



CARIBBEAN PRODUCERS JAMAICA LIMITED

THIRD QUARTER

UNAUDITED FINANCIAL REPORT

NINE MONTHS ENDED MARCH 31, 2021



Consolidated Unaudited Financial Results for the nine-month period ended 31 March 2021

The Board of Directors of CPJ Group are pleased to present the consolidated unaudited financial results for the nine-month period ended March 31, 2021.

Performance

A year later, since March 2020, COVID-19 continues to disrupt global economic activity including the travel and tourism sector. The Group had reported good revenues for Q2 at half year ending December 2020 and had expected the trend to continue into the current quarter (Q3) of the fiscal year. However, Group sales for the first two months of Q3 were impacted by the resurgence of COVID-19 in a second wave. Unavoidably, this resurgence has impacted the financial performance of the Group for Q3 and YTD. CPJ Group is reporting revenues of US\$12.72M for the quarter and an overall revenue of US\$37.11M for the nine months of the current fiscal year. Importantly, CPJ Group has started to see some normalcy return to its business since March 2021 and is hopeful that this marks a pivotal turn in the pandemic due to increased vaccinations. The Group observed growth in revenue in both onshore and offshore operations.

EBITDA

EBITDA for Q3 of the current fiscal year for the Group is US\$0.5M. However, the Group ended the quarter with an overall loss of US\$1.0M, after accounting for finance costs of US\$0.44M, depreciation and amortization costs of US\$1.06M.

The Group recorded an EBITDA of US\$0.72M for the first nine months of the current fiscal year. But it ended the nine-month period with a loss of US\$3.79M. The loss includes finance costs of US\$1.34M, depreciation and amortization costs of US\$3.18M.

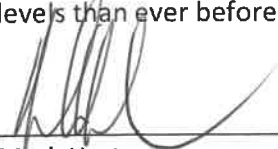
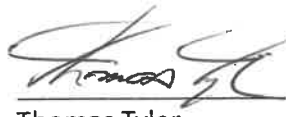
Balance Sheet and Current Assets to Current Liabilities Ratio

Current assets decreased by US\$16.06M (32%) from US\$50.60M to US\$34.54M, while current liabilities decreased by US\$9.04M (39%) from US\$23.02M to US\$13.98M over the same period last year. Total assets decreased by US\$16.5M (25%) from US\$64.7M to US\$48.2M, while total liabilities decreased by US\$9.34M (22%) from US\$42.34M to US\$33M over the same period last year. The Group continues to demonstrate sound treasury management in turbulent times with a current asset to current liabilities ratio of 2.47:1 when compared to 2.20:1 in the same period of the last fiscal year. The above calculations are prior to any adjustments for IFRS 16.

Outlook

The COVID-19 impact on the global economy has now completed a one-year cycle. It continues to disrupt and dictate global economic activities, especially travel and tourism and other sectors including the supply chain industry. Based on improvements in the dissemination of the vaccine in Europe and the U.S. and the resurgence of the U.S. economy, Management is confident that these factors point to a strong rebound in tourism. In the meantime, the Group continues to monitor the fallout of the current pandemic situation and align its business model to the changing macro-economic environment. Management remains committed to its strategic goal of achieving long-term shareholder value by creating scale and implementing strategic business transformation initiatives.

Finally, Management extends its gratitude to its vendors, suppliers, customers, employees and shareholders for their continued support. Despite all the challenges of COVID-19, CPJ has used the time to restructure and build a stronger more efficient company which will ensure that we can fully take advantage of the recovery and growth objectives in tourism. Most importantly, these efficiencies will allow us to meet our customers' needs with greater service levels than ever before.

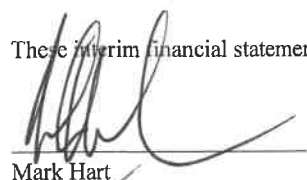

Mark Hart
Executive Chairman & Interim CEO
Thomas Tyler
Co- Chairman

Period ended March 31, 2021

Interim Statement of Financial Position -Unaudited

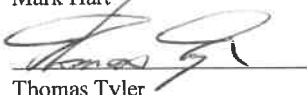
	CPJ Jamaica Unaudited March 31, 2021 <u>TOTAL</u>	CPJ Jamaica Unaudited March 31, 2020 <u>TOTAL</u>	CPJ Jamaica Audited June 30, 2020 <u>TOTAL</u>
CURRENT ASSETS			
Cash and cash equivalents	5,393,485	4,422,356	6,050,144
Accounts receivable	10,490,284	18,158,519	8,388,879
Inventories	18,655,236	28,022,452	24,113,750
	<u>34,539,005</u>	<u>50,603,327</u>	<u>38,552,773</u>
CURRENT LIABILITIES			
Bank overdraft	779,974	252,720	122,060
Short-term loans	1,900,000	1,900,000	1,900,000
Accounts payable	6,356,720	15,271,297	8,417,693
Short-term promissory notes	3,817,794	4,317,793	4,317,794
Current portion lease liabilities	400,223	1,048,967	861,405
Current portion long-term borrowings	1,064,242	1,106,634	1,068,964
Tax payable	68,405	178,006	74,962
	<u>14,387,358</u>	<u>24,075,417</u>	<u>16,762,878</u>
NET CURRENT ASSETS	<u>20,151,647</u>	<u>26,527,910</u>	<u>21,789,895</u>
NON-CURRENT ASSETS			
Investment	67,885	67,885	67,885
Deferred tax asset	2,296,001	1,089,120	2,296,001
Right-of-use asset	6,471,711	7,300,869	7,394,234
Intangible asset	27,701	66,255	50,798
Property, plant and equipment	11,267,828	12,865,741	12,200,012
	<u>20,131,126</u>	<u>21,389,870</u>	<u>22,008,930</u>
US\$	<u><u>40,282,773</u></u>	<u><u>47,917,780</u></u>	<u><u>43,798,825</u></u>
SHAREHOLDERS' EQUITY			
Share capital	4,898,430	4,898,430	4,898,430
Accumulated surplus	9,417,904	17,045,261	13,007,189
	<u>14,316,334</u>	<u>21,943,691</u>	<u>17,905,619</u>
Non-controlling interest	(338,491)	169,601	(137,161)
	<u>13,977,843</u>	<u>22,113,292</u>	<u>17,768,458</u>
NON-CURRENT LIABILITIES			
Lease liabilities	7,292,426	6,493,327	7,018,056
Long-term promissory notes	9,274,180	9,271,496	9,272,356
Due to related party	3,142,448	3,043,046	3,143,791
Long-term borrowings	6,595,876	6,996,619	6,596,164
	<u>26,304,930</u>	<u>25,804,488</u>	<u>26,030,367</u>
US\$	<u><u>40,282,773</u></u>	<u><u>47,917,780</u></u>	<u><u>43,798,825</u></u>

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



Mark Hart

Director



Thomas Tyler

Director

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

Period ended March 31, 2021

Interim Statement of Comprehensive Income - Unaudited

	Unaudited Three months ended <u>TOTAL</u> <u>March 31, 2021</u>	Unaudited Three months ended <u>TOTAL</u> <u>March 31, 2020</u>	Unaudited Nine months ended <u>TOTAL</u> <u>March 31, 2021</u>	Unaudited Nine months ended <u>TOTAL</u> <u>March 31, 2020</u>	Audited Twelve months ended <u>TOTAL</u> <u>June 30, 2020</u>
Gross operating revenue	12,717,677	26,455,713	37,111,120	85,920,778	91,703,310
Cost of operating revenue	(9,189,824)	(20,208,015)	(27,211,410)	(64,405,823)	(70,931,125)
Gross profit	3,527,853	6,247,698	9,899,710	21,514,955	20,772,185
Selling and administrative expenses	(3,186,940)	(5,082,881)	(9,372,842)	(16,412,102)	(19,265,895)
Expected Credit Loss	(31,069)	(26,500)	(142,069)	(62,500)	(443,496)
Depreciation and amortisation	(1,057,270)	(1,070,799)	(3,178,366)	(3,205,562)	(4,336,133)
Other operating income/(expenses), net	181,811	(6,477)	314,434	93,581	128,448
Operating (loss)/profit	(565,615)	61,041	(2,479,133)	1,928,372	(3,144,891)
Finance income	8,299	253	24,534	845	3,724
Finance costs	(441,626)	(581,183)	(1,336,016)	(1,828,525)	(2,404,929)
(Loss)/profit before taxation	(998,942)	(519,889)	(3,790,615)	100,692	(5,546,096)
Taxation	-	-	-	(101,954)	1,200,000
Loss for the period, being total comprehensive loss	(998,942)	(519,889)	(3,790,615)	(1,262)	(4,346,096)
Attributable to:					
Equity holders of the Parent	(903,258)	(553,780)	(3,589,285)	(29,609)	(4,067,681)
Non-controlling interest	(95,684)	33,891	(201,330)	28,347	(278,415)
US\$	(998,942)	(519,889)	(3,790,615)	(1,262)	(4,346,096)
Earnings per stock unit (cents)	₹ (0.08)	(0.05)	(0.33)	(0.00)	(0.37)

Period ended March 31, 2021

Interim Statement of Changes in Equity - Unaudited

	<u>Share capital</u>	<u>Accumulated surplus</u>	<u>Non controlling Interest</u>	<u>Total</u>
Nine months ended March 31, 2020				
Balances at June 30, 2019	4,898,430	17,074,870	141,254	22,114,554
Loss for the period, being total comprehensive loss	-	(29,609)	28,347	(1,262)
Unaudited balances at March 31, 2020	US\$ <u>4,898,430</u>	<u>17,045,261</u>	<u>169,601</u>	<u>22,113,292</u>
Nine months ended March 31, 2021				
Balances at June 30, 2020	4,898,430	13,007,189	(137,161)	17,768,458
Loss for the period, being total comprehensive loss	<u> </u>	<u>(3,589,285)</u>	<u>(201,330)</u>	<u>(3,790,615)</u>
Unaudited balances at March 31, 2021	US\$ <u>4,898,430</u>	<u>9,417,904</u>	<u>(338,491)</u>	<u>13,977,843</u>

Consolidated Interim Statement of Cash Flows - Unaudited

	Unaudited Nine months ended March 31, 2021	Unaudited Nine months ended March 31, 2020	Audited Year-ended June 30, 2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss for the period	(3,589,285)	(29,609)	(4,067,681)
Adjustments for:			
Depreciation and amortisation	3,178,366	3,205,562	4,336,133
Loss on revaluation of investment	-		3,696
(Gain)/loss on disposal of property, plant and equipment	(60,200)	7,580	(6,487)
Transfer and adjustment to property plant and equipment	-	-	1,167
Interest income	(24,534)	(845)	(3,724)
Interest expense	1,336,016	1,828,525	2,269,380
Non-controlling interest	(201,330)	28,347	(278,415)
Taxation	-	101,954	(1,200,000)
	<u>639,033</u>	<u>5,141,514</u>	<u>1,054,069</u>
 (Increase)/decrease in current assets:			
Accounts receivable	(2,101,405)	(2,269,363)	7,500,277
Inventories	5,458,514	3,843,189	7,751,891
 Decrease in current liability:			
Accounts payable	<u>(2,079,557)</u>	<u>(305,370)</u>	<u>(7,127,448)</u>
 Cash (used)/generated by operations	1,916,585	6,409,970	9,178,789
Interest paid	(1,317,432)	(1,772,146)	(2,244,526)
Tax (paid)/recovered	<u>(6,557)</u>	<u>12,285</u>	<u>4,314</u>
Net cash provided by operating activities	<u>592,596</u>	<u>4,650,109</u>	<u>6,938,577</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment	(1,323,356)	(930,155)	(1,041,936)
Proceeds from disposal of property, plant and equipment	82,994	13,555	35,053
Decrease in investment	-	3,696	-
Interest received	24,534	845	3,724
Net cash used by investing activities	<u>(1,215,828)</u>	<u>(912,059)</u>	<u>(1,003,159)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Promissory notes received	1,824	2,000,827	2,001,687
Promissory notes repaid	(500,000)	-	-
Long-term/short-term borrowings repaid	(3,599,639)	(4,049,610)	(13,617,809)
Due to related party	(1,343)	(13,557)	87,188
Payment of lease liabilities	(186,812)	(650,996)	(753,396)
Long-term/short-term borrowings received	3,594,629	-	9,130,074
Net cash used by financing activities	<u>(691,341)</u>	<u>(2,713,336)</u>	<u>(3,152,256)</u>
 Net (decrease)/increase in cash and cash equivalents for the period	<u>(1,314,573)</u>	<u>1,024,714</u>	<u>2,783,162</u>
 Cash and cash equivalents at beginning of the period	<u>5,928,084</u>	<u>3,144,922</u>	<u>3,144,922</u>
 CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u><u>4,613,511</u></u>	<u><u>4,169,636</u></u>	<u><u>5,928,084</u></u>
Comprised of			
Cash and cash equivalents	5,393,485	4,422,356	6,050,144
Bank overdraft	<u>(779,974)</u>	<u>(252,720)</u>	<u>(122,060)</u>
US\$	<u>4,613,511</u>	<u>4,169,636</u>	<u>5,928,084</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 March 31, 2021, the company held 100% of the issued share capital of CPJ Investments Limited, a company incorporated on September 16, 2013. CPJ Investments Limited's principal activity is holding a 51% investment in CPJ (St. Lucia) Limited, a company whose principal activity is the wholesaling and distribution of non-food supplies. Both companies are incorporated and domiciled in St. Lucia.

2 Basis of preparation

These interim financial statements have been prepared in accordance with accounting policies set out in note 4 to the audited financial statements for the year ended June 30, 2020.

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:

	March 31, 2021			
	Jamaica US\$	St. Lucia US\$	Eliminations US\$	Total US\$
Revenue from external customers	29,903,918	7,378,967	(171,765)	37,111,120
Segment non-current assets	22,805,752	3,651,112	(6,325,738)	20,131,126
Additions to property, plant and equipment	763,968	559,388	-	1,323,356
	March 31, 2020			
	Jamaica US\$	St. Lucia US\$	Eliminations US\$	Total US\$
Revenue from external customers	74,405,718	12,057,510	(542,450)	85,920,778
Segment non-current assets	24,321,884	3,578,670	(6,510,684)	21,389,870
Additions to property, plant and equipment	722,718	207,437	-	930,155

Selected explanatory notes (contd)

5 Significant events and transactions

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

The extent and duration of the impact of COVID-19 on the global and local economy remains uncertain, and the Group continues to closely monitor the impact of this pandemic on its operations. The lifting of the travel restrictions and the re-opening of some of the major hotels, has resulted in an improvement in performance, when compared to the last quarter of prior fiscal year which reported significant losses.

5 Significant events and transactions (continued)

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

- Increased sales and revenues expected from the upcoming winter tourist season which begins in Nov and goes into the first quarter of 2021.
- Repositioning of the St. Lucian subsidiary in the retail channel, as well as an increased focus on direct-to-consumer sales resulted in revenue growth by 100% in that channel. Significant growth expected in this segment which will increase liquidity and diversify revenue streams for the subsidiary.
- Aggressive debtor management along with inventory containment have resulted in strong cash flows, despite the reduction in revenues.
- The Group continues to closely monitor and maintain reduced operating expenses.
- Current operating activities are being funded by internal generated cash.
- Implementation of several IT initiatives aimed at improving operational efficiencies and furthering growth in the new fiscal year.

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

6 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 in the proportions set out below, provided the shares remain listed for at least 15 years:

Years 1 to 5 100%
Years 6 to 10 50%

As at June 30, 2020, subject to the agreement of the Commissioner, General, Tax Administration Jamaica, tax losses available for set-off against future profits amounted to approximately \$3,027,000 (2019: \$166,000). If unutilised, these losses can 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.

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

	<u>Three months ended</u> <u>March 31, 2021</u>	<u>Three months ended</u> <u>March 31, 2020</u>	<u>Nine months ended</u> <u>March 31, 2021</u>	<u>Nine months ended</u> <u>March 31, 2020</u>	<u>Twelve months</u> <u>ended June 30, 2020</u>
Loss for the period attributable to the shareholders of the company (US\$)	(903,258)	(553,780)	(3,589,285)	(29,609)	(4,067,681)
Weighted average number of ordinary stock units held during the period	1,100,000,000	1,100,000,000	1,100,000,000	1,100,000,000	1,100,000,000
Earnings per stock unit (expressed in \$ per share)	(0.08)	(0.05)	(0.33)	(0.003)	(0.37)

8 Contingent liabilities

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

- (b) The company has given guarantees in the ordinary course of business, under banking arrangements, in favour of the Collector of Customs in the amount of \$339,259 (J\$47,500,000). Additionally a letter of credit was issued amounting to \$125,000 on behalf of the company in favour of a third party.

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



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

NAME	UNITS	%
Sportswear Producers Limited	253,084,299	22.0077
Mayberry Jamaican Equities Limited	218,998,719	19.9090
Wave Trading Limited	129,632,858	11.7848
Oniks Investments Limited	117,797,515	10.7089
Thomas Tyler	82,830,563	7.5301
Ho Choi Limited	33,581,579	3.0529
Beech Realty Company Limited	31,000,000	2.8182
PWL Bamboo Holdings Limited	20,536,570	1.8670
MF& G Trust & Finance Ltd A/C 58	12,355,738	1.1232
Sagikor Select Fund Limited (Class C Shares)	10,917,106	0.9925

SENIOR MANAGERS

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

DIRECTORS AND CONNECTED PARTIES REPORT

NAME	POSITION	RELATIONSHIP	UNITS	%
<u>Sportswear Producers Limited</u>			253,084,299	22.0077
Mark Hart	Chairman	Connected party holding		
<u>Mayberry Jamaican Equities Limited</u>			218,998,719	19.9090
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>			117,797,515	10.7089
Thomas Tyler	Co-Chairman	Connected party holding		
Thomas Tyler	Co-Chairman	Self	82,830,563	7.5301
<u>PWL Bamboo Holdings Limited</u>			20,536,570	1.8670
Konrad Mark Berry	Director	Connected party holding		
<u>Alpine Endeavours Limited</u>			1,881,100	0.1710
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