SERVICE IS OUR PASSION

ANNUAL REPORT 2014

CPJ
CARIBBEAN PRODUCERS
JAMAICA LIMITED

CONTENTS


CPJ

MISSION STATEMENT

MISSION

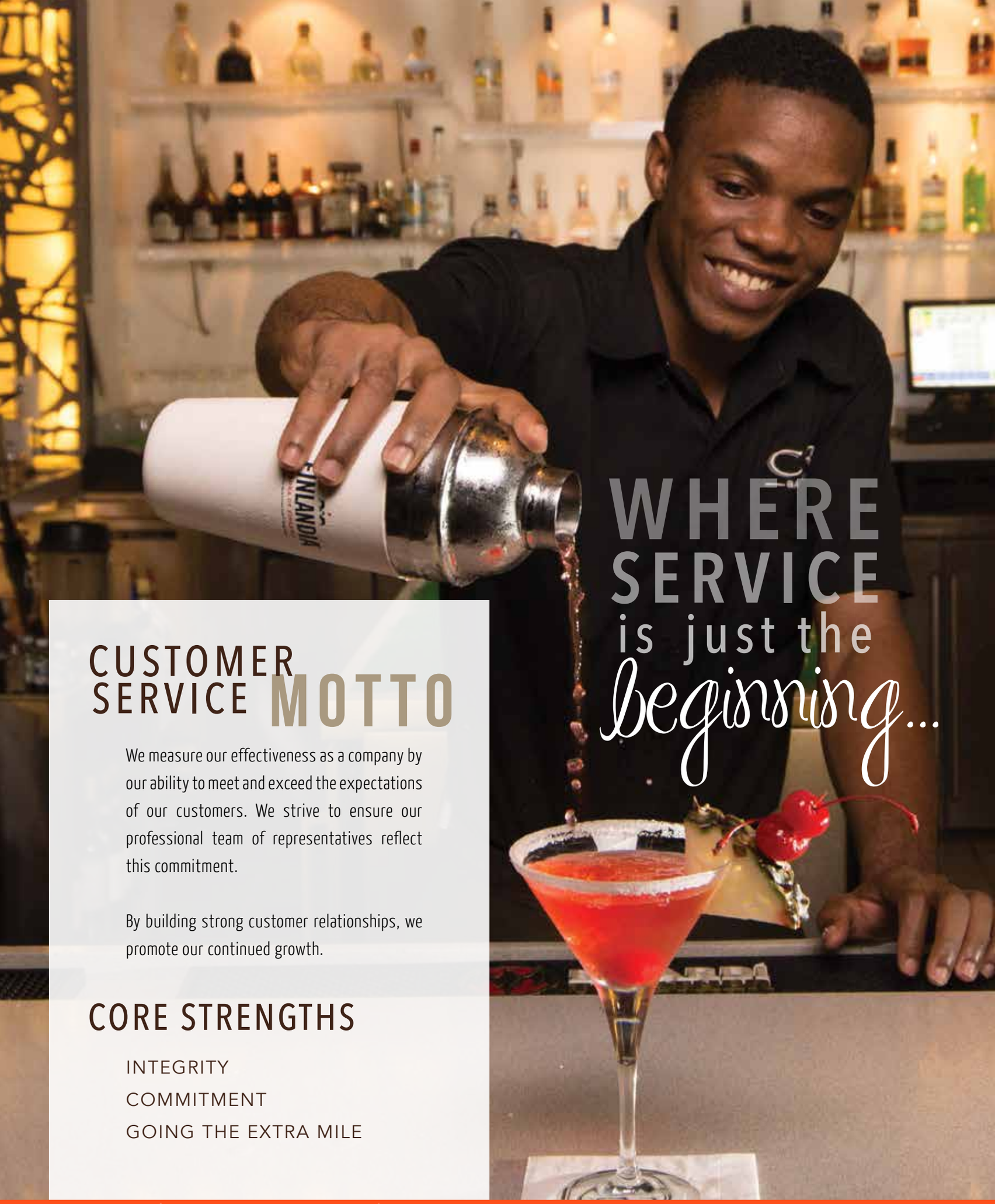
To provide the highest levels of service and quality products available, in striving to ensure the success of our customers

VISION

To expand in new markets while maintaining a leadership position in established markets, and to provide an energised and harmonious workplace for our employees

STRATEGY

To drive our profitability through strong supplier relationships by delivering great products with exceptional service



WHERE SERVICE is just the *beginning...*

CUSTOMER SERVICE MOTTO

We measure our effectiveness as a company by our ability to meet and exceed the expectations of our customers. We strive to ensure our professional team of representatives reflect this commitment.

By building strong customer relationships, we promote our continued growth.

CORE STRENGTHS

INTEGRITY
COMMITMENT
GOING THE EXTRA MILE

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of Caribbean Producers (Jamaica) Limited will be held at 3 p.m. on Monday, 9 February 2015 at Sunset Beach Resort & Spa, Montego Freeport, St. James for shareholders to consider and, if thought fit, pass the following resolutions:

ORDINARY RESOLUTIONS

1. To receive the report of the directors and the audited accounts of the Company for the financial year ended 30th June 2014.
2. To declare the interim dividend paid on 31 January 2014 as final for the year under review.
3. To authorize the directors to re-appoint KPMG as the auditors of the Company, and to fix their remuneration.
4. The following Directors of the Board, having resigned by rotation in accordance with the Articles of Incorporation of the Company and, being eligible, hereby offer themselves for re-election by the shareholders:
   a) To re-appoint A. Mark Hart as a Director of the Company.
   b) To re-appoint Thomas Tyler as a Director of the Company.
   c) To re-appoint Theresa Chin as a Director of the Company.
5. To allow the Board to fix the remuneration of the Directors, other than the Executive Directors, for the financial year of the Company ending June 30, 2015.

Dated this 27 day of October 2014

By order of the Board

Theresa Chin
COMPANY SECRETARY

The following document accompanies the Notice of Annual General Meeting:
A form of proxy. A shareholder who is entitled to attend and vote at the Annual General Meeting of the Company may appoint one or more proxies to attend in his/her place. A proxy need not be a shareholder of the Company. All completed original proxy forms must be deposited together with the power of attorney or other document accompanying the proxy at the registered office of the Company at least 48 hours before the Annual General Meeting.


CPJ
PRODUCERS

CHAIRMAN'S MESSAGE

At CPJ we have an understanding that change is the only thing that remains constant. We are fortunate that our Managers and team members know the importance of being open to changes that become necessary to meet the demands of our growing business.

This year we will have fulfilled one of the company's long held goals of establishing a distribution company in the Eastern Caribbean. We achieved this when we entered into a Joint Venture agreement with the Du Boulay's Bottling Company; manufacturers and distributors of Coca Cola and other preferred beverage brands in St. Lucia. We are confident that the Du Boulays are the right local partners for CPJ St. Lucia and we are excited to begin operations during October 2014.

To support this new business, CPJ has recruited additional human resources talent and has completed a management restructuring exercise that will ensure that we align our management capacity with our business strategy. Last year, the company added over one hundred employees, representing a forty percent increase in our work force. We will continue to expand our workforce, primarily for our subsidiary CPJ St. Lucia.

During the current year we integrated two considerable product lines into our existing business units. Our Chemical Division has been transformed with the start of our distribution and logistics contact with Sealed Air Diversey Care. Simultaneously, our established Retail Trade Division signed an agreement with Jamaica Beverages Limited (JBL) to distribute their popular Fruta, Juciful, Joose, and Dairy Farmers milk brands throughout Western Jamaica. This venture with JBL will provide additional selling opportunities to reach both premium and wider downmarket channels. At the same time our exports of CPJ juices and frozen mixes to St. Lucia, Antigua, and Grenada are growing

CHAIRMAN'S MESSAGE continued...

steadily as we continue to explore new markets beyond our boundaries.

The year under review saw an unprecedented transformation of the Tourism Industry in Jamaica. While relatively few new rooms were constructed, several older hotel properties were sold and a considerable amount of investment was made in the sector which had the effect of improving the overall tourism product. We anticipate that the positive outlook for the industry and the Government's efforts to promote growth will unlock some of the projects that have been in the pipeline. We are yet to reap the benefits of the proposed introduction of Casinos to the industry which could see thousands of new rooms coming on stream. CPJ is in a great position to support this burst of the hospitality sector's expansion which we are certain will materialize in the near future.

Through our Corporate Social Responsibility (CSR) mandate we continuously support several education and health initiatives, community programmes and charities. Some of these include SOS Children's Homes, We Care for Cornwall Regional Hospital Foundation, Junior Achievement Jamaica, Glenhope Place of Safety, CUMI, and The Good Shepherd Foundation. This year in partnership with the Montego Bay Marine Park we established an outreach project called Care Protect Jamaica. We visited eleven schools and offered glass bottom boat tours to approximately two hundred and seventy-five students, including their teachers. The objective of the project is to teach the proper disposal of waste and highlight the positive benefits to our underwater landscape. There is a serious problem with the deterioration of our reefs and shore line primarily caused by plastic bottles and garbage that continue to wash out to sea from our gullies. We continue to be the main sponsor for the third year of the Jamaica Independent Schools Association (JISA) western athletics meet to be held at the Catherine Hall multipurpose stadium next year.

Our customers' success is at the core of everything we do and we are grateful for their continued support. I would like to recognize our dedicated employees for their contribution to another successful year for CPJ, and to everyone that we come into contact with, Thank you.

Mark Hart, JP
CHAIRMAN


GRUPO PHOENIX
AriZona


GRUPO
1321
4635E


PJ
MARKET

CEO's MESSAGE

CPJ continues to be a dynamic company with significant potential still to be fully unlocked. We remain strong in our key relationships within our core business.

Economic realities over the last year, at both home and overseas have been challenging and have impacted consumer and client purchasing behavior. However, the Company has maintained its focus on delivering superior service and improving operational efficiency.

CPJ has been a leading supplier to Hospitality based on reputation and the range of quality offerings within our portfolio. We do this with a combination of the right products, extensive expertise in the industry we serve and the equipment our customer uses. We wish to express our gratitude to our valuable hospitality partners and customers. Without their support we would not be able to grow and enhance our business model.

2014 – A YEAR OF PROGRESS

At the start of the fiscal year we announced a number of initiatives and many are gaining good traction and delivering tangible results;

We have focused on strengthening our management team through a reorganization of new and existing talent to support our growth;

We are improving the time-to-market of new product innovations and creating value propositions with greater local relevance in key markets;

We have identified new opportunities to create value and win in specific market segments;

CEO's MESSAGE continued...

We are also transforming our processes to create lean end-to-end supply and customer value chains. We are creating a growth and performance culture by enabling and facilitating entrepreneurial behavior amongst the sales and marketing teams, and taking a granular and analytical approach to customer needs to become proactive rather than reactive.

We have focused on performance management through a reward system that has been aligned to reflect the focus on growth and improved performance. All of these actions are making CPJ a more customer-focused, agile, entrepreneurial corporate entity.

FINANCIAL PERFORMANCE BASED ON A GROWING OPERATIONAL MODEL

We posted 13.4% sales growth in 2014, despite ongoing economic challenges and demand weakness in the local market. Notwithstanding the harsh conditions that impacted many of our competitors, we were able to deliver growth which was made possible through our Hospitality and Retail Divisions (8% and 35% respectively).

Our underlying operational platform which included the introduction our Meat Processing Facility (which began in late FY2013) began to demonstrate its capacity with the production of a range of new products that have been produced for the local and overseas market. As a result , our reported EBITA was impacted by this additional operation with its associated costs.

LOOKING AHEAD – OUR PATH TO VALUE IN 2015 AND BEYOND

We are pursuing our mission and vision, and we are confident that the strategic direction we have chosen is sound. We will leverage our strengths into new consumer markets as well as geographic markets where we have opportunities to compete effectively and potentially become the supplier of choice.

Growth will continue to be organic but will be supported by alliances that have been formed in various segments and markets that we serve. We believe it is the right platform to drive the execution of our plans and to ensure that our deliver profitable growth and improve return on invested capital.

Innovation is a key driver of future output from our manufacturing facilities. We were proud to introduce line extensions to our fresh and processed pork products which have all been well received by the

public. The launch of our branded protein has also helped to positively impact our corporate brand based on informal and formal surveys.

We are also implementing focused actions to improve gross margins in FY2014/15 and beyond. These include rationalizing the product portfolio within our Hospitality and Retail distribution and any other non-core part of our business. We are confident that this result in operational and financial performance will improve further, enabling us to achieve our targets for the year.

We have talented and engaged people, exceptional capabilities, with a strong and trusted corporate brand. Our goal is to deliver value by gaining deeper customer insights, profitably growing our locally and corporate-managed business, developing new opportunities through our offshore business.

I wish to thank our employees for their dedicated efforts and for the way they have embraced our new culture of entrepreneurship and accountability. I would like to thank our customers and other stakeholders, especially our shareholders, for their continuing support.

Thomas Tyler
CHIEF EXECUTIVE OFFICER


CPJ
CARIBBEAN PRODUCERS
JAMAICA LIMITED
JMA 45TH ANNUAL AWARDS BANQUET
Best New Manufacturer for 2013


SPECIALIT
CHECK OUT
CHECK OUT
CPJ
MARKET


AFOOD
MEATS

BOARD OF DIRECTORS

A. Mark Hart J.P. (appointed April 1994)
EXECUTIVE CHAIRMAN

Thomas Tyler (appointed April 2007)
CHIEF EXECUTIVE OFFICER

Theresa Chin (appointed September 2004)
NON-EXECUTIVE DIRECTOR AND COMPANY SECRETARY

A. Mark Hart served as its Chief Executive Officer from 2004 until early in 2011, until he was promoted to his current position of Executive Chairman. He is also the founding and controlling shareholder of the Company. Mr. Hart began his career as the Managing Director of the Hart family's group of companies in 1982, eventually becoming Chairman and Chief Executive Officer in 1997. Mr. Hart has also served as Chairman of Montego Bay Ice Company Limited, a JSE Main Market listed company.

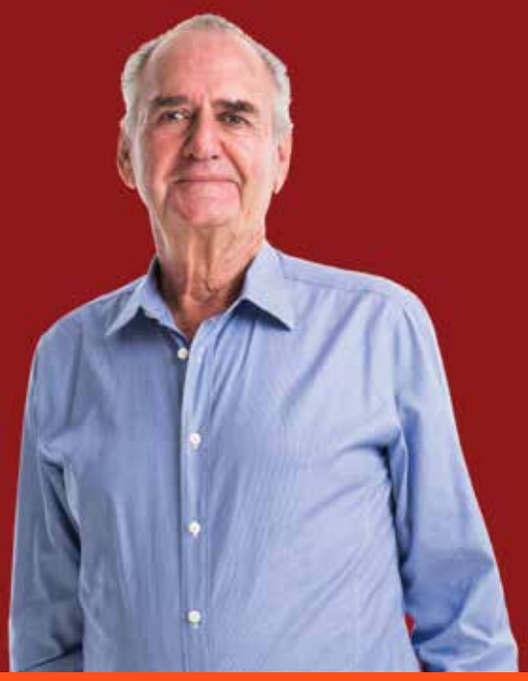
Mr. Hart is a graduate of the University of Miami. Mr. Hart was formerly the Chairman of the Airports Authority of Jamaica as well as a member of the boards of the Tryall Club and the Montego Bay Yacht Club. He is married to Dr. Candace Hart and together they have 3 children: Maya, Ethan and Cameron.

Thomas (Tom) Tyler is currently the Chief Executive Officer of Caribbean Producers with oversight responsibility for its day to day operations. He cofounded the Company in 1994 together with Mark Hart. Mr. Tyler also serves as President of Hospitality Services Unlimited, a company registered in the U.S. that engages in business with the Company.

Mr. Tyler was educated at the University of South Florida. He joined Caribbean Producers; a US based family company supplying furniture and equipment to the hospitality and hotel sectors across the Caribbean. While working there Mr. Tyler had the vision to create an integrated distribution company that led to his establishment of the Company with Mark Hart.

Theresa Chin is a graduate of York University, Toronto Canada where she gained a Bachelor of Science degree in Mathematics. Mrs. Chin has worked with the Hart family shareholders since 1993. She is currently the Managing Director of Montego Bay Ice Company Limited, as well as acting as Financial Manager for most of the other Hart group companies (not including this Company). Prior to joining the Hart group of companies, Mrs. Chin worked as a financial analyst for the Four Seasons Hotel, Toronto, Canada, as a tax consultant for the Borough of East York, Toronto, Canada and as an auditor at Deloitte & Touche.

As an independent Non – Executive member of the Board, Mrs. Chin serves on the Audit and Compensation Committees of the Board. Mrs. Chin is also the Company Secretary.



Antony Hart C.D., J.P
NON-EXECUTIVE DIRECTOR

Jan Polack (appointed September 2011)
CHIEF FINANCIAL OFFICER

Mark Hall (appointed September 2011)
NON-EXECUTIVE INDEPENDANT DIRECTOR

Antony ("Tony") Hart is a prominent local businessman. A graduate of Munro College, Mr. Hart is also the recipient of an honorary doctorate from both the University of Technology & Northern Caribbean University, and has been honoured as a Commander of Distinction (C.D.) by the Government of Jamaica.

Mr. Hart is the past Chairman of Air Jamaica Limited (1980 – 1988) and the past Chairman and Managing Director of the Montego Freeport (1967 – 1980). Mr. Hart is also a past director of the Jamaica Industrial Development Corporation, the Bank of Nova Scotia Jamaica Limited, Caymanas Track Limited and Blue Power Group, amongst others. He is currently Chairman of the Branson Centre of Entrepreneurship, a director of the Port Handlers, Good Hope Holdings and Cargo Handlers, the latter company was admitted to trading on the Junior Market of the JSE in December 2010.

Mr. Hart is married to Sheila Hart and together, they have 4 children including the Chairman of the Company, A. Mark Hart, Blaise Hart, Bruce Hart, and Wendy Schrager (nee Hart). Mr. Hart serves as Chairman of the Corporate Governance Committee of the Board.

Jan Polack is the Chief Financial Officer of the Company, and her primary focus is to oversee the financial and administrative operations and continued expansion, in which she plays an integral role.

Ms. Polack joined the Company as its Chief Financial Officer in 2006. Her financial career in the hospitality services industry began in 1990 where she served as Financial Controller for 16 years for various hotel chains in Jamaica.

In 1983 Ms. Polack graduated with a B.A. in Accounting from St. Leo's College, Florida. She is a Certified Public Accountant (CPA). She is a former Director of the Montego Bay Chamber of Commerce and Industry. At CPJ she is a director and company secretary for Caribbean Egg Processors Limited and a director of CPJ Investments and CPJ St. Lucia which is the new subsidiary for CPJ in St. Lucia.

Mark Hall, for the past 25 years, has been the CEO of Hall's Investment Limited, operating the IGL filling plant franchise and Boomerang Tyre Sales in Western Jamaica.

As an independent Non – Executive member of the Board, Mr. Hall serves as as the Chairman of the Compensation Committees and a member of the Audit Committee of the Board.

BOARD OF DIRECTORS continued...

Ronald Schrager (appointed June 2011)
NON EXECUTIVE DIRECTOR

L. Camille Shields (appointed February 2014)
NON-EXECUTIVE INDEPENDANT DIRECTOR

Ronald Schrager is a principal and co-founder of Eightfold Real Estate Capital, LP a real estate investment and advisory firm. Prior to forming Eightfold, Mr. Schrager was the Chief Operating Officer of LNR Property LLC of the USA, from May 2003 until December 2010. In 1997. Mr. Schrager came to Lennar from Chemical Bank (now JP Morgan Chase) in New York, where he served as Vice President. Mr. Schrager received a Masters Degree in Business Administration from Harvard Business School in 1988.

A Non-Executive member of the Board, Mr. Schrager is the Chairman of the Audit Committee and a member of the Compensation Committee of the Board.

Mr. Schrager is married to Wendy Hart, sister to Mark Hart. Together, they have 2 children and reside in Florida.

L. Camille Shields is a Barrister and Attorney-at-Law with more than 12 combined years of experience in both the Jurisdictions of England & Wales and Jamaica. She has extensive international experience and a client-base spanning multiple industries representing companies and individuals in Jamaica and overseas. She has spent the last seven years establishing a Private Law Practice specializing in Land and Conveyance matters, Company and Commercial matters, and Probate and Succession.

Ms. Shields obtained a Legal Education Certificate from the Norman Manley Law School ("Norman Manley") and was enrolled as an Attorney-at-Law in Jamaica in mid 2003 and prior was called to the Bar of England and Wales and was entered as a member of the Honourable Society of Lincoln's Inn In 2002. Additionally she holds a Bachelor of Arts from University of Western Ontario ("Western") at London, Ontario, Canada and a Bachelor of Laws from the University of London ("UL") at London, England.

A Non-Executive, Independent member of the Board, Ms. Shields is a member of the Audit Committee of the Board.

Robert J. Hooker Jr. (appointed June 2011)
NON EXECUTIVE DIRECTOR

Anil Chatani (appointed February 2014)
NON-EXECUTIVE INDEPENDANT DIRECTOR

Sandra Glasgow (appointed June 2011)
MENTOR TO THE BOARD

Robert (Bob) Hooker is President of Honey Industries Inc., a consultancy company. He has over 35 years food industry experience, having previously served as President/CEO of Purity Products Inc., and as founder and President/CEO of Emerald Diversified Inc., and Executive Vice President of Florida Shortening Company. He has also been a consultant to the Company since 2005.

Mr. Hooker was educated at Norwich University and Brookdale College. He started his career as a junior chemist, before moving into sales and then into management. He is an active member of charitable organizations including but not limited to Rotary International, and the Knights of Columbus.

Anil Chatani is a well known and experienced businessman in Montego Bay, Jamaica. He is the Director of C Four Limited, which has operated a chain of retail stores merchandising clothing, shoes & electronics in Montego Bay and Spanish Town since 1998. He is also a director of Unique Four Limited which owns real estate in Montego Bay. Originally from Mumbai, India he attended the Hasseram Rijhumal College of Commerce and Economics, a college of the University of Mumbai.

Sandra Glasgow is the Managing Director of BizTactics Limited. She is a Member of the Board of Directors of National Commercial Bank Jamaica Limited, Resorts Beach Limited, eMedia Interactive Limited, Medical Disposables and Supplies Limited, Dress For Success Jamaica, YUTE Limited and the National Crime Prevention Fund (Crime Stop). She is a Trustee of the NCB Pension Funds and the SMART Retirement Fund; Mentor to Caribbean Producers Jamaica Limited, Medical Disposables and Supplies Limited and a Founding Member of FirstAngelsJA.

She has a Bachelor of Science Degree in Applied Zoology and Applied Botany and a Master of Business Administration from the University of the West Indies, Mona. She is certified as a Director by the Commonwealth Association for Corporate Governance; a Trainer of Trainers in Corporate Governance Board Leadership by the International Finance Corporation and a Trainer of Trainers in Business Ethics by the Inter-American Investment Corporation and the US Department of Commerce. She was Jamaica's Eisenhower Fellow in 2000.

EXECUTIVE MANAGEMENT

Dr. David Lowe
CHIEF REVENUE OFFICER

Roger Williams
CHIEF OPERATING OFFICER

Petra-Ann Williamson
DIRECTOR OF HUMAN RESOURCES

1

Dr. David Lowe joined CPJ as the Vice President of Marketing and Retail Sales and was promoted in February 2014 to his current position of Chief Revenue Officer. His primary focus is to spearhead CPJ's revenue strategy and be instrumental in the company's continued expansion.

Dr. David Lowe has a Doctorate in Business Administration (Corporate Finance) from the Manchester Business School, University of Manchester, UK. He started his career as an investment banker and later worked as a senior executive for the Accenture group. Dr. Lowe returned to Jamaica and was appointed the Chairman of the Agricultural Development Corporation (ADC) with the Ministry of Agriculture and Fisheries. From then he was active in a number of governmental boards such as The Bureau of Standards, International Finance Corporation and the Jamaica Dairy Development Board. Prior to joining CPJ he was the special advisor to the Minister of Industry, Investment and Commerce.

2

Roger Williams joined the Company in May 2014, bringing over 17 years experience in executive leadership and management. Over this period, he successfully led various organizations including Vistaprint Jamaica, Grace Kennedy Money Services and Supreme Ventures Ltd. – through significant growth and improved business performance.

After earning his Bachelor's degree in Mechanical Engineering from The University of the West Indies, Roger began his career as a plant maintenance manager at Red Stripe Ltd. He then furthered his studies at Howard University where he received a Masters degree in Business Administration. Upon returning to Jamaica, Roger rejoined the manufacturing sector as a project engineer with Tropicair Ltd. before growing to his first executive role at Grace Kennedy Money Services to start up and rapidly grow FX Trader cambio.

3

Petra-Ann Williamson joined the Company in February 2009 and brings to it 20 years of experience in the business sector. Mrs. Williamson graduated with a Masters Degree in Business Administration from the University of New Orleans and a Bachelors degree in Psychology from the University of the West Indies. She also holds various certifications in marketing, project management and human resources. Mrs. Williamson is a member of the Human Resource Management Association of Jamaica and the Jamaica Employers' Federation and she is also an executive board member of the Good Shepherd Foundation.

Radcliffe Murray
DIRECTOR OF OPERATIONS

Kesha-Ann Harper
DIRECTOR OF FINANCE

Hugh Logan
DIRECTOR OF HOSPITALITY SALES

4

Radcliffe Murray joined the Company in 2001 as a member of the Sales and Marketing team. In 2002, he was promoted to Manager for the Systems Sales Division and he has subsequently moved up the ranks, resulting in his promotion to his current position of Director of Operations. Mr. Murray brings to the Company his experience in finance, sales and marketing.

Mr. Murray holds qualifications from the Business Resource Institute (BRI) International (Certified Food System Management Consultant) and Guelph University of Ontario Canada (Food Technology Centre). He is also a Certified HACCP consultant and has served as a Director of the Board of The Jamaica Manufacturers' Association since 2009.

5

Kesha-Ann Harper joined the Company on September 1, 2014 as Director of Finance. She brings to the post over 16 years experience in finance and auditing having served several key roles in public and private entities. Prior to joining CPJ she assisted small businesses and entrepreneurs with business plans and loan packages while functioning as the Vice President of Corporate Strategies Limited. She also worked as Assistant Vice President of Finance at the Port Authority of Jamaica with responsibility for six of its subsidiaries.

Ms. Harper attended the University of the West Indies, where she graduated with a B.Sc. degree in Chemistry and Management Studies. She attained an MBA in Banking and Finance from Mona School of Business and is a Certified Public Accountant. She is also an accredited Certified Information Systems Auditor.

6

Hugh Logan joined the Company in February 1997 as the Beverage Systems Manager before being promoted to Sales Manager, Vice President of Hospitality Sales, and his current role as Director of Hospitality Sales & Export.
Prior to joining the Company Mr. Logan worked in various management roles in the hotel sector. He graduated from Seneca College and Queen's University (both of Ontario Canada) where he received a Bachelor of Science degree in Psychology.

CORPORATE DATA

HEADQUARTERS
Caribbean Producers (Jamaica) Limited
1 Guinep Way, Montego Freeport
P.O. Box 302, Montego Bay, St. James, Jamaica W.I.
Tel: (876) 979-8134/8136
Fax: (876) 953-6898
Email: info@caribbeanproducers.com
Web: www.caribbeanproducers.com

REGISTERED OFFICE
Shop # 14, Montego Freeport Shopping Centre
Montego Bay, St. James

KINGSTON
CPJ Market & Cru Bar + Kitchen
71 Lady Musgrave Road
Kingston 10

AUDITORS
KPMG, 6 Duke Street, Kingston

INTERNAL AUDITORS
PricewaterhouseCoopers LLP
Scotiabank Centre, Corner of Duke/Port Royal Street
P.O. Box 372, Kingston

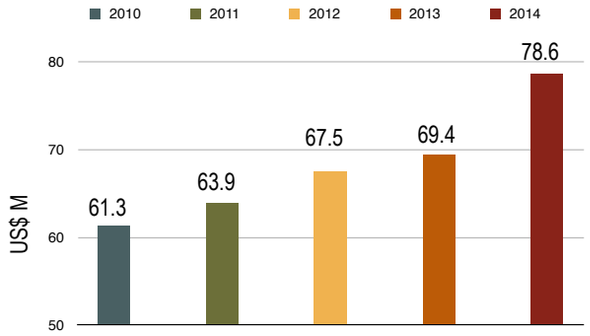
BANKERS
Sagicor Bank Jamaica, (formerly RBC Jamaica Ltd.)
17 Dominica Avenue, New Kingston

The Bank of Nova Scotia Jamaica Limited,
Scotiabank Centre
Duke & Port Royal Streets, Kingston

National Commercial Bank,
Baywest Centre, Montego Bay

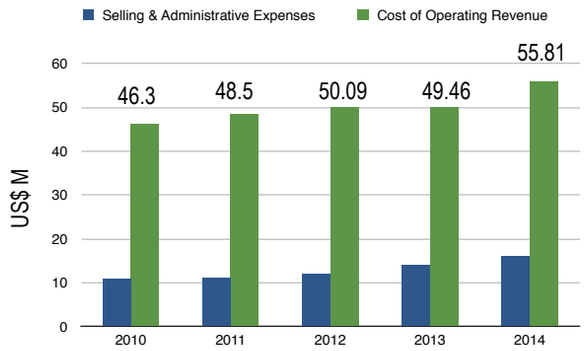
5 YEAR FINANCIAL REVIEW

GROSS OPERATING REVENUE



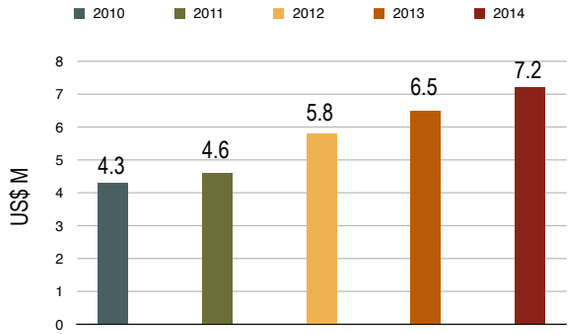
Gross operating revenue grew by 28% from US$61.3M in 2010 to US$78.6M in financial year 2014. Also your graph says $61.34M yet the narrative says $65.36M in financial year 2014. The company yielded steady growth in revenue over the five year period by growing its sales in the retail trade; increasing its manufacturing operation; adding new categories of products and hence diversifying its offerings. The gross operating revenue reflected a 13% increase for the year which was more favourable than the previous year's growth of 3%. The compound annual growth rate (CAGR) over the last five years is 5.09%.

OPERATING EXPENSES



Selling and Administrative Expenses increased from US$10.8 million to US$15.8 million or 48% for the 5 year period. The creation of new business divisions in manufacturing and retail was the main reason for the significant increase noted, as the impact was primarily in staffing, advertising & utility expenses. The Cost of Operating Revenues increased by a CAGR of 3.8%.

EARNINGS BEFORE INTEREST, TAXES AND DEPRECIATION (EBIDTA)



Earnings before Interest, Taxes and Depreciation moved upwards in the five year period. EBIDTA grew from US$4.3 million in financial year ending June 30, 2010 to US$7.2 million to financial year 2014 at a compound annual growth rate (CAGR) of 10.9%. The financial year 2014 reflected a net profit of US$3.5M which returned an 8.6% increase from the previous year 2013 of US$3.2 million. The company entered the Junior Stock Exchange on July 20th 2011 and as such will experience a tax benefit for a ten year period as follows:

Years 1 - 5	100%
Years 6 - 10	50%

IMPORTANT RATIOS

	2014	2013	2012	2011	2010
Debt to Equity Ratio	1.86	2.34	2.55	9.27	13.53
Return on Equity	21%	24%	29%	36%	57%
Profit Before Taxation/Sales	4.4%	4.4%	4.6%	3.1%	1.9%
Return on Assets	7.5%	7.3%	8.3%	3.5%	3.9%
Current Ratio	2.15	2.15	1.83	1.62	1.70
Earnings Per Stock Unit (US cents)	0.32	0.29	0.28	0.12	0.14

TOP 10 STOCKHOLDERS

AS AT 30 JUNE 2013

NAME	SHARES
1. Wave Trading Limited	440,000,000
2. Sportswear Producers Limited	440,000,000
3. JCSD Trustee Services Ltd. A/C#76579-02	13,679,900
4. ATL Group Pension Fund Trustees Nom. Ltd.	12,982,044
5. SJIML A/C 3119	11,076,188
6. Huixiong, Liao	9,971,710
7. Mayberry West Indies Limited	8,374,081
8. Mayberry Managed Clients Account	7,022,353
9. JCSD Trustee Services Ltd. - Sigma Venture	6,270,084
10. SJIML A/C 831	5,975,229

DIRECTORS' & SENIOR OFFICERS' INTERESTS

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

Mark Hart[1, 2]	–
Antony Hart[1]	–
Ronald Schrager[3]	–
Theresa Chin	760,900
Sandra Glasgow	100,000
Mark Hall	234,986
Hugh Logan	545,743
Radcliffe Murray	567,098
Jan Polack	2,790,185
Sandrene Weichenberger	148,763
Petra-Ann Williamson	285,467
[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

CORPORATE GOVERANCE STATEMENT

The Directors of Caribbean Producers Jamaica Limited are committed to the Company's adherence to internationally accepted standards of Corporate Governance which are contained in the Board's own Corporate Governance Charter and are consistent with the Codes of Corporate Governance adopted by the Jamaica Stock Exchange and the Financial Services Commission.

COMPOSITION OF THE BOARD

As at 30 June, 2014 the Board comprised ten members: the Executive Chairman, two Executive Directors (the Chief Executive Officer and the Chief Financial Officer) and seven Non-Executive Directors, three of whom are deemed by the Board to be independent.

At the Annual General Meeting on 17 February, 2014, shareholders voted to amend Articles 6A and 81 of the Articles of Incorporation of the Company to allow for the appointment of a maximum number of twelve directors to the Board.

Anil Chatani and Camille Shields, both Non-Executive Independent Directors, were appointed to the Board on 17 February, 2014. Director Richard Hall resigned as a Director on 13 August 2013. Details of the process for the appointment of Anil Chatani and Camille Shields are contained in the section on "Independence of Non-Executive Directors" below.

OPERATION OF THE BOARD

The Executive Chairman, along with the Executive Directors and Company Secretary, ensure that the Board functions effectively and has established Board processes designed to maximise its performance and effectiveness.

The Board met five times during the year. These meetings, together with meetings of the Board's Committees, are held at the Company's Head Office in Freeport, Montego Bay. Some Directors, particularly those based

overseas, have on occasions exercised the option to join meetings by teleconference.

In addition, the Board held a full-day strategy and budget retreat in October 2013 at which the Executive Directors and members of the senior management team made presentations covering progress against current strategy and plans for the coming year.

The Board delegates the day-to-day responsibility for managing the Company to the Executive Management Team.

THE BOARD

EXECUTIVE DIRECTORS: A. Mark Hart, **Chairman**; Thomas Tyler; Jan Polack

NON-EXECUTIVE DIRECTORS: Ronald Schrager; Robert Hooker; Antony Hart

NON-EXECUTIVE INDEPENDENT DIRECTORS: Mark Hall; Anil Chatani; Camille Shields

DIRECTOR/COMPANY SECRETARY: Theresa Chin

EXECUTIVE MANAGEMENT TEAM

CHIEF EXECUTIVE OFFICER: Thomas Tyler

CHIEF FINANCIAL OFFICER: Jan Polack

CHIEF REVENUE OFFICER: Dr. David Lowe

CHIEF OPERATING OFFICER: Roger Williams

To enable the Board to discharge its duties, all Directors receive appropriate and timely information. Briefing papers are distributed to all Directors at least five working days in advance of Board and Committee meetings. A reporting package containing management accounts with commentary and reports from each Division of the Company is also distributed to Board members on a monthly basis.

Board members have committed to participate in corporate governance training at least annually as part of their continuing education to deliver good governance and in-line with their roles and responsibilities as Directors. This year the training was led by the Company's Mentor on "The Governance of Risk".

The attendance of individual Directors and the Mentor at Board meetings and Committee meetings during the year is set out in the table below and in the reports of individual committees.

Meetings held	Board Meetings (5 total)
A. Mark Hart Executive Chairman	5
Thomas Tyler Chief Executive Officer	4
Jan Polack Chief Financial Officer	5
Antony Hart Non-Executive Director	5
Ronald Schrager Non-Executive Director	5
Robert Hooker Non-Executive Director	4

Meetings held	Board Meetings (5 total)
Theresa Chin Non-Executive Director, Company Secretary	5
Richard Hall Non-Executive Director (resigned 13 August 2013; attended 100% of eligible meetings)	1
Mark Hall Non-Executive Independent Director	5
Anil Chatani Non-Executive Independent Director (appointed 17 February 2014.)	1
Camille Shields Non-Executive Independent Director (appointed 17 February 2014.)	0
Sandra Glasgow Mentor	5

INDEPENDENCE OF NON-EXECUTIVE DIRECTORS

The Board's Corporate Governance Charter defines an independent director as one whom:

- Is not, and has not been employed by the Company or any of its related parties at any time during the past five years;
- Is not, and has not been affiliated with a Company that acts as an advisor or consultant to the Company or its related parties, and has not acted in such capacity at any time during the past five years;
- Is not, and has not been affiliated with any significant customer or supplier of the Company or its related parties at any time during the past five years;
- Does not currently have, nor has had any personal service contracts with the Company, its related parties or its senior management at any time during the past five years;
- Is not affiliated with any non-profit organisation that receives significant funding from the Company or its related parties;
- Does not receive and has not received any additional remuneration from the Company apart from a director's remuneration, nor participates in the Company's share option or performance-related payment plans, nor is a participant of the Company's pension plan;
- The director's remuneration does not constitute a significant portion of the person's annual income;
- The director's remuneration does not constitute a significant portion of the person's annual income;
- Is not employed as an executive officer of another Company where any of the Company's executives serve on that Company's board;
- Is not a member of the immediate family of any individual who is, or has been at any time during the past five years, employed by the Company or its related parties as an executive officer;
- Is not a controlling person of the Company (or member of a group of individuals and/or entities that collectively exercise effective control over the Company) or such person's brother, sister, parent, grandparent, child, cousin, aunt, uncle, nephew or niece, or a spouse, widow, in-law, heir, legatee and successor of any of the foregoing, (or any trust or similar arrangement of which any such persons or a combination thereof are the sole beneficiaries) or the executor, administrator or personal representative of any person described in this paragraph who is deceased or legally incompetent.

During 2013 Richard Hall communicated his desire to resign from the Board. In keeping with provisions of the Board Charter, the Board agreed to appoint two Non-Executive Independent Directors and assigned the task of identifying suitable candidates to the Mentor and the Executive Chairman. The gaps in the existing skills, knowledge and experience of the current Board were considered and it was agreed that candidates should have a particular focus on entrepreneurship, finance, the law and good governance. The Chairman of the Corporate Governance and Nomination Committee, Antony Hart and the Executive Chairman, A. Mark Hart, interviewed three short-listed candidates and subsequently, the Corporate Governance and Nomination Committee recommended the appointment of Anil Chatani and Camille Shields to the Board, subject to shareholder approval at the Annual General Meeting on 17 February, 2014.

These new Directors are independent of management and free from any material business or other relationships

that could materially interfere with the exercise of their independent judgement. Their biographies on pages 20 and 21 of the annual report demonstrate a range of experience and sufficient calibre to bring the independent judgement on issues of strategy, performance, legal matters and good governance.

MATTERS RESERVED FOR THE BOARD

The Board is responsible to shareholders for the proper management of the Company. The Board Charter contains a schedule of matters that are specifically reserved for the Board's decision that covers key areas of the Company's affairs, including:

- overall responsibility for the Company's strategy;
- corporate governance;
- review of operational performance and forecasts;
- risk management;
- nomination of board members and appointment of board chairs;
- communications with shareholders;
- approval of Company policies;
- approval of major transactions, including financing, mergers and acquisitions; and
- approval of the financial statements, annual operating and capital expenditure budgets.

INTERNAL CONTROL AND RISK MANAGEMENT

The Board has overall responsibility for the Company's system of internal controls and for monitoring its effectiveness. Such a system is designed to manage rather than eliminate the risk of failure and by its very nature can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has established a continuous process for identifying, evaluating and managing the significant risks the Company faces. The Board, through its Audit Committee, reviews at each meeting, the effectiveness of the Company's internal controls and is satisfied that the current internal control systems, though subject to improvement, are in accordance with good practices.

The key elements of the system of internal controls include:

- Each member of the Company's Executive Management team has responsibility for specific aspects of the Company's operations. The team meets on a regular basis and is responsible for the operational strategy, reviewing operating results, identification and mitigation of risks and communication and application of the Company's policies and procedures. Where appropriate, matters are reported to the Board and the Board receives regular reports on key developments, financial performance and operational issues concerning the business;

- The Company has clear operational and financial controls and procedures which include authorisation limits for expenditure, sales contracts and capital expenditure, signing authorities, IT application controls, organisation structure, Company policies, segregation of duties and reviews by management;
- An annual operating and capital budgeting process, the outputs of which are annual budgets that are reviewed, approved and monitored by the Board;
- Regular meetings between the Executive Management team, sales and line of business managers to discuss actual performance against forecast, budget and prior years. The operating results are reported on a monthly basis to the Board and compared to the budget and the latest forecast as appropriate;

- Quarterly internal audit reviews and annual external audits, both of which focus on confirming the operation of controls in key process areas; and

- Maintenance of insurance cover for all major risk areas of the Company based on the scale of the risk and availability of the cover in the market.

The Board's monitoring covers all material controls, including financial, operational and compliance controls and risk management. It is based principally on reviewing reports from management to consider whether significant risks are identified, evaluated, managed and controlled and whether any significant weaknesses are promptly remedied and indicate a need for more extensive monitoring.

PERFORMANCE EVALUATION

The Board undertakes a formal and rigorous review of its performance and that of its Committees each financial year. The last evaluation was conducted in October 2013 by the Company's Mentor, taking the form of structured questionnaires which focused on

- The performance of the board on its core responsibilities
- The enablers of board effectiveness
- The effectiveness of individual director contributions to the board, and
- Open ended questions and comments.

The results were collated and analysed and a presentation made to the Board on 28 October 2013. Overall, the review concluded that the Board had demonstrated a high degree of effectiveness with Directors expressing the view that their service had improved the Company by:

- Improving management's focus on alternative energy possibilities, incentive driven compensation to replace overtime, improving productivity and saving unnecessary expense;
- Focusing the Company on IT risks, deficiencies in staffing and pushing for a formalised bonus programme for employees that would be linked to achieving corporate, strategic and personal goals;
- Contributing to income generation and;
- Contributing to financial analyses and audit issues.

There were some recommendations on how to further improve the development of strategy, address deficiencies in the composition of the Board and succession planning. The Mentor subsequently developed an Action Plan for the Board that addresses these recommendations and is regularly monitored and updated.

INDEMNITIES TO DIRECTORS

In accordance with the Company's Articles of Association, Directors are granted an indemnity from the Company to the extent permitted by law in respect of liabilities incurred as a result of the performance of their duties in their capacity as Directors to the Company. The indemnity would not provide any coverage to the extent the Director is proven to have acted fraudulently or dishonestly. The Company maintained Directors' and officers' liability insurance cover throughout the year.

Executive Management - Dr. David Lowe, Thomas Tyler, Jan Polack and Roger Williams

POLICY ON APPOINTMENT AND REAPPOINTMENT

In accordance with the Articles of Association, all Directors are required to retire and submit themselves for re-election at least every three years by rotation and also following their appointment. As in the prior year all the remaining Board members are offering themselves for re-election at the next Annual General Meeting.

On appointment, all Directors are asked to confirm that they have sufficient time to devote to the role of Director, which is outlined, together with details of their duties in the letter of appointment. All Directors undergo an induction programme as soon as practical following their appointment. As part of the induction process, Directors are provided with background information on the Company and attend the Company's headquarters in Montego Bay for meetings and presentations from senior management. Both Anil Chatani

and Camille Shields toured the corporate facilities, received briefings on the role, responsibilities and duties of being a Company director, reviewed the financial statements and business models with the Chief Financial Officer and met with the Chief Executive Officer and Chief Revenue Officer to discuss other aspects of the Company's operations.

COMMITTEES OF THE BOARD

The Board has three Committees: Audit, Corporate Governance and Nomination and Compensation, each with their own written terms of reference. These are available on the Company's website at: www.caribbeanproducers.com/about/corporategovernance.

AUDIT COMMITTEE

The Audit Committee assists the Board in the oversight of the integrity of the financial statements of the Company, the effectiveness of the internal control over financial reporting, the independent auditor's qualifications and independence, the performance of the Company's internal audit function and the Company's compliance with legal and regulatory requirements.

AUDIT COMMITTEE		Number of Meetings (4 total)
COMMITTEE CHAIRMAN:	Ronald Schrager	4
COMMITTEE MEMBERS:	Mark Hall	4
	Theresa Chin	4
	Camille Shields	0
MENTOR:	Sandra Glasgow	4

The Audit Committee, chaired by Director Ronald Schrager, met four times during the year. At each meeting, a formal Internal Audit report was received from PricewaterhouseCoopers, whose services have been outsourced to perform the Internal Audit function. Throughout the year, the auditor and management reported progress in resolving the key operational and IT issues identified by PwC and in the course of the year, a number of issues were completed to the satisfaction of the Committee, several recommended made to the Board for risk acceptance, while others remained open for resolution in the future. One area of deficiency noted by the Auditor was the need for updating of the Company's policies and procedures. Management has launched a major project to ensure that the policies and procedures are updated using internal and external specialist resources.

The Committee continued to manage the relationship with the Company's external auditor, KPMG, including reviewing and agreeing on the audit plan and fee proposal and assessing KPMG's independence and effectiveness. The Board, through the Audit Committee, continued to affirm its confidence in the independence, competence and integrity of KPMG. It is noted that KPMG does not undertake work for the Company which is not related to the external audit function.

In summary, throughout the year the Committee discharged the following responsibilities:

- Reviewing and recommending to the Board, approval of the quarterly unaudited financial statements and releases to shareholders;
- Reviewing and recommending to the Board, approval of the audited financial statements and release to shareholders;
- Recommending the payment of dividends to shareholders in accordance with the company's dividend policy;

- Reviewing the Annual Report for 2013;
- Reviewing and discussing the quarterly internal audit reports prepared by PwC, including follow-up reports on the findings of operational, financial, compliance and IT audits
- Ensuring compliance with the filing of regulatory disclosures and the payments of taxes and statutory deductions.

COMPENSATION COMMITTEE

COMPENSATION COMMITTEE		Number of Meetings (4 total)
COMMITTEE CHAIRMAN:	Mark Hall	4
COMMITTEE MEMBERS:	Theresa Chin	4
	Ronald Schrager	4
MENTOR:	Sandra Glasgow	4

The Compensation Committee assists the Board in fulfilling its fiduciary responsibilities relating to the fair and competitive compensation of the non-executive directors, executives and other key employees of the Company, and in connection with the administration of the general employee welfare plans of the Company.

During the year, the Committee met four times under the leadership of its Chairman, Director Mark Hall, to discharge its responsibilities. On behalf of the Board, the Committee engaged the services of an experienced and well-respected Compensation Consultant to undertake a survey of compensation trends in the local and international marketplace and to make recommendations after a comprehensive review of the Company's existing executive structure, salaries, incentives and bonuses. The Board accepted a recommendation from the Committee for a new Executive Management structure and the appointment of Dr. David Lowe as Chief Revenue Officer (CRO), Mr. Roger Williams as Chief Operating Officer (COO) and Ms. Jan Polack as Chief Financial Officer (CFO). Ms. Polack had previously fulfilled the dual roles of CFO and COO.

The Committee also considered and made recommendations to the Board for increases in remuneration to the general staff of the Company.

The Executive Chairman, Chief Executive Officer and the Chief Financial Officer attended meetings of the Committee by invitation, and though were present when the Executives' own remuneration packages were being discussed, did not participate in the voting process.

Remuneration to Non-Executive Directors remained unchanged during the year.

Antony Hart, JP
CHAIRMAN,
CORPORATE GOVERNANCE COMMITTEE

Sandra A. C. Glasgow
MENTOR

MANAGEMENT DISCUSSION AND ANALYSIS

FOR YEAR ENDING JUNE 30, 2014

COMPANY OVERVIEW

Caribbean Producers Jamaica Limited (CPJ) was founded in April 1994 by Mark Hart and Thomas Tyler as an institutional food service distributor selling consumable products to the hospitality industry. CPJ is recognized nationally as a leading food, non-food, wines & spirits distributor for major, international renowned brands. It now manufactures its own line of beverages and meat products.

As a strategic decision to ensure growth the Company listed on the Jamaica Stock Exchange (JSE) on July 20th, 2011. CPJ prides itself as a customer focused, service oriented organisation and its portfolio of products and services are known to meet or exceed the needs of its customers' in both the institutional and local retail market.

The company is located in the Montego Freeport, St. James in over 120,000 sq. ft. of space, housing offices, manufacturing plants and refrigerated and dry warehouse space. CPJ is one of the largest local distributors of wines and spirits and distributes globally recognised brands, namely Bacardi, Grey Goose, Dewar's, Rémy Cointreau, Yellow Tail, Concha y Toro, Taittinger and Louis Latour. In December 2012 in its quest to establish itself in the retail market CPJ opened its retail store CPJ Market with The Deli and CRU Bar and Kitchen at Courtyard 71 located at 71 Lady Musgrave Road adjacent to New Kingston. In the last quarter of the year, CPJ began planning the opening of CPJ St. Lucia.

BUSINESS REVIEW

The year was challenging as although the hospitality sector maintained strong occupancies in the fiscal year, there was a marked increase in competitors vying for the business. The hospitality sales team worked consistently on meeting customer requirements and ensuring reliable product fulfilment. In the local market, the retail team drove sales in the frozen food category with the heritage CPJ product offerings such as bacon, burgers, sausages and hams. The CPJ Market, Deli and Cru bar grew their sales and enhanced their facilities with the opening of "The Boardroom" for private parties and social events.

During the financial year there was a 10.7% devaluation of the Jamaican dollar against the United States dollar which pushed prices up to the trade and impacted our consumers and employees negatively. In the past year, there have been worldwide price increases in the global commodity food market and locally, additional duty and taxes in meats, wines and spirits categories, contributing heavily to the overall increase in Cost of Operating Revenue.

As part of our ongoing mandate to streamline our operations, the company conducted several internal audits and reviews of the Company's operations and processes. Key costs were reviewed and certain initiatives were implemented to address supply chain constraints, ensure compliance with standards and have staff focus on overall productivity and efficiency. The company's core focus was to optimize performance and generate strong return on investments by defending its core business and growing through new areas of opportunity.

FINANCIAL PERFORMANCE

The Company's financial performance in 2013/2014 continued to be impressive as Revenues of US$78.6 million exceeded the US$69.4 million recorded in the prior year. This represents an increase of US$9.27 million or 13.4%. The overall increase in revenue for the total portfolio was primarily due to broadening of the product mix offered and the increased efficiency in supply chain management.

Gross profit margin for the year remained fairly stable at 29.0% in 2014 when compared to the 28.7% recorded in 2013. Gross profit was US$22.8 million, a US$2.9 million or 14.6% growth over the prior year. Improvement in supplier relationships, focused marketing and key business partners, contributed to the positive impact on margins.

OPERATING EXPENSES

Selling and Administrative Expenses increased by US$2.4 million or 17.7% (2014: US$15.9 million; 2013 US$13.5 million) this was attributable a more comprehensive advertising and marketing program, and increases in administrative and operating costs due to higher utilities and staffing costs. These changes resulted from growth in the manufacturing operations and increased cold facilities in the warehouse.

Depreciation increased marginally from US$1.6 million to US$1.7 million or 10.9% as a result of capital expenditure for the manufacturing and operational assets set up during the year. Notably operating

profit increased by US$0.6 million or 11.2% over the prior year. Increased short term debt used primarily to complete the capital projects to which the company had committed resulted in Finance costs increasing from US$1.8 million in 2013 to US$2.0 million in 2014 resulting in a 9.6% increase.

The share of loss in the joint venture (Caribbean Egg Processors) increased from the previous year by US$59 thousand as a result of a severe shortage in the local supply of shell eggs.

The net profit attributable to shareholders for the year ended June 30, 2014 increased by 8.6% to US$3.5 million compared to US$3.2 million as at June 30, 2013. Earnings per stock unit moved to USD 0.32c up from USD 0.29c.

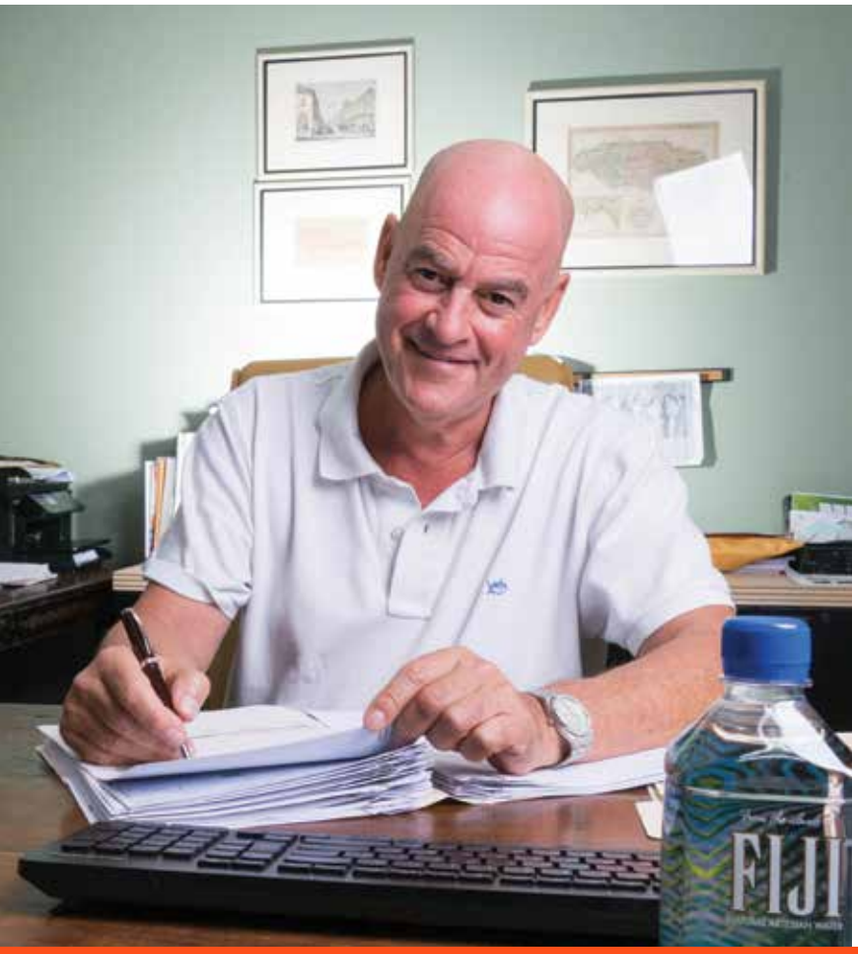
BALANCE SHEET

The Company's financial position reflected favourable trends. Total Assets grew by 6.5% or US$2.8 million, moving from US$43.5 million in 2013 to US$46.3 million in the current year. Total Liabilities reflected a favourable reduction of 1.3% or US$0.5 million, moving from US$30.5 million to US$30.0 million.

Current assets rose by US$1.9 million or 5.9% over the same period last year. The increase was as a result of Trade Receivables increasing by US$1.5 million (13.9%); Inventory increasing by US$0.6 million (3.2%); while Cash and cash equivalents decreased by US$0.2 million (7.3%). Current Liabilities showed an

increase of US$0.9 million or 6.1% mainly due to a US$1.2 million increase in Short-term Loans which was netted offset by a US$0.8 million reduction in Accounts Payables. Long term borrowings decreased by US$1.3 million due to periodic repayments.

On December 23rd, 2013 the Board of Directors declared an interim dividend of JA$.03 (2013: JA$.045) per share amounting to JA$33 million (2013: JA$ 49.5 million) it to be paid on September 30, 2014 to shareholders on record. This represented the final dividend for the financial year ended June 30, 2014.



OUTLOOK

The outlook for the new financial year 2014/2015 is promising. During the fourth quarter of financial year 2013/2014 the Company partnered with Sealed Air Diversey Care to distribute its products locally in an attempt to better support its ongoing institutional business. In June, the company signed a contract with Jamaica Beverages Limited (JBL) to distribute its brands; Chubby, Juciful, Fruta, Busta, and Cool Runnings water on the north coast, thus widening the product offerings in the chilled beverage market. Management feels that the brands are of high quality and complement its mix of products. They enjoy strong consumer loyalty giving the company a solid platform on which to build, thus widening its distribution and market share.

CPJ St. Lucia will begin operations in the 1st quarter of the new fiscal year as a full service distributor located in Castries, St. Lucia.

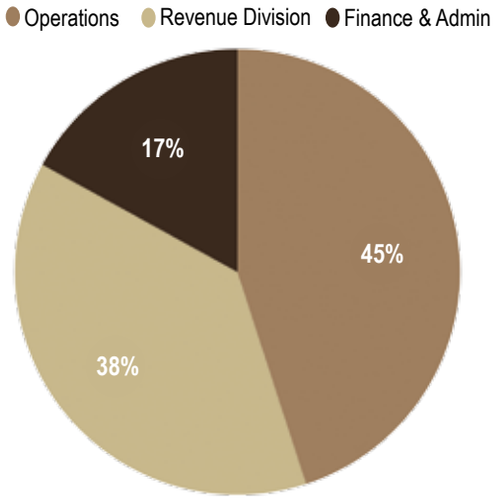
The company is grateful for the continued support from its shareholders, customers, business partners, vendors and employees. It continues its drive towards becoming a Regional Distributor and Manufacturing Group. The company ends its 20th year proud of its accomplishments by remaining passionate about developing superior products, maintaining its service levels and continuing to provide value to its customers. It remains focused on its corporate social responsibility towards growing a better Jamaica.

HUMAN RESOURCES REPORT 2013- 2014

The Company's success is a direct consequence of the 360 highly motivated team members who are committed to the company's success. As we strive for operational excellence in meeting our customers' needs, the Human Resources Department ensures that the business has the talent, policies and practices required to encourage job engagement and productivity.

RECRUITMENT & STAFFING

CPJ's recruitment policy mandates that we hire individuals who have the tenacity and passion to undertake tasks and who have a "consider it done" attitude. Over the financial year 2013-2014, there were some 70 transitions between recruitment and separation but our current employee listing now stands at 357 shared across the three divisions as follows:



Our attrition rate marginally increased to 1.3% from 1.1% year over year as a number of staff migrated or left the company to pursue further education. Significant policy changes are impending for the new financial year particularly the establishment of a Fit & Proper criterion for persons assigned to the Warehouse.

LEARNING & DEVELOPMENT

Our company's growth is a great achievement in these economic times and specifically in the distribution business. In order to remain flexible in response to pressures of the business, CPJ is committed to initiatives that encourage professional development among its employees. As such training costs increased by 66%. This financial year we committed to bringing our operations closer to HACCP certification and this resulted in a significant increase in our learning culture. Team members came on board quickly and have worked well with our consultant to ensure that many of the objectives were met. To ensure we do not lose our verve, we will be embarking on a Management Development Program and Supervisor Development Program for our leadership critical positions during financial year 2014-15. We believe this will help improve our overall management ethos and enhance our capabilities.

COMPENSATION & BENEFITS

Our compensation policy is to pay at average rate for similar positions within the industry. This financial year the board approved an average of 12% salary increase for employees, which was paid in two tranches, at the start of the financial year and in the middle of the financial year.

CPJ employees enjoy several benefits including a fully equipped gym with flexible hours and a trainer as well as a Staff Canteen which provides healthy and delicious meals for all our shifts. In addition, staff benefit from our enhanced wellness program which brings every conceivable service to them from medical to insurance, to services offered by the Registrar General's Department. This plethora of services provided helps to confirm our organizational support for our valued employees. Total benefits for 2013-14 represents 3.2% of adjusted gross profit which is the same ratio for the previous year. The HR team has been successful at doing more with similar resources.

CORPORATE SOCIAL RESPONSIBILITY 2013-2014

CPJ HELPING HANDS – 2013-2014

The financial year began in the usual manner with the Company hosting its annual CPJ Scholarship and Book List Program. The scholarship program continues to capture the attention of our staff as we have observed a 20% increase in awardees year over year. We find that more and more of the children are motivated to perform and are qualifying through hard work each school year. This year we awarded 46 children for their academic excellence and our Booklist program was well received for students who did not qualify for an academic scholarship.

Knowing our penchant for assisting the community, CPJ received as many as 200 requests for the year, seeking assistance for many schools, breakfast programs, football leagues, places of safety, church groups and other service oriented organizations. We are always willing and excited to assist. We support health care, children, the elderly, early education and sports.

This year we were more involved in the community through a number of programs. At the start of the school year, 15 volunteers began teaching the level 3 – "Our City" program as part of the Junior Achievement Jamaica Program. We attended St. Mary's Prep and Bogue Hill Primary Schools for 1 hour each week for a 12 week period. It was an exciting time as the volunteers honed their teaching skills and delivered an exciting program to eager and vibrant grade 4 students at both schools.

In October 2013, 35 staff members participated in the CUMI Walkathon. This is a premier event held annually at the Tryall Club and it was fun all around as we walked, ran and jogged our way to the finish line. We also participated in the Mobay City Run and the Kiwanis Club of Providence Cancer walk in October and a few others. Our participation in these events supports our healthy lifestyle and wellness mantra at CPJ.

In addition to walking for charity, we were the primary sponsor of the Montego Bay Marine Park Care Protect Jamaica (CPJ) initiative. We visited 12 schools and talked about caring for the environment, emphasizing that littering and throwing garbage in the gullies destroy marine life; a vital component of our environment. The teachers and children at the schools were elated to have us and each visit ended with students of the school's environment club receiving a tour of the Montego Bay Fishing Village as well as a glass bottom boat tour of the reef. Ecstatic children greeted us on every occasion and showed their appreciation through most creative entertainment.

In March 2014, CPJ adopted the Glenhope Place of Safety in Kingston. Our entire Kingston team held a toy drive and visited the property to host a treat for them. It was well received by the residents and an extremely fulfilling day for our staff as they played and spent time with the children. Not to be left out, our Kingston team showed their commitment to the community by participating in the JHTA Kingston City Run.

Over the year we supported several local sporting events. We have committed to being the title sponsor for the Jamaica Independent School Association (JISA) annual athletic event for another three years. This event involves some seventy-five schools from all across Jamaica and promotes character development, teamwork and a genuine care for others as a pre-requisite to participate.

Overall we had a wonderful and inspiring year helping others and we continue to find ways of working closer with the Community.

AUDITED ACCOUNTS

KPMG
Chartered Accountants
Unit #14, Fairview Office Park
Alice Eldemire Drive
Montego Bay
Jamaica, W.I.

P.O. Box 220
Montego Bay
Jamaica, W.I.
Telephone +1 (876) 684-9922
Fax +1 (876) 684-9927
e-Mail firmmail@kpmg.com.jm

INDEPENDENT AUDITORS' REPORT

To the Members of
CARIBBEAN PRODUCERS (JAMAICA) LIMITED

Report on the financial statements

We have audited the separate financial statements of Caribbean Producers (Jamaica) Limited, set out on pages 47 - 76, which comprise the statement of financial position as at June 30, 2014, 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 control as management determines is necessary to enable the preparation of financial statements that are free from 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 from 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 control 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 separate financial statements give a true and fair view of the financial position of Caribbean Producers (Jamaica) Limited as at June 30, 2014, and of its financial performance 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 27, 2014

CARIBBEAN PRODUCERS (JAMAICA) LIMITED

Statement of Financial Position
June 30, 2014
(Presented in United States dollars)

	Notes	2014	2013
CURRENT ASSETS			
Cash and cash equivalents	3	2,898,278	3,127,306
Accounts receivable	4	12,632,405	11,092,195
Inventories	5	18,538,109	17,956,774
		34,068,792	32,176,275
CURRENT LIABILITIES			
Short-term loans	6	6,325,000	5,100,000
Accounts payable	7	4,692,476	5,481,644
Short-term promissory notes	8	4,317,794	3,746,667
Current portion of long-term borrowings	15	356,681	451,268
Taxation payable		177,180	177,560
		15,869,131	14,957,139
NET CURRENT ASSETS		18,199,661	17,219,136
NON-CURRENT ASSETS			
Interest in subsidiary	9	756,176	-
Interest in joint venture	10	219,786	221,931
Deferred tax asset	11	95,508	88,453
Property, plant and equipment	12	11,125,953	11,008,541
		12,197,423	11,318,925
		$30,397,084	28,538,061
EQUITY			
Share capital	13	4,898,430	4,898,430
Accumulated surplus		11,298,901	8,141,904
		16,197,331	13,040,334
NON-CURRENT LIABILITIES			
Long-term promissory notes	14	9,439,537	10,213,266
Long-term borrowings	15	4,760,216	5,284,461
		14,199,753	15,497,727
		$30,397,084	28,538,061

The financial statements on pages 3 to 32 were approved for issue by the Board of Directors on August 27, 2014 and signed on its behalf by:

Antony Hart

Jan Polack

Jan Polack

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, 2014
(*Presented in United States dollars)*

	Notes	2014	2013
Gross operating revenue	16	78,640,379	69,368,052
Cost of operating revenue		(55,818,833)	(49,463,171)
Gross profit		22,821,546	19,904,881
Selling and administration expenses		(15,854,853)	(13,473,558)
Depreciation	12	(1,737,153)	(1,566,113)
Other operating income, net	17(a)	274,318	82,884
Operating profit		5,503,858	4,948,094
Finance income	17(b)	679	1,134
Finance costs	17(c)	(1,984,483)	(1,810,144)
Share of loss in joint venture	10	(58,797)	(52,289)
Profit before taxation	17(d)	3,461,257	3,086,795
Taxation	18	7,055	106,052
Profit for the year, being total comprehensive income		$ 3,468,312	3,192,847
Earnings per stock unit	19	0.32¢	0.29¢

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

CARIBBEAN PRODUCERS (JAMAICA) LIMITED

Statement of Changes in Equity
Year ended June 30, 2014
(*Presented in United States dollars)*

	Share capital (note 13)	Accumulated surplus	Total
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 23)	-	(508,652)	(508,652)
Balances at June 30, 2013	4,898,430	8,141,904	13,040,334
Profit for the year, being total comprehensive income	-	3,468,312	3,468,312
Transaction recorded directly in equity:			
Dividends (note 23)	-	(311,315)	(311,315)
Balances at June 30, 2014	$4,898,430	11,298,901	16,197,331

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

CARIBBEAN PRODUCERS (JAMAICA) LIMITED

Statement of Cash Flows
Year ended June 30, 2014
(*Presented in United States dollars)*

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the year	3,468,312	3,192,847
Adjustments for:		
Depreciation	1,737,153	1,566,113
Share of loss in joint venture	58,797	52,289
Loss/(gain) on disposal of property, plant and equipment	8,985	(16,420)
Interest income	(679)	(1,134)
Interest expense	1,984,483	1,810,144
Taxation	(7,055)	(106,052)
	7,249,996	6,497,787
(Increase)/decrease in current assets:		
Accounts receivable	(1,540,210)	407,722
Inventories	(581,335)	(2,234,362)
(Decrease)/increase in current liabilities:		
Accounts payable	(751,405)	854,586
Cash generated from operations	4,377,046	5,525,733
Interest paid	(2,022,246)	(1,755,015)
Tax paid	(380)	(40,821)
Net cash provided by operating activities	2,354,420	3,729,897
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest in subsidiary	(756,176)	-
Interest in joint venture	(56,652)	(5,577)
Additions to property, plant and equipment	(2,054,444)	(4,010,231)
Proceeds from disposal of property, plant and equipment	190,894	28,073
Interest received	679	1,134
Net cash used by investing activities	(2,675,699)	(3,986,601)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(311,315)	(508,652)
Promissory notes received	799,785	4,048,773
Promissory notes repaid	(1,002,387)	(2,620,000)
Long-term/short-term borrowings received	11,540,298	11,407,229
Long-term/short-term borrowings repaid	(10,934,130)	(9,616,813)
Net cash provided by financing activities	92,251	2,710,537
Net (decrease)/increase in cash and cash equivalents	(229,028)	2,453,833
Cash and cash equivalents at beginning of the year	3,127,306	673,473
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	$ 2,898,278	3,127,306

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

CARIBBEAN PRODUCERS (JAMAICA) LIMITED

Notes to the Financial Statements
Year ended June 30, 2014
(*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.

As at June 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. 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:

The company has adopted certain new standards and amendments to standards, with a date of initial application of January 1, 2013. The nature and effects of the changes addressed within these financial statements are summarised below including changes that may be required to financial statements in the next accounting period should the company enter into such transactions:

(i) Subsidiaries:

IFRS 10 *Consolidated Financial Statements* introduces a new control model that focuses on whether the group has power over an investee, exposure or rights to variable returns from its involvement with the investee and ability to use its power to affect those returns. Hence, should the group own less than 50% of the voting power of an investee, it may be required to consolidate if it is determined that it has *de facto* control over the investee. This standard did not have any impact on these financial statements.

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 that became effective during the year (cont'd):

(ii) Joint operations:

IFRS 11 *Joint Arrangements and* IAS 28 *Investments in Associates and Joint Ventures* 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". The company continues to apply the equity method of accounting and this standard did not have any impact on these financial statements.

(iii) Interest in other entities:

IFRS 12 *Disclosure of Interests in Other Entities* contains disclosure requirements for entities that have interests in subsidiaries, joint arrangements (i.e. joint operations or joint ventures), associates and/or unconsolidated structured entities. As a result of IFRS 12, the company has expanded its disclosure about its interest in subsidiary and joint venture in these financial statements (see notes 9 and 10).

(iv) Fair value measurement:

IFRS 13 *Fair Value Measurement* establishes a single framework for measuring fair value and making disclosures about fair value measurements when such measurements are required or permitted by other IFRSs. It unifies the definition of 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. It replaces and expands the disclosure requirements about fair value measurements in other IFRSs, including IFRS 7. This standard did not have any significant impact on these financial statements.

(v) Separate financial statements:

IAS 27 (2011) *Separate Financial Statements* 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. This resulted in certain additional disclosures in these financial statements (see note 9).

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 that became effective during the year (cont'd):

(vi) Annual improvements - 2009-2011 Cycle:

- 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 retrospective 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. This amendment did not have any impact on these financial statements.

- 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 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. Aside from improvements to the policy note (h), amendments to IAS 16 *Property, Plant and Equipment* did not have any other impact on these financial statements.

- Amendments to IAS 32 *Financial Instruments* did not result in any changes to these financial statements even though there were distributions to shareholders during the year. In addition, no additional ordinary shares were issued.

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

At the date of authorisation of the financial statements, there were certain standards and interpretations which were in issue but were not yet effective. Those which management consider relevant to the company and their effective dates are as follows:

- IFRIC 21 *Levies* is effective for annual reporting periods beginning on or after January 1, 2014. It provides guidance on accounting for levies in accordance with the requirements of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets.* The interpretation defines a levy as an outflow from an entity imposed by a government in accordance with legislation. It requires an entity to recognise a liability for a levy when and only the triggering event specified in the legislation occurs.

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):

- 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 risks, and process receivables and payables in a single settlement process or cycle.

- Amendments to IAS 36 *Impairment of Assets* is effective for annual reporting periods beginning on or after January 1, 2014. These amendments were issued to reverse the unintended requirement in IFRS 13 *Fair Value Measurement* to disclose the recoverable amount of *every* cash-generating unit to which significant goodwill or indefinite-lived intangible assets have been allocated. Under the amendments, recoverable amount is required to be disclosed only when an impairment loss has been recognised or reversed.

- Amendments to IFRS 10 *Consolidated Financial Statements*, IFRS 12 *Disclosure of interest in Other Entities* and IAS 27 *Consolidated* and *Separate Financial Statements* is effective for annual reporting periods beginning on or after January 1, 2014. The amendments define an investment entity and require a parent that is an investment entity to measure its investments in particular subsidiaries at fair value through profit or loss, instead of consolidating those subsidiaries in its financial statements. In addition, the amendments introduce new disclosure requirements related to investment entities in IFRS 12 *Disclosure of Interests in Other Entities* and *IAS 27 Separate financial Statements.*

- *Improvements to IFRS 2010-2012 and 2011-2013* cycles contain amendments to certain standards and interpretations and are effective for annual reporting periods beginning on or after July 1, 2014. The main amendments applicable to the company are as follows:

  - IFRS 13 *Fair Value Measurement* - The IASB clarified that in issuing IFRS 13 and making consequential amendments to IAS 39 and IFRS 9, it did not intend to prevent entities from measuring short-term receivables and payables that have no stated interest rate at their invoiced amounts without discounting, if the effect is not material.

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):

- *Improvements to IFRS 2010-2012 and 2011-2013* cycles (cont'd):

  - IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets*. The standards have been amended to clarify that, at the date of revaluation:

    (i) the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset and the accumulated depreciation (amortisation) is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses; or

    (ii) the accumulated depreciation (amortisation) is eliminated against the gross carrying amount of the asset.

  - IAS 24 *Related Party Disclosures* has been amended to extend the definition of a 'related party' to include a management entity that provides key management personnel services to the reporting entity, either directly or through a group entity. For related party transactions that arise when key management personnel services are provided to a reporting entity, the reporting entity is required to separately disclose the amounts that it has recognised as an expense for those services that are provided by a management entity; however, it is not required to 'look through' the management entity and disclose compensation paid by the management entity to individuals providing the key management personnel services.

- Amendments to IAS 16 and IAS 38 are effective for annual reporting periods beginning on or after January 1, 2016. The amendments to IAS 16 *Property, Plant and Equipment* explicitly states that revenue-based methods of depreciation cannot be used for property, plant and equipment. This is because such methods reflect factors other than the consumption of economic benefits embodied in the asset.

  The new amendments to IAS 38 *Intangible Assets* introduce a rebuttable presumption that the use of revenue based amortisation methods for intangible assets is inappropriate. This presumption can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are highly correlated or when the intangible asset is expressed as a measure of revenue.

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 15 *Revenue from Contracts with Customers* is effective for annual reporting periods beginning on or after January 1, 2017. The new revenue standard replaces several standards including IAS 11 *Construction Contracts*, IAS 18 *Revenue*, IFRIC 13 *Customer Loyalty Programmes*, etal and introduces a new revenue recognition model for contracts with customers. The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue; at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised. Revenue may be recognised over time, in a manner that best reflects the company's performance or at a point in time, when control of the good or service is transferred to the customer.

  New estimates and judgemental thresholds have been introduced, which may affect the amount and/or timing of revenue recognised. The standard includes new criteria to determine when revenue should be recognised over time, addressing fact patterns such as construction contracts and contracts for services.

  The standard includes extensive new disclosure requirements. The standard may be adopted retrospectively or as of the application date by adjusting retained earnings at that date and disclosing the effect of adoption on each line of profit or loss.

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

(b) Basis of preparation:

The separate 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) Basis of non-consolidation:

These non-consolidated financial statements are intended to show the affairs of the company as a stand-alone business. They are not intended to, and do not, show the consolidated financial position, results of operations, changes in equity and cash flows of the company and its subsidiaries. Consolidated financial statements dealing with the financial statements of Caribbean Producers (Jamaica) Limited and its subsidiary are not prepared as the operating results, assets, liabilities and cash flows of the subsidiary is not material to the company.

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

(d) 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:

(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.

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

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

(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.

(e) 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.

(f) Accounts receivable:

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

(g) 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.

(h) Property, plant and equipment:

(i) Recognition and measurement:

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.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

(ii) Subsequent expenditure:

Subsequent expenditure is capitalised only if it is probable that future economic benefits associated with the expenditure will flow to the company.

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

(h) Property, plant and equipment (cont'd):

(iii) 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.

(i) Accounts payable:

Trade and other payables are stated at amortised cost.

(j) 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.

(k) 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", that is, the company).

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

(i) has control or joint control over the company;

(ii) has significant influence over the company; or

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

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

(k) Related parties (cont'd):

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

(i) The entity and the company 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 company or an entity related to the company.

(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.

(l) 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.

(m) Expense/income:

(i) Expenses:

Expenses are recognised in profit or loss on the accrual basis.

(ii) Finance costs:

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

(iii) Finance income:

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.

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

(n) 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.

(o) 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.

(p) 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.

(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.

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

(p) Impairment (cont'd):

(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.

(q) 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.

(r) 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.

(s) 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.

(t) Determination of fair value:

Fair value is 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. Market price is used to determine fair value where an active market exists as it is the best evidence of the fair value of a financial instrument. The company's financial instruments lack an available trading market. Further, the company has no financial instruments that are carried at fair value. The carrying value of the company's financial instruments approximates their fair value.

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

(u) Interest in subsidiary:

Interest in subsidiary is stated at cost, less provision for impairment, if any.

(v) 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 IFRS 11 *Joint Arrangements*, 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.

(w) 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.

(x) 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.

(y) 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.

3. Cash and cash equivalents

	2014	2013
Cash	6,705	13,376
Bank balances	2,891,573	3,113,930
	$2,898,278	3,127,306

4. Accounts receivable

	2014	2013
Trade receivables	9,818,802	8,702,630
Other receivables	2,869,329	2,460,565
	12,688,131	11,163,195
Less: Allowance for impairment losses	(55,726)	(71,000)
	$12,632,405	11,092,195

Trade receivables include $63,198 (2013: $61,371) due from directors and $18,332 (2013: $17,710) due from related companies, which are controlled by key management.

Other receivables include $9,346 (2013: $6,160) due from directors and $734,843 (2013: $740,441) due from related companies, which are controlled by key management.

The aging of trade receivables at the reporting date was:

	2014		2013	
	Gross	Impairment	Gross	Impairment
Not past due	6,801,421	-	6,194,565	-
Past due 31- 45 days	1,152,424	-	1,090,216	-
More than 45 days	1,864,957	55,726	1,417,849	71,000
Trade accounts receivable	$9,818,802	55,726	8,702,630	71,000

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

	2014	2013
Balance at beginning of year	71,000	74,396
Amounts written off	(52,138)	(39,181)
Amount provided during the year	36,864	35,785
Balance at end of year	$55,726	71,000

During the year bad debt expenses aggregating $33,846 (2013: $32,789) were recognised.

5. Inventories

	2014	2013
Goods held for resale – duty paid	14,489,605	14,078,353
Goods held in bonded warehouse	496,846	631,827
Goods in transit	1,746,931	2,331,715
Raw materials	1,484,238	737,224
Others	320,489	177,655
	$18,538,109	17,956,774

During the year, expenses relating to inventory write-offs amounted to $679,008 (2013: $521,756).

6. Short-term loans

These commercial bank loans bear interest at 6.50% (2013: 6.50%) per annum and are repayable on demand. These loans are secured as detailed in note 15.

7. Accounts payable

	2014	2013
Trade payables	3,642,527	4,529,969
Other payables	1,049,949	951,675
	$4,692,476	5,481,644

Trade payables include $288 (2013: $2,076) due to directors and $38,200 (2013: $87,146) due to related companies, which are controlled by key management.

Other payables include $62,332 (2013: $110,367) due to related companies, which are controlled by key management.

8. Short-term promissory notes

These promissory notes are repayable with three months notice to the company, are unsecured and bear interest at 6% to 8% per annum (2013: 7% to 8%). This includes $750,000 (2013: $500,000) payable to a related company, which is controlled by key management.

9. Interest in subsidiary

(a) The details of the company's subsidiary as at June 30, 2014 is as follows:

Company	Principal activity	Percentage of ordinary shares held by company	Place of incorporation
		2014	
CPJ Investments Limited	Holds investment in CPJ St. Lucia Limited	100	St. Lucia

(b) Interest in subsidiary comprises:

	2014	2013
Shares, at cost	10,000	-
Additional cost of acquisition	746,176	-
	$756,176	-

10. Interest in joint venture

	2014	2013
Shares, at cost	77	77
Additional cost of acquisition	406,977	406,977
Advances	124,973	68,321
	532,027	475,375
Less: Share of accumulated losses	(312,241)	(253,444)
	$219,786	221,931

10. Interest in joint venture (cont'd)

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.

Summary of financial information for CEP is as follows:

	2014 $	2013 $
Non-current assets	118,190	177,949
Current assets [including cash and cash equivalents $5,203, (2013: $14,240]	106,361	131,977
Non-current liabilities	(637,832)	(655,631)
Current liabilities	(141,157)	(149,003)
Net liabilities (100%)	$(554,438)	(494,708)
Company's share of net liabilities (50%)	(277,219)	(247,354)
Revenue	401,273	523,101
Depreciation	41,293	46,080
Taxation expense	-	-
Loss and total comprehensive loss (100%)	(117,594)	(104,578)
Company's share of loss (50%)	(58,797)	(52,289)

11. Deferred tax asset

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

	2012	Recognised in income [note 18(a)]	2013	Recognised in income [note 18(a)]	2014
Property, plant and equipment	$(17,599)	106,052	88,453	7,055	95,508

CARIBBEAN PRODUCERS (JAMAICA) LIMITED

Notes to the Financial Statements (Continued)
June 30, 2014
(*Presented in United States dollars)*

12. Property, plant and equipment

	Leasehold improvements	Furniture, fixtures and equipment	Computer equipment	Aircraft and motor vehicles	Construction in progress	Total
Cost:						
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
Additions	556,163	1,059,194	171,408	267,679	-	2,054,444
Disposals	-	(731,400)	(6,874)	(154,921)	-	(893,195)
June 30, 2014	7,594,136	8,389,362	1,447,861	1,468,452	-	18,899,811
Depreciation:						
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
Charge for the year	674,210	792,891	161,442	108,610	-	1,737,153
Disposals	-	(579,349)	(2,011)	(111,956)	-	(693,316)
June 30, 2014	2,771,551	2,955,976	1,021,164	1,025,167	-	7,773,858
Net book values:						
June 30, 2014	$4,822,585	5,433,386	426,697	443,285	-	11,125,953
June 30, 2013	$4,940,632	5,319,134	421,594	327,181	-	11,008,541

13. Share capital

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

	2014	2013
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

14. Long-term promissory notes

	2014	2013
Due to related companies (controlled by key management) [note (a)]	8,613,000	9,500,000
Due to related company (controlled by key management) [note (b)]	650,000	650,000
Due to other party [note (a)]	176,537	63,266
	$9,439,537	10,213,266

14. Long-term promissory notes (cont'd)

(a) These loans attract interest at 6% to 9% (2013: 6% to 9%) per annum, are unsecured and not repayable before June 30, 2015 (see note 15).

(b) These loans are unsecured, interest-free, and are not repayable before June 30, 2015.

15. Long-term borrowings

		2014	2013
9.5% Bonds	(a)	3,003,506	3,304,556
7% RBC Royal Bank (Jamaica) Limited	(b)	-	109,808
7% RBC Royal Bank (Jamaica) Limited	(c)	63,916	105,376
7% RBC Royal Bank (Jamaica) Limited	(d)	700,000	800,000
7% RBC Royal Bank (Jamaica) Limited	(e)	1,400,000	1,600,000
10.5% RBC Royal Bank (Jamaica) Limited [J$ 12,980,023 (2013: Nil)]	(f)	116,754	-
		5,284,176	5,919,740
Less: Current portion		(356,681)	(451,268)
		4,927,495	5,468,472
Debt issuance costs :			
At beginning of the year	(g)	(184,011)	(86,684)
Costs incurred during the year		-	(107,238)
Debt costs amortised during the year		16,732	9,911
At the end of the year		(167,279)	(184,011)
		$4,760,216	5,284,461

(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, 2014, bonds totaling J$337,000,000 (2013: 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 represented the balance due on an initial loan of $800,000. The loan was repayable in sixty equal monthly instalments of principal and interest of $16,055 and was fully settled during the year.

(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.

15. Long-term borrowings (cont'd)

(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 the balance due on an initial loan of J$13,195,000. The loan is repayable in eighty-four monthly instalments of principal and interest of J$222,477, the final instalment being due in April 2021. This loan is secured by bills of sale over certain motor vehicles purchased by the company.

(g) 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.

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 $14,112,000 and J$50,000,000.
- First demand mortgage by way of a guarantee over commercial property owned by Freeport Investments Limited, 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 14).
- Corporate guarantee of Hull Investment 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.

16. Gross operating revenue

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

17. Disclosure of income/(expenses)

	2014	2013
(a) Other operating income, net:		
Foreign exchange gains	264,393	19,595
(Loss)/gain on disposal of property, plant and equipment	(8,985)	16,420
Others	18,910	46,869
	$ 274,318	82,884
(b) Finance income:		
Interest income - third party	$ 679	1,134

17. Disclosure of income/(expenses) (cont'd)

	2014	2013
(c) Finance costs:		
Interest on promissory notes	1,075,385	1,228,320
Interest on long-term and short term borrowings	859,296	531,290
Overdraft interest	49,802	50,534
	$1,984,483	1,810,144

(d) Statutory disclosures:

Profit before taxation is stated after charging:

	$	$
Staff costs	7,222,158	6,493,687
Directors' emoluments	473,280	429,343
Auditors' remuneration	28,074	27,620

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

18. Taxation

	2014	2013
(a) Deferred tax:		
Origination and reversal of temporary differences (note 11)	(7,055)	(106,052)
Tax credit recognised in profit for the year	$(7,055)	(106,052)

	2014	2013
(b) Reconciliation of actual taxation credit:		
Profit before taxation	$3,461,257	3,086,795
Computed "expected" tax charge at 25% (2013: 30%)	865,314	926,039
Tax effect of differences between treatment for financial statement and taxation purposes:		
Depreciation and capital allowances	64,813	(1,192)
Other items, net	93,129	55,879
Effect of change in tax rate	-	(9,828)
Tax remission [note (c)]	(1,030,311)	(1,076,950)
	$(7,055)	(106,052)

(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%

19. 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:

	2014	2013
Profit for the year attributable to the stockholders of the company	$ 3,468,312	3,192,847
Weighed average number of ordinary stock units held during the year	1,100,000,000	1,100,000,000
Earnings per stock unit (expressed in ¢ per share)	0.32¢	0.29¢

20. Related party transactions

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

	2014 $	2013 $
Sales to related companies/directors	(48,489)	(189,437)
Interest expense paid to a related companies	812,006	971,822
Rent paid to a related company	51,600	50,900
Agency fee paid to a related company	630,000	780,000
Compensation for key management:		
Short-term benefits	457,679	420,876

Note - related companies represent companies controlled by key management.

21. Lease commitments

At June 30, 2014, there were unexpired operating lease commitments in relation to leasehold property, payable as follows:

	2014	2013
Within one year	438,845	439,985
Between one and five years	548,275	1,004,282
	$987,120	1,444,267

During the year, the total operating lease expenses recognised amounted to $668,243 (2013: $571,508).

22. 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 $235,612 (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 $98,548 (J$11,057,345).

23. Dividends

On December 23, 2013, the directors declared a dividend of J$0.03 (2013: J$0.045) per share amounting to 311,315 (J$33,000,000) [2013: $508,652 (J$49,500,000)].

24. 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.

24. Financial instruments (cont'd)

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

(i) Credit risk (cont'd):

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.

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 impairment losses 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.

24. Financial instruments (cont'd)

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

(ii) Liquidity risk (cont'd):

	2014			
	Carrying amount	Contractual cash flows	1 year or less	2-9 years
Short-term loans	6,325,000	6,736,125	6,736,125	-
Accounts payable	4,692,476	4,692,476	4,692,476	-
Short-term promissory notes	4,317,794	4,653,428	4,653,428	-
Long-term promissory notes	9,439,537	10,957,017	-	10,957,017
Long-term borrowings	5,116,897	7,143,666	483,980	6,659,686
Total financial liabilities	$29,891,704	34,182,712	16,566,009	17,616,703

	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

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.

24. Financial instruments (cont'd)

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

(iii) Market risk (cont'd):

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 $24,716,507 (2013: $24,329,673).

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 $636,860 (2013: $54,890).

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 of the company are as follows:

	2014 JMD	2013 JMD
Cash and cash equivalents	77,618,309	47,732,509
Accounts receivable	57,130,216	53,993,308
Accounts payable	(163,564,681)	(153,106,247)
Long term borrowings	(349,980,023)	(335,000,000)
Net foreign currency liabilities	(378,796,179)	(386,380,430)

24. Financial instruments (cont'd)

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

(iii) Market risk (cont'd):

Foriegin currency risk (cont'd)

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

	JMD
June 30, 2014:	$112.20
June 30, 2013:	$101.38

Sensitivity analysis

Changes in exchanges rates would have the effect described below:

	Increase/(decrease) in profit for the year	
	2014	2013
	US$	US$
1% (2013: 1%) strengthening against the US$	(33,761)	(38,112)
15% (2013: 10%) weakening against the US$	506,412	381,121

The analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is done on the same basis as for 2013.

(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.

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