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## INDEPENDENT AUDITORS' REPORT

To the Members of  
JAMAICA PRODUCERS GROUP LIMITED

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

#### *Opinion*

We have audited the consolidated financial statements of Jamaica Producers Group Limited ("the company") and its subsidiaries (collectively, "the group"), set out on pages 8 to 69, which comprise the group balance sheet as at December 31, 2022, the group statements of profit or loss, statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the group as at December 31, 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Standards as issued by the International Accounting Standards Board ("IFRS") and the Jamaican Companies Act.

#### *Basis for Opinion*

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



INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of  
JAMAICA PRODUCERS GROUP LIMITED

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

*Key Audit Matters*

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

*1 Impairment of goodwill and intangible assets*

<i>The key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>The Group has significant levels of goodwill and intangible assets. The carrying value of these assets may not be recoverable because of changes in the business and economic environment in which certain subsidiaries operate.</p> <p>The inputs used in calculating the impairment involve inherent uncertainty in forecasting and require significant judgement in estimating and discounting future cash flows.</p> <p><i>See notes 3(k) and 13 of the consolidated financial statements.</i></p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"><li>• Testing the design and implementation of controls over the preparation of the estimate and assessing the effectiveness of the control environment.</li><li>• Testing the reasonableness of the group's forecasts and discounted cash flow calculations</li><li>• Using our own valuation specialists to evaluate and challenge the key management judgments, which include judgments relating to the selection and application of assumptions and data used in estimates.</li><li>• Comparing the group's assumptions to externally derived data as well as our own assessments of key inputs, such as projected economic growth, competition, cost inflation and discount rates, as well as performing sensitivity analysis on the assumptions.</li><li>• Assessing the adequacy of the group's disclosures about the assumptions and the sensitivity of the impairment assessments to changes in key assumptions.</li></ul>



INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of  
JAMAICA PRODUCERS GROUP LIMITED

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

*Key Audit Matters (continued)*

2 *Measurement of pension and other post-retirement benefits*

<i>The key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>A subsidiary operates a defined benefit retirement scheme and provides other unfunded retirement benefits. Significant estimates are made in valuing the group's employee benefit asset and obligations.</p> <p>Given the value of the assets and liabilities, small changes in the assumptions can have a material financial impact on the group. The key assumptions involved in calculating employee benefit asset and obligations are discount rates, inflation, and future increases in salaries and pensions.</p> <p>Management appointed an external actuarial expert to assist in measuring the employee benefit asset and obligations at the reporting date.</p> <p>The use of significant assumptions increases the risk that management's estimate can be materially misstated.</p> <p><i>[see notes 3(q) and 17 to the financial statements]</i></p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"><li>• Testing the design and implementation of controls over the preparation of the estimate and assessing the effectiveness of the control environment.</li><li>• Evaluating the independence and objectivity of the appointed actuarial expert.</li><li>• Using our own actuarial specialist to evaluate and challenge key management judgments, which include judgments relating to the selection and application of assumptions and data used.</li><li>• Testing employee data provided by management to the actuarial expert.</li><li>• Confirming a selection of the plan assets with the custodians of the assets and recomputing their fair values by reference to independent prices and yield curves.</li><li>• Assessing whether disclosures in the financial statements are appropriate in respect of the group's employee benefit arrangements.</li></ul>



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INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of  
JAMAICA PRODUCERS GROUP LIMITED

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

*Other Information*

Management is responsible for the other information. The other information comprises the information in the annual report for the year ended December 31, 2022, but does not include the consolidated financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditors' report.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

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

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

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



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INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of  
JAMAICA PRODUCERS GROUP LIMITED

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

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

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

A further description of our responsibilities for the audit of the consolidated financial statements is included in the Appendix to this auditors' report. This description, which is located at pages 6 to 7, forms part of our auditors' report.

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

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

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

The engagement partner on the audit resulting in this independent auditors' report is Cynthia Lawrence.

A handwritten signature in blue ink that reads 'KPMG'.

Chartered Accountants  
Kingston, Jamaica

March 1, 2023



INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of  
JAMAICA PRODUCERS GROUP LIMITED

**Appendix to the Independent Auditors' Report**

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

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



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INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of  
JAMAICA PRODUCERS GROUP LIMITED

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

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

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

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

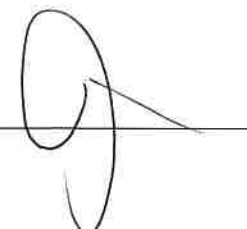
JAMAICA PRODUCERS GROUP LIMITED

Group Balance Sheet  
December 31, 2022

	<u>Notes</u>	<u>2022</u> \$'000	<u>2021</u> \$'000
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		1,214,116	1,282,048
Short-term investments	4	592,602	416,110
Securities purchased under resale agreements	5	10,217,311	10,319,916
Accounts receivable	6	3,453,623	3,147,428
Taxation recoverable		173,560	63,701
Inventories	7	<u>1,442,521</u>	<u>1,173,633</u>
Total current assets		<u>17,093,733</u>	<u>16,402,836</u>
<b>CURRENT LIABILITIES</b>			
Accounts payable	8	5,262,276	4,547,419
Taxation		232,060	283,775
Loans and borrowings	20	1,119,800	833,250
Lease liabilities	21(i)(b)	<u>125,703</u>	<u>158,957</u>
Total current liabilities		<u>6,739,839</u>	<u>5,823,401</u>
WORKING CAPITAL		<u>10,353,894</u>	<u>10,579,435</u>
<b>NON-CURRENT ASSETS</b>			
Biological assets	9	154,761	101,779
Interest in associates and joint ventures	10(a)	2,019,289	969,891
Investments	12	461,992	511,058
Intangible assets	13	1,396,584	1,425,692
Deferred tax asset	14	5,575	9,056
Property, plant and equipment	15	24,614,201	22,809,785
Investment property	16	544,863	552,783
Employee benefit asset	17(a)	558,899	1,698,874
Right of use of assets	21(i)(a)	<u>385,048</u>	<u>582,413</u>
Total non-current assets		<u>30,141,212</u>	<u>28,661,331</u>
Total assets less current liabilities		<u>40,495,106</u>	<u>39,240,766</u>
<b>EQUITY</b>			
Share capital	18	112,214	112,214
Reserves	19	<u>19,013,217</u>	<u>17,841,243</u>
Attributable to equity holders of the parent		19,125,431	17,953,457
NON-CONTROLLING INTEREST	11	<u>16,759,852</u>	<u>16,219,005</u>
Total equity		<u>35,885,283</u>	<u>34,172,462</u>
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liability	14	1,179,846	1,293,498
Loans and borrowings	20	2,918,817	2,941,367
Employee benefit obligations	17(b)	258,749	396,749
Lease liabilities	21(i)(b)	<u>252,411</u>	<u>436,690</u>
		<u>4,609,823</u>	<u>5,068,304</u>
Total equity and non-current liabilities		<u>40,495,106</u>	<u>39,240,766</u>

The financial statements on pages 8 to 69 were approved for issue by the Board of Directors on March 1, 2023 and signed on its behalf by :

  
C.H. Johnston

  
J. Hall

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



JAMAICA PRODUCERS GROUP LIMITED

Group Statement of Profit or Loss  
Year ended December 31, 2022

	<u>Notes</u>	<u>2022</u> \$'000	<u>2021</u> \$'000
Gross operating revenue	22	29,001,125	25,020,595
Cost of operating revenue		<u>(21,337,845)</u>	<u>(17,962,918)</u>
Gross profit		7,663,280	7,057,677
Other income and expenses, net		205,213	872,301
Selling, administration and other operating expenses	23	<u>( 4,322,832)</u>	<u>( 3,453,300)</u>
Profit from operations		3,545,661	4,476,678
Share of profits in associates and joint ventures		<u>1,358,130</u>	<u>256,309</u>
Profit before finance cost and taxation		4,903,791	4,732,987
Finance cost	24	<u>( 223,935)</u>	<u>( 257,371)</u>
Profit before taxation		4,679,856	4,475,616
Taxation charge	25	<u>( 693,824)</u>	<u>( 655,964)</u>
Profit for the year		<u>3,986,032</u>	<u>3,819,652</u>
Attributable to:			
Parent company stockholders		2,299,346	1,844,791
Non-controlling interest	11	<u>1,686,686</u>	<u>1,974,861</u>
		<u>3,986,032</u>	<u>3,819,652</u>
Attributable to parent company stockholders:			
The company		( 389,363)	8,170
Subsidiary companies		1,431,806	1,561,236
Associated companies and joint ventures	10(b)	<u>1,256,903</u>	<u>275,385</u>
		<u>2,299,346</u>	<u>1,844,791</u>
Profit per ordinary stock unit:	26		
Based on stock units in issue		<u>204.91¢</u>	<u>164.40¢</u>
Excluding stock units held by ESOP		<u>218.65¢</u>	<u>176.12¢</u>

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

JAMAICA PRODUCERS GROUP LIMITEDGroup Statement of Profit or Loss and Other Comprehensive Income  
Year ended December 31, 2022

	<u>Notes</u>	<u>2022</u> \$'000	<u>2021</u> \$'000
Profit for the year		<u>3,986,032</u>	<u>3,819,652</u>
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Remeasurement of defined benefit asset and obligations	17	(1,008,652)	114,921
Deferred tax effect on remeasurement of defined benefit asset and obligations	14	126,081	( 14,365)
Change of fair value through other comprehensive income (FVOCI) investments		( 5,493)	( 88,554)
Share of other comprehensive income of associates and joint ventures	10	( 160,781)	127,288
Items that may be reclassified to profit or loss:			
Exchange gains on translation of foreign operations		( 415,640)	77,425
		<u>(1,464,485)</u>	<u>216,715</u>
Total comprehensive income for the year		<u>2,521,547</u>	<u>4,036,367</u>
Attributable to:			
Parent company stockholders		1,430,994	2,023,517
Non-controlling interest		<u>1,090,553</u>	<u>2,012,850</u>
		<u>2,521,547</u>	<u>4,036,367</u>

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

JAMAICA PRODUCERS GROUP LIMITED

Group Statement of Changes in Equity  
Year ended December 31, 2022

	Attributable to owners of the company								
	Share capital \$'000 (note 18)	Share premium \$'000 (note 19)	Capital reserves \$'000 (note 19)	Fair value reserve \$'000 (note 19)	Reserve for own shares \$'000 (note 19)	Retained profits \$'000 (note 19)	Parent company stockholders' equity \$'000	Non – controlling interest \$'000	Total equity \$'000
Balances at January 1, 2021	<u>112,214</u>	<u>135,087</u>	<u>4,685,139</u>	<u>(25,176)</u>	<u>(50,276)</u>	<u>11,275,112</u>	<u>16,132,100</u>	<u>14,799,759</u>	<u>30,931,859</u>
Total comprehensive income for 2021:									
Profit for the year	-	-	-	-	-	1,844,791	1,844,791	1,974,861	3,819,652
Other comprehensive income/(loss)									
Remeasurement of defined benefit asset and obligations	-	-	-	-	-	48,266	48,266	66,655	114,921
Deferred tax effect on remeasurement of defined benefit assets and obligations	-	-	-	-	-	( 6,032)	( 6,032)	( 8,333)	( 14,365)
Share of other comprehensive income of associate and joint ventures	-	-	-	-	-	127,288	127,288	-	127,288
Change of fair value through other comprehensive income (FVOCI) investments	-	-	-	(37,807)	-	-	( 37,807)	( 50,747)	( 88,554)
Exchange gains arising on translation of foreign operations	-	-	<u>47,011</u>	-	-	-	<u>47,011</u>	<u>30,414</u>	<u>77,425</u>
Total other comprehensive income/(loss)	-	-	<u>47,011</u>	<u>(37,807)</u>	-	<u>169,522</u>	<u>178,726</u>	<u>37,989</u>	<u>216,715</u>
Total comprehensive (loss)/income for the year	-	-	<u>47,011</u>	<u>(37,807)</u>	-	<u>2,014,313</u>	<u>2,023,517</u>	<u>2,012,850</u>	<u>4,036,367</u>
Other reserve movements									
Other transfer to capital reserves	-	-	12,842	-	-	( 12,842)	-	-	-
Transactions with owners of the company									
Own shares sold by ESOP	-	-	-	-	50,212	-	50,212	-	50,212
Net movement in subsidiary ESOP	-	-	-	-	-	-	-	( 73,516)	( 73,516)
Distributions to non-controlling interests	-	-	-	-	-	-	-	( 497,724)	( 497,724)
Distributions to stockholders (note 27)	-	-	( 262,424)	-	-	-	( 262,424)	-	( 262,424)
Acquisition of shares in subsidiary from NCI	-	-	-	-	-	-	-	( 22,364)	( 22,364)
Unclaimed distributions to stockholders (note 27)	-	-	<u>10,052</u>	-	-	-	<u>10,052</u>	-	<u>10,052</u>
	-	-	<u>( 239,530)</u>	-	<u>50,212</u>	<u>( 12,842)</u>	<u>( 202,160)</u>	<u>( 593,604)</u>	<u>( 795,764)</u>
Balances at December 31, 2021	<u>112,214</u>	<u>135,087</u>	<u>4,492,620</u>	<u>(62,983)</u>	<u>( 64)</u>	<u>13,276,583</u>	<u>17,953,457</u>	<u>16,219,005</u>	<u>34,172,462</u>
Retained in the financial statements of:									
The company	112,214	135,087	1,546,244	( 2,077)	-	2,007,462	3,798,930		
Subsidiary companies	-	-	2,946,376	(60,906)	( 64)	10,865,898	13,751,304		
Associate companies and joint ventures	-	-	-	-	-	<u>403,223</u>	<u>403,223</u>		
Balances at December 31, 2021	<u>112,214</u>	<u>135,087</u>	<u>4,492,620</u>	<u>(62,983)</u>	<u>( 64)</u>	<u>13,276,583</u>	<u>17,953,457</u>		

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

JAMAICA PRODUCERS GROUP LIMITED

Group Statement of Changes in Equity (Continued)  
Year ended December 31, 2022

	<u>Attributable to owners of the company</u>								
	<u>Share capital</u>	<u>Share premium</u>	<u>Capital reserves</u>	<u>Fair value reserve</u>	<u>Reserve for own shares</u>	<u>Retained profits</u>	<u>Parent company stockholders' equity</u>	<u>Non – controlling interest</u>	<u>Total equity</u>
	\$'000 (note 18)	\$'000 (note 19)	\$'000 (note 19)	\$'000 (note 19)	\$'000 (note 19)	\$'000 (note 19)	\$'000 (note 19)	\$'000	\$'000
Balances at January 1, 2022	<u>112,214</u>	<u>135,087</u>	<u>4,492,620</u>	<u>(62,983)</u>	<u>( 64)</u>	<u>13,276,583</u>	<u>17,953,457</u>	<u>16,219,005</u>	<u>34,172,462</u>
Total comprehensive income for 2022:									
Profit for the year	-	-	-	-	-	2,299,346	2,299,346	1,686,686	3,986,032
Other comprehensive income/(loss)									
Remeasurement of defined benefit asset and obligations	-	-	-	-	-	( 347,413)	( 347,413)	( 661,239)	( 1,008,652)
Deferred tax effect on remeasurement of defined benefit assets and obligations	-	-	-	-	-	52,954	52,954	73,127	126,081
Share of other comprehensive income of associate and joint ventures	-	-	-	-	-	( 160,781)	( 160,781)	-	( 160,781)
Change of fair value through other comprehensive income (FVOCI) investments	-	-	-	( 5,493)	-	-	( 5,493)	-	( 5,493)
Exchange gains arising on translation of foreign operations	-	-	<u>( 407,619)</u>	-	-	-	<u>( 407,619)</u>	<u>( 8,021)</u>	<u>( 415,640)</u>
Total other comprehensive loss	-	-	<u>( 407,619)</u>	<u>( 5,493)</u>	-	<u>( 455,240)</u>	<u>( 868,352)</u>	<u>( 596,133)</u>	<u>( 1,464,485)</u>
Total comprehensive (loss)/income for the year	-	-	<u>( 407,619)</u>	<u>( 5,493)</u>	-	<u>1,844,106</u>	<u>1,430,994</u>	<u>1,090,553</u>	<u>2,521,547</u>
Other reserve movements									
Other transfer to capital reserves	-	-	13,132	-	-	( 13,132)	-	-	-
Transactions with owners of the company									
Own shares sold by ESOP	-	-	-	-	47,040	-	47,040	-	47,040
Net movement in subsidiary ESOP	-	-	-	-	-	-	-	6,070	6,070
Distributions to non-controlling interests	-	-	-	-	-	-	-	( 555,776)	( 555,776)
Distributions to stockholders (note 27)	-	-	<u>( 315,723)</u>	-	-	-	<u>( 315,723)</u>	-	<u>( 315,723)</u>
Unclaimed distributions to stockholders (note 27)	-	-	<u>9,663</u>	-	-	-	<u>9,663</u>	-	<u>9,663</u>
	-	-	<u>( 292,928)</u>	-	<u>47,040</u>	<u>( 13,132)</u>	<u>( 259,020)</u>	<u>( 549,706)</u>	<u>( 808,726)</u>
Balances at December 31, 2022	<u>112,214</u>	<u>135,087</u>	<u>3,792,073</u>	<u>(68,476)</u>	<u>46,976</u>	<u>15,107,557</u>	<u>19,125,431</u>	<u>16,759,852</u>	<u>35,885,283</u>
Retained in the financial statements of:									
The company	112,214	135,087	1,219,264	( 7,570)	-	1,618,099	3,077,094		
Subsidiary companies	-	-	2,572,809	(60,906)	46,976	12,094,816	14,653,700		
Associate companies and joint ventures	-	-	-	-	-	<u>1,394,637</u>	<u>1,394,637</u>		
Balances at December 31, 2022	<u>112,214</u>	<u>135,087</u>	<u>3,792,073</u>	<u>(68,476)</u>	<u>46,976</u>	<u>15,107,552</u>	<u>19,125,431</u>		

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

JAMAICA PRODUCERS GROUP LIMITEDGroup Statement of Cash Flows  
Year ended December 31, 2022

	<u>Notes</u>	<u>2022</u> \$'000	<u>2021</u> \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit for the year		3,986,032	3,819,652
Adjustments for:			
Depreciation – property, plant and equipment and investment property	15,16	1,206,681	1,184,057
Amortisation – right of use assets	21[(a)]	161,207	169,549
Amortisation and impairment – intangible assets	13	97,352	94,928
Amortisation – biological assets	9	22,411	21,728
Unrealised foreign exchange loss		17,361	8,874
Current taxation charge	25(a)	678,136	684,593
Deferred tax, net	25(a)	15,688	( 28,629)
Movement in employee benefits		( 6,677)	( 21,871)
Loss/(gain) on disposal of property, plant and equipment and investments		76,694	( 2,324)
Share of profit in associate companies and joint ventures		( 1,358,130)	( 256,309)
Reversal of impairment on long term loan receivable		( 11,444)	-
Amortisation of bond issue costs	20	744	744
Interest earned	24	( 466,749)	( 336,054)
Interest expense	24	<u>223,935</u>	<u>257,371</u>
		4,643,241	5,596,309
Increase in current assets and liabilities:			
Accounts receivable		( 290,196)	( 252,029)
Taxation recoverable		( 109,859)	( 25,568)
Inventories		( 268,888)	( 194,149)
Accounts payable		<u>507,901</u>	<u>472,597</u>
Cash generated from operating activities		4,482,199	5,597,160
Tax paid		<u>( 628,624)</u>	<u>( 555,402)</u>
Net cash generated from operating activities		<u>3,853,575</u>	<u>5,041,758</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Additions to biological assets	9	( 75,393)	( 67,627)
Short-term investments purchased		416,110	1,091,990
Proceeds from matured short-term investments		( 592,602)	( 416,110)
Interest received		472,535	335,339
Securities purchased under resale agreements		(10,217,311)	(10,319,916)
Redemption of securities purchased under resale agreements		10,319,916	7,645,526
Additions to property, plant and equipment	15	( 3,311,911)	( 1,685,960)
Additions to intangible assets	13	-	( 4,212)
Acquisition of subsidiary, net of cash	32	( 4,441)	( 22,364)
Proceeds from disposal of investments and property, plant and equipment		10,066	2,324
Own shares or subsidiary shares sold/(purchased) by ESOP		53,110	( 23,304)
Acquisition of associate company and joint ventures		-	( 296,216)
Repayment of long term loans receivable		55,015	-
Repayments on associate companies and joint ventures accounts		26,013	-
Disbursements to associate companies and joint ventures		<u>( 105,240)</u>	<u>( 254,221)</u>
Net cash used by investing activities		<u>( 2,954,133)</u>	<u>( 4,014,751)</u>

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

JAMAICA PRODUCERS GROUP LIMITEDGroup Statement of Cash Flows (Continued)  
Year ended December 31, 2022

	<u>Note</u>	<u>2022</u> \$'000	<u>2021</u> \$'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from loan and borrowings		1,000,000	850,000
Repayment of loans and borrowings		( 781,315)	( 718,675)
Interest paid		( 178,119)	( 180,435)
Distributions to non-controlling interests		( 506,005)	( 472,839)
Distributions to stockholders		( 253,123)	( 199,321)
Payment of lease liabilities	21	<u>( 192,165)</u>	<u>( 182,018)</u>
Net cash used by financing activities		<u>( 910,727)</u>	<u>( 903,288)</u>
Net (decrease)/ increase in cash and cash equivalents		( 11,285)	123,719
Cash and cash equivalents at beginning of the year		1,282,048	1,127,084
Exchange gains on foreign currency cash and cash equivalents		<u>( 56,647)</u>	<u>31,245</u>
Cash and cash equivalents at end of the year		<u>1,214,116</u>	<u>1,282,048</u>

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

## JAMAICA PRODUCERS GROUP LIMITED

### Notes to the Consolidated Financial Statements Year ended December 31, 2022

#### 1. The company

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

The main activities of the company, its subsidiaries (collectively, “group”), joint ventures and associates (note 33) are port terminal operations; shipping and logistics; the cultivation, marketing and distribution of fresh produce; food and drink manufacturing; land management and the holding of investments.

On January 3, 2022, the group acquired a 100% shareholding in Miami Freight & Shipping Company (“MFS”). MFS is a Miami, Florida based company engaged in freight handling, logistics and shipping primarily between North America and the Caribbean (see note 32).

On April 9, 2021, the group acquired a 50% shareholding in Geest Line Limited (“Geest”). Geest, based in the UK, operates a shipping line connecting Europe and the Caribbean (note 10).

On September 1, 2021 the group acquired a 50% shareholding in CoBeverage Lab S.L. (“CBL”). CBL is a producer of fruit and vegetable juices based in Barcelona, Spain (note 10).

On October 16, 2021, the company completed an investment in Grupo Frontera Limited (“GFL”), a joint venture holding company. The investment was made by subscription of shares and through a long term loan. The company owns 50% of the issued shares of GFL. On the same date, a subsidiary of GFL, Grupo Alaska SA, acquired the assets of an ice and bottled water producer and distributor in the Dominican Republic (note 10).

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

##### (a) Statement of compliance

The consolidated 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.

Certain new and revised standards and interpretations came into effect during the current financial year. The group has assessed them and has adopted those which are relevant to its consolidated financial statements but their adoption did not result in any changes to amounts recognised or disclosed in these financial statements.

At the date of authorisation of the consolidated financial statements, certain new and amended standards have been issued which are not yet effective and which the group has not early adopted. The group has assessed the relevance of all such new standards and amendments with respect to its operations and has determined that the following may be relevant:

JAMAICA PRODUCERS GROUP LIMITEDNotes to the Consolidated Financial Statements (Continued)  
Year ended December 31, 20222. Statement of compliance and basis of preparation (continued)

## (a) Statement of compliance (continued)

## Standards issued but not yet effective

- Amendments to IAS 1 *Presentation of Financial Statements*, will apply retrospectively for annual reporting periods beginning on or after January 1, 2023. The amendments promote consistency in application and clarify the requirements on determining if a liability is current or non-current.

Under existing IAS 1 requirements, entities classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Instead of the requirement for a right of deferral to be “unconditional”, the standard requires that a right to defer settlement must have “substance” and exist at the end of the reporting date. An entity classifies a liability as non-current if it has a right to defer settlement for at least twelve months after the reporting date. It has also been clarified that a right to defer exists only if the entity is in compliance with conditions specified in the loan agreement at the reporting date, even if the lender does not test compliance until a later date.

The group does not expect the amendment to have a significant impact on its consolidated financial statements.

- Amendments to IAS 1 *Presentation of Financial Statements* are effective for annual periods beginning on or after January 1, 2023 and may be applied earlier. The amendments help entities provide useful accounting policy disclosures.

The key amendments to IAS 1 include:

- requiring entities to disclose their *material* accounting policies rather than their *significant* accounting policies;
- clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
- clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company’s financial statements.

The amendments are consistent with the refined definition of material:

*“Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements”.*

The group is assessing the impact that the amendment will have on its 2023 consolidated financial statements.

- Amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* are effective for periods beginning on or after January 1, 2023, with early adoption permitted. The amendments introduce a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty.



JAMAICA PRODUCERS GROUP LIMITED

Notes to the Consolidated Financial Statements  
Year ended December 31, 2022

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

(a) Statement of compliance (continued)

- Amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* (continued)

The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy.

Developing an accounting estimate includes both:

- selecting a measurement technique (estimation or valuation technique) – e.g. an estimation technique used to measure a loss allowance for expected credit losses when applying IFRS 9 *Financial Instruments*; and
- choosing the inputs to be used when applying the chosen measurement technique – e.g. the expected cash outflows for determining a provision for warranty obligations when applying IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*.

The effects of changes in such inputs or measurement techniques are changes in accounting estimates. The definition of accounting policies is unchanged.

The group is assessing the impact that the amendment will have on its 2023 consolidated financial statements.

- Amendments to IAS 12 *Income Taxes* are effective for annual reporting periods beginning on or after January 1, 2023, with early adoption permitted. The amendments clarify how entities should account for deferred tax on certain transactions – e.g. leases and decommissioning provisions.

The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision.

For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. If an entity previously accounted for deferred tax on leases and decommissioning liabilities under the net approach, then the impact on transition is likely to be limited to the separate presentation of the deferred tax asset and the deferred tax liability.

For all other transactions, the amendments apply to transactions that occur after the beginning of the earliest period presented.

The group is assessing the impact that the amendment will have on its 2023 consolidated financial statements.

JAMAICA PRODUCERS GROUP LIMITEDNotes to the Consolidated Financial Statements (Continued)  
Year ended December 31, 20222. Statement of compliance and basis of preparation (continued)

## (b) Basis of preparation

The financial statements are prepared on the historical cost basis, except for certain investments measured at fair value. The consolidated financial statements are presented in Jamaica dollars (J\$), which is the functional currency of the company.

## (c) Use of estimates and judgment

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods. Judgements made by management in the application of IFRS that have a significant effect on the consolidated financial statements and estimates with a significant risk of material adjustment in the next financial year are discussed below:

## (i) Impairment of goodwill and other intangible assets

Impairment of goodwill and other intangibles is dependent upon management's internal assessment of future cash flows from the intangibles and cash-generating units that gave rise to the goodwill. That internal assessment determines the amount recoverable from future use of cash generating units in respect of goodwill. The estimate of the amount recoverable from the future use of those cash generating units is sensitive to the discount rates used (note 13).

## (ii) Measurement of pension and other post-retirement benefits

The amounts recognised in the financial statements for pension and other post-retirement benefits are determined actuarially using several assumptions. The primary assumptions used in determining the amounts recognised include the discount rate used to determine the present value of estimated future cash flows required to settle the pension and other post-retirement obligations, and the expected rate of increase in medical costs for post-retirement medical benefits. The discount rate is determined based on the estimate of yield on long-term Government securities that have maturity dates approximating the terms of the group's obligation. The estimated rate of increase in medical costs is determined based on inflationary factors. Any changes in these assumptions will impact the amounts recorded in the financial statements for these obligations.

JAMAICA PRODUCERS GROUP LIMITEDNotes to the Consolidated Financial Statements (Continued)  
Year ended December 31, 20223. Significant accounting policies

The group has consistently applied the accounting policies as set out hereafter to all periods presented in these financial statements.

## (a) Basis of consolidation

## (i) Business combinations

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

In determining whether a particular set of activities and assets is a business, the group assesses whether the set of activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The group has an option to apply a concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The group measures goodwill at the acquisition date as:

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

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts generally are recognised in profit or loss. Any contingent consideration payable is measured at fair value at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities that the group incurs in connection with a business combination, are expensed as incurred.

## (ii) Non-controlling interests

Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets from 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. Any difference between the change in the carrying value of non-controlling interest and the fair value of consideration paid or received is recognised directly in equity.

JAMAICA PRODUCERS GROUP LIMITEDNotes to the Consolidated Financial Statements (Continued)  
Year ended December 31, 20223. Significant accounting policies (continued)

## (a) Basis of consolidation (continued)

## (iii) 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 consolidated financial statements include the financial statements of all subsidiaries, including an Employee Share Ownership Plan ("ESOP") classified as a structured entity (note 19), made up to December 31, 2022.

## (iv) Loss of control

On the loss of control, the group derecognises the assets and liabilities, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the group retains any interest in a former subsidiary, then such interest is measured at fair value at the date that control is lost.

## (v) Joint venture arrangements

A joint venture is a contractual arrangement in which the group has joint control and whereby the group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. Joint ventures are recognised initially at cost, including transaction costs. Subsequent to initial recognition, the consolidated financial statements include the group's share of the profit or loss and other comprehensive income of joint ventures using the equity method, until the date on which joint control ceases. If the group's share of losses exceeds its interest in a joint venture the group's carrying amount is reduced to nil and recognition of further losses is discontinued, except to the extent that the group has incurred legal or constructive obligations or made payments on behalf of a joint venture. If the joint venture subsequently reports gains, the group resumes recognising its share of those gains only after its share of gains equals the share of losses not recognised.

## (vi) Associates

Associates are those entities over which the group has significant influence, but not control or joint control over the financial and operating decisions, 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 recognised at cost, including transaction costs.

The group's investment is carried at its 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 associates' post-acquisition profits or losses is recognised in profit or loss and its share of post-acquisition movements in reserves is recognised in other comprehensive income to the extent that the profits, losses or movements are consistent with the group's significant accounting policies.

JAMAICA PRODUCERS GROUP LIMITEDNotes to the Consolidated Financial Statements (Continued)  
Year ended December 31, 20223. Significant accounting policies (continued)

## (a) Basis of consolidation (continued)

## (vi) Associates (continued)

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 ceases to recognise further losses unless it incurs obligations or makes payments on behalf of the associate.

## (vii) Transactions eliminated on consolidation

Balances and transactions between companies within the group, and any unrealised gains arising from those transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions between the group and its associates and joint ventures are eliminated to the extent of the group's interest in the associate or joint venture. Unrealised losses are also eliminated unless the transactions provide evidence of an impairment of the asset transferred.

## (b) Foreign currencies

The group's foreign currency assets and liabilities are translated at the buying rates of exchange ruling at the reporting date [note 31(b)(ii)]. Items in the foreign subsidiaries' profit and loss accounts are translated at rates of £1 to J\$187.28 (2021: J\$205.31), US\$1 to J\$152.56 (2021: J\$149.97), €1 to J\$158.29 (2021: J\$174.07), being the weighted average rates of exchange for the year. Other transactions in foreign currencies are converted at the rates of exchange at the dates of those transactions.

Gains and losses arising from translating profit or loss items are included in profit or loss. Unrealised portions of such gains are ultimately transferred to capital reserve. Exchange differences arising on other changes to stockholders' interests are reflected in other capital reserves [note 19(iii)].

## (c) Financial instruments – Classification, recognition and de-recognition, and measurement

Financial instruments carried on the balance sheet include cash and cash equivalents, accounts receivable, short-term investments, securities purchased under resale agreement, investments, accounts payable and loans and borrowing and lease liabilities.

*Financial assets**Initial recognition and measurement*

Financial assets that are not designated as at fair value through profit or loss and: a) are held within a business model whose objective is to hold assets to collect contractual cash flows, and b) have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are classified as "Held to collect" and measured at amortised cost.

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

- Cash and cash equivalents;
- Accounts receivable;

JAMAICA PRODUCERS GROUP LIMITEDNotes to the Consolidated Financial Statements (Continued)  
Year ended December 31, 20223. Significant accounting policies (continued)

- (c) Financial instruments – Classification, recognition and de-recognition, and measurement (continued)

*Financial assets (continued)**Initial recognition and measurement (continued)*

- Short-term investments; and
- Securities purchased under resale agreements.
- Cash and cash equivalents;
- Accounts receivable;
- Short-term investments; and
- Securities purchased under resale agreements.

*Equity instruments*

On initial recognition the group elects to irrevocably designate an equity investment at fair value through other comprehensive income (“FVOCI”). Subsequent changes in the investment at fair value are recorded in OCI.

*Subsequent measurement*

The subsequent measurement of financial assets depends on their classification as described in their respective accounting policy notes.

*Impairment of financial assets*

For trade receivables, the group applies the simplified approach to providing for expected credit losses, which allows the use of a lifetime expected credit loss provision. The lifetime ECLs are determined by taking into consideration historical rates of default for each segment of aged receivables as well as the estimated impact of forward-looking information.

The group recognises a loss allowance for expected credit losses on other financial assets that are measured at amortised cost. At each reporting date, the loss allowance for the financial asset is measured at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

*Macroeconomic factors, forward looking information and multiple scenarios*

The group applies an unbiased and probability weighted estimate of credit losses by evaluating a range of possible outcomes that incorporates forecasts of future economic conditions. Macroeconomic factors and forward-looking information are incorporated into the measurement of ECL as well as the determination of whether there has been a significant increase in credit risk since origination. Measurement of ECLs at each reporting date reflects reasonable and supportable information about past events, current conditions and forecasts of future economic conditions. The group uses three scenarios that are probability weighted to determine ECL.

JAMAICA PRODUCERS GROUP LIMITEDNotes to the Consolidated Financial Statements (Continued)  
Year ended December 31, 20223. Significant accounting policies (continued)

- (c) Financial instruments – Classification, recognition and de-recognition, and measurement (continued)

*Financial assets (continued)**Derecognition*

A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired, or the group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a “pass-through” arrangement, and either (a) the group has transferred substantially all the risks and rewards of the asset, or (b) the group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

*Financial liabilities**Initial recognition and measurement*

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

*Subsequent measurement*

The subsequent measurement of financial liabilities depends on their classification as described in their respective policy notes.

*Derecognition*

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired.

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

*Offsetting of financial instruments*

Financial assets and financial liabilities are offset and the net amount is reported in the group balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is intention to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

- (d) Cash and cash equivalents

Cash comprises cash in hand, on demand and on call deposits with banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in fair value and are held for the purpose of meeting short-term cash commitments, rather than for investment or other purposes.

JAMAICA PRODUCERS GROUP LIMITEDNotes to the Consolidated Financial Statements (Continued)  
Year ended December 31, 20223. Significant accounting policies (continued)

## (e) Short-term investments

Short-term investments comprise fixed deposits with banks, money market securities and loans and receivables maturing within one year. They are acquired for their earnings potential and for balancing the group's risks on its investment portfolio. Their nature, liquidity and risk are similar to those of cash and cash equivalents.

## (f) Securities purchased under resale agreements

Securities purchased under resale agreements ("reverse repos") are short-term transactions in which the purchaser makes funds available to other parties and in turn receives securities which it agrees to resell on a specified date at a specified price. Reverse repos are accounted for as short-term collateralised lending. The difference between the sale and repurchase consideration is recognised on the effective interest basis over the period of the repurchase agreement and is included in interest income.

## (g) Accounts receivable

Trade and other receivables are recognised initially at the fair value of the amounts due from the customers and subsequently measured at amortised cost, less allowance for impairment.

## (h) Inventories

Inventories are measured at the lower of cost, determined principally on the first-in first-out basis, and net realisable value. Net realisable value is the estimated selling price less the estimated costs of completion and selling expenses.

## (i) Trade and other payables

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

## (j) Biological assets

Biological assets represent the cost of, primarily, pineapple and banana fields, which are capitalised up to maturity. These are measured at cost, less accumulated amortisation and impairment losses. The costs are normally amortised over a period of two years for pineapples and seven years for bananas. The group adopted the policy to value biological assets on the basis of amortised cost due to the lack of available independent specialist to perform a fair value assessment on a regular basis.

## (k) 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 (note 13) and tested annually for impairment. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the equity accounted investee as a whole. Other intangible assets that are acquired by the group and have finite useful lives are measured at cost less accumulated amortisation and impairment losses.



JAMAICA PRODUCERS GROUP LIMITEDNotes to the Consolidated Financial Statements (Continued)  
Year ended December 31, 20223. Significant accounting policies (continued)

## (k) Intangible assets and goodwill (continued)

## (ii) Subsequent expenditure

Subsequent expenditure is capitalised 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 recognised in profit or loss as incurred.

## (iii) Amortisation

Intangible assets are amortised on the straight-line basis in profit or loss over their estimated useful lives from the date that they are available for their intended use by management. Goodwill is not amortised but tested annually for impairment.

The estimated useful lives are as follows:

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

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

## (l) Property, plant and equipment

## (i) Owned assets

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

The cost of self-constructed assets includes the costs of material and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the present value of costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. Borrowing costs related to the acquisition or construction of qualifying assets are recognised as part of the cost of the qualifying asset.

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

## (ii) Subsequent costs

The group recognises the cost of replacing part of an item of property, plant and equipment in the carrying amount of such an item when that cost is incurred, if it is probable that the future economic benefits embodied with the item will flow to the group and the cost of the item can be measured reliably.

JAMAICA PRODUCERS GROUP LIMITEDNotes to the Consolidated Financial Statements (Continued)  
Year ended December 31, 20223. Significant accounting policies (continued)

## (l) Property, plant and equipment (continued)

## (ii) Depreciation

Property, plant and equipment, including leased assets, with the exception of freehold land, on which no depreciation is charged, are depreciated on the straight-line basis at annual rates, varying between 2% and 50%, estimated to write down the assets to residual values over their expected useful lives.

Computers, vehicles, furniture and equipment are depreciated on the straight-line basis at rates between 25% and 50% per annum. Depreciation methods, useful lives and residual values are reassessed at each reporting date.

## (m) Investment property

Investment property, principally freehold warehouse buildings, are held for long-term rental yields and are not occupied by the Group. Investment property is shown at cost less accumulated depreciation.

Subsequent costs are included in the carrying amount of the asset or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. On replacement of a separately measured part of an item of investment property, the carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of profit or loss when the expenditure is incurred.

Land is not depreciated. Depreciation is calculated on buildings held as investment property on the straight-line basis at an annual rate of 2.5%.

The assets' residual values and useful lives are reviewed and adjusted if appropriate at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the assets carrying amount is greater than its recoverable amount [note 3(n)].

Gains and losses on disposal of investment property are determined by comparing proceeds with their carrying amounts and are included in the statement of profit or loss.

## (n) Impairment of non-financial assets

The carrying amounts of the group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The recoverable amount of goodwill is estimated at each reporting date.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

JAMAICA PRODUCERS GROUP LIMITEDNotes to the Consolidated Financial Statements (Continued)  
Year ended December 31, 20223. Significant accounting policies (continued)

## (n) Impairment of non-financial assets (continued)

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

## (o) Loans payable

Loans payable are initially recognised at fair value less any directly attributable transaction costs. Subsequent to initial recognition, loans are measured at amortised cost using the effective interest method.

## (p) Leases

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

## i. As a lessee

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

The group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

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

JAMAICA PRODUCERS GROUP LIMITEDNotes to the Consolidated Financial Statements (Continued)  
Year ended December 31, 20223. Significant accounting policies (continued)

## (p) Leases (continued)

## i. As a lessee (continued)

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

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

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

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

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

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

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

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

JAMAICA PRODUCERS GROUP LIMITEDNotes to the Consolidated Financial Statements (Continued)  
Year ended December 31, 20223. Significant accounting policies (continued)

## (p) Leases (continued)

## ii. As a lessor

When the group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

## (q) Employee benefits

Employee benefits are all forms of consideration given by the group in exchange for service rendered by employees. These include current or short-term benefits such as salaries, bonuses, national insurance contributions, annual leave and non-monetary benefits such as medical care and housing, post-employment benefits such as pensions and other long-term employee benefits such as termination benefits. Employee benefits that are earned as a result of past or current service are recognised in the following manner:

- Current employee benefits are recognised as a liability, net of payments made, and charged as expense. The expected cost of vacation leave that accumulates is recognised when the employees become entitled to the leave.
- Pension obligations

The group, through its subsidiaries, participates in defined benefit retirement plans, the assets of which are generally held in separate trustee-administered funds. The pension plans are funded by payments from employees and by the group, taking into account the recommendations of qualified actuaries. The group has defined benefit and defined contribution plans.

The asset or liability recognised in respect of the defined benefit pension plan is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets, together with adjustments for past service costs.

The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income in the period in which they arise. Past-service costs are recognised immediately in profit or loss.

JAMAICA PRODUCERS GROUP LIMITEDNotes to the Consolidated Financial Statements (Continued)  
Year ended December 31, 20223. Significant accounting policies (continued)

## (q) Employee benefits (continued)

- Pension obligations (continued)

The group also participates in defined contribution plans whereby it pays contributions to privately administered pension plans which are administered by trustees. Once the contributions have been paid, the group has no further payment obligations. The contributions are charged to profit or loss in the period to which they relate.

- Other retirement obligations

The group, through its subsidiaries, provides post-employment health care and life insurance benefits to certain retirees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using an accounting methodology similar to that for defined benefit pension plans.

Actuarial gains and losses arising from experience adjustments, and changes in actuarial assumptions are charged or credited to other comprehensive income in the period in which they arise. These obligations are valued annually by independent qualified actuaries.

- Employee share option plan (ESOP)

The group operates an Employee's Share Ownership Plan ("ESOP"), which is regarded as a structured entity. The ESOP is managed under Trust and provides certain employees with the option to purchase shares at a discount using their annual bonus entitlement.

The fair value of the amount payable to the employees which are settled based on the choice of the employees is measured as an expense with corresponding increase in liabilities, over the period during which the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date based on the fair value of the option. Any changes in the liability are recognised in profit or loss.

- Termination benefits

Termination benefits are payable when employment is terminated by the group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The group recognises termination benefits at the earlier of the following dates: (a) when the group can no longer withdraw the offer of those benefits; and (b) when the group recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

JAMAICA PRODUCERS GROUP LIMITEDNotes to the Consolidated Financial Statements (Continued)  
Year ended December 31, 20223. Significant accounting policies (continued)

## (r) Revenue

Performance obligations and revenue recognition policies:

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

A contract with a customer that results in a recognised financial instrument in the group's financial statements may be partially in the scope of IFRS 9 and partially in the scope of IFRS 15. If this is the case, then the group first applies IFRS 9 to separate and measure the part of the contract that is in the scope of IFRS 9 and then applies IFRS 15 to the residual.

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

<u>Type of revenue</u>	<u>Nature and timing of satisfaction of performance obligations, including significant payment terms.</u>	<u>Revenue recognition under IFRS 15</u>
Terminal and logistics services	The group provides a full range of cargo handling, logistics, freight forwarding and trans-shipment services. Fees to its customers are calculated based on specific tariffs and charged based on services rendered.	Generally recognised at the point in time that the service is delivered.
Sale of food and drinks	The group provides goods to its customers. Customers obtain control of products when the goods are delivered and have been accepted at their premises, or in certain cases when the goods have been collected from the group's premises. Invoices are generated at that point and are payable within a range of terms that vary from immediately to 60 days.	Recognised at the point in time that the goods are delivered and have been accepted by the customers at their premises. For contracts that permit return of goods, revenue is recognised to the extent that it is highly probable that a significant reversal will not occur.
	Some contracts allow customers to return goods. Returned goods are exchanged for new goods or, in certain cases, are refunded through credit notes.	The group has a very low level of returned goods. Where applicable, the right to recover returned goods is measured at the former carrying amount of inventory less any expected cost to recover.

JAMAICA PRODUCERS GROUP LIMITEDNotes to the Consolidated Financial Statements (Continued)  
Year ended December 31, 20223. Significant accounting policies (continued)

## (s) Finance costs

Finance costs represent interest payable and amortised borrowing costs calculated using the effective interest method.

## (t) Interest income

Interest income is recognised in profit or loss and is calculated taking into account the effective interest rate on the asset.

## (u) Taxation

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

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

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

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

## (v) Segment reporting

An operating segment is a component of the group:

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

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

4. Short-term investments

This comprises fixed deposits bearing interest of 3% to 3.5% annually.



JAMAICA PRODUCERS GROUP LIMITEDNotes to the Consolidated Financial Statements (Continued)  
Year ended December 31, 20225. Securities purchased under resale agreements

The fair value of the underlying securities purchased under resale agreements approximated \$11,601,049,000 (2021: \$10,850,804,000).

6. Accounts receivable

	<u>2022</u>	<u>2021</u>
	\$'000	\$'000
Trade receivables [note 31(b)(i)]	2,905,772	2,602,068
Other receivables and prepayments	<u>679,621</u>	<u>714,519</u>
	3,585,393	3,316,587
Less: allowance for expected credit losses	<u>( 131,770)</u>	<u>( 169,159)</u>
	<u>3,453,623</u>	<u>3,147,428</u>

The movement in allowance for expected credit losses during the year is as follows:

	<u>2022</u>	<u>2021</u>
	\$'000	\$'000
Balance at beginning of year	169,159	200,728
Impairment losses recognized	25,986	30,303
Amount recovered in the year	( 58,937)	( 50,496)
Amount written-off as uncollectible	( 3,984)	( 11,415)
Exchange loss on retranslation	<u>( 454)</u>	<u>39</u>
Balance at end of year	<u>131,770</u>	<u>169,159</u>

7. Inventories

	<u>2022</u>	<u>2021</u>
	\$'000	\$'000
Raw materials and consumables	650,969	554,167
Processed goods	214,295	165,978
Spare parts and other	<u>577,257</u>	<u>453,488</u>
	<u>1,442,521</u>	<u>1,173,633</u>

Inventory balances are shown net of a provision of \$37,670,000 (2021: \$32,349,000). This provision arises predominantly in the group's consumer food businesses and reflects an adjustment in the value of inventory items to the lower of cost and realisable value. The net movement of \$5,321,000 (2021:\$1,220,000) was recognised in cost of sales.

8. Accounts payable

	<u>2022</u>	<u>2021</u>
	\$'000	\$'000
Trade payables	2,376,337	2,060,803
Dividends payable – shareholders and non-controlling interests	700,533	594,869
Accrued expenses and other payables	<u>2,185,406</u>	<u>1,891,747</u>
	<u>5,262,276</u>	<u>4,547,419</u>

JAMAICA PRODUCERS GROUP LIMITEDNotes to the Consolidated Financial Statements (Continued)  
Year ended December 31, 20229. Biological assets

	<u>2022</u> \$'000	<u>2021</u> \$'000
Balance at beginning of the year	101,779	55,880
Increase due to new plantings	75,393	67,627
Amortisation in year	<u>( 22,411)</u>	<u>( 21,728)</u>
Balance at end of the year	<u>154,761</u>	<u>101,779</u>

10. Interest in associates and joint venture companies

The group's associated and joint venture companies, which are recognised using the equity method, are set out below:

(a) Interest in associates and joint ventures

	<u>2022</u> \$'000	<u>2021</u> \$'000
(i) Tortuga Cayman Limited	104,650	72,793
(ii) Geest Line Limited	1,025,420	525,309
(iii) CoBeverage Lab S.L.	119,101	125,855
(iv) Grupo Frontera Limited	770,117	245,934
(v) Capital Infrastructure Managers Limited	<u>1</u>	<u>-</u>
	<u>2,019,289</u>	<u>969,891</u>

- (i) The group has a 40% holding in Tortuga Cayman Limited, a company that manufactures and distributes baked products.
- (ii) On April 9, 2021, the group acquired a 50% shareholding in Geest Line Limited ("Geest") for consideration of \$138,565,000. Based in the UK, Geest operates a shipping line connecting Europe and the Caribbean.
- (iii) On September 1, 2021 the group acquired a 50% shareholding in Co Beverage Lab S.L ("CBL") for consideration of \$120,709,000. CBL is a producer of fruit and vegetable juices in Barcelona, Spain with sales across Europe.
- (iv) On October 16, 2021 the group acquired a 50% shareholding in Grupo Frontera Limited ("GFL") through a subscription for new shares. At the same time the group made a long-term loan to GFL. The group's total investment was \$266,070,000. GFL owns 100% of Grupo Alaska S.A. ("GA"), which on the same date acquired the trade, assets and certain liabilities of an ice and water manufacturer and distributor in the Dominican Republic.
- (v) During the year the group subscribed for 50% of the share capital in a newly incorporated company, Capital Infrastructure Managers Limited ("CIM"). CIM was incorporated as a Joint Venture company to provide management services. CIM did not operate during the financial year, as such no results were consolidated in these financial statements.

## JAMAICA PRODUCERS GROUP LIMITED

### Notes to the Consolidated Financial Statements (Continued) Year ended December 31, 2022

#### 10. Interest in associates and joint venture companies (continued)

- (b) The following table summarises the financial information for Geest Line Limited, Grupo Frontera Limited and the aggregated information for Co Beverage Lab S.L and Tortuga Cayman Limited, as included in the Group's financial statements as at December 31, 2022, reflecting adjustments for differences in accounting policies, foreign exchange and related party transactions.

	2022			<u>Total</u> \$'000
	<u>Geest Line</u> Limited \$'000	<u>Grupo</u> Frontera Limited	<u>Other</u> associates and joint venture \$'000	
Percentage ownership interest	50%	50%	40%/50%	
Cash and cash equivalents	2,753,625	124,065	57,220	
Other current assets	2,289,086	403,291	568,627	
Non-current assets	130,022	2,838,833	85,607	
Current liabilities	( 2,940,078)	( 295,977)	(422,406)	
Non-current Liabilities	( 451,095)	(2,072,676)	(130,853)	
Net assets attributable to equity holders (100%)	<u>1,781,560</u>	<u>997,536</u>	<u>158,195</u>	
Group's share of net assets	890,780	498,768	80,627	1,470,174
Goodwill	59,438	-	35,628	95,066
Fair value adjustments at acquisition date	233,950	-	-	233,950
Net amounts due to the group from associates and joint ventures	( 61,344)	284,871	111,304	334,831
Foreign exchange adjustments	( 97,404)	( 13,522)	( 3,807)	( 114,733)
Carrying amount of investment	<u>1,025,420</u>	<u>770,117</u>	<u>223,752</u>	<u>2,019,289</u>
Revenue	17,755,590	1,970,084	990,935	
Depreciation and amortization	( 86,899)	( 187,899)	( 15,975)	
Interest income	8,802	-	-	
Interest expense	-	( 54,554)	( 13,867)	
Profit from continuing operations	1,707,820	986,110	23,553	
Taxation expense	( 157,879)	( 33,733)	( 10,818)	
Profit after tax	1,549,941	952,377	12,735	
Other comprehensive income, net of tax	( 321,562)	-	-	
Total comprehensive income	<u>1,228,379</u>	<u>952,377</u>	<u>12,735</u>	
Share of total comprehensive income during the year or since date of investment:				
Profit from continuing operations	774,971	476,189	5,744	1,256,903
Other comprehensive income	( 160,781)	-	-	( 160,781)
	<u>614,190</u>	<u>476,189</u>	<u>5,744</u>	<u>1,096,122</u>

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Consolidated Financial Statements (Continued)  
Year ended December 31, 2022

10. Interest in associates and joint venture companies (continued)

(b) (Continued)

	<u>Geest Line Limited</u> \$'000	<u>2021 Other associates and joint venture</u> \$'000	<u>Total</u> \$'000
Percentage ownership interest	50%	40%/50%	
Cash and cash equivalents	1,133,570	183,956	
other current assets	1,989,523	572,180	
Non-current assets	187,923	1,845,032	
Current liabilities	( 2,446,322)	( 488,948)	
Non-current liabilities	( 449,516)	(1,933,097)	
Net assets attributable to equity holders (100%)	<u>415,178</u>	<u>179,122</u>	
Group's share of net assets	207,589	89,908	297,497
Goodwill	69,925	38,645	108,570
Fair value adjustments at acquisition date	301,758	5,186	306,944
Net amounts due to the group from associates and joint ventures	( 47,819)	303,422	255,603
Foreign exchange adjustments	( 6,144)	7,421	<u>1,277</u>
Carrying amount of investment	<u>525,309</u>	<u>444,582</u>	<u>969,891</u>
Revenue	12,196,890	913,844	
Depreciation and amortisation	( 80,892)	( 74,208)	
Interest income	411	-	
Interest expense	( 3,285)	( 32,400)	
Profit/(loss) from continuing operations	495,620	( 18,486)	
Taxation expense	<u>40,241</u>	<u>( 2,097)</u>	
Profit after tax	535,861	( 20,583)	
Other comprehensive income, net of tax	<u>242,061</u>	<u>-</u>	
Total comprehensive income/(loss)	<u>777,922</u>	<u>( 20,583)</u>	
Share of total comprehensive income during the year or since date of investment:			
Profit/(loss) from continuing operations	292,506	( 17,121)	275,385
Other comprehensive income	127,288	-	127,288
Foreign exchange difference on translation	<u>5,723</u>	<u>( 5,173)</u>	<u>550</u>
	<u>425,517</u>	<u>( 22,294)</u>	<u>403,223</u>

## JAMAICA PRODUCERS GROUP LIMITED

### Notes to the Consolidated Financial Statements (Continued)

Year ended December 31, 2022

#### 11. Non-controlling interest

The following table summarises information relating to each of the group's subsidiaries that has a material non-controlling interest ("NCI") before any intra-group eliminations but after adjustments to align accounting policies.

	2022				2021			
	Kingston Wharves Limited	Tortuga International Holdings Limited	JP Snacks Caribbean Limited	Total	Kingston Wharves Limited	Tortuga International Holdings Limited	JP Snacks Caribbean Limited	Total
NCI percentage	<u>58%</u>	<u>38%</u>	<u>30%</u>		<u>58%</u>	<u>38%</u>	<u>30%</u>	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Non-current assets	23,300,584	776,034	389,257		22,609,088	799,335	427,729	
Current assets	11,801,211	480,925	518,549		10,884,231	501,871	455,348	
Non-current liabilities	( 3,071,650)	( 159,222)	( 776,495)		( 3,251,843)	( 186,342)	( 721,932)	
Current liabilities	( 3,210,371)	( 298,062)	( 166,804)		( 2,511,988)	( 342,822)	( 159,129)	
Net assets/(liabilities)	<u>28,819,774</u>	<u>799,675</u>	<u>( 35,493)</u>		<u>27,729,488</u>	<u>772,042</u>	<u>2,016</u>	
Carrying amount of NCI	<u>16,488,302</u>	<u>313,513</u>	<u>( 41,963)</u>	<u>16,759,852</u>	<u>15,910,941</u>	<u>303,040</u>	<u>5,024</u>	<u>16,219,005</u>
Revenue	<u>9,476,406</u>	<u>1,366,488</u>	<u>1,826,491</u>		<u>8,674,001</u>	<u>1,080,639</u>	<u>1,492,594</u>	
Profit/(loss) for the year	2,925,022	40,214	( 85,782)		3,392,401	7,699	468	
Other comprehensive income	( 882,571)	12,581	( 10,681)		13,061	38,539	52,801	
Total comprehensive income	<u>2,042,451</u>	<u>27,633</u>	<u>( 96,643)</u>		<u>3,405,462</u>	<u>46,238</u>	<u>53,269</u>	
Profit/(loss) allocated to NCI	1,715,179	15,235	( 43,728)	1,686,686	1,989,491	2,917	( 17,547)	1,974,861
Other comprehensive income allocated to NCI	( 588,112)	( 4,763)	( 3,258)	( 596,133)	7,575	14,574	15,840	37,989
Cash flows from operating activities	3,818,585	59,236	( 50,659)		3,781,625	99,942	41,282	
Cash flows from investment activities	( 2,316,251)	( 15,146)	( 39,309)		( 743,090)	( 16,357)	( 109,495)	
Cash flows from financing activities	( 610,265)	( 48,439)	99,204		( 721,413)	( 59,968)	98,628	
Net increase/(decrease) in cash and cash equivalents	<u>892,069</u>	<u>( 4,349)</u>	<u>9,236</u>		<u>2,317,122</u>	<u>23,617</u>	<u>30,415</u>	

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Consolidated Financial Statements (Continued)  
Year ended December 31, 2022

12. Investments

	<u>2022</u>	<u>2021</u>
	\$'000	\$'000
Quoted equities – at FVOCI	12,376	17,869
Unquoted equity – at FVOCI	449,616	449,616
Long-term receivable – at amortised cost	<u>-</u>	<u>43,573</u>
	<u>461,992</u>	<u>511,058</u>

The prior year long-term receivable represented a third-party loan of US\$1,140,000 against which an impairment allowance of US\$734,000 had been recognised due to uncertainty in recoverability. During 2022 this loan was settled and a portion of the provision reversed.

13. Intangible assets

	<u>Brands and trademarks</u>	<u>Customer relationships</u>	<u>Other identifiable intangibles</u>	<u>Goodwill</u>	<u>Total</u>
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Cost</b>					
December 31, 2020	589,440	686,251	212,785	996,014	2,484,490
Additions	-	-	4,212	-	4,212
Transfers to property, plant and equipment	-	-	( 3,185)	-	( 3,185)
Exchange adjustments	<u>41,154</u>	<u>23,176</u>	<u>5,501</u>	<u>43,356</u>	<u>113,187</u>
December 31, 2021	630,594	709,427	219,313	1,039,370	2,598,704
Additions arising on acquisition of subsidiary	16,553	-	58,875	48,958	124,386
Exchange adjustments	<u>( 9,856)</u>	<u>( 5,391)</u>	<u>( 2,088)</u>	<u>( 53,525)</u>	<u>( 70,860)</u>
December 31, 2022	<u>637,291</u>	<u>704,036</u>	<u>276,100</u>	<u>1,034,803</u>	<u>2,652,230</u>
<b>Amortisation and impairment</b>					
December 31, 2020	200,635	458,607	114,260	244,624	1,018,126
Charge for the year	24,487	41,400	29,041	-	94,928
Transfers to property, plant and equipment	-	-	( 1,272)	-	( 1,272)
Exchange adjustments	<u>15,644</u>	<u>23,181</u>	<u>4,896</u>	<u>17,509</u>	<u>61,230</u>
December 31, 2021	240,766	523,188	146,925	262,133	1,173,012
Charge for the year	26,951	41,400	29,001	-	97,352
Exchange adjustments	<u>( 4,314)</u>	<u>( 5,393)</u>	<u>( 938)</u>	<u>( 4,073)</u>	<u>( 14,718)</u>
December 31, 2022	<u>263,403</u>	<u>559,195</u>	<u>174,988</u>	<u>258,060</u>	<u>1,255,646</u>
<b>Net book values</b>					
December 31, 2022	<u>373,888</u>	<u>144,841</u>	<u>101,112</u>	<u>776,743</u>	<u>1,396,584</u>
December 31, 2021	<u>389,828</u>	<u>186,239</u>	<u>72,388</u>	<u>777,237</u>	<u>1,425,692</u>
December 31, 2020	<u>388,805</u>	<u>227,644</u>	<u>98,525</u>	<u>751,390</u>	<u>1,466,364</u>

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Consolidated Financial Statements (Continued)  
Year ended December 31, 2022

13. Intangible assets (continued)

In testing goodwill for impairment, recoverable amounts of cash-generating units are estimated based on value-in-use. Where the recoverable amounts exceed the carrying amounts, no impairment allowance is made. The recoverable amounts of cash-generating units are measured by estimating their future cash flows and discounting those cash flows using long-term discount rates applicable to the countries in which the businesses operate. Future sustainable cash flows are estimated based on the most recent forecasts, after taking account of past experience. In all cases projected cash flows are estimated over 5 years, followed by a terminal value calculated based on the discount rates and growth rates in the table below. Each unit is regarded as saleable to a third party at a future date at a price sufficient to recover the carrying amount of its goodwill. Key assumptions are set out below:

<u>Cash-generating units (CGUs)</u>	<u>2022</u>		<u>2021</u>	
	<u>Discount rates</u>	<u>Growth rates</u>	<u>Discount rates</u>	<u>Growth rates</u>
Juice manufacturing business	12.4%	2.0%	12.4%	2.0%
Other food manufacturing business	15.9%	3.0%	15.4%	3.0%
Logistics business	<u>13.7%</u>	<u>2.0%</u>	<u>13.7%</u>	<u>2.0%</u>

Sensitivity analysis:

A 1% (2021: 1%) increase or (decrease) in the discount rate and growth rate assumptions used in the impairment assessment for intangible assets would not result in an impairment for the current or prior year.

14. Deferred tax asset/(liability)

The deferred tax asset/(liability) is attributable to the following:

	<u>Deferred tax</u>					
	<u>Asset</u>		<u>Liability</u>		<u>Net</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Property, plant and equipment	5,575	9,056	(1,155,542)	(1,138,396)	(1,149,967)	(1,129,340)
Employee benefits	-	-	( 37,519)	( 162,879)	( 37,519)	( 162,879)
Other liabilities	-	-	8,409	( 8,733)	8,409	( 8,733)
Other assets	-	-	<u>4,806</u>	<u>16,510</u>	<u>4,806</u>	<u>16,510</u>
	<u>5,575</u>	<u>9,056</u>	<u>(1,179,846)</u>	<u>(1,293,498)</u>	<u>(1,174,271)</u>	<u>(1,284,442)</u>

Movement on the net deferred tax liability during the year:

	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>
Net deferred tax liability at beginning of year	(1,284,442)	(1,299,909)
Effect of re-measurement of post-employment benefits recognised in other comprehensive income	126,081	( 14,365)
Recognised in taxation credit [note 25(a)(ii)]	( 15,688)	28,629
Translation (loss)/gain in the year	<u>( 222)</u>	<u>1,203</u>
	<u>(1,174,271)</u>	<u>(1,284,442)</u>

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Consolidated Financial Statements (Continued)  
Year ended December 31, 2022

15. Property, plant and equipment

	<u>Freehold land and buildings</u> \$'000	<u>Leasehold land and buildings</u> \$'000	<u>Equipment, vehicles and furniture</u> \$'000	<u>Work- in- progress</u> \$'000	<u>Total</u> \$'000
<b>Cost</b>					
December 31, 2020	19,961,404	406,089	7,540,031	622,404	28,529,928
Additions	96,034	10,492	423,396	1,156,038	1,685,960
Disposals	-	-	( 8,730)	-	( 8,730)
Transfers	415,586	-	832,234	(1,244,635)	3,185
Exchange adjustments	( 10,571)	( 175)	( 5,919)	( 6,924)	( 23,589)
December 31, 2021	20,462,453	416,406	8,781,012	526,883	30,186,754
Additions	32,644	10,827	435,409	2,833,031	3,311,911
Disposals	( 91,531)	( 1,497)	( 23,690)	-	( 116,718)
Transfers	79,809	-	68,590	( 148,399)	-
Exchange adjustments	( 158,226)	46	( 260,241)	( 35,187)	( 453,608)
December 31, 2022	<u>20,325,149</u>	<u>425,782</u>	<u>9,001,080</u>	<u>3,176,328</u>	<u>32,928,339</u>
<b>Depreciation and impairment</b>					
December 31, 2020	2,312,976	242,526	3,533,028	134,734	6,223,264
Charge for the year	507,872	9,145	626,401	32,721	1,176,139
Transfers	-	-	1,272	-	1,272
Eliminated on disposals	-	-	( 8,741)	-	( 8,741)
Exchange adjustments	( 7,128)	35	( 4,574)	( 3,298)	( 14,965)
December 31, 2021	2,813,720	251,706	4,147,386	164,157	7,376,969
Charge for the year	518,284	8,743	630,895	40,839	1,198,761
Eliminated on disposals	( 10,361)	( 854)	( 18,391)	-	( 29,606)
Exchange adjustments	( 66,117)	16	( 151,758)	( 14,127)	( 231,986)
December 31, 2022	<u>3,255,526</u>	<u>259,611</u>	<u>4,608,132</u>	<u>190,869</u>	<u>8,314,138</u>
<b>Net book values</b>					
December 31, 2022	<u>17,069,623</u>	<u>166,171</u>	<u>4,392,948</u>	<u>2,985,459</u>	<u>24,614,201</u>
December 31, 2021	<u>17,648,733</u>	<u>164,700</u>	<u>4,633,626</u>	<u>362,726</u>	<u>22,809,785</u>
December 31, 2020	<u>17,648,428</u>	<u>163,563</u>	<u>4,007,003</u>	<u>487,670</u>	<u>22,306,664</u>



JAMAICA PRODUCERS GROUP LIMITED

Notes to the Consolidated Financial Statements (Continued)  
Year ended December 31, 2022

16. Investment property

	<u>Land</u> \$'000	<u>Plant and buildings</u> \$'000	<u>Total</u> \$'000
Cost at December 31, 2021 and December 31, 2022	<u>269,700</u>	<u>300,300</u>	<u>570,000</u>
Depreciation			
December 31, 2021	-	17,217	17,217
Charge for the year	<u>-</u>	<u>7,920</u>	<u>7,920</u>
December 31, 2022	<u>-</u>	<u>25,137</u>	<u>25,137</u>
Net book values			
December 31, 2022	<u>269,700</u>	<u>275,163</u>	<u>544,863</u>
December 31, 2021	<u>269,700</u>	<u>283,083</u>	<u>552,783</u>

The investment property, which is carried at cost less accumulated depreciation, was valued at \$570,000,000 as at October 30, 2019 based on open market value by D.C. Tavares and Finson Realty Limited, independent qualified valuers. The valuation was carried out for determining the fair value at acquisition.

Amounts recognised in profit or loss for investment property:

	<u>2022</u> \$'000	<u>2021</u> \$'000
Rental income	71,436	50,329
Direct operating expenses from property that generated rental income	<u>( 7,918)</u>	<u>( 7,918)</u>

17. Employee benefit asset and obligations

The group participates in benefit plans for its employees, summarised as follows:

- (i) Three defined contribution schemes for qualifying employees in Jamaica and another in the United Kingdom. The total contributions under these schemes for the period were \$32,721,000 (2021: \$29,161,000)
- (ii) An industry-wide multi-employer defined benefit scheme in the Netherlands. The subsidiary is required to contribute a specified percentage of payroll costs to the scheme to fund the benefits. This percentage may increase or decrease as a result of changes in actuarial valuation. The only obligation of the group with respect to this scheme is to make the specified contributions. Accordingly, it is treated as a defined contribution scheme for the purpose of the group's financial reporting.
- (iii) A defined benefit scheme for certain employees of its subsidiary also in the Netherlands. The group has contracted out all legal and constructive commitments of this scheme to an insurance company and is only obliged to make annual specified contributions. Accordingly, this scheme is treated as a defined contribution scheme for the purpose of the group's financial reporting.
- (iv) A defined benefit scheme operated by Kingston Wharves Limited ("KW"). KW also provides other retirement benefits giving rise to obligations. The assets of the funded plans are held independently in separate trustee administered funds.

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Consolidated Financial Statements (Continued)  
Year ended December 31, 2022

17. Employee benefit asset and obligations (continued)

The effect on the balance sheet, profit for the year and other comprehensive income are as follows:

	<u>2022</u> \$'000	<u>2021</u> \$'000
Balance sheet asset/(obligations) for:		
Pension benefits asset	( 558,899)	(1,698,874)
Other retirement benefits obligation	<u>258,749</u>	<u>396,74</u> )
(Credit)/charge to profit or loss for:		
Pension benefits	( 47,591)	( 63,461)
Other retirement benefits	<u>58,025</u>	<u>57,725</u>
	<u>10,434</u>	<u>( 5,736)</u>
Charge/(Credit to other comprehensive income on remeasurements for:		
Pension benefits	1,193,007	( 80,901)
Other retirement benefits	<u>( 184,355)</u>	<u>( 34,020)</u>
	<u>1,008,652</u>	<u>( 114,921)</u>

## (a) Defined benefit pension plan

The Kingston Wharves scheme is open to all permanent employees of that subsidiary. Under the scheme, retirement benefits are based on average salary during the three years preceding retirement. The scheme is funded by employee contributions at 5% and employer contributions of 1% of salary, as recommended by independent actuaries. Members may also make voluntary contributions of up to 5% of their earnings.

The assets of the plan are held independently of the group's assets in a separate trustee-administered fund. The plan is valued by independent actuaries annually using the projected unit credit method.

The defined benefit asset recognised in the balance sheet is determined as follows:

	<u>2022</u> \$'000	<u>2021</u> \$'000
Fair value of plan assets	(3,728,121)	(4,037,301)
Present value of fund obligations	<u>1,674,637</u>	<u>2,338,427</u>
Asset in the balance sheet	(2,053,484)	(1,698,874)
Unrecognised amounts due to limitation (asset ceiling)	<u>1,494,585</u>	—
Surplus of funded plan/asset in the Statement of Financial position	<u>( 558,899)</u>	<u>(1,698,874)</u>

Movements in the amounts recognised in the balance sheet:

	<u>2022</u> \$'000	<u>2021</u> \$'000
Assets at start of year	(1,698,874)	(1,549,850)
Amounts recognised in comprehensive income for the year	1,145,416	( 144,362)
Contributions paid	<u>( 5,441)</u>	<u>( 4,662)</u>
Assets at end of year	<u>( 558,899)</u>	<u>(1,698,874)</u>

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Consolidated Financial Statements (Continued)  
Year ended December 31, 2022

17. Employee benefit asset and obligations (continued)

## (a) Defined benefit pension plan (continued)

The movement in the fair value of plan asset:

	<u>2022</u> \$'000	<u>2021</u> \$'000
Balance at start of year	(4,037,301)	(3,730,537)
Interest income	( 321,035)	( 334,358)
Remeasurements -		
Return on plan assets, excluding amounts included in interest expense	581,490	( 3,292)
Members' contributions	( 48,017)	( 42,461)
Employers' contributions	( 5,441)	( 4,662)
Benefits paid	94,764	71,374
Administrative expenses	<u>7,419</u>	<u>6,635</u>
Balance at end of year	<u>(3,728,121)</u>	<u>(4,037,301)</u>

The movement in the present value of the funded obligations is as follows:

	<u>2022</u> \$'000	<u>2021</u> \$'000
Balance at start of year	2,338,427	2,180,687
Current service cost	101,033	85,929
Interest cost	192,199	201,645
Remeasurements -		
Gain from change in financial assumptions	54,067	( 98,971)
Loss/(gain) from change in financial assumptions	( 937,135)	21,362
Members' contributions	20,810	
19,149		
Benefits paid	<u>( 94,764)</u>	<u>( 71,374)</u>
Balance at end of year	<u>1,674,637</u>	<u>2,338,427</u>

As at the reporting date, the present value of the defined benefit obligation comprised approximately \$1,012,625,000 (2021: \$1,513,705,000) relating to active employees, \$92,412,000 (2021: \$128,138,000) relating to deferred members, \$557,837,000 (2021: \$691,619,000) relating to members in retirement and \$11,765,000 (2021: \$4,965,000) representing other liabilities.

The amounts recognised in the profit and loss account are as follows:

	<u>2022</u> \$'000	<u>2021</u> \$'000
Current service cost	73,826	62,617
Interest income	(128,836)	(132,713)
Administrative expenses	<u>7,419</u>	<u>6,635</u>
Total, included in staff costs	<u>( 47,591)</u>	<u>( 63,461)</u>

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Consolidated Financial Statements (Continued)  
Year ended December 31, 2022

17. Employee benefit asset and obligations (continued)

## (a) Defined benefit pension plan (continued)

Plan assets are comprised as follows:

	<u>2022</u>		<u>2021</u>	
	<u>\$'000</u>	<u>%</u>	<u>\$'000</u>	<u>%</u>
Quoted equity securities	1,826,162	49.0	2,041,363	50.6
Government of Jamaica securities	784,147	21.0	908,805	22.5
Corporate bonds and promissory notes	509,140	13.7	583,117	14.4
Repurchase agreements	182,386	4.9	295,101	7.3
Leases	18,673	0.5	16,811	0.4
Real estate	117,816	3.2	79,260	2.0
Other	<u>289,797</u>	<u>7.8</u>	<u>112,774</u>	<u>2.8</u>
	<u>3,728,121</u>	<u>100.0</u>	<u>4,037,231</u>	<u>100.0</u>

The pension plan's assets include ordinary stock units of Kingston Wharves Limited with a fair value of \$324,000,000 (2021: \$387,000,000).

Expected contributions to the post-employment plan for the year ending December 31, 2023 are \$6,785,000.

The significant actuarial assumptions used were as follows:

	<u>2022</u>	<u>2021</u>
Discount rate	13.0%	8.00%
Future salary increases	6.5%	6.00%
Expected pension increase	<u>4.0%</u>	<u>3.50%</u>

Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience in each territory. These assumptions translate into an average life expectancy in years for a pensioner retiring at age 65.

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	<u>Impact on post-employment obligations</u>					
	<u>Change in assumption</u>		<u>Increase in assumption</u>		<u>Decrease in assumption</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
			<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Discount rate	1%	0.5%	(111,028)	(144,060)	123,397	162,839
Future salary increases	1%	0.5%	19,131	21,362	(17,911)	( 20,735)
Expected pension increase	1%	0.5%	96,681	126,923	(82,561)	(114,593)
Life expectancy	<u>1 Year</u>	<u>1 Year</u>	<u>14,564</u>	<u>39,700</u>	<u>(20,043)</u>	<u>( 39,932)</u>

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, as changes in some of the assumptions may be correlated.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Consolidated Financial Statements (Continued)  
Year ended December 31, 2022

## 17. Employee benefit asset and obligations (continued)

## (b) Other retirement benefits

Kingston Wharves Limited operates both a group health plan and a group life plan. KW covers 100% of the premiums of both plans. However, pensioners under the health plan have the option to pay an additional premium for dependents' coverage.

The method of accounting and the frequency of valuations for these plans are similar to those used for the defined benefit pension scheme. In addition to the assumptions used for the pension scheme, the main actuarial assumption is a long term increase in health costs of 7.5% (2021: 7%) per year for the insured group health plan. The insured group life plan assumes a salary rate increase of 6.5% (2021: 6%) per year.

The amounts recognised in the balance sheet were determined as follows:

	<u>2022</u> \$'000	<u>2021</u> \$'000
Liability at start of year	396,749	384,517
Amounts recognised in comprehensive income for the year	(126,330)	23,705
Benefits paid	<u>( 11,670)</u>	<u>( 11,473)</u>
Liability at end of year	<u>258,749</u>	<u>396,749</u>

Movement in the present value of the defined benefit obligation:

	<u>2022</u> \$'000	<u>2021</u> \$'000
Balance at start of year	<u>396,749</u>	<u>384,517</u>
Current service cost	24,771	21,683
Interest cost	<u>33,254</u>	<u>36,042</u>
Included in staff costs in statement of profit or loss	<u>58,025</u>	<u>57,725</u>
Remeasurements -		
(Gain)/loss from change in financial assumptions, being total included in other comprehensive income	(199,319)	2,440
Experience gains	14,964	( 36,460)
Benefits paid	<u>( 11,670)</u>	<u>( 11,473)</u>
Balance at end of year	<u>258,749</u>	<u>396,749</u>

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	<u>Impact on post-employment obligations</u>					
	<u>Change in assumption</u>		<u>Increase in assumption</u>		<u>Decrease in assumption</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
			\$'000	\$'000	\$'000	\$'000
Life						
Discount rate	1.0%	0.5%	(1,592)	( 1,723)	1,823	2,015
Future salary increases	<u>1.0%</u>	<u>0.5%</u>	<u>483</u>	<u>488</u>	<u>( 447)</u>	<u>( 490)</u>
Medical						
Discount rate	1.0%	0.5%	(24,969)	(27,749)	30,576	31,747
Future medical cost rate	<u>1.0%</u>	<u>0.5%</u>	<u>30,576</u>	<u>31,747</u>	<u>(24,969)</u>	<u>(27,749)</u>

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Consolidated Financial Statements (Continued)  
Year ended December 31, 2022

17. Retirement benefit asset and obligations (continued)

## (c) Risks associated with pension plans and other post-employment plans

Through its defined benefit pension plans and post-employment medical plans, the subsidiary is exposed to a number of risks, the most significant of which are detailed below:

## Asset volatility

The plan liabilities are calculated using a discount rate set with reference to Government of Jamaica bond yields. If plan assets underperform this yield, this will create a deficit.

However, the subsidiary believes that due to the long-term nature of the plan liabilities, a level of continuing equity investment is an appropriate element of the long term strategy to manage the plans efficiently.

## Changes in bond yields

A decrease in Government of Jamaica bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plan's bond holdings.

## Inflation risk

Higher inflation will lead to higher liabilities. The majority of the plan's assets are unaffected by fixed interest bonds, meaning that an increase in inflation will reduce the surplus or create a deficit.

## Life expectancy

The majority of the plan's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan's liabilities. This is particularly significant, where inflationary increases result in higher sensitivity to changes in life expectancy.

The weighted average duration of the defined benefit obligation for the pension scheme is 15 years.

The weighted average duration of the defined benefit obligation for post-employment medical and life insurance benefits is 13 years and 8 years respectively.

18. Share capital

## Authorised:

1,500,000,000 ordinary shares at no par value.

<u>2022</u>	<u>2021</u>
\$'000	\$'000

## Stated capital:

Issued and fully paid -1,122,144,036 (2021: 1,122,144,036)  
 ordinary stock units at no par value

<u>112,214</u>	<u>112,214</u>
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Holders of these shares are entitled to distributions as declared from time to time and are entitled to one vote per share at general meetings of the company.

The company's stated capital does not include share premium, which is retained in capital reserves (note 19) in accordance with Section 39 (7) of the Jamaican Companies Act.

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Consolidated Financial Statements (Continued)  
Year ended December 31, 2022

19. Reserves

	<u>2022</u>	<u>2021</u>
	\$'000	\$'000
Capital:		
Share premium (note 18)	135,087	135,087
Reserve for own shares [see (i) below]	46,976	( 64)
Fair value reserve [see (ii) below]	( 68,476)	( 62,983)
Other [see (iii) below]	<u>3,792,073</u>	<u>4,492,620</u>
	3,905,660	4,564,660
Revenue:		
Retained profits	<u>15,107,557</u>	<u>13,276,583</u>
	<u>19,013,217</u>	<u>17,841,243</u>

- (i) Reserve for own shares is included in these financial statements by consolidation of the company's Employee's Share Ownership Plan ("ESOP"), which is regarded as a structured entity and is required to be consolidated under IFRS 10. The reserve comprises the cost of the company's shares held by the group through the ESOP, less net gains on shares sold.

The consolidated financial statements include the group's share of profits or loss of the ESOP based on management accounts for the year ended December 31, 2022. The results of operation of this entity are immaterial to the group's financial statements.

The number of stock units held by the ESOP at December 31, 2022 was 69,733,801 (2021: 72,447,330). Based on the bid price, less a 15% discount normally allowed to staff, the value of those stock units at December 31, 2022 was \$1,357,368,000 (2021: \$1,446,520,000). The fair value of these stock units is not recognised in the group's reserve for own shares until sold.

- (ii) Fair value reserve represents the cumulative net change in the fair value of equity securities designated at FVOCI.
- (iii) Other capital reserves comprise gains on disposal of property, plant and equipment and investments up to December 31, 2022, unrealised exchange gains and unclaimed distributions to stockholders (note 27).
- (iv) Losses in a subsidiary, in excess of the non-controlling interest in the equity of the subsidiary, were included in the group's results prior to 2010. Should the subsidiary subsequently report profits, such profits would be included in the group results, until the non-controlling interest's share of losses, previously absorbed by the group, has been recovered.

20. Loans and borrowings

	<u>2022</u>	<u>2021</u>
	\$'000	\$'000
Syndicated third party and bank loans	3,614,994	3,363,937
Finance leases	133,653	226,676
Deferred contingent consideration	91,798	-
Other related party	<u>201,394</u>	<u>187,970</u>
	<u>4,041,839</u>	<u>3,778,583</u>
Less: Transaction costs		
Brought forward from prior year	( 3,966)	( 4,710)
Amortised in interest expense for the year	<u>744</u>	<u>744</u>
	<u>( 3,222)</u>	<u>( 3,966)</u>
Total carrying value of long-term loans	4,038,617	3,774,617
Less: current portion	<u>(1,119,800)</u>	<u>( 833,250)</u>
Total non-current value of long-term loans	<u>2,918,817</u>	<u>2,941,367</u>

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Consolidated Financial Statements (Continued)  
Year ended December 31, 2022

20. Loans and borrowings (continued)

The terms and conditions of outstanding loans are as follows:

	Currency	Nominal interest rate	Year of maturity	2022		2021	
				Face value \$'000	Carrying value \$'000	Face value \$'000	Carrying value \$'000
Secured bank loan (i)	JMD	5.35%	2027	975,000	975,000	1,105,000	1,105,000
Secured bank loan	GBP	2.92%	2030	-	-	39,243	39,243
Secured bank loan	JMD	6.50%	2027	121,332	121,332	142,483	142,483
Secured bank loan	JMD	4.10%	2024	61,926	61,926	101,037	101,037
Secured bank loan	JMD	4.16%	2023	19,643	19,643	98,214	98,214
Secured bank loan	JMD	5.00%	2023	112,875	112,875	177,375	177,375
Secured bank loan (ii)	JMD	5.00%	2023	603,000	603,000	855,000	855,000
Secured bank loan (iii)	JMD	5.00%	2028	616,071	616,071	723,214	723,214
Secured bank loan	JMD	5.50%	2025	72,222	72,222	88,889	88,889
Secured revolving loan facility	USD	5.50%	2022	29,993	29,993	30,550	30,550
Secured bank loan (v)	JMD	4.8%	2025	1,000,000	1,000,000	-	-
Other unsecured loan	JMD	nil	n/a	2,932	2,932	2,932	2,932
Finance lease	EUR	3.50%	2022	-	-	11,745	11,745
Finance lease	EUR	2.27%	2025	77,960	77,960	125,167	125,167
Finance lease	EUR	2.35%	2025	55,693	55,693	89,764	89,764
Other related party (iv)	USD	3.00%	2025	201,394	201,394	187,970	187,970
Deferred consideration (vi)	USD	Nil%	2025	91,798	91,798	-	-
				<u>4,041,839</u>	<u>4,041,839</u>	<u>3,778,583</u>	<u>3,778,583</u>

- (i) This loan, originally for \$1,300,000,000, incurs interest at the fixed rate of 5.35% and is secured by shares in Kingston Wharves Limited. It is repayable over seven years by 21 bi-annual instalments of \$65,000,000 with a final payment of \$455,000,000 in 2027.
- (ii) The total facility held by a subsidiary, Kingston Wharves Limited, was originally for \$1,800,000,000 and was used to finance capital expenditure. It had a two-year moratorium on principal payments during the draw-down period and was thereafter repayable in 20 instalments, ending in 2023, of \$63,000,000, with a final payment of \$540,000,000. This loan is secured by a debenture over the fixed and floating assets of the company, together with a legal mortgage over land and buildings owned by KWV, and supported by guarantees totalling \$5.6 billion.
- (iii) This represents a loan of \$750,000,000 obtained by Kingston Wharves Limited that was used to finance the acquisition of infrastructure. The loan is repayable over seven years in quarterly instalments with an initial six-month moratorium on principal. The interest rate is fixed at 5%. This loan, together with several other smaller facilities and guarantees, is secured by a registered debenture providing fixed and floating charges over the company's fixed and floating assets stamped to cover US\$26.6 million, assignment of insurance proceeds and promissory notes stamped in the sums of \$1.4 billion and mortgages/charges over property and machinery owned by the Kingston Wharves Limited of \$1.5 billion.



JAMAICA PRODUCERS GROUP LIMITED

Notes to the Consolidated Financial Statements (Continued)  
Year ended December 31, 2022

20. Loans and borrowings (continued)

The terms and conditions of outstanding loans are as follows (continued):

- (iv) This unsecured loan of \$201,394,000 (2021:\$187,970,000) is due to a company that holds 30% of the equity in JP Snacks Caribbean Limited, a subsidiary. The loan, which is denominated in US dollars, is repayable in 2025.
- (v) This secured facility represents a \$3.8 billion borrowing facility from The Bank of Nova Scotia for the financing of the expansion and modernization of a Berth. As at the year end, \$1.0 billion of this facility has been drawn down. The interest rate varies over the life of the loan with rates fixed at 4.8% per annum for five years and thereafter at a rate of six month weighted average treasury bill yield rate plus 4% per annum and capped at 7.65%. The loan facility is for seven years with a ten year amortization inclusive of two years moratorium on repayment of principal. The principal is repayable in 19 quarterly instalments of \$117,750,000 and one final payment of \$1,530,750,000 (see (ii) above for details of security).
- (vi) This represents the deferred consideration payable as part of the purchase price for the acquisition of Miami Freight & Shipping Company. This is due in two instalments in 2024 and 2025. This facility is interest free (see note 32).
- (vii) Reconciliation of movements of liabilities to cash flows arising from financing activities:

	<u>Loans and borrowings</u>		<u>Leases</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	\$'000	\$'000	\$'000	\$'000
Balance at January 1	<u>3,778,583</u>	<u>3,615,900</u>	<u>595,647</u>	<u>661,056</u>
Changes from financing cash flows:				
Proceeds from loans	1,000,000	850,000	-	-
Repayment of loans	( 781,315)	( 718,705)		
Repayment of lease liabilities	-	-	(192,165)	(182,018)
Deferred consideration recognized on acquisition	83,486	-	-	-
New leases	-	-	11,482	91,423
The effect of changes in foreign exchange rate	<u>( 38,915)</u>	<u>31,388</u>	<u>( 36,850)</u>	<u>25,186</u>
	<u>263,256</u>	<u>162,683</u>	<u>(217,533)</u>	<u>( 65,409)</u>
Balance at December 31	<u>4,041,839</u>	<u>3,778,583</u>	<u>378,114</u>	<u>595,647</u>

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Consolidated Financial Statements (Continued)  
Year ended December 31, 2022

21. Leases

## (i) As a lessee

The group leases property and equipment. The leases typically run for 3 to 10 years, with options to renew. Some leases may have options for periodic adjustments to reflect market rentals. Some leases provide for additional rent payments that are based on changes in local price indices. Previously, these leases were classified as operating leases under IAS 17. The group has elected not to recognise right-of-use assets and lease liabilities for leases that are short-term and/or leases of low-value items.

Information about leases for which the group is a lessee is presented below.

## (a) Right-of-use assets

	<u>Leasehold land and buildings</u> \$'000	<u>Equipment and vehicles</u> \$'000	<u>Total</u> \$'000
Cost			
December 31, 2020	897,874	56,664	954,538
Additions	68,443	23,017	91,460
Disposals	-	( 6,617)	( 6,617)
Exchange adjustments	<u>28,520</u>	<u>( 1,128)</u>	<u>27,392</u>
December 31, 2021	994,837	71,936	1,066,733
Additions	11,517	-	11,517
Disposals	( 16,154)	( 3,750)	( 19,904)
Exchange adjustments	<u>( 60,907)</u>	<u>( 5,406)</u>	<u>( 66,313)</u>
December 31, 2022	<u>929,293</u>	<u>62,780</u>	<u>992,073</u>
Amortisation			
December 31, 2020	(290,301)	(27,933)	( 318,234)
Charge for the year	(154,382)	(15,167)	( 169,549)
Eliminated on disposal	-	6,617	6,617
Exchange adjustments	<u>( 4,008)</u>	<u>814</u>	<u>( 3,194)</u>
December 31, 2021	(448,691)	(35,669)	( 484,360)
Charge for the year	(144,854)	(16,353)	( 161,207)
Eliminated on disposal	9,926	3,750	13,676
Exchange adjustments	<u>20,903</u>	<u>3,963</u>	<u>24,866</u>
December 31, 2022	<u>(562,716)</u>	<u>(44,309)</u>	<u>( 607,025)</u>
Net book values			
December 31, 2022	<u>366,577</u>	<u>18,471</u>	<u>385,048</u>
December 31, 2021	<u>546,146</u>	<u>36,267</u>	<u>582,413</u>
December 31, 2020	<u>704,340</u>	<u>35,667</u>	<u>740,007</u>

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Consolidated Financial Statements (Continued)  
Year ended December 31, 2022

21. Leases (continued)

(i) As a lessee (continued)

(b) Lease liabilities

Maturity analysis – contractual undiscounted cash flows:

	<u>2022</u>	<u>2021</u>
	\$'000	\$'000
Less than one year	145,498	236,502
One to five years	220,327	389,837
More than five years	<u>169,233</u>	<u>255,020</u>
	535,058	881,359
Less: future interest	<u>(156,944)</u>	<u>(285,712)</u>
Total discounted lease liabilities	378,114	595,647
Less: current portion	<u>(125,703)</u>	<u>(158,957)</u>
Non-current portion	<u>252,411</u>	<u>436,690</u>

(c) Amounts recognised in profit or loss

	<u>2022</u>	<u>2021</u>
	\$'000	\$'000
Interest on lease liabilities (note 24)	18,385	12,900
Expenses relating to short-term and low value leases	<u>56,199</u>	<u>8,500</u>

(d) Amounts recognised in the statement of cash flows

	<u>2022</u>	<u>2021</u>
	\$'000	\$'000
Total cash outflow for leases	<u>192,165</u>	<u>182,018</u>

(e) Extension options

Some property leases contain extension options exercisable by the group up to one year before the end of the non-cancellable contract period. Where deemed appropriate, the group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the group and not by the lessors. The group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

The group has estimated that potential future lease payments, should it exercise extension options in these leases, would result in an increase in lease liability of \$50,824,000 (2021: \$55,129,000).

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Consolidated Financial Statements (Continued)  
Year ended December 31, 2022

21. Leases (continued)

(ii) As a lessor

## a) Operating lease

The group leases out property. The group has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

Rental income recognised by the group during 2022 was \$284,906,000 (2021: \$258,293,000).

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

	<u>2022</u> \$'000	<u>2021</u> \$'000
Less than one year	259,315	251,372
One to five years	<u>14,427</u>	<u>23,326</u>
Total	<u>273,742</u>	<u>274,698</u>

22. Gross operating revenue

Gross operating revenue comprises the gross sales of goods and services of the group. This is shown after deducting returns, rebates and discounts, consumption taxes and eliminating sales within the group.

The following table shows disaggregation of contract revenue by primary markets, major products and services and timing of recognition:

	<u>2022</u> \$'000	<u>2021</u> \$'000
Primary Geographic Market		
Europe	13,579,275	11,930,013
Caribbean and North America	<u>15,421,850</u>	<u>13,090,582</u>
	<u>29,001,125</u>	<u>25,020,595</u>
Major Products and Services		
Food and drinks	17,045,137	14,738,827
Terminal and logistics services	11,925,970	10,254,245
Other	<u>30,018</u>	<u>27,523</u>
	<u>29,001,125</u>	<u>25,020,595</u>

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Consolidated Financial Statements (Continued)  
Year ended December 31, 2022

23. Selling, administration and other expenses

	<u>2022</u>	<u>2021</u>
	\$'000	\$'000
Selling, administration and other expenses:		
Advertising, promotion and selling costs	395,521	284,982
Auditors' remuneration	103,779	82,322
Bad debt, net	34,251	( 20,195)
Bank charges and merchant fees	103,445	94,289
Depreciation and amortisation	178,124	184,834
Directors' emoluments:		
Fees	14,390	13,270
For management	196,282	178,443
Donations	19,609	12,130
Insurance	143,494	114,343
IT and communication	339,911	276,891
Legal, professional and consultancy	197,842	181,986
Office and general costs	67,041	50,662
Other property related costs	209,474	179,225
Property rental	53,214	4,326
Staff costs	1,786,675	1,452,084
Transport and automobile	34,254	27,991
Travel	105,259	51,397
Utilities	169,235	141,845
Other	<u>172,032</u>	<u>142,475</u>
Total selling, administration and other operating expenses	<u>4,322,832</u>	<u>3,453,300</u>

The group defines cost of revenue as the total cost of manufacturing and delivering a product or service to customers. Selling, administration and other operating expenses are the total costs incurred that are not directly tied to the manufacture or delivery of a product or service to customers.

24. Financial income and expenses

	<u>2022</u>	<u>2021</u>
	\$'000	\$'000
Finance income:		
Interest income on financial assets measured at amortized costs	409,217	244,784
Interest income on bank deposits, loans and receivables	57,532	91,270
Dividend income on FVOCI financial assets	6,139	1,639
Foreign exchange (loss)/gains	<u>(205,881)</u>	<u>508,175</u>
	<u>267,007</u>	<u>845,868</u>
Finance expenses:		
Interest expense on financial liabilities measured at amortised cost	(207,596)	(202,083)
Interest expense on right of use lease liabilities note 21[i(c)]	( 18,385)	( 12,900)
Unwinding of discount on deferred contingent consideration	( 10,010)	-
Foreign exchange gains on financial liabilities	<u>12,056</u>	<u>( 42,388)</u>
	<u>(223,935)</u>	<u>(257,371)</u>
Net financial income	<u>43,072</u>	<u>588,497</u>

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Consolidated Financial Statements (Continued)  
Year ended December 31, 2022

25. Taxation

- (a) The taxation charge is based on the group's results for the year, as adjusted for tax purposes, and comprises:

	<u>2022</u> \$'000	<u>2021</u> \$'000
(i) Current tax charge:		
Jamaican corporation tax	400,680	511,302
United Kingdom corporation tax	20,786	16,557
Netherlands corporation tax	155,443	175,810
Tax on associated companies	<u>101,227</u>	<u>( 19,076)</u>
	<u>678,136</u>	<u>684,593</u>
(ii) Deferred taxation (note 14):		
Origination and reversal of temporary differences	<u>15,688</u>	<u>( 28,629)</u>
Total taxation charge in group profit and loss account	<u>693,824</u>	<u>655,964</u>

- (b) Reconciliation of tax expense

The effective tax rate for 2022 was 14.8% (2021: 14.7%), compared to the statutory tax rate of the company of 25% (2021: 25%). The actual charge differs from the "expected" tax charge for the year as follows:

	<u>2022</u> \$'000	<u>2021</u> \$'000
Profit before taxation	<u>4,679,856</u>	<u>4,475,616</u>
Computed "expected" tax charge at 25% (2020: 25%)	1,169,964	1,118,904
Taxation difference between profit for financial statements and tax reporting purposes on:		
Effect of non-standard tax rates and tax rates of foreign jurisdictions	( 442,742)	( 411,928)
Unrelieved tax losses less tax relief utilised	( 83,304)	33,875
Gain on disposal of property, plant and equipment and investments	-	-
Other related capital adjustments and disallowed expenses	<u>49,906</u>	<u>( 84,887)</u>
Actual tax charge	<u>693,824</u>	<u>655,964</u>

- (c) As at December 31, 2022, the company and certain subsidiaries had taxation losses, subject to agreement by the Commissioner General, Tax Administration Jamaica, of approximately \$3,713,223,000 (2021: \$3,605,354,000) available for relief against future taxable profits. Of this amount, \$570,819,000 (2021: \$570,819,000) is available for offset against specific income such as farming profits. As of January 1, 2014, tax losses may be carried forward indefinitely; however, the amount that can be utilised is restricted to 50% of chargeable income (before prior year losses) in any one year. A deferred tax asset of \$928,306,000 (2021: \$901,339,000) in respect of taxation losses of certain companies has not been recognised by the group, as management considers its realisation within the foreseeable future to be uncertain.

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Consolidated Financial Statements (Continued)  
Year ended December 31, 2022

26. Profit per ordinary stock unit

The profit per ordinary stock unit is calculated by dividing the profit for the year attributable to stockholders of \$2,299,346,000 (2021: \$1,844,791,000), by a weighted average number of ordinary stock units held during the year, as follows:

Weighted average number of ordinary stock units:

	<u>2022</u>	<u>2021</u>
Issued ordinary stock units at January 1	1,122,144,036	1,122,144,036
Effect of own shares held by ESOP during the year	( 70,528,278)	( 74,681,546)
Weighted average number of ordinary stock units in issue during the year	<u>1,051,615,758</u>	<u>1,047,462,490</u>
Profit per ordinary stock unit in issue	<u>204.91¢</u>	<u>164.40¢</u>
Profit per ordinary stock unit excluding ESOP holdings	<u>218.65¢</u>	<u>176.12¢</u>

27. Distributions to stockholders of parent

	<u>2022</u>	<u>2021</u>
	\$'000	\$'000
Capital distributions:		
First interim -25¢ (2020: 20¢) per stock unit gross	336,643	280,536
Distributions to ESOP [note 19(i)]	( 20,920)	( 18,112)
	315,723	262,424
Unclaimed distributions written back to capital reserves [note 19(iii)]	( 9,663)	( 10,052)
	<u>306,060</u>	<u>252,372</u>

Article 121 of the amended Articles of Association provides that all dividends declared may be utilized for the benefit of the company until claimed. Dividends unclaimed after a period of twelve years from the date of declaration, may be forfeited and revert to the company.

28. Commitments

- (i) As at December 31, 2022, capital expenditure authorised and committed amounted to approximately \$2,824,698,000 (2021: \$4,334,228,000). At the reporting date the group has sufficient cash resources to fulfil these commitments.
- (ii) The group has entered into a share subscription agreement to purchase shares of Capital Infrastructure Group Limited, a company incorporated under the laws of Barbados with the purpose of making investment in infrastructure properties and assets within the Caribbean. The shares being purchased by the Group are 2,400 common shares valued at US\$2,400,000 and 11,000 preference shares valuing US\$11,000.

On 22 November 2022, the Group was called upon to make payments amounting to US\$612,000 by January 30, 2023. The amount represent a commitment to subscribe for shares at the reporting date.

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Consolidated Financial Statements (Continued)  
Year ended December 31, 2022

29. Related parties

Entities subject to the same ultimate control or significant influence as the company are considered to be related. Persons who exercise control or significant influence over the company, including principal owners of the company, its key management and members of the immediate families of key management of the company or its parent company, are also considered to be related parties.

## (a) Identity of related parties

The group has related party relationships with its directors, officers and senior executives of subsidiaries. The company's executive directors, officers and the senior executives of subsidiaries are collectively referred to as "key management personnel".

## (b) Transactions with directors and other key management personnel

Directors and officers of the company, their immediate relatives and entities over which they have significant influence hold 22.0% (2021: 32.0%) of the voting shares of the company.

In addition to their salaries, the group contributes to various post-employment benefit plans on behalf of key management personnel.

The compensation of key management personnel based in Jamaica and overseas is as follows:

	<u>2022</u>	<u>2021</u>
	\$'000	\$'000
Short-term employment and other benefits	544,475	539,460
Payroll taxes – employer contributions	44,191	39,465
Post-employment benefits	<u>30,717</u>	<u>30,712</u>
Total remuneration	<u>619,383</u>	<u>609,637</u>

Other significant related party transaction with a director is disclosed at note 32.



JAMAICA PRODUCERS GROUP LIMITEDNotes to the Consolidated Financial Statements (Continued)  
Year ended December 31, 202229. Related parties (continued)

- (c) Transactions with other related parties, directors and key management personnel in other capacities

<u>Category and nature of relationship</u>	<u>Nature of transactions</u>	<u>Transactions in year</u>		<u>(Payable)/receivable at end of year</u>		<u>Terms and conditions</u>
		<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	
		<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	
						*
Transactions with joint ventures and associates						
50% joint venture	Purchases by the group	351,142	250,648	(51,560)	(25,016)	1,2,3
50% joint venture	Management services income to the group	28,092	25,664	-	26,104	1,2,3
Transactions with key management personnel or entities under their control and/or significant influence:						
i) Company under their control	Insurance premiums charged to group	19,159	16,199	-	-	1,2,3
ii) Company under their control	Management services charged to group	15,526	36,630	(7,498)	( 3,819)	2,3,4
iii) Company under their control	Shipping agency services charged to group	21,321	7,423	-	-	1,2,3
iv) Company under their control	Charges paid on behalf of the group	198,191	( 8,340)	-	-	1,2,3
v) Company under their control	Collections from third parties on behalf of the group	(375,796)	(45,612)	24,118	20,418	1,2,3
vi) Company under their control	Sales by the group	( 83,619)	(79,695)	14,063	6,750	2,3,4
vii) Company under their control	Legal services charged to group	37,753	513	37,475	-	1,2,3

\*The number in each row represents the terms and conditions that are applicable to the stated transactions and their meanings are as follows:

1. Credit of up to 30 days
2. Unsecured
3. Settlement in cash
4. Credit over 30 days

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Consolidated Financial Statements (Continued)  
Year ended December 31, 2022

30. Segment reporting

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

The group uses profit or loss before finance cost and taxation to measure performance and allocate resources. The group's business is organised into three business segments:

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

	JP Food & Drink		JP Logistics & Infrastructure		Corporate Services		Total	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Gross revenue	17,055,282	14,747,409	11,925,970	10,254,245	145,398	137,040	29,126,650	25,138,694
Inter- segment revenue	( 10,145)	( 8,582)	-	-	( 115,380)	( 109,517)	( 125,525)	( 118,099)
Revenue from external customers	<u>17,045,137</u>	<u>14,738,827</u>	<u>11,925,970</u>	<u>10,254,245</u>	<u>30,018</u>	<u>27,523</u>	<u>29,001,125</u>	<u>25,020,595</u>
Interest income	-	-	409,217	244,784	57,532	91,270	466,749	336,054
Share of profits in associates and joint ventures	1,638	( 16,076)	853,910	272,385	502,582	-	1,358,130	256,309
Segment profit/(loss)	<u>557,606</u>	<u>575,392</u>	<u>4,365,961</u>	<u>4,382,137</u>	<u>( 19,776)</u>	<u>( 224,542)</u>	<u>4,903,791</u>	<u>4,732,987</u>
Finance cost							( 223,935)	( 257,371)
Profit before taxation							4,679,856	4,475,616
Taxation charge							( 693,824)	( 655,964)
Non-controlling interest							( 1,686,686)	( 1,974,861)
Profit attributable to equity holders of the parent							<u>2,299,346</u>	<u>1,844,791</u>
Segment assets	<u>9,070,731</u>	<u>8,574,875</u>	<u>36,705,300</u>	<u>34,525,096</u>	<u>1,458,912</u>	<u>1,964,196</u>	<u>47,234,943</u>	<u>45,064,167</u>
Segment liabilities	<u>( 3,010,676)</u>	<u>( 3,080,544)</u>	<u>( 7,496,285)</u>	<u>( 7,143,593)</u>	<u>( 842,699)</u>	<u>( 667,568)</u>	<u>11,349,660</u>	<u>(10,891,705)</u>
Capital expenditure	<u>514,976</u>	<u>577,949</u>	<u>2,757,039</u>	<u>1,105,773</u>	<u>39,896</u>	<u>2,238</u>	<u>3,311,911</u>	<u>1,685,960</u>
Depreciation, amortisation and impairment	<u>621,264</u>	<u>644,012</u>	<u>851,222</u>	<u>812,929</u>	<u>15,165</u>	<u>13,321</u>	<u>1,487,651</u>	<u>1,470,262</u>

The revenues and earnings on subsidiaries and associates acquired or disposed of during the year are included up to or as of the date of acquisition or disposal.

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Consolidated Financial Statements (Continued)  
Year ended December 31, 2022

30. Segment reporting (continued)

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.

	<u>Revenues</u>		<u>Non-current assets</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Jamaica	12,384,037	10,568,948	23,775,560	23,203,087
Netherlands	9,563,042	8,522,790	2,939,927	3,171,787
United Kingdom	822,221	594,344	1,366,103	898,807
United States of America	1,497,390	1,462,614	169,280	17,108
Other Caribbean countries	1,487,971	972,613	1,771,239	1,367,990
Other European countries	3,194,012	2,812,879	119,101	2,552
Other countries	<u>52,452</u>	<u>86,407</u>	<u>-</u>	<u>-</u>
	<u>29,001,125</u>	<u>25,020,595</u>	<u>30,141,210</u>	<u>28,661,331</u>

Revenues from one customer of the JP Food and Drink segment represents approximately \$8,537,000 (2021: \$7,753,000) or 29.4% (2021: 31.0%) of the group's total revenues.

31. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of an enterprise and a financial liability or equity instrument of another enterprise. For the purpose of the financial statements, financial assets have been determined to include cash and cash equivalents, short-term investments, securities purchased under resale agreements, accounts receivable and investments. Financial liabilities include bank overdrafts, credit facilities and short-term loans, accounts payable, lease liabilities and long-term loans.

(a) Fair value of financial instruments

Fair value amounts represent estimates of the arm's length consideration for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties who are under no compulsion to act. Fair value is best evidenced by a quoted market price, if one exists.

The fair value of cash and cash equivalents, short-term investments, securities purchased under resale agreements, accounts receivable, credit facilities and short-term loans and accounts payable are assumed to approximate their carrying values due to their relatively short-term nature and are included in the level 2 fair value hierarchy. Fair value of quoted investments is the market value. This method falls within the level 1 fair value hierarchy and is defined as quoted prices (unadjusted) in an active market for identical assets. Fair value of unquoted equity falls within level 2 hierarchy and is defined as fair value measurements that are derived from inputs other than quoted prices that are observable for the asset or liability either directly (that is as prices) or indirectly, (that is, derived from prices). The fair value of long term receivable disclosed in note 12, is assumed to approximate cost, less allowance for impairment. Long term receivable is included in level 2 fair value hierarchy.

The fair value for long-term loans is included in the level 2 fair value hierarchy and is assumed to approximate carrying value as no discount on settlement is anticipated.

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Consolidated Financial Statements (Continued)  
Year ended December 31, 2022

31. Financial instruments (continued)

(b) Financial instrument risks

The group has exposure to the following risks from its use of financial instruments: credit risk, liquidity risk and market risk including interest rate risk, currency risk and price risk. Information about the group's exposure to each of the above risks and the group's objectives, policies and processes for measuring and managing risk is detailed below.

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

The risk management policies are established to identify and analyse the risks faced by the group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the group's activities. Management's standards and procedures aim to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

(i) Credit risk

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. This arises principally from cash and cash equivalents, financial investments, securities purchased under resale agreements and accounts receivable.

The maximum exposure to credit risk at the reporting date is equal to the carrying value.

The group manages this risk as follows:

- Cash and cash equivalents and short-term investments

The group maintains cash resources with reputable financial institutions. The credit risk is considered to be low. The allowance for expected credit loss is immaterial.

- Securities purchased under resale agreements

The group holds collateral for securities purchased under resale agreements. The allowance for expected credit loss is immaterial (note 5).

- Accounts receivable

The group has a credit policy in place to minimise exposure to credit risk inherent in trade accounts receivable. Credit evaluations are performed on all customers requiring credit. Credit terms are negotiated based on a mix of terms acceptable to both parties. The group provides credit up to 60 days, dependent on other pricing arrangements that may be beneficial to the relationship. A continuing relationship with customers is dependent upon adherence to the credit terms.

Allowances are determined upon origination of the trade accounts receivable based on a model that calculates the expected credit loss ("ECL") of the trade accounts receivable and are reviewed over the lifetime of the trade receivables.

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Consolidated Financial Statements (Continued)  
Year ended December 31, 2022

31. Financial instruments (continued)

(b) Financial instrument risks (continued)

(i) Credit risk (continued)

• Accounts receivable (continued)

The allowance for impairment is used to record impairment losses, unless the group is satisfied that no recovery of the amount owing is probable, at which point the amount considered irrecoverable is written-off directly against the receivable.

The group's exposure to credit risk for trade receivables and contract assets by geographic region was as follow:

	<u>2022</u>	<u>2021</u>
	\$'000	\$'000
Primary Geographic Market		
Europe	1,783,379	1,541,313
Caribbean and North America	<u>1,122,393</u>	<u>1,060,755</u>
	<u>2,905,772</u>	<u>2,602,068</u>

The group estimates ECL on trade receivables using a provision matrix based on historical credit loss experience as well as the credit risk and expected developments for each group of customers. The following tables provide information about the ECL for trade receivables as at the reporting date.

<u>2022</u>				
<u>Age categories</u>	Weighted average loss rate	Gross carrying amount	ECL allowance	Credit impaired
		\$'000	\$'000	
Current (not past due)	0.8%	1,929,532	675	No
Past due 0 – 30 days	1.3%	614,392	1,224	No
Past due 31- 120 days	9.2%	150,029	10,583	No
Past due 121 days				
- 1 year	30.8%	98,762	18,189	Yes
More than 1 year	100%	<u>113,057</u>	<u>71,706</u>	Yes
		<u>2,905,772</u>	<u>102,377</u>	

<u>2021</u>				
<u>Age categories</u>	Weighted average loss rate	Gross carrying amount	ECL allowance	Credit impaired
		\$'000	\$'000	
Current (not past due)	0.31%	1,588,202	1,000	No
Past due 0 – 30 days	0.62%	693,016	2,102	No
Past due 31- 120 days	13.54%	177,108	15,460	No
Past due 121 days				
- 1 year	66.88%	69,407	17,831	Yes
More than 1 year	100.00%	<u>74,335</u>	<u>74,335</u>	Yes
		<u>2,602,068</u>	<u>110,728</u>	

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Consolidated Financial Statements (Continued)  
Year ended December 31, 2022

31. Financial instruments (continued)

## (b) Financial instrument risks (continued)

## (ii) Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates, interest rates and equity prices will affect the group's income or the fair value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on assets.

The group manages this risk by conducting research and monitoring the price movement of securities on the local and international markets.

There were no changes in the group's approach to managing market risk during the year.

## Currency risk

Foreign currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates.

The group is exposed to foreign currency risk on transactions that are denominated in currencies other than the Jamaican dollar. The main currencies giving rise to this risk are the euro ("EUR"), United States dollar ("USD") and pound sterling ("GBP").

The group manages this risk by matching foreign currency assets with liabilities as far as possible. Interest on borrowings is denominated in currencies that match the cash inflows generated by the underlying operations in which the borrowings are invested. This provides an economic hedge and no derivatives are entered into.

There were no changes in the group's approach to managing foreign currency risk during the year.

The net foreign currency assets/(liabilities) at year-end were as follows:

	2022			2021		
	USD \$'000	GBP £'000	EUR €'000	USD \$'000	GBP £'000	EUR €'000
Financial assets						
Cash and cash equivalents	3,117	400	1,784	1,687	626	2,737
Short term investments	3,952	-	-	2,724	-	-
Securities purchased under resale agreements	57,546	-	-	49,781	-	-
Accounts receivable	7,023	1,440	11,131	6,508	1,178	8,717
Investments	-	-	-	285	-	-
Financial liabilities						
Accounts payable	( 3,521)	(1,354)	(11,506)	( 2,398)	(1,176)	(10,001)
Loans and borrowings	( 1,543)	( 519)	( 864)	( 1,198)	( 189)	( 1,351)
Lease liabilities	( 634)	( 849)	( 250)	(1,060)	( 992)	( 571)
Financial instruments position	65,940	( 882)	295	56,329	( 553)	( 469)
Other assets	15,931	3,489	21,844	14,429	3,541	20,860
Other liabilities	( 36)	( 78)	( 394)	( 75)	( 44)	( 119)
Balance sheet position	<u>81,835</u>	<u>2,529</u>	<u>(21,745)</u>	<u>70,683</u>	<u>2,944</u>	<u>20,272</u>

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Consolidated Financial Statements (Continued)  
Year ended December 31, 2022

31. Financial instruments (continued)

## (b) Financial instrument risks (continued)

## (ii) Market risk (continued)

## Currency risk (continued)

Other assets/liabilities represent balances denominated in the respective foreign currencies that are expected to be realised or settled in those currencies.

## Foreign currency sensitivity analysis

The following tables detail the group's sensitivity to an 4% strengthening or 1% weakening (2021: 8% strengthening and 2% weakening) of the relevant currencies against the Jamaican Dollar and the resultant net exchange gains/(losses) based on net foreign currency assets/(liabilities) at year-end. These percentages represent management's assessment of the reasonably possible change in foreign currency rates.

This analysis assumes that all other variables, in particular interest rates, remain constant and is performed on the same basis as the previous year.

Effect of an 4% (2021: 8%) depreciation of the Jamaican dollar:

	<u>2022</u>		<u>2021</u>	
	<u>Equity</u> \$'000	<u>Profit</u> \$'000	<u>Equity</u> \$'000	<u>Profit</u> \$'000
USD	85,727	404,929	168,397	695,200
GBP	17,954	( 52)	49,042	-
EUR	<u>134,518</u>	<u>-</u>	<u>272,173</u>	<u>-</u>

Effect of a 1% (2021: 2%) appreciation of the Jamaican dollar:

	<u>2022</u>		<u>2021</u>	
	<u>Equity</u> \$'000	<u>Profit</u> \$'000	<u>Equity</u> \$'000	<u>Profit</u> \$'000
USD	(21,509)	(101,595)	(42,066)	(173,665)
GBP	( 4,488)	13	(12,250)	-
EUR	<u>(33,573)</u>	<u>-</u>	<u>(67,990)</u>	<u>-</u>

Buying exchange rates used at year-end:

	<u>2022</u>	<u>2021</u>
USD1 to J\$	149.96	152.75
GBP1 to J\$	176.90	208.11
EUR1 to J\$	<u>154.68</u>	<u>167.78</u>

## Interest rate risk

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

The group contracts material financial liabilities at fixed interest rates. Credit facilities are subject to interest rates which may be varied with appropriate notice by the lender.

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Consolidated Financial Statements (Continued)  
Year ended December 31, 2022

31. Financial instruments (continued)

## (b) Financial instrument risks (continued)

## (ii) Market risk (continued)

## Interest rate risk (continued)

At the reporting date the interest rate profile of the group's interest-bearing financial instruments was:

	<u>2022</u> \$'000	<u>2021</u> \$'000
Fixed rate instruments:		
Financial assets	11,271,904	11,247,084
Financial liabilities	<u>( 4,416,731)</u>	<u>( 3,853,376)</u>
	<u>6,855,173</u>	<u>7,393,708</u>
Variable rate instruments:		
Financial liabilities	<u>( 288,845)</u>	<u>( 486,090)</u>

There were no changes in the group's approach to managing interest rate risk during the year.

## Other price risk

Other price risk is the risk that the value of certain financial instruments will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment or its issuer or all factors affecting instruments traded in the market generally. As the group's financial equity investments are carried at fair value through other comprehensive income, all changes in market conditions would affect other comprehensive income ("OCI").

The group's exposure to price risk is represented by the total carrying value of equity investments of \$12,376,000 (2021: \$17,869,000).

## Sensitivity to movements in equity prices

Sensitivity is measured by computing the impact on shareholders' equity of a reasonably probable change in equity prices.

The group's equity investments are listed locally on the Jamaica Stock Exchange. A 6% (2021: 5%) increase in stock prices at the reporting date would have increased total comprehensive income by \$743,000 (2021: \$893,450); an equal decrease would have decreased total comprehensive income by an equal amount.

## Cash flow sensitivity analysis for variable rate instruments

An increase of 100 (2021: 300) basis points "(bps)" or a decrease of 50 (2021: 50) bps in interest rates at the reporting date would have (decreased)/increased profit for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. This analysis is performed on the same basis for the previous year.



JAMAICA PRODUCERS GROUP LIMITED

Notes to the Consolidated Financial Statements (Continued)  
Year ended December 31, 2022

31. Financial instruments (continued)

(b) Financial instrument risks (continued)

(ii) Market risk (continued)

Cash flow sensitivity analysis for variable rate instruments (continued)

	2022		2021	
	100 bps <u>increase</u> \$'000	50 bps <u>decrease</u> \$'000	300 bps <u>increase</u> \$'000	50 bps <u>decrease</u> \$'000
Variable rate instruments	<u>(2,888)</u>	<u>1,444</u>	<u>(4,583)</u>	<u>2,430</u>

(iii) Liquidity risk

Liquidity risk, also referred to as funding risk, is the risk that the group will not be able to meet its financial obligations as they fall due and/or encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at, or close to, its fair value.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, and the availability of funding through an adequate amount of committed facilities.

Management of the group aims at maintaining flexibility in funding by ensuring that sufficient cash resources are held or placed in short-term marketable instruments to meet financial obligations when they fall due.

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

The tables below show the undiscounted cash flows of non-derivative financial liabilities based on the earliest date on which the group can be required to pay. The analysis also assumes that all other variables, in particular interest and exchange rates, remain constant.

	Weighted average interest <u>rate</u> %	Carrying <u>amount</u> \$'000	2022		
			Contractual cash <u>flows</u> \$'000	0-1 <u>year</u> \$'000	1-5 <u>years</u> \$'000
Bank loans	5.35%	3,611,772	4,193,401	1,200,826	2,992,575
Other related party loans	3.00%	201,394	219,520	6,042	213,478
Accounts payable		5,262,274	5,262,706	5,262,706	-
Deferred consideration		<u>91,798</u>	<u>110,381</u>	<u>-</u>	<u>110,381</u>
		<u>9,167,238</u>	<u>9,786,008</u>	<u>6,469,574</u>	<u>3,316,434</u>

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Consolidated Financial Statements (Continued)  
 Year ended December 31, 2022

31. Financial instruments (continued)

## (b) Financial instrument risks (continued)

## (iii) Liquidity risk (continued)

	Weighted average interest rate %	Carrying amount \$'000	2021		
			Contractual cash flows \$'000	0-1 year \$'000	1-5 years \$'000
Bank loans	5.12%	3,363,937	3,893,871	919,304	2,974,567
Other related party loans	3.00%	187,970	204,887	5,639	199,248
Accounts payable		<u>4,547,419</u>	<u>4,547,419</u>	<u>4,547,419</u>	<u>-</u>
		<u>8,099,326</u>	<u>8,646,177</u>	<u>5,472,362</u>	<u>3,173,815</u>

## (iv) Capital management

There were no changes in the group's approach to capital management during the year. The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the group defines as total stockholders' equity, excluding non-controlling interest. The level of dividends to ordinary stockholders is also monitored in accordance with the group's stated dividend policy.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. Neither the company nor any of its subsidiaries is subject to externally imposed capital requirements.

32. Acquisition of subsidiary

On January 3, 2022, the group, through its UK subsidiary JP Shipping Services Limited (JPSSL), acquired 100% of the equity of Miami Freight & Shipping Company (MFS) from a related party.

The acquisition of MFS was a share acquisition of a fully operating company and therefore it is determined by the group that a business was acquired.

The strategic rationale for the business was to combine it with JPG's existing 100% subsidiary, JPSSL, which provides similar services as MFS on the UK to Caribbean routes. By incorporating MFS into the group JP expects to extend service offerings to also include US to Caribbean logistics services and leverage JPSSL's existing agency network in the wider Caribbean to expand MFS services outside of Jamaica.

Since January 3, 2022, MFS contributed revenue of \$422,060,000 and profit after tax of \$99,000 to the group's results in 2022. This is considered to be a full year operation result of MFS.

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Consolidated Financial Statements (Continued)  
Year ended December 31, 2022

32. Acquisition of subsidiary (continued)

## (i) Consideration transferred

	<u>2022</u> \$'000
Cash	7,266
Deferred contingent consideration	<u>83,486</u>
	<u>90,752</u>

The group has agreed to pay the selling shareholders two additional payments over three years based on an agreed rate of the acquiree profit after tax over the next three years. The group has included \$83,486,000 as the contingent consideration related to the additional payments to be made, which represents its fair value at the date of acquisition. At December 31, 2022, the contingent consideration had increased to \$91,798,000 (see note 20).

## (ii) Identifiable assets acquired and liabilities assumed

	<u>2022</u> \$'000
Property, plant and equipment	32
Intangibles assets	75,521
Trade receivables	19,167
Other receivables	6,076
Cash and cash equivalents	2,825
Current liabilities	(22,358)
Long-term loans	<u>(39,531)</u>
Net identifiable assets acquired	<u>41,732</u>

The fair value of certain material asset categories was established as follows:

*Intangible assets*

The intangible assets comprise of trademark, trade name and customer relationships. The value trademark and trade name were valued using the relief-from-royalty method of the income approach. The value of customer relationships was assessed through the multi-period excess earnings method. All valuations were performed by a qualified independent valuator.

## (iii) Goodwill

	<u>2022</u> \$'000
Consideration transferred	90,752
Less fair value of identifiable assets	<u>(41,732)</u>
	<u>49,020</u>

The goodwill is attributable mainly to the skills and technical talent of MFS' workforce and the synergies expected to be achieved from integrating the company into the group's existing logistics business. None of the goodwill recognised is expected to be deductible for tax purposes.

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Consolidated Financial Statements (Continued)  
Year ended December 31, 2022

33. Subsidiaries, associates and joint venture companies

The company has the following subsidiaries, associates and joint venture companies. Inactive subsidiaries are excluded.

	<u>% equity held</u>		<u>Principal place of business</u>
	<u>2022</u>	<u>2021</u>	
<i>SUBSIDIARY COMPANIES</i>			
JP Tropical Group Limited	100	100	Jamaica
Aqualta Vale Limited	100	100	Jamaica
Agri Services Limited	100	100	Jamaica
Eastern Banana Estates Limited	100	100	Jamaica
St. Mary Banana Estates Limited	100	100	Jamaica
JP Tropical Foods Limited	100	100	Jamaica
JP Snacks Caribbean Limited	70	70	Cayman Islands
Antillean Foods, Inc.	100	100	Cayman Islands
Jamaica Producers Shipping Company Limited	60	60	Jamaica
Kingston Wharves Limited	42	42	Jamaica
Harbour Cold Stores Limited	100	100	Jamaica
Security Administrators Limited	67	67	Jamaica
Western Storage Limited	100	100	Jamaica
Western Terminals Limited	100	100	Jamaica
Newport Stevedoring Services Limited	100	100	Jamaica
KW Logistics Limited	100	100	Jamaica
KW Warehousing Services Limited	100	100	Jamaica
Four Rivers Mining Company Limited	100	100	Jamaica
JP International Group Limited	100	100	Cayman Islands
Cooperatief JP Foods U.A.	100	100	The Netherlands
A.L. Hoogesteger Fresh Specialist B.V.	100	100	The Netherlands
JP Shipping Services Limited	100	100	England and Wales
Miami Freight & Shipping Company	100	-	U.S.A.
Tortuga International Holdings Company Limited	62	62	St. Lucia
Tortuga (Barbados) Limited	100	100	Barbados
Tortuga Imports, Inc.	100	100	U.S.A.
Tortuga Caribbean Rum Cake Jamaica Limited	100	100	Jamaica
Tortuga Caribbean Limited	100	100	Jamaica
<i>ASSOCIATE COMPANIES AND JOINT VENTURES</i>			
Tortuga Cayman Limited	40	40	Cayman Islands
Geest Line Limited	50	50	United Kingdom
Co Beverage Lab S.L.	50	50	Spain
Grupo Frontera Limited	50	50	St. Lucia
Grupo Alaska S.A	100	100	Dominican Republic
Capital Infrastructure Managers Limited	50	-	Barbados

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Consolidated Financial Statements (Continued)  
Year ended December 31, 2022

34. Other matters

On November 21, 2022, The Group announced that Jamaica Producers Group Limited ('JP') and PanJam Investment Limited ('PanJam'), have reached an agreement that will see the amalgamation of their businesses to take advantage of opportunities both locally and globally.

This arrangement was approved by the shareholders of both companies at extraordinary general meetings held on December 23, 2022.

The agreement will result in PanJam acquiring JP's operating assets in exchange for JP taking a 34.5% interest in PanJam. Post-transaction, PanJam, which will ultimately hold the combined businesses, will be renamed Pan Jamaica Group Limited. JP will emerge as the largest shareholder of the Pan Jamaica Group, with its shares in the Pan Jamaica Group being its principal operating asset. Both the renamed Pan Jamaica Group and JP will remain listed on the Main Market of the Jamaica Stock Exchange.

The combined assets and operations of JP and PanJam are expected to deliver value for shareholders through a diverse international portfolio of businesses. Pan Jamaica Group will have substantial holdings in real estate and infrastructure, specialty food and drink manufacturing, agri-business, financial services and a global services network of interests in hotels and attractions, business process outsourcing, shipping, logistics and port operations.

The transaction is expected to be completed after the first quarter of 2023.