



CARIBBEAN PRODUCERS JAMAICA LIMITED

FIRST QUARTER

UNAUDITED FINANCIAL REPORT

THREE MONTHS ENDED SEPTEMBER 30, 2021

The Board of Directors of CPJ Group presents the consolidated unaudited results for the three months ended September 2021.

Performance

As the economy continues to show signs of recovery from the impact of COVID-19, CPJ continues to see the benefits. CPJ Group recorded sales of US\$25.02M, for three months ended September 30, 2021. Revenue for the period was consistent with the projections made for fiscal year 21/22.

Group sales in Q1 21/22 are 167.6% higher than the same period last year, and 19% higher than the sales recorded in the previous quarter. The increase in revenues during the last six months can be attributed to greater confidence and a sustained rebound in the hospitality sector, as well as increased market share for CPJ.

Revenues from the hospitality sector in Q1 21/22 recorded growth of 26% when compared to the previous quarter. The Company is encouraged by this improved performance and expects continued growth from the hospitality sector in the remaining quarters.

The Company is also seeing growth in the retail sector, showing a 20.8% increase over revenues for the same period last year. As the Company realigns resources and focuses more on this area, Management is confident that we will continue to see growth in the retail sector.

EBITDA and Profitability

The Group is reporting profit before tax (PBT) of US\$1.89M, an increase of US\$3.83M over the same period LY. Net profit from continuing operations attributable to stockholders for the period was US\$1.67M, increasing by US\$1.98M over LY. EBITDA for Q1 of the current fiscal year 21/22 showed a profit of US\$3.60M, up from US\$2.84M from the last quarter, an increase of 26.9%.

Management continues to proactively engage in cost containment activities whilst implementing measures to enhance operating efficiencies to increase sales, market share and profitability.

Balance Sheet and Current Assets to Current Liabilities Ratio

As the Company continues to report profits, we are also seeing advances on the balance sheet. Current assets increased by US\$12.10M (34.43%) from US\$35.13M to US\$47.23M, with accounts receivables and inventory recording the largest portions of the increase. Current liabilities increased by US\$10.34M (71.89%) from US\$14.38M to US\$24.72M over the same period last year. Total assets increased by US\$15.69M (27.83%) from US\$56.38M to US\$72.06M, while total liabilities increased by US\$14.60M (36.0%) from US\$40.55M to US\$55.15M over the same period last year.

CPJ Group continues to demonstrate sound treasury management as the Company deals with

the difficulties of the current logistics and supply chain challenges.

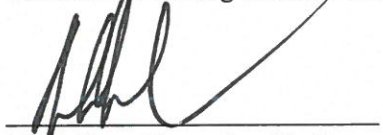
Outlook

With multiple reports of increased flights and additional rooms being readied for the winter season, CPJ Group is optimistic for a record setting Q2. We are already seeing the evidence, as the easing of restrictions is proving rewarding for the Company. The anticipated increases in tourist activities will only serve to propel the demand for the products from CPJ.

The Group continues to expand its operations both onshore and offshore, with the commissioning of new stores in St. Lucia, and continuation of the work being done to expand the retail store in Montego Bay. The efficiencies that were worked on and implemented in some departments are now being rolled-out throughout the Company, in all departments and sections.

The Group is prepared for a full recovery of the travel industry. It remains committed to its strategic goal of achieving long term shareholder value by creating scale and implementing strategic business transformation initiatives.

CPJ Group continues to work closely with our suppliers and other key stakeholders, as we work on delivering value to our customers, staff, and shareholders.



Mark Hart, *Executive Chairman
& Interim CEO*



Theresa Chin, *Director*

Interim Statement of Financial Position -Unaudited

	CPJ Jamaica Unaudited September 30, 2021 <u>TOTAL</u>	CPJ Jamaica Unaudited September 30, 2020 <u>TOTAL</u>	CPJ Jamaica Audited June 30, 2021 <u>TOTAL</u>
CURRENT ASSETS			
Cash and cash equivalents	2,435,761	5,473,698	4,201,542
Accounts receivable	14,959,630	8,579,592	15,394,670
Inventories	29,833,211	21,078,814	21,429,309
	<u>47,228,602</u>	<u>35,132,104</u>	<u>41,025,521</u>
CURRENT LIABILITIES			
Bank overdraft	1,570,064	282,239	1,536,067
Short-term loans	4,200,000	1,900,000	1,700,000
Accounts payable	13,210,520	6,111,773	11,580,606
Short-term promissory notes	3,817,793	4,317,794	3,817,793
Current portion of lease liabilities	600,003	961,511	649,839
Current portion long-term borrowings	1,078,471	742,804	1,012,223
Tax payable	244,143	65,935	25,351
	<u>24,720,994</u>	<u>14,382,056</u>	<u>20,321,879</u>
NET CURRENT ASSETS	<u>22,507,608</u>	<u>20,750,048</u>	<u>20,703,642</u>
NON-CURRENT ASSETS			
Investment	62,619	67,885	62,619
Deferred tax asset	2,296,001	2,289,120	2,296,001
Right-of-use assets	11,244,699	7,086,726	11,533,745
Intangible asset	19,898	54,699	24,252
Property, plant and equipment	11,213,440	11,744,624	11,387,403
	<u>24,836,657</u>	<u>21,243,054</u>	<u>25,304,020</u>
US\$	<u>47,344,265</u>	<u>41,993,102</u>	<u>46,007,662</u>
SHAREHOLDERS' EQUITY			
Share capital	4,898,430	4,898,430	4,898,430
Accumulated surplus	12,346,312	11,158,654	10,743,413
	<u>17,244,742</u>	<u>16,057,084</u>	<u>15,641,843</u>
Non - controlling interest	(329,041)	(229,928)	(392,379)
	<u>16,915,701</u>	<u>15,827,156</u>	<u>15,249,464</u>
NON-CURRENT LIABILITIES			
Long-term promissory notes	9,275,147	9,273,250	9,274,180
Due to related party	3,264,617	2,905,291	3,233,634
Lease Liabilities	11,672,469	6,873,073	11,717,470
Long-term borrowings	6,216,331	7,114,332	6,532,914
	<u>30,428,564</u>	<u>26,165,946</u>	<u>30,758,198</u>
US\$	<u>47,344,265</u>	<u>41,993,102</u>	<u>46,007,662</u>

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

Mark Hart

Director

Theresa Chin

Director

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

CARIBBEAN PRODUCERS (JAMAICA) LIMITED

Period ended September 30, 2021

Interim Statement of Comprehensive Income - Unaudited

	Unaudited Three months ended <u>TOTAL</u> <u>September 30, 2021</u>	Unaudited Three months ended <u>TOTAL</u> <u>September 30, 2020</u>	Audited Twelve months ended <u>TOTAL</u> <u>June 30, 2021</u>
Gross operating revenue	25,018,389	9,346,132	58,178,410
Cost of operating revenue	(16,878,075)	(6,918,225)	(42,464,207)
Gross profit	8,140,314	2,427,907	15,714,203
Selling and administrative expenses	(4,373,645)	(2,868,912)	(13,105,824)
Expected credit losses	(37,766)	(30,000)	(74,820)
Depreciation and amortisation	(1,039,669)	(1,071,377)	(4,185,142)
Other operating income/(expenses), net	(124,479)	31,401	1,316,133
Operating profit / (loss)	2,564,755	(1,510,981)	(335,450)
Finance income	4,273	8,388	33,099
Finance costs	(683,223)	(438,709)	(2,216,643)
Profit / (loss) before taxation	1,885,805	(1,941,302)	(2,518,994)
Taxation	(219,568)	-	-
Profit / (loss) for the year, being total comprehensive (loss) / income	1,666,237	(1,941,302)	(2,518,994)
Attributable to:			
Equity holders of the Parent	1,602,899	(1,848,535)	(2,263,776)
Non- controlling interest	63,338	(92,767)	(255,218)
	<u>1,666,237</u>	<u>(1,941,302)</u>	<u>(2,518,994)</u>
Earnings per stock unit (cents)	0.15 cents	(0.17) cents	(0.21) cents

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, 2020				
Balances at June 30, 2020	4,898,430	13,007,189	(137,161)	17,768,458
Total Comprehensive Loss for the year:				
Loss for the year, being total comprehensive loss	-	(1,848,535)	(92,767)	(1,941,302)
Balances at September 30, 2020	<u>4,898,430</u>	<u>11,158,654</u>	<u>(229,928)</u>	<u>15,827,156</u>
Three months ended September 30, 2021				
Balances at June 30, 2021	4,898,430	10,743,413	(392,379)	15,249,464
Total Comprehensive Income for the year:				
Profit for the period, being total comprehensive income	-	1,602,899	63,338	1,666,237
Balances at September 30, 2021	<u>4,898,430</u>	<u>12,346,312</u>	<u>(329,041)</u>	<u>16,915,701</u>

US\$

Consolidated Interim Statement of Cash Flows - Unaudited

	Unaudited Three months ended September 30, 2021	Unaudited Three months ended September 30, 2020	Audited Year-ended June 30, 2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit / (loss) for the period	1,666,237	(1,941,302)	(2,518,994)
Adjustments for:			
Depreciation and amortisation	1,039,669	1,071,377	4,185,142
Gain on disposal of property, plant and equipment	(19,068)	(26,710)	(68,257)
Loss on revaluation of investment	-	-	5,266
Gain on modification of leases	-	-	(1,183)
Transfer and adjustments to property, plant and equipment	(29,681)	-	19,966
Interest income	(4,273)	(8,388)	(33,099)
Interest expense	683,223	438,709	2,216,643
Taxation	219,568	-	-
	<u>3,555,675</u>	<u>(466,314)</u>	<u>3,805,484</u>
Decrease/(increase) in current assets:			
Accounts receivable	435,040	(190,713)	(7,005,791)
Inventories	(8,403,902)	3,034,936	2,684,441
Increase/(decrease) in current liability:			
Accounts payable	<u>1,629,914</u>	<u>(2,567,137)</u>	<u>3,166,541</u>
Cash (used)/generated by operations	(2,783,273)	(189,228)	2,650,675
Interest paid	(683,223)	(177,492)	(2,220,272)
Tax paid	(776)	(2,146)	(49,611)
Net cash (used)/provided by operating activities	<u>(3,467,272)</u>	<u>(368,866)</u>	<u>380,792</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment	(543,090)	(318,172)	(2,344,238)
Proceeds from disposal of property, plant and equipment	19,533	32,500	259,901
Interest received	<u>4,273</u>	<u>8,388</u>	<u>33,099</u>
Net cash used provided by investing activities	<u>(519,284)</u>	<u>(277,284)</u>	<u>(2,051,238)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Promissory notes received	967	894	1,824
Promissory notes repaid	-	-	(500,001)
Payment of lease liabilities	(94,837)	(44,877)	(406,048)
Other income due to rent concessions	-	-	(457,791)
Long-term/short-term borrowings, repaid	(1,950,335)	(6,506)	(4,071,154)
Due to/from related company	30,983	(238,500)	89,843
Long-term/short-term borrowings received	<u>4,200,000</u>	<u>198,514</u>	<u>3,751,163</u>
Net cash provided/(used) by financing activities	<u>2,186,778</u>	<u>(90,475)</u>	<u>(1,592,164)</u>
Net decrease in cash and cash equivalents for the period	(1,799,778)	(736,625)	(3,262,610)
Cash and cash equivalents at beginning of the period	<u>2,665,475</u>	<u>5,928,084</u>	<u>5,928,084</u>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u>US\$ 865,697</u>	<u>5,191,459</u>	<u>2,665,475</u>
Comprised of			
Cash and cash equivalents	2,435,761	5,473,698	4,201,542
Bank overdraft	(1,570,064)	(282,239)	(1,536,067)
	<u>US\$ 865,697</u>	<u>5,191,459</u>	<u>2,665,475</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, 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 2 to the audited financial statements for the year ended June 30, 2021.

3 Basis of Consolidation

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

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

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

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

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

4 Segment Reporting

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

Geographical information:

2021

	Jamaica US\$	Investments US\$	St. Lucia US\$	Eliminations US\$	Total US\$
Revenue from external customers	20,226,544	-	5,005,582	(213,737)	25,018,389
Segment non-current assets	24,001,351	3,553,799	4,239,742	(6,958,235)	24,836,657
Additions to property, plant and equipment	361,425	-	181,665	-	543,090

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 and the related measures implemented to control the spread of the virus, which resulted in travel restrictions, the closure of some major hotels and disruptions to the global logistics and supply chain.

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 our financial performance. The lifting of the travel restrictions on the country and the re-opening of some major hotels, has resulted in a significant improvement in performance for the quarter, when compared to the last quarter of prior fiscal year.

Management believes that the Group is well positioned to overcome the challenges resulting from the economic downturn and has proactively implemented steps to mitigate the adverse impact. Factors which have influenced the positive outlook by Management include:

- Increased sales and revenues expected from the upcoming winter tourist season which begins in November and goes into the first quarter of 2022.
- Repositioning of the St. Lucian subsidiary in the retail channel, as well as an increased focus on direct to consumer sales
- Aggressive debtor management along with sound inventory management.
- The Group continues to closely monitor and maintain reduced operating expenses.
- Implementation of several IT initiatives aimed at improving operational efficiencies and furthering growth.

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

6 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

	<u>Three months ended</u> <u>September 30, 2021</u>	<u>Three months ended</u> <u>September 30, 2020</u>	<u>Twelve months ended</u> <u>June 30, 2021</u>
Profit/(Loss) for the period attributable to the shareholders of the company (US\$)	1,602,899	(1,848,535)	(2,263,776)
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)	0.15	(0.17)	(0.21)

7 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) 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 2021**

NAME	UNITS	%
Sportswear Producers Limited	253,084,299	23.0077
Mayberry Jamaican Equities Limited	220,335,924	20.0305
Wave Trading Limited	124,132,858	11.2848
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	23.0077
Mark Hart	Chairman	Connected party holding		
<u>Mayberry Jamaican Equities Limited</u>			220,335,924	20.0305
Konrad Mark Berry	Director	Connected party holding		
Christopher Berry	Director	Connected party holding		
<u>Wave Trading Limited</u>			124,132,858	11.2848
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	0.1037
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