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INDEPENDENT AUDITORS' REPORT

To the Members of
CARIBBEAN PRODUCERS (JAMAICA) LIMITED

Report on the financial statements

We have audited the financial statements of Caribbean Producers (Jamaica) Limited, set out on pages 3 to 29, which comprise the statement of financial position as at June 30, 2013, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the Jamaican Companies Act, and for such internal controls as management determines is necessary to enable the preparation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether or not the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence relating to the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including our assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITORS' REPORT

To the Members of
CARIBBEAN PRODUCERS (JAMAICA) LIMITED

Report on the Financial Statements, continued

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Caribbean Producers (Jamaica) Limited as at June 30, 2013, and of its financial performance, changes in equity and cash flows for the year then ended, in accordance with International Financial Reporting Standards and the Jamaican Companies Act.

Report on additional matters as required by the Jamaican Companies Act.

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit. In our opinion, proper accounting records have been maintained, so far as appears from our examination of those records, and the financial statements, which are in agreement therewith, give the information required by the Jamaican Companies Act, in the manner required.

KPMG

Chartered Accountants
Montego Bay, Jamaica

August 28, 2013

CARIBBEAN PRODUCERS (JAMAICA) LIMITED

Statement of Financial Position
June 30, 2013
(*Presented in United States dollars)*

	Notes	2013	2012
CURRENT ASSETS			
Cash and cash equivalents	3	3,127,306	673,473
Accounts receivable	4	11,092,195	11,499,917
Inventories	5	17,956,774	15,722,412
		32,176,275	27,895,802
CURRENT LIABILITIES			
Short-term loans	6	5,100,000	6,000,000
Accounts payable	7	5,481,644	4,571,929
Short-term promissory notes	8	3,746,667	3,916,667
Current portion of long-term borrowings	14	451,268	516,813
Taxation payable		177,560	218,381
		14,957,139	15,223,790
NET CURRENT ASSETS		17,219,136	12,672,012
NON-CURRENT ASSETS			
Interest in joint venture	9	221,931	268,643
Deferred tax asset	10	88,453	-
Property, plant and equipment	11	11,008,541	8,576,076
		11,318,925	8,844,719
		$28,538,061	21,516,731
EQUITY			
Share capital	12	4,898,430	4,898,430
Accumulated surplus		8,141,904	5,457,709
		13,040,334	10,356,139
NON-CURRENT LIABILITIES			
Deferred tax liability	10	-	17,599
Long-term promissory notes	13	10,213,266	8,614,493
Long-term borrowings	14	5,284,461	2,528,500
		15,497,727	11,160,592
		$28,538,061	21,516,731

The financial statements on pages 3 to 29 were approved for issue by the Board of Directors on August 28, 2013 and signed on its behalf by:

Antony Hart Director

Thomas Tyler Director

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

CARIBBEAN PRODUCERS (JAMAICA) LIMITED

Statement of Profit or Loss and Other Comprehensive Income
Year ended June 30, 2013
(*Presented in United States dollars)*

	Notes	2013	2012
Gross operating revenue	15	69,368,052	67,490,871
Cost of operating revenue		(49,463,171)	(50,090,456)
Gross profit		19,904,881	17,400,415
Selling and administration expenses		(13,473,558)	(11,595,487)
Depreciation	11	(1,566,113)	(1,097,669)
Other operating income/(expenses), net	16(a)	82,884	(18,526)
Operating profit		4,948,094	4,688,733
Finance income	16(b)	1,134	1,761
Finance costs	16(c)	(1,810,144)	(1,550,669)
Share of loss in joint venture	9	(52,289)	(23,753)
Profit before taxation	16(d)	3,086,795	3,116,072
Taxation	17	106,052	(74,017)
Profit for the year, being total comprehensive income		$ 3,192,847	3,042,055
Earnings per stock unit	18	0.29¢	0.28¢

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

CARIBBEAN PRODUCERS (JAMAICA) LIMITED

Statement of Changes in Equity
Year ended June 30, 2013
(*Presented in United States dollars)*

	Share capital (note 12)	Accumulated surplus	Total
Balances at June 30, 2011	5,874	3,044,500	3,050,374
Profit for the year, being total comprehensive income	-	3,042,055	3,042,055
Transactions recorded directly in equity:			
Issue of shares (note 12)	4,892,556	-	4,892,556
Dividends (note 22)	-	(628,846)	(628,846)
Balances at June 30, 2012	4,898,430	5,457,709	10,356,139
Profit for the year, being total comprehensive income	-	3,192,847	3,192,847
Transaction recorded directly in equity:			
Dividends (note 22)	-	(508,652)	(508,652)
Balances at June 30, 2013	$4,898,430	8,141,904	13,040,334

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

CARIBBEAN PRODUCERS (JAMAICA) LIMITED

Statement of Cash Flows
Year ended June 30, 2013
(*Presented in United States dollars)*

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the year	3,192,847	3,042,055
Adjustments for:		
Depreciation	1,566,113	1,097,669
Share of loss in joint venture	52,289	23,753
Impairment of investment	-	49,452
Gain on disposal of property, plant and equipment	(16,420)	(12,447)
Interest income	(1,134)	(1,761)
Interest expense	1,810,144	1,550,669
Taxation	(106,052)	74,017
	6,497,787	5,823,407
Decrease/(increase) in current assets:		
Accounts receivable	407,722	(2,232,080)
Inventories	(2,234,362)	68,865
Increase in current liability:		
Accounts payable	854,586	29,660
Cash generated from operations	5,525,733	3,689,852
Interest paid	(1,755,015)	(1,563,494)
Tax paid	(40,821)	(653,168)
Net cash provided by operating activities	3,729,897	1,473,190
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest in joint venture	(5,577)	(8,773)
Additions to property, plant and equipment	(4,010,231)	(4,655,651)
Proceeds from disposal of property, plant and equipment	28,073	69,237
Interest received	1,134	1,761
Net cash used by investing activities	(3,986,601)	(4,593,426)
CASH FLOWS FROM FINANCING ACTIVITIES		
Shares issued, net of expenses	-	4,892,556
Dividends paid	(508,652)	(628,846)
Promissory notes received	4,048,773	921,555
Promissory notes repaid	(2,620,000)	(1,180,400)
Long-term/short-term borrowings received	11,407,229	12,135,000
Long-term/short-term borrowings repaid	(9,616,813)	(13,217,407)
Net cash provided by financing activities	2,710,537	2,922,458
Net increase/(decrease) in cash and cash equivalents	2,453,833	(197,778)
Cash and cash equivalents at beginning of the year	673,473	871,251
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	$ 3,127,306	673,473

CARIBBEAN PRODUCERS (JAMAICA) LIMITED

Notes to the Financial Statements
June 30, 2013
(*Presented in United States dollars)*

1. The company

The company is incorporated 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.

The company's shares were listed on the Junior Market of the Jamaica Stock Exchange on July 20, 2011.

2. Statement of compliance, basis of preparation and significant accounting policies

(a) Statement of compliance:

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

New, revised and amended standards and interpretations that became effective during the year:

During the year, the revision to IAS 1 *Presentation of Financial Statements: Presentation of Items of Other Comprehensive Income* became effective. Aside from the change on page 4 from statement of comprehensive income to Statement of Profit or Loss and Other Comprehensive Income, the standard did not have any significant impact on these financial statements.

New, revised and amended standards and interpretations issued but not yet effective:

At the date of authorisation of the financial statements, certain new, revised and amended standards and interpretations have been issued but were not yet effective and which the company has not early-adopted. Those which management considered relevant to the company and their effective dates are as follows:

- IFRS 10 *Consolidated Financial Statements* is effective for annual reporting periods beginning on or after January 1, 2013. IFRS 10 supersedes IAS 27 *Consolidated and Separate Financial Statements* and SIC-12 *Consolidation of Special Purpose Entities* and provides a single model to be applied in the control analysis for all investees. An investor controls an investee when (1) it is exposed or has rights to variable returns from its involvement with that investee; (2) has the ability to affect those returns through its power over that investee; and (3) there is a link between power and returns. The exposure to risks and rewards of an investee does not, on its own, determine that the investor has control over an investee. It is one of the factors of the control analysis. IFRS 10 clarifies that the investor always considers purpose and design of the investee when assessing control.

2. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

(a) Statement of compliance (cont'd):

New, revised and amended standards and interpretations issued but not yet effective (cont'd):

- IFRS 11 *Joint Arrangements and* IAS 28 *(20*11*) Investments in Associates and Joint Ventures* are effective for annual reporting periods beginning on or after January 1, 2013. The new IFRS carves out from IAS 31 *Jointly Controlled Entities*, those cases in which there is a separate vehicle but separation is ineffective in certain ways. These arrangements are treated similarly to jointly controlled assets and are now called "joint operations". IFRS 11 also removes the option of proportionate consolidation and mandates the use of equity accounting for jointly controlled entities where separation is considered effective, now called "joint ventures".

- IFRS 12 *Disclosure of Interests in Other Entities* is effective for annual reporting periods beginning on or after January 1, 2013. It contains the disclosure requirements for entities that have interests in subsidiaries, joint arrangements (i.e. joint operations or joint ventures), associates and/or unconsolidated structured entities. Interests are widely defined as contractual and non-contractual involvement that exposes an entity to variability of returns from the performance of the other entity. The required disclosures aim to provide information in order to enable users to evaluate:

  – the nature of, and risks associated with, an entity's interests in other entities; and

  – the effects of those interests on the entity's financial position, financial performance and cash flows.

  Entities are encouraged to provide information required by IFRS 12 before the effective date, but this early disclosure would not compel the entity to apply either IFRS 12 in its entirety or the other new consolidation standards.

- IFRS 13 *Fair Value Measurement* is effective for annual reporting periods beginning on or after January 1, 2013. It replaces the fair value measurement guidance contained in individual IFRSs with a single source of fair value measurement guidance. It defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. IFRS 13 explains 'how' to measure fair value when it is required or permitted by other IFRSs. IFRS 13 does not introduce new requirements to measure assets or liabilities at fair value, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards. It defines *fair value* as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, i.e. an exit price.

2. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

(a) Statement of compliance (cont'd):

New, revised and amended standards and interpretations not yet effective (cont'd):

- IAS 27 (2011) *Separate Financial Statements* is effective for annual reporting periods beginning on or after January 1, 2013. The amended standard carries forward the existing accounting and disclosure requirements of IAS 27 (2008) for separate financial statements, with some minor clarifications. The requirements of IAS 28 (2008) and IAS 31 for separate financial statements have been incorporated into IAS 27.

- Improvements to IFRS 2009-2011 cycle contains amendments to certain standards and interpretations and are effective for annual reporting periods beginning on or after January 1, 2013. The main amendments applicable to the company are as follows:

  - IAS 1 *Presentation of Financial Statements* is amended to clarify that only one comparative period, which is the preceding period, is required for a complete set of financial statements. IAS 1 requires the presentation of an opening statement of financial position when an entity applies an accounting policy retrospectively or makes a restatement or reclassification. IAS 1 has been amended to clarify that (a) the opening statement of financial position is required only if a change in accounting policy, a restatement or a reclassification has a material effect upon the information in that statement of financial position; (b) except for the disclosures required under IAS 8, notes related to the opening statement of financial position are no longer required; and (c) the appropriate date for the opening statement of financial position is the beginning of the preceding period, rather than the beginning of the earliest comparative period presented.

  - IAS 16 *Property, Plant and Equipment* is amended to clarify that the definition of 'property, plant and equipment' in IAS 16 is now considered in determining whether spare parts, standby-by equipment and servicing equipment should be accounted for under the standard. If these items do not meet the definition, then they are accounted for using IAS 2 *Inventories*.

  - IAS 32 *Financial Instruments: Presentation* is amended to clarify that IAS 12 *Income Taxes* applies to the accounting for income taxes relating to distributions to holders of an equity instrument and transaction costs of an equity transaction.

- Amendments to IAS 32 *Financial Instruments: Presentation* is effective for annual reporting periods beginning on or after January 1, 2014. The standard clarifies that an entity currently has a legally enforceable right to offset if that right is not contingent on a future event and enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all the counterparties. In addition, it clarifies that gross settlement is only equivalent to net settlement if the gross settlement mechanism has features that eliminate or result in insignificant credit and liquidity risk and process receivables and payables in a single settlement process or cycle.

2. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

(a) Statement of compliance (cont'd):

New, revised and amended standards and interpretations not yet effective (cont'd):

- IFRS 9 *Financial Instruments* is effective for annual reporting periods beginning on or after January 1, 2015. The standard retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortised cost and fair value. The revised standard includes guidance on classification and measurement of financial liabilities designated as "at fair value through profit or loss" and incorporates certain existing requirements of IAS 39 *Financial Instruments: Recognition and Measurement* on the recognition and de-recognition of financial assets and financial liabilities.

Management is evaluating the impact that the foregoing standards and amendments to standards will have on its financial statements when they are adopted.

(b) Basis of preparation:

These financial statements represent the individual financial statements of the company, with its joint venture invesment accounted for using the equity method.

The financial statements are prepared under the historical cost convention, modified for the inclusion of the company's interest in joint venture using the equity method, and are presented in United States dollars (US$), which is the company's functional currency.

(c) Use of estimates and judgements:

The preparation of the financial statements to conform with IFRS requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, contingent assets and contingent liabilities at the reporting date, and the income and expenses for the year then ended. Actual amounts could differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised, if the revision affects only that year, or in the year of the revision and future years, if the revision affects both current and future years.

Judgements made by management in the application of IFRS that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next financial year are discussed below:

2. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

(c) Use of estimates and judgements (cont'd):

(i) Allowance for impairment losses on receivables:

In determining amounts recorded for impairment losses on receivables in the financial statements, management makes judgements regarding indicators of impairment, that is, whether there are indicators that there may be a measurable decrease in the estimated future cash flows from receivables, caused for example, by default or adverse economic conditions. Management also makes estimates of the likely estimated future cash flows from impaired receivables as well as the timing of such cash flows. Historical loss experience is applied where indicators of impairment are observable on significant receivables with similar characteristics, such as credit risks.

(ii) Net realisable value of inventories:

Estimates of net realisable value are based on the most reliable evidence available, at the time the estimates are made, of the amount the inventories are expected to realise. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after the end of the year to the extent that such events confirm conditions existing at the end of the year.

Estimates of net realisable value also take into consideration the purpose for which the inventory is held.

(iii) Judgement in evaluation of contingencies:

For a contingent liability to qualify for recognition there must be a present obligation and the probability of an outflow of economic benefits to settle that obligation. In recognising contingent liabilities of the company, management determines the possibility of an outflow of resources and makes estimates of expenditure required to settle the present obligation at the reporting date.

No provision is made if management considers the possibility of any outflow in settlement to be remote.

(iv) Residual value and expected useful life of property plant and equipment:

The residual value and the expected useful life of an asset are reviewed at least at each reporting date, and, if expectations differ from previous estimates, the change is accounted for prospectively. The useful life of an asset is defined in terms of the asset's expected utility to the company.

(d) Cash and cash equivalents:

This comprises cash and bank balances, and short-term deposits maturing within three months or less from the date of deposit or acquisition that are readily convertible into known amounts of cash and which are not subject to significant risk of changes in value.

2. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

(e) Accounts receivable:

Trade and other receivables are stated at amortised cost, less impairment losses.

(f) Inventories:

Inventories are valued at the lower of cost, determined on the weighted average basis, and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less selling expenses.

The cost of raw materials, labour and appropriate allocations for overhead expenses are included in manufactured finished goods.

(g) Property, plant and equipment:

(i) Owned assets:

Items of property, plant and equipment are stated at cost, less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

(ii) Depreciation:

Depreciation is recognised in profit or loss on the straight-line basis at annual rates estimated to write down the assets to their residual values over their expected useful lives. No depreciation is charged on construction in progress. The depreciation rates are as follows:

Leasehold improvements	10% and 20%
Furniture, fixtures and equipment	10% and 20%
Computer equipment	33.33%
Motor vehicles	20%

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

(h) Accounts payable:

Trade and other payables are stated at amortised cost.

(i) Provisions:

A provision is recognised when the company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and where appropriate, the risk specific to the obligation.

2. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

(j) Related parties:

A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to in IAS 24 *Related Party Disclosures* as the "reporting entity").

(a) A person or a close member of that person's family is related to a reporting entity if that person:

(i) has control or joint control over the reporting entity;

(ii) has significant influence over the reporting entity; or

(iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(b) An entity is related to a reporting entity if any of the following conditions applies:

(i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.

(vi) The entity is controlled, or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

(k) Revenue recognition:

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or material associated costs on the possible return of goods.

2. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

(l) Expense/income:

(i) Finance income and costs:

Finance income comprises interest earned on funds invested and is recognised in profit or loss as it accrues, taking into account the effective yield on the asset.

Finance costs comprise interest payable on borrowings calculated using the effective interest method and material bank overdraft interest.

(ii) Operating lease payments:

Payments made under operating leases are recognised in profit or loss on the straight-line basis over the term of the lease.

(m) Taxation:

Income tax on the profit for the year comprises current and deferred tax. Taxation is recognised in profit or loss, except to the extent that it relates to items recognised in equity, in which case it is recognised in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the reporting date and any adjustment to tax payable in respect of previous years.

Deferred tax is provided for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted at the reporting date.

A deferred tax liability is recognised for taxable temporary differences, except to the extent that the company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary differences will not reverse in the foreseeable future.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(n) Impairment:

The carrying amounts of the company's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

2. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

(n) Impairment (cont'd):

(i) Calculation of recoverable amount:

The recoverable amount of the company's receivables is calculated as the present value of expected future cash flows, discounted at the original effective interest rate inherent in the asset. Receivables with a short duration are not discounted.

The recoverable amount of other assets is the greater of their net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

(ii) Reversals of impairment:

An impairment loss in respect of receivables is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

(o) Interest-bearing borrowings:

Interest-bearing borrowings are recognised initially at cost. Subsequent to initial recognition, interest bearing borrowings are stated at amortised cost, with any difference between cost and redemption value recognised in profit or loss over the period of the borrowing on an effective interest basis.

(p) Foreign currencies:

Transactions in foreign currencies are converted at the rates of exchange ruling on the dates of those transactions. Monetary assets and liabilities denominated in other currencies at the reporting date are translated to United States dollars at the rates of exchange ruling on that date. Gains and losses arising from fluctuations in exchange rates are included in profit or loss.

For the purpose of the statement of cash flows, all foreign currency gains and losses recognised in profit or loss are treated as cash items and included in cash flows from operating or financing activities along with movements in the principal balances.

(q) Financial instruments:

A financial instrument is any contract that gives rise to a financial asset of one enterprise and a financial liability or equity instrument of another enterprise. Financial assets have been determined to include cash and cash equivalents and accounts receivable. Financial liabilities include short-term loans, accounts payable, short-term and long-term promissory notes and long-term borrowings.

2. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

(r) Determination of fair value:

Fair value amounts represent estimates of the arm's length consideration that would be currently agreed between knowledgeable, willing parties who are under no compulsion to act and is best evidenced by a quoted market price, if one exists. Some financial instruments lack an available trading market. These instruments have been valued using present value or other valuation techniques and the fair value shown may not necessarily be indicative of the amounts realisable in an immediate settlement of the instruments.

(s) Interest in joint venture:

This represents entities or operations over which the company, by virtue of a joint venture agreement, exercises joint control with one or more entities. Interest in joint venture is accounted for using the equity method in accordance with IAS 31 *Interest in Joint Ventures*, whereby the investment is recognised initially at cost and thereafter the carrying amount is increased or reduced by the company's share of profits or losses after the acquisition date.

(t) 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.

(u) Transaction costs:

(i) Transaction costs of share issue:

Transaction costs on the issue of shares are deducted from the proceeds of the issue of share capital to the extent the costs are directly attributable to the issue of the shares.

(ii) Debt issuance costs:

Debt issuance costs represent financing and certain related fees associated with securing long-term borrowings. Amortisation is charged to profit or loss on the effective interest basis over the life of the related borrowings.

(v) Share-based payment transactions:

The grant-date fair value of share-based payment awards granted to employees or other parties is recognised as an expense, with a corresponding increase in share capital.

CARIBBEAN PRODUCERS (JAMAICA) LIMITED

Notes to the Financial Statements (Continued)
June 30, 2013
(*Presented in United States dollars)*

3. Cash and cash equivalents

	2013	2012
Cash	13,376	6,747
Bank balances	3,113,930	666,726
	$3,127,306	673,473

4. Accounts receivable

	2013	2012
Trade receivables	8,702,630	9,049,722
Other receivables	2,460,565	2,524,591
	11,163,195	11,574,313
Less: Allowance for doubtful debts	(71,000)	(74,396)
	$11,092,195	11,499,917

Trade receivables include $61,371 (2012: $42,223) due from directors and $17,710 (2012: $81,844) due from related companies.

Other receivables include $6,160 (2012: $5,073) due from directors and $740,441 (2012: $740,860) due from related companies.

The aging of trade receivables at the reporting date was:

	2013		2012	
	Gross	Impairment	Gross	Impairment
Not past due	6,194,565	-	6,088,537	-
Past due 31- 45 days	1,090,216	-	916,229	-
More than 45 days	1,417,849	71,000	2,044,956	74,396
Trade accounts receivable	$8,702,630	71,000	9,049,722	74,396

The movement in allowance for impairment in respect of trade receivables during the year was as follows:

	2013	2012
Balance at beginning of year	74,396	69,017
Amounts written off	(39,181)	(32,759)
Amount provided during the year	35,785	38,138
Balance at end of year	$71,000	74,396

During the year bad debt expenses aggregating $32,789 (2012: $36,965) were recognised.

CARIBBEAN PRODUCERS (JAMAICA) LIMITED

Notes to the Financial Statements (Continued)
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5. Inventories

	2013	2012
Goods held for resale – duty paid	14,078,353	12,202,081
Goods held in bonded warehouse	631,827	992,456
Goods in transit	2,331,715	2,151,175
Raw materials	737,224	272,914
Others	177,655	103,786
	$17,956,774	15,722,412

During the year, expenses relating to inventory write-offs amounted to $521,756 (2012: $461,800).

6. Short-term loans

These commercial bank loans bear interest at 6.50% (2012: 6.50%) per annum and are repayable on demand. These loans are secured as detailed in note 14.

7. Accounts payable

	2013	2012
Trade payables	4,529,969	3,391,973
Other payables	951,675	1,179,956
	$5,481,644	4,571,929

Trade payables include $2,076 (2012: $3,437) due to directors and $87,146 (2012: $49,646) due to related companies.

Other payables include $110,367 (2012: $105,665) due to related companies.

8. Short-term promissory notes

These promissory notes are repayable with three months notice to the company, are unsecured and bear interest at 7% to 8% per annum (2012: 6% to 8%). This includes $500,000 payable to a related company, which is controlled by key management.

9. Interest in joint venture

	2013	2012
Shares, at cost	77	77
Additional cost of acquisition	406,977	406,977
Advances	68,321	62,744
	475,375	469,798
Less: Share of accumulated losses	(253,444)	(201,155)
	$221,931	268,643

The company holds a 50% interest in Caribbean Egg Processors Limited (CEP), a company incorporated to purchase, process and sell eggs, related products and services.

The company has recognised its interest in joint venture using the equity method and based on information available from the unaudited financial statements of CEP whose reporting date is June 30.

CARIBBEAN PRODUCERS (JAMAICA) LIMITED

Notes to the Financial Statements (Continued)
June 30, 2013
(*Presented in United States dollars)*

9. Interest in joint venture (cont'd)

Summary of financial information for CEP is as follows:

	2013	2012
Current assets	131,977	165,194
Non-current assets	177,949	254,540
Current liabilities	149,003	122,356
Non-current liabilities	655,631	714,443
Income	523,101	514,189
Expenses	(627,679)	(561,695)
Loss for the year	(104,578)	(47,506)
Company's share of loss	$(52,289)	(23,753)

10. Deferred tax (liability)/asset

The deferred tax (liability)/asset is attributable to differences in tax and financial statement reporting in respect of the following:

	2011	Recognised in income [note 17(a)]	2012	Recognised in income [note 17(a)]	2013
Property, plant and equipment	$2,940	(20,539)	(17,599)	106,052	88,453

11. Property, plant and equipment

	Leasehold improvements	Furniture, fixtures and equipment	Computer equipment	Aircraft and motor vehicles	Construction in progress	Total
Cost:						
June 30, 2011	3,593,746	3,963,241	858,954	1,183,908	-	9,599,849
Additions	1,400,366	2,267,492	132,373	180,984	674,436	4,655,651
Disposals	-	(103,664)	-	(44,827)	-	(148,491)
June 30, 2012	4,994,112	6,127,069	991,327	1,320,065	674,436	14,107,009
Additions	1,591,575	1,949,266	348,947	120,443	-	4,010,231
Transfers	626,916	-	47,520	-	(674,436)	-
Disposals	(174,630)	(14,767)	(104,467)	(84,814)	-	(378,678)
June 30, 2013	7,037,973	8,061,568	1,283,327	1,355,694	-	17,738,562
Depreciation:						
June 30, 2011	1,346,093	1,660,454	692,036	826,382	-	4,524,965
Charge for the year	369,959	455,707	114,782	157,221	-	1,097,669
Disposals	-	(47,834)	-	(43,867)	-	(91,701)
June 30, 2012	1,716,052	2,068,327	806,818	939,736	-	5,530,933
Charge for the year	555,919	679,889	156,754	173,551	-	1,566,113
Disposals	(174,630)	(5,782)	(101,839)	(84,774)	-	(367,025)
June 30, 2013	2,097,341	2,742,434	861,733	1,028,513	-	6,730,021
Net book values:						
June 30, 2013	$4,940,632	5,319,134	421,594	327,181	-	11,008,541
June 30, 2012	$3,278,060	4,058,742	184,509	380,329	674,436	8,576,076

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Notes to the Financial Statements (Continued)
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12. Share capital

Authorised:
176,000,000,000
ordinary shares of no par value

	2013	2012
Stated capital, issued and fully paid:		
1,100,000,000 ordinary shares of no par value	5,117,611	5,117,611
Less: Transaction costs of share issue	(219,181)	(219,181)
	$4,898,430	4,898,430

On February 15, 2011, the company unanimously passed a resolution that the authorised share capital of the company be increased from 1,000 to 100,000,000 ordinary shares of no par value.

On June 1, 2011, the company unanimously passed the following resolutions:

- to capitalise the sum of $5,844 (J$499,000) standing to the credit of the company's revenue reserves and to apply such sum in paying up in full at par on behalf of the current shareholders 499,000 ordinary shares and that such shares be allotted, distributed and credited as fully paid, in accordance with their existing holdings in the company;

- That the authorised share capital of the company be increased from 100,000,000 to 176,000,000,000 shares;

- That each of the existing issued and unissued ordinary shares in the capital of the company be divided into 1,760 ordinary shares.

In July 2011, the company issued 220,000,000 new shares to the public and its shares were listed on the Junior Stock Market of the Jamaica Stock Exchange on July 20, 2011 (note 1).

The public issue included shares offered to employees and other parties at a price which was less than the offer price of J$2 per share at cost. The difference between the price offered to employees or other parties and the offer price of J$2 per share amounted to $139,395. This was recognised as an expense with a corresponding increase in share capital.

13. Long-term promissory notes

	2013	2012
Due to related companies (controlled by key management) [note (a)]	9,500,000	8,056,000
Due to related company (controlled by key management) [note (b)]	650,000	500,000
Due to other party [note (a)]	63,266	58,493
	$10,213,266	8,614,493

(a) These loans attract interest at 6% to 9% (2012: 8% to 9%) per annum, are unsecured and not repayable before June 30, 2014 (see note 14).

(b) These loans are unsecured, interest-free, and are not repayable before June 30, 2014.

CARIBBEAN PRODUCERS (JAMAICA) LIMITED

Notes to the Financial Statements (Continued)
June 30, 2013
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14. Long-term borrowings

		2013	2012
9% Bonds	(a)	3,304,556	-
7% RBC Royal Bank (Jamaica) Limited	(b)	109,808	287,956
7% RBC Royal Bank (Jamaica) Limited	(c)	105,376	144,041
7% RBC Royal Bank (Jamaica) Limited	(d)	800,000	900,000
7% RBC Royal Bank (Jamaica) Limited	(e)	1,600,000	1,800,000
		5,919,740	3,131,997
Less: Current portion		(451,268)	(516,813)
		5,468,472	2,615,184
Debt issuance costs :			
At beginning of the year	(f)	(86,684)	-
Costs incurred during the year		(107,238)	(95,432)
Debt costs amortised during the year		9,911	8,748
At the end of the year		(184,011)	(86,684)
		$5,284,461	2,528,500

(a) On April 29, 2013, the company authorised the private placement by way of an exempt distribution under the Guidelines for Exempt Distributions (Guidelines SR-GUID-08/05-0016) of a series of 5-year promissory Bonds ("the Bonds") denominated in Jamaican dollars ("J$") for an aggregate principal amount of up to J$500,000,000. At June 30, 2013, bonds totaling J$335,000,000 were subscribed.

The bonds are secured by 5 year demand debentures over fixed and floating assets of the company.

(b) This represents the balance due on an initial loan of $800,000. The loan is repayable in sixty equal monthly instalments of principal and interest of $16,055, the final instalment being due in January 2014.

(c) This represents the balance due on an initial loan of $200,000. The loan is repayable in sixty monthly instalments of principal and interest of $3,960, the final instalment being due on November 2015.

(d) This represents the balance due on an initial loan of $1,000,000. The loan is repayable in one hundred and twenty monthly instalments of principal of $8,333, the final instalment being due in June 2021.

(e) This represents the balance of an initial loan at $2,000,000. The loan is repayable in one hundred and twenty monthly instalments of principal of $16,667, the final instalment being due on June 2021.

(f) This represents costs incurred in obtaining certain long-term borrowings. The costs are being written off over the period of the borrowings on the effective interest basis.

CARIBBEAN PRODUCERS (JAMAICA) LIMITED

Notes to the Financial Statements (Continued)
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14. Long-term borrowings (cont'd)

The borrowings at (b) to (e) are secured by:

- Personal guarantee of a director limited to $10,000,000.
- Demand debentures over fixed and floating assets amounting to $11,112,000 and J$50,000,000.
- First demand mortgage over commercial property located at Montego Bay Freeport for $1,000,000.
- Subordination agreement in the amount of $6,000,000 in respect of an inter-company loan (see note 13).
- Corporate guarantee of Hull Investments Limited (related party) to cover $2,000,000.
- Acknowledged assignment of insurance polices in the amount of $20,368,802 over commercial properties and other assets.

15. Gross operating revenue

Gross operating revenue represents income from the sale of food, beverages and non-food items for the year.

16. Disclosure of income/(expenses)

	2013	2012
(a) Other operating income/(expenses), net:		
Foreign exchange gains	19,595	4,698
Gain on disposal of property, plant and equipment	16,420	12,447
Others	46,869	(35,671)
	$82,884	(18,526)
(b) Finance income:		
Interest income - third party	$ 1,134	1,761
(c) Finance costs:		
Interest on promissory notes	1,228,320	1,012,762
Interest on long-term and short term borrowings	531,290	535,691
Overdraft interest	50,534	2,216
	$1,810,144	1,550,669

CARIBBEAN PRODUCERS (JAMAICA) LIMITED

Notes to the Financial Statements (Continued)
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16. Disclosure of income/(expenses) (cont'd)

(d) Statutory disclosures:

Profit before taxation is stated after charging:

	2013	2012
	$	$
Staff costs	6,493,687	5,089,692
Impairment allowance on investment	-	49,452
Directors' emoluments	429,343	291,503
Auditors' remuneration	27,620	28,750

Staff costs include salaries, wages, other staff benefits and emoluments, and the company's payroll contributions.

17. Taxation

	2013	2012
(a) Income tax charge:		
Current year tax at 30% (2012: 33⅓%)	-	53,478
Deferred tax:		
Origination and reversal of temporary differences (note 10)	(106,052)	20,539
Tax (credit)/charge recognised in profit for the year	$(106,052)	74,017
(b) Reconciliation of actual taxation (credit)/charge:		
Profit before taxation	$3,086,795	3,116,072
Computed "expected" tax charge at 30% (2012: 33⅓%)	926,039	1,038,691
Tax effect of differences between treatment for financial statement and taxation purposes:		
Depreciation and capital allowances	(1,192)	11,666
Other items, net	55,879	329
Effect of change in tax rate	(9,828)	-
Tax remission [note (c)]	(1,076,950)	(976,669)
	$(106,052)	74,017

(c) 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 2012 to 2016 - 100%
- Years 2017 to 2021 - 50%

18. Earnings per stock unit

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

	2013	2012
Issued ordinary shares at beginning of year	1,100,000,000	880,000,000
Effect of shares issued during the year	-	208,579,235
Weighted average number of ordinary shares held during the year	1,100,000,000	1,088,579,235

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Notes to the Financial Statements (Continued)
June 30, 2013
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19. Related party transactions

The profit for the year includes the following (income)/expense and transactions with related parties in the ordinary course of business:

	2013 $	2012 $
Sales to related companies/directors	(189,437)	(146,191)
Interest expense paid to a related companies	971,822	772,604
Rent paid to a related company	50,900	50,400
Agency fee paid to a related company	780,000	930,000
Compensation for key management:		
Short-term benefits	420,876	357,812

Note - related companies represent companies controlled by key management.

20. Lease commitments

At June 30, 2013, there were unexpired operating lease commitments in relation to leasehold property, payable as follows:

	2013	2012
Within one year	439,985	473,685
Between one and five years	1,004,282	1,763,956
	$1,444,267	2,237,641

During the year, the total operating lease expenses recognised amounted to $571,508 (2012: $437,727).

21. Contingent liabilities

(a) In 2007, the Valuation Audit Unit of the Jamaica Customs Department conducted an audit relating to 2004 and submitted a claim for Special Consumption Tax (SCT) and General Consumption Tax (GCT) amounting to approximately $260,775 (J$26,436,145) to which the company has objected. The directors are of the opinion that it is unlikely that the Revenue Protection Division will prove any significant portion of this claim. Therefore, no provision has been made in the financial statements.

(b) The company has issued counter-indemnities in support of contingent liabilities held with RBC Royal Bank (Jamaica) Limited for amounts totaling $251,600 and $109,073 (J$11,057,345).

22. Dividends

On March 8, 2013, the directors declared a dividend of J$0.045 (2012: J$0.05) per share amounting to $508,652 (J$49,500,000) [2012: $628,846 (J$55,000,000)].

23. Financial instruments

(a) Financial risk management:

The company has exposure to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk; and
- market risk.

This note presents information about the company's exposure to each of the above risks, the company's objectives, policies and processes for measuring and managing risk, and the company's management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the company's risk management framework.

The risk management policies are established to identify and analyse the risks faced by the company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the company's activities. The Board of Directors has monitoring oversight of the risk management policies.

(i) Credit risk:

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The maximum exposure to credit risk at the reporting date was represented by the carrying value of financial assets in the statement of financial position.

Cash and cash equivalents

The company limits its exposure to credit risk by placing cash resources with substantial counterparties who are believed to have minimal risk of default.

Accounts receivable

The company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer base, including the default risk of the industry in which customers operate, has less of an influence on credit risk. The company does not require collateral in respect of trade and other receivables.

CARIBBEAN PRODUCERS (JAMAICA) LIMITED

Notes to the Financial Statements (Continued)
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23. Financial instruments (cont'd)

(a) Financial risk management (cont'd):

(i) Credit risk (cont'd):

Accounts receivable (cont'd)

Trade receivables mainly consist of balances due from retail and hospitality customers across Jamaica. Apart from the concentration of customers in Jamaica, the company does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

The company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The allowances for doubtful debts are based on the ageing of the receivables, with allowance made for balances outstanding for over 180 days that appear to be uncollectable. The company also provides for receivables that are overdue for less than this time period, based on information that the receivable balance is uncollectible.

There were no changes in the company's approach to managing credit risk during the year.

(ii) Liquidity risk:

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. Liquidity risk may result from an inability to sell a financial asset at, or close to, its fair value. Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities.

Management of the company manages liquidity risk by maintaining adequate liquid financial assets with appropriate terms and currencies, together with committed financing to meet all contractual obligations and operational cash flows, including the servicing of its long-term liabilities.

The following are the contractual maturities of financial liabilities measured at amortised cost, including interest payments. The tables show the undiscounted cash flows of non-derivative financial liabilities based on the earliest date on which the company can be required to pay.

	2013			
	Carrying amount	Contractual cash flows	1 year or less	2-9 years
Short-term loans	5,100,000	5,431,500	5,431,500	-
Accounts payable	5,481,644	5,481,644	5,481,644	-
Short-term promissory notes	3,746,667	4,030,766	4,030,766	-
Long-term promissory notes	10,213,266	11,863,389	-	11,863,389
Long-term borrowings	5,735,729	8,508,226	618,292	7,889,934
Total financial liabilities	$30,277,306	35,315,525	15,562,202	19,753,323

23. Financial instruments (cont'd)

(a) Financial risk management (cont'd):

(ii) Liquidity risk (cont'd):

	2012			
	Carrying amount	Contractual cash flows	1 year or less	2-9 years
Short-term loans	6,000,000	6,390,000	6,390,000	-
Accounts payable	4,571,729	4,571,729	4,571,729	-
Short-term promissory notes	3,916,667	4,227,166	4,227,166	-
Long-term promissory notes	8,614,493	10,073,932	-	10,073,932
Long-term borrowings	3,045,313	4,167,405	640,180	3,527,225
Total financial liabilities	$26,148,202	29,430,232	15,829,075	13,601,157

There were no changes to the company's approach to liquidity risk management during the year.

(iii) Market risk:

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate as a result of changes in market prices. These arise mainly from changes in interest rates and foreign exchange rates and will affect the company's income or the value of its holdings of financial instruments.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on assets. The nature of the company's exposures to market risk and its objectives, policies and processes for managing these risks have not changed significantly over the prior year. For each of the major components of market risk, the company has policies and procedures in place which detail how the risk is managed and monitored. The management of each of these major components of market risk and the exposure of the company at the reporting date to each major risk are addressed below.

Derivative financial instruments are not used to reduce exposure to fluctuations in interest and foreign exchange rates.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The company materially contracts financial liabilities at fixed interest rates. These primarily relate to bank overdrafts and loans which are subject to interest rates fixed in advance, but which may be varied with appropriate notice by the lenders. At the reporting date, financial liabilities subject to interest, aggregated $24,329,673 (2012: $21,163,157).

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Notes to the Financial Statements (Continued)
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23. Financial instruments (cont'd)

(a) Financial risk management (cont'd):

(iii) Market risk (cont'd):

Interest rate risk (cont'd)

Interest-bearing financial assets are primarily represented by cash and cash equivalents, which are contracted at various interest rates. At the reporting date, financial assets subject to third party interest is $54,890 (2012: $594,039).

Sensitivity analysis

At the reporting date, the company only has fixed-rate financial assets and liabilities carried at amortised cost. Therefore, changes in market interest rates will neither affect the cash flow nor the carrying amount of the instruments.

Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The company incurs foreign currency risk primarily on receivables, purchases and borrowings that are denominated in a currency other than the United States dollar. The principal foreign currency risks of the company are denominated in Jamaica dollar (JMD).

The company ensures that the risk is kept to an acceptable level by monitoring its risk exposure and by maintaining funds in JMD as a hedge against adverse fluctuations in exchange rates.

At the reporting date, net foreign currency (liabilities)/assets of the company are as follows:

	2013 JMD	2012 JMD
Cash and cash equivalents	47,732,509	6,283,743
Accounts receivable	53,993,308	169,257,119
Accounts payable	(153,106,247)	(153,597,551)
Long term borrowings	(335,000,000)	-
Net foreign currency (liabilities)/assets	(386,380,430)	21,943,311

Exchange rates for the JMD, in comparison to the United States dollar, were:

	JMD
June 30, 2013:	$101.38
June 30, 2012:	$ 88.20

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Notes to the Financial Statements (Continued)
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23. Financial instruments (cont'd)

(a) Financial risk management (cont'd):

(iii) Market risk (cont'd):

Foreign currency risk (cont'd)

Sensitivity analysis

Changes in exchanges rates would have the effect described below:

	Increase/(decrease) in profit for the year	
	2013	2012
	US$	US$
1% (2012: 1%) strengthening against the US$	$(38,112)	2,488
10% (2012: 1%) weakening against the US$	$ 381,121	(2,488)

The analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is done on the same basis as for 2012.

(b) Capital risk management:

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders. The directors of the company seek to maintain a strong capital base so as to maintain shareholder and creditor confidence. The company defines capital as total shareholders' equity.

Management of the company is responsible for monitoring the company's adherence to loan covenants on a timely basis and also to obtain relevant approvals from the bank before certain decisions are finalised.

There were no changes in the company's approach to capital management during the year.

(c) Fair value disclosures:

The fair values of cash and cash equivalents, accounts receivable and accounts payable are assumed to approximate their carrying values due to their relatively short-term nature. Long-term borrowings and promissory notes are carried at their contracted settlement value based on commercial terms. Amounts due to related companies are considered to approximate their carrying value due to their short-term nature, and/or an ability to effect future set-offs in the amounts disclosed.