



CARIBBEAN PRODUCERS JAMAICA LIMITED

SECOND QUARTER

UNAUDITED FINANCIAL REPORT

THREE MONTHS ENDED DECEMBER 31, 2021

The Board of Directors of CPJ Group presents the consolidated unaudited results for the period ended December 2021, which have been prepared in accordance with International Financial Reporting Standards (IFRS).

Performance

There was a steady increase in business activities during the reporting period, as the economy responded to an easing of COVID-19 restrictions, resulting in greater tourist numbers, and the traditional Christmas increase in sales. CPJ Group recorded sales of US\$33.1M, for three months ended December 31, 2021 and was 32% higher than the sales recorded in the previous quarter. Revenue for the period exceeded projections made for fiscal year 21/22.

Sales for CPJ Group for 1HY, ended December 31, 2021 were US\$58.08M, which represents a 138% increase over the same period last year. The increase in revenues during the last six months can be attributed to continued confidence in the Company, and a sustained rebound in the Hospitality sector. CPJ continues to make strides both in the Retail and Hospitality channels, with increased revenues in Q2.

EBITDA and Profitability

The CPJ Group is reporting profit before tax (PBT) for the three months ended December 2021 of US\$4.21M, and US\$6.09M for the 1HY, an increase of US\$8.89M over the same period LY. After provision for taxes, CPJ Group recorded net profits from continuing operations attributable to stockholders for the period ending December 2021 of US\$5.42M, increasing by US\$8.21M over LY.

EBIDTA for period ending December 2021 showed a profit of US\$9.72M, an increase of US\$9.52M over same period last year. EBIDTA was also up by US\$6.12M or 170% from the last quarter.

Management continues to proactively engage in cost containment activities whilst implementing measures to enhance operating efficiencies to increase sales, market share and profitability.

Balance Sheet and Current Assets to Current Liabilities Ratio

Our Balance Sheet continues to strengthen, with a current ratio of 2.01 and growth in assets and Shareholders' equity.

As CPJ Group continues to report profits, we are also seeing advances on the balance sheet. Current assets increased by US\$15.77M (42.9%), from US\$36.75M to US\$52.52M, over same period last year. Accounts receivables and inventory account for the largest portion of the increase in current assets.

Current liabilities increased by US\$9.80M (59.83%) from US\$16.38M to US\$26.18M over the same period last year. Total assets increased by US\$20.8M (36.4%) from US\$57.10M to US\$77.90M, while total liabilities for the period increased by US\$15.22M (36.2%) over the same period last year, moving from US\$42.02M to US\$57.23M.

CPJ Group continues to demonstrate sound treasury management. The Company is actively engaged with our suppliers to ensure that our valued Customers are minimally impacted by the worldwide logistics and supply chain challenges.

Outlook

Despite the increased risk presented by the new variants of the COVID virus, which has had some effect on the Hospitality industry, the CPJ Group remains optimistic for the second half of the financial year. Recent announcements of hotel room expansions in the Hospitality sector will only serve to propel the demand for CPJ products and services.

The Group continues to expand its operations both onshore and offshore, with the commissioning of new stores, and continuation of the work being done to expand the Retail channel.

We look forward to the opening of the CPJ Market Drax Hall outlet in late Summer of 2022. Our newly renovated and expanded CPJ Market in Montego Bay is nearing completion and will be opened before Easter of 2022. These two new stores will greatly improve the CPJ

customer experience. Work will also commence shortly on enhancing the food service product line in CPJ Market in Kingston.

As we accelerate the use of technology, we are excited to be launching our new B2B online platform. This new online portal will serve both our Retail and Hospitality customers, bringing a new level of experience to CPJ's customers.

CPJ continues to strive to provide the highest levels of service and quality products available. Our goal is to ensure the success of our Customers and Shareholders.

The Management of CPJ wishes to express our heartiest thanks to all our team members who continue to do their very best to ensure the success of the Group. Your dedication and commitment have been exceptional!

A handwritten signature in dark ink, appearing to read 'Mark Hart', written over a horizontal line.

Mark Hart, Executive Chairman
& Interim CEO


A handwritten signature in dark ink, appearing to read 'Tom Tyler', written over a horizontal line.

Tom Tyler, Co-Chairman

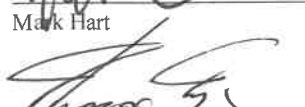
Interim Statement of Financial Position -Unaudited

	CPJ Jamaica Unaudited December 31, 2021 <u>TOTAL</u>	CPJ Jamaica Unaudited December 31, 2020 <u>TOTAL</u>	CPJ Jamaica Audited June 30, 2021 <u>TOTAL</u>
CURRENT ASSETS			
Cash and cash equivalents	5,040,727	5,718,196	4,201,542
Accounts receivable	21,684,280	11,647,432	15,394,670
Inventories	25,789,373	19,380,957	21,429,309
	<u>52,514,380</u>	<u>36,746,585</u>	<u>41,025,521</u>
CURRENT LIABILITIES			
Bank overdraft	1,720,044	585,169	1,536,067
Short-term loans	6,700,000	1,900,000	1,700,000
Accounts payable	11,577,624	7,449,799	11,580,606
Short-term promissory notes	3,817,794	4,317,794	3,817,793
Current portion of lease liabilities	600,003	986,134	649,839
Current portion long-term borrowings	1,063,528	1,072,968	1,012,223
Tax payable	704,080	70,480	25,351
	<u>26,183,073</u>	<u>16,382,344</u>	<u>20,321,879</u>
NET CURRENT ASSETS	<u>26,331,307</u>	<u>20,364,241</u>	<u>20,703,642</u>
NON-CURRENT ASSETS			
Investments	62,619	67,885	62,619
Deferred tax asset	2,296,001	2,296,001	2,296,001
Right-of-use assets	11,699,936	6,779,218	11,533,745
Intangible asset	25,563	56,014	24,252
Property, plant and equipment	11,300,827	11,157,321	11,387,403
	<u>25,384,946</u>	<u>20,356,439</u>	<u>25,304,020</u>
US\$	<u><u>51,716,253</u></u>	<u><u>40,720,680</u></u>	<u><u>46,007,662</u></u>
SHAREHOLDERS' EQUITY			
Share capital	4,898,430	4,898,430	4,898,430
Accumulated surplus	15,969,876	10,321,162	10,743,413
	<u>20,868,306</u>	<u>15,219,592</u>	<u>15,641,843</u>
Non-controlling interest	(202,847)	(242,807)	(392,379)
	<u>20,665,459</u>	<u>14,976,785</u>	<u>15,249,464</u>
NON-CURRENT LIABILITIES			
Lease liabilities	12,261,686	6,783,513	11,717,470
Long-term promissory notes	9,275,147	9,273,250	9,274,180
Due to related party	3,626,517	3,143,045	3,233,634
Long-term borrowings	5,887,444	6,544,087	6,532,914
	<u>31,050,794</u>	<u>25,743,895</u>	<u>30,758,198</u>
US\$	<u><u>51,716,253</u></u>	<u><u>40,720,680</u></u>	<u><u>46,007,662</u></u>

These interim financial statements were approved by the Board of Directors and signed on its behalf by:


Mark Hart

Director


Thomas Tyler

Director

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

Interim Statement of Financial Position - Unaudited

	CPJ Jamaica Unaudited December 31, 2021 <u>TOTAL</u>	CPJ Jamaica Unaudited December 31, 2020 <u>TOTAL</u>	CPJ Jamaica Audited June 30, 2021 <u>TOTAL</u>
CURRENT ASSETS			
Cash and cash equivalents	5,040,727	5,718,196	4,201,542
Accounts receivable	21,684,280	11,647,432	15,394,670
Inventories	25,789,373	19,380,957	21,429,309
	<u>52,514,380</u>	<u>36,746,585</u>	<u>41,025,521</u>
CURRENT LIABILITIES			
Bank overdraft	1,720,044	585,169	1,536,067
Short-term loans	6,700,000	1,900,000	1,700,000
Accounts payable	11,577,624	7,449,799	11,580,606
Short-term promissory notes	3,817,794	4,317,794	3,817,793
Current portion of lease liabilities	600,003	986,134	649,839
Current portion long-term borrowings	1,063,528	1,072,968	1,012,223
Tax payable	704,080	70,480	25,351
	<u>26,183,073</u>	<u>16,382,344</u>	<u>20,321,879</u>
NET CURRENT ASSETS	<u>26,331,307</u>	<u>20,364,241</u>	<u>20,703,642</u>
NON-CURRENT ASSETS			
Investments	62,619	67,885	62,619
Deferred tax asset	2,296,001	2,296,001	2,296,001
Right-of-use assets	11,699,936	6,779,218	11,533,745
Intangible asset	25,563	56,014	24,252
Property, plant and equipment	11,300,827	11,157,321	11,387,403
	<u>25,384,946</u>	<u>20,356,439</u>	<u>25,304,020</u>
US\$	<u>51,716,253</u>	<u>40,720,680</u>	<u>46,007,662</u>
SHAREHOLDERS' EQUITY			
Share capital	4,898,430	4,898,430	4,898,430
Accumulated surplus	15,969,876	10,432,161	10,743,413
	<u>20,868,306</u>	<u>15,330,591</u>	<u>15,641,843</u>
Non-controlling interest	(202,847)	(242,807)	(392,379)
	<u>20,665,459</u>	<u>15,087,784</u>	<u>15,249,464</u>
NON-CURRENT LIABILITIES			
Lease liabilities	12,261,686	6,783,513	11,717,470
Long-term promissory notes	9,275,147	9,273,250	9,274,180
Due to related party	3,626,517	3,032,046	3,233,634
Long-term borrowings	5,887,444	6,544,087	6,532,914
	<u>31,050,794</u>	<u>25,632,896</u>	<u>30,758,198</u>
US\$	<u>51,716,253</u>	<u>40,720,680</u>	<u>46,007,662</u>

These interim financial statements were approved by the Board of Directors and signed on its behalf by:


 Mark Hart
 Director


 Thomas Tyler
 Director

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

Interim Statement of Changes in Equity - Unaudited

	<u>Share capital</u>	<u>Accumulated surplus</u>	<u>Non controlling Interest</u>	<u>Total</u>
Six months ended December 31, 2020				
Balances at June 30, 2020	4,898,430	13,007,189	(137,161)	17,768,458
Loss for the period, being total comprehensive loss	<u>-</u>	<u>(2,686,027)</u>	<u>(105,646)</u>	<u>(2,791,673)</u>
Unaudited balances at December 31, 2020	US\$ <u>4,898,430</u>	<u>10,321,162</u>	<u>(242,807)</u>	<u>14,976,785</u>
Six months ended December 31, 2021				
Balances at June 30, 2021	4,898,430	10,743,413	(392,379)	15,249,464
Profit for the period, being total comprehensive income	<u>-</u>	<u>5,226,463</u>	<u>189,532</u>	<u>5,415,995</u>
Unaudited balances at December 31, 2021	US\$ <u>4,898,430</u>	<u>15,969,876</u>	<u>(202,847)</u>	<u>20,665,459</u>

Consolidated Interim Statement of Cash Flows - Unaudited

	Unaudited Six months ended 31-Dec-21	Unaudited Six months ended Dec-20	Audited Year-ended June 30, 2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) for the period	5,415,995	(2,791,673)	(2,518,994)
Adjustments for:			
Depreciation and amortisation	2,136,409	2,121,096	4,185,142
Gain on disposal of property, plant and equipment	(19,068)	(61,953)	(68,257)
Loss on revaluation of investment	-	-	5,266
Gain on modification of leases	-	-	(1,183)
Transfer and adjustment to property plant and equipment	76,145	-	19,966
Interest income	(4,523)	(16,235)	(33,099)
Interest expense	1,495,866	894,390	2,216,643
Taxation	679,568	-	-
	9,780,392	145,625	3,805,484
(Increase)/decrease in current assets:			
Accounts receivable	(6,289,610)	(3,258,553)	(7,005,791)
Inventories	(4,360,064)	4,732,793	2,684,441
(Decrease)/increase in current liability:			
Accounts payable	(2,982)	(1,158,074)	3,166,541
Cash (used)/generated by operations	(872,264)	461,791	2,650,675
Interest paid	(1,495,866)	(704,210)	(2,220,272)
Tax paid	(839)	(4,482)	(49,611)
Net cash (used)/provided by operating activities	(2,368,969)	(246,901)	380,792
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment and intangible assets	(1,497,612)	(482,705)	(2,344,238)
Additions to intangible assets	(9,333)	-	-
Proceeds from disposal of property, plant and equipment	19,532	76,053	259,901
Interest received	4,523	16,235	33,099
Net cash used by investing activities	(1,482,890)	(390,417)	(2,051,238)
CASH FLOWS FROM FINANCING ACTIVITIES			
Promissory notes received	967	894	1,824
Promissory notes repaid	-	-	(500,001)
Payment of Lease Liabilities	(292,618)	(109,814)	(406,048)
Other income due to rent concessions	-	-	(457,791)
Long-term/short-term borrowings, repaid	(2,424,831)	(2,121,452)	(4,071,154)
Due to related company	392,883	(746)	89,843
Long-term/short-term borrowings received	6,830,667	2,073,379	3,751,163
Net cash provided/(used) by financing activities	4,507,068	(157,739)	(1,592,164)
Net increase/(decrease) in cash and cash equivalents for the period	655,209	(795,057)	(3,262,610)
Cash and cash equivalents at beginning of the period	2,665,474	5,928,084	5,928,084
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	US\$ 3,320,683	5,133,027	2,665,474
Comprised of			
Cash and cash equivalents	5,040,727	5,718,196	4,201,541
Bank overdraft	(1,720,044)	(585,169)	(1,536,067)
US\$	3,320,683	5,133,027	2,665,474

Selected explanatory notes

1 The company

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 Guinep Way, Montego Freeport, Montego Bay, St. James.

The company's principal activities during the year were the wholesaling and distribution of food and beverages, the distribution of non-food supplies and the manufacture and distribution of fresh juices and meats.

As at December 31, 2021, the company held 100% of the issued share capital of CPJ Investments Limited, a company incorporated on September 16, 2013. CPJ Investments Limited's principal activity is holding a 51% investment in CPJ (St. Lucia) Limited, a company whose principal activity is the wholesaling and distribution of non-food supplies. Both companies are incorporated and domiciled in St. Lucia.

2 Basis of preparation

These interim financial statements have been prepared in accordance with accounting policies set out in note 4 to the audited financial statements for the year ended June 30, 2021.

3 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 interim consolidated financial statements include the financial statements of the company and its subsidiaries (note 1)

(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.

(iv) 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.

4 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 our products/services and segment assets based on the country in which the owner is registered.

Geographical information:

	December 31, 2021			
	Jamaica US\$	St. Lucia US\$	Eliminations US\$	Total US\$
Revenue from external customers	47,088,435	11,480,992	(487,507)	58,081,920
Segment non-current assets	24,101,554	8,436,617	(7,153,225)	25,384,946
Additions to property, plant and equipment and intangible assets	1,134,873	372,072	-	1,506,945
	December 31, 2020			
	Jamaica US\$	St. Lucia US\$	Eliminations US\$	Total US\$
Revenue from external customers	19,335,668	5,119,078	(61,303)	24,393,443
Segment non-current assets	23,424,040	3,236,681	(6,304,282)	20,356,439
Additions to property, plant and equipment and intangible assets	480,006	2,699	-	482,705

Selected explanatory notes

Selected explanatory notes (contd)

5 Significant events and transactions

The Group continues to be impacted by the COVID-19 pandemic, since the first reported case in March 2020, which resulted in travel restrictions and the closure of hotels and resorts in both Jamaica and St. Lucia, where subsidiary is based.

The extent and duration of the impact of COVID-19 on the global and local economy remains uncertain, and the Group continues to closely monitor the impact of this pandemic on its operations. The lifting of the travel restrictions and the re-opening of some of the major hotels, has resulted in an improvement in performance for the first six months of the fiscal year.

Management believes that the Group is well positioned to overcome the challenges resulting from the economic downturn and has proactively implemented steps to minimize the adverse impact going forward. Steps that have been implemented include:

- Targeted sales and revenues increases from the winter tourist season, resulting in increased profits in the first quarter of the current fiscal year.
- Repositioning of the St. Lucian subsidiary in the retail channel, as well as an increased focus on direct-to-consumer sales.
- Aggressive debtor management along with inventory containment have resulted in strong cash flows, despite the reduction in revenues.
- The Group continues to closely monitor and maintain reduced operating expenses.
- Current operating activities are being funded by internal generated cash.
- Implementation of several IT initiatives aimed at improving operational efficiencies and furthering growth.

The Group has enough capital and liquidity to service its operating activities and debt, and anticipates a full recovery of the travel industry in the near future.

6 Earnings per stock unit

Earnings per stock unit is calculated by dividing the profit for the period by the weighted average number of ordinary shares in issue for the period. The weighted average number

	<u>Three months ended December 31, 2021</u>	<u>Three months ended December 31, 2020</u>	<u>Six months ended December 31, 2021</u>	<u>Six months ended December 31, 2020</u>	<u>Twelve months ended June 30, 2021</u>
Profit/(Loss) for the period attributable to the shareholders of the company (US\$)	3,623,564	(837,492)	5,226,463	(2,686,027)	(2,263,776)
Weighted average number of ordinary stock units held during the period	1,100,000,000	1,100,000,000	1,100,000,000	1,100,000,000	1,100,000,000
Earnings per stock unit (expressed in \$ per share)	0.33	(0.08)	0.48	(0.24)	(0.21)

Selected explanatory notes

Selected explanatory notes (cont'd)

7 Contingent liabilities

- (a) In 2016, Tax Administration Jamaica (TAJ) conducted a General Consumption Tax 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) 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. During the period till date, the management has had discussions with JCA and sent a response disputing the assessment. As at the date of these financial statements, the resolution process is still ongoing.



**TOP TEN (10) STOCKHOLDERS
AS AT 31st DECEMBER 2021**

NAME	UNITS	%
Sportswear Producers Limited	253,084,299	23.0077
Mayberry Jamaican Equities Limited	220,832,636	20.0757
Wave Trading Limited	124,132,858	11.2848
Oniks Investments Limited	117,797,515	10.7089
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	11,855,738	1.0778
Sagikor Select Fund Limited (Class C Shares)	10,917,106	0.9925

SENIOR MANAGERS

NAME	UNITS	%
Debbie Clarke		
Hugh Logan	144,343	0.0131
Vivek Gambhir		
Xavier Perez		
Alejandro Sanchez		

DIRECTORS AND CONNECTED PARTIES REPORT

NAME	POSITION	RELATIONSHIP	UNITS	%
<u>Sportswear Producers Limited</u>			253,084,299	23.0077
Mark Hart	Chairman	Connected party holding		
<u>Mayberry Jamaican Equities Limited</u>			220,832,636	20.07569
Konrad Mark Berry	Director	Connected party holding		
Christopher Berry	Director	Connected party holding		
<u>Wave Trading Limited</u>			124,132,858	11.2848
Mark Hart	Chairman	Connected party holding		
<u>Oniks Investments Limited</u>			117,797,515	10.7089
Thomas Tyler	Co-Chairman	Connected party holding		
Thomas Tyler	Co-Chairman	Self	82,830,563	7.5301
<u>PWL Bamboo Holdings Limited</u>			20,536,570	1.8670
Konrad Mark Berry	Director	Connected party holding		
<u>Alpine Endeavours Limited</u>			1,881,100	0.1037
Ronald Schrager	Director	Connected party holding		
<u>Apex Pharmacy Limited</u>			1,421,936	0.1292
Christopher Berry	Director	Connected party holding		
<u>A+Medical Centre Limited</u>			1,000,000	0.0909
Christopher Berry	Director	Connected party holding		
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