



Caribbean Producers (Jamaica) Limited
Report to Shareholders
Nine Months Ended March 31, 2017



Report to the Shareholders

Consolidated Unaudited Financial Results for the nine month period ended 31 March 2017

YTD March 2017

Financial Highlights in JM\$

Weighted average BOJ rate /US\$1.00

March 2017 —J\$128.40

March 2016 —J\$121.96

Subsidiary is represented in these figures.

	March 2017 YTD	March 2016 YTD	Change	% Change
	J\$'000	J\$'000	J\$'000	
Gross Revenue	9,287,513	8,511,118	776,395	9%
Gross Profit	2,589,019	2,475,766	113,253	5%
Gross Profit %	28%	29%		-1%
Operating Expenses	1,860,328	1,789,993	70,335	4%
EBIDTA	728,691	685,773	42,918	6%
Finance Cost, Net, Depreciation & Taxation	480,158	394,736	85,422	22%
(Gain on Sale of interest in joint venture)/	-	(1,404)	1,404	-100%
Non-controlling interest	4,351	9,658	(5,307)	-55%
Net Profit - Equity Holders	244,182	282,784	(38,602)	-14%

Third Quarter

Strong Performance delivered with a 57% increase in Net Profit for Quarter 3

The company recorded growth of 7.9% from US\$24.38 million to US\$26.30 million in gross operating revenues based on onshore and offshore operations. Growth in gross profit of US\$0.28 million or 3.9% was achieved over the corresponding period last year (US\$7.40 million versus US\$7.12 million for the 3rd quarter of 2016.) This was attributable to organic increases generated from increased market share in key categories and innovative product development. The company recorded gains in operational efficiency and cost reduction through its restructuring exercise that began in Q1. Selling and administrative expenses showed an improvement in cost savings through a decrease of US\$0.37 million or 6.7% (US\$5.10 million from US\$5.47 million) quarter on quarter. The reduction in salary related expenses and improvements in supply chain practices were primarily responsible for the cost containment.

Consequently, operating profit increased by 48.2% from US\$1.12 million to US\$1.66 million. Finance costs increased by US\$.07 million (13.4%) compared to the corresponding period last year due to the offshore operation. The net profit attributable to the shareholders of the company increased by US\$.34 million or 57% compared with the corresponding period of 2016, moving from a profit of US\$0.59 million to US\$0.93 million.

Year To Date

During the nine month period, gross operating revenue of US\$72.33 million increased by US\$2.55 million or 3.6% over the corresponding period last year. Gross profit remained flat when compared to the same period in 2016. The sales for all major food and beverage categories along with our beverage systems business units increased over the corresponding period last year.

EBIDTA increased by 1.1% over the nine month period increasing from US\$5.62 million to US\$5.68 million. However the net profit attributable to the shareholders of US\$1.90 million for the nine month period reflected a marginal decline when compared to the prior period due to the recording for the first year of a tax charge, as the company has entered its 6th year on the Junior Stock exchange. Accordingly, the earnings per stock decreased to USD 0.17 cents.

As a result of increased activities offshore which were offset by a reduction of onshore expenses of 2.7% the Selling and Administrative expenses slightly decreased by US\$0.13 million (0.9%) from US\$14.68 million to US\$14.55 million. Finance costs continued to decline by 3.2% from the prior period last year due to improved treasury management. However, Depreciation and amortisation increased by US\$0.26 million (15%) relating to the capital and operating assets of the company.

Balance Sheet

Current assets decreased by US\$3.04 million or 6.8% from US\$44.90 million to US\$41.86 million due to a greater rotation of slow moving inventory and improved credit management. Accordingly total assets decreased by 6.6% to US\$55.33 million for the period compared to the corresponding period in 2016. Current liabilities decreased by US\$3.84 million or 18.7% and long term borrowings and promissory notes decreased by 4.6% due to improved cash management practices.

Outlook for Q4 and end of FY 2017

The company remains confident about its restructuring programme which will continue beyond this fiscal year. It intends to generate recurring benefits from operational efficiency, cost management, fiscal discipline and innovative growth.

Community Service


The company continues to sponsor and support environmental, health and educational initiatives island wide in line with its CSR mandate. In the fourth quarter CPJ will be the co-sponsor for the fifth year at the Jamaica Independent School Association - Caribbean Producers Jamaica Limited (JISA-CPJ) Friendship meet to be held at the Montego Bay Sports Complex on Wednesday, April 12th, 2017. The event is an annual event which promotes youth empowerment in Western Jamaica.


CARIBBEAN PRODUCERS (JAMAICA) LIMITED
Period ended March 31, 2017

Interim Statement of Financial Position - Unaudited

	Unaudited March 31, 2017	Unaudited March 31, 2016	Audited June 30, 2016
CURRENT ASSETS			
Cash and cash equivalents	3,820,140	4,028,264	4,004,917
Accounts receivable	14,806,911	15,453,126	13,159,888
Inventories	23,232,709	25,414,126	24,266,446
	<u>41,859,760</u>	<u>44,895,516</u>	<u>41,431,251</u>
CURRENT LIABILITIES			
Bank overdraft	462,773	-	-
Short-term loans	3,500,000	2,150,000	5,100,000
Accounts payable	7,465,233	8,891,462	7,984,932
Short term promissory notes	4,317,794	8,861,437	4,968,885
Current portion long-term loans	466,150	464,577	464,469
Tax payable	427,750	110,284	175,376
	<u>16,639,700</u>	<u>20,477,760</u>	<u>18,693,662</u>
NET CURRENT ASSETS	25,220,060	24,417,756	22,737,589
NON-CURRENT ASSETS			
Investment	71,581	71,584	71,581
Deferred tax asset	590,307	258,650	588,155
Intangible asset	125,133	12,551	91,494
Property, plant and equipment	12,679,492	14,003,419	13,665,547
	<u>13,466,513</u>	<u>14,346,204</u>	<u>14,416,777</u>
US\$	<u>38,686,573</u>	<u>38,763,960</u>	<u>37,154,366</u>
SHAREHOLDERS' EQUITY			
Share capital	4,898,430	4,898,430	4,898,430
Accumulated surplus	16,376,835	15,745,172	14,475,108
	<u>21,275,265</u>	<u>20,643,602</u>	<u>19,373,538</u>
Non- controlling interest	(72,689)	(30,028)	(106,579)
	<u>21,202,576</u>	<u>20,613,574</u>	<u>19,266,959</u>
NON-CURRENT LIABILITIES			
Due to related party	2,767,504	2,726,835	2,740,764
Long term borrowings	5,448,825	6,093,499	5,832,056
Long term promissory notes	9,267,668	9,330,052	9,314,587
	<u>17,483,997</u>	<u>18,150,386</u>	<u>17,887,407</u>
US\$	<u>38,686,573</u>	<u>38,763,960</u>	<u>37,154,366</u>

These interim financial statements were approved by the Board of Directors on May 8, 2017 and signed on its behalf by:


 _____ Director
 Mark Hart


 _____ Director
 David Lowe

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

CARIBBEAN PRODUCERS (JAMAICA) LIMITED
Period ended March 31, 2017

Interim Statement of Profit or Loss and Other Comprehensive Income - Unaudited

	Unaudited Three months ended	Unaudited Three months ended	Unaudited Nine months ended	Unaudited Nine months ended	Audited Year ended
	<u>31-Mar-17</u>	<u>31-Mar-16</u>	<u>31-Mar-17</u>	<u>31-Mar-16</u>	<u>30-Jun-16</u>
Gross operating revenue	26,296,846	24,376,149	72,332,654	69,786,140	94,104,389
Cost of operating revenue	<u>(18,895,170)</u>	<u>(17,255,394)</u>	<u>(52,168,953)</u>	<u>(49,486,318)</u>	<u>(68,998,334)</u>
Gross profit	7,401,676	7,120,755	20,163,701	20,299,822	25,106,055
Selling and administration expenses	(5,096,818)	(5,465,354)	(14,550,503)	(14,684,742)	(20,236,962)
Depreciation and amortisation	(684,665)	(611,306)	(2,012,630)	(1,749,964)	(2,448,629)
Other operating income/(expenses), net	<u>43,117</u>	<u>78,585</u>	<u>61,969</u>	<u>7,855</u>	<u>132,691</u>
Operating profit	1,663,310	1,122,680	3,662,537	3,872,971	2,553,155
Finance income	142	10,288	909	11,887	12,557
Finance costs	(556,067)	(490,474)	(1,451,312)	(1,498,524)	(1,855,747)
Gain on sale of interest in joint venture	<u>-</u>	<u>(568)</u>	<u>-</u>	<u>11,515</u>	<u>11,515</u>
Profit before taxation	1,107,385	641,926	2,212,134	2,397,849	721,480
Taxation	<u>(139,674)</u>	<u>-</u>	<u>(276,517)</u>	<u>-</u>	<u>329,505</u>
Profit for the period, being total comprehensive income	US\$ <u>967,711</u>	<u>641,926</u>	<u>1,935,617</u>	<u>2,397,849</u>	<u>1,050,985</u>
Attributable to:					
Equity holders of the Parent	929,172	591,818	1,901,727	2,318,662	1,048,349
Non-controlling interest	<u>38,539</u>	<u>50,108</u>	<u>33,890</u>	<u>79,187</u>	<u>2,636</u>
	US\$ <u>967,711</u>	<u>641,926</u>	<u>1,935,617</u>	<u>2,397,849</u>	<u>1,050,985</u>
Earnings per stock unit (cents)	<u>0.08</u>	<u>0.05</u>	<u>0.17</u>	<u>0.21</u>	<u>0.10</u>

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

CARIBBEAN PRODUCERS (JAMAICA) LIMITED
Period ended March 31, 2017

Interim Statement of Changes in Equity - Unaudited

	<u>Share capital</u>	<u>Accumulated surplus</u>	<u>Non -controlling Interest</u>	<u>Total</u>
Nine months ended March 31, 2016				
Balances at June 30, 2015	4,898,430	13,969,969	(109,215)	18,759,184
Profit for the period, being total comprehensive income		2,318,662	79,187	2,397,849
Dividends	<u>-</u>	<u>(543,459)</u>	<u>-</u>	<u>(543,459)</u>
Unaudited balances at March 31, 2016	US\$ <u>4,898,430</u>	<u>15,745,172</u>	<u>(30,028)</u>	<u>20,613,574</u>
Nine months ended March 31, 2017				
Balances at June 30, 2016	4,898,430	14,475,108	(106,579)	19,266,959
Profit for the period, being total comprehensive income	<u>-</u>	<u>1,901,727</u>	<u>33,890</u>	<u>1,935,617</u>
Unaudited balances at March 31, 2017	US\$ <u>4,898,430</u>	<u>16,376,835</u>	<u>(72,689)</u>	<u>21,202,576</u>

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

CARIBBEAN PRODUCERS (JAMAICA) LIMITED
Period ended March 31, 2017

Consolidated Interim Statement of Cash Flows - Unaudited

	Unaudited Nine months ended March 31 2017	Unaudited Nine months ended March 31 2016	Audited Year-ended June 30, 2016
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period	1,901,727	2,318,662	1,048,349
Adjustments for:			
Depreciation and amortisation	2,012,630	1,749,964	2,448,629
Gain on sale of interest in joint venture	-	-	(11,515)
Loss/(gain) on disposal of property, plant and equipment	2,478	(1,130)	(8,110)
Interest income	(909)	(11,887)	(12,557)
Interest expense	1,385,086	1,491,524	1,855,747
Non- controlling interest	33,890	79,187	2,636
Taxation	276,517	-	(329,505)
	<u>5,611,419</u>	<u>5,626,320</u>	<u>4,993,674</u>
(Increase)/decrease in current assets:			
Accounts receivable	(1,647,023)	(3,331,931)	(1,038,693)
Inventories	1,033,737	(1,515,042)	(367,362)
(Decrease)/increase in current liability:			
Accounts payable	<u>(494,356)</u>	<u>2,300,164</u>	<u>1,458,878</u>
Cash generated from operations	4,503,777	3,079,511	5,046,497
Interest paid	(1,410,429)	(1,458,545)	(1,888,012)
Tax paid	<u>(26,295)</u>	<u>(65,469)</u>	<u>(377)</u>
Net cash provided by operating activities	<u>3,067,053</u>	<u>1,555,497</u>	<u>3,158,108</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment	-	-	3
Interest in joint venture	-	159,186	170,701
Additions to property, plant and equipment	(1,096,371)	(2,493,306)	(2,935,302)
Proceeds from disposal of property, plant and equipment	33,679	-	9,240
Interest received	909	11,887	12,557
Net cash used by investing activities	<u>(1,061,783)</u>	<u>(2,322,233)</u>	<u>(2,742,801)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid	-	(543,459)	(543,210)
Promissory notes received	104,973	9,297,742	657,131
Promissory notes repaid	(802,982)	(4,740,613)	(15,465)
Long-term/short-term borrowings repaid	(8,207,744)	(13,907,552)	(15,745,568)
Due to related company	26,740	339,453	353,382
Long-term/short-term borrowings received	<u>6,226,193</u>	<u>11,487,997</u>	<u>16,021,908</u>
Net cash (used)/ provided by financing activities	<u>(2,652,820)</u>	<u>1,933,568</u>	<u>728,178</u>
Net (decrease)/increase in cash and cash equivalents for the period	(647,550)	1,166,832	1,143,485
Cash and cash equivalents at beginning of the period	<u>4,004,917</u>	<u>2,861,432</u>	<u>2,861,432</u>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	US\$ <u>3,357,367</u>	<u>4,028,264</u>	<u>4,004,917</u>
Comprised of			
Cash and cash equivalents	3,820,140	4,028,264	4,004,917
Bank overdraft	<u>(462,773)</u>	<u>-</u>	<u>-</u>
US\$	<u>3,357,367</u>	<u>4,028,264</u>	<u>4,004,917</u>

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

CARIBBEAN PRODUCERS (JAMAICA) LIMITED
Period ended March 31, 2017

Selected explanatory notes

1 The company

Caribbean Producers (Jamaica) Limited ("company or "parent company") is incorporated under laws of and domiciled in Jamaica. Its registered office is situated at Shop No. 14, Montego Freeport Shopping Centre, Montego Bay, St. James and its principal place of business is at 1 Guinep Way, Montego Freeport, Montego Bay, St. James.

The company's principal activities during the year were the wholesaling and distribution of food and beverages, the distribution of non-food supplies and the manufacture and distribution of fresh juices and meats.

As at March 31, 2017, 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, 2016, which have been consistently applied from period to period.

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.

CARIBBEAN PRODUCERS (JAMAICA) LIMITED

Period ended March 31, 2017

Selected explanatory notes**4 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.

5 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%

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 average number of shares for the period was calculated as follows:

	<u>Three months ended</u> <u>March 31, 2017</u>	<u>Three months</u> <u>ended March 31,</u> <u>2016</u>	<u>Nine months ended</u> <u>March 31, 2017</u>	<u>Nine months ended</u> <u>March 31, 2016</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>

7 Contingent liability

Tax Administration Jamaica (TAJ) conducted a GCT audit for the period January 2012 to December 2015 and proposed an adjustment to the returns for the period. No assessment has been raised in this regard. At the date of authorisation of these interim financial statements, the management and directors were still in discussion with TAJ to review the proposed adjustments.



**TOP TEN (10) STOCKHOLDERS
AS AT 31ST MARCH 2017**

NAME	UNITS	%
Wave Trading Limited	440,000,000	40.0000
Sportswear Producers Limited	248,000,000	22.5455
Mayberry West Indies Limited	225,649,359	20.5136
JCSD Trustee Services Ltd. A/C#76579-02	13,191,970	1.1993
ATL Group Pension Fund Trustees Nom. Ltd	12,982,044	1.1802
SJIML A/C 3119	11,906,171	1.0824
Yuan, Liao	9,971,710	0.9065
JCSD Trustee Services Ltd. - Sigma Venture	7,165,032	0.6514
SJLIC for Scotia bridge Retirement Scheme	6,070,917	0.5519
SJIML A/C 831	5,994,132	0.5449

DIRECTORS AND CONNECTED PARTIES REPORT

NAME	POSITION	RELATIONSHIP	UNITS	%
<u>Wave Trading Limited</u>			440,000,000	40.0000
Mark Hart	Chairman	Connected party holding		
<u>Sportswear Producers Limited</u>				
Mark Hart	Chairman	Connected party holding	248,000,000	22.5455
<u>Mayberry West Indies Limited</u>			225,649,359	20.5135
Konrad Mark Berry	Director	Connected party holding		
Christopher Berry	Director	Connected party holding		
<u>Alpine Endeavors Limited</u>			1,881,100	0.1710
Ronald Schrager	Director	Connected party holding		
Jan Polack	Director	Self	2,790,185	0.2537
Konrad Mark Berry	Director	Self	500,000	0.0455
Robert J. Hooker	Director	Self	472,000	0.0429
Theresa Chin	Director	Self	288,900	0.0263
Richard Mark Hall	Director	Self	114,090	0.0104

SENIOR MANAGERS

NAME	UNITS	%
Radcliffe Murray	278,081	0.0252
Hugh Logan	144,343	0.0131



Compliance Statement for Statutory Obligations

Reporting Period: 3RD Quarter Ending March 31,2017

Statutory Liability	Jan-17	Date of Pmt	Feb-17	Date of Pmt	Mar-17	Date of Pmt
P.A.Y.E.	9,965,530.37	FEB.09,2017	9,430,651.73	Mar 09,2017	8,949,566.68	April 12,2017
N.H.T.	3,393,738.30	FEB.09,2017	3,247,312.88	Mar 09,2017	3,153,339.28	April 12,2017
Education Tax	3,839,460.97	FEB.09,2017	3,673,007.18	Mar 09,2017	3,562,674.84	April 12,2017
HEART	2,036,243.13	FEB.09,2017	1,948,387.86	Mar 09,2017	1,892,003.68	April 12,2017
NIS	1,819,015.24	FEB.09,2017	1,752,804.56	Mar 09,2017	1,754,431.90	April 12,2017
GCT	12,764,123.00	FEB.27,2017	35,998,299.00	Mar 27,2017	13,309,410.00	April 25,2017


Kesha Ann Harper
 Director of Finance

31.03.2017
 Date


Jan Polack
 Chief Financial Officer

31.03.2017
 Date