

Lee Clarke Chang

Chartered Accountants

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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 March 31, 2014, and the Statements of Comprehensive Income and Changes in Equity and Cash Flows for the Nine (9) 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.



May 5, 2014

CARIBBEAN FLAVOURS AND FRAGRANCES LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE NINE MONTHS TO 31 MARCH 2014

	Unaudited 3 months ended 31 March 2014 \$ '000	Unaudited 3 months ended 31 March 2013 \$ '000	Unaudited 9 months ended 31 March 2014 \$ '000	Unaudited 9 months ended 31 March 2013 \$ '000	Audited 12 months ended 30 June 2013 \$ '000
REVENUE	62,770	46,696	188,578	162,420	229,892
Cost of sales	(37,923)	(25,789)	(111,741)	(100,583)	(137,162)
Gross profit	24,847	20,907	76,837	61,837	92,730
Other income	-	-	-	14,854	14,854
Selling and distribution costs	(622)	(713)	(821)	(1,897)	(1,575)
Administrative expenses	(11,101)	(8,443)	(40,405)	(29,268)	(8,218)
Net finance income	1,821	1,505	4,136	2,301	2,597
Profit before tax	14,945	13,256	39,747	47,827	50,388
Taxation	-	-	-	-	(11,556)
Net profit	14,945	13,256	39,747	47,827	38,832
Earnings per share	\$0.17	\$0.15	\$0.48	\$0.58	\$0.47

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CARIBBEAN FLAVOURS AND FRAGRANCES LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2014

		Unaudited March 31, 2014 \$ '000	Unaudited March 31, 2013 \$ '000	Audited June 30, 2013 \$ '000
<u>ASSETS</u>				
CURRENT ASSETS:				
Cash and bank balances		20,009	12,322	9,602
Short term investments	7	62,271	20,000	-
Tax recoverable		3,153	146	-
Receivables and prepayments	8	34,824	23,803	41,391
Inventories	9	43,210	45,642	40,650
		<u>163,467</u>	<u>101,913</u>	<u>91,643</u>
NON-CURRENT ASSETS:				
Property, plant and equipment	10	2,094	7,201	3,254
Deferred Tax		641	-	641
		<u>2,735</u>	<u>7,201</u>	<u>3,895</u>
		<u>166,202</u>	<u>109,114</u>	<u>95,538</u>
<u>LIABILITIES AND EQUITY</u>				
CURRENT LIABILITIES:				
Payables and accruals	11	10,075	13,974	11,346
Taxation		-	-	11,324
Current portion of long term loan	12	673	-	1,082
Directors' current account		240	14,482	1,472
		<u>10,988</u>	<u>28,456</u>	<u>25,224</u>
NON-CURRENT LIABILITIES:				
Loan	12	311	2,087	738
Shareholders' loans		-	5,000	5,000
		<u>311</u>	<u>7,087</u>	<u>5,738</u>
EQUITY:				
Share capital	13	56,200	5,620	5,620
Retained earnings		98,703	67,951	58,956
		<u>154,903</u>	<u>73,571</u>	<u>64,576</u>
Total liabilities and equity		<u>166,202</u>	<u>109,114</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 NINE MONTHS TO 31 MARCH 2014

	<u>Unaudited</u> <u>March 31, 2014</u>		<u>Unaudited</u> <u>March 31, 2013</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>39,747</u>	<u>-</u>	<u>47,827</u>	<u>-</u>	<u>38,832</u>
	<u>56,200</u>	<u>98,703</u>	<u>5,620</u>	<u>67,951</u>	<u>5,620</u>	<u>58,956</u>

CARIBBEAN FLAVOURS AND FRAGRANCES LIMITED
STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS TO 31 MARCH 2014

	9 months ended 31 March 2014 \$ '000	9 months ended 31 March 2013 '000
CASH RESOURCES WERE PROVIDED BY/(USED IN):		
OPERATING ACTIVITIES		
Profit before taxation	39,747	47,827
Adjustment for non-cash income and expenses-		
Depreciation	1,160	2,132
Exchange gain on foreign currency balances	(1,650)	(2,254)
Interest income	(2,584)	(217)
Profit on sale of fixed assets	<u> -</u>	<u>(14,854)</u>
	<u>36,673</u>	<u>32,634</u>
Changes in operating assets and liabilities -		
Inventories	(2,560)	(4,253)
Receivables and prepayments	6,567	11,662
Payables and accruals	(1,271)	(1,471)
Tax Paid	(11,324)	(6,186)
Tax recoverable	(<u>3,153</u>)	(<u>146</u>)
	(<u>11,741</u>)	(<u>394</u>)
Net cash provided by operating activities	<u>24,932</u>	<u>32,240</u>
CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of fixed assets	-	(839)
Proceeds from sale of fixed assets	-	40,000
Interest received	<u>2,584</u>	<u>217</u>
Net cash provided by/ (used in) investing activities	<u>2,584</u>	<u>39,378</u>
CASH FLOW FROM FINANCING ACTIVITIES :		
Issue of shares	50,580	-
Directors' current account	(1,232)	(47,449)
Bank loans	(836)	(764)
Shareholders loan	(<u>5,000</u>)	(<u>6,488</u>)
Net cash provided by financing activities	<u>43,512</u>	<u>(54,701)</u>
NET INCREASE IN NET CASH AND		
CASH EQUIVALENTS	71,028	16,917
Effect of changes in exchange rates on cash balances	1,650	2,244
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>82,280</u></u>	<u><u>32,322</u></u>
Represented by:		
Cash on hand	552	1,908
Short Term Investments	62,271	20,000
Bank balances	<u>19,457</u>	<u>10,414</u>
	<u><u>82,280</u></u>	<u><u>32,322</u></u>

CARIBBEAN FLAVOURS AND FRAGRANCES LIMITED
NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS TO 31 MARCH 2014

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 nine(9) months period to 31 March 2014 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 NINE MONTHS TO 31 MARCH 2014

5. NET FINANCE INCOME

	9 Months	12 months to
		June 2013
	\$ '000	\$ '000
Interest income	2,584	237
Foreign exchange conversion gains	1,650	2,794
Loan interest	<u>(98)</u>	<u>(434)</u>
	<u><u>4,136</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. The weighted average number of shares used in the calculation were 82,426,697 except for the three (3) months ended March 31, 2014 and March 31, 2013 for which the full issue of shares amounting to \$89,920,033 shares were used.

7. SHORT TERM INVESTMENTS:

This represents deposits held with various financial institutions.

8. RECEIVABLES AND PREPAYMENTS:

	9 Months	12 months to
		June 2013
	\$ '000	\$ '000
Trade	33,763	38,176
Less: provision for bad debts	<u>(23)</u>	<u>-</u>
	33,740	
Staff Loan	227	293
Prepaid purchases	-	2,488
Prepaid insurance	419	283
Other	<u>438</u>	<u>151</u>
	<u><u>34,824</u></u>	<u><u>41,391</u></u>
The aging of trade receivables is as follows:		
0 - 30 days	11,789	18,880
31-60 days	14,816	11,618
61-90 days	3,066	4,443
90 days and over	<u>4,092</u>	<u>3,235</u>
	<u><u>33,763</u></u>	<u><u>38,176</u></u>

CARIBBEAN FLAVOURS AND FRAGRANCES LIMITED
NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS TO 31 MARCH 2014

9. INVENTORIES

	9 Months	12 months to June 2013
	\$ '000	\$ '000
Raw materials	26,442	25,562
Finished goods	4,774	2,968
Resale goods	11,994	12,120
	<u>43,210</u>	<u>40,650</u>

10. PROPERTY, PLANT AND EQUIPMENT:

	<u>Leasehold Property</u> \$'000	<u>Plant & Machinery, Furniture & Fixtures</u> \$'000	<u>Office & Computer Equipment.</u> \$'000	<u>Motor Vehicles</u> \$'000	<u>Total</u> \$'000
At cost -					
30 June 2013	3,413	4,443	1,209	8,944	18,009
Depreciation					
30 June 2013	2,366	3,545	682	8,162	14,755
Charge for period	168	316	90	586	1,160
	<u>2,534</u>	<u>3,861</u>	<u>772</u>	<u>8,748</u>	<u>15,915</u>
Net Book Value					
31 March 2014	<u>879</u>	<u>582</u>	<u>437</u>	<u>196</u>	<u>2,094</u>
31 June 2013	<u>1,047</u>	<u>837</u>	<u>196</u>	<u>781</u>	<u>3,254</u>

11. PAYABLES AND ACCRUALS:

	9 Months	12 months to June 2013
	\$ '000	\$ '000
Trade	6,953	4,466
GCT	1,901	2,389
NCB Keycard	19	2,708
Audit fees	764	1,050
Statutory contributions and payroll deductions	438	337
Vacation leave	-	396
	<u>10,075</u>	<u>11,346</u>
The aging of trade payables is as follows:		
0 - 30 days	6,885	274
31-60 days	-	1,213
61-90 days	68	2,979
	<u>6,953</u>	<u>4,466</u>

CARIBBEAN FLAVOURS AND FRAGRANCES LIMITED
NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS TO 31 MARCH 2014

12. LONG TERM LOAN:

	9 Months	12 months to June 2013
	\$ '000	\$ '000
National Commercial Bank	984	1,820
Current portion	<u>(673)</u>	<u>(1,082)</u>
Non-current	<u>311</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:

	9 Months	12 months to June 2013
	\$ '000	\$ '000
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 NINE MONTHS TO 31 MARCH 2014

14. STAFF COSTS:

	9 Months	12 months to June 2013
	\$ '000	\$ '000
Casual labour	950	1,796
Salaries and wages	6,477	7,873
Statutory contributions	1,405	1,649
Staff welfare	1,323	1,874
Staff training	128	279
Health and group life insurance	462	664
Vacation leave	-	396
	<u>10,745</u>	<u>14,53</u>