

JAMAICA PRODUCERS GROUP LIMITED

Consolidated Financial Statements

December 31, 2023



KPMG  
Chartered Accountants  
P.O. Box 436  
6 Duke Street  
Kingston  
Jamaica, W.I.  
+1 (876) 922 6640  
firmmail@kpmg.com.jm

## 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 10 to 66, which comprise the group balance sheet as at December 31, 2023, the group statements of profit or loss, profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising material 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, 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (“IFRS Accounting Standards”) 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 (CONTINUED)

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. This matter was 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 this matter.

1. *Measurement of investment in associate*

<i>The key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>During the year, the group acquired significant interest in Pan Jamaica Group Limited, measured on initial recognition at \$32,960,742,000 and which represents the consideration for the transfer of certain of its businesses under an amalgamation agreement.</p> <p>On acquisition, the group is required to compare the cost of its investment in the associate to its share of the fair value of the associate's identifiable assets and liabilities assumed. The cost of the investment in associate was measured at the fair value of the businesses transferred.</p> <p>The valuation models used to determine the fair value of the businesses transferred are complex and the fair value of forecasted cash flows used in the model are sensitive to changes such as discount rates, inflation rates and long-term growth rates.</p> <p>These inputs, being subject to significant judgement, are therefore, subject to higher risk of error.</p> <p><i>See notes 1, 9 and 29 of the consolidated financial statements.</i></p>	<p>Our main audit procedures in response to this matter included the following:</p> <ul style="list-style-type: none"> <li>Using our own valuation specialists in evaluating the appropriateness of methods used in the business valuation for each entity, evaluating the key inputs used in the business valuation models such as discount rates, inflation rates and long-term growth rates.</li> </ul> <p>Evaluating the rates by comparing the weighted average cost of capital for the transferred businesses to sector averages for the relevant markets in which the businesses operate.</p> <p>Comparing projected inflation rates and long-term growth rates to externally derived data as well as our own assessments based on our knowledge of the industry of the businesses transferred.</p>



Page 3

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of  
JAMAICA PRODUCERS GROUP LIMITED

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

*Key Audit Matters (continued)*

1. *Measurement of investment in associate (continued)*

<i>The key audit matter</i>	<i>How the matter was addressed in our audit (continued)</i>
	<p>Our main audit procedures in response to this matter included the following (continued):</p> <ul style="list-style-type: none"><li>• Evaluating the inputs used in calculating the estimated cash flows by comparing them with historical performance and the company's plans, as well as our understanding of the industry and economic environment of the transferred businesses.</li><li>• Agreeing a sample of assets acquired, and liabilities assumed at acquisition date to supporting documents such as agreements, bank statements and invoices.</li><li>• Assessing the reasonableness of fair value of assets and liabilities of the associate at acquisition date, by recomputing the fair value of assets and liabilities of the associate.</li><li>• Assessing the disclosures relating to investment in associate to evaluate the clarity of those disclosures in communicating key judgements and estimation uncertainties.</li></ul>



INDEPENDENT AUDITORS' REPORT (CONTINUED)

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 investment properties**

<i>The key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>The group has investment properties that were transferred from property, plant and equipment during the year and measured at fair value amounting to \$1,717,000,000. The fair values of these properties were determined by a qualified independent property valuator hired by the group, using the market comparable approach or the income capitalisation approach.</p> <p>Judgement is involved in the valuation of the group's investment properties, given the infrequency of trades in comparable properties in some cases, and the absence of a number of observable recent market prices. This is also impacted by uncertainty of market factors, pricing assumptions and general business and economic conditions used in valuing these properties.</p> <p>The fair value of the group's investment properties that are valued using the income capitalisation approach is sensitive to the group's selection of capitalisation rates that is applied to the projected income of individual investment properties in the valuation methodology. A small percentage movement in the capitalisation rate across the portfolio can result in a significant financial impact to the investment properties balance.</p> <p><i>See notes 3(l) and 15 of the consolidated financial statements.</i></p>	<p>Our main audit procedures in response to this matter included the following</p> <ul style="list-style-type: none"> <li>• With the support of our own valuation specialists, we assessed the methodologies and assumptions applied in determining the fair value of investment properties. For each property we determined a range of prices and compared these to the values determined by the group's expert.</li> </ul> <p>In developing our range:</p> <p>(i) for fair values determined using the income capitalisation approach, we assessed the appropriateness of the valuation model using our experience with properties of these types; making our own assessment of a range of capitalisation rates by reference to external sources to the extent available and performed our own fair value calculations to obtain the range.</p> <p>(ii) for fair values determined using the market comparable approach, we determined a number of comparable properties by reference to factors including zoning, physical characteristics and environmental factors, to derive our range.</p>



Page 5

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of  
JAMAICA PRODUCERS GROUP LIMITED

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

*Key Audit Matters (continued)*

2. *Measurement of investment properties*

<i>The key audit matter</i>	<i>How the matter was addressed in our audit (continued)</i>
	<p>Our main audit procedures in response to this matter included the following (continued):</p> <ul style="list-style-type: none"><li>• Evaluated the competence, independence and experience of the group's independent valuers with reference to their qualification and industry experience and confirmation of independence.</li><li>• Assessed the fair value disclosures in the financial statements relating to investment properties, to evaluate the clarity of those disclosures in communicating key judgements and estimation uncertainties.</li></ul>

*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, 2023, 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.



Page 6

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of  
JAMAICA PRODUCERS GROUP LIMITED

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

*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 Accounting 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.

*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 8 to 9, forms part of our auditors' report.



Page 7

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of  
JAMAICA PRODUCERS GROUP LIMITED

**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 7, 2024





Page 8

## INDEPENDENT AUDITORS' REPORT (CONTINUED)

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.



Page 9

INDEPENDENT AUDITORS' REPORT (CONTINUED)

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

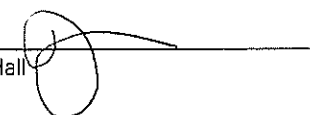
## Group Balance Sheet

December 31, 2023

	<u>Notes</u>	<u>2023</u> \$'000	<u>2022</u> \$'000
<b>CURRENT ASSETS</b>			
Cash and bank		64,991	1,214,116
Short-term investments	4	1,033,427	592,602
Reverse repurchase agreements	5	395,473	10,217,311
Accounts receivable	6	39,179	3,453,623
Taxation recoverable		51,744	173,560
Inventories		<u>-</u>	<u>1,442,521</u>
Total current assets		<u>1,584,814</u>	<u>17,093,733</u>
<b>CURRENT LIABILITIES</b>			
Accounts payable	7	743,328	5,262,276
Taxation		1,448	232,060
Loans and borrowings	18	-	1,119,800
Lease liabilities	19(i)(b)	<u>8,075</u>	<u>125,703</u>
Total current liabilities		<u>752,851</u>	<u>6,739,839</u>
WORKING CAPITAL		<u>831,963</u>	<u>10,353,894</u>
<b>NON-CURRENT ASSETS</b>			
Biological assets	8	-	154,761
Interest in associates and joint ventures	9	33,868,035	2,019,289
Investments	11	11,221	461,992
Intangible assets	12	-	1,396,584
Deferred tax asset	13	-	5,575
Property, plant and equipment	14	66,935	24,614,201
Investment properties	15	1,717,000	544,863
Employee benefit asset		-	558,899
Right-of-use of assets	19(i)(a)	<u>-</u>	<u>385,048</u>
Total non-current assets		<u>35,663,191</u>	<u>30,141,212</u>
Total assets less current liabilities		<u>36,495,154</u>	<u>40,495,106</u>
<b>EQUITY</b>			
Share capital	16	112,214	112,214
Reserves	17	<u>36,382,940</u>	<u>19,013,217</u>
Attributable to equity holders of the parent		36,495,154	19,125,431
NON-CONTROLLING INTEREST	10	<u>-</u>	<u>16,759,852</u>
Total equity		<u>36,495,154</u>	<u>35,885,283</u>
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liability	13	-	1,179,846
Loans and borrowings	18	-	2,918,817
Employee benefit obligations		-	258,749
Lease liabilities	19(i)(b)	<u>-</u>	<u>252,411</u>
		<u>-</u>	<u>4,609,823</u>
Total equity and non-current liabilities		<u>36,495,154</u>	<u>40,495,106</u>

The financial statements on pages 10 to 66 were approved for issue by the Board of Directors on March 7, 2024 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, 2023

	<u>Notes</u>	<u>2023</u> \$'000	<u>2022</u> \$'000
Gross operating revenue	20	7,146,934	29,001,125
Cost of operating revenue	21(ii)	( 4,971,249)	(21,337,845)
Gross profit		2,175,685	7,663,280
Interest income, calculated using the effective interest method		167,533	409,217
Other income and (expenses), net		73,163	( 204,004)
Selling, administration and other operating expenses	21(a)	( 1,506,446)	( 4,322,832)
Profit from operations		909,935	3,545,661
Share of profits in associates and joint ventures	9	1,984,986	1,358,130
Gain on disposal of subsidiary	29(a)(i)	<u>13,293,156</u>	<u>-</u>
Profit before finance cost and taxation		16,188,077	4,903,791
Finance cost	22	( 76,248)	( 223,935)
Profit before taxation		16,111,829	4,679,856
Taxation charge	23	( 189,927)	( 693,824)
Profit for the year		<u>15,921,902</u>	<u>3,986,032</u>
Attributable to:			
Parent company stockholders		15,520,397	2,299,346
Non-controlling interest	10	<u>401,505</u>	<u>1,686,686</u>
		<u>15,921,902</u>	<u>3,986,032</u>
Attributable to parent company stockholders:			
The company		13,155,772	( 389,363)
Subsidiary companies		427,358	1,431,806
Associated companies and joint ventures		<u>1,937,267</u>	<u>1,256,903</u>
		<u>15,520,397</u>	<u>2,299,346</u>
Profit per ordinary stock unit:	24		
Based on stock units in issue		<u>1,383.10¢</u>	<u>204.91¢</u>
Excluding stock units held by ESOP		<u>1,473.52¢</u>	<u>218.65¢</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, 2023

	<u>Notes</u>	<u>2023</u> \$'000	<u>2022</u> \$'000
Profit for the year		<u>15,921,902</u>	<u>3,986,032</u>
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Remeasurement of defined benefit asset and obligations		-	(1,008,652)
Deferred tax effect on remeasurement of defined benefit asset and obligations		-	126,081
Change of fair value through other comprehensive income (FVOCI) investments		( 1,156)	( 5,493)
Share of other comprehensive income of associates and joint ventures		210,445	( 160,781)
Revaluation of property, plant and equipment transferred to investment properties	14	1,676,365	-
Item that may be reclassified to profit or loss:			
Exchange gains on translation of foreign operations		<u>315,386</u>	<u>( 415,640)</u>
		<u>2,201,040</u>	<u>(1,464,485)</u>
Total comprehensive income for the year		<u>18,122,942</u>	<u>2,521,547</u>
Attributable to:			
Parent company stockholders		17,714,670	1,430,994
Non-controlling interest		<u>408,272</u>	<u>1,090,553</u>
		<u>18,122,942</u>	<u>2,521,547</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, 2023

	Attributable to owners of the company								
	Share capital \$'000 (note 16)	Share premium \$'000 (note 17)	Capital reserves \$'000 (note 17)	Fair value reserve \$'000 (note 17)	Reserve for own shares \$'000 (note 17)	Retained profits \$'000 (note 17)	Parent company stockholders' equity \$'000	Non-controlling interest \$'000	Total equity \$'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	-	-	( 407,619)	-	-	-	( 407,619)	( 8,021)	( 415,640)
Total other comprehensive loss	-	-	( 407,619)	( 5,493)	-	( 455,240)	( 868,352)	( 596,133)	( 1,464,485)
Total comprehensive (loss)/income for the year	-	-	( 407,619)	( 5,493)	-	1,844,106	1,430,994	1,090,553	2,521,547
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 25)	-	-	( 315,723)	-	-	-	( 315,723)	-	( 315,723)
Unclaimed distributions to stockholders (note 25)	-	-	9,663	-	-	-	9,663	-	9,663
	-	-	( 292,928)	-	47,040	( 13,132)	( 259,020)	( 549,706)	( 808,726)
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	12,094,821	14,653,700		
Associate companies and joint ventures	-	-	-	-	-	1,394,637	1,394,637		
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>		

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, 2023

	Attributable to owners of the company								
	Share capital \$'000 (note 16)	Share premium \$'000 (note 17)	Capital reserves \$'000 (note 17)	Fair value reserve \$'000 (note 17)	Reserve for own shares \$'000 (note 17)	Retained profits \$'000 (note 17)	Parent company stockholders' equity \$'000	Non – controlling interest \$'000	Total equity \$'000
Balances at January 1, 2023	<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>
Total comprehensive income for 2023:									
Profit for the year	-	-	-	-	-	15,520,397	15,520,397	401,505	15,921,902
Other comprehensive income/(loss)									
Revaluation of property plant and equipment transferred to investment properties	-	-	1,676,365	-	-	-	1,676,365	-	1,676,365
Change of fair value through other comprehensive income (FVOCI) investments	-	-	-	( 1,156)	-	-	( 1,156)	-	( 1,156)
Share of other comprehensive income of associate and joint ventures	-	-	-	-	-	210,445	210,445	-	210,445
Exchange gains arising on translation of foreign operations	-	-	308,619	-	-	-	308,619	6,767	315,386
Total other comprehensive income/(loss)	-	-	<u>1,984,984</u>	<u>( 1,156)</u>	-	<u>210,445</u>	<u>2,194,273</u>	<u>6,767</u>	<u>2,201,040</u>
Total comprehensive income for the year	-	-	<u>1,984,984</u>	<u>( 1,156)</u>	-	<u>15,730,842</u>	<u>17,714,670</u>	<u>408,272</u>	<u>18,122,942</u>
Other reserve movements									
Other transfer to capital reserves	-	-	3,354	-	-	( 3,354)	-	-	-
Transactions with owners of the company									
Own shares acquired by ESOP	-	-	-	-	(85,003)	-	( 85,003)	-	( 85,003)
Own shares sold by ESOP	-	-	-	-	34,201	-	34,201	-	34,201
Distributions to stockholders (note 25)	-	-	( 315,122)	-	-	-	( 315,122)	-	( 315,122)
Unclaimed distributions to stockholders (note 25)	-	-	20,977	-	-	-	20,977	-	20,977
Change in ownership interest									
Disposal of subsidiary with non-controlling interest	-	-	-	-	-	-	-	(17,168,124)	(17,168,124)
Balances at December 31, 2023	<u>112,214</u>	<u>135,087</u>	<u>5,486,266</u>	<u>(69,632)</u>	<u>( 3,826)</u>	<u>30,835,045</u>	<u>36,495,154</u>	<u>-</u>	<u>36,495,154</u>
Retained in the financial statements of:									
The company	112,214	135,087	451,710	( 8,726)	-	32,820,103	33,510,388		
Subsidiary companies	-	-	5,034,556	(60,906)	( 3,826)	( 3,930,954)	1,038,870		
Associate company	-	-	-	-	-	1,945,896	1,945,896		
Balances at December 31, 2023	<u>112,214</u>	<u>135,087</u>	<u>5,486,266</u>	<u>(69,632)</u>	<u>( 3,826)</u>	<u>30,835,045</u>	<u>36,495,154</u>		

JAMAICA PRODUCERS GROUP LIMITEDGroup Statement of Cash Flows  
Year ended December 31, 2023

	<u>Notes</u>	<u>2023</u> \$'000	<u>2022</u> \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit for the year		15,921,902	3,986,032
Adjustments for:			
Depreciation – property, plant and equipment and investment property	14,15	353,092	1,206,681
Amortisation – right of use assets	19[(a)]	73,212	161,207
Amortisation and impairment – intangible assets	12	19,921	97,352
Amortisation – biological assets	8	20,151	22,411
Unrealised foreign exchange (gain)/loss		( 50,417)	17,361
Current taxation charge	23(a)	159,268	678,136
Deferred tax	23(a)	30,659	15,688
Movement in employee benefits		-	( 6,677)
Loss on disposal of property, plant and equipment and investments		8,549	76,694
Share of profit in associate companies and joint ventures		( 1,984,986)	( 1,358,130)
Gain on disposal of interest in subsidiaries	29(a)	(13,293,156)	-
Reversal of impairment on receivables		( 18,698)	( 11,444)
Amortisation of bond issue costs		3,222	744
Interest earned	22	( 167,533)	( 466,749)
Interest expense	22	<u>76,248</u>	<u>223,935</u>
		1,151,434	4,643,241
Decrease/(increase) in current assets and liabilities:			
Accounts receivable		( 1,118,920)	( 290,196)
Taxation recoverable		( 10,097)	( 109,859)
Inventories		( 213,344)	( 268,888)
Accounts payable		<u>998,027</u>	<u>507,901</u>
Cash generated from operating activities		807,100	4,482,199
Tax paid		<u>( 253,251)</u>	<u>( 628,624)</u>
Net cash generated from operating activities		<u>553,849</u>	<u>3,853,575</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Additions to biological assets	8	( 17,884)	( 75,393)
Short-term investments purchased		( 1,748,839)	( 592,602)
Proceeds from matured short-term investments		1,309,237	416,110
Interest received		166,266	472,535
Purchases of reverse repurchase agreements		( 199,854)	(10,217,311)
Redemption of reverse repurchase agreements		1,737,124	10,319,916
Additions to property, plant and equipment	14	( 1,789,447)	( 3,311,911)
Cash paid on acquisition of subsidiary, net	29(b)	( 330,638)	( 4,441)
Proceeds from disposal of investments and property, plant and equipment		18,476	10,066
Own shares or subsidiary shares purchased by ESOP		( 85,003)	-
Own shares or subsidiary shares sold by ESOP		34,201	53,110
Proceeds from long term loans receivable		-	55,015
Payment received on associate companies and joint ventures accounts		-	26,013
Disbursements to associate companies and joint ventures		<u>-</u>	<u>( 105,240)</u>
Net cash used by investing activities		<u>( 906,361)</u>	<u>( 2,954,133)</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, 2023

	<u>Note</u>	<u>2023</u> \$'000	<u>2022</u> \$'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from loan and borrowings	18	527,771	1,000,000
Repayment of loans and borrowings	18	( 514,656)	( 781,315)
Interest paid		( 61,639)	( 178,119)
Distributions to non-controlling interests		( 356,692)	( 506,005)
Distributions to stockholders		( 315,122)	( 253,123)
Payment of lease liabilities	19,18	( 70,055)	( 192,165)
Net cash used by financing activities		( 790,393)	( 910,727)
Net decrease in cash and cash equivalents		(1,142,905)	( 11,285)
Cash and bank at beginning of the year		1,214,116	1,282,048
Exchange gains on foreign currency cash and cash equivalents		( 6,220)	( 56,647)
Cash and bank at end of the year		<u>64,991</u>	<u>1,214,116</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, 2023

#### 1. The company

Jamaica Producers Group Limited (“the company”) is incorporated and domiciled in Jamaica. The company’s registered office is located at 60 Knutsford Boulevard, Kingston 5, Jamaica.

The main activities of the company, its subsidiaries (collectively, “group”), joint ventures and associates (note 30) prior to April 1, 2023, were 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.

Effective April 1, 2023, following the changes described below, the main activities of the group are land and property management, treasury investments, whilst through its associate, Pan Jamaica Group Limited, the group maintains business interest in four key segments: property and Infrastructure; specialty foods, global services (including shipping, logistics, and port terminal operations) and financial services.

In November 2022, the company entered into an agreement with PanJam Investment Limited (“PanJam”) that effectively resulted in the company transferring its core operating businesses to PanJam in exchange for a 34.5% interest in that entity. Following the shareholder’s approval at an Extraordinary General Meeting on December 22, 2022, the transaction was completed on April 1, 2023, and the combined enterprise was renamed Pan Jamaica Group Limited, (see notes 9 and 29).

On March 21, 2023, the group acquired 100% shareholding in two Belgian juice manufacturing entities, The Juicy Group NV and HPP Services BV (see note 29). These were transferred as part of the amalgamation with Pan Jamaica Group Limited on April 1, 2023.

#### 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 Accounting Standards”) 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 none of the amendments will have a material impact on its financial statements.

JAMAICA PRODUCERS GROUP LIMITEDNotes to the Consolidated Financial Statements (Continued)  
Year ended December 31, 20232. 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 Accounting Standards 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 Accounting Standards 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) Measurement of investment in associate

The group acquired significant interest in an associate during the year in consideration for the transfer of certain of its businesses under an amalgamation agreement.

The carrying amount of investment in an associate was determined by assessing the fair value of the businesses transferred as well as the value of the identifiable assets and liabilities of the associate at the date of acquisition. In determining the fair value of the businesses transferred, the historical and projected financial information of each company within the group was reviewed along with the economic outlook of the companies and the industries in which they operate. Judgement was used in determining the appropriate valuation methods relevant to each business, the appropriate discount rates and growth rates applied in cashflow forecasts. See notes 9 and 29.

## (ii) Measurement of investment in subsidiary

On March 21, 2023, the group acquired 100% shareholding in two Belgian juice manufacturing entities, The Juicy Group NV and HPP Services BV. The acquisition of the subsidiaries included fair value calculation of deferred consideration as well as fair value assessment of the identifiable assets and liabilities assumed at acquisition date. Judgement was used in determining the fair value of intangible assets and property, plant and equipment. This include the projected financial information of each company, determining the appropriate valuation method and relevant discount rates to be applied.

The subsidiaries were disposed of under the amalgamation agreement with Pan Jamaica Group Limited on April 1, 2023, and therefore the potential impact of these judgements on the statement of profit or loss was not considered to be material. See notes 1 and 29.

JAMAICA PRODUCERS GROUP LIMITEDNotes to the Consolidated Financial Statements (Continued)  
Year ended December 31, 20232. Statement of compliance and basis of preparation (continued)

## (c) Use of estimates and judgment (continued)

## (iii) Valuation of investment properties

The fair value of investment properties is determined by a property valuation specialist engaged by management, who uses recognised valuation techniques and the principles of IFRS 13 *Fair Value Measurement*. The properties are valued using the income capitalisation approach and market comparable approach. The income capitalisation approach is a valuation technique whereby the property value is determined by calculating the present value of the future income benefits to be derived from ownership of the property. The estimate of fair values is therefore dependent on the appropriate selection of capitalisation rates associated with the properties and changes to these rates could have material impact on the balances and fair value movement reported in these financial statements. The market comparable approach is used due to the level of transactions involving comparable properties in the areas during the year. Under the market comparable approach, a property's fair value is estimated based on comparable transactions which is based upon the principle of substitution under which a potential buyer will not pay more for the property than it will cost to buy a comparable substitute property. The unit of comparison applied is the price per acre. The estimate of fair values is therefore dependent on the availability of reliable comparable sales data. Judgement is involved given the infrequency of trades in comparable properties in some cases, and the absence of a number of observable recent market prices. See note 15.

3. Material 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.

## JAMAICA PRODUCERS GROUP LIMITED

### Notes to the Consolidated Financial Statements Year ended December 31, 2023

#### 3. Material accounting policies (continued)

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

##### (a) Basis of consolidation (continued)

##### (i) Business combinations (continued)

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.

##### (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 17), made up to December 31, 2023.

JAMAICA PRODUCERS GROUP LIMITEDNotes to the Consolidated Financial Statements (Continued)  
Year ended December 31, 20233. Material accounting policies (continued)

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

## (a) Basis of consolidation (continued)

## (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 assets and goodwill.

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 material accounting policies.

Should the group's share of losses in an associate equal or exceed its interest in the associate, including any other unsecured receivables, the group ceases to recognise further losses unless it incurs obligations or makes payments on behalf of the associate.

JAMAICA PRODUCERS GROUP LIMITEDNotes to the Consolidated Financial Statements (Continued)  
Year ended December 31, 20233. Material accounting policies (continued)

## (a) Basis of consolidation (continued)

## (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.

## (viii) Common control transaction

Common control transactions refer to business combination activities involving entities or business that are under the control of the same ultimate parent company.

The group accounts for common control transactions using the book value approach as the entities under common control are part of a larger economic group. Under common control transactions, assets and liabilities are transferred within the group at the carrying value in the respective financial statements at the date of the transfer.

## (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 28(b)(ii)]. Items in the foreign subsidiaries' profit and loss accounts are translated at rates of £1 to J\$187.16 (2022: J\$187.28), US\$1 to J\$153.04 (2022: J\$152.56), €1 to J\$163.32 (2022: J\$158.29), 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 17(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, reverse repurchase agreements, 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.

JAMAICA PRODUCERS GROUP LIMITEDNotes to the Consolidated Financial Statements (Continued)  
Year ended December 31, 20233. Material accounting policies (continued)

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

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

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;
- Short-term investments; and
- Reverse repurchase 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 other comprehensive income (“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 (“ECL”) in the impairment of Financial Assets, 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, 20233. Material 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.

*Write-off*

Financial assets are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts, or that proceeds from collateral will not be sufficient to pay back the entire exposure. This assessment is carried out at the individual asset level.

Recoveries of amounts previously written off are included in ‘impairment losses on financial instruments’ in the statement of profit or loss and other comprehensive income.

*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.

JAMAICA PRODUCERS GROUP LIMITEDNotes to the Consolidated Financial Statements (Continued)  
Year ended December 31, 20233. Material accounting policies (continued)

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

*Financial liabilities (continued)**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 bank

Cash and bank comprise of cash in hand, on demand and on call deposits with banks.

- (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) Reverse repurchase agreements

When the group sells a financial asset and simultaneously enters into an agreement to repurchase the assets (or similar asset) at a fixed price on a future date (sale-and-repurchase agreement), the consideration received is accounted for as deposit, and the underlying asset continues to be recognised in the group's financial statements. Reverse repurchase agreements 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 recognized as the transactions amount due from the customers and subsequently measured at amortised cost, less allowance for impairment.

- (h) Trade and other payables

Trade and other payables, including provisions, are measured at amortised cost.

- (i) 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 specialists to perform a fair value assessment on a regular basis.

JAMAICA PRODUCERS GROUP LIMITEDNotes to the Consolidated Financial Statements (Continued)  
Year ended December 31, 20233. Material accounting policies (continued)

## (j) Intangible assets

Intangible assets that are acquired by the group and have finite useful lives are measured at cost less accumulated amortisation and impairment losses.

## (i) 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.

## (ii) 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.

## (k) 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, 20233. Material accounting policies (continued)

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

## (iii) 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 12.5% and 50% per annum. Depreciation methods, useful lives and residual values are reassessed at each reporting date.

## (l) Investment properties

Investment properties, principally freehold land and warehouse buildings, are held for long-term rental yields and are not occupied by the group.

Investment property that existed in the prior year was shown at cost less accumulated depreciation. Land was not depreciated. Depreciation was calculated on buildings held on the straight-line basis at an annual rate of 2.5%. The property was transferred under the amalgamation agreement effective April 1, 2023.

Investment properties transferred from property, plant and equipment were initially recorded at cost, including related transaction costs, and were measured at fair value on transfer with valuation movement adjusted in other comprehensive income(OCI).

Fair value is determined by independent valuers using the income capitalisation approach and market comparison approach. Any subsequent gain or loss arising from a change in fair value will be recognised in profit or loss.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the profit or loss during the financial period in which they are incurred.

On disposal of an investment property, the difference between the net disposal proceeds and the carrying amount is charged or credited to the profit or loss. If an investment property is reclassified as real estate held for resale, its fair value at the date of reclassification becomes its cost for accounting purposes.

JAMAICA PRODUCERS GROUP LIMITEDNotes to the Consolidated Financial Statements (Continued)  
Year ended December 31, 20233. Material accounting policies (continued)

## (m) 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.

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.

## (n) 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 price. 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.

JAMAICA PRODUCERS GROUP LIMITEDNotes to the Consolidated Financial Statements (Continued)  
Year ended December 31, 20233. Material accounting policies (continued)

## (n) Leases (continued)

## (i) As a lessee (continued)

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.

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.

JAMAICA PRODUCERS GROUP LIMITEDNotes to the Consolidated Financial Statements (Continued)  
Year ended December 31, 20233. Material accounting policies (continued)

## (n) Leases (continued)

## (i) As a lessee (continued)

*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.

## 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.

## (o) 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, participated in defined benefit retirement plans, the assets of which are generally held in separate trustee-administered funds. The pension plans were funded by payments from employees and by the group, taking into account the recommendations of qualified actuaries. The group had 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.

JAMAICA PRODUCERS GROUP LIMITEDNotes to the Consolidated Financial Statements (Continued)  
Year ended December 31, 20233. Material accounting policies (continued)

## (o) Employee benefits (continued)

- Pension obligations (continued)

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.

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, provided 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, 20233. Material accounting policies (continued)

## (p) 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.

<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 provided 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 drink	The group provided 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.  Some contracts allow customers to return goods. Returned goods are exchanged for new goods or, in certain cases, are refunded through credit notes.	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.  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.

## (q) Finance costs

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

JAMAICA PRODUCERS GROUP LIMITEDNotes to the Consolidated Financial Statements (Continued)  
Year ended December 31, 20233. Material accounting policies (continued)

## (r) Interest income

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

## (s) 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.

## (t) 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 3.7% to 8.5% annually.

5. Reverse repurchase agreements

The fair value of the underlying reverse repurchase agreements approximated \$416,741,000 (2022: \$11,601,049,000).

JAMAICA PRODUCERS GROUP LIMITEDNotes to the Consolidated Financial Statements (Continued)  
Year ended December 31, 20236. Accounts receivable

	<u>2023</u>	<u>2022</u>
	\$'000	\$'000
Trade receivables [note 28(b)(i)]	15,603	2,905,772
Other receivables and prepayments	<u>44,729</u>	<u>679,621</u>
	60,332	3,585,393
Less: allowance for expected credit losses	<u>( 21,153)</u>	<u>( 131,770)</u>
	<u>39,179</u>	<u>3,453,623</u>

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

	<u>2023</u>	<u>2022</u>
	\$'000	\$'000
Balance at beginning of year	131,770	169,159
Impairment losses recognised	38,876	25,986
Amount recovered in the year	( 19,593)	( 58,937)
Amount written-off as uncollectible	-	( 3,984)
Released on disposal of subsidiaries	(130,415)	-
Exchange loss on retranslation	<u>515</u>	<u>( 454)</u>
Balance at end of year	<u>21,153</u>	<u>131,770</u>

7. Accounts payable

	<u>2023</u>	<u>2022</u>
	\$'000	\$'000
Trade payables	2,279	2,376,337
Dividends payable – shareholders and non-controlling interests	336,643	700,533
Accrued expenses and other payables	<u>404,406</u>	<u>2,185,406</u>
	<u>743,328</u>	<u>5,262,276</u>

8. Biological assets

	<u>2023</u>	<u>2022</u>
	\$'000	\$'000
Balance at beginning of the year	154,761	101,779
Increase due to new plantings	17,884	75,393
Amortisation in year	( 20,151)	( 22,411)
Released on disposal of subsidiary	<u>(152,494)</u>	<u>-</u>
Balance at end of the year	<u>-</u>	<u>154,761</u>

JAMAICA PRODUCERS GROUP LIMITEDNotes to the Consolidated Financial Statements (Continued)  
Year ended December 31, 20239. 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:

## Interest in associates and joint ventures

	<u>2023</u> \$'000	<u>2022</u> \$'000
(i) Pan Jamaica Group Limited	33,868,035	-
(ii) Tortuga Cayman Limited	-	104,650
(iii) Geest Line Limited	-	1,025,420
(iv) CoBeverage Lab S.L.	-	119,101
(v) Grupo Frontera Limited	-	770,117
Capital Infrastructure Managers Limited	<u>-</u>	<u>1</u>
	<u>33,868,035</u>	<u>2,019,289</u>

## (i) Investment in Pan Jamaica Group Limited

On April 1, 2023 the Group acquired a 34.5% shareholding in Pan Jamaica Group Limited ("PJG") as part of an amalgamation agreement between the Company and PJG, (see note 1). The shares acquired in PJG are listed on the Jamaica Stock Exchange ("JSE") and has fair value of \$28,471,352,000 based on JSE closing bid prices of \$50.70 at December 31, 2023.

On April 1, 2023 the company transferred its core business operations to Pan Jamaica Group Limited (formerly PanJam Investments Limited) in exchange for newly issued shares in PJG equal to 34.5% of PJG's issued share capital. In order to facilitate the transfer of businesses to PJG, immediately prior to that transfer the company completed a legal restructure, including an approved scheme of reorganisation, to move all transferring operations into a newly incorporated holding company, JP Global Holdings Limited ("JPGH"). The company then exchanged 100% of the issued shares of JPGH for shares in PJG.

In accordance with IFRS Accounting standards, the following transactions were completed:

- The transfer of ownership of all subsidiaries to JPGH in return for increased investment in the newly incorporated entity. Within this transaction, certain assets and liabilities were transferred between subsidiaries of the company under an approved scheme of reorganization. In determining the appropriate accounting for the transaction, management evaluated the economic drivers and rationale behind the transaction.
- The sole purpose of the creation of the newly incorporated entity was to facilitate the transfer of control of those businesses in one single transaction with PJG, while obtaining significant influence over PJG. As the arrangement brought together several uncombined businesses (which were under common control) the group made the election to account for these common control transactions at net book value. Therefore, at the consolidated financial statements level there is no impact as a result of the creating of the newly incorporated entity.
- In respect of loss of control of investment in subsidiary, JPGH, in return for shares in associate company PJG. This transaction represents a change in the control status of the JPGH businesses and is separately treated as, i) a disposal of subsidiary and, ii) an acquisition of an associate. PJG. See note 29.

JAMAICA PRODUCERS GROUP LIMITEDNotes to the Consolidated Financial Statements (Continued)  
Year ended December 31, 20239. Interest in associates and joint venture companies (continued)

## Interest in associates and joint ventures (continued)

## (i) Investment in Pan Jamaica Group Limited (continued)

The following table summarises the financial information for PJG as included in its own financial statements, adjusted for fair value adjustments at acquisition. The table also reconciles the summarised financial information to the carrying amount of the group's interest in PJG. Information presented for the statement of profit or loss and other comprehensive incomes includes the results of PJG for the period from April 1, 2023, to December 31, 2023.

	<u>2023</u> \$'000
Percentage of ownership	34.5%
Cash and deposits	4,735,315
Other current assets	20,332,824
Non-current assets	138,531,258
Current liabilities	( 14,779,402)
Non-current liabilities	<u>( 23,675,136)</u>
Net assets 100%	125,144,859
Less non-controlling interest	<u>( 26,998,810)</u>
	<u>98,146,049</u>
Group's share of net assets (34.5%)	33,860,387
Net amounts due from associate	<u>7,648</u>
Carrying amount of interest in associate	<u>33,868,035</u>
Revenue	<u>27,990,194</u>
Profit from operation attributable to shareholders	2,526,691
Other comprehensive income attributable to shareholders	<u>609,986</u>
Total comprehensive income	<u>3,136,677</u>
Group's share of total comprehensive income (34.5%)	1,082,154
Add goodwill on acquisition	<u>863,742</u>
	<u>1,984,986</u>

(ii) The group had a 40% holding in Tortuga Cayman Limited ("TCL"), a company that manufactured and distributed baked products. TCL was transferred to PJG effective April 1, 2023.

(iii) 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. Geest was transferred to PJG effective April 1, 2023. The statement of profit or loss includes share of profit from the associate of \$249,535,000 for the January to March 2023 period.

(iv) On September 1, 2021 the group acquired a 50% shareholding in CoBeverage 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. CBL was transferred to PJG effective April 1, 2023.

(v) 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. GFL was transferred to PJG effective April 1, 2023.

## JAMAICA PRODUCERS GROUP LIMITED

### Notes to the Consolidated Financial Statements (Continued) Year ended December 31, 2023

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

The following table summarises the financial information for Geest Line Limited, Grupo Frontera Limited and the aggregated information for CoBeverage 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			Total \$'000
	Geest Line Limited \$'000	Grupo Frontera Limited	Other 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	1,470,175
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 amortisation	( 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, 2023

#### 10. 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. All of the group's subsidiaries listed below were transferred to Pan Jamaica Group Limited as part of the amalgamation agreement effective April 1, 2023 (see note 1). As such, at December 31, 2023, the carrying amount of non-controlling interest was nil. The information presented for 2023 below represents only the period from January 1, 2023 to March 31, 2023.

	2023				2022			
	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	
Current assets	-	-	-	-	11,801,211	480,925	518,549	
Non-current liabilities	-	-	-	-	( 3,071,650)	( 159,222)	( 776,495)	
Current liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>( 3,210,371)</u>	<u>( 298,062)</u>	<u>( 166,804)</u>	
Net assets/(liabilities)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,819,774</u>	<u>799,675</u>	<u>( 35,493)</u>	
Carrying amount of NCI	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,488,302</u>	<u>313,513</u>	<u>( 41,963)</u>	<u>16,759,852</u>
Revenue	2,290,250	309,433	448,597		<u>9,476,406</u>	<u>1,366,488</u>	<u>1,826,491</u>	
Profit/(loss) for the year	725,758	( 16,860)	( 39,124)		2,925,022	40,214	( 85,782)	
Other comprehensive income	-	3,025	18,746		( 882,571)	( 12,581)	( 10,681)	
Total comprehensive income	725,758	( 13,635)	( 20,378)		<u>2,042,451</u>	<u>27,633</u>	<u>( 96,643)</u>	
Profit/(loss) allocated to NCI	424,109	( 6,388)	( 16,216)	401,505	1,715,179	15,235	( 43,728)	1,686,686
Other comprehensive income allocated to NCI	<u>-</u>	<u>1,143</u>	<u>5,624</u>	<u>6,767</u>	<u>( 588,112)</u>	<u>( 4,763)</u>	<u>( 3,258)</u>	<u>( 596,133)</u>
Cash flows from operating activities	528,439	( 48,666)	( 33,668)		3,818,585	59,236	( 50,659)	
Cash flows from investment activities	(1,516,236)	( 1,530)	( 4,744)		( 2,316,251)	( 15,146)	( 39,309)	
Cash flows from financing activities	<u>( 322,286)</u>	<u>22,190</u>	<u>( 7,652)</u>		<u>( 610,265)</u>	<u>( 48,439)</u>	<u>99,204</u>	
Net (decrease)/increase in cash and cash equivalents	<u>(1,310,083)</u>	<u>( 28,006)</u>	<u>( 46,064)</u>		<u>892,069</u>	<u>( 4,349)</u>	<u>9,236</u>	

JAMAICA PRODUCERS GROUP LIMITEDNotes to the Consolidated Financial Statements (Continued)  
Year ended December 31, 202311. Investments

	<u>2023</u>	<u>2022</u>
	\$'000	\$'000
Quoted equities – at FVOCI	11,221	12,376
Unquoted equity – at FVOCI	<u>-</u>	<u>449,616</u>
	<u>11,221</u>	<u>461,992</u>

The prior year investment in unquoted equity was held by a subsidiary that was disposed of as part of the amalgamation with Pan Jamaica Group Limited.

12. 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
Cost					
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	637,291	704,036	276,100	1,034,803	2,652,230
Additions arising on acquisition of subsidiaries	63,000	264,000	14,052	930,877	1,271,929
Released on disposal of subsidiaries	<u>(700,404)</u>	<u>(968,036)</u>	<u>(290,339)</u>	<u>(1,994,249)</u>	<u>(3,953,028)</u>
Exchange adjustments	<u>113</u>	<u>-</u>	<u>187</u>	<u>28,569</u>	<u>28,869</u>
December 31, 2023	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amortisation and impairment					
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	263,403	559,195	174,988	258,060	1,255,646
Charge for the year	4,586	10,350	4,985	-	19,921
Released on disposal of subsidiaries	<u>(269,839)</u>	<u>(569,545)</u>	<u>(180,558)</u>	<u>( 258,060)</u>	<u>(1,278,002)</u>
Exchange adjustments	<u>1,850</u>	<u>-</u>	<u>586</u>	<u>-</u>	<u>2,436</u>
December 31, 2023	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net book values					
December 31, 2023	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
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>



JAMAICA PRODUCERS GROUP LIMITEDNotes to the Consolidated Financial Statements (Continued)  
Year ended December 31, 202313. Deferred tax asset/(liability)

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

	Deferred tax					
	Asset		Liability		Net	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Property, plant and equipment	-	5,575	-	(1,155,542)	-	(1,149,967)
Employee benefits	-	-	-	( 37,519)	-	( 37,519)
Other liabilities	-	-	-	8,409	-	8,409
Other assets	-	-	-	4,806	-	4,806
	<u>-</u>	<u>5,575</u>	<u>-</u>	<u>(1,179,846)</u>	<u>-</u>	<u>(1,174,271)</u>

Movement on the net deferred tax liability during the year:

	<u>2023</u>	<u>2022</u>
	\$'000	\$'000
Net deferred tax liability at beginning of year	1,174,271	(1,284,442)
Effect of re-measurement of post-employment benefits recognised in other comprehensive income	-	126,081
Recognised in taxation credit [note 23(a)(ii)]	30,659	( 15,688)
Released on disposal of subsidiaries	(1,204,841)	( 222)
Translation loss in the year	( 89)	( 222)
	<u>-</u>	<u>(1,174,271)</u>

14. Property, plant and equipment

	<u>Freehold land and buildings</u>	<u>Leasehold land and buildings</u>	<u>Equipment, vehicles and furniture</u>	<u>Work-in-progress</u>	<u>Total</u>
	\$'000	\$'000	\$'000	\$'000	\$'000
Cost					
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	20,325,149	425,782	9,001,080	3,176,328	32,928,339
Additions	4,692	40,630	114,448	1,629,677	1,789,447
From acquisition of subsidiary	898,713	-	825,202	-	1,723,915
Disposals	( 1,226)	( 9,251)	( 148,129)	-	( 158,606)
Revaluation (note 15)	1,676,365	-	-	-	1,676,365
Transfers (note 15)	( 1,730,215)	-	-	-	( 1,730,215)
Released on disposal of subsidiary	(21,236,274)	(387,881)	(9,869,791)	(4,897,504)	(36,391,450)
Exchange adjustments	<u>88,552</u>	<u>620</u>	<u>142,546</u>	<u>114,601</u>	<u>346,319</u>
December 31, 2023	<u>25,756</u>	<u>69,900</u>	<u>65,356</u>	<u>23,102</u>	<u>184,114</u>

JAMAICA PRODUCERS GROUP LIMITEDNotes to the Consolidated Financial Statements (Continued)  
Year ended December 31, 202314. Property, plant and equipment (continued)

	<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
Cost					
December 31, 2023	<u>25,756</u>	<u>69,900</u>	<u>65,356</u>	<u>23,102</u>	<u>184,114</u>
Depreciation and impairment					
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)	<u>16</u>	( 151,758)	( 14,127)	( 231,986)
December 31, 2022	3,255,526	259,611	4,608,132	190,869	8,314,138
Charge for the year	128,801	32,585	172,935	16,791	351,112
Transfers	( 13,213)	-	-	-	( 13,213)
Eliminated on disposals	-	-	( 130,353)	-	( 130,353)
Released on disposal of subsidiary	( 3,390,320)	(245,895)	(4,688,888)	( 216,377)	( 8,541,480)
Exchange adjustments	<u>40,167</u>	<u>587</u>	<u>87,504</u>	<u>8,717</u>	<u>136,975</u>
December 31, 2023	<u>20,961</u>	<u>46,888</u>	<u>49,330</u>	<u>-</u>	<u>117,179</u>
Net book values					
December 31, 2023	<u>4,795</u>	<u>23,012</u>	<u>16,026</u>	<u>23,102</u>	<u>66,935</u>
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>

15. Investment properties

	<u>Land</u> \$'000	<u>Plant and buildings</u> \$'000	<u>Total</u> \$'000
Cost			
December 31, 2021 and 2022 (i)	269,700	300,300	570,000
Transfer (ii)	1,311,000	406,000	1,717,000
Released on disposal of subsidiary	( 269,700)	(300,300)	( 570,000)
December 31, 2023	<u>1,311,000</u>	<u>406,000</u>	<u>1,717,000</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	-	25,137	25,137
Charge for the year	<u>-</u>	<u>1,980</u>	<u>1,980</u>
Released on disposal of subsidiary	<u>-</u>	<u>27,117</u>	<u>27,117</u>
December 31, 2023	<u>-</u>	<u>-</u>	<u>-</u>
Net book values			
December 31, 2023	<u>1,311,000</u>	<u>406,000</u>	<u>1,717,000</u>
December 31, 2022	<u>269,700</u>	<u>275,163</u>	<u>544,863</u>

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Consolidated Financial Statements (Continued)  
Year ended December 31, 2023

15. Investment properties (continued)

(i) Investment property, which was 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 valutors. The valuation was carried out for determining the fair value at acquisition. This investment property was disposed of with the transfer of the subsidiary company as part of the amalgamation agreement that was effected April 1, 2023.

(ii) Investment properties that were transferred from property, plant and equipment during the year include two separate commercial properties located in Kingston, Jamaica valued at \$426,000,000 and \$188,000,000 and land located in St Mary, Jamaica owned by a subsidiary valued at \$1,103,000,000. These properties were previously treated as owner occupied properties as they were rented to subsidiaries of the company. Effective April 1, 2023, the subsidiaries were sold to Pan Jamaica Group under an amalgamation agreement, see note 1. The investment properties include land with fair value of \$48,000,000, that was pledged for loan held by a related party.

(iii) Amounts recognised in profit or loss for investment property:

	<u>2023</u>	<u>2022</u>
	\$'000	\$'000
Rental income	89,766	71,436
Direct operating expenses from property that generated rental income	<u>(1,425)</u>	<u>(7,918)</u>

(iv) Measurement of fair values

The properties are measured at fair market value, as appraised by a qualified independent valutors. The commercial properties in Kingston, Jamaica and St Mary, Jamaica were valued by NAI Jamaica Langford and Brown and Allison Pitter & Company Limited, respectively on December 31, 2023.

The valuation model has been applied in accordance with those recommended by the International Valuation Standards Committee and is consistent with the principles of IFRS 13. The fair value measurement for the company's investment properties are valued under the income capitalisation approach and are categorised as Level 3 in the fair value hierarchy based on certain unobservable inputs that the valuation technique used.

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Consolidated Financial Statements (Continued)  
Year ended December 31, 2023

15. Investment properties (continued)

## (iv) Measurement of fair values (continued)

The unobservable inputs and the valuation technique used are as shown in the table below.

Valuation techniques	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
<i>Income capitalisation approach:</i> This is an approach whereby the present value of the estimated or actual future cash benefits or income stream is calculated. The approach applies the use of valuation tables derived for professional valuation purposes.	Capitalisation rate of 8.5% (based on the length of the lease).	The estimated fair value would increase/(decrease) if: Capitalisation rate is higher/lower.
<i>Market comparable approach:</i> This valuation technique takes into account a comparison of similar properties for which the size, terms and conditions of sale are known.	Size and condition of the similar properties sold in nearby location	The estimated fair value would increase/(decrease) if: The value per acre of comparable properties is higher/lower

16. Share capital

Authorised:

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

<u>2023</u>	<u>2022</u>
\$'000	\$'000

Stated capital:

Issued and fully paid - 1,122,144,036 (2022: 1,122,144,036)  
ordinary stock units at no par value

<u>112,214</u>	<u>112,214</u>
----------------	----------------

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 holders also have the right to residual assets of the company on liquidation.

The company's stated capital does not include share premium, which is retained in capital reserves (note 17) in accordance with Section 39 (7) of the Jamaican Companies Act.

JAMAICA PRODUCERS GROUP LIMITEDNotes to the Consolidated Financial Statements (Continued)  
Year ended December 31, 202317. Reserves

	<u>2023</u>	<u>2022</u>
	\$'000	\$'000
Capital:		
Share premium (note 16)	135,087	135,087
Reserve for own shares [see (i) below]	( 3,826)	46,976
Fair value reserve [see (ii) below]	( 69,632)	( 68,476)
Other [see (iii) below]	<u>5,486,266</u>	<u>3,792,073</u>
	5,547,895	3,905,660
Accumulated profits:		
Retained profits	<u>30,835,045</u>	<u>15,107,557</u>
	<u>36,382,940</u>	<u>19,013,217</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, 2023. 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, 2023 was 71,738,116 (2022: 69,733,801). Based on the bid price, less a 15% discount normally allowed to staff, the value of those stock units at December 31, 2023 was \$1,341,503,000 (2022: \$1,357,368,000). 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, 2023, unrealised exchange gains and unclaimed distributions to stockholders (note 25).
- (iv) Losses in a previous subsidiary, in excess of the non-controlling interest in the equity of the subsidiary, were included in the group's results prior to 2010.

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Consolidated Financial Statements (Continued)  
Year ended December 31, 2023

18. Loans and borrowings

The terms and conditions of outstanding loans are as follows:

(i) Reconciliation of movements of liabilities to cash flows arising from financing activities:

	<u>Loans and borrowings</u>		<u>Leases</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Balance at January 1	<u>4,041,839</u>	<u>3,778,583</u>	<u>378,114</u>	<u>595,647</u>
Changes from financing cash flows:				
Proceeds from loans	527,971	1,000,000	-	-
Repayment of loans	( 514,656)	( 781,315)	-	-
Loan assumed on acquisition of subsidiary	1,599,682	-	-	-
Deferred consideration recognised on acquisition	1,407,635	83,486	-	-
Repayment of lease liabilities	-	-	( 27,144)	(192,165)
New leases	-	-	-	11,482
Adjustment to lease term	-	-	( 49,041)	-
Amounts released with sale of subsidiary	(3,030,272)	-	(304,135)	-
The effect of changes in foreign exchange rate	<u>9,640</u>	<u>( 38,915)</u>	<u>10,281</u>	<u>( 36,850)</u>
	<u>(4,041,839)</u>	<u>263,256</u>	<u>(370,039)</u>	<u>(217,533)</u>
Balance at December 31	<u>-</u>	<u>4,041,839</u>	<u>8,075</u>	<u>378,114</u>

19. 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.

JAMAICA PRODUCERS GROUP LIMITEDNotes to the Consolidated Financial Statements (Continued)  
Year ended December 31, 202319. Leases (continued)

## (i) As a lessee (continued)

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, 2021	994,837	71,936	1,066,773
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	929,293	62,780	992,073
Lease adjustment	( 49,041)	-	( 49,041)
Released on disposal of subsidiaries	(871,167)	(66,390)	( 937,557)
Exchange adjustments	<u>21,156</u>	<u>3,610</u>	<u>24,766</u>
December 31, 2023	<u>30,241</u>	<u>-</u>	<u>30,241</u>
Amortisation & Impairment			
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	(562,716)	(44,309)	( 607,025)
Charge for the year	( 69,343)	( 3,869)	( 73,212)
Released on disposal of subsidiaries	610,855	51,069	661,924
Exchange adjustments	<u>( 9,037)</u>	<u>( 2,891)</u>	<u>( 11,928)</u>
December 31, 2023	<u>( 30,241)</u>	<u>-</u>	<u>( 30,241)</u>
Net book values			
December 31, 2023	<u>-</u>	<u>-</u>	<u>-</u>
December 31, 2022	<u>366,577</u>	<u>18,471</u>	<u>385,048</u>

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Consolidated Financial Statements (Continued)  
Year ended December 31, 2023

19. Leases (continued)

(i) As a lessee (continued)

(b) Lease liabilities

Maturity analysis – contractual undiscounted cash flows:

	<u>2023</u>	<u>2022</u>
	\$'000	\$'000
Less than one year	8,075	145,498
One to five years	-	220,327
More than five years	<u>-</u>	<u>169,233</u>
	8,075	535,058
Less: future interest	<u>-</u>	<u>(156,944)</u>
Total discounted lease liabilities	8,075	378,114
Less: current portion	<u>( 8,075)</u>	<u>(125,703)</u>
Non-current portion	<u>-</u>	<u>252,411</u>

(c) Amounts recognised in profit or loss

	<u>2023</u>	<u>2022</u>
	\$'000	\$'000
Interest on lease liabilities (note 22)	1,468	18,385
Expenses relating to short-term and low value leases	<u>-</u>	<u>56,199</u>

(d) Amounts recognised in the statement of cash flows

	<u>2023</u>	<u>2022</u>
	\$'000	\$'000
Total cash outflow for leases	<u>70,055</u>	<u>192,165</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.

In the prior year the group estimated that potential future lease payments would have resulted in an increase in lease liability of \$50,824,000 if the option to extend the lease term was exercised.



JAMAICA PRODUCERS GROUP LIMITED

Notes to the Consolidated Financial Statements (Continued)  
Year ended December 31, 2023

19. Leases (continued)

(ii) As a lessor

## a) Operating lease

The group leases out properties. 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 2023 was \$89,766,000 (2022: \$284,906,000).

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

	<u>2023</u> \$'000	<u>2022</u> \$'000
Less than one year	109,000	259,315
One to five years	<u>681,250</u>	<u>14,427</u>
Total	<u>790,250</u>	<u>273,742</u>

20. 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>2023</u> \$'000	<u>2022</u> \$'000
Primary Geographic Market		
Europe	3,357,800	13,579,275
Caribbean and North America	<u>3,789,134</u>	<u>15,421,850</u>
	<u>7,146,934</u>	<u>29,001,125</u>
Major Products and Services		
Food and drink	4,197,981	17,045,137
Terminal and logistics services	2,856,662	11,925,970
Other	<u>92,291</u>	<u>30,018</u>
	<u>7,146,934</u>	<u>29,001,125</u>

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Consolidated Financial Statements (Continued)  
Year ended December 31, 2023

21. Selling, administration and other expenses

	<u>2023</u>	<u>2022</u>
	\$'000	\$'000
(i) Selling, administration and other expenses:		
Advertising, promotion and selling costs	123,456	395,521
Auditors' remuneration - audit services	38,026	101,251
Auditors' remuneration - non-audit services	2,994	2,528
Bad debt, net	( 25,144)	34,251
Bank charges and merchant fees	28,329	103,445
Depreciation and amortisation	92,354	178,124
Directors' emoluments:		
Fees	14,070	14,390
For management	54,276	196,282
Donations	12,413	19,609
Insurance	42,638	143,494
IT and communication	102,671	339,911
Legal, professional and consultancy	99,858	197,842
Office and general costs	17,516	67,041
Other property related costs	75,842	209,474
Property rental	24,768	53,214
Staff costs	503,686	1,786,675
Transport and automobile	101,006	34,254
Travel	44,856	105,259
Utilities	112,029	169,235
Other	<u>40,802</u>	<u>171,032</u>
Total selling, administration and other operating expenses	<u>1,506,446</u>	<u>4,322,832</u>
(ii) 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. These expenses include only the pre amalgamation expenses of the operating businesses that were disposed.		

22. Financial income and expenses

	<u>2023</u>	<u>2022</u>
	\$'000	\$'000
Finance income:		
Interest income on financial assets measured at amortised costs	167,533	409,217
Interest income on bank deposits, loans and receivables	-	57,532
Dividend income on FVOCI financial assets	134	6,139
Foreign exchange gains/(loss)	<u>93,798</u>	<u>(205,881)</u>
	<u>261,465</u>	<u>267,007</u>

JAMAICA PRODUCERS GROUP LIMITEDNotes to the Consolidated Financial Statements (Continued)  
Year ended December 31, 202322. Financial income and expenses (continued)

	<u>2023</u>	<u>2022</u>
	\$'000	\$'000
Finance income:	<u>261,465</u>	<u>267,007</u>
Finance expenses:		
Interest expense on financial liabilities measured at amortised cost	( 74,780)	(207,596)
Interest expense on right of use lease liabilities note 19(i)(c)]	( 1,468)	( 18,385)
Unwinding of discount on deferred contingent consideration	-	( 10,010)
Foreign exchange gains on financial liabilities	<u>-</u>	<u>12,056</u>
	<u>( 76,248)</u>	<u>(223,935)</u>
Net financial income	<u>185,217</u>	<u>43,072</u>

23. Taxation

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

	<u>2023</u>	<u>2022</u>
	\$'000	\$'000
(i) Current tax charge:		
Jamaican corporation tax	86,293	400,680
United Kingdom corporation tax	877	20,786
Netherlands corporation tax	24,379	155,443
Tax on associated companies	<u>47,719</u>	<u>101,227</u>
	<u>159,268</u>	<u>678,136</u>
(ii) Deferred taxation (note 13):		
Origination and reversal of temporary differences	<u>30,659</u>	<u>15,688</u>
Total taxation charge in group profit and loss account	<u>189,927</u>	<u>693,824</u>

- (b) Reconciliation of tax expense

The effective tax rate for 2023 was 1.2% (2021: 14.8%), compared to the statutory tax rate of the company of 25% (2022: 25%). The actual charge differs from the "expected" tax charge for the year as follows:

	<u>2023</u>	<u>2022</u>
	\$'000	\$'000
Profit before taxation	<u>16,111,829</u>	<u>4,679,856</u>
Computed "expected" tax charge at 25% (2022: 25%)	4,027,957	1,169,964
Taxation difference between profit for financial statements and tax reporting purposes on:		
Effect of non-standard tax rates and tax rates of foreign jurisdictions	( 106,108)	( 442,742)
Unrelieved tax losses less tax relief utilised	-	( 83,304)
Gain on disposal of property, plant and equipment and investments	2,137	-
Gain on the disposal of Subsidiaries	( 3,310,143)	-
Share of profits from associates	( 496,247)	-
Other related capital adjustments and disallowed expenses	<u>72,331</u>	<u>49,906</u>
Actual tax charge	<u>189,927</u>	<u>693,824</u>

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Consolidated Financial Statements (Continued)  
Year ended December 31, 2023

23. Taxation (continued)

- (c) As at December 31, 2023, the company and certain subsidiaries had taxation losses, subject to agreement by the Commissioner General, Tax Administration Jamaica, of approximately \$2,224,645,000 (2022: \$3,713,223,000) available for relief against future taxable profits. Of this amount, \$Nil (2022: \$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 \$556,161,000 (2022: \$928,306,000) 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. These tax losses relate to the company and were not impacted by the amalgamation with PJG disclosed in note 1.

24. Profit per ordinary stock unit

The profit per ordinary stock unit is calculated by dividing the profit for the year attributable to stockholders of \$15,520,397,000 (2022: \$2,299,346,000), by a weighted average number of ordinary stock units held during the year, as follows:

Weighted average number of ordinary stock units:

	<u>2023</u>	<u>2022</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	( 68,856,706)	( 70,528,278)
Weighted average number of ordinary stock units in issue during the year	<u>1,053,287,330</u>	<u>1,051,615,758</u>
Profit per ordinary stock unit in issue	<u>1,383.10¢</u>	<u>204.91¢</u>
Profit per ordinary stock unit excluding ESOP holdings	<u>1,473.52¢</u>	<u>218.65¢</u>

25. Distributions to stockholders of parent

	<u>2023</u>	<u>2022</u>
	\$'000	\$'000
Capital distributions:		
First interim - 30¢ (2022: 30¢) per stock unit gross	336,543	336,643
Distributions to ESOP [note 17(i)]	( 21,521)	( 20,920)
	315,022	315,723
Unclaimed distributions written back to capital reserves [note 17(iii)]	( 20,977)	( 9,663)
	<u>294,045</u>	<u>306,060</u>

Article 121 of the amended Articles of Association provides that all dividends declared may be utilised 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.

JAMAICA PRODUCERS GROUP LIMITEDNotes to the Consolidated Financial Statements (Continued)  
Year ended December 31, 202326. 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 22.1% (2022: 22.0%) 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>2023</u> \$'000	<u>2022</u> \$'000
Short-term employment and other benefits	162,120	544,475
Payroll taxes – employer contributions	8,742	44,191
Post-employment benefits	<u>13,957</u>	<u>30,717</u>
	<u>184,819</u>	<u>619,383</u>

## (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>2023</u> \$'000	<u>2022</u> \$'000	<u>2023</u> \$'000	<u>2022</u> \$'000	
Transactions with joint ventures and associates						
50% joint venture	Purchases by the group	85,958	351,142	-	(51,560)	1,2,3
50% joint venture	Management services income to the group	6,877	28,092	-	-	1,2,3
34.5% associate	Property rental charged by the group	81,750	-	-	-	1,2,3
34.5% associate	Management services charged to the group	7,500	-	(7,500)	-	1,2,3
34.5% associate	Dividends received by the group	182,502	-	-	-	2, 3

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Consolidated Financial Statements (Continued)  
Year ended December 31, 2023

26. Related parties (continued)

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

Category and nature of relationship	Nature of transactions	Transactions in year		(Payable)/receivable at end of year		Terms and conditions
		2023	2022	2023	2022	
		\$'000	\$'000	\$'000	\$'000	
						*
	Transactions with key management personnel or entities under their control and/or significant influence. Companies that are controlled by key management personnel represents companies for which key management are majority shareholders. Significant influence is defined as companies in which the key management holds more than 20% interest.					
i)	Company under their control Insurance premiums charged to group	7,353	19,159	-	-	1,2,3
ii)	Company under their control Management services charged to group	3,787	15,526	-	( 7,498)	2,3,4
iii)	Company under their control Shipping agency services charged to group	4,394	21,321	-	-	1,2,3
iv)	Company under their control Charges paid on behalf of the group	41,112	198,191	-	-	1,2,3
v)	Company under their control Collections from third parties on behalf of the group	(61,145)	(375,796)	-	24,118	1,2,3
vi)	Company under their control Sales by the group	14,592	( 83,619)	-	14,063	2,3,4
vii)	Company under their control Legal services charged to group	-	37,753	-	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     |              |                       |

27. 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.

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Consolidated Financial Statements (Continued)  
Year ended December 31, 2023

27. Segment reporting (continued)

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 in the table below. Following the amalgamation with PJG as disclosed in note 1, effective April 1, 2023, the group has one reportable segment.

	JP Food & Drink		JP Logistics & Infrastructure		Corporate Services		Total	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Gross revenue	4,204,263	17,055,282	2,856,662	11,925,970	119,848	145,398	7,180,772	29,126,650
Inter-segment revenue	( 6,282)	( 10,145)	-	-	( 27,556)	( 115,380)	( 33,838)	( 125,525)
Revenue from external customers	<u>4,197,981</u>	<u>17,045,137</u>	<u>2,856,662</u>	<u>11,925,970</u>	<u>92,292</u>	<u>30,018</u>	<u>7,146,934</u>	<u>29,001,125</u>
Interest income	-	-	102,155	409,217	65,378	57,532	167,533	466,749
Share of profits in associates and joint ventures	( 11,592)	1,638	244,010	853,910	1,752,538	502,582	1,984,986	1,358,130
Segment profit/(loss)	<u>119,239</u>	<u>557,606</u>	<u>1,124,698</u>	<u>4,365,961</u>	<u>14,944,140</u>	<u>( 19,776)</u>	16,188,077	4,903,791
Finance cost							( 76,248)	( 223,935)
Profit before taxation							16,111,829	4,679,856
Taxation charge							( 189,927)	( 693,824)
Non-controlling interest							( 401,505)	( 1,686,686)
Profit attributable to equity holders of the parent							15,520,397	2,299,346
Segment assets	-	9,070,733	-	36,705,300	37,037,560	1,458,912	37,037,650	47,234,945
Segment liabilities	-	( 3,010,676)	-	( 7,496,287)	( 752,851)	( 842,699)	( 752,851)	( 11,349,662)
Capital expenditure	<u>128,453</u>	<u>514,976</u>	<u>1,645,508</u>	<u>2,757,039</u>	<u>15,486</u>	<u>39,896</u>	<u>1,789,447</u>	<u>3,311,911</u>
Depreciation, amortisation and impairment	<u>200,575</u>	<u>621,264</u>	<u>208,804</u>	<u>851,222</u>	<u>56,997</u>	<u>15,165</u>	<u>466,376</u>	<u>1,487,651</u>

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.

	Revenues		Non-current assets	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Jamaica	3,023,084	12,384,037	35,360,871	23,775,560
Netherlands	2,277,028	9,563,042	-	2,939,927
United Kingdom	201,286	822,221	302,283	1,366,103
United States of America	250,851	1,497,390	-	169,280
Other Caribbean countries	510,671	1,487,971	-	1,771,239
Other European countries	879,486	3,194,012	-	119,103
Other countries	4,528	52,452	-	-
	<u>7,146,934</u>	<u>29,001,125</u>	<u>35,663,154</u>	<u>30,141,212</u>

Revenues from one customer of the JP Food and Drink segment represents approximately \$2,003,000 (2022: \$8,537,000) or 28% (2022: 29.4%) of the group's total revenues.

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Consolidated Financial Statements (Continued)  
Year ended December 31, 2023

28. Financial instruments

## (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, reverse repurchase agreements, accounts receivable 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 for long-term loans held in the prior year was included in the level 2 fair value hierarchy and is assumed to approximate carrying value as no discount on settlement was anticipated.

The Group has determined that assets will transfer from level 2 hierarchy to level 1 if observable information becomes available in an active market. Assets will also be transferred from level 1 fair value hierarchy to level 2 or 3, if an active market is no longer available. There were no transfers between levels during the year or in prior year.

## (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, reverse repurchase agreements and accounts receivable.



JAMAICA PRODUCERS GROUP LIMITED

Notes to the Consolidated Financial Statements (Continued)  
 Year ended December 31, 2023

---

28. Financial instruments (continued)

## (b) Financial instrument risks (continued)

## (i) Credit risk (continued)

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 on the basis of bank's external credit ratings. The allowance for expected credit loss is immaterial.

- Reverse repurchase agreements

The group holds collateral for reverse repurchase agreements. These collaterals represent Government of Jamaica Benchmark notes, Bank of Jamaica bonds and certificate of deposits maturing 2024 to 2029. Interest rate on these instruments ranges between 2.2% and 5.67%. The allowance for expected credit loss is immaterial, see (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.

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>2023</u>	<u>2022</u>
	\$'000	\$'000
Primary Geographic Market		
Europe	-	1,783,379
Caribbean and North America	<u>15,603</u>	<u>1,122,393</u>
	<u>15,603</u>	<u>2,905,772</u>

JAMAICA PRODUCERS GROUP LIMITEDNotes to the Consolidated Financial Statements (Continued)  
Year ended December 31, 202328. Financial instruments (continued)

## (b) Financial instrument risks (continued)

## (i) Credit risk (continued)

## • Accounts receivable (continued)

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.

2023				
Age categories	Weighted average loss rate	Gross carrying amount \$'000	ECL allowance \$'000	Credit impaired
More than 1 year	100%	<u>15,603</u>	<u>15,603</u>	yes
2022				
Age categories	Weighted average loss rate	Gross carrying amount \$'000	ECL allowance \$'000	Credit impaired
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>	

## (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.

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Consolidated Financial Statements (Continued)  
 Year ended December 31, 2023

28. Financial instruments (continued)

## (b) Financial instrument risks (continued)

## (ii) Market risk (continued)

## 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:

	<u>2023</u>		<u>2022</u>		
	<u>USD</u> \$'000	<u>GBP</u> £'000	<u>USD</u> \$'000	<u>GBP</u> £'000	<u>EUR</u> €'000
Financial assets					
Cash and cash equivalents	399	6	3,117	400	1,784
Short term investments	3,518	-	3,952	-	-
Reverse repurchase agreements	2,261	-	57,546	-	-
Accounts receivable	58	-	7,023	1,440	11,131
Financial liabilities					
Accounts payable	( 43)	( 17)	( 3,521)	(1,354)	(11,506)
Loans and borrowings	-	-	( 1,543)	( 519)	( 864)
Lease liabilities	-	-	( 634)	( 849)	( 250)
Financial instruments position	-	-	65,931	( 882)	295
Other assets	-	1,577	15,931	3,489	21,844
Other liabilities	-	-	( 36)	( 78)	( 394)
Balance sheet position	<u>6,193</u>	<u>1,566</u>	<u>81,826</u>	<u>2,529</u>	<u>(21,745)</u>

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% depreciation or 1% appreciation (2022: 4% depreciation and 1% appreciation) 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.

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Consolidated Financial Statements (Continued)  
 Year ended December 31, 2023

28. Financial instruments (continued)

## (b) Financial instrument risks (continued)

## (ii) Market risk (continued)

## Currency risk (continued)

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% (2022: 4%) depreciation of the Jamaica dollar:

	<u>2023</u>		<u>2022</u>	
	<u>Equity</u> \$'000	<u>Profit</u> \$'000	<u>Equity</u> \$'000	<u>Profit</u> \$'000
USD	-	38,064	85,727	404,929
GBP	12,016	( 56)	17,954	( 52)
EUR	<u>-</u>	<u>-</u>	<u>134,518</u>	<u>-</u>

Effect of a 1% (2022: 1%) appreciation of the Jamaican dollar:

	<u>2023</u>		<u>2022</u>	
	<u>Equity</u> \$'000	<u>Profit</u> \$'000	<u>Equity</u> \$'000	<u>Profit</u> \$'000
USD	-	(9,514)	(21,509)	(101,595)
GBP	(3,007)	14	( 4,488)	13
EUR	<u>-</u>	<u>-</u>	<u>(33,573)</u>	<u>-</u>

Buying exchange rates used at year-end:

	<u>2023</u>	<u>2022</u>
USD1 to J\$	153.59	149.96
GBP1 to J\$	190.98	176.90
EUR1 to J\$	<u>171.54</u>	<u>154.68</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.

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

	<u>2023</u> \$'000	<u>2022</u> \$'000
Fixed rate instruments:		
Financial assets	1,440,121	11,271,904
Financial liabilities	<u>( 8,075)</u>	<u>( 4,416,731)</u>
	<u>1,432,046</u>	<u>6,855,173</u>
Variable rate instruments:		
Financial liabilities	<u>-</u>	<u>( 288,845)</u>

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Consolidated Financial Statements (Continued)  
Year ended December 31, 2023

28. Financial instruments (continued)

## (b) Financial instrument risks (continued)

## (ii) Market risk (continued)

## Interest rate risk (continued)

There were no changes in the group's approach to managing interest rate risk during the year. Changes in cash flow sensitivity is not required as there was no variable instruments at year end.

## 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 \$11,221,000 (2022: \$12,376,000).

## 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% (2022: 6%) increase in stock prices at the reporting date would have increased total comprehensive income by \$673,260 (2022: \$743,000); an equal decrease would have decreased total comprehensive income by an equal amount.

## (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.

The 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. There were no non-current liabilities at year end that required disclosure for contractual cash flows.

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Consolidated Financial Statements (Continued)  
 Year ended December 31, 2023

---

28. Financial instruments (continued)

## (b) Financial instrument risks (continued)

## (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.

29. Acquisitions and change in control position

## (a) Amalgamation with Pan Jamaica Group Limited

On April 1, 2023 the Group transferred its core business operations to Pan Jamaica Group Limited ("PJG") (formerly PanJam Investments Limited) in exchange for newly issued shares in PJG equal to 34.5% of PJG's issued share capital. In order to facilitate the transfer of businesses to PJG, immediately prior to that transfer the group completed a legal restructure, including an approved scheme of reorganisation, to move all transferring operations into a newly incorporated holding company, JP Global Holdings Limited ("JPGH"). The company then exchanged 100% of the issued shares of JPGH for shares in PJG, (see note 9).

## i) Disposal arising from change in control of JP Global Holdings Limited

	2023 \$'000
Fair value of proceeds received (i)	<u>32,097,000</u>
Less:	
Carrying amount of investment in associates	112,821
Carrying amount of investment in joint ventures	1,623,061
Carrying amount of investment in subsidiaries	17,052,428
Carrying amount of other assets transferred by the company	<u>15,534</u>
	<u>18,803,844</u>
Gain on disposal	<u>13,293,156</u>

## ii) Acquisition of associate

## a. Consideration transferred

	2023 \$'000
i) Businesses disposed of	<u>32,097,000</u>

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Consolidated Financial Statements (Continued)  
 Year ended December 31, 2023

29. Acquisitions and change in control position (continued)

## (a) Amalgamation with Pan Jamaica Group Limited (continued)

## ii) Acquisition of associate (continued)

## a. Consideration transferred (continued)

The consideration transferred represents the fair value of all JPGH business transferred as assessed by independent valuers at April 1, 2023.

The fair values of significant businesses transferred were calculated 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 were estimated based on the most recent forecasts, after taking account of past experience. In all cases projected cash flows were estimated over 5 years, followed by a terminal value calculated based on the discount rates and growth rates.

The range of significant assumptions used were as follows:

<u>Significant business sector</u>	<u>2023</u>	
	<u>Discount rates</u>	<u>Terminal growth rates</u>
Juice manufacturing business	11%-13%	2.0%
Other food manufacturing business	13%-15%	2.0%
Logistics business	<u>13%-15%</u>	<u>2.0%-5.0%</u>

## b. Identifiable assets acquired and liabilities assumed

	<u>2023</u> \$'000
Cash, deposits, and reverse repurchase agreements	13,047,471
Investment securities	8,564,008
Accounts receivables	7,650,113
Inventories	1,655,865
Properties for development and sale	1,612,274
Investment in associates and joint venture	54,234,221
Investment properties	11,494,853
Intangible assets	7,769,518
Property, plant, equipment, biological assets and right of use assets	48,610,454
Retirement benefit assets	558,899
Loan liabilities	( 21,056,146)
Lease liabilities	( 940,585)
Payables and other liabilities	( 7,661,659)
Deferred tax liabilities	( 2,819,070)
Retirement benefit obligations	( 499,753)
	<u>122,220,463</u>
Less: amount attributable to non-controlling interests	( <u>26,682,080</u> )
	<u>95,538,383</u>
Share of associate acquired (34.5%)	<u>32,960,742</u>

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Consolidated Financial Statements (Continued)  
 Year ended December 31, 2023

---

29. Acquisitions and change in control position (continued)

## (a) Amalgamation with Pan Jamaica Group Limited (continued)

## ii) Acquisition of associate (continued)

## b. Identifiable assets acquired and liabilities assumed (continued)

The assets and liabilities above represent the combined assets and liabilities of the legacy PJG businesses and JPGH business that were amalgamated. The fair value of the identifiable assets and liabilities were determined using the adjusted book value method. The group determined that the carrying value of most assets and liabilities of both legacy PJG and JPGH businesses approximated their fair values. Significant land and buildings were revalued using the income approach and identifiable intangible assets were valued by the group's expert using discounted cash flows. Identifiable intangible assets include customer relationship, customer contracts, brand names and trade names. A business valuation was performed for associate and joint ventures using the discounted cash flow approach. The investments in associates and joint ventures included in the identifiable assets at acquisition date represent PJG's share of these amounts.

## c. Goodwill

	<u>2023</u> \$'000
Consideration transferred	32,097,000
Less: fair value of identifiable assets and liabilities assumed, net	<u>(32,960,742)</u>
Goodwill arising on consolidation	<u>( 863,742)</u>

## (b) Acquisition of The Juicy Group NV and HPP Services BV

On March 21, 2023, the group, through a newly incorporated wholly owned Belgian subsidiary, JP Juice Belgium, acquired 100% of the equity of two related Belgian juice manufacturing companies: The Juicy Group NV ("TJG") and HPP Belgium BV ("HPP").

The acquisition of both TJG and HPP were share acquisitions of fully operating companies and therefore it is determined by the group that a business was acquired.

Immediately following the acquisition of TJG and HPP both businesses were divested as part of the transfer to PJG. See [note 29(a)].

The strategic rationale for the acquisition was to expand the group's European juice operating capacity and commercial opportunities that are already represented by its investments in A.L. Hoogesteger Fresh Specialist BV and CoBeverage Lab S.A.

As HPP and TJG are related companies operating on a common site and with common management, the acquisition details set out below are for the combination of the two businesses.

## (i) Consideration transferred

	<u>2023</u> \$'000
Cash	331,332
Deferred consideration (i)	248,424
Long-term vendor loan (i)	<u>1,159,211</u>
	<u>1,738,967</u>



JAMAICA PRODUCERS GROUP LIMITED

Notes to the Consolidated Financial Statements (Continued)  
 Year ended December 31, 2023

---

29. Acquisitions and change in control position (continued)

## (b) Acquisition of The Juicy Group NV and HPP Services BV (continued)

## (i) Consideration transferred (continued)

The deferred consideration is due on the first anniversary of completion of the transaction, specifically March 21, 2024. There are no contingencies associated with deferred consideration.

Other assets transferred includes a long-term vendor loan which represents a 6 year vendor loan with a two year moratorium on any repayments followed by 4 fixed payments of €750,000 and a final bullet payment of the residual balance. Interest accrues at 3% per annum and is repayable in first priority as part of the annual €750,000 payment.

## (ii) Identifiable assets acquired and liabilities assumed

	<u>2023</u> \$'000
Property, plant and equipment	1,723,915
Intangibles assets	341,052
Inventory	189,194
Trade receivables **	414,462
Other receivables and prepayments	244,523
Cash and cash equivalents	694
Current portion of long term loans	( 609,437)
Current liabilities	( 506,068)
Long-term loans	<u>( 990,245)</u>
Net identifiable assets acquired	<u>808,090</u>

\*\*Trade receivables acquired represents the contractual amount of \$426,555,000 due from the subsidiary's customers. \$12,093,000 was expected to be uncollectible at the date of acquisition.

The fair value of certain assets and liabilities at acquisition date were assumed to approximate fair value based on their short-term nature or in line with the fair value accounting policy of the acquiree. Other material asset categories were established as follows:

*Intangible assets*

The intangible assets comprise trade name and customer relationships. The trade name was 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.

*Property plant and equipment*

Significant land and buildings were revalued using the income approach.

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Consolidated Financial Statements (Continued)  
 Year ended December 31, 2023

29. Acquisitions and change in control position (continued)

(b) Acquisition of The Juicy Group NV and HPP Services BV (continued)

(iii) Goodwill

	<u>2023</u>
	\$'000
Consideration transferred	1,738,967
Less: Fair value of identifiable assets	<u>( 808,090)</u>
	<u>930,877</u>

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

30. Subsidiaries, associates and joint venture companies

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

January 1, 2023 to March 31, 2023:

	<u>% equity held</u>		<u>Principal place of business</u>
	<u>2023</u>	<u>2022</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	100	U.S.A.

JAMAICA PRODUCERS GROUP LIMITED

Notes to the Consolidated Financial Statements (Continued)  
 Year ended December 31, 2023

30. Subsidiaries, associates and joint venture companies (continued)

The company has the following subsidiaries, associates and joint venture companies during the year. Inactive subsidiaries are excluded (continued).

January 1, 2023 to March 31, 2023 (continued):

	<u>% equity held</u>		<u>Principal place of business</u>
	<u>2023</u>	<u>2022</u>	
<i>SUBSIDIARY COMPANIES (CONTINUED)</i>			
JP International Group Limited (continued)			
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
JP Fresh Limited	100	100	England
JP Juice Belgium	100	-	Belgium
HPP Belgium BV	100	-	Belgium
The Juicy Group BV	100	-	Belgium
JP Global Holdings Limited	100	-	Jamaica
<i>ASSOCIATE COMPANIES AND JOINT VENTURES</i>			
Tortuga Cayman Limited	40	40	Cayman Islands
Geest Line Limited	50	50	United Kingdom
CoBeverage 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	50	Barbados

April 1, 2023 to December 31, 2023:

	<u>% equity held</u>		<u>Principal place of business</u>
	<u>2023</u>	<u>2022</u>	
<i>SUBSIDIARY COMPANIES</i>			
Agualta Vale Limited	100	100	Jamaica
Jamaica Producers Shipping Company Limited	100	100	Jamaica
JP International Holdings UK Limited	100	Nil	United Kingdom
Four Rivers Mining Company Limited	100	100	Jamaica
<i>ASSOCIATE COMPANY</i>			
Pan Jamaica Group Limited	34.5	Nil	Jamaica