



**JAMAICA PRODUCERS GROUP LIMITED**

**EXTRACTS FROM THE AUDITED GROUP RESULTS**

YEAR ENDED DECEMBER 31, 2019



# Jamaica Producers Group Limited

AUDITED GROUP RESULTS

YEAR ENDED DECEMBER 31, 2019



## Chairman's Statement

For the year ended December 31, 2019, Jamaica Producers Group Limited ('JP' or the 'Group') earned consolidated revenues of \$21.5 billion and net profits of \$2.7 billion. Net profit attributable to shareholders of the Group for 2019 was \$1.2 billion, an increase of 48% over the prior year. As at the end of the reporting period, the Group had shareholders' equity of \$13.8 billion, reflecting an increase of 14% relative to the beginning of the year.

Both of our business segments – Logistics & Infrastructure ('L&I') and Food & Drink ('F&D') generated improved revenues and profits relative to 2018.

### JP Logistics & Infrastructure

The Logistics & Infrastructure Division accounts for the larger share of the Group's net assets and, in turn, its profits. The L&I Division comprises Kingston Wharves Limited and JP Shipping Services Limited. Kingston Wharves Limited ('KW'), the Division's largest subsidiary, operates a multipurpose and multi-user shipping terminal in Kingston, as well as an integrated warehousing and logistics business. JP Shipping Services Limited operates logistics and shipping services between Caribbean ports and the United Kingdom. The Division generated 2019 profit before finance cost and taxation of \$3.3 billion, a 20% increase over the prior year. Divisional revenues of \$8.8 billion were up 7% over the prior year. The Division continues to benefit from a series of initiatives to develop Kingston Wharves as a leading regional multipurpose and multi-user terminal, and Newport West as a warehousing and logistics hub. During the year, Kingston Wharves benefited from growing volumes of bulk, breakbulk and automotive shipments to

Jamaica and the region. KW is building on its platform in terminal management and logistics to introduce and develop special economic zone facilities in Newport West, an industrial area that is adjacent to the port of Kingston. JP Shipping Services Limited opened its new Caribbean Logistics Centre in London and uses this location to consolidate and ship commercial cargo, personal effects and vehicles to Jamaica and other CARICOM countries from the UK on a weekly or fortnightly basis.

### JP Food & Drink

JP's Food & Drink Division is the largest contributor to the revenues of the Group. The Division earned profit before finance cost and taxation in 2019 of \$774 million, more than double the prior year result of \$378 million. Divisional revenues of \$12.6 billion were up 11% over the prior year. The F&D Division comprises our portfolio of subsidiaries that are engaged in farming, food processing, distribution and retail of food and drink. The Division has production facilities in Europe and the Caribbean and operates a distribution centre in the United States. Our range of specialty food and drink products includes fresh juices, tropical snacks, fresh prepared and frozen food, fresh fruit and Caribbean rum-based confectionery and baked goods.

A.L. Hoogesteger Fresh Specialist B.V. ('Hoogesteger') is the largest contributor to the revenues and profits of the Division. This business is a market leader in fresh juice in northern Europe and serves as a co-packer of juice for major supermarket and food service entities in the Netherlands, Belgium, Scandinavia and Switzerland.



# Jamaica Producers Group Limited

AUDITED GROUP RESULTS

YEAR ENDED DECEMBER 31, 2019



## Chairman's Statement (cont'd)

In 2019, the Division benefitted from a solid result in our European juice business. This was supported by improvements to our production capabilities with the launch of a new high-speed bottling line, and our new juice extraction and high-pressure processing lines which had their first full year of production.

The Division also experienced improved productivity on our banana and pineapple farms in Jamaica and solid growth in regional consumer and travel retail markets in which our JP St Mary's and Tortuga brands trade. During the second quarter, Wisynco Group Limited became a 30% equity partner of our JP Snacks Caribbean Limited business and distributor in Jamaica of our JP St. Mary's brand of prepared food. This business specializes in the production and sale of snacks, frozen food and baked goods using banana, plantain, breadfruit, cassava and other Caribbean fresh produce. We are optimistic about the prospects for growth that will arise from this association with Wisynco.

The F&D Division also made significant gains from new product development with the introduction of Tortuga Rum Fruit Cake in the local and Jamaican diaspora market, Tortuga Butter Bourbon Cake in the Southern United States and JP St. Mary's banana bread. These products are all made at our bakery in Jamaica.

### Outlook

Jamaica Producers Group Limited has been organised to generate revenues from both a diverse range of business lines and a diverse range of markets. Our Food & Drink business includes premium and travel retail products, as well as everyday snacks and basic food items. These businesses are oriented to consumer trends such as health, convenience and provenance, and they serve diverse markets in the Caribbean diaspora, Northern Europe and the full

range of US cruise and stopover tourist destinations in the Caribbean, Mexico and Florida. Our Food & Drink business also has the distinction of being vertically integrated with the food processing business lines being complemented by the JP St. Mary's banana and pineapple farms which are Jamaica's market leading producers of tropical fruit.

Our logistics businesses also operate in Europe and the Caribbean, handling a wide range of cargo types and servicing a large number of origin and destination markets. We provide services ranging from freight forwarding to stevedoring, terminal operations, warehousing, cold storage and logistics. We remain convinced that Jamaica has the capacity to deepen its position as a regional centre for supply chain management and global services. As Jamaica's policies towards trade and investment become more flexible and open, we are confident that this will strengthen the country's growth prospects. We are well positioned to fully participate in this important opportunity.

We view the diversity of our business as a strength. In addition to providing some resilience to our operating income, it also positions us to consider business development and acquisition opportunities in a wide range of markets. We are fortunate to have the expertise, capital and liquid assets to effectively consider a broad range of growth and investment possibilities while, at the same time, being highly selective and able to focus our attention and resources on the prospects that can generate attractive long-term shareholder returns.

I thank our board, management and team for their commitment to our business and our shared values, and our customers and partners for their continued support.

  
C. B. Johnston Chairman

# Jamaica Producers Group Limited

## AUDITED GROUP RESULTS

52 WEEKS ENDED DECEMBER 31, 2019

### Group Balance Sheet

	As at December 31, 2019 \$'000	As at December 31, 2018 \$'000
<b>Current Assets</b>		
Cash and cash equivalents	1,407,847	836,176
Short-term investments	239,240	19,632
Securities purchased under resale agreements	5,380,567	4,467,950
Accounts receivable	2,949,230	2,245,045
Other financial assets	-	470,000
Taxation recoverable	23,696	30,638
Inventories	978,925	890,199
<b>Total Current Assets</b>	<b>10,979,505</b>	<b>8,959,640</b>
<b>Current Liabilities</b>		
Accounts payable	3,903,231	3,965,549
Taxation	191,714	151,423
Loans and borrowings	899,690	780,242
Lease liabilities	192,221	-
<b>Total Current Liabilities</b>	<b>5,186,856</b>	<b>4,897,214</b>
<b>Working Capital</b>	<b>5,792,649</b>	<b>4,062,426</b>
<b>Non-Current Assets</b>		
Biological assets	68,318	81,140
Interest in associates and joint venture	733,754	803,747
Investments	108,079	88,311
Intangible assets	1,486,347	1,513,082
Deferred tax asset	7,929	3,730
Property, plant and equipment	21,839,445	21,624,039
Investment property	568,619	-
Right-of-use assets	740,007	-
Employee benefit asset	2,071,885	1,985,258
<b>Total Non-Current Assets</b>	<b>27,624,383</b>	<b>26,099,307</b>
<b>Total Assets Less Current Liabilities</b>	<b>33,417,032</b>	<b>30,161,733</b>
<b>Equity</b>		
Share capital	112,214	112,214
Reserves	13,724,240	11,997,858
<b>Total equity attributable to equity holders of the parent</b>	<b>13,836,454</b>	<b>12,110,072</b>
<b>Non-Controlling Interest</b>	<b>13,760,645</b>	<b>12,675,000</b>
<b>Total Equity</b>	<b>27,597,099</b>	<b>24,785,072</b>
<b>Non-Current Liabilities</b>		
Deferred tax liability	1,410,804	1,307,140
Loans and borrowings	3,493,519	3,742,739
Long term lease liabilities	545,461	-
Employee benefit obligations	370,149	326,782
<b>Total Non-Current Liabilities</b>	<b>5,819,933</b>	<b>5,376,661</b>
<b>Total Equity and Non-Current Liabilities</b>	<b>33,417,032</b>	<b>30,161,733</b>
<b>Parent company stockholders' equity per ordinary stock unit:</b>		
Based on stock units in issue	<b>\$12.33</b>	<b>\$10.79</b>
After exclusion of stock units held by ESOP	<b>\$13.23</b>	<b>\$11.59</b>



# Jamaica Producers Group Limited

## AUDITED GROUP RESULTS

52 WEEKS ENDED DECEMBER 31, 2019

### Group Profit and Loss Account

	Notes	2019	2018
		\$'000	\$'000
Gross operating revenue	3	21,464,068	19,611,169
Cost of operating revenue		( 14,222,306 )	( 13,622,784 )
<b>Gross profit</b>		<b>7,241,762</b>	<b>5,988,385</b>
Other income		322,392	142,481
Selling, administration and other operating expenses		( 3,849,878 )	( 3,448,973 )
<b>Profit from operations</b>		<b>3,714,276</b>	<b>2,681,893</b>
Share of profits in associates and joint venture		26,821	120,306
<b>Profit before finance cost and taxation</b>		<b>3,741,097</b>	<b>2,802,199</b>
Finance cost		( 307,153 )	( 366,823 )
<b>Profit before taxation</b>		<b>3,433,944</b>	<b>2,435,376</b>
Taxation charge		( 701,993 )	( 450,185 )
<b>Profit for the year</b>		<b>2,731,951</b>	<b>1,985,191</b>
<b>Attributable to:</b>			
Parent company stockholders		1,204,338	815,621
Non-controlling interest		1,527,613	1,169,570
		<b>2,731,951</b>	<b>1,985,191</b>
<b>Profit per ordinary stock unit:</b>	4		
Based on stock units in issue		<b>107.32</b> ¢	<b>72.68</b> ¢
Excluding stock units held by ESOP		<b>115.22</b> ¢	<b>78.09</b> ¢



# Jamaica Producers Group Limited

## AUDITED GROUP RESULTS

52 WEEKS ENDED DECEMBER 31, 2019

### Group Statement of Profit or Loss and Other Comprehensive Income

	<u>2019</u>	<u>2018</u>
	<u>\$'000</u>	<u>\$'000</u>
<b>Profit for the year</b>	<u><b>2,731,951</b></u>	<u><b>1,985,191</b></u>
<b>Other comprehensive income:</b>		
Items that will not be reclassified to profit or loss:		
Remeasurement of defined benefit asset and obligations	( 11,791 )	837,177
Deferred tax effect on remeasurement of defined benefit asset and obligations	1,288	( 94,768 )
Appreciation of fair value through other comprehensive income (FVOCI) investments	5,785	-
Realised gain on disposal of quoted investments	1,185	-
Items that may be reclassified to profit or loss:		
Exchange gains/(losses) on translating foreign operations	<u>96,529</u>	<u>( 142,696 )</u>
	<u><b>92,996</b></u>	<u><b>599,713</b></u>
<b>Total comprehensive income for the year</b>	<u><u><b>2,824,947</b></u></u>	<u><u><b>2,584,904</b></u></u>
<b>Attributable to:</b>		
Parent company stockholders	1,287,864	978,180
Non-controlling interest	<u>1,537,083</u>	<u>1,606,724</u>
	<u><u><b>2,824,947</b></u></u>	<u><u><b>2,584,904</b></u></u>



# Jamaica Producers Group Limited

## AUDITED GROUP RESULTS

52 WEEKS ENDED DECEMBER 21, 2019

### Group Statement of Changes in Equity

	Share Capital \$'000	Share Premium \$'000	Capital Reserves \$'000	Reserve For Own Shares \$'000	Retained Profits \$'000	Parent Company Stockholders' Equity \$'000	Non- Controlling Interest \$'000	Total Equity \$'000
<b>Balances at December 31, 2017</b>	<b>112,214</b>	<b>135,087</b>	<b>2,308,929</b>	<b>( 72,419 )</b>	<b>8,777,022</b>	<b>11,260,833</b>	<b>11,484,023</b>	<b>22,744,856</b>
<b>Changes in equity:</b>								
<b>Profit for the year</b>	-	-	-	-	815,621	815,621	1,169,570	1,985,191
<b>Other comprehensive income/ (loss)</b>								
Remeasurement of defined benefit asset and obligations	-	-	-	-	351,615	351,615	485,562	837,177
Deferred tax effect on remeasurement of defined benefit asset and obligations	-	-	-	-	( 39,803 )	( 39,803 )	( 54,965 )	( 94,768 )
Exchange (losses)/gains arising on retranslation of foreign operations	-	-	( 149,253 )	-	-	( 149,253 )	6,557	( 142,696 )
<b>Total other comprehensive (loss)/income</b>	-	-	( 149,253 )	-	311,812	162,559	437,154	599,713
<b>Total comprehensive (loss)/income for the year</b>	-	-	( 149,253 )	-	1,127,433	978,180	1,606,724	2,584,904
<b>Other reserve movements</b>								
Other transfer to capital reserve	-	-	25,446	-	( 25,446 )	-	-	-
<b>Transactions with owners recorded directly in equity</b>								
Own shares acquired by ESOP	-	-	-	( 20,240 )	-	( 20,240 )	-	( 20,240 )
Own shares sold by ESOP	-	-	-	12,515	-	12,515	-	12,515
Net movement in subsidiary ESOP	-	-	-	-	-	-	( 42,465 )	( 42,465 )
Distributions to non-controlling interests	-	-	-	-	-	-	( 373,282 )	( 373,282 )
Distributions to stockholders	-	-	( 125,360 )	-	-	( 125,360 )	-	( 125,360 )
Unclaimed distributions to stockholders	-	-	4,144	-	-	4,144	-	4,144
<b>Total transactions with owners recorded directly in equity</b>	-	-	( 121,216 )	( 7,725 )	-	( 128,941 )	( 415,747 )	( 544,688 )
<b>Total (decrease)/increase in equity</b>	-	-	( 245,023 )	( 7,725 )	1,101,987	849,239	1,190,977	2,040,216
<b>Balances at December 31, 2018</b>	<b>112,214</b>	<b>135,087</b>	<b>2,063,906</b>	<b>( 80,144 )</b>	<b>9,879,009</b>	<b>12,110,072</b>	<b>12,675,000</b>	<b>24,785,072</b>
Retained in the financial statements of:								
The company	112,214	135,087	1,032,545	-	2,791,043	4,070,889		
Subsidiary companies	-	-	1,031,361	( 80,144 )	6,895,762	7,846,979		
Associate companies and joint venture	-	-	-	-	192,204	192,204		
<b>Balances at December 31, 2018</b>	<b>112,214</b>	<b>135,087</b>	<b>2,063,906</b>	<b>( 80,144 )</b>	<b>9,879,009</b>	<b>12,110,072</b>		



# Jamaica Producers Group Limited

## AUDITED GROUP RESULTS

52 WEEKS ENDED DECEMBER 21, 2019

### Group Statement of Changes in Equity (cont'd)

	Share Capital	Share Premium	Capital Reserves	Fair Value Reserve	Reserve For Own Shares	Retained Profits	Parent Company Stockholders' Equity	Non- Controlling Interest	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balances at December 31, 2018	112,214	135,087	2,063,906	-	( 80,144 )	9,879,009	12,110,072	12,675,000	24,785,072
Changes in equity:									
Profit for the year	-	-	-	-	-	1,204,338	1,204,338	1,527,613	2,731,951
Other comprehensive income									
Remeasurement of defined benefit asset and obligations	-	-	-	-	-	( 4,952 )	( 4,952 )	( 6,839 )	( 11,791 )
Deferred tax effect on remeasurement of defined benefit asset and obligations	-	-	-	-	-	541	541	747	1,288
Appreciation of fair value through other comprehensive income (FVOCI) investments	-	-	-	5,785	-	-	5,785	-	5,785
Realised gain on disposal of FVOCI investments	-	-	-	1,185	-	-	1,185	-	1,185
Exchange gains arising on retranslation of foreign operations	-	-	80,967	-	-	-	80,967	15,562	96,529
Total other comprehensive income/(loss)	-	-	80,967	6,970	-	( 4,411 )	83,526	9,470	92,996
<b>Total comprehensive income for the year</b>	-	-	80,967	6,970	-	1,199,927	1,287,864	1,537,083	2,824,947
Other reserve movements									
Other transfer to capital reserve	-	-	12,730	-	-	( 12,730 )	-	-	-
Transactions with owners recorded directly in equity									
Own shares sold by ESOP	-	-	-	-	13,752	-	13,752	-	13,752
Net movement in subsidiary ESOP	-	-	-	-	-	-	-	6,811	6,811
Disposal of shares in subsidiary to non-controlling interest	-	-	-	-	-	575,397	575,397	( 10,310 )	565,087
Distributions to non-controlling interests	-	-	-	-	-	-	-	( 447,939 )	( 447,939 )
Distributions to stockholders	-	-	( 156,851 )	-	-	-	( 156,851 )	-	( 156,851 )
Unclaimed distributions to stockholders	-	-	6,220	-	-	-	6,220	-	6,220
<b>Total transactions with owners recorded directly in equity</b>	-	-	( 150,631 )	-	13,752	575,397	438,518	( 451,438 )	( 12,920 )
<b>Total (decrease)/increase in equity</b>	-	-	( 56,934 )	6,970	13,752	1,762,594	1,726,382	1,085,645	2,812,027
Balances at December 31, 2019	112,214	135,087	2,006,972	6,970	( 66,392 )	11,641,603	13,836,454	13,760,645	27,597,099
Retained in the financial statements of:									
The company	112,214	135,087	1,005,101	6,970	-	2,556,551	3,815,923		
Subsidiary companies	-	-	1,001,871	-	( 66,392 )	8,899,677	9,835,156		
Associate companies and joint venture	-	-	-	-	-	185,375	185,375		
Balances at December 31, 2019	112,214	135,087	2,006,972	6,970	( 66,392 )	11,641,603	13,836,454		





# Jamaica Producers Group Limited

## UNAUDITED GROUP RESULTS

52 WEEKS ENDED DECEMBER 31, 2019

### Group Statement of Cash Flows

	<u>2019</u>	<u>2018</u>
	\$'000	\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit for the year	2,731,951	1,985,191
Adjustments for items not affecting cash:		
Depreciation and amortisation	1,324,614	1,199,518
Share of profit in associate companies and joint venture	( 26,821 )	( 120,306 )
(Profit)/loss on disposal of fixed assets and investments	( 55,423 )	3,638
Exchange movement in working capital	( 21,505 )	12,850
Taxation charge	701,993	450,185
Net interest expense	123,437	242,342
Other items	( 51,665 )	( 1,790 )
	<u>4,726,581</u>	<u>3,771,628</u>
(Increase)/decrease in current assets	( 824,063 )	78,811
(Decrease)/increase in current liabilities	( 683,589 )	98,825
<b>CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b><u>3,218,929</u></b>	<b><u>3,949,264</u></b>
<b>CASH FLOWS FROM INVESTMENT ACTIVITIES</b>		
Additions to property, plant, equipment, intangible assets and biological assets	( 1,404,195 )	( 1,747,965 )
Proceeds from disposal of property, plant and equipment and investments	220,168	25,979
Proceeds from disposal of shares in subsidiary, net of costs	565,087	-
Movement in short term investments and repos	( 1,132,225 )	( 682,551 )
Net movement in interest in associate companies and joint venture	24,853	( 528,544 )
Net movement in own shares held by group ESOPs	20,563	( 70,240 )
Acquisition of subsidiary, net of cash	( 6,274 )	-
Long term loans receivable	6,631	11,651
Additions to investments	( 19,947 )	-
Interest received	178,782	119,308
<b>CASH USED BY INVESTMENT ACTIVITIES</b>	<b><u>( 1,546,557 )</u></b>	<b><u>( 2,872,362 )</u></b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net movement in loans and right-of-use liabilities	( 285,705 )	( 254,802 )
Interest paid	( 297,868 )	( 393,413 )
Distributions to non-controlling interest	( 397,988 )	( 373,282 )
Distributions to stockholders, net	( 119,140 )	( 104,483 )
<b>CASH USED BY FINANCING ACTIVITIES</b>	<b><u>( 1,100,701 )</u></b>	<b><u>( 1,125,980 )</u></b>
<b>Net increase/ (decrease) in cash and cash equivalents</b>	<b>571,671</b>	<b>( 49,078 )</b>
<b>Cash at beginning of the year</b>	<b>836,176</b>	<b>885,254</b>
<b>Cash at end of the year</b>	<b><u>1,407,847</u></b>	<b><u>836,176</u></b>



# Jamaica Producers Group Limited

## UNAUDITED GROUP RESULTS

52 WEEKS ENDED DECEMBER 31, 2019

---

### Notes to the Financial Statements

#### 1. Group's Operations and Activities

Jamaica Producers Group Limited ("company") is incorporated and domiciled in Jamaica. The company's registered office is located at 4 Fourth Avenue, Newport West, Kingston 13.

The main activities of the company and its subsidiaries ("group"), and associates are port terminal operations, logistics, food and juice manufacturing, the cultivation, marketing and distribution of fresh produce, land management and the holding of investments.

On April 29, 2019, the group completed the disposal of a 30% stake in its tropical snacks holding company, JP Snacks Caribbean Limited (formerly Central American Banana (2005) Limited). Total consideration of \$740m was received, which includes the proceeds from the sale of 30% of JP Snacks Caribbean's intercompany debt. The group has recorded a gain on disposal of \$575m on the equity part of the transaction. In accordance with IFRS 10, Consolidated Financial Statements, changes in the group's ownership interest in a subsidiary that do not result in the group losing control of the subsidiary are equity transactions and any gain or loss arising therein are recognised directly in equity attributable to the shareholders of the group and are not reflected in the Group Statement of Profit or Loss.

During the prior year a subsidiary, KW Logistics Limited, acquired a 50% interest in SSL REIT Limited, a company engaged principally in the rental of warehousing facilities and accounted for the business as a joint venture interest. On October 31, 2019, KW Logistics acquired the remaining 50% of the shares and accordingly from that date accounts for SSL REIT Limited as a subsidiary. SSL REIT was renamed KW Warehousing Services Limited.

#### 2. Basis of Presentation

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and their interpretations, issued by the International Accounting Standards Board (IASB) and comply with the provisions of the Jamaican Companies Act.

The accounting policies and methods of computation used in these financial statements are consistent with the most recent annual report except where certain new, revised and amended standards and interpretations came into effect during the current financial year.

During the current and prior year a number of new or amended standards became applicable for the current reporting period. The group has assessed these and has adopted those which are relevant to its financial statements. Their adoption did not result in any changes to amounts recognised or disclosed in these financial statements. A summary of these new or amended standards is below:

##### IFRS 16, Leases

The group has adopted IFRS 16 retrospectively from January 1, 2019 but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard.

On adoption of IFRS 16, the group recognised a liability in relation to leases, which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. The liability is measured at the present value of the remaining lease payments, discounted using appropriate weighted average incremental borrowing rates applied on 1 January 2019 with rates ranging from 3% to 7.5%. The associated right-of-use asset for the property lease is measured at the amount equal to the lease liability.



# Jamaica Producers Group Limited

## UNAUDITED GROUP RESULTS

52 WEEKS ENDED DECEMBER 31, 2019

---

### Notes to the Financial Statements (cont'd)

#### 2. Basis of Presentation (cont'd)

##### IFRS 16, Leases (cont'd)

During the year the group prepared its unaudited quarterly financial information on the basis of the best available information and certain interpretations of IFRS 16 guidelines. At the year end, in conjunction with our auditors, we performed a further detailed technical review which resulted in a revision to our original estimate of the value of the lease liability and associated right-of-use assets due to one specific technical interpretation. This revision has reduced the group's assets and liabilities in equal measure and as such had no impact on the total shareholders' equity or the net profit and comprehensive income recorded in the quarterly financial statements.

##### IFRS 9, Financial Instruments

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, de-recognition of financial instruments and impairment of financial assets. The adoption of IFRS 9 from January 1, 2018 resulted in changes in accounting policies but no material adjustments were recognised in the financial statements.

##### IFRS 15, Revenue from Contracts with Customers

IFRS 15 replaces the provisions of IAS 18 that relate to the recognition of revenue. The adoption of IFRS 15 from January 1, 2018 resulted in changes in accounting policies but this has not resulted in any material adjustments in the financial statements.

#### 3. Gross operating revenue

Gross operating revenue comprises investment income, the gross sales of goods and services of the group and commission earned by the group on consignment sales. This is shown after deducting returns, rebates, discounts and consumption taxes and eliminating sales within the group.

#### 4. Profit per stock unit and stockholders' equity per stock unit

Profit per ordinary stock unit is calculated by dividing the profit attributable to the group for the year of \$1,204,338,000 by 1,122,144,036, being the total number of ordinary stock units in issue during the quarter and a weighted average number of ordinary stock units in issue (excluding those held by the ESOP) during the year. The weighted average number of ordinary stock units in issue (excluding those held by the ESOP) for the year ended December 31, 2019 was 1,045,215,181 (2018 - 1,044,490,648) stock units.

Stockholders' equity per ordinary stock unit is calculated by dividing the parent company stockholders' equity by 1,122,144,036 being the total number of ordinary stock units in issue at the end of the year and 1,045,669,918 (2018 – 1,044,670,045), representing the total number of ordinary stock units in issue for the year ended December 31, 2019 less those held by the ESOP at the same date.



# Jamaica Producers Group Limited

## UNAUDITED GROUP RESULTS

52 WEEKS ENDED DECEMBER 31, 2019

---

### Notes to the Financial Statements (cont'd)

#### 5. Accounting Policies

The following accounting policies have been reflected in these financial statements in compliance with IFRS:

a. Business combinations

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. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

b. 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 company and its subsidiaries are collectively referred to as “group”.

c. Associates

Associates are those entities over which the group has significant influence, but not control, or joint control over the financial and operating policies, 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 recognized at cost, including transaction costs.

The group’s investment is carried at the group’s share of the fair value of net identifiable assets of the associate net of any impairment loss identified on acquisition. The group’s share of its associates’ post-acquisition profits or losses is recognised in the profit and loss account and its share of post-acquisition movements in reserves is recognized in other comprehensive income to the extent that the profits, losses or movements are consistent with the group’s significant 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 will not recognize further losses unless it has incurred obligations or made payments on behalf of the associate.

d. Intangible assets and goodwill

(i) Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.

Goodwill is allocated to cash-generating units and tested annually for impairment. In respect of equity accounted investees, the carrying amount of goodwill is including in the carrying amount of the equity accounted investee as a whole.

(ii) Other intangible assets

Other intangible assets that are acquired by the group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.



# Jamaica Producers Group Limited

UNAUDITED GROUP RESULTS

52 WEEKS ENDED DECEMBER 31, 2019

---

## Notes to the Financial Statements (cont'd)

### 5. Accounting Policies (cont'd)

#### d. Intangible assets and goodwill (cont'd)

##### (iii) Subsequent expenditure

Subsequent expenditure is capitalized 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 recognized in profit or loss as incurred.

##### (iv) Amortisation

Except for goodwill, intangible assets are amortised on a straight-line basis in profit or loss over their estimated useful lives, from the date that they are available for use.

The estimates of useful lives are as follows:

- brands and trademarks 25 years
- customer relationships 10 - 15 years
- other identified intangible assets 3 - 5 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

#### e. 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's business segments reflect its current strategy and focus. The profit or loss before finance cost and taxation is used to measure the segment result. This has resulted in the recognition of three business segments:

- JP Food & Drink - This comprises businesses that are engaged in agriculture, processing, distribution and/or retail of food and drink.
- JP Logistics & Infrastructure - This comprises businesses that are engaged in logistics, transportation, port operations and related industries.
- 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

## UNAUDITED GROUP RESULTS

52 WEEKS ENDED DECEMBER 31, 2019

### Notes to the Financial Statements (cont'd)

#### 6. Segment Results

##### 2019

	<u>JP Food &amp; Drink</u>	<u>JP Logistics &amp; Infrastructure</u>	<u>Corporate Services</u>	<u>Group</u>
	\$'000	\$'000	\$'000	\$'000
Gross revenue	12,644,388	8,820,371	74,334	21,539,093
Inter - segment revenue	( 5,408 )	-	( 69,617 )	( 75,025 )
Revenue from external sources	<u>12,638,980</u>	<u>8,820,371</u>	<u>4,717</u>	<u>21,464,068</u>
Profit/(loss) before finance cost and taxation	<u>773,576</u>	<u>3,277,428</u>	( 309,907 )	3,741,097
Finance cost				( 307,153 )
Profit before taxation				3,433,944
Taxation				( 701,993 )
Non-controlling interest				( 1,527,613 )
Net profit attributable to parent company stockholders				<u>1,204,338</u>

##### 2018

	<u>JP Food &amp; Drink</u>	<u>JP Logistics &amp; Infrastructure</u>	<u>Corporate Services</u>	<u>Group</u>
	\$'000	\$'000	\$'000	\$'000
Gross revenue	11,348,017	8,262,295	75,862	19,686,174
Inter - segment revenue	( 4,449 )	-	( 70,556 )	( 75,005 )
Revenue from external sources	<u>11,343,568</u>	<u>8,262,295</u>	<u>5,306</u>	<u>19,611,169</u>
Profit/(loss) before finance cost and taxation	<u>378,328</u>	<u>2,720,247</u>	( 296,376 )	2,802,199
Finance cost				( 366,823 )
Profit before taxation				2,435,376
Taxation				( 450,185 )
Non-controlling interest				( 1,169,570 )
Net profit attributable to parent company stockholders				<u>815,621</u>

#### 7. Seasonal Variations

There are significant seasonal variations in some of the group's activities, and so the results for any period are not necessarily indicative of the final results for the whole year.

#### 8. Foreign Currency Translation

Overseas revenues and expenses have been translated at average exchange rates of J\$144.83 (2018: J\$146.67) to €1, J\$166.85 (2018: J\$169.93) to £1 and J\$132.63 (2018: J\$128.04) to US\$1.

Adjustments have been made for exchange gains and losses on foreign currency assets and liabilities as shown below:



# Jamaica Producers Group Limited

UNAUDITED GROUP RESULTS

52 WEEKS ENDED DECEMBER 31, 2019

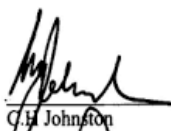
---

## Notes to the Financial Statements (cont'd)

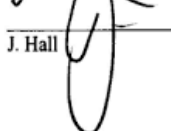
### 8. Foreign Currency Translation (cont'd)

	<u>J\$/€</u>	<u>J\$/£</u>	<u>J\$/US\$</u>
December 31, 2019	141.22	167.12	130.02
December 31, 2018	135.92	161.10	126.68

*On behalf of the Board*

  
C.H. Johnston

Chairman

  
J. Hall

Group Managing Director

*February 28, 2020*

