



**INTERIM REPORT**

**(SIX MONTHS)  
30 JUNE 2021**



## INTERIM REPORT TO OUR STOCKHOLDERS

GraceKennedy (GK) Limited is pleased to present its financial results for the six months ended June 30, 2021. The Group realized revenue of J\$63.4 billion, representing an increase of J\$6.8 billion or 12.1% over the corresponding period of the prior year. Profit before other income was J\$3.9 billion, representing an increase of 26.1% over the preceding year's reporting period, and reflects the Group's continued strong operating performance. Profit before tax (PBT) was J\$5.4 billion, reflecting a 20.4% improvement over the same period in 2020. Net profit after tax of J\$4.0 billion was recorded, a 30.3% increase over the same period in 2020. Net profit attributable to stockholders also reflected a double-digit increase of 30.6% over the prior year. Earnings per stock unit for the period was J\$3.62, compared to \$2.77 recorded for the corresponding period in 2020.

Our results for the half year reflect a positive performance, which was strengthened during the second quarter of 2021 by accelerated growth in both revenue and profit before other income in comparison to the corresponding period of 2020. This is a reflection of our continued progress towards improving the operating margins of GK's businesses.

The outlook for the remainder of 2021 remains uncertain, given the rapid spread of new variants of COVID-19 and rising case numbers globally. Our focus for the rest of the year will be on executing our strategic initiatives and managing our operating expenses, liquidity and the supply chain for our global inventory.

### Performance of Business Segments

#### *Foods*

GK's Jamaican food distribution business (GK Foods – Domestic) performed well in the first six months of 2021, recording an increase in PBT and revenue over prior year. GK Foods – Domestic remained focused on consumer engagement and increasing brand visibility through sales promotions such as **Move wid Grace**, and its **Taste That Moves You** and **'Chill & Grill** marketing campaigns. Double digit growth was recorded for core products, including corned beef, soup, *Tropical Rhythms*, and coconut milk powder. Grace Kitchen's YouTube series **Chillin' wid Grace** ended its first season in April, earning a Gold Addy Award for Online Branded Content and Entertainment. World Brand Services recorded good results for the first half of 2021, attributable to the robust performance of several of its strategic brands which recorded double digit growth over the corresponding period of the prior year. Consumer Brands also demonstrated a commendable improvement in performance over the same period in 2020.

GK's Manufacturing Division recorded strong gains in the first half of 2021 with growth in revenue and PBT compared to the first half of 2020. This performance was primarily driven by significant demand in the Jamaican and international markets for our Jamaican manufactured products including *Tastee Cheese*, *Tropical Rhythms*, canned vegetables, frankfurters and vienna sausages. Grace Agro-Processors in Jamaica saw mixed results compared to the corresponding period in 2020, with increased sales to export markets from its Denbigh facility which were partially offset by reduced inflows of escallion, callaloo and peppers affecting sales from its Hounslow facility.

GK's International Foods business exceeded both its revenue and PBT half year targets, with all business units surpassing PBT over prior year. Grace Foods UK and Canada recorded double digit revenue growth, attributable to the lifting of COVID-19 restrictions and reopening of the food service and entertainment industries. GK Foods (USA) LLC added new retail chain listings, launched its **Chill & Grill** summer sales promotion, and introduced *Grace Peanut Punch* to the market. In the UK, *Nurishment*, showed notable revenue growth over the corresponding period of the prior year.

GK Foods is closely monitoring rising freight costs from South East Asia, which are expected to significantly impact food costs for the remainder of the year. All efforts are being made to manage the impact of food inflation, in the interest of our valued consumers.

### *Financial Services*

GraceKennedy Financial Group (GKFG) reported strong growth in both revenue and pre-tax profit for the first half of 2021. The Financial Group continued expansion of its GKONE network in Jamaica which now has 17 locations, including a new store in Clock Tower Plaza, Kingston. GKFG also unveiled its new branding in the second quarter of 2021, launching a new logo, website, and its *Living A Graceful Life* campaign, which reflects everyday financial optimism.

GK Capital Management and GK Investments continued to show top line growth during the second quarter of 2021, driven primarily by corporate finance, stockbrokerage and principal investment activity.

GK's Insurance segment also continues to yield positive results, with GK General Insurance (GKGI) recording double-digit growth in revenues in the second quarter when compared to the same period in 2020. GKGI's motor portfolio experienced steady growth, driven by the combination of new and revamped products, such as *GKI Family Connect* which was launched in the second quarter of 2021. GKGI continues to expand through innovation, partner relationship management, and targeting of untapped segments. Key Insurance demonstrated improvement in performance year to date over prior year and continues to execute on its strategic objectives on the path towards sustainable profitability. Allied Insurance Brokers (AIB) exceeded core revenue over the corresponding quarter in 2020. AIB remains focused on leveraging international broker relationships, which has yielded new accounts and proven critical in maneuvering constricted markets. Canopy Insurance continues to realise growth driven by its group health product, with gross premiums for the first half of 2021 significantly exceeding the corresponding period in 2020.

GraceKennedy Money Services (GKMS) exceeded its revenue and pre-tax profits when compared with the corresponding period of 2020. The business continues to innovate and grow its digital offerings, with Electronic Registration and Direct to Bank (D2B) services now available in three markets: Jamaica, Guyana and Trinidad. Customer registration for digital services in Jamaica in the first half of 2021 has exceeded the corresponding period of the prior year by 16%, reflecting the increased adoption of direct to bank transactions. GKMS' bill payment business exceeded pre-tax profits over the same period of 2020. *Bill Express Online* continues to show strong performance in Jamaica, with a 26% increase in transactions recorded over the corresponding period of the prior year, and the service has also been introduced to the Trinidad market. GraceKennedy Remittance Services (GKRS) remains the market leader for the region and continues to record growth year over year in all territories.

GK's commercial bank, First Global Bank (FGB), recorded growth in deposits compared to the same period last year. FGB continued its focus on Small and Medium Enterprises (SMEs) by hosting its 4th annual SME Summit. The virtual event, *Accelerating Growth Through Digitization*, was well attended and featured keynote speaker, Dr the Honourable Nigel Clarke MP, Jamaica's Minister of Finance and the Public Service. FGB's e-commerce offering targeting SMEs has enjoyed a significant increase in new customers since its launch late last year. The Bank's commitment to innovation and convenience also included the roll-out of its online banking platform, *Global Access Plus*, to all customers during the reporting period.

### *Digital Transformation*

GK's Digital Transformation strategy is now fully operational and is being implemented across the Group with the support of our in-house Digital Factory team. Two financial service digital products are in the final stages of market-readiness, with a six-week soft launch of the products for GK team members getting underway on July 6. Hi-Lo Food Stores, GK's supermarket chain in Jamaica, is also preparing to launch its e-commerce website in August.

### *Mergers & Acquisitions*

GK's acquisition of Scotia Insurance Eastern Caribbean Limited (SIECL), a licensed life insurance company operating in the Eastern Caribbean, is in its final stages. The required regulatory approvals have been received, and the deal is expected to close by the end of July. SIECL is GK's second acquisition since the start of the year, the first being the purchase of the 876 Spring Water brand in March. GK's M&A Unit continues to actively pursue several prospects which it has in the pipeline.

## We Care

GK remains resolute in our support of communities within which we operate, through corporate social responsibility initiatives led by our two Foundations in Jamaica. For its 2021 Labour Day project in May, the Grace & Staff Community Development Foundation partnered with GKGI and GK Capital Management to support frontline workers, building a new kitchenette for the Jamaica Constabulary Force's Canine Division.

In June the GK Foundation (GKF) hosted its 33rd Annual Lecture to an online audience of over 1000. The lecture featured Institute of Jamaica's Executive Director and esteemed historian, Vivian Crawford, who presented on the importance of Jamaica's heritage. GKF also launched the Carlton S. Alexander Research Fund in the first half of 2021. The Fund supports University of the West Indies (UWI) researchers whose projects contribute to national development. Through GKF, we also entered a new partnership with UWI to develop the skills of young Caribbean nationals working in the digital space. Since January 2021, GKF's Campus Connect Food Bank has raised over J\$1.3 million to help address challenges experienced by university students in Jamaica. Both Foundations continue to offer scholarships, tuition support and bursaries to students in Jamaica, and outside of Jamaica, Grace Foods Canada is also supporting students of Caribbean descent by awarding scholarships through the Council of Caribbean Associations - Canada, St. Vincent and Grenadines Association of Toronto, and the Jamaica Canadian Association.

During the period under review Consumer Brands wrapped up its **End Period Poverty** campaign which donated over 200,000 Always sanitary napkins to 14 schools and six women's shelters in Jamaica. GK also responded swiftly to assist residents of St. Vincent, following several massive eruptions of the island's La Soufriere volcano in April. The Group has pledged over J\$13 million to support those impacted by the disaster, and to date two containers of supplies have been sent to aide in the relief efforts.

GK remains dedicated to the fight against the spread of COVID-19. We continue to track developments with the virus and support the rollout of vaccination programmes in all the territories within which we operate. We also remain proactive in ensuring that we supply our goods and services in the safest way possible. Our subsidiaries and Foundations stand ready to support our customers, team, and those in need in the communities we serve around the world during what continues to be a challenging period in our history.

The Board recognises the contributions of former Director and Audit Chair Mr Everton McDonald who retired on May 26, 2021. Mr McDonald provided excellent leadership as Chair of GK's Audit Committee and invaluable service to our Group. We welcome our new GK Director, Mr Peter Williams, a retired partner of PricewaterhouseCoopers (PwC) Jamaica with four decades of experience in public accounting, assurance and consulting services. Mr Williams was appointed to the GK Board on April 1, 2021, and appointed Group Audit Chair on May 26, 2021.

We applaud the outstanding commitment of our GK team and remain grateful to all our stakeholders for their continued support, as we continue to deliver long term consumer and shareholder value guided by our core principles - Honesty, Integrity and Trust.



Gordon V. Shirley, OJ  
Chairman



Donald G. Wehby, CD  
Group Chief Executive Officer

July 29, 2021

**GraceKennedy Limited**  
CONSOLIDATED INCOME STATEMENT  
SIX MONTHS ENDED 30 JUNE 2021  
(Unaudited)

	3 months to 6/30/2021 \$'000	6 months to 6/30/2021 \$'000	3 months to 6/30/2020 \$'000	6 months to 6/30/2020 \$'000
Revenue from products and services	30,800,927	61,080,753	26,602,679	54,374,787
Interest revenue	1,156,278	2,270,588	1,074,183	2,156,831
<b>Revenues</b> (Note 2)	31,957,205	63,351,341	27,676,862	56,531,618
Direct and operating expenses	(29,488,103)	(59,251,371)	(25,635,265)	(52,961,723)
Net impairment losses on financial assets	(125,443)	(229,923)	(254,482)	(501,992)
<b>Expenses</b>	(29,613,546)	(59,481,294)	(25,889,747)	(53,463,715)
<b>Profit before other income</b>	2,343,659	3,870,047	1,787,115	3,067,903
Other income	686,211	1,527,277	855,123	1,496,335
<b>Profit from Operations</b>	3,029,870	5,397,324	2,642,238	4,564,238
Interest income – non-financial services	145,924	276,092	105,846	223,461
Interest expense – non-financial services	(293,250)	(557,846)	(270,065)	(553,437)
Share of results of associates and joint ventures	43,969	329,579	53,295	286,925
<b>Profit before Taxation</b>	2,926,513	5,445,149	2,531,314	4,521,187
Taxation	(790,159)	(1,470,191)	(933,454)	(1,470,720)
<b>Net Profit for the period</b>	2,136,354	3,974,958	1,597,860	3,050,467
<b>Profit attributable to:</b>				
<b>Owners of GraceKennedy Limited</b>	1,932,366	3,587,297	1,428,769	2,746,390
<b>Non-controlling interests</b>	203,988	387,661	169,091	304,077
	2,136,354	3,974,958	1,597,860	3,050,467

**Earnings per Stock Unit for profit attributable to the owners of the company during the period:**

(expressed in \$ per stock unit):

<b>Basic</b>	\$1.95	\$3.62	\$1.44	\$2.77
<b>Diluted</b>	\$1.94	\$3.59	\$1.44	\$2.76

# GraceKennedy Limited

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SIX MONTHS ENDED 30 JUNE 2021

(Unaudited)

	3 months to 6/30/2021 \$'000	6 months to 6/30/2021 \$'000	3 months to 6/30/2020 \$'000	6 months to 6/30/2020 \$'000
Profit for the period	2,136,354	3,974,958	1,597,860	3,050,467
Other comprehensive income:				
<i>Items that will not be reclassified to profit or loss:</i>				
Gains on revaluation of land and buildings	5,554	32,530	-	-
Changes in fair value of equity instruments at fair value through other comprehensive income	(41,883)	(96,805)	(37,872)	(222,321)
Remeasurements of post-employment benefit obligations	(436,794)	245,527	498,395	404,842
Share of other comprehensive income of associates and joint ventures	(5,461)	(5,461)	(1,598)	29,310
	(478,584)	175,791	458,925	211,831
<i>Items that may be subsequently reclassified to profit or loss:</i>				
Foreign currency translation adjustments	286,820	758,754	613,311	643,278
Changes in fair value of debt instruments at fair value through other comprehensive income	9,911	(100,191)	505,215	(374,571)
Share of other comprehensive income of associates and joint ventures	46,142	86,769	53,860	85,538
	342,873	745,332	1,172,386	354,245
<b>Other comprehensive income for the period, net of tax</b>	(135,711)	921,123	1,631,311	566,076
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>2,000,643</b>	<b>4,896,081</b>	<b>3,229,171</b>	<b>3,616,543</b>
<b>Total comprehensive income attributable to:</b>				
Owners of GraceKennedy Limited	1,774,823	4,471,178	3,039,899	3,281,362
Non-controlling interests	225,820	424,903	189,272	335,181
	2,000,643	4,896,081	3,229,171	3,616,543

# GraceKennedy Limited

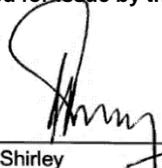
## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 JUNE 2021

(Unaudited)

	June 30 2021 \$'000	December 31 2020 \$'000	June 30 2020 \$'000
<b>ASSETS</b>			
Cash and deposits	27,749,651	24,331,106	17,707,620
Investment securities	36,707,824	33,513,948	31,827,302
Pledged assets	6,837,422	7,610,387	8,048,099
Receivables	22,909,247	16,871,439	21,031,158
Inventories	14,693,916	14,433,135	11,808,781
Loans receivable	32,123,985	31,250,331	31,037,424
Taxation recoverable	977,617	767,669	781,632
Investments in associates and joint ventures	4,356,003	4,118,824	3,946,313
Investment properties	699,000	925,734	968,150
Intangible assets	4,887,812	4,411,466	4,448,044
Fixed assets	25,531,880	25,560,044	23,992,393
Deferred tax assets	1,138,528	1,060,528	1,835,825
Pension plan asset	6,667,207	6,841,372	5,898,657
Assets classified as held for sale	-	-	297,421
<b>Total Assets</b>	<b>185,280,092</b>	<b>171,695,983</b>	<b>163,628,819</b>
<b>LIABILITIES</b>			
Deposits	45,525,919	41,611,220	37,333,935
Securities sold under agreements to repurchase	4,864,407	4,968,483	6,133,742
Bank and other loans	26,808,174	25,233,708	24,774,030
Payables	32,585,122	28,211,841	29,397,591
Taxation	817,230	1,077,285	875,282
Provisions	44,906	42,602	40,772
Deferred tax liabilities	1,790,307	1,822,238	1,518,166
Other post-employment obligations	5,894,115	5,949,279	5,754,770
<b>Total Liabilities</b>	<b>118,330,180</b>	<b>108,916,656</b>	<b>105,828,288</b>
<b>EQUITY</b>			
<b>Capital &amp; reserves attributable to the company's owners</b>			
Share capital	366,036	305,493	399,180
Capital and fair value reserves	7,573,442	7,789,066	6,680,833
Retained earnings	47,038,584	44,096,867	41,008,278
Banking reserves	3,620,711	3,620,711	3,220,711
Other reserves	4,912,688	4,098,122	3,607,436
<b>Equity attributable to owners of the company</b>	<b>63,511,461</b>	<b>59,910,259</b>	<b>54,916,438</b>
<b>Non-Controlling Interests</b>	<b>3,438,451</b>	<b>2,869,068</b>	<b>2,884,093</b>
<b>Total Equity</b>	<b>66,949,912</b>	<b>62,779,327</b>	<b>57,800,531</b>
<b>Total Equity and Liabilities</b>	<b>185,280,092</b>	<b>171,695,983</b>	<b>163,628,819</b>

Approved for issue by the Board of Directors on 29 July 2021 and signed on its behalf by:

  
Gordon Shirley  
Chairman

  
Donald Wehby  
Group Chief Executive Officer

# GraceKennedy Limited

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SIX MONTHS ENDED 30 JUNE 2021

(Unaudited)

	Attributable to owners of the company							Non-controlling interests	Total Equity
	No. of Shares '000	Share Capital \$'000	Capital and Fair Value Reserve \$'000	Retained Earnings \$'000	Banking Reserves \$'000	Other Reserves \$'000	Total \$'000		
Balance at 1 January 2020	992,106	457,170	7,234,527	38,501,844	3,220,711	2,912,158	52,326,410	2,385,277	54,711,687
Profit for the period	-	-	-	2,746,390	-	-	2,746,390	304,077	3,050,467
Other comprehensive income for the period	-	-	(566,570)	404,842	-	696,700	534,972	31,104	566,076
Total comprehensive income for the period	-	-	(566,570)	3,151,232	-	696,700	3,281,362	335,181	3,616,543
Transactions with owners:									
Sale of treasury shares	5	351	-	-	-	-	351	-	351
Purchase of treasury shares	(1,837)	(112,620)	-	-	-	-	(112,620)	-	(112,620)
Transfer of non-controlling interests	-	-	-	-	-	-	-	163,888	163,888
Share-based payments charged	-	-	-	-	-	86,663	86,663	-	86,663
Share-based payments exercised	-	-	-	-	-	(21,126)	(21,126)	(87)	(21,213)
Transfer of treasury shares to employees	916	54,279	12,846	-	-	(66,959)	166	(166)	-
Dividends paid	-	-	-	(644,768)	-	-	(644,768)	-	(644,768)
Total transactions with owners	(916)	(57,990)	12,846	(644,768)	-	(1,422)	(691,334)	163,635	(527,699)
Transfers between reserves:									
To capital reserves	-	-	30	(30)	-	-	-	-	-
Balance at 30 June 2020	991,190	399,180	6,680,833	41,008,278	3,220,711	3,607,436	54,916,438	2,884,093	57,800,531
Balance at 1 January 2021	989,661	305,493	7,789,066	44,096,867	3,620,711	4,098,122	59,910,259	2,869,068	62,779,327
Profit for the period	-	-	-	3,587,297	-	-	3,587,297	387,661	3,974,958
Other comprehensive income for the period	-	-	(170,276)	245,527	-	808,630	883,881	37,242	921,123
Total comprehensive income for the period	-	-	(170,276)	3,832,824	-	808,630	4,471,178	424,903	4,896,081
Transactions with owners:									
Purchase of treasury shares	(43)	(4,188)	-	-	-	-	(4,188)	-	(4,188)
Increase in non-controlling interests	-	-	-	-	-	-	-	83,216	83,216
Transfer of non-controlling interests	-	-	(61,880)	-	-	-	(61,880)	61,880	-
Share-based payments charged	-	-	-	-	-	116,616	116,616	-	116,616
Share-based payments exercised	-	-	-	-	-	(29,145)	(29,145)	(144)	(29,289)
Transfer of treasury shares to employees	1,076	64,731	17,080	-	-	(81,535)	276	(276)	-
Dividends paid by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	(196)	(196)
Dividends paid	-	-	-	(891,655)	-	-	(891,655)	-	(891,655)
Total transactions with owners	1,033	60,543	(44,800)	(891,655)	-	5,936	(869,976)	144,480	(725,496)
Transfers between reserves:									
From capital reserves	-	-	(548)	548	-	-	-	-	-
Balance at 30 June 2021	990,694	366,036	7,573,442	47,038,584	3,620,711	4,912,688	63,511,461	3,438,451	66,949,912

# GraceKennedy Limited

## CONSOLIDATED STATEMENT OF CASH FLOWS

SIX MONTHS ENDED 30 JUNE 2021

(Unaudited)

	6/30/2021 \$'000	6/30/2020 \$'000
<b>SOURCES/(USES) OF CASH:</b>		
<b>Operating Activities</b> (Note 3)	6,055,828	3,571,272
<b>Financing Activities</b>		
Loans received	9,058,566	8,536,396
Loans repaid	(8,068,159)	(7,922,057)
Proceeds from issue of shares to non-controlling interests	83,216	-
Dividends paid by subsidiary to non-controlling interests	(196)	-
Purchase of treasury shares	(4,188)	(112,620)
Sale of treasury shares	-	351
Exercise of share based payments	(29,289)	(21,213)
Interest paid – non financial services	(526,665)	(547,602)
Dividends	(891,655)	(644,768)
	(378,370)	(711,513)
<b>Investing Activities</b>		
Additions to fixed assets	(580,256)	(613,509)
Proceeds from disposal of fixed assets	10,525	105,009
Additions to investments	(6,711,406)	(4,311,645)
Cash inflow on acquisition of subsidiary	-	448,621
Cash outflow on purchase of interest in associates and joint ventures	-	(105,000)
Proceeds from sale of investments	4,932,724	4,735,595
Additions to intangibles	(654,653)	(185,091)
Interest received – non financial services	288,899	208,657
	(2,714,167)	282,637
Increase in cash and cash equivalents	2,963,291	3,142,396
Cash and cash equivalents at beginning of year	23,319,787	13,858,915
Exchange and translation gains on net foreign cash balances	377,999	320,035
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>26,661,077</b>	<b>17,321,346</b>

# GraceKennedy Limited

## FINANCIAL INFORMATION BY OPERATING SEGMENT

SIX MONTHS ENDED 30 JUNE 2021

(Unaudited)

6 months to 30 June 2021	Food Trading \$'000	Banking & Investments \$'000	Insurance \$'000	Money Services \$'000	Consolidation Adjustments \$'000	Group \$'000
<b>REVENUE</b>						
External sales	49,639,341	3,276,667	5,606,610	4,828,723	-	63,351,341
Inter-segment sales	107,288	98,235	-	-	(205,523)	-
<b>Total Revenue</b>	<b>49,746,629</b>	<b>3,374,902</b>	<b>5,606,610</b>	<b>4,828,723</b>	<b>(205,523)</b>	<b>63,351,341</b>

<b>RESULT</b>						
Operating results	2,826,389	309,084	533,635	2,144,842	39,458	5,853,408
Unallocated expense	-	-	-	-	(456,084)	(456,084)
Profit from operations	-	-	-	-	-	5,397,324
Finance income	2,953	4,742	16,171	11,353	240,873	276,092
Finance expense	(323,726)	(32,983)	(3,877)	(62,397)	(134,863)	(557,846)
Share of associates and joint ventures	292,872	67,179	(30,472)	-	-	329,579
Profit before Taxation	2,798,488	348,022	515,457	2,093,798	(310,616)	5,445,149
Taxation						(1,470,191)
<b>Net Profit for the period</b>						<b>3,974,958</b>

Attributable to:

Owners of GraceKennedy Limited	3,587,297
Non-controlling interests	387,661
	<b>3,974,958</b>

6 months to 30 June 2020	Food Trading \$'000	Banking & Investments \$'000	Insurance \$'000	Money Services \$'000	Consolidation Adjustments \$'000	Group \$'000
<b>REVENUE</b>						
External sales	44,839,049	3,055,580	4,547,754	4,089,235	-	56,531,618
Inter-segment sales	105,906	23,850	35,120	-	(164,876)	-
<b>Total Revenue</b>	<b>44,944,955</b>	<b>3,079,430</b>	<b>4,582,874</b>	<b>4,089,235</b>	<b>(164,876)</b>	<b>56,531,618</b>

<b>RESULT</b>						
Operating results	2,018,450	223,156	498,696	1,866,807	20,873	4,627,982
Unallocated expense	-	-	-	-	(63,744)	(63,744)
Profit from operations	-	-	-	-	-	4,564,238
Finance income	5,495	5,077	12,495	10,059	190,335	223,461
Finance expense	(388,759)	(35,172)	(4,175)	(63,290)	(62,041)	(553,437)
Share of associates and joint ventures	231,493	70,690	(15,258)	-	-	286,925
Profit before Taxation	1,866,679	263,751	491,758	1,813,576	85,423	4,521,187
Taxation						(1,470,720)
<b>Net Profit for the period</b>						<b>3,050,467</b>

Attributable to:

Owners of GraceKennedy Limited	2,746,390
Non-controlling interests	304,077
	<b>3,050,467</b>

# GraceKennedy Limited

## INTERIM CONSOLIDATED FINANCIAL STATEMENTS

### 30 JUNE 2021

#### Notes

#### 1. Accounting Policies

##### (a) Basis of preparation

This condensed consolidated interim financial report for the reporting period ended 30 June 2021 has been prepared in accordance with Accounting Standard IAS 34 'Interim Financial Reporting'.

These financial statements are presented in Jamaican dollars unless otherwise indicated.

The accounting policies followed in these interim financial statements are consistent with those of the previous financial year and corresponding interim reporting period.

##### (b) Segment reporting

The principal activities of the company, its subsidiaries, associates and joint ventures (the Group) are as follows:

- *Food Trading* – Merchandising of general goods and food products, both locally and internationally; processing and distribution of food products; and the operation of a chain of supermarkets.
- *Banking and Investment* – Commercial banking; stock brokerage; corporate finance; advisory services; and lease financing.
- *Insurance* – General insurance, health insurance and insurance brokerage.
- *Money Services* – Operation of money transfer services; cambio operations and bill payment services.

#### 2. Revenues

Revenues for the Group can be disaggregated as follows:

	2021	2020
	\$'000	\$'000
Timing of revenue recognition from contracts with customers		
Goods and services transferred at a point in time	56,460,756	50,675,807
Services transferred over time	59,209	63,277
Revenue from insurance contracts	4,560,788	3,635,703
Interest revenue	2,270,588	2,156,831
	63,351,341	56,531,618

### 3. Cash Flows from Operating Activities

Reconciliation of net profit to cash generated from operating activities:

	6/30/2021 \$'000	6/30/2020 \$'000
Net profit	3,974,958	3,050,467
Items not affecting cash:		
Depreciation	1,369,429	1,227,114
Amortisation	302,848	261,069
Impairment charge	-	4,958
Change in value of investments	(51,772)	209,984
Loss/(gain) on disposal of fixed assets	282	(5,739)
Gain on disposal of investments	(34,687)	(1,166)
Share-based payments	116,616	86,663
Exchange gain on foreign balances	(297,031)	(339,491)
Interest income – non financial services	(276,092)	(223,461)
Interest income – financial services	(2,437,572)	(2,306,559)
Interest expense – non financial services	557,846	553,437
Interest expense – financial services	358,077	311,353
Taxation expense	1,470,191	1,470,720
Unremitted equity income in associates and joint ventures	(155,872)	(214,530)
Pension plan surplus	124,729	131,070
Other post-employment obligations	321,640	286,856
	5,343,590	4,502,745
Changes in working capital components:		
Inventories	(260,781)	1,506,374
Receivables	(6,037,808)	(3,594,083)
Loans receivable, net	(692,560)	(97,224)
Payables	4,373,281	1,816,364
Deposits	3,189,743	585,171
Securities sold under repurchase agreements	(227,042)	(2,013,422)
Provisions	2,303	2,993
	5,690,726	2,708,918
Interest received – financial services	2,337,304	2,415,414
Interest paid – financial services	(342,759)	(392,695)
Translation gains	400,001	284,041
Taxation paid	(2,029,444)	(1,444,406)
Net cash provided by operating activities	6,055,828	3,571,272

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

Amounts represent bank and other loans, excluding bank overdrafts

	6/30/2021 \$'000	6/30/2020 \$'000
At beginning of year	24,222,390	23,263,991
Lease liability to acquire right-of-use asset	192,164	22,374
On acquisition through business combination	-	18,950
Loans received	9,058,566	8,536,396
Loans repaid	(8,068,159)	(7,922,057)
Foreign exchange adjustments	264,900	458,292
Net interest movements	49,739	9,810
At end of period	25,719,600	24,387,756

#### **4. Acquisition of additional shares in a subsidiary company**

On 11 February 2021, the Group purchased an additional 124,508,000 shares in Key Insurance Company Limited, by way of a renounceable rights issue of two hundred and fifty-nine (259) additional ordinary shares for every five hundred (500) shares owned at a subscription price of \$3.50 per share. As a result of some of the existing shareholders not exercising their rights, the Group purchased additional shares totaling 44,751,000 in excess of its existing proportionate share, resulting in an increase in the Group's shareholding from 65.2% to 73.2%.

#### **5. Impact of Covid-19**

As a result of the Covid-19 pandemic, the Group continues to be exposed to an elevated level of credit risk, liquidity risk, foreign currency risk, and price risk, with the most significant exposures relating to credit and price risk. The Group has also experienced an elevated level of supply chain risk during the period.

The nature and extent of the impact on the Group's financial position, results and cash flows continues to evolve given the rapid pace of change and the elevated level of uncertainty.

The Group continues to actively monitor and manage the identified risks through its Executive Management and Covid-19 Committees. In response to the specific financial risks identified, the Group has employed several measures, including robust monitoring of the loans receivable portfolio, managing investment portfolio positions, maintaining adequate safety stock levels and establishing alternative supplier relationships.