



**Caribbean Producers (Jamaica) Limited**  
**Report to Shareholders**  
**Six Months ended December 31, 2013**



### Future Outlook

The outlook for the remainder of FY 2013/2014 remains strong. During Q3 there is an expectation of robust demand from the Hospitality sector based on projected arrivals and bookings. CPJ continues to conduct efficiency exercises and in particular, rationalizing of product categories to enable greater relevance and emphasis on price to value offerings.

Our ongoing expansion will result in a more aggressive approach beyond our exports, CPJ will seek to leverage our core assets and create sustainable presence in our target markets offshore.

On February 3, 2014 the company entered into a joint venture with the Du Boulay Bottling company of St. Lucia to operate a full service distribution company to be known as CPJ St. Lucia. Expansion into the Eastern Caribbean was one of the deliverables promised in the company's Prospectus in line with the vision and mission of the company.

CPJ St Lucia will be operational within Quarter 3.



## Report to the Shareholders

### Unaudited Results for 2nd Quarter Ended December 31, 2013

#### Quarter 2 YTD Financial Highlights (J\$)\* December 2013 vs. December 2012

	Dec 2013 '000'	Dec 2012 '000'	Change '000'	% Change
Gross Revenue	3,779,322	2,734,515	1,044,807	38%
Gross Profit	1,125,821	778,158	347,663	45%
Gross Profit %	30%	28%	-	2%
Less: Expenses	774,130	591,842	182,288	31%
EBIT A	351,691	186,316	165,375	89%
Interest & Depreciation	187,973	138,372	49,601	36%
Net Profit Year to Date (2nd Qtr)	163,718	47,944	115,774	241%

*\*Exchange rates based on weighted average to US\$1.00  
Qtr 2, 2012 JMS\$88.9926 & Qtr 2, 2013 JMS\$100.7728*

### Company continues strong growth in the 2nd Quarter

The Board of Directors is pleased to present the company's unaudited results for the 2nd quarter ended December 31, 2013.

The company exceeded its targets for the second quarter as gross revenues in the quarter increased by US\$4.0 million or 24% to US\$20.5 million. (2012: US\$16.5 million). The hospitality sales team focused their strategy on maintaining high service levels and ensuring consistent product fulfillment throughout the quarter. The retail sales team significantly increased its sales in the frozen food category, and new commodity items previously not supplied to the retail and wholesale consumer. CPJ Market, The Deli & Cru Bar, in Kingston continue to improve their sales and offerings within a challenging market with declining disposable income.

Accordingly, gross profit increased by 22% over the corresponding period last year, moving from US\$5.9 million versus US\$4.8 million; an increase of US\$1.1 million above 2nd quarter 2012.

Selling and Administrative expenses increased by US\$559 thousand or 16% from US\$3.4 million to US\$3.9 million, primarily as a result of the additional expenses for the new business units which opened in December 2012. Operating profit improved by 50% or US\$569.6 thousand.

Net profit attributable to shareholders of the Company increased by US\$465.5 thousand compared with the corresponding period of 2012, moving from US\$711.7 thousand to a profit of US\$1.18 million resulting in earnings per share of US 0.107cents.



### **Balance Sheet**

Total assets grew by 19% to US\$47.4 million for the period compared to the corresponding period last year 2012. Financing these assets were liabilities of US\$32.7 million and equity of US\$14.6 million, both showed growth year on year of 13% and 35% respectively.

Current assets rose by US\$7.3 million or 25% over the same period last year. Accounts receivable increased by US\$2.9 million or 24% primarily due to December sales. Inventory increased by US\$3.3 million or 20%. Current Liabilities increased by 24%. Long term borrowings increased by US\$2.4 million relating to the J\$500 million bond offer placed at the end of June 2013.

### **Community Development**

CPJ is pleased to participate in the Junior Achievement Jamaica program in the Western region. Employee volunteers visit two schools to deliver key concepts of the lessons into a message that inspires and empowers students to believe in themselves, showing them that they can make a difference in the world. CPJ supported various fundraisers and events throughout the period in line with its CSR mandate.

*The company appreciates the continued support from its shareholders, customers, business partners, vendors and employees as we strive*

## **Company delivers impressive performance YTD**

The net profit attributable to shareholders for six months ending December 31, 2013 was US\$1.62 million compared to US\$539 thousand, an impressive increase of 201.6% over December 2012 results. Accordingly, the earnings per stock increased to USD 0.148 cents from USD 0.049 cents. Gross revenues to date are US\$37.5 million versus US\$30.7 million over the corresponding six month period last year, an increase of US\$6.7 million or 22.1% due to increased revenue streams arising from the additional output from manufacturing operations and the introduction of CPJ retail outlets in Kingston. Gross Profit increased by US\$2.4 million or 27.8% compared to corresponding period last year (US\$11.2 million in 2013 versus US\$8.7 million in 2012).

Selling and Administrative expenses for the six month period increased by US\$1.2 million compared to the prior year as a result of the new business units which opened at the end of December 2012. Specifically CPJ Market, Deli and Cru Bar in Kingston which celebrated its 1 year anniversary on December 10th, 2013. The depreciation charge for six months (2013: US\$884 thousand; 2012: US\$698 thousand.) increased by US\$186 thousand or 26% compared to the corresponding period in 2012 representing the capital expenditure for the manufacturing and operational assets purchased this fiscal year.

Finance costs increased by 14.5%. as short term borrowings increased as a result of higher inventory and trade receivable balances compensated by increased sales for the Christmas period. The loss in the joint venture (Caribbean Egg Processors) of US\$32 thousand was the result of an impaired supply of shell eggs due to the local market shortfall.



### **APPOINTMENT**

Mr. Mark Hart is pleased to announce the appointment of Dr. David Lowe to the newly-created position of Chief Revenue Officer (CRO). He previously served as Vice President of Marketing and Retail Sales. In his new role, Dr. Lowe will spearhead CPJ's revenue strategy and will be instrumental in the company's continued expansion. This position became effective February 1, 2014.

**On October 9th, 2013 the Board of Directors declared an interim dividend of JAS.03c per share or J\$32,339,815 (US\$300,138) which was subsequently paid on January 31, 2014 to its shareholders on record at January 16, 2014. This represents an interim dividend for the financial year ending June 30, 2014.**

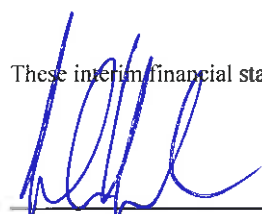
**Mark Hart, Executive Chairman**

**CARIBBEAN PRODUCERS (JAMAICA) LIMITED**  
**Six Months ended December 31, 2013**

**Interim Statement of Financial Position - Unaudited**

	Unaudited December 31, 2013	Unaudited December 31, 2012	Audited June 30, 2013
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	1,314,484	197,209	3,127,306
Accounts receivable	14,813,307	11,889,128	11,092,195
Inventories	19,889,940	16,603,469	17,956,774
	<u>36,017,731</u>	<u>28,689,806</u>	<u>32,176,275</u>
<b>CURRENT LIABILITIES</b>			
Short-term loans	6,875,000	4,100,000	5,100,000
Accounts payable	6,942,505	6,111,540	5,481,644
Short term promissory notes	3,895,182	3,746,668	3,746,667
Current portion long-term borrowings	358,894	258,407	451,268
Tax payable	177,497	218,279	177,560
	<u>18,249,078</u>	<u>14,434,894</u>	<u>14,957,139</u>
<b>NET CURRENT ASSETS</b>	<b>17,768,653</b>	<b>14,254,912</b>	<b>17,219,136</b>
<b>NON-CURRENT ASSETS</b>			
Interest in joint venture	224,723	280,587	221,931
Deferred tax asset	88,453	-	88,453
Property, plant and equipment	11,072,109	10,880,878	11,008,541
	<u>11,385,285</u>	<u>11,161,465</u>	<u>11,318,925</u>
<b>US\$</b>	<b><u>29,153,938</u></b>	<b><u>25,416,377</u></b>	<b><u>28,538,061</u></b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	4,898,430	4,898,430	4,898,430
Accumulated surplus	9,766,536	5,996,440	8,141,904
	<u>14,664,966</u>	<u>10,894,870</u>	<u>13,040,334</u>
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liability	-	17,599	-
Long-term promissory notes	9,513,266	11,886,832	10,213,266
Long-term borrowings	4,975,706	2,617,076	5,284,461
	<u>14,488,972</u>	<u>14,521,507</u>	<u>15,497,727</u>
<b>US\$</b>	<b><u>29,153,938</u></b>	<b><u>25,416,377</u></b>	<b><u>28,538,061</u></b>

These interim financial statements were approved by the Board of Directors on February 10, 2014 and signed on its behalf by:

  
 Mark Hart

Director

  
 Jan Polack

Director

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

**CARIBBEAN PRODUCERS (JAMAICA) LIMITED****Six Months ended December 31, 2013****Interim Statement of Comprehensive Income - Unaudited**

	<b>Three months ended <u>December 31,</u> <u>2013</u></b>	<b>Three months ended <u>December 31,</u> <u>2012</u></b>	<b>Six months ended <u>December 31,</u> <u>2013</u></b>	<b>Six months ended <u>December 31,</u> <u>2012</u></b>
Gross operating revenue	20,463,599	16,473,308	37,503,392	30,727,437
Cost of operating revenue	<u>(14,506,703)</u>	<u>(11,597,293)</u>	<u>(26,331,514)</u>	<u>(21,983,364)</u>
Gross profit	5,956,896	4,876,015	11,171,878	8,744,073
Selling and administration expenses	(3,959,701)	(3,400,363)	(7,805,799)	(6,604,706)
Depreciation	(448,838)	(355,895)	(884,330)	(698,115)
Other operating income/(expenses), net	<u>149,422</u>	<u>8,407</u>	<u>156,463</u>	<u>(39,681)</u>
Operating profit	1,697,779	1,128,164	2,638,212	1,401,571
Finance income	102	134	464	624
Finance costs	(504,783)	(421,628)	(981,447)	(857,384)
Share of (loss)/profit in joint venture	<u>(15,887)</u>	<u>5,042</u>	<u>(32,597)</u>	<u>(6,080)</u>
Profit for the period, being total comprehensive income	US\$ <u>1,177,211</u>	<u>711,712</u>	<u>1,624,632</u>	<u>538,731</u>
Earnings per stock unit	<u>0.107¢</u>	<u>0.065¢</u>	<u>0.148¢</u>	<u>0.049¢</u>

**CARIBBEAN PRODUCERS (JAMAICA) LIMITED**  
**Six Months ended December 31, 2013**

**Interim Statement of Changes in Equity - Unaudited**

	<b><u>Share capital</u></b>	<b><u>Accumulated surplus</u></b>	<b><u>Total</u></b>
<b>Six months ended December 31, 2012</b>			
Balances at June 30, 2012	4,898,430	5,457,709	10,356,139
Profit for the period, being total comprehensive income	<u>-</u>	<u>538,731</u>	<u>538,731</u>
Unaudited balances at December 31, 2012	US\$ <u>4,898,430</u>	<u>5,996,440</u>	<u>10,894,870</u>
<b>Six months ended December 31, 2013</b>			
Balances at June 30, 2013	4,898,430	8,141,904	13,040,334
Profit for the period, being total comprehensive income	<u>-</u>	<u>1,624,632</u>	<u>1,624,632</u>
Unaudited balances at December 31, 2013	US\$ <u>4,898,430</u>	<u>9,766,536</u>	<u>14,664,966</u>

**CARIBBEAN PRODUCERS (JAMAICA) LIMITED**  
**Six Months ended December 31, 2013**

**Interim Statement of Cash Flows - Unaudited**

	<b>Six months ended December 31, 2013</b>	<b>Six months ended December 31, 2012</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit for the period	1,624,632	538,731
Adjustments for:		
Depreciation	884,330	698,115
Share of Loss in Joint Venture	32,597	-
Gain on disposal of property, plant and equipment	(3,979)	(12,694)
Interest income	(464)	(624)
Interest expense	981,447	857,384
	<u>3,518,563</u>	<u>2,080,912</u>
Increase in current assets:		
Accounts receivable	(3,721,112)	(389,211)
Inventories	(1,933,166)	(881,057)
Increase in current liability:		
Accounts payable	<u>1,456,193</u>	<u>1,404,126</u>
Cash (used)/ generated by operations	(679,522)	2,214,770
Interest paid	(976,779)	(721,899)
Tax paid	<u>(63)</u>	<u>(102)</u>
Net cash (used)/ provided by operating activities	<u>(1,656,364)</u>	<u>1,492,769</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	464	624
Interest in joint venture	(35,389)	(11,944)
Additions to property, plant and equipment	(954,468)	(3,008,767)
Proceeds from disposal of property, plant and equipment	<u>10,549</u>	<u>18,544</u>
Net cash used by investing activities	<u>(978,844)</u>	<u>(3,001,543)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Promissory notes received	148,515	3,252,340
Promissory notes repaid	(700,000)	(150,000)
Long-term/short-term borrowings repaid	(401,129)	(5,169,830)
Long-term/short-term borrowings received	<u>1,775,000</u>	<u>3,100,000</u>
Net cash provided by financing activities	<u>822,386</u>	<u>1,032,510</u>
Net decrease in cash and cash equivalents for the period	(1,812,822)	(476,264)
Cash and cash equivalents at beginning of the period	<u>3,127,306</u>	<u>673,473</u>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<u><u>1,314,484</u></u>	<u><u>197,209</u></u>

US\$

**CARIBBEAN PRODUCERS (JAMAICA) LIMITED**  
**Six months ended December 31, 2013**

**Selected explanatory notes**

**1 Basis of preparation**

These interim financial statements for the period ended December 31, 2013, have been prepared in accordance with accounting policies set out in note 2 to the audited financial statements for the year ended June 30, 2013, which have been consistently applied from period to period and are in accordance with IAS 34, Interim Financial Reporting.

**2 Issue of shares**

In July 2011, the company issued 220,000,000 new shares to the public. The company's shares were listed on the Junior Market of the Jamaica Stock Exchange on July 20, 2011.

**3 Operating segments**

An operating segment is a component of the company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the company's other components and for which discrete financial information is available. An operating segment's operating results are reviewed regularly by the Board of Directors to make decisions about resources to be allocated to the segment and assess its performance.

Based on the nature of the company's products, processes, customers and distribution systems, management has determined that disclosure of segment information is not applicable to the company.

**4 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%

**5 Earnings per stock unit**

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

	<u>Three months</u> <u>ended December</u> <u>31, 2013</u>	<u>Three months</u> <u>ended December</u> <u>31, 2012</u>	<u>Six months ended</u> <u>December 31, 2013</u>	<u>Six months ended</u> <u>December 31, 2012</u>
Issued ordinary shares at beginning of period	1,100,000,000	1,100,000,000	1,100,000,000	1,100,000,000
Effect of shares issued during the period	-	-	-	-
Weighted average number of ordinary shares held during the period	<u>1,100,000,000</u>	<u>1,100,000,000</u>	<u>1,100,000,000</u>	<u>1,100,000,000</u>

- 6** During the period, the company acquired 100% interest in a subsidiary called CPJ Investments Limited, which owns 51% interest in CPJ St. Lucia Limited. Both companies are incorporated in St. Lucia. The Board of Directors have determined that the transactions for the period ended December 31, 2013 are not material to the results of the company, hence consolidated financial statements have not been prepared.



## TOP TEN (10) SHAREHOLDERS

As at 31 December 2013

<u>NAME</u>	<u>SHARES</u>
Wave Trading Limited	440,000,000
Sportswear Producers Limited	440,000,000
Mayberry West Indies Limited	20,469,185
JCSD Trustee Services Ltd. A/C#76579-02	13,679,900
ATL Group Pension Fund Trustees Nom. Ltd.	12,982,044
SJIML A/C 3119	11,906,171
Huixiong, Liao	9,971,710
JCSD Trustee Services Ltd. - Sigma Venture	6,270,084
Mayberry Managed Clients Account	6,139,466
SJIML A/C 831	6,070,917

## DIRECTORS' AND SENIOR OFFICERS' INTERESTS

The interests of the Directors and Senior Officers, holding office at the end of the quarter, along with their connected persons\*, in the ordinary stock units of the Company were as follows:

### Directors

Mark Hart <sup>1, 2</sup>	
Antony Hart <sup>1</sup>	
Ronald Schrager <sup>3</sup>	
Jan Polack	2,790,185
Theresa Chin	760,900
Richard Mark Hall	318,769
Sandra Glasgow (Mentor)	100,000

### Senior Officers

Radcliffe Murray	567,098
Hugh Logan	545,743
Petra-Ann Williamson	285,467
Sandrene Weichenberger	148,763

<sup>1</sup> Interests in Sportswear Producers Limited	440,000,000
<sup>2</sup> Interests in Wave Trading Limited	440,000,000
<sup>3</sup> Interests in Alpine Endeavors Limited	2,636,324

\*Persons deemed to be connected with a director/senior manager are:


- The director's/senior manager's husband or wife.
- The director's/senior manager's minor children (these include step-children) and dependants and their spouses.
- The director's/senior manager's partners.
- Bodies corporate of which the director/senior manager and or persons connected with him together




## Compliance Statement for Statutory Obligations

**Reporting Period:** 2nd Quarter Ending December 31, 2013

Statutory Liability	Oct-13	Date of Pmt	Nov-13	Date of Pmt	Dec-13	Date of Pmt
P.A.Y.E.	73,371.90	14-Nov-13	72,647.01	13-Dec-13	71,102.27	14-Jan-14
N.H.T.	21,692.87	14-Nov-13	21,500.46	13-Dec-13	21,234.72	14-Jan-14
Education Tax	24,512.91	14-Nov-13	24,297.72	13-Dec-13	23,966.73	14-Jan-14
HEART	13,044.84	14-Nov-13	12,928.70	13-Dec-13	12,768.99	14-Jan-14
NIS	13,422.20	14-Nov-13	13,250.50	13-Dec-13	13,281.24	14-Jan-14
GCT	(107,408.44)	27-Nov-13	(245,973.43)	30-Dec-13	169,272.32	27-Jan-14

  
**Sandrene Weichenberger**  
 Financial Controller

31.1.2014  
 Date

  
**Jan Polack**  
 Chief Operating Officer

31.1.2014  
 Date