the year | - | - | 80,967 | 6,970 | - | 1,199,927 | 1,287,864 | 1,537,083 | 2,824,947 |
| Other reserve movements | | | | | | | | | |
| Other transfer to capital reserve | - | - | 12,730 | - | - | (12,730) | - | - | - |
| Transactions with owners recorded directly in equity | | | | | | | | | |
| Contributions and distributions | | | | | | | | | |
| Own shares sold by ESOP | - | - | - | - | 13,752 | - | 13,752 | - | 13,752 |
| Net movement in subsidiary ESOP | - | - | - | - | - | - | - | 6,811 | 6,811 |
| Disposal of shares in subsidiary to non-controlling interest | - | - | - | - | - | 575,397 | 575,397 | (10,310) | 565,087 |
| Distributions to non-controlling interests | - | - | - | - | - | - | - | (447,939) | (447,939) |
| Distributions to stockholders | - | - | (156,851) | - | - | - | (156,851) | - | (156,851) |
| Unclaimed distributions to stockholders | - | - | 6,220 | - | - | - | 6,220 | - | 6,220 |
| Total transactions with owners recorded directly in equity | - | - | (150,631) | - | 13,752 | 575,397 | 438,518 | (451,438) | (12,920) |
| Total (decrease)/increase in equity | - | - | (56,934) | 6,970 | 13,752 | 1,762,594 | 1,726,382 | 1,085,645 | 2,812,027 |
| Balances at December 31, 2019 | 112,214 | 135,087 | 2,006,972 | 6,970 | (66,392) | 11,641,603 | 13,836,454 | 13,760,645 | 27,597,099 |
| Retained in the financial statements of: | | | | | | | | | |
| The company | 112,214 | 135,087 | 1,005,101 | 6,970 | - | 2,556,551 | 3,815,923 | | |
| Subsidiary companies | - | - | 1,001,871 | - | (66,392) | 8,899,677 | 9,835,156 | | |
| Associate companies | - | - | - | - | - | 185,375 | 185,375 | | |
| Balances at December 31, 2019 | 112,214 | 135,087 | 2,006,972 | 6,970 | (66,392) | 11,641,603 | 13,836,454 | | |



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Group Statement of Changes in Equity (cont'd)

| | Share Capital \$'000 | Share Premium \$'000 | Capital Reserves \$'000 | Fair Value Reserve \$'000 | Reserve For Own Shares \$'000 | Retained Profits \$'000 | Parent Company Stockholders' Equity \$'000 | Non- Controlling Interest \$'000 | Total Equity \$'000 |
|---|----------------------------|----------------------------|-------------------------------|------------------------------------|--|-------------------------------|--|---|---------------------------|
| Balances at December 31, 2019 | 112,214 | 135,087 | 2,006,972 | 6,970 | (66,392) | 11,641,603 | 13,836,454 | 13,760,645 | 27,597,099 |
| Changes in equity: | | | | | | | | | |
| Profit for the year | - | - | - | - | - | 2,167,593 | 2,167,593 | 1,569,820 | 3,737,413 |
| Other comprehensive income/(loss) | | | | | | | | | |
| Remeasurement of defined benefit asset and obligations | - | - | - | - | - | (258,839) | (258,839) | (357,445) | (616,284) |
| Deferred tax effect on remeasurement of defined benefit asset and obligations | - | - | - | - | - | 32,355 | 32,355 | 44,681 | 77,036 |
| Change of fair value through other comprehensive income (FVOCI) investments | - | - | - | (32,146) | - | - | (32,146) | (33,360) | (65,506) |
| Exchange gains arising on retranslation of foreign operations | - | - | 634,788 | - | - | - | 634,788 | 37,080 | 671,868 |
| Total other comprehensive income/(loss) | - | - | 634,788 | (32,146) | - | (226,484) | 376,158 | (309,044) | 67,114 |
| Total comprehensive income/(loss) for the year | - | - | 634,788 | (32,146) | - | 1,941,109 | 2,543,751 | 1,260,776 | 3,804,527 |
| Other reserve movements | | | | | | | | | |
| Reclassification of capital gains to capital reserves | - | - | 2,233,168 | - | - | (2,233,168) | - | - | - |
| Other transfer to capital reserve | - | - | 12,742 | - | - | (12,742) | - | - | - |
| | - | - | 2,245,910 | - | - | (2,245,910) | - | - | - |
| Transactions with owners recorded directly in equity | | | | | | | | | |
| Own shares sold by ESOP | - | - | - | - | 16,116 | - | 16,116 | - | 16,116 |
| Acquisition of shares in subsidiary from non-controlling interest | - | - | - | - | - | (61,690) | (61,690) | 226,277 | 164,587 |
| Distributions to non-controlling interests | - | - | - | - | - | - | - | (447,939) | (447,939) |
| Distributions to stockholders | - | - | (209,373) | - | - | - | (209,373) | - | (209,373) |
| Unclaimed distributions to stockholders | - | - | 6,842 | - | - | - | 6,842 | - | 6,842 |
| Total transactions with owners recorded directly in equity | - | - | (202,531) | - | 16,116 | 61,690 | (248,105) | (221,662) | (469,767) |
| Total increase/(decrease) in equity | - | - | 2,678,167 | (32,146) | 16,116 | (366,491) | 2,295,646 | 1,039,114 | 3,334,760 |
| Balances at December 31, 2020 | 112,214 | 135,087 | 4,685,139 | (25,176) | (50,276) | 11,275,112 | 16,132,100 | 14,799,759 | 30,931,859 |
| Retained in the financial statements of: | | | | | | | | | |
| The company | 112,214 | 135,087 | 1,816,728 | (1,018) | - | 1,999,314 | 4,062,303 | | |
| Subsidiary companies | - | - | 2,868,411 | (24,158) | (50,276) | 9,280,675 | 12,074,674 | | |
| Associate companies | - | - | - | - | - | (4,877) | (4,877) | | |
| Balances at December 31, 2020 | 112,214 | 135,087 | 4,685,139 | (25,176) | (50,276) | 11,275,112 | 16,132,100 | | |



Jamaica Producers Group Limited

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Group Statement of Cash Flows

| | 2020 | 2019 |
|---|--------------------|------------------|
| | \$'000 | \$'000 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit for the year | 3,737,413 | 2,731,951 |
| Adjustments for items not affecting cash: | | |
| Depreciation and amortisation | 1,545,772 | 1,324,614 |
| Share of profits in associate companies | (4,084) | (26,821) |
| Gains on disposal of fixed assets and investments | (12,102) | (55,423) |
| Exchange movement in working capital | 145,312 | (21,505) |
| Taxation charge | 478,050 | 701,993 |
| Net interest expense | 47,402 | 123,437 |
| Gain on disposal of interest in associate | (1,871,349) | - |
| Other items | (13,676) | (51,665) |
| | 4,052,738 | 4,726,581 |
| Decrease/(increase) in current assets | 108,915 | (824,063) |
| Decrease in current liabilities | (594,807) | (683,588) |
| CASH PROVIDED BY OPERATING ACTIVITIES | 3,566,845 | 3,218,929 |
| CASH FLOWS FROM INVESTMENT ACTIVITIES | | |
| Additions to property, plant, equipment and intangible assets | (1,157,998) | (1,377,575) |
| Additions to biological assets | (32,396) | (26,620) |
| Proceeds from disposal of property, plant and equipment and investments | 24,051 | 220,168 |
| Proceeds from disposal of shares in subsidiary, net of costs | 1,900,000 | 565,087 |
| Movement in short term investments and repos | (3,117,709) | (1,132,225) |
| Net movement in interest in associate companies | 115,455 | 24,853 |
| Net movement in own shares held by group ESOPs | 16,116 | 20,563 |
| Acquisition of subsidiary, net of cash | - | (6,274) |
| Long term loans receivable | - | 6,631 |
| Additions to investments | - | (19,947) |
| Interest received | 176,631 | 178,782 |
| CASH USED BY INVESTMENT ACTIVITIES | 2,075,850 | 1,546,557 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Net movement in loans | (804,490) | (129,362) |
| Net movement in right-of-use liabilities | (150,786) | (156,343) |
| Interest paid | (243,428) | (297,868) |
| Distributions to non-controlling interest | (423,046) | (397,988) |
| Distributions to stockholders, net | (150,009) | (119,140) |
| CASH USED BY FINANCING ACTIVITIES | 1,771,759 | 1,100,701 |
| Net (decrease)/increase in cash and cash equivalents | (280,763) | 571,671 |
| Cash at beginning of the year | 1,407,847 | 836,176 |
| Cash at end of the year | 1,127,084 | 1,407,847 |



Jamaica Producers Group Limited

AUDITED GROUP RESULTS

YEAR ENDED DECEMBER 31, 2020

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.

On August 13, 2020, the group concluded an agreement to sell part of its interest in SAJE Logistics Infrastructure Limited ('SAJE'), representing 22.1% of the issued share capital of SAJE, for consideration of \$1.90 billion, resulting in a gain of \$1.87 billion before transaction costs. The group retains an investment representing 9.5% of the issued share capital of SAJE through Kingston Wharves Limited, and accounts for this remaining investment on the basis of fair value through other comprehensive income (FVOCI).

In November 2020, as part of a program of corporate simplification and administrative cost saving, the group acquired the equity and debt interests owned by a Non-Controlling Interest (NCI) in a non-trading subsidiary of the group, Four Rivers Mining Company Limited (FRM). FRM closed its operations in 2016 and has since then been winding down its operations. The group acquired the 49% equity holdings of the NCI and the rights to amounts due by FRM to the NCI of \$164,588,000 for consideration of \$2. The acquisition gave rise to elimination of NCI and intercompany amounts on the Balance Sheet that had a net difference of \$61,690,000. This has been taken directly against the group's retained earnings through the statement of changes in equity.

During the prior year, on April 29, 2019, the group sold 30% of the shares of its subsidiary, JP Snacks Caribbean Limited, for consideration totalling \$585.4 million. This did not result in a loss of control of the subsidiary. JP Snacks Caribbean Limited manufactures, markets and sells tropical snacks under the St Mary's brand.

Also, during the prior year, on November 1, 2019, the group, through its subsidiary, KW Logistics Limited, acquired control of SSL REIT Limited, formerly a joint venture interest, through the acquisition of the remaining 50% shareholding for \$64.4 million. The primary business of SSL REIT Limited (renamed KW Warehousing Services Limited) is in the rental of warehousing facilities.

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:



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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 year of \$2,167,593,000 by 1,122,144,036, being the total number of ordinary stock units in issue during the year and a weighted average number of ordinary stock units in issue (excluding those held by the ESOP) during the year. The weighted average number of ordinary stock units in issue (excluding those held by the ESOP) for the year ended December 31, 2020 was 1,046,583,532 (2019 - 1,045,215,181) 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 year and 1,046,865,148 (2019 - 1,045,669,918), representing the total number of ordinary stock units in issue for the year ended December 31, 2020 less those held by the ESOP at the same date.



Jamaica Producers Group Limited

AUDITED GROUP RESULTS

YEAR ENDED DECEMBER 31, 2020

Notes to the Financial Statements (cont'd)

5. Accounting Policies

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

a. Business combinations

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

b. Subsidiaries

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

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

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.



Jamaica Producers Group Limited

AUDITED GROUP RESULTS

YEAR ENDED DECEMBER 31, 2020

Notes to the Financial Statements (cont'd)

5. Accounting Policies (cont'd)

d. Intangible assets and goodwill (cont'd)

(iv) Amortisation

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

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

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

e. Segment reporting

Segment information is presented in respect of the group's strategic business segments. The identification of business segments is based on the group's management and internal reporting structure. Segment results, 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

AUDITED GROUP RESULTS

YEAR ENDED DECEMBER 31, 2020

Notes to the Financial Statements (cont'd)

6. Segment Results

| | 2020 | | | |
|--|----------------------------|--|---------------------------|-------------------|
| | JP Food & Drink | JP Logistics & Infrastructure | Corporate Services | Group |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Gross revenue | 12,719,236 | 8,282,808 | 86,647 | 21,088,691 |
| Inter - segment revenue | (5,949) | - | (83,759) | (89,708) |
| Revenue from external sources | <u>12,713,287</u> | <u>8,282,808</u> | <u>2,888</u> | <u>20,998,982</u> |
| Profit before finance cost and taxation | <u>101,017</u> | <u>2,934,212</u> | <u>1,473,634</u> | 4,508,863 |
| Finance cost | | | | (293,400) |
| Profit before taxation | | | | 4,215,463 |
| Taxation | | | | (478,050) |
| Non-controlling interest | | | | (1,569,820) |
| Net profit attributable to parent company stockholders | | | | <u>2,167,594</u> |
| | 2019 | | | |
| | JP Food & Drink | JP Logistics & Infrastructure | Corporate Services | Group |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Gross revenue | 12,644,388 | 8,820,371 | 74,334 | 21,539,093 |
| Inter - segment revenue | (5,408) | - | (69,617) | (75,025) |
| Revenue from external sources | <u>12,638,980</u> | <u>8,820,371</u> | <u>4,717</u> | <u>21,464,068</u> |
| Profit/(loss) before finance cost and taxation | <u>773,576</u> | <u>3,277,428</u> | (309,907) | 3,741,097 |
| Finance cost | | | | (307,153) |
| Profit before taxation | | | | 3,433,944 |
| Taxation | | | | (701,993) |
| Non-controlling interest | | | | (1,527,613) |
| Net profit attributable to parent company stockholders | | | | <u>1,204,338</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\$156.59 (2019: J\$144.83) to €1, J\$178.22 (2019: J\$166.85) to £1 and J\$141.77 (2019: J\$132.63) to US\$1.



Jamaica Producers Group Limited

AUDITED GROUP RESULTS

YEAR ENDED DECEMBER 31, 2020

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> |
|-------------------|--------------|--------------|-----------------|
| December 31, 2020 | 170.46 | 186.97 | 140.77 |
| December 31, 2019 | 141.22 | 167.12 | 130.02 |

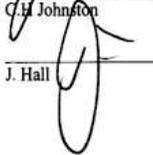
9. COVID-19

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


G. Johnston Chairman


J. Hall Group Managing Director

