



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

Three Months ended September 30, 2013



Report to the Shareholders

Unaudited Results for 1st Quarter Ended September 30, 2013

Balance Sheet

Total assets grew by 15% to US\$42.8 million for the period compared to the corresponding period last year 2012. Financing these assets were liabilities of US\$29.4 million and equity of US\$13.5 million, both showed growth year on year of 9% and 32% respectively.

Community Development

The company held its 9th annual CPJ Scholarship ceremony in August, where it awarded approximately J\$1.5 million in tuition assistance for children of employees who achieved academic excellence. Also the company began participating in the Junior Achievement Jamaica program in the Western region. Employee volunteers visit two schools to deliver key concepts of the lessons into a message that inspires and empowers students to believe in themselves, showing them that they can make a difference in the world. The company sponsored and competed in the 5th annual CUMI Come Run 2013 that supports the rehabilitation of the mentally ill in St. James and its environs.

The company deeply thanks its shareholders, customers, business partners, vendors and employees for their continued support and commitment.

Financial Highlights

(J\$)

2013 vs
2012

	Sep 2013 '000'	Sep 2012 '000'	Change '000'	% Change
Revenue	1,742,083	1,277,312	464,771	36%
Gross Profit	532,704	346,617	186,087	54%
Gross Profit %	31%	27%	-	4%
Operating Expenses	392,490	287,141	105,349	37%
Op/Ex to Sales	23%	22%	-	1%
Profit from operations	96,465	24,500	71,965	294%
Non-Operating Expense	50,780	40,001	10,779	27%
Net profit for the Quarter	45,685	(15,501)	61,186	-

**Exchange rates based on weighted average to US\$1.00
Qtr 1, 2012 JMS\$89.61 & Year Qtr 1, 2013 JMS\$102.11*

Company surpassed previous years performance in Q1

The Board of Directors is pleased to present the company's unaudited results for the 1st quarter ended September 30, 2013.

Gross revenues in the first quarter surpassed those of last year by US\$2.8 million or 19.7% as the company achieved revenues for the period of US\$17.0 million (2012: US\$14.2 million). The hospitality sales team focused their energies on meeting customer requirements and ensuring consistent product fulfillment throughout the quarter. The retail trade team significantly increased its sales in the frozen food category with new branded product offerings such as bacon, burgers and sausages in tandem with new marketing initiatives to support and drive demand of the consumer. CPJ Market, The Deli & Cru Bar, in Kingston improved their sales month by month in line with the company's expectation. Accordingly, gross profit increased by 34.9% over the corresponding period last year, showing US\$5.2 million versus US\$3.9 million last year, or US\$1.3 million increase above the 1st quarter of 2012. Selling and Administrative expenses increased by US\$639 thousand or 20% from US\$3.2 million to US\$3.8 million, primarily as a result of the additional expenses for the new business units which opened December 2012. Accordingly, operating profit improved by 245.5% or US\$671.3 thousand. Net profit attributable to shareholders of the Company increased by US\$620.4 thousand compared with the corresponding period of 2012, moving from a loss of US\$172.9 thousand to a profit of US\$447.4 thousand resulting in earnings per share of US 0.041cents.

CARIBBEAN PRODUCERS (JAMAICA) LIMITED
Period ended September 30, 2013


Interim Statement of Financial Position

	Unaudited September 30, <u>2013</u>	Unaudited September 30, <u>2012</u>	Audited June 30, <u>2013</u>
CURRENT ASSETS			
Cash and cash equivalents	2,660,095	1,627,268	3,127,306
Accounts receivable	9,513,067	8,945,411	11,092,195
Inventories	<u>19,407,518</u>	<u>16,962,816</u>	<u>17,956,774</u>
	<u>31,580,680</u>	<u>27,535,495</u>	<u>32,176,275</u>
CURRENT LIABILITIES			
Short-term loans	5,100,000	4,100,000	5,100,000
Accounts payable	4,962,049	4,047,697	5,481,644
Short term promissory notes	3,895,182	3,916,667	3,746,667
Current portion long-term borrowings	405,484	520,630	451,268
Tax payable	<u>177,511</u>	<u>218,301</u>	<u>177,560</u>
	<u>14,540,226</u>	<u>12,803,295</u>	<u>14,957,139</u>
NET CURRENT ASSETS	17,040,454	14,732,200	17,219,136
NON-CURRENT ASSETS			
Interest in joint venture	215,521	267,764	221,931
Deferred tax asset	88,453	-	88,453
Property, plant and equipment	<u>10,972,489</u>	<u>9,366,684</u>	<u>11,008,541</u>
	<u>11,276,463</u>	<u>9,634,448</u>	<u>11,318,925</u>
US\$	<u>28,316,917</u>	<u>24,366,648</u>	<u>28,538,061</u>
SHAREHOLDERS' EQUITY			
Share capital	4,898,430	4,898,430	4,898,430
Accumulated surplus	<u>8,589,325</u>	<u>5,284,728</u>	<u>8,141,904</u>
	<u>13,487,755</u>	<u>10,183,158</u>	<u>13,040,334</u>
NON-CURRENT LIABILITIES			
Deferred tax liability	-	17,599	-
Long-term promissory notes	9,613,266	11,766,833	10,213,266
Long-term borrowings	<u>5,215,896</u>	<u>2,399,058</u>	<u>5,284,461</u>
	<u>14,829,162</u>	<u>14,183,490</u>	<u>15,497,727</u>
US\$	<u>28,316,917</u>	<u>24,366,648</u>	<u>28,538,061</u>

These interim financial statements were approved by the Board of Directors 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 September 30, 2013

Interim Statement of Comprehensive Income - Unaudited

	Three months ended <u>September 30, 2013</u>	Three months ended <u>September 30, 2012</u>
Gross operating revenue	17,039,793	14,254,129
Cost of operating revenue	<u>(11,824,811)</u>	<u>(10,386,071)</u>
Gross profit	5,214,982	3,868,058
Selling and administration expenses	(3,846,098)	(3,204,343)
Depreciation	(435,492)	(342,220)
Other operating income/(expenses), net	<u>7,041</u>	<u>(48,088)</u>
Operating profit	940,433	273,407
Finance income	362	490
Finance costs	(476,664)	(435,756)
Share of loss in joint venture	<u>(16,710)</u>	<u>(11,122)</u>
Profit/(loss) for the period, being total comprehensive income/(losses)	US\$ <u>447,421</u>	<u>(172,981)</u>
Earnings per stock unit	<u>0.041¢</u>	<u>(0.016)¢</u>

CARIBBEAN PRODUCERS (JAMAICA) LIMITED
Period ended September 30, 2013

Interim Statement of Changes in Equity - Unaudited

	<u>Share capital</u>	<u>Accumulated surplus</u>	<u>Total</u>
Three months ended September 30, 2012			
Balances at June 30, 2012	4,898,430	5,457,709	10,356,139
Loss for the period, being total comprehensive losses	<u>-</u>	<u>(172,981)</u>	<u>(172,981)</u>
Unaudited balances at September 30, 2012	US\$ <u>4,898,430</u>	<u>5,284,728</u>	<u>10,183,158</u>
Three months ended September 30, 2013			
Balances at June 30, 2013	4,898,430	8,141,904	13,040,334
Profit for the period, being total comprehensive income	<u>-</u>	<u>447,421</u>	<u>447,421</u>
Unaudited balances at September 30, 2013	US\$ <u>4,898,430</u>	<u>8,589,325</u>	<u>13,487,755</u>

Interim Statement of Cash Flows - Unaudited

	Three months ended September 30, <u>2013</u>	Three months ended September 30, <u>2012</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) for the period	447,421	(172,981)
Adjustments for:		
Depreciation	435,492	342,220
Share of Loss in Joint Venture	16,710	-
(Gain)/loss on disposal of property, plant and equipment	(6,695)	229
Interest income	(362)	(490)
Interest expense	476,664	435,756
	<u>1,369,230</u>	<u>604,734</u>
Decrease/(increase) in current assets:		
Accounts receivable	1,579,128	2,554,506
Inventories	(1,450,744)	(1,240,404)
Decrease in current liability:		
Accounts payable	(597,578)	(532,482)
Cash generated by operations	900,036	1,386,354
Interest paid	(398,681)	(427,506)
Tax paid	(49)	(80)
Net cash provided by operating activities	<u>501,306</u>	<u>958,768</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	362	490
Interest in joint venture	(10,300)	879
Additions to property, plant and equipment	(403,216)	(1,133,057)
Proceeds from disposal of property, plant and equipment	10,471	-
Net cash used by investing activities	<u>(402,683)</u>	<u>(1,131,688)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Prommissory notes received	148,515	3,252,340
Prommissory notes repaid	(600,000)	(100,000)
Long-term/short-term borrowings repaid	(114,349)	(5,125,625)
Long-term/short-term borrowings received	-	3,100,000
Net cash (used)/provided by financing activities	<u>(565,834)</u>	<u>1,126,715</u>
Net (decrease)/increase in cash and cash equivalents for the period	(467,211)	953,795
Cash and cash equivalents at beginning of the period	<u>3,127,306</u>	<u>673,473</u>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	US\$ <u>2,660,095</u>	<u>1,627,268</u>

CARIBBEAN PRODUCERS (JAMAICA) LIMITED
Period ended September 30, 2013

Selected explanatory notes

1 Basis of preparation

The interim financial statements for the period September 30, 2013 have been prepared in accordance with and in compliance with financial reporting standards. These interim financial statements were presented in accordance with IAS 34 "Interim Financial Reports", and follows the same accounting policies and method of computation that were used in the annual audited

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 listed for

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 ended</u> <u>September 30, 2013</u>	<u>Three months ended</u> <u>September 30, 2012</u>
Issued ordinary shares at beginning of period	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>

- 6 During the period, the company acquired 100% interest in a subsidiary called CPJ Investments Limited, which owns 51% interest in CPJ St. Lucia Limited. Both companies are incorporated in St. Lucia. The Board of Directors have determined that the transactions for the first quarter are not material to the results of the company, hence consolidated financial statements



TOP TEN (10) SHAREHOLDERS

As at 30 September 2013

<u>NAME</u>	<u>SHARES</u>
Wave Trading Limited	440,000,000
Sportswear Producers Limited	440,000,000
JCSD Trustee Services Ltd. A/C#76579-02	13,679,900
ATL Group Pension Fund Trustees Nom. Ltd.	12,982,044
SJIML A/C 3119	11,906,171
Mayberry West Indies Limited	11,852,004
Huixiong, Liao	9,971,710
Mayberry Managed Clients Account	6,861,472
JCSD Trustee Services Ltd. - Sigma Venture	6,270,084
SJIML A/C 831	6,070,917

DIRECTORS' AND SENIOR OFFICERS' INTERESTS

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

Directors

Mark Hart ^{1,2}	
Jan Polack	2,790,185
Antony Hart ¹	2,636,324
Theresa Chin	760,900
Richard Mark Hall	234,986
Sandra Glasgow	100,000

Senior Officers

Radcliffe Murray	567,098
Hugh Logan	545,743
Petra-Ann Williamson	285,467
Sandrene Weichenberger	148,763

¹ Interests in Sportswear Producers Limited 440,000,000

² Interests in Wave Trading Limited 440,000,000

*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