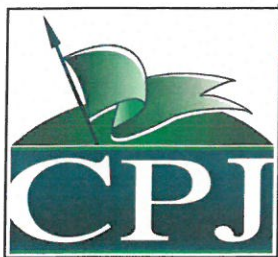




**Caribbean Producers (Jamaica) Limited
Report to Shareholders
Six Months Ended December 31, 2017**



Report to the Shareholders

Consolidated Unaudited Financial Results for the six month period ended 31 December 2017

YTD December 2017

Financial Highlights in JM\$

Weighted average

BOJ rate /US\$1.00

December 2017 —J\$127.99

December 2016 —J\$127.94

Subsidiary is represented in these figures.

	December 2017 YTD	December 2016 YTD	Change	% Change
	J\$'000	J\$'000	J\$'000	
Gross Revenue	6,899,313	5,889,821	1,009,492	17%
Gross Profit	1,841,324	1,632,773	208,551	13%
Gross Profit %	27%	28%		-1%
Operating Expenses	1,343,238	1,207,091	136,147	11%
EBIDTA	498,086	425,682	72,404	17%
Finance Cost, Net, Depreciation & Taxation	290,289	301,848	(11,559)	-4%
Non-controlling interest	20,531	(595)	21,126	3551%
Net Profit - Equity Holders	187,266	124,429	62,837	51%

Half Year to Date

The Board of Directors is pleased to present the company's consolidated unaudited results for the six month period ended December 31, 2017.

Strong performance resulted in a notable increase of 68% in Net Profit for the first six months

Following the strong performance in prior year, the company continues restructuring for future growth and delivery of value to shareholders. The net profit for the half year ending December 31, 2017 reflected a significant improvement of 68% when compared to the corresponding six month period last year. The YTD net profit for the six months was US\$1.62 million, which was US\$656 thousand above the profit for last year. Gross operating revenues increased by US\$7.88 million or 17% from US\$46.04 million to US\$53.91 million. There was a significant increase in Gross profit of US\$1.62 million (13%) from US\$12.76 million to US\$14.39 million when compared to prior year. The increase in revenues was primarily driven by an aggressive growth in sales across all channels with focus on targeted product categories.

Selling and administrative expenses increased by US\$1.01 million or 11% from US\$9.45 million to US\$10.46 million. This increase when compared to the same period last year was primarily due to Salary related expenses, Repairs & Maintenance as well as Advertising and Promotion cost relating to an increase drive in Sales and Marketing of all products sold by CPJ.

Accordingly, the earnings per share increased from 0.09 cents to a earnings per share of 0.13 cents. The stock price for the CPJ share was at \$4.48 as at December 31, 2017.

Awards

CPJ was again awarded the coveted Jamaica Hospitality and Tourism Association Purveyor of the Year, which the company has won 10 times over 15 years. In addition, for the first time CPJ was awarded the Best Purveyor at the prestigious RJR Gleaner Communications Group Hospitality 2017 Awards for which the company was deeply appreciative of their customer confidence and support. At the Jamaica Stock Exchange Best Practices Awards 2016 banquet, CPJ won the best Website Award, which it has won 4 times over the 5 years.

Quarter to Date

Growth of 18.2% of Revenue in 2nd Quarter

Gross operating revenues for the 2nd quarter reflected strong growth of 18% (from US\$25 million to US\$29.5 million) based on strong sales initiatives both onshore and offshore. There was a US\$0.57 million or 8% growth in gross profit over the corresponding period last year (US\$7.84 million versus US\$7.27 million for the 2nd quarter of 2016). The growth was primarily due to strategic measures employed geared towards regaining market share in key product categories. Selling and administrative expenses showed an adverse movement of US\$ 0.67 million or 14% increasing from US\$4.78 million to US\$5.45 million when compared to the same quarter prior year. The increase in expenses also reflected the effect of the strengthening of the Jamaican Dollar on local currency liabilities during the last three months of 2017, given our revenue model is supported primarily by US Dollar earnings. In addition, increased expenses relating to equipment and factories machinery along with advertising and promotional costs, expenses were planned to support the competitive Christmas holiday season.

Consequently, operating profit decreased by 7% from US\$1.85 million to US\$1.73 million. Finance costs decreased marginally by 3%. The net profit attributable to the shareholders of the company decreased by US\$179 thousand or 14% compared with the corresponding period of 2016, moving from a profit of US\$1.25 million to US\$1.07 million.

Half Year – Statement of Financial Position

Total assets increased by US\$4.51 million or 8% from US\$56.72 million to US\$61.23 million. Current assets increased by US\$5.41 million or 13% from US\$43 million to US\$48.43 million. Accounts Receivable increased by US\$5.18 million corresponding with increased sales. The increase in Total assets resulted mainly from an increase in Accounts Receivable US\$5.18 million (36%) which was offset by a reduction in the net book value of Property , Plant & Equipment of US\$1.08 million (8%).

Current liabilities increased by US\$4.87 million or 26% when compared to prior year. The company's long term liabilities decreased by US\$3.09 million or 18%. The company continues to improve its cash management position, as evidenced by a significant reduction of US\$2.3 million (40%) in its short term loans , when compared to prior year.

Outlook

The company continues to execute its business transformation initiatives to strengthen its platform for growth. The company views investment in technology and talent as vital to the creation of shareholders value as it continues to grow and expand both onshore and offshore. It is expected that the company will continue to benefit from significant improvements in operational excellence and management information capabilities and further growth in the tourism sector in the Caribbean. While management continues to be optimistic and encouraged by preliminary signs of continued growth, the effects, if any of the State of Emergency that was implemented in January 2018 for St. James will continue to be monitored.

Dividend Notice

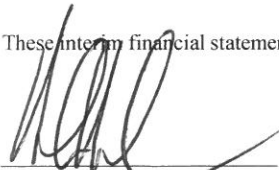
At a Board Meeting held on 17 November 2017 Caribbean Producers (Jamaica) Limited declared an interim dividend for the financial year ending 30 June 2018 in the amount of J\$0.06 per stock unit payable on 19 January 2018 to shareholders on record as at 15 December 2017 with an ex-dividend date 13 December 2017.

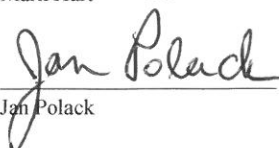
CARIBBEAN PRODUCERS (JAMAICA) LIMITED
Period ended December 31, 2017

Interim Statement of Financial Position - Unaudited

	Unaudited December 31, 2017	Unaudited December 31, 2016	Audited June 30, 2017
CURRENT ASSETS			
Cash and cash equivalents	2,720,433	3,097,460	2,763,268
Accounts receivable	19,724,727	14,548,969	13,908,764
Inventories	25,982,667	25,372,045	24,625,347
	<u>48,427,827</u>	<u>43,018,474</u>	<u>41,297,379</u>
CURRENT LIABILITIES			
Bank overdraft	555,793	338,086	243,222
Short-term loans	3,400,000	5,700,000	2,500,000
Accounts payable	11,466,761	7,751,599	7,237,075
Short-term promissory notes	4,317,794	4,317,794	4,317,794
Current portion long-term loans	3,242,860	450,758	475,310
Tax payable	798,096	348,708	578,804
	<u>23,781,304</u>	<u>18,906,945</u>	<u>15,352,205</u>
NET CURRENT ASSETS	24,646,523	24,111,529	25,945,174
NON-CURRENT ASSETS			
Investment	71,581	71,581	71,581
Deferred tax asset	797,291	590,307	797,291
Intangible asset	94,207	125,493	158,550
Property, plant and equipment	11,836,306	12,913,250	12,249,662
	<u>12,799,385</u>	<u>13,700,631</u>	<u>13,277,084</u>
US\$	<u>37,445,908</u>	<u>37,812,160</u>	<u>39,222,258</u>
SHAREHOLDERS' EQUITY			
Share capital	4,898,430	4,898,430	4,898,430
Accumulated surplus	17,971,404	15,447,662	17,030,012
	22,869,834	20,346,092	21,928,442
Non- controlling interest	88,574	(111,228)	(71,836)
	<u>22,958,408</u>	<u>20,234,864</u>	<u>21,856,606</u>
NON-CURRENT LIABILITIES			
Long term promissory notes	9,268,375	9,317,789	9,267,668
Due to related company	2,735,222	2,735,163	2,744,004
Long-term borrowings	2,483,903	5,524,344	5,353,980
	<u>14,487,500</u>	<u>17,577,296</u>	<u>17,365,652</u>
US\$	<u>37,445,908</u>	<u>37,812,160</u>	<u>39,222,258</u>

These interim financial statements were approved by the Board of Directors on 12 February 2018 and signed on its behalf by:


 Mark Hart Director


 Jan Polack Director

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

CARIBBEAN PRODUCERS (JAMAICA) LIMITED

Period ended December 31, 2017

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

	Unaudited Three months ended	Unaudited Three months ended	Unaudited Six months ended	Unaudited Six months ended	Audited Year ended
	<u>31-Dec-17</u>	<u>31-Dec-16</u>	<u>31-Dec-17</u>	<u>31-Dec-16</u>	<u>30-Jun-17</u>
Gross operating revenue	29,544,083	24,985,322	53,905,098	46,035,808	98,288,970
Cost of operating revenue	<u>(21,703,186)</u>	<u>(17,717,684)</u>	<u>(39,518,633)</u>	<u>(33,273,783)</u>	<u>(71,155,666)</u>
Gross profit	7,840,897	7,267,638	14,386,465	12,762,025	27,133,304
Selling and administration expenses	(5,447,419)	(4,778,746)	(10,463,047)	(9,453,685)	(20,036,435)
Depreciation and amortisation	(638,763)	(668,206)	(1,245,998)	(1,327,965)	(2,641,917)
Other operating (expenses)/income, net	<u>(28,230)</u>	<u>33,522</u>	<u>(31,813)</u>	<u>18,851</u>	<u>163,448</u>
Operating profit	1,726,485	1,854,208	2,645,607	1,999,226	4,618,400
Finance income	93	235	203	767	953
Finance costs	<u>(421,329)</u>	<u>(434,045)</u>	<u>(849,205)</u>	<u>(895,245)</u>	<u>(1,762,143)</u>
Profit before taxation	1,305,249	1,420,398	1,796,605	1,104,748	2,857,210
Taxation	<u>(128,064)</u>	<u>(136,843)</u>	<u>(173,064)</u>	<u>(136,843)</u>	<u>(267,563)</u>
Profit for the period, being total comprehensive income	US\$ <u>1,177,185</u>	<u>1,283,555</u>	<u>1,623,541</u>	<u>967,905</u>	<u>2,589,647</u>
Attributable to:					
Equity holders of the Parent	1,071,630	1,250,319	1,463,131	972,554	2,554,904
Non-controlling interest	<u>105,555</u>	<u>33,236</u>	<u>160,410</u>	<u>(4,649)</u>	<u>34,743</u>
	<u>1,177,185</u>	<u>1,283,555</u>	<u>1,623,541</u>	<u>967,905</u>	<u>2,589,647</u>
Earnings per stock unit	<u>0.10</u>	<u>0.11</u>	<u>0.13</u>	<u>0.09</u>	<u>0.23</u>

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

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

Interim Statement of Changes in Equity - Unaudited

	<u>Share capital</u>	<u>Accumulated surplus</u>	<u>Non -controlling Interest</u>	<u>Total</u>
Six months ended December 31, 2016				
Balances at June 30, 2016	4,898,430	14,475,108	(106,579)	19,266,959
Profit for the period, being total comprehensive income	<u>-</u>	<u>972,554</u>	<u>(4,649)</u>	<u>967,905</u>
Unaudited balances at December 31, 2016	US\$ <u>4,898,430</u>	<u>15,447,662</u>	<u>(111,228)</u>	<u>20,234,864</u>
	-	-	-	-
Six months ended December 31, 2017				
Balances at June 30, 2017	4,898,430	17,030,012	(71,836)	21,856,606
Profit for the period, being total comprehensive income	-	1,463,131	160,410	1,623,541
Transaction recorded directly in equity:				
Dividends	<u>-</u>	<u>(521,739)</u>	<u>-</u>	<u>(521,739)</u>
Unaudited balances at December 31, 2017	US\$ <u>4,898,430</u>	<u>17,971,404</u>	<u>88,574</u>	<u>22,958,408</u>

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

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

Consolidated Interim Statement of Cash Flows - Unaudited

	Unaudited Six months ended December 31, 2017	Unaudited Six months ended December 31, 2016	Audited Year-ended June 30, 2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period	1,463,131	972,554	2,554,904
Adjustments for:			
Depreciation and amortisation	1,245,998	1,327,965	2,641,917
Loss/(gain) on disposal of property, plant and equipment	57,689	5,770	(37,408)
Transfer and adjustment to property, plant and equipment	-	-	55,346
Interest income	(203)	(767)	(953)
Interest expense	825,529	895,245	1,762,143
Non- controlling interest	160,410	(4,649)	34,743
Taxation	173,064	136,843	267,563
	3,925,618	3,332,961	7,278,255
Increase in current assets:			
Accounts receivable	(5,815,963)	(1,389,081)	(748,876)
Inventories	(1,357,320)	(1,105,599)	(358,901)
Increase/(decrease) in current liability:			
Accounts payable	4,192,927	(134,855)	(730,759)
Cash generated from operations	945,262	703,426	5,439,719
Interest paid	(788,770)	(995,875)	(1,779,241)
Tax recovered /(paid)	46,228	36,489	(73,271)
Net cash provided/(used) by operating activities	202,720	(255,960)	3,587,207
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment	(831,940)	(643,602)	(1,433,059)
Proceeds from disposal of property, plant and equipment	5,952	28,165	122,033
Interest received	203	767	953
Net cash used by investing activities	(825,785)	(614,670)	(1,310,073)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid	(521,739)	-	-
Promissory notes received	707	3,202	104,973
Promissory notes repaid	-	-	(802,983)
Long-term/short-term borrowings repaid	(4,010,768)	(6,673,605)	9,458,366
Due to related company	(8,782)	(5,601)	3,240
Long-term/short-term borrowings received	4,808,241	6,301,091	(12,525,601)
Net cash provided/(used) by financing activities	267,659	(374,913)	(3,762,005)
Net decrease in cash and cash equivalents for the period	(355,406)	(1,245,543)	(1,484,871)
Cash and cash equivalents at beginning of the period	2,520,046	4,004,917	4,004,917
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	US\$ 2,164,640	2,759,374	2,520,046
Comprised of			
Cash and cash equivalents	2,720,433	3,097,460	2,763,268
Bank overdraft	(555,793)	(338,086)	(243,222)
US\$	2,164,640	2,759,374	2,520,046

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

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

Selected explanatory notes

1 The company

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

The company's principal activities are wholesale and distribution of food and beverages, the distribution of non-food supplies and the manufacture and distribution of fresh juices and processes meats.

As at December 31, 2017, the company held 100% of the issued share capital of CPJ Investments Limited, a company incorporated on September 16, 2013. CPJ Investments Limited's principal activity is holding a 51% investment in CPJ (St. Lucia) Limited, a company whose principal activity is the wholesaling and distribution of non-food supplies. Both companies are incorporated and domiciled in St. Lucia.

2 Basis of preparation

These interim financial statements have been prepared in accordance with accounting policies set out in note 2 to the audited financial statements for the year ended June 30, 2017, which have been consistently applied from period to period.

3 Basis of consolidation

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

The interim consolidated financial statements include the financial statements of the company and its subsidiaries (note 1)

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

(iii) Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the group.

(iv) Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date. Changes in the group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests, even if doing so causes the non-controlling interest to have a deficit balance.

Selected explanatory notes

4 Operating segments

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

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

5 Taxation

The company's shares were listed on the Junior Market of the Jamaica Stock Exchange on July 20, 2011. Consequently, the company is entitled to a remission of taxes for 10 years in the proportions set out below, provided the shares remain listed for at least 15 years:

Years 1 to 5 100%

Years 6 to 10 50%

6 Earnings per stock unit

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

	<u>Three months ended</u> <u>December 31, 2017</u>	<u>Three months ended December 31,</u> <u>2016</u>	<u>Six months ended</u> <u>December 31, 2017</u>	<u>Six months ended</u> <u>December 31, 2016</u>
Issued ordinary shares at beginning of period	1,100,000,000	1,100,000,000	1,100,000,000	1,100,000,000
Effect of shares issued during the period	-	-	-	-
Weighted average number of ordinary shares held during the period	<u>1,100,000,000</u>	<u>1,100,000,000</u>	<u>1,100,000,000</u>	<u>1,100,000,000</u>

7 Contingent liability

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



TOP TEN (10) STOCKHOLDERS AS AT 31ST DECEMBER 2017

NAME	UNITS	%
Sportswear Producers Limited	248,000,000	22.5455
Mayberry West Indies Limited	226,095,637	20.5541
Wave Trading Limited	200,632,858	18.2394
Oniks Investments Limited	101,455,000	9.2232
Thomas Tyler	82,830,563	7.5301
Ho Choi Limited	33,081,579	3.0074
PWL Bamboo Holdings Limited	14,586,963	1.3261
ATL Group Pension Fund Trustees Nom. Ltd	12,982,044	1.1802
Bricks Limited	12,000,000	1.0909
SJIML A/C 3119	11,906,171	1.0824

DIRECTORS AND CONNECTED PARTIES REPORT

NAME	POSITION	RELATIONSHIP	UNITS	%
<u>Wave Trading Limited</u>			200,632,858	18.2394
Mark Hart	Chairman	Connected party holding		
<u>Sportswear Producers Limited</u>			226,095,637	20.5541
Mark Hart	Chairman	Connected party holding		
<u>Mayberry West Indies Limited</u>			200,632,858	18.2394
Konrad Mark Berry	Director	Connected party holding		
Christopher Berry	Director	Connected party holding		
<u>Bamboo Group Holdings Limited</u>			14,586,963	1.3261
Mark Konrad Berry	Director	Connected party holding		
<u>Bricks Limited</u>			12,000,000	1.0909
David Lowe	Director	Connected party holding		
<u>Alpine Endeavors Limited</u>			1,881,100	0.1710
Ronald Schrager	Director	Connected party holding		
<u>A+Medical Centre Limited</u>			1,000,000	0.0909
Christopher Berry	Director	Connected party holding		
<u>Apex Pharmacy Limited</u>			921,936	0.0838
Christopher Berry	Director	Connected party holding		

DIRECTORS AND CONNECTED PARTIES REPORT (cont'd)

NAME	POSITION	RELATIONSHIP	UNITS	%
Jan Polack	Director	Self	2,790,185	0.2537
Konrad Mark Berry	Director	Self	500,000	0.0455
Robert J. Hooker	Director	Self	472,000	0.0429
Theresa Chin	Director	Self	288,900	0.0263
Richard Mark Hall	Director	Self	114,090	0.0104

SENIOR MANAGERS

NAME	UNITS	%
Debbie Clarke	0	0
Hugh Logan	144,343	0.0131
Kesha Ann Harper	0	0
Rhys Campbell	0	0
Ryan Peart	0	0
Wayne Soltau	0	0