



**Caribbean Producers (Jamaica) Limited  
Report to Stockholders**

**Six Months ended December 31, 2012**



## Caribbean Producers (Jamaica) Limited Report to the Stockholders

Six months ended December 31, 2012

The Board of Directors is pleased to present the company's unaudited results for the 2nd quarter ended December 31, 2012. Revenues for the six month period were **US\$30.7 million** versus **US\$30.6 million** for the corresponding period last year, an increase of **US\$146 thousand**. Even though the revenue was increased only slightly the company continues to recognize better margins for the period which has led to a 17.7% increase in our Gross Operating Profit of **US\$8.75 million** versus the corresponding period last year of **US\$7.44 million** representing 28.5% and 24.3% gross profit margin respectively.

During the 2nd quarter the company opened the much anticipated retail store operation in Kingston, CPJ Market and CRU Bar on 71 Lady Musgrave Road. In addition the CPJ Meat Processing Plant has ramped up production to meet growing demands for our processed meats, going into the Christmas season. It is however against this background that the company's selling and administrative expenses in comparison to last year have increased by 25%. In particular, staffing costs and utility expenses have increased due to the addition of the new business units. There was positive growth in revenue, but profits were impacted by disruptions in supply chain, owing in part to the passing of Tropical Storm Sandy and a disappointing start in visitor arrivals to the island, where hotel occupancies were lower than anticipated. The overall profit for the six month period was US\$538.7 thousand compared to the previous year's profit of US\$831.9. The current assets rose by 6% over the corresponding period last year and current liabilities increased by 11.5%.

Currently, the company is in the process of launching uniquely branded products for retail consumption and for export. CPJ Market Kingston and Deli has opened to resounding reviews with our existing food and beverage product lines as well as new brands that we have introduced to the local palate. CRU Bar has opened and is well received.

The Jamaican dollar is still devaluing rapidly in response to the pending agreement between the Government and the IMF. Notwithstanding these challenges, over the next three months the company will focus on strengthening operations for the exportation of products from our Meat Processing facility and continue to focus on building our distribution lines and working with our customers to market our products to the Jamaican consumer.

A handwritten signature in black ink, appearing to read 'Thomas Tyler', is written over a horizontal line.

**Thomas Tyler**  
President & CEO

**CARIBBEAN PRODUCERS (JAMAICA) LIMITED**  
**Period ended December 31, 2012**

**Interim Statement of Financial Position**

	<b>Unaudited December 31, <u>2012</u></b>	<b>Unaudited December 31, <u>2011</u></b>	<b>Audited June 30, <u>2012</u></b>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	197,209	1,197,264	673,473
Accounts receivable	11,889,128	11,650,658	11,499,917
Inventories	<u>16,603,469</u>	<u>14,215,875</u>	<u>15,722,412</u>
	<u>28,689,806</u>	<u>27,063,797</u>	<u>27,895,802</u>
<b>CURRENT LIABILITIES</b>			
Short-term loans	4,100,000	3,930,000	6,000,000
Accounts payable	6,111,540	4,112,137	4,571,929
Due to related parties	3,746,668	3,646,667	3,916,667
Current portion long-term loans	258,407	368,526	516,813
Taxable payable	<u>218,279</u>	<u>817,955</u>	<u>218,381</u>
	<u>14,434,894</u>	<u>12,875,285</u>	<u>15,223,790</u>
<b>NET CURRENT ASSETS</b>	<u>14,254,912</u>	<u>14,188,512</u>	<u>12,672,012</u>
<b>NON-CURRENT ASSETS</b>			
Interest in joint venture	280,587	258,932	268,643
Investment	-	49,452	-
Deferred tax asset	-	2,940	-
Property, plant and equipment	<u>10,880,878</u>	<u>5,995,149</u>	<u>8,576,076</u>
	<u>11,161,465</u>	<u>6,306,473</u>	<u>8,844,719</u>
USD	<u>25,416,377</u>	<u>20,494,985</u>	<u>21,516,731</u>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	4,898,430	4,851,327	4,898,430
Accumulated surplus	<u>5,996,440</u>	<u>3,876,467</u>	<u>5,457,709</u>
	<u>10,894,870</u>	<u>8,727,794</u>	<u>10,356,139</u>
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liability	17,599	-	17,599
Related party loans	11,886,832	8,633,429	8,614,493
Long term loans	<u>2,617,076</u>	<u>3,133,762</u>	<u>2,528,500</u>
	<u>14,521,507</u>	<u>11,767,191</u>	<u>11,160,592</u>
USD	<u>25,416,377</u>	<u>20,494,985</u>	<u>21,516,731</u>

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

  
 \_\_\_\_\_ Director  
 Thomas Tyler

  
 \_\_\_\_\_ Director  
 Jan Polack

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

**CARIBBEAN PRODUCERS (JAMAICA) LIMITED**

Period ended December 31, 2012

**Interim Statement of Comprehensive Income - Unaudited**

	<b>Three months ended December 31, 2012</b>	<b>Three months ended December 31, 2011</b>	<b>Six months ended December 31, 2012</b>	<b>Six months ended December 31, 2011</b>
Gross operating revenue	16,473,308	16,800,280	30,727,437	30,606,032
Cost of operating revenue	<u>(11,597,293)</u>	<u>(12,652,519)</u>	<u>(21,983,364)</u>	<u>(23,138,259)</u>
Gross profit	4,876,015	4,147,761	8,744,073	7,467,773
Selling and administrative expenses	(3,400,363)	(2,717,982)	(6,604,706)	(5,246,220)
Depreciation	(355,895)	(245,096)	(698,115)	(492,735)
Other operating income/(expenses), net	<u>8,407</u>	<u>156</u>	<u>(39,681)</u>	<u>(82,429)</u>
Operating profit	1,128,164	1,184,839	1,401,571	1,646,389
Finance income	134	392	624	1,022
Finance costs	(421,628)	(381,717)	(857,384)	(802,364)
Share of loss in joint venture	<u>(5,042)</u>	<u>(4,153)</u>	<u>(6,080)</u>	<u>(13,080)</u>
Profit for the period, being total comprehensive income	USD <u>701,628</u>	<u>799,361</u>	<u>538,731</u>	<u>831,967</u>
Earnings per stock unit	USD <u>0.064¢</u>	<u>0.076¢</u>	<u>0.049¢</u>	<u>0.077¢</u>

**CARIBBEAN PRODUCERS (JAMAICA) LIMITED**  
**Period ended December 31, 2012**

**Interim Statement of Changes in Equity - Unaudited**

	<b><u>Share capital</u></b>	<b><u>Accumulated surplus</u></b>	<b><u>Total</u></b>
<b>Six months ended December 31, 2011:</b>			
Balances at June 30, 2011	5,874	3,044,500	3,050,374
Profit for the period, being total comprehensive income	-	831,967	831,967
Transaction recorded directly in equity: Issue of shares (note 2)	<u>4,845,453</u>	<u>-</u>	<u>4,845,453</u>
Unaudited balances at December 31, 2011	USD <u>4,851,327</u>	<u>3,876,467</u>	<u>8,727,794</u>
 <b>Six months ended December 31, 2012:</b>			
Balances at June 30, 2012	4,898,430	5,457,709	10,356,139
Profit for the period, being total comprehensive income	<u>-</u>	<u>538,731</u>	<u>538,731</u>
Unaudited balances at December 31, 2012	USD <u>4,898,430</u>	<u>5,996,440</u>	<u>10,894,870</u>

**CARIBBEAN PRODUCERS (JAMAICA) LIMITED**  
**Period ended December 31, 2012**

**Interim Statement of Cash Flows - Unaudited**

	Six months ended December 31, <u>2012</u>	Six months ended December 31, <u>2011</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit for the period	538,731	831,967
Adjustments for:		
Interest expense	857,384	802,364
Interest income	(624)	(1,022)
Depreciation	698,115	492,735
Gain on disposal of property, plant and equipment	<u>(12,694)</u>	<u>(1,664)</u>
	2,080,912	2,124,380
 (Increase)/decrease in current assets:		
Accounts receivable	(389,211)	(2,382,821)
Inventories	(881,057)	1,575,402
Decrease in current liability:		
Accounts payable	<u>1,404,126</u>	<u>(420,832)</u>
Cash generated by operations	2,214,770	896,129
Interest paid	(721,899)	(824,489)
Tax paid	<u>(102)</u>	<u>(116)</u>
Net cash provided by operating activities	<u>1,492,769</u>	<u>71,524</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	624	1,022
Interest in joint venture	(11,944)	24,691
Additions to property, plant and equipment	(3,008,767)	(1,450,211)
Proceeds from disposal of property, plant and equipment	<u>18,544</u>	<u>38,875</u>
Net cash used by investing activities	<u>(3,001,543)</u>	<u>(1,385,623)</u>
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Issue of shares	-	4,845,453
Loans received from related parties	3,252,340	-
Loans received from third parties	3,100,000	-
Loans repaid to related parties	(150,000)	(509,909)
Loans repaid to third parties	<u>(5,169,830)</u>	<u>(2,695,432)</u>
Net cash provided by financing activities	<u>1,032,510</u>	<u>1,640,112</u>
Net (decrease)/increase in cash and cash equivalents for the period	(476,264)	326,013
Cash and cash equivalents at beginning of the period	<u>673,473</u>	<u>871,251</u>
 <b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	 USD <u>197,209</u>	 <u>1,197,264</u>

**CARIBBEAN PRODUCERS (JAMAICA) LIMITED**
**Period ended December 31, 2012**
Selected explanatory notes
**1 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, 2012, which have been consistently applied from period to period.

**2 Issue of shares**

In July 2011, the company issued 220,000,000 new shares to the public. The company's shares were listed on the Junior Market of the Jamaica Stock Exchange on July 20, 2011.

**3 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.

**4 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

Years 1 to 5 100%

Years 6 to 10 50%

**5 Earnings per stock unit**

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

	<u>Three months</u> <u>ended</u> <u>December 31,</u> <u>2012</u>	<u>Three months</u> <u>ended</u> <u>December 31,</u> <u>2011</u>	<u>Six months</u> <u>ended</u> <u>December 31,</u> <u>2012</u>	<u>Six months</u> <u>ended</u> <u>December 31,</u> <u>2011</u>
Issued ordinary shares at beginning of period	1,100,000,000	1,100,000,000	1,100,000,000	880,000,000
Effect of shares issued during the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>197,282,609</u>
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>1,077,282,609</u>



## TOP TEN (10) STOCKHOLDERS

As at 31 December 2012

<u>NAME</u>	<u>SHARES</u>
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	10,231,789
6. Huixiong, Liao	9,971,710
7. Mayberry Managed Clients Account	6,755,466
8. MF&G Trust & Finance Ltd. Sigma Venture	6,270,084
9. SJLIC for Scotiabridge Retirement Scheme	5,828,933
10. SJIML A/C 831	5,675,229

### DIRECTORS' AND SENIOR OFFICERS' INTERESTS

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

Mark Hart <sup>1,2</sup>	
Antony Hart <sup>1</sup>	
Ronald Schrage <sup>3</sup>	
Sandra Glasgow	100,000
Theresa Chin	760,900
Jan Polack	2,790,185
Richard Mark Hall	234,986
Hugh Logan	545,743
Radcliffe Murray	567,098
Petra-Ann Williamson	285,467
<sup>1</sup> Interests in Sportswear Producers Limited	440,000,000
<sup>2</sup> Interests in Wave Trading Limited	440,000,000
<sup>3</sup> Interests in Alpine Endeavors Limited	1,881,100

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

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



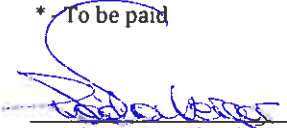


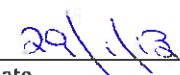
Compliance Statement for Statutory Obligations

Reporting Period: 2nd Quarter Ending December 31<sup>st</sup>, 2012

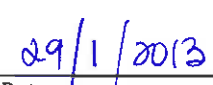
Statutory Liability	Oct-12	Date of Pmt	Nov-12	Date of Pmt	Dec-12	Date of Pmt
P.A.Y.E.	64,669.60	14-Nov-12	62,717.20	13-Sep-12	68,976.39	14-Jan-13
N.H.T.	18,635.66	14-Nov-12	18,364.29	13-Sep-12	20,228.43	14-Jan-13
Education Tax	18,343.10	14-Nov-12	18,072.29	13-Sep-12	19,913.14	14-Jan-13
HEART	11,211.43	14-Nov-12	11,048.61	13-Sep-12	12,166.45	14-Jan-13
NIS	9,865.65	14-Nov-12	9,810.49	13-Sep-12	10,798.13	14-Jan-13
GCT	(41,824.63)	22-Nov-12	128,415.04	27-Dec-12	312,104.13	

\* To be paid

  
 Sandrene Weichenberger  
 Financial Controller

  
 Date

  
 Jan Polack  
 Chief Operating Officer

  
 Date