



CARIBBEAN PRODUCERS JAMAICA LIMITED

FIRST QUARTER

UNAUDITED FINANCIAL REPORT

THREE MONTHS ENDED SEPTMEBER 30, 2019



The Board of Directors are pleased to present the company's consolidated unaudited results for the three-months ended September 2019.

Record Growth in Revenues in Q1

The Group, after posting a record turnover of US\$109.62M in the last fiscal, continued the momentum in the new fiscal year with robust revenues of US\$27.10M for the first quarter, 11% increase over Q1 FY19. The first quarter is traditionally considered a soft quarter based on tourist arrivals. The group increased market share with new hotel contracts and exceeded projections for the period.

The company continued to experience strong growth across retail and hospitality sectors as, meat sales increased by 18%, seafood by 22%, grocery by 24%, juices/soft serve by 8%, wines by 11%, and spirits by 17%, when compared to the same period last year.

Revenue from the hospitality sector had an impressive growth of 14% when compared to the same period last year in particular with protein sales increasing by 16%, seafood sales by 36% and grocery sales by 28%. The company is encouraged by the performance and expects continued growth in the remaining quarters.

Improved EBIDTA

EBIDTA strengthened significantly when compared to Q1 FY19 having increased by US\$0.54M (156%) to US\$0.89M.

The Group generated a 7% increase in gross profit for the quarter (US\$6.77M versus US\$6.33M in Q1 FY19) and recorded an operating profit of US\$0.14M (compared to the operating loss of US\$0.87M for Q1 FY19). Note however that there was a net loss of US\$0.32M (US\$1.30M in Q1 FY19) post finance costs.

The robust growth in the sales revenue and return to operating profitability in Q1, shows momentum for the tourist season ahead. This growth not only represents the continuous aggressive sales strategy but also a deepening of the relevance of CPJ offerings in the Jamaican market.

Balance Sheet and Current ratio as at end of Q1

Current assets increased by US\$3.26M (7.2%) from US\$45.18M to US\$48.45M and total assets increased by US\$5.44M (9.4%) to US\$63.47M whilst total liabilities increased by US\$6.0M (16.8%) to US\$41.67M over the same period last year.

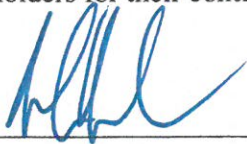
The group continues to execute strong treasury management with a current ratio of 2.20:1 which is consistent with 2.23:1 in the same period last year.

Outlook

Management believes that the group will continue to build on the momentum it has achieved thus far and continue with the drive and tenacity throughout the remaining quarters of the current fiscal 2020. The objective in this quarter and beyond is to continue working towards value creating initiatives that will not only increase our revenues and gross margins, but also further contain fulfilments costs.

The Management remains committed to a strategy on the ability to achieve long term shareholder value by creating scale and implementing strategic business transformation initiatives. The desired outcome is to strengthen its platform for growth to accommodate the announced plans for new hotel investments and room expansion.

The Management extends its gratitude to its vendors, suppliers, customers, employees and shareholders for their continued support of the brand CPJ.



Mark Hart, Executive Chairman



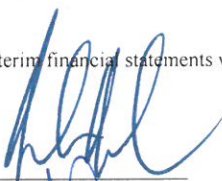
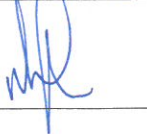
David Lowe, Ph.D. Chief Executive Officer

Period ended September 30, 2019

Interim Statement of Financial Position -Unaudited

	CPJ Jamaica Unaudited September 30, 2019 <u>TOTAL</u>	CPJ Jamaica Unaudited September 30, 2018 <u>TOTAL</u>	CPJ Jamaica Audited June 30, 2019 <u>TOTAL</u>
CURRENT ASSETS			
Cash and cash equivalents	2,433,677	3,200,533	4,212,776
Accounts receivable	14,696,235	13,508,438	15,889,156
Inventories	31,321,698	28,476,986	31,865,641
	<u>48,451,610</u>	<u>45,185,957</u>	<u>51,967,573</u>
CURRENT LIABILITIES			
Bank overdraft	1,308,272	634,140	1,067,854
Short-term loans	5,650,000	4,500,000	5,150,000
Accounts payable	9,441,109	9,806,234	15,520,287
Short-term promissory notes	4,317,794	4,317,794	4,317,794
Current portion long-term borrowings	1,197,288	614,568	1,070,490
Tax payable	108,656	376,174	70,648
	<u>22,023,119</u>	<u>20,248,910</u>	<u>27,197,073</u>
NET CURRENT ASSETS	<u>26,428,491</u>	<u>24,937,047</u>	<u>24,770,500</u>
NON-CURRENT ASSETS			
Investment	71,581	71,581	71,581
Deferred tax asset	1,093,678	953,848	1,096,001
Intangible asset	60,357	46,705	14,303,532
Property, plant and equipment	13,798,349	11,780,659	32,585
	<u>15,023,965</u>	<u>12,852,793</u>	<u>15,503,699</u>
US\$	<u>41,452,456</u>	<u>37,789,840</u>	<u>40,274,199</u>
SHAREHOLDERS' EQUITY			
Share capital	4,898,430	4,898,430	4,898,430
Accumulated surplus	16,816,669	17,324,507	17,074,870
	<u>21,715,099</u>	<u>22,222,937</u>	<u>21,973,300</u>
Non - controlling interest	82,059	125,180	141,254
	<u>21,797,158</u>	<u>22,348,117</u>	<u>22,114,554</u>
NON-CURRENT LIABILITIES			
Long-term promissory notes	9,270,669	7,269,865	7,270,669
Due to related party	3,044,716	2,738,704	3,056,603
Long-term borrowings	7,339,913	5,433,154	7,832,373
	<u>19,655,298</u>	<u>15,441,723</u>	<u>18,159,645</u>
US\$	<u>41,452,456</u>	<u>37,789,840</u>	<u>40,274,199</u>

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


 Mark Hart


Director

Director

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

Period ended September 30, 2019

Interim Statement of Comprehensive Income - Unaudited

	Unaudited	Unaudited	Audited
	Three months ended	Three months ended	Twelve months ended
	<u>September 30, 2019</u>	<u>September 30, 2018</u>	<u>June 30, 2019</u>
Gross operating revenue	27,081,867	24,314,714	109,620,529
Cost of operating revenue	(20,312,885)	(17,979,264)	(83,397,830)
Gross profit	6,768,982	6,335,450	26,222,699
Selling and administrative expenses	(5,897,507)	(5,909,755)	(22,861,791)
Expected credit losses, net	(17,500)	-	1,842.00
Depreciation and amortisation	(766,543)	(600,416)	(2,466,027)
Other operating income/(expenses), net	50,420	(4,266)	175,059
Intangible asset written off	-	(692,235)	(679,713)
Operating profit/ (loss)	137,852	(871,222)	392,069
Finance income	276	108	569
Finance costs	(455,524)	(389,651)	(1,677,861)
Loss before taxation	(317,396)	(1,260,765)	(1,285,223)
Taxation	-	(36,591)	117,354
Loss for the period, being total comprehensive loss	(317,396)	(1,297,356)	(1,167,869)
Attributable to:			
Equity holders of the Parent	(258,201)	(1,282,242)	(1,168,829)
Non- controlling interest	(59,195)	(15,114)	960
US\$	(317,396)	(1,297,356)	(1,167,869)
Earnings per stock unit (cents)	£ (0.02)	(0.12)	(0.11)

Period ended September 30, 2019

Interim Statement of Changes in Equity - Unaudited

	<u>Share capital</u>	<u>Accumulated surplus</u>	<u>Non controlling Interest</u>	<u>Total</u>
Three months ended September 30, 2017				
Balances at June 30, 2018	4,898,430	18,606,749	140,294	23,645,473
Loss for the period, being total comprehensive loss		(1,282,242)	(15,114)	(1,297,356)
Unaudited balances at September 30, 2018	US\$ 4,898,430	17,324,507	125,180	22,348,117
Three months ended September 30, 2019				
Balances at June 30, 2019	4,898,430	17,074,870	141,254	22,114,554
Loss for the period, being total comprehensive loss		(258,201)	(59,195)	(317,396)
Unaudited balances at September 30, 2019	US\$ 4,898,430	16,816,669	82,059	21,797,158

Consolidated Interim Statement of Cash Flows - Unaudited

	Unaudited Three months ended September 30, 2019	Unaudited Three months ended September 30, 2018	Audited Year-ended June 30, 2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss for the period	(258,201)	(1,282,242)	(1,168,829)
Adjustments for:			
Depreciation and amortisation	766,543	600,416	2,466,027
Loss/(gain) on disposal of property, plant and equipment	8,012	(10,327)	8,624
Intangible asset written off	-	692,235	679,713
Adjustment to property plant and equipment	(5,139)	-	22,309
Interest income	(276)	(108)	(569)
Interest expense	455,524	389,651	1,677,861
Non- controlling interest	(59,195)	(15,114)	960
Taxation	-	36,591	(117,354)
	<u>907,268</u>	<u>411,102</u>	<u>3,568,742</u>
 Decrease/(increase) in current assets:			
Accounts receivable	1,192,921	1,706,495	(1,060,618)
Inventories	543,943	(2,570,524)	(5,959,179)
 (Decrease)/increase in current liability:			
Accounts payable	<u>(6,165,076)</u>	<u>(395,462)</u>	<u>5,434,910</u>
 Cash (used)/generated by operations	(3,520,944)	(848,389)	1,983,855
Interest paid	(369,626)	(322,882)	(1,727,411)
Tax recovered/ paid	40,331	(109,376)	(379,765)
Net cash used by operating activities	<u>(3,850,239)</u>	<u>(1,280,647)</u>	<u>(123,321)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment	(303,333)	(643,596)	(5,061,393)
Proceeds from disposal of property, plant and equipment	11,328	17,692	32,387
Interest received	276	108	569
Net cash used by investing activities	<u>(291,729)</u>	<u>(625,796)</u>	<u>(5,028,437)</u>
 CASH FLOWS FROM FINANCING ACTIVITIES			
Promissory notes received	2,000,000	755	1,559
Promissory notes repaid	-	(1,000,000)	(1,000,000)
Long-term/short-term borrowings, net	134,338	2,489,853	5,994,994
Due to related company	(11,887)	2,501	320,400
Net cash provided by financing activities	<u>2,122,451</u>	<u>1,493,109</u>	<u>5,316,953</u>
 Net (decrease)/increase in cash and cash equivalents for the period	(2,019,517)	(413,334)	165,195
 Cash and cash equivalents at beginning of the period	<u>3,144,922</u>	<u>2,979,727</u>	<u>2,979,727</u>
 CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u>US 1,125,405</u>	<u>2,566,393</u>	<u>3,144,922</u>
 Comprised of			
Cash and cash equivalents	2,433,677	3,200,533	4,212,776
Bank overdraft	(1,308,272)	(634,140)	(1,067,854)
US\$	<u>1,125,405</u>	<u>2,566,393</u>	<u>3,144,922</u>

Selected explanatory notes

1 The company

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

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

As at September 30, 2019, the company held 100% of the issued share capital of CPJ Investments Limited, a company incorporated on September 16, 2013. CPJ Investments Limited's principal activity is holding a 51% investment in CPJ (St. Lucia) Limited, a company whose principal activity is the wholesaling and distribution of non-food supplies. Both companies are incorporated and domiciled in St. Lucia.

2 Basis of preparation

These interim financial statements have been prepared in accordance with accounting policies set out in note 2 to the audited financial statements for the year ended June 30, 2019, which have been consistently applied from period to period.

3 Basis of consolidation

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

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

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

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

(iv) Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date. Changes in the group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests, even if doing so causes the non-controlling interest to have a deficit balance.

4 Segment reporting

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

Segment information below represents segment revenue based on the country receiving the benefit of our products/services and segment assets based on the country in which the owner is registered.

Geographical information:

	2019			
	Jamaica	St. Lucia	Eliminations	Total
	US\$	US\$	US\$	US\$
Revenue from external customers	23,465,161	3,775,145	(158,439)	27,081,867
Segment non-current assets	15,601,082	2,649,648	(3,226,765)	15,023,965
Additions to property, plant and equipment	252,934	50,399	-	303,333

Selected explanatory notes (contd)

5 IFRS 16, Leases

IFRS 16 Leases replaces existing leases guidance, including IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases – Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

The standard is effective for annual reporting periods beginning on or after January 1, 2019. Early adoption is permitted for entities that apply IFRS 15 at or before the date of initial application of IFRS 16.

The assessment of the impact of the new standard is still ongoing and the final impact is not yet known.

6 Taxation

The company's shares were listed on the Junior Market of the Jamaica Stock Exchange on July 20, 2011. Consequently, the company is entitled to a remission of taxes for 10 years

Years 1 to 5 100%

Years 6 to 10 50%

7 Earnings per stock unit

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

	<u>Three months ended</u> <u>September 30, 2019</u>	<u>Three months ended</u> <u>September 30, 2018</u>	<u>Twelve months ended June</u> <u>30, 2019</u>
Loss for the period attributable to the shareholders of the company (US\$)	(258,201)	(1,282,242)	(1,168,829)
Weighted average number of ordinary stock units held during the period	1,100,000,000	1,100,000,000	1,100,000,000
Earnings per stock unit (expressed in ¢ per share)	(0.02)	(0.12)	(0.11)

8 Contingent liabilities

- (a) In 2016, Tax Administration Jamaica (TAJ) conducted a GCT audit for the period January 2012 to December 2015 and proposed an adjustment to the returns for the period. No formal assessment has been served in this regard. During the year, the management and directors continued discussions with TAJ and other relevant authorities to review and resolve the proposed adjustments. At the date of authorisation of these financial statements, the resolution process is still ongoing.

- (b) In 2018, Jamaica Customs Agency Post Clearance Audit (PCA) conducted a review of the company's import declarations for the period from January 1, 2017 to July 31, 2018 and assessed the company for potential additional duty and taxes as per the Assessment Order dated January 22, 2019. During the period till date, the management has had discussions with JCA and sent a response disputing the assessment. As at the date of these financial statements, the resolution process is still ongoing.



TOP TEN (10) STOCKHOLDERS AS AT 30TH SEPTEMBER 2019

NAME	UNITS	%
Sportswear Producers Limited	248,000,000	22.5455
Mayberry Jamaican Equities Limited	218,060,075	19.8236
Wave Trading Limited	129,632,858	11.7848
Oniks Investments Limited	126,297,515	11.4816
Thomas Tyler	82,830,563	7.5301
Ho Choi Limited	33,581,579	3.0529
Beech Realty Company Limited	31,000,000	2.8182
PWL Bamboo Holdings Limited	20,536,570	1.8670
Bricks Limited	12,000,000	1.0909
SJIML A/C 3119	11,906,171	1.0824

SENIOR MANAGERS

NAME	UNITS	%
Debbie Clarke	0	0
Hugh Logan	144,343	0.0131
Kesha Ann Harper	0	0
Vivek Gambhir	0	0

DIRECTORS AND CONNECTED PARTIES REPORT

NAME	POSITION	RELATIONSHIP	UNITS	%
<u>Sportswear Producers Limited</u>			248,000,000	22.5455
Mark Hart	Chairman	Connected party holding		
<u>Mayberry Jamaican Equities Limited</u>			218,060,075	19.8236
Konrad Mark Berry	Director	Connected party holding		
Christopher Berry	Director	Connected party holding		
<u>Wave Trading Limited</u>			129,632,858	11.7848
Mark Hart	Chairman	Connected party holding		
<u>Oniks Investments Limited</u>				
Thomas Tyler	Co-Chairman	Connected party holding	126,297,515	11.4816
Thomas Tyler	Co-Chairman	Self	82,830,563	7.5301
<u>PWL Bamboo Holdings Limited</u>			20,536,570	1.8670
Mark Konrad Berry	Director	Connected party holding		
<u>Bricks Limited</u>			12,000,000	1.0909
David Lowe	Director	Connected party holding		
<u>Alpine Endeavours Limited</u>			1,881,100	0.1710
Ronald Schrager	Director	Connected party holding		
<u>Apex Pharmacy Limited</u>			1,421,936	0.1292
Christopher Berry	Director	Connected party holding		
<u>A+Medical Centre Limited</u>			1,000,000	0.0909
Christopher Berry	Director	Connected party holding		
Konrad Mark Berry	Director	Self	500,000	0.0454
Theresa Chin	Director	Self	288,900	0.0262
Richard Mark Hall	Director	Self	114,090	0.0104