



**Caribbean Producers (Jamaica) Limited
Report to Shareholders
Three Months ended 30 September 2014**



Report to the Shareholders

Consolidated Unaudited Financial Results for the 3 month period ending September 30, 2014

Community Development

The company held its 10th annual CPJ Scholarship ceremony in August, where it awarded approximately J\$1.8 million to children of employees who achieved academic excellence at their schools. This year the number of students who received tuition supplements increased by 30% from the previous year. The company sponsored and competed in the 6th annual CUMI Come Run 2014 that supports the rehabilitation of the mentally ill in St. James and its environs. CPJ had 46 participants participating in both run and walk events. The Company entered into a partnership with Digicel Foundation 5K for Special Needs which was represented by our Kingston team. In keeping with the theme, we also had two teachers from Glenhope Place of Safety participate on our team. The Company continues to respond positively to the many requests for support for small community events such as fundraisers or community feeding programs. So far this quarter we have assisted 10 schools, the Treasure Beach Women's Group and several churches.

Future Outlook

Expectations are high for the winter season to experience high occupancies due to increased airlift as well as additional hotel rooms being added to the sector.

CPJ St. Lucia began limited service at the end of the first quarter. The expenses were increased due to one off set up charges necessary to prepare the business for operations. With our core customer contracts in place, the company expects to roll out full distribution of food, beverage, non-food, wine & spirits during November, servicing the hospitality and local retail outlets in St. Lucia.

Company grew sales by 10.2% over previous year.

The Board of Directors is pleased to present the company's consolidated unaudited results for the 1st quarter ended September 30, 2014.

The company achieved gross revenues of US\$18.7 million in the first quarter which surpassed the US\$17.0 million noted for the same period prior year by US\$1.7 million or 10.2%. There was a US\$145 thousand or 2.79% reduction in gross profit over the corresponding period last year (US\$5.0 million versus US\$5.2 million for the 1st quarter of 2013). During the quarter our sales force remained committed to steadily meeting customers requirements which improved gross sales in the traditionally slow period in the hospitality sector. However due to sharp increases in our protein costs, margins were impacted as the company held its pricing to hotels. Retail sales in the frozen food category increased consistently month on month assisted by the launch of "Ready to Cook" CPJ branded products and Kerry Gold dairy brands into major supermarket chains.

Selling and Administrative expenses increased by US\$226 thousand or 5.8% from US\$3.8 million to US\$4.0 million, primarily due to trucking, insurance and utility expenses contributed by Jamaica Beverages Limited and Sealed Air Diversey Care additions to our product portfolio as well as one time set up charges for the St. Lucian subsidiary. Net profit attributable to shareholders of the Company decreased by US\$424.8 thousand compared with the corresponding period of 2013, moving from a profit of US\$447.4 thousand to a loss of US\$22.6 thousand resulting in earnings per share of US\$(0.0002) cents.

Balance Sheet


Current assets grew by US\$3.7 million or 11.5% from US\$31.6 million to US\$35.3 million and total assets grew by 12.4% to US\$48.2 million for the period compared to the corresponding period last year 2013. Financing these assets were liabilities of US\$32.4 million and equity of US\$15.7 million, both showing growth year on year of 10.2% and 17.0% respectively.

The company wishes to thank its shareholders, customers, business partners, vendors and employees for their continued support and commitment.

CARIBBEAN PRODUCERS (JAMAICA) LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
Three months ended 30 September 2014
(Unaudited)

	Three months Ended 9/30/2014	Three months Ended 9/30/2013	Year Ended 6/30/2014
CURRENT ASSETS			
Cash and cash equivalents	1,987,361	2,660,095	2,898,278
Accounts receivable	11,235,175	9,588,915	12,632,405
Investment	8,962	-	-
Inventories	22,076,550	19,407,518	18,538,109
	35,308,048	31,656,528	34,068,792
CURRENT LIABILITIES			
Short-term loans	4,575,000	5,100,000	6,325,000
Accounts payable	6,381,154	4,962,049	4,692,476
Short-term promissory notes	4,380,182	3,895,182	4,317,794
Current portion long-term borrowings	527,316	148,659	356,681
Tax payable	176,337	177,511	177,180
	16,039,989	14,283,401	15,869,131
NET CURRENT ASSETS	19,268,059	17,373,127	18,199,661
NON-CURRENT ASSETS			
Interest in subsidiary	-	-	756,176
Interest in joint venture	202,960	215,521	219,786
Deferred tax asset	95,508	88,453	95,508
Property, plant and equipment	12,646,131	10,972,489	11,125,953
	12,944,599	11,276,463	12,197,423
	US\$ 32,212,658	28,649,590	30,397,084
SHAREHOLDERS' EQUITY			
Share capital	4,898,430	4,898,430	4,898,430
Non-controlling interest	(25,203)	-	-
Accumulated surplus	10,911,416	8,589,325	11,298,901
	15,784,643	13,487,755	16,197,331
NON-CURRENT LIABILITIES			
Long-term promissory notes	10,225,478	9,613,266	9,439,537
Long-term borrowings	6,202,537	5,548,569	4,760,216
	16,428,015	15,161,835	14,199,753
	US\$ 32,212,658	28,649,590	30,397,084

Approved for issue by the Board of Directors on 7 November 2014 and signed on its behalf by:


Thomas Tyler

Director


Jan Polack

Director

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

CARIBBEAN PRODUCERS (JAMAICA) LIMITED
CONSOLIDATED INCOME STATEMENT
Three months ended 30 September 2014
(Unaudited)

	3 months ended 9/30/2014	3 months ended 9/30/2013	Year ended 6/30/2014
Gross operating revenue	18,785,453	17,039,793	78,640,379
Cost of operating revenue	(13,716,111)	(11,824,811)	(55,818,833)
Gross profit	5,069,342	5,214,982	22,821,546
Selling and administrative expenses	(4,072,625)	(3,846,098)	(15,854,853)
Depreciation	(513,564)	(435,492)	(1,737,153)
Other operating (expenses)/income, net	(1,049)	7,041	274,318
Operating profit	482,104	940,433	5,503,858
Finance income	2,307	362	679
Finance costs	(490,172)	(476,664)	(1,984,483)
Share of loss in joint venture	(16,858)	(16,710)	(58,797)
(Loss) /profit for the period, being total comprehensive (losses)/ income	US\$ (22,619)	447,421	3,461,257
Attributable to:			
Equity holders of the Parent	2,584		
Non-controlling interest	(25,203)		
	US\$ (22,619)		
Earnings per stock unit	US\$ (0.0002)	0.0041	0.0315

CARIBBEAN PRODUCERS (JAMAICA) LIMITED
CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
 Three months ended 30 September 2014
 (Unaudited)

Attributable to owners of the company					
		Share capital	Accumulated surplus	Non-controlling interest	Total
<u>Three months ended September 30, 2013</u>					
Balances at June 30, 2013		4,898,430	8,141,904	-	13,040,334
Profit for the period, being total comprehensive income		-	447,421	-	447,421
Unaudited balances at September 30, 2013	US\$	4,898,430	8,589,325	-	13,487,755
<u>Three months ended September 30, 2014</u>					
Balances at June 30, 2014		4,898,430	11,298,901	-	16,197,331
Loss for the period, being total comprehensive losses		-	2,584	(25,203)	2,584
Transaction recorded directly in equity:					
Dividends (note 8)		-	(390,069)	-	(390,069)
Unaudited balances at September 30, 2014	US\$	4,898,430	10,911,416	(25,203)	15,809,846

CARIBBEAN PRODUCERS (JAMAICA) LIMITED
CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
 Three months ended 30 September 2014
 (Unaudited)

	Three months ended 9/30/2014	Three months ended 9/30/2013	Year ended 6/30/2014
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss)/profit for the period	(22,619)	447,421	3,468,312
Adjustments for items not affecting cash, changes in non-cash working capital components and other, net	992,473	1,369,230	7,249,996
Decrease/(increase) in current assets:			
Accounts receivable	1,397,230	1,503,280	(1,540,210)
Inventories	(3,538,441)	(1,450,744)	(581,335)
Increase/(decrease) in current liability:			
Accounts payable	1,229,301	(597,578)	(751,405)
Cash generated by operations	80,563	824,188	4,377,046
Interest paid	(420,864)	(398,681)	(2,022,246)
Tax paid	(843)	(49)	(380)
Net cash (used)/provided by operating activities	(341,144)	425,458	2,354,420
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest in subsidiary	756,176	362	(756,176)
Investment	(8,962)	-	-
Interest in joint venture	(32)	(10,300)	(56,652)
Additions to property, plant and equipment	(2,033,742)	(403,216)	(2,054,444)
Proceeds from disposal of property, plant and equipment	3,195	10,471	190,894
Interest received	2,307	-	679
Net cash used by investing activities	(1,281,058)	(402,683)	(2,675,699)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid	-	-	(311,315)
Promissory notes received	894,050	148,515	799,785
Promissory notes repaid	(45,721)	(600,000)	(1,002,387)
Long-term/short-term borrowings received	6,649,832	-	11,540,298
Long-term/short-term borrowings repaid	(6,786,876)	(38,501)	(10,934,130)
Net cash provided/(used) by financing activities	711,285	(489,986)	92,251
Net decrease in cash and cash equivalents for the period	(910,917)	(467,211)	(229,028)
Cash and cash equivalents at beginning of the period	2,898,278	3,127,306	3,127,306
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	US\$ 1,987,361	2,660,095	2,898,278

CARIBBEAN PRODUCERS (JAMAICA) LIMITED

Three months ended 30 September 2014

Selected explanatory notes**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.

As at September 30, 2014, 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 food and beverages and the 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, 2014. These accounting policies have been consistently applied from period to period, except for note 2 (c) of the audited financial statements for the year ended June 30, 2014.

3 Basis of consolidation

(i) Subsidiaries are entities controlled by the group. The group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The financial statements of a subsidiary are included in the consolidated financial statements from the date control commences until the date that control ceases.

(ii) Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(iii) The financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances.

4 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.

5 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.

CARIBBEAN PRODUCERS (JAMAICA) LIMITED

Three months ended 30 September 2014

Selected explanatory notes**6 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%

7 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 September</u> <u>30, 2014</u>	<u>Three months</u> <u>ended September</u> <u>30, 2013</u>
Issued ordinary shares at beginning of period	1,100,000,000	1,100,000,000
Effect of shares issued during the period	<u> </u>	<u> </u>
Weighted average number of ordinary shares held during the period	<u>1,100,000,000</u>	<u>1,100,000,000</u>

8 Dividends

On August 27, 2014, the Board of Directors declared an interim dividend of J\$0.04 per stock unit payable on October 1, 2014 to shareholders on record as at September 10, 2014 with an ex-dividend date of September 8, 2014.



TOP TEN (10) SHAREHOLDERS

As at 30 September 2014

<u>NAME</u>	<u>SHARES</u>
Wave Trading Limited	440,000,000
Sportswear Producers Limited	440,000,000
Mayberry West Indies Limited	27,814,454
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	11,906,177
Yuan, Liao	9,971,710
JCSD Trustee Services Ltd. - Sigma Venture	6,270,084
SJLIC for Scotiabridge Retirement Scheme	6,070,917
SJIML A/C 831	5,975,229

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 ^{1,2}	
Antony Hart ¹	
Ronald Schrager ³	
Jan Polack	2,790,185
Theresa Chin	760,900
Richard Mark Hall	474,986
Sandra Glasgow (Mentor)	100,000

Senior Officers

Hugh Logan	345,043
Radcliffe Murray	567,098
Petra-Ann Williamson	285,467
Sandrene Weichenberger	148,763

¹ Interests in Sportswear Producers Limited 440,000,000

² Interests in Wave Trading Limited 440,000,000

³ Interests in Alpine Endeavors Limited 2,636,324

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

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



Compliance Statement for Statutory Obligations


Reporting Period: 1st Quarter Ending September 30th, 2014

Statutory Liability	Jul-14	Date of Pmt	Aug-14	Date of Pmt	Sep-14	Date of Pmt
P.A.Y.E.	9,717,571.36	14-Aug-14	15,374,299.97	15-Sep-14	8,786,084.17	13-Oct-14
N.H.T.	2,689,717.08	14-Aug-14	4,180,358.00	15-Sep-14	2,508,131.45	13-Oct-14
Education Tax	3,041,785.21	14-Aug-14	4,737,265.00	15-Sep-14	2,832,824.05	13-Oct-14
HEART	1,617,064.31	14-Aug-14	2,514,701.73	15-Sep-14	1,508,168.88	13-Oct-14
NIS	1,530,401.64	14-Aug-14	2,336,186.02	15-Sep-14	1,474,662.52	13-Oct-14
GCT	- 4,203,516.00	1-Sep-14	- 12,380,654.00	29-Sep-14		

* - To be paid


 Sandrene Weichenberger
 Financial Controller

22 Oct 2014
 Date


 Jan Polack
 Chief Operating Officer

27 OCT 2014
 Date