



CARIBBEAN FLAVOURS AND FRAGRANCES LTD.

226 Spanish Town Road, Kingston 11, Jamaica W.I., Tel: (876) 923-5111, 923-8777, Fax: (876) 923-4323

"Tease the Senses"

Report to Stockholders

Six Months Ended December 31,2013

The Board of Directors of Caribbean Flavours and Fragrances Limited is pleased to present the unaudited financial results of the Company for the six months period ended December 31,2013.

Sales for the period were \$125.8 million compared to \$115.7 million for the corresponding period the previous year. This reflects a \$10.1 million or an 8.7% increase in sales.

Profit before tax for the six months period was \$25.3 million which is \$9.2 Million less than the corresponding period in 2012 when there was a one off profit of \$14.8 million on the disposal of fixed assets. Without this exceptional item, profits for the current period would have exceeded those of the corresponding period for 2012 by \$5.6 million or 28.6 %

The I P O which occurred during the period under review raised \$50 million which will be used in the period ahead to launch our growth strategies.

Our Business model continues to be strong and the Directors are optimistic for continued growth during the rest of our financial year .


Anand James

Managing Director

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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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

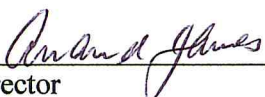
FOR THE SIX MONTHS TO 31 DECEMBER 2013

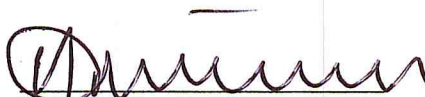
		Unaudited	Unaudited	Unaudited	Unaudited	Audited
		3 months ended	3 months ended	6 months ended	6 months ended	12 months ended
		31 December 2013	31 December 2012	31 December 2013	31 December 2012	30 June 2013
	Note	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
REVENUE		63,728	57,871	125,832	115,724	229,892
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>\$0.72</u>	<u>\$0.95</u>	<u>\$1.30</u>	<u>\$1.45</u>

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

	Unaudited	Unaudited	Audited
	December 31,	December 31,	June 30,
	2013	2012	2013
Note	\$ '000	\$ '000	\$ '000
<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

	<u>Unaudited</u> <u>December 31, 2013</u>		<u>Unaudited</u> <u>December 31, 2012</u>		<u>Audited</u> <u>June 30, 2013</u>	
	<u>Share</u> <u>Capital</u> <u>\$ '000</u>	<u>Retained</u> <u>Earnings</u> <u>\$ '000</u>	<u>Share</u> <u>Capital</u> <u>\$ '000</u>	<u>Retained</u> <u>Earnings</u> <u>\$ '000</u>	<u>Share</u> <u>Capital</u> <u>\$ '000</u>	<u>Retained</u> <u>Earnings</u> <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	1,393	12
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		
Effect of changes in exchange rates on cash balances	73,233	1,317
Cash and cash equivalents at beginning of year	-	71
	<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>14,54</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. REPORTING CURRENCY

These financial statements are expressed in Jamaican Dollars which is the primary currency in the country in which the Company operates.

3 INTERNATIONAL ACCOUNTING STANDARD (IAS) 34-DISCLOSURES

- i. The accounting policies and methods of computation used to prepare the interim financial statements for the six (6) months period to 31 December 2013 are consistent with those used to prepare the annual audited financial statements for the year ended June 30, 2013.
- ii. The Company's operations are not subject to seasonality.
- iii. No "unusual items" arose during the interim period.
- iv. There were no material changes in accounting estimates.
- v. No dividends were paid or proposed during the interim period.
- vi. There were no material unadjusted events subsequent to the end of the interim period.

4. OTHER INCOME:

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

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

5. NET FINANCE INCOME

	6 Months	12 months to 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><u>2,314</u></u>	<u><u>2,597</u></u>

6. EARNINGS PER SHARE:

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

7. SHORT TERM INVESTMENTS:

This represents deposits held with various financial institutions.

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	<u>(3)</u>	<u>-</u>
	34,027	38,176
Staff loan	239	293
Prepaid purchases	620	2,488
Prepaid insurance	629	283
Other	<u>388</u>	<u>151</u>
	<u><u>35,903</u></u>	<u><u>41,391</u></u>
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	<u>2,717</u>	<u>3,235</u>
	<u><u>34,030</u></u>	<u><u>38,176</u></u>

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

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	<u>9,196</u>	<u>12,120</u>
	<u>41,432</u>	<u>40,650</u>

10. PROPERTY, PLANT AND EQUIPMENT:

	Leasehold <u>Property</u>	Plant & Machinery, Furniture & Fixtures	Office & Computer Equipment.	Motor Vehicles	Total
	\$	\$	\$	\$	\$
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
	<u>2,481</u>	<u>3,756</u>	<u>741</u>	<u>8,553</u>	<u>15,531</u>
Net Book Value					
31 December 2013	<u>932</u>	<u>687</u>	<u>468</u>	<u>391</u>	<u>2,478</u>
30 June 2013	<u>1,047</u>	<u>898</u>	<u>528</u>	<u>781</u>	<u>3,254</u>

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>

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

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.

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 (2012:5,621,000)		
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 existing 5,620,002 ordinary shares in the capital of the company be subdivided into 12 ordinary shares and 11 ordinary shares be issued as bonus shares for each ordinary share held by the existing shareholders prior to the public issue.

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.

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

14. STAFF COSTS:

	6 Months	12 months to
	\$ '000	June 2013
	\$ '000	\$ '000
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>

CARIBBEAN FLAVOURS AND FRAGRANCES LIMITED
UNAUDITED
DETAILED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS TO 31 DECEMBER 2013

	6 Months	12 months to
	\$ '000	June 2013
	<u>\$ '000</u>	<u>\$ '000</u>
Revenue	<u>125,829</u>	<u>229,892</u>
Cost of sales		
Manufactured goods	(42,681)	(75,366)
Resale goods	(18,826)	(37,813)
Raw materials	(1,851)	(4,569)
Other direct costs of production	<u>(10,325)</u>	<u>(19,414)</u>
	(73,683)	(137,162)
Gross profit	52,146	92,730
Other income	-	14,854
Net finance income (page 12)	<u>2,314</u>	<u>2,597</u>
	54,460	110,181
Selling and distribution costs (page 12)	(609)	(1,575)
Administrative and general expenses (page 11)	<u>(28,484)</u>	<u>(58,218)</u>
Net profit	<u><u>25,367</u></u>	<u><u>50,388</u></u>

CARIBBEAN FLAVOURS AND FRAGRANCES LIMITED

UNAUDITED

ADMINISTRATIVE AND GENERAL EXPENSES

FOR THE SIX MONTHS TO 31 DECEMBER 2013

	6 Months	12 months to June 2013
	<u>\$ '000</u>	<u>\$ '000</u>
Audit fees	540	1,050
Bank charges	201	467
Depreciation	777	2,843
Donations and subscription	330	358
Entertainment	509	909
Insurance	757	1,177
Rent	3,600	1,200
Legal and professional fees	3,949	6,544
Motor vehicle expenses	759	1,361
General office expenses	829	1,206
Asset tax - current year	5	100
- prior year	-	100
Printing & stationery	225	189
Repairs and maintenance	179	2,921
Directors emoluments	4,583	17,500
Director's fees	340	-
Staff costs	7,611	14,531
Security	86	140
Telephone & postage	504	969
Travelling	1,576	2,571
Utilities	1,114	2,117
Penalties fines & interest	10	209
Bad debts written off	-	(244)
	<u>28,484</u>	<u>58,218</u>

CARIBBEAN FLAVOURS AND FRAGRANCES LIMITED

UNAUDITED

SELLING AND DISTRIBUTION EXPENSES

FOR THE SIX MONTHS TO 31 DECEMBER 2013

	6 Months	12 months to June 2013
	<u>\$ '000</u>	<u>\$ '000</u>
Advertising and promotion	346	560
Motor vehicle	34	252
Export charges	65	447
Delivery	-	-
Sabina Park Box	<u>164</u>	<u>316</u>
	<u>609</u>	<u>1,575</u>

NET FINANCE INCOME

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