



**CARIBBEAN PRODUCERS JAMAICA LIMITED**

**QUARTER ENDED DECEMBER 31, 2023**

The Board of Directors of CPJ Group presents the consolidated unaudited results for the quarter that ended December 31, 2023, prepared in accordance with International Financial Reporting Standards (IFRS) and the Companies Act.

### **Performance**

CPJ Group's operating revenues were US\$40.07 million (2022: US\$38.32 million) for the quarter that ended December 31, 2023, representing an increase of 4.56% over the previous year. Earnings before tax reached US\$2.61 million, an increase of US\$291 thousand or 12.51% over the same period LY [Q2 FY2022: US\$2.32 million].

The company experienced a 1.1% rise in margins compared to the previous year. This upturn can be credited to strategic procurement practices, despite the fluctuations in commodity prices. Operational costs (2023: US\$8.67 million) increased by US\$682 thousand, or 8.5% over the same period LY (2022: US\$7.99 million). This was driven mainly by increases in selling & administrative expenses. CPJ Group reported profits after tax of US\$2.10 million [CPJ Jamaica Operation was US\$1.92 million and CPJ-SL Operations was US\$178 thousand], for the quarter ended December 31, 2023. This was a 20.1% improvement over the same period LY (2022:US\$1.75 million).

We anticipate that the increase in revenue and enhancement of margins in the future will result in continued improved performance for the Company. The revenue improvement during the quarter was driven by the introduction of new product lines along with the continued development of existing sales channels including our online business. Corresponding to the increased revenue, selling & administrative expenses for Q2 were US\$7.6 million (2022: US\$6.98 million) increasing by 8.95% compared to the previous year, primarily driven by increased staffing levels as the Company positions itself for further growth. The Company also recorded a double-digit increase [+47% over PY] in insurance costs.

Total assets increased by US\$6.42 million when compared to the same period LY (2022: US\$89.08 million). This increase is largely due to an increase in inventory of US\$1.36 million as the Company maintained higher-than-normal levels of inventory to ensure consistency of supply for our valued customers. There was also an increase in cash of US\$246 thousand when compared to the same period LY. With the increase in CAPEX investment in both Jamaica and St. Lucia, there was an increase of US\$2.22 million in PPE, compared to LY. Conversely, accounts receivables declined by US\$342 thousand when compared to the same period LY (2022:US\$21.1 million). CPJ's current liabilities increased by US\$2.01 million driven mainly by an increase in short-term borrowing. Total equity increased by US\$6.11 million, an improvement of 20.7% over the prior year.

Accounts receivables decreased by 1.6% compared to LY. Accounts receivable days for the period ending December 31, 2023, were at 46 days (2022: 50 days) revealing the continued strength of the Company's credit management policies and procedures. The current ratio of 2.26 [2022: 2.38], showed a decline of 0.12 when compared to the prior year.

### **Outlook**

As we look forward to a busy third quarter of the year, CPJ will continue to strive to provide the highest levels of service and quality products available, ensuring the

success of our customers and shareholders. We are of the view that the current environment, characterized by supply chain challenges and potential disruptions arising out of the conflicts along the supply routes, will continue to cause logistics challenges and potential increases in freight costs. However, the management of CPJ is focused on building our core business capabilities and strategic partnerships with key customers. We continue to evaluate efficiency-enhancing capital investment projects and selective expansions. The Company is at an advanced stage of work in the expansion of our manufacturing plants and other operational areas, which when completed will give us expanded capacity and deliver improved efficiency for our business. The new CPJ store in St. Lucia was opened to the public in December 2023, solidifying our place in the market and entrenching the CPJ brand as a significant player in the retail space.

Additionally, the energy-saving [solar system] project should be commissioned soon and will bring additional benefits and cost savings. The company continues to explore initiatives in information technology systems which will yield reduced costs and improved customer service and efficiencies. CPJ signed a contract in December to replace and implement a new integrated ERP system. The Company continues to advance its B2B [Business to Business] & B2C [Business to Customer] online platforms to reach a broader client base through technology.

The improved performance of CPJ gives us considerable confidence in our management team and our business model. We assure all our stakeholders that CPJ is preparing for the unprecedented expansion in the number of available hotel rooms; some of which are already in the 'advanced' stages of development. We are also positioning ourselves for greater reach in the retail sector.

With the projected increase in sales, the completion and commissioning of the expanded manufacturing plant, improvements in the general environment, and the opening of the new stores in St. Lucia, we anticipate continued growth and profits in upcoming periods.

We would like to thank our board of directors, management, and team members for their commitment to our business and shared values. We are forever grateful to our loyal customers and partners for their continued support.



Mark Hart, Chairman

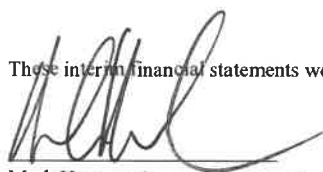
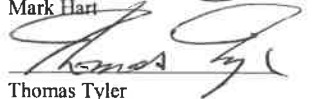


Tom Tyler, Co-Chairman

**Interim Statement of Financial Position -Unaudited**

	<b>Unaudited</b> <b>December 31, 2023</b> <b><u>TOTAL</u></b>	<b>Unaudited</b> <b>December 31, 2022</b> <b><u>TOTAL</u></b>	<b>Audited</b> <b>June 30, 2023</b> <b><u>TOTAL</u></b>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	8,253,215	8,007,080	5,464,422
Accounts receivable	20,758,331	21,100,820	19,418,265
Inventories	36,721,338	35,365,599	38,910,677
	<u>65,732,884</u>	<u>64,473,499</u>	<u>63,793,364</u>
<b>CURRENT LIABILITIES</b>			
Bank overdraft	3,094,429	1,298,315	1,343,144
Short-term loans	10,000,000	6,000,000	9,500,000
Accounts payable	8,461,790	11,710,244	10,426,646
Short-term promissory notes	600,000	600,000	600,000
Current portion of lease liabilities	1,203,182	720,770	865,295
Current portion long-term borrowings	614,820	4,269,148	604,079
Current portion long-term promissory notes	3,658,418	-	3,656,199
Tax payable	1,433,974	2,461,282	1,126,152
	<u>29,066,613</u>	<u>27,059,759</u>	<u>28,121,515</u>
<b>NET CURRENT ASSETS</b>	<u>36,666,271</u>	<u>37,413,740</u>	<u>35,671,849</u>
<b>NON-CURRENT ASSETS</b>			
Investment	157,618	157,618	157,618
Deferred tax asset	2,877,130	2,054,817	2,877,130
Right-of-use assets	14,009,040	11,895,405	13,174,751
Intangible asset	54,927	41,516	67,561
Property, plant and equipment	12,670,857	10,453,415	10,043,053
	<u>29,769,572</u>	<u>24,602,771</u>	<u>26,320,113</u>
<b>US\$</b>	<b><u>66,435,843</u></b>	<b><u>62,016,511</u></b>	<b><u>61,991,962</u></b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	4,898,430	4,898,430	4,898,430
Accumulated surplus	27,296,687	21,601,711	24,016,250
	<u>32,195,117</u>	<u>26,500,141</u>	<u>28,914,680</u>
Non - controlling interest	3,421,141	3,007,866	3,372,776
	<u>35,616,258</u>	<u>29,508,007</u>	<u>32,287,456</u>
<b>NON-CURRENT LIABILITIES</b>			
Long-term promissory notes	-	4,656,460	-
Due to related party	933,702	323,321	502,932
Lease Liabilities	15,560,050	12,781,999	14,789,817
Long-term borrowings	14,325,833	14,746,724	14,411,757
	<u>30,819,585</u>	<u>32,508,504</u>	<u>29,704,506</u>
<b>US\$</b>	<b><u>66,435,843</u></b>	<b><u>62,016,511</u></b>	<b><u>61,991,962</u></b>

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

  
 Mark Hart  
  
 Thomas Tyler

Director

Director

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

**CARIBBEAN PRODUCERS (JAMAICA) LIMITED**

Period ended December 31, 2023

**Interim Statement of Comprehensive Income - Unaudited**

	<b>Unaudited</b> <b>Three months ended</b> <b><u>December 31, 2023</u></b>	<b>Unaudited</b> <b>Three months ended</b> <b><u>December 31, 2022</u></b>	<b>Unaudited</b> <b>Six months ended</b> <b><u>December 31, 2023</u></b>	<b>Unaudited</b> <b>Six months ended</b> <b><u>December 31, 2022</u></b>	<b>Audited</b> <b>Twelve months ended</b> <b><u>June 30, 2023</u></b>
Gross operating revenue	40,070,224	38,321,848	74,288,400	71,383,464	142,581,482
Cost of operating revenue	(27,936,536)	(27,143,996)	(51,968,304)	(49,969,841)	(103,597,441)
Gross profit	12,133,688	11,177,852	22,320,096	21,413,623	38,984,041
Selling and administrative expenses	(7,599,267)	(6,975,018)	(14,147,925)	(13,146,980)	(24,676,465)
(Increase)/decrease in allowance for impairment losses	(16,478)	(27,286)	(84,953)	(67,786)	516,646
Depreciation and amortisation	(1,104,549)	(1,009,242)	(2,236,973)	(2,043,664)	(4,346,235)
Other operating income/(expenses), net	47,842	21,550	77,433	27,896	(222,081)
Operating profit	3,461,236	3,187,856	5,927,678	6,183,089	10,255,906
Finance income	152	254	301	468	1,022
Finance costs	(846,868)	(864,263)	(1,688,685)	(1,619,641)	(3,385,743)
Profit before taxation	2,614,520	2,323,847	4,239,294	4,563,916	6,871,185
Taxation	(516,549)	(577,098)	(910,492)	(1,095,838)	(623,658)
Profit for the year, being total comprehensive income	2,097,971	1,746,749	3,328,802	3,468,078	6,247,527
<b>Attributable to:</b>					
Equity holders of the Parent	2,010,918	1,709,597	3,280,437	3,350,021	5,764,560
Non- controlling interest	87,053	37,152	48,365	118,057	482,967
	<u>2,097,971</u>	<u>1,746,749</u>	<u>3,328,802</u>	<u>3,468,078</u>	<u>6,247,527</u>
Earnings per stock unit (cents)	<u>0.18 cents</u>	<u>0.16 cents</u>	<u>0.30 cents</u>	<u>0.30 cents</u>	<u>0.52 cents</u>

Interim Statement of Changes in Equity - Unaudited

	<u>Share capital</u>	<u>Accumulated surplus</u>	<u>Non controlling Interest</u>	<u>Total</u>
<b>Six months ended December 31, 2022</b>				
Balances at June 30, 2022	4,898,430	18,251,690	2,889,809	26,039,929
<b>Total Comprehensive Income for the year:</b>				
Profit for the year, being total comprehensive income	-	3,350,021	118,057	3,468,078
<b>Balances at December 31, 2022</b>	<u>4,898,430</u>	<u>21,601,711</u>	<u>3,007,866</u>	<u>29,508,007</u>
 <b>Six months ended December 31, 2023</b>				
Balances at June 30, 2023	4,898,430	24,016,250	3,372,776	32,287,456
<b>Total Comprehensive Income for the year:</b>				
Profit for the period, being total comprehensive income	-	3,280,437	48,365	3,328,802
<b>Balances at December 31, 2023</b>	<u>U\$S 4,898,430</u>	<u>27,296,687</u>	<u>3,421,141</u>	<u>35,616,258</u>

**Consolidated Interim Statement of Cash Flows - Unaudited**

	Unaudited Six months ended December 31, 2023	Unaudited Six months ended December 31, 2022	Audited Year-ended June 30, 2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit for the period	3,328,802	3,468,078	6,247,527
Adjustments for:			
Depreciation and amortisation	2,236,973	2,043,664	4,346,235
(Gain)/loss on disposal of property, plant and equipment	(5,792)	1,214	(11,057)
(Gain)/loss on modification of leases	(7,119)	-	454,784
Transfer and adjustments to property, plant and equipment	-	13,763	16,755
Unrealised foreign exchange gain on loans	(4,378)	(16,217)	-
Unrealised foreign exchange gain on cash and cash equivalents	(11,560)	(24,175)	-
Amortised debt cost	(87,648)	(48,205)	-
Interest income	(301)	(468)	(1,022)
Finance cost	1,688,685	1,619,641	3,385,743
Taxation	910,492	1,095,838	623,658
	<u>8,048,154</u>	<u>8,153,133</u>	<u>15,062,623</u>
Decrease/(increase) in current assets:			
Accounts receivable	(1,340,066)	(2,614,500)	(931,945)
Inventories	2,189,339	4,790,344	1,245,266
Decrease in current liability:			
Accounts payable	<u>(1,955,850)</u>	<u>(7,250,005)</u>	<u>(8,325,254)</u>
Cash generated by operations	6,941,577	3,078,972	7,050,690
Interest paid	(1,697,691)	(1,478,357)	(3,440,680)
Tax paid	<u>(602,670)</u>	<u>(27,981)</u>	<u>(1,713,244)</u>
Net cash provided by operating activities	<u>4,641,216</u>	<u>1,572,634</u>	<u>1,896,766</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Additions to other assets	-	(89,974)	(89,974)
Additions to property, plant and equipment	(4,104,544)	(662,287)	(1,779,818)
Proceeds from disposal of property, plant and equipment	9,571	18,817	39,901
Interest received	301	468	1,022
Net cash used by investing activities	<u>(4,094,672)</u>	<u>(732,976)</u>	<u>(1,828,869)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Drawdown of bank overdraft	16,899,749	14,356,062	28,727,927
Repayment of bank overdraft	(15,148,464)	(14,920,061)	(29,247,097)
Promissory notes received	2,219	4,656,460	3,001,046
Promissory notes repaid	-	(12,493,946)	(11,838,793)
Payment of lease liabilities	(470,428)	(312,055)	(706,367)
Other income due to rent concessions	-	-	-
Long-term/short-term borrowings, repaid	(10,039,396)	(6,073,621)	(19,875,160)
Due to related company	430,770	9,949	189,560
Long-term/short-term borrowings received	<u>10,556,239</u>	<u>18,000,000</u>	<u>31,323,469</u>
Net cash provided by financing activities	<u>2,230,689</u>	<u>3,222,788</u>	<u>1,574,585</u>
Net increase in cash and cash equivalents for the period	2,777,233	4,062,446	1,642,482
Cash and cash equivalents at beginning of the period	5,464,422	3,920,459	3,920,459
Effects of fluctuations in exchange rates on cash held	<u>11,560</u>	<u>24,175</u>	<u>(98,519)</u>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>US\$ <u>8,253,215</u></b>	<b>8,007,080</b>	<b>5,464,422</b>

Selected explanatory notes

1 The Company

Caribbean Producers (Jamaica) Limited ("company or "parent company") is incorporated under laws of and domiciled in Jamaica. Its registered office is situated at Shop No. 14, Montego Freeport Shopping Centre, Montego Bay, St. James and its principal place of business is at 1 Guinep Way, Montego Freeport, Montego Bay, St. James.

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

The details of the company's subsidiaries as at December 31, 2023 are as follows:

<u>Company</u>	<u>Principal Activity</u>	<u>Percentage of ordinary shares held by the company</u>	<u>Place of incorporation</u>
CPJ Investments Limited	Holds investment in CPJ (St. Lucia) Limited	100	St. Lucia
CPJ (St. Lucia) Limited	Wholesale and distribution of food and beverages and distribution of non-food supplies	51	St. Lucia
CPJ Homeporting Limited	Logistics services	100	Jamaica

2 Basis of Preparation

These interim financial statements have been prepared in accordance with accounting policies set out in note 2 to the audited financial statements for the year ended June 30, 2023.

3 Basis of Consolidation

(i) A "subsidiary" is an enterprise controlled by the company. The group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of a subsidiary are included in the consolidated financial statements from the date control commences until the date that control ceases.

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

(ii) Intra-group balances and transactions, and any unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(iii) Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the group.

(iv) Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date. Changes in the group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests, even if doing so causes the non-controlling interest to have a deficit balance.

4 Segment Reporting

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

Geographical information:

	2023				
	Jamaica US\$	Investments US\$	St. Lucia US\$	Eliminations US\$	Total US\$
Revenue from external customers	61,657,316	-	13,370,529	(739,445)	74,288,400
Segment non-current assets	24,907,373	3,771,711	11,562,852	(7,170,962)	33,070,974
Additions to property, plant and equipment	1,321,454	-	2,773,850	-	4,095,304
	2022				
	Jamaica US\$	Investments US\$	St. Lucia US\$	Eliminations US\$	Total US\$
Revenue from external customers	59,249,908	-	12,910,876	(777,320)	71,383,464
Segment non-current assets	23,461,122	3,670,281	4,484,548	(7,013,180)	24,602,771
Additions to property, plant and equipment	585,450	-	76,837	-	662,287



Selected explanatory notes (contd)

5 Earnings per stock unit

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

	<u>Six months ended December 31, 2023</u>	<u>Six months ended December 31, 2022</u>	<u>Twelve months ended June 30, 2023</u>
Profit/(Loss) for the period attributable to the shareholders of the company (US\$)	3,280,437	3,350,021	5,764,560
Weighted average number of ordinary stock units held during the period	1,100,000,000	1,100,000,000	1,100,000,000
Earnings per stock unit (expressed in ¢ per share)	0.30	0.30	0.52