

CARIBBEAN FLAVOURS AND FRAGRANCES LIMITED
UNAUDITED
FINANCIAL STATEMENTS
FOR THE SIX MONTHS TO 31 DECEMBER 2013

CARIBBEAN FLAVOURS AND FRAGRANCES LIMITED

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FOR THE SIX MONTHS TO 31 DECEMBER 2013

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ACCOUNTANTS' REPORT

To The Directors
Caribbean Flavours and Fragrances Limited

We have reviewed the accompanying Statement of Financial Position of **Caribbean Flavours and Fragrances Limited** as at December 31, 2013, and the Statements of Comprehensive Income and Changes in Equity and Cash Flows for the Six (6) months then ended. These financial statements are the responsibility of the Company's Management. Our responsibility is to issue a report on these financial statements based on our review.

We conducted our review in accordance with the International Standard on Review Engagements 2400. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying financial statements do not give a true and fair view in accordance with International Financial Reporting Standards.

CARIBBEAN FLAVOURS AND FRAGRANCES LIMITED

STATEMENT OF COMPREHENSIVE INCOME

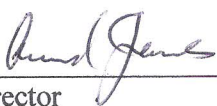
FOR THE SIX MONTHS TO 31 DECEMBER 2013

		Unaudited	Unaudited	Unaudited	Unaudited	Audited
		3 months ended	3 months ended	6 months ended	6 months ended	12 months ended
		31 December 2013	31 December 2012	31 December 2013	31 December 2012	30 June 2013
<u>Note</u>		<u>\$ '000</u>	<u>\$ '000</u>	<u>\$ '000</u>	<u>\$ '000</u>	<u>\$ '000</u>
REVENUE		63,728	57,871	125,832	115,724	229,892
Cost of sales		<u>(37,927)</u>	<u>(44,657)</u>	<u>(73,802)</u>	<u>(74,794)</u>	<u>(137,162)</u>
Gross profit		25,801	13,214	52,030	40,930	92,730
Other income	4	-	14,854	-	14,854	14,854
Selling and distribution costs		(361)	(578)	(619)	(1,184)	(1,575)
Administrative expenses		(16,120)	(8,785)	(28,359)	(20,824)	(58,218)
Net finance income	5	<u>1,760</u>	<u>415</u>	<u>2,314</u>	<u>796</u>	<u>2,597</u>
Profit before tax		11,080	19,120	25,366	34,572	50,388
Taxation		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(11,556)</u>
Net profit		<u>11,080</u>	<u>19,120</u>	<u>25,366</u>	<u>34,572</u>	<u>38,832</u>
Earnings per share	6	<u>\$0.12</u>	<u>\$3.40</u>	<u>\$0.28</u>	<u>\$6.15</u>	<u>\$6.91</u>

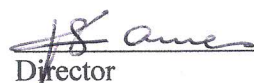
CARIBBEAN FLAVOURS AND FRAGRANCES LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2013

	<u>Note</u>	<u>Unaudited</u> <u>December 31,</u> <u>2013</u> <u>\$ '000</u>	<u>Unaudited</u> <u>December 31,</u> <u>2012</u> <u>\$ '000</u>	<u>Audited</u> <u>June 30,</u> <u>2013</u> <u>\$ '000</u>
<u>ASSETS</u>				
CURRENT ASSETS:				
Cash and bank balances		17,452	9,549	9,602
Short term investments	7	65,383	5,000	-
Receivables and prepayments	8	35,903	35,612	41,391
Inventories	9	41,432	39,788	40,650
		<u>160,170</u>	<u>89,949</u>	<u>91,643</u>
NON-CURRENT ASSETS:				
Property, plant and equipment	10	2,478	7,201	3,254
Deferred Tax		641	-	641
		<u>3,119</u>	<u>7,201</u>	<u>3,895</u>
		<u>163,289</u>	<u>97,150</u>	<u>95,538</u>
<u>LIABILITIES AND EQUITY</u>				
CURRENT LIABILITIES:				
Payables and accruals	11	11,385	5,902	11,346
Taxation		10,035	1,526	11,324
Current portion of long term loan	12	576	-	1,082
Directors' current account		78	21,973	1,472
		<u>22,074</u>	<u>29,401</u>	<u>25,224</u>
NON-CURRENT LIABILITIES:				
Loan	12	693	2,433	738
Shareholders' loans		-	5,000	5,000
		<u>693</u>	<u>7,433</u>	<u>5,738</u>
EQUITY:				
Share capital	13	56,200	5,620	5,620
Retained earnings		84,322	54,696	58,956
		<u>140,522</u>	<u>60,316</u>	<u>64,576</u>
Total liabilities and equity		<u>163,289</u>	<u>97,150</u>	<u>95,538</u>

Approved and signed on behalf of the Board by:



 Director



 Director

CARIBBEAN FLAVOURS AND FRAGRANCES LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS TO 31 DECEMBER 2013

	Unaudited <u>December 31, 2013</u>		Unaudited <u>December 31, 2012</u>		Audited <u>June 30, 2013</u>	
	Share Capital <u>\$ '000</u>	Retained Earnings <u>\$ '000</u>	Share Capital <u>\$ '000</u>	Retained Earnings <u>\$ '000</u>	Share Capital <u>\$ '000</u>	Retained Earnings <u>\$ '000</u>
Balance at beginning of the Period	5,620	58,956	5,620	20,124	5,620	20,124
Issue of shares	50,580	-	-	-	-	-
Net profit	<u>-</u>	<u>25,366</u>	<u>-</u>	<u>34,572</u>	<u>-</u>	<u>38,832</u>
	<u>56,200</u>	<u>84,322</u>	<u>5,620</u>	<u>54,696</u>	<u>5,620</u>	<u>58,956</u>

CARIBBEAN FLAVOURS AND FRAGRANCES LIMITED
STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS TO 31 DECEMBER 2013

	6 months ended 31 December 2013 <u>\$ '000</u>	6 months ended 31 December 2012 <u>\$ '000</u>
CASH RESOURCES WERE PROVIDED BY/(USED IN):		
OPERATING ACTIVITIES		
Profit before taxation	25,366	34,572
Adjustment for non-cash income and expenses-		
Depreciation	777	-
Profit on sale of fixed assets	-	(14,854)
Exchange gain on foreign currency balances	-	(885)
Interest income	<u>(1,393)</u>	<u>(12)</u>
	<u>24,750</u>	<u>18,821</u>
Changes in operating assets and liabilities -		
Inventories	(782)	1,601
Receivables and prepayments	5,488	(382)
Payables and accruals	39	(8,017)
Tax paid	<u>(1,290)</u>	<u>(2,544)</u>
	<u>3,455</u>	<u>(9,342)</u>
Net cash provided by operating activities	<u>28,205</u>	<u>9,479</u>
CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of fixed assets	-	(1,973)
Proceeds from sale of fixed assets	-	40,000
Interest received	<u>1,393</u>	<u>12</u>
Net cash provided by investing activities	<u>1,393</u>	<u>38,039</u>
CASH FLOW FROM FINANCING ACTIVITIES :		
Issue of shares	50,580	-
Directors' current account	(1,394)	(39,295)
Bank loans	(551)	(418)
Shareholders loan	<u>(5,000)</u>	<u>(6,488)</u>
Net cash provided by/(used in) financing activities	<u>43,635</u>	<u>(46,201)</u>
NET INCREASE IN NET CASH AND		
CASH EQUIVALENTS	73,233	1,317
Effect of changes in exchange rates on cash balances	-	71
Cash and cash equivalents at beginning of year	<u>9,602</u>	<u>13,161</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>82,835</u></u>	<u><u>14,549</u></u>
Represented by:		
Cash on hand	2,133	354
Short Term Investments	65,383	5,000
Bank balances	<u>15,319</u>	<u>9,195</u>
	<u><u>82,835</u></u>	<u><u>14,549</u></u>

CARIBBEAN FLAVOURS AND FRAGRANCES LIMITED
NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS TO 31 DECEMBER 2013

1. IDENTIFICATION AND PRINCIPAL ACTIVITY:

The company operates in Jamaica and has its registered office at 226 Spanish Town Road, Kingston 11. Its principal activity is the manufacture and distribution of flavours, mainly for the beverage, baking and confectionary industries.

2. BASIS OF PREPARATION

(a) Statement of Compliance

These financial statements have been prepared in accordance with and comply with International Financial Reporting Standards (IFRS) and the Jamaican Companies Act.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements

(a) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Depreciation is provided on property, plant and equipment, at rates calculated to write off the cost of the assets on the straight line basis over the period of their expected useful lives.

(b) Trade receivables -

Trade receivables are carried at original invoice amounts less provision made for doubtful receivables and impairment of these receivables based on a review of all outstanding amounts at the year end.

CARIBBEAN FLAVOURS AND FRAGRANCES LIMITED
NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS TO 31 DECEMBER 2013

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd):

(c) Inventories

Inventories are stated at the lower of cost, determined consistently on the same bases, and net realizable value. Costs of material, labour and appropriate allocations for overhead expenses are included in work-in-progress and manufactured finished goods.

4. OTHER INCOME:

This represents profit on the disposal of the company's land and buildings.

5. NET FINANCE INCOME

	6 Months	12 months to
	\$ '000	June 2013
	<u>\$ '000</u>	<u>\$ '000</u>
Interest income	1,393	237
Foreign exchange conversion gains	993	2,794
Loan interest	<u>(72)</u>	<u>(434)</u>
	<u>2,314</u>	<u>2,597</u>

6. EARNINGS PER SHARE:

The earnings per share is calculated by dividing the net profit by the number of ordinary shares in issue.

	6 Months	6 Months
	31 December 2013	31 December 2012
Net profit (\$'000)	25,366	34,572
Number of ordinary shares in issue ('000)	89,920	5,620
Earnings per ordinary share	<u>\$0.28</u>	<u>\$6.15</u>

7. SHORT TERM INVESTMENTS:

This represents deposits held with various financial institutions.

CARIBBEAN FLAVOURS AND FRAGRANCES LIMITED
NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS TO 31 DECEMBER 2013

8. RECEIVABLES AND PREPAYMENTS:

	6 Months	12 months to June 2013
	<u>\$ '000</u>	<u>\$ '000</u>
Trade	34,030	38,176
Less: provision for bad debts	(3)	-
	34,027	38,176
Staff loan	239	293
Prepaid purchases	620	2,488
Prepaid insurance	629	283
Other	388	151
	35,903	41,391
The aging of trade receivables is as follows:		
0 - 30 days	16,428	18,880
31-60 days	12,030	11,618
61-90 days	2,855	4,443
90 days and over	2,717	3,235
	34,030	38,176

9. INVENTORIES

	6 Months	12 months to June 2013
	<u>\$ '000</u>	<u>\$ '000</u>
Raw materials	27,910	25,562
Finished goods	4,326	2,968
Resale goods	9,196	12,120
	41,432	40,650

10. PROPERTY, PLANT AND EQUIPMENT:

	Leasehold Property	Plant & Machinery, Furniture & Fixtures	Office & Computer Equipment.	Motor Vehicles	Total
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
At cost -					
30 June 2013	3,413	4,443	1,209	8,944	18,009
Depreciation					
30 June 2013	2,366	3,545	681	8,162	14,754
Charge for period	115	211	60	391	777
	2,481	3,756	741	8,553	15,531
Net Book Value					
31 December 2013	932	687	468	391	2,478
30 June 2013	1,047	898	528	781	3,254

CARIBBEAN FLAVOURS AND FRAGRANCES LIMITED
NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS TO 31 DECEMBER 2013

11. PAYABLES AND ACCRUALS:

	6 Months	12 months to June 2013
	<u>\$ '000</u>	<u>\$ '000</u>
Trade	7,788	4,466
GCT	2,020	2,389
NCB Keycard	19	2,708
Audit fees	494	1,050
Statutory contributions and payroll deductions	1,064	337
Vacation leave	-	396
	<u>11,385</u>	<u>11,346</u>
The aging of trade payables is as follows:		
0 - 30 days	7,221	274
31-60 days	567	1,213
61-90 days	-	2,979
	<u>7,788</u>	<u>4,466</u>

12. LONG TERM LOAN:

	6 Months	12 months to June 2013
	<u>\$ '000</u>	<u>\$ '000</u>
National Commercial Bank	1,269	1,820
Current portion	<u>(576)</u>	<u>(1,082)</u>
Non-current	<u>693</u>	<u>738</u>

This represents an amortised loan of \$5,000,000 at an annual interest rate of 9% accruing on a daily basis. Repayment is \$103,792 per month inclusive of interest which commenced February 2010 for 60 months. This loan is guaranteed by a director. There is no charge for the guarantee.

CARIBBEAN FLAVOURS AND FRAGRANCES LIMITED
NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS TO 31 DECEMBER 2013

13. SHARE CAPITAL:

	6 Months	12 months to June 2013
	<u>\$ '000</u>	<u>\$ '000</u>
Authorised:		
91,452,000 ordinary shares of no par value		
Issued and fully paid:		
89,920,033 ordinary shares of no par value	<u>56,200</u>	<u>5,620</u>

Effective 13 September, 2013 the shareholders passed a resolution to re-register as a public company under Section 34 of the Companies Act 2004 and adopted new articles for that purpose.

In addition the following resolutions were passed:

- The authorised share capital be increased by 85,831,000 shares.
- That each of the ordinary shares in the capital of the company be subdivided into 12 ordinary shares and the additional shares be issued as bonus shares to the existing shareholders.

By Prospectus dated 18 September, 2013, 22,480,009 shares were offered to the general public at an invitation price of \$2.25 per ordinary share.

14. STAFF COSTS:

	6 Months	12 months to June 2013
	<u>\$ '000</u>	<u>\$ '000</u>
Casual labour	607	1,796
Salaries and wages	4,573	7,873
Statutory contributions	966	1,649
Staff welfare	1,049	1,874
Staff training	116	279
Health and group life insurance	300	664
Vacation leave	-	396
	<u>7,611</u>	<u>14,531</u>