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INDEPENDENT AUDITORS' REPORT

To the Members of
CARIBBEAN PRODUCERS (JAMAICA) LIMITED

Report on the financial statements

We have audited the separate financial statements of Caribbean Producers (Jamaica) Limited, set out on pages 3 to 32, which comprise the statement of financial position as at June 30, 2014, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the Jamaican Companies Act, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether or not the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence relating to the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including our assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITORS' REPORT

To the Members of
CARIBBEAN PRODUCERS (JAMAICA) LIMITED

Report on the Financial Statements, continued

Opinion

In our opinion, the separate financial statements give a true and fair view of the financial position of Caribbean Producers (Jamaica) Limited as at June 30, 2014, and of its financial performance and cash flows for the year then ended, in accordance with International Financial Reporting Standards and the Jamaican Companies Act.

Report on additional matters as required by the Jamaican Companies Act

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit. In our opinion, proper accounting records have been maintained, so far as appears from our examination of those records, and the financial statements, which are in agreement therewith, give the information required by the Jamaican Companies Act, in the manner required.



Chartered Accountants
Montego Bay, Jamaica

August 27, 2014

CARIBBEAN PRODUCERS (JAMAICA) LIMITED

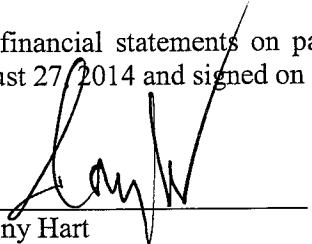
Statement of Financial Position

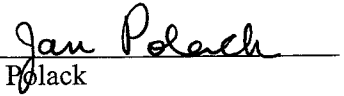
June 30, 2014

(Presented in United States dollars)

	<u>Notes</u>	<u>2014</u>	<u>2013</u>
CURRENT ASSETS			
Cash and cash equivalents	3	2,898,278	3,127,306
Accounts receivable	4	12,632,405	11,092,195
Inventories	5	<u>18,538,109</u>	<u>17,956,774</u>
		<u>34,068,792</u>	<u>32,176,275</u>
CURRENT LIABILITIES			
Short-term loans	6	6,325,000	5,100,000
Accounts payable	7	4,692,476	5,481,644
Short-term promissory notes	8	4,317,794	3,746,667
Current portion of long-term borrowings	15	356,681	451,268
Taxation payable		<u>177,180</u>	<u>177,560</u>
		<u>15,869,131</u>	<u>14,957,139</u>
NET CURRENT ASSETS		18,199,661	17,219,136
NON-CURRENT ASSETS			
Interest in subsidiary	9	756,176	-
Interest in joint venture	10	219,786	221,931
Deferred tax asset	11	95,508	88,453
Property, plant and equipment	12	<u>11,125,953</u>	<u>11,008,541</u>
		<u>12,197,423</u>	<u>11,318,925</u>
		<u>\$30,397,084</u>	<u>28,538,061</u>
EQUITY			
Share capital	13	4,898,430	4,898,430
Accumulated surplus		<u>11,298,901</u>	<u>8,141,904</u>
		<u>16,197,331</u>	<u>13,040,334</u>
NON-CURRENT LIABILITIES			
Long-term promissory notes	14	9,439,537	10,213,266
Long-term borrowings	15	<u>4,760,216</u>	<u>5,284,461</u>
		<u>14,199,753</u>	<u>15,497,727</u>
		<u>\$30,397,084</u>	<u>28,538,061</u>

The financial statements on pages 3 to 32 were approved for issue by the Board of Directors on August 27, 2014 and signed on its behalf by:


Antony Hart


Jan Polack

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

CARIBBEAN PRODUCERS (JAMAICA) LIMITED

Statement of Profit or Loss and Other Comprehensive Income

Year ended June 30, 2014

(Presented in United States dollars)

	<u>Notes</u>	<u>2014</u>	<u>2013</u>
Gross operating revenue	16	78,640,379	69,368,052
Cost of operating revenue		<u>(55,818,833)</u>	<u>(49,463,171)</u>
Gross profit		22,821,546	19,904,881
Selling and administration expenses		(15,854,853)	(13,473,558)
Depreciation	12	(1,737,153)	(1,566,113)
Other operating income, net	17(a)	<u>274,318</u>	<u>82,884</u>
Operating profit		5,503,858	4,948,094
Finance income	17(b)	679	1,134
Finance costs	17(c)	(1,984,483)	(1,810,144)
Share of loss in joint venture	10	<u>(58,797)</u>	<u>(52,289)</u>
Profit before taxation	17(d)	3,461,257	3,086,795
Taxation	18	<u>7,055</u>	<u>106,052</u>
Profit for the year, being total comprehensive income		<u>\$ 3,468,312</u>	<u>3,192,847</u>
Earnings per stock unit	19	<u>0.32¢</u>	<u>0.29¢</u>

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

CARIBBEAN PRODUCERS (JAMAICA) LIMITED

Statement of Changes in Equity

Year ended June 30, 2014*(Presented in United States dollars)*

	<u>Share capital</u> (note 13)	<u>Accumulated surplus</u>	<u>Total</u>
Balances at June 30, 2012	4,898,430	5,457,709	10,356,139
Profit for the year, being total comprehensive income	-	3,192,847	3,192,847
Transaction recorded directly in equity:			
Dividends (note 23)	<u>-</u>	<u>(508,652)</u>	<u>(508,652)</u>
Balances at June 30, 2013	4,898,430	8,141,904	13,040,334
Profit for the year, being total comprehensive income	-	3,468,312	3,468,312
Transaction recorded directly in equity:			
Dividends (note 23)	<u>-</u>	<u>(311,315)</u>	<u>(311,315)</u>
Balances at June 30, 2014	<u>\$4,898,430</u>	<u>11,298,901</u>	<u>16,197,331</u>

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

CARIBBEAN PRODUCERS (JAMAICA) LIMITED

Statement of Cash Flows

Year ended June 30, 2014

(Presented in United States dollars)

	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the year	3,468,312	3,192,847
Adjustments for:		
Depreciation	1,737,153	1,566,113
Share of loss in joint venture	58,797	52,289
Loss/(gain) on disposal of property, plant and equipment	8,985	(16,420)
Interest income	(679)	(1,134)
Interest expense	1,984,483	1,810,144
Taxation	(7,055)	(106,052)
	7,249,996	6,497,787
(Increase)/decrease in current assets:		
Accounts receivable	(1,540,210)	407,722
Inventories	(581,335)	(2,234,362)
(Decrease)/increase in current liabilities:		
Accounts payable	(751,405)	854,586
Cash generated from operations	4,377,046	5,525,733
Interest paid	(2,022,246)	(1,755,015)
Tax paid	(380)	(40,821)
Net cash provided by operating activities	<u>2,354,420</u>	<u>3,729,897</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest in subsidiary	(756,176)	-
Interest in joint venture	(56,652)	(5,577)
Additions to property, plant and equipment	(2,054,444)	(4,010,231)
Proceeds from disposal of property, plant and equipment	190,894	28,073
Interest received	679	1,134
Net cash used by investing activities	<u>(2,675,699)</u>	<u>(3,986,601)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(311,315)	(508,652)
Promissory notes received	799,785	4,048,773
Promissory notes repaid	(1,002,387)	(2,620,000)
Long-term/short-term borrowings received	11,540,298	11,407,229
Long-term/short-term borrowings repaid	(10,934,130)	(9,616,813)
Net cash provided by financing activities	<u>92,251</u>	<u>2,710,537</u>
Net (decrease)/increase in cash and cash equivalents	(229,028)	2,453,833
Cash and cash equivalents at beginning of the year	<u>3,127,306</u>	<u>673,473</u>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	<u>\$ 2,898,278</u>	<u>3,127,306</u>

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

CARIBBEAN PRODUCERS (JAMAICA) LIMITED

Notes to the Financial Statements

Year ended June 30, 2014

(Presented in United States dollars)

1. The company

The company is incorporated and domiciled in Jamaica. Its registered office is situated at Shop No. 14, Montego Freeport Shopping Centre, Montego Bay, St. James and its principal place of business is at 1 Guinep Way, Montego Freeport, Montego Bay, St. James.

The company's principal activities during the year were the wholesaling and distribution of food and beverages, the distribution of non-food supplies and the manufacture and distribution of fresh juices and meats.

The company's shares were listed on the Junior Market of the Jamaica Stock Exchange on July 20, 2011.

As at June 30, 2014, the company held 100% of the issued share capital of CPJ Investments Limited, a company incorporated on September 16, 2013. CPJ Investments Limited's principal activity is holding a 51% investment in CPJ (St. Lucia) Limited, a company whose principal activity is the wholesaling and distribution of food and beverages and the distribution of non-food supplies. Both companies are incorporated and domiciled in St. Lucia.

2. Statement of compliance, basis of preparation and significant accounting policies

(a) Statement of compliance:

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and their interpretations issued by the International Accounting Standards Board and comply with the provisions of the Jamaican Companies Act.

New, revised and amended standards and interpretations that became effective during the year:

The company has adopted certain new standards and amendments to standards, with a date of initial application of January 1, 2013. The nature and effects of the changes addressed within these financial statements are summarised below including changes that may be required to financial statements in the next accounting period should the company enter into such transactions:

(i) Subsidiaries:

IFRS 10 *Consolidated Financial Statements* introduces a new control model that focuses on whether the group has power over an investee, exposure or rights to variable returns from its involvement with the investee and ability to use its power to affect those returns. Hence, should the group own less than 50% of the voting power of an investee, it may be required to consolidate if it is determined that it has *de facto* control over the investee. This standard did not have any impact on these financial statements.

CARIBBEAN PRODUCERS (JAMAICA) LIMITED

Notes to the Financial Statements (Continued)

June 30, 2014*(Presented in United States dollars)*2. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

(a) Statement of compliance (cont'd):

New, revised and amended standards and interpretations that became effective during the year (cont'd):

(ii) Joint operations:

IFRS 11 *Joint Arrangements* and IAS 28 *Investments in Associates and Joint Ventures* carves out from IAS 31 *Jointly Controlled Entities*, those cases in which there is a separate vehicle but separation is ineffective in certain ways. These arrangements are treated similarly to jointly controlled assets and are now called “joint operations”. IFRS 11 also removes the option of proportionate consolidation and mandates the use of equity accounting for jointly controlled entities where separation is considered effective, now called “joint ventures”. The company continues to apply the equity method of accounting and this standard did not have any impact on these financial statements.

(iii) Interest in other entities:

IFRS 12 *Disclosure of Interests in Other Entities* contains disclosure requirements for entities that have interests in subsidiaries, joint arrangements (i.e. joint operations or joint ventures), associates and/or unconsolidated structured entities. As a result of IFRS 12, the company has expanded its disclosure about its interest in subsidiary and joint venture in these financial statements (see notes 9 and 10).

(iv) Fair value measurement:

IFRS 13 *Fair Value Measurement* establishes a single framework for measuring fair value and making disclosures about fair value measurements when such measurements are required or permitted by other IFRSs. It unifies the definition of fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It replaces and expands the disclosure requirements about fair value measurements in other IFRSs, including IFRS 7. This standard did not have any significant impact on these financial statements.

(v) Separate financial statements:

IAS 27 (2011) *Separate Financial Statements* carries forward the existing accounting and disclosure requirements of IAS 27 (2008) for separate financial statements, with some minor clarifications. The requirements of IAS 28 (2008) and IAS 31 for separate financial statements have been incorporated into IAS 27. This resulted in certain additional disclosures in these financial statements (see note 9).

CARIBBEAN PRODUCERS (JAMAICA) LIMITED

Notes to the Financial Statements (Continued)

June 30, 2014

(Presented in United States dollars)

2. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

(a) Statement of compliance (cont'd):

New, revised and amended standards and interpretations that became effective during the year (cont'd):

(vi) Annual improvements - 2009-2011 Cycle:

- IAS 1, *Presentation of Financial Statements* is amended to clarify that only one comparative period, which is the preceding period, is required for a complete set of financial statements. IAS 1 requires the presentation of an opening statement of financial position when an entity applies an accounting policy retrospectively or makes a restatement or reclassification. IAS 1 has been amended to clarify that (a) the opening statement of financial position is required only if a change in accounting policy, a retrospective restatement or a reclassification has a material effect upon the information in that statement of financial position; (b) except for the disclosures required under IAS 8, notes related to the opening statement of financial position are no longer required; and (c) the appropriate date for the opening statement of financial position is the beginning of the preceding period, rather than the beginning of the earliest comparative period presented. This amendment did not have any impact on these financial statements.
- IAS 16 *Property, Plant and Equipment* is amended to clarify that the definition of 'property, plant and equipment' in IAS 16 is now considered in determining whether spare parts, standby equipment and servicing equipment should be accounted for under the standard. If these items do not meet the definition, then they are accounted for using IAS 2 *Inventories*. Aside from improvements to the policy note (h), amendments to IAS 16 *Property, Plant and Equipment* did not have any other impact on these financial statements.
- Amendments to IAS 32 *Financial Instruments* did not result in any changes to these financial statements even though there were distributions to shareholders during the year. In addition, no additional ordinary shares were issued.

New, revised and amended standards and interpretations issued but not yet effective:

At the date of authorisation of the financial statements, there were certain standards and interpretations which were in issue but were not yet effective. Those which management consider relevant to the company and their effective dates are as follows:

- IFRIC 21 *Levies* is effective for annual reporting periods beginning on or after January 1, 2014. It provides guidance on accounting for levies in accordance with the requirements of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*. The interpretation defines a levy as an outflow from an entity imposed by a government in accordance with legislation. It requires an entity to recognise a liability for a levy when and only the triggering event specified in the legislation occurs.

CARIBBEAN PRODUCERS (JAMAICA) LIMITED

Notes to the Financial Statements (Continued)

June 30, 2014*(Presented in United States dollars)*2. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

(a) Statement of compliance (cont'd):

New, revised and amended standards and interpretations issued but not yet effective (cont'd):

- Amendments to IAS 32 *Financial Instruments: Presentation* is effective for annual reporting periods beginning on or after January 1, 2014. The standard clarifies that an entity currently has a legally enforceable right to offset if that right is not contingent on a future event and enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all the counterparties. In addition, it clarifies that gross settlement is only equivalent to net settlement if the gross settlement mechanism has features that eliminate or result in insignificant credit and liquidity risks, and process receivables and payables in a single settlement process or cycle.
- Amendments to IAS 36 *Impairment of Assets* is effective for annual reporting periods beginning on or after January 1, 2014. These amendments were issued to reverse the unintended requirement in IFRS 13 *Fair Value Measurement* to disclose the recoverable amount of every cash-generating unit to which significant goodwill or indefinite-lived intangible assets have been allocated. Under the amendments, recoverable amount is required to be disclosed only when an impairment loss has been recognised or reversed.
- Amendments to IFRS 10 *Consolidated Financial Statements*, IFRS 12 *Disclosure of interest in Other Entities* and IAS 27 *Consolidated and Separate Financial Statements* is effective for annual reporting periods beginning on or after January 1, 2014. The amendments define an investment entity and require a parent that is an investment entity to measure its investments in particular subsidiaries at fair value through profit or loss, instead of consolidating those subsidiaries in its financial statements. In addition, the amendments introduce new disclosure requirements related to investment entities in IFRS 12 *Disclosure of Interests in Other Entities* and IAS 27 *Separate financial Statements*.
- *Improvements to IFRS 2010-2012 and 2011-2013* cycles contain amendments to certain standards and interpretations and are effective for annual reporting periods beginning on or after July 1, 2014. The main amendments applicable to the company are as follows:
 - IFRS 13 *Fair Value Measurement* - The IASB clarified that in issuing IFRS 13 and making consequential amendments to IAS 39 and IFRS 9, it did not intend to prevent entities from measuring short-term receivables and payables that have no stated interest rate at their invoiced amounts without discounting, if the effect is not material.

CARIBBEAN PRODUCERS (JAMAICA) LIMITED

Notes to the Financial Statements (Continued)

June 30, 2014*(Presented in United States dollars)*2. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

(a) Statement of compliance (cont'd):

New, revised and amended standards and interpretations issued but not yet effective (cont'd):

- *Improvements to IFRS 2010-2012 and 2011-2013 cycles (cont'd):*
 - IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets*. The standards have been amended to clarify that, at the date of revaluation:
 - (i) the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset and the accumulated depreciation (amortisation) is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses; or
 - (ii) the accumulated depreciation (amortisation) is eliminated against the gross carrying amount of the asset.
 - IAS 24 *Related Party Disclosures* has been amended to extend the definition of a 'related party' to include a management entity that provides key management personnel services to the reporting entity, either directly or through a group entity. For related party transactions that arise when key management personnel services are provided to a reporting entity, the reporting entity is required to separately disclose the amounts that it has recognised as an expense for those services that are provided by a management entity; however, it is not required to 'look through' the management entity and disclose compensation paid by the management entity to individuals providing the key management personnel services.
 - Amendments to IAS 16 and IAS 38 are effective for annual reporting periods beginning on or after January 1, 2016. The amendments to IAS 16 *Property, Plant and Equipment* explicitly states that revenue-based methods of depreciation cannot be used for property, plant and equipment. This is because such methods reflect factors other than the consumption of economic benefits embodied in the asset.

The new amendments to IAS 38 *Intangible Assets* introduce a rebuttable presumption that the use of revenue based amortisation methods for intangible assets is inappropriate. This presumption can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are highly correlated or when the intangible asset is expressed as a measure of revenue.

CARIBBEAN PRODUCERS (JAMAICA) LIMITED

Notes to the Financial Statements (Continued)

June 30, 2014

(Presented in United States dollars)

2. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

(a) Statement of compliance (cont'd):

New, revised and amended standards and interpretations issued but not yet effective (cont'd):

- IFRS 15 *Revenue from Contracts with Customers* is effective for annual reporting periods beginning on or after January 1, 2017. The new revenue standard replaces several standards including IAS 11 *Construction Contracts*, IAS 18 *Revenue*, IFRIC 13 *Customer Loyalty Programmes*, etal and introduces a new revenue recognition model for contracts with customers. The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue; at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised. Revenue may be recognised over time, in a manner that best reflects the company's performance or at a point in time, when control of the good or service is transferred to the customer.

New estimates and judgemental thresholds have been introduced, which may affect the amount and/or timing of revenue recognised. The standard includes new criteria to determine when revenue should be recognised over time, addressing fact patterns such as construction contracts and contracts for services.

The standard includes extensive new disclosure requirements. The standard may be adopted retrospectively or as of the application date by adjusting retained earnings at that date and disclosing the effect of adoption on each line of profit or loss.

Management is evaluating the impact, if any, that the foregoing standards and amendments to standards may have on its financial statements when they are adopted.

(b) Basis of preparation:

The separate financial statements are prepared under the historical cost convention, modified for the inclusion of the company's interest in joint venture using the equity method, and are presented in United States dollars (US\$), which is the company's functional currency.

(c) Basis of non-consolidation:

These non-consolidated financial statements are intended to show the affairs of the company as a stand-alone business. They are not intended to, and do not, show the consolidated financial position, results of operations, changes in equity and cash flows of the company and its subsidiaries. Consolidated financial statements dealing with the financial statements of Caribbean Producers (Jamaica) Limited and its subsidiary are not prepared as the operating results, assets, liabilities and cash flows of the subsidiary is not material to the company.

CARIBBEAN PRODUCERS (JAMAICA) LIMITED

Notes to the Financial Statements (Continued)

June 30, 2014*(Presented in United States dollars)*2. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

(d) Use of estimates and judgements:

The preparation of the financial statements to conform with IFRS requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, contingent assets and contingent liabilities at the reporting date, and the income and expenses for the year then ended. Actual amounts could differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised, if the revision affects only that year, or in the year of the revision and future years, if the revision affects both current and future years.

Judgements made by management in the application of IFRS that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next financial year are discussed below:

(i) Allowance for impairment losses on receivables:

In determining amounts recorded for impairment losses on receivables in the financial statements, management makes judgements regarding indicators of impairment, that is, whether there are indicators that there may be a measurable decrease in the estimated future cash flows from receivables, caused for example, by default or adverse economic conditions. Management also makes estimates of the likely estimated future cash flows from impaired receivables as well as the timing of such cash flows. Historical loss experience is applied where indicators of impairment are observable on significant receivables with similar characteristics, such as credit risks.

(ii) Net realisable value of inventories:

Estimates of net realisable value are based on the most reliable evidence available, at the time the estimates are made, of the amount the inventories are expected to realise. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after the end of the year to the extent that such events confirm conditions existing at the end of the year.

Estimates of net realisable value also take into consideration the purpose for which the inventory is held.

(iii) Judgement in evaluation of contingencies:

For a contingent liability to qualify for recognition there must be a present obligation and the probability of an outflow of economic benefits to settle that obligation. In recognising contingent liabilities of the company, management determines the possibility of an outflow of resources and makes estimates of expenditure required to settle the present obligation at the reporting date.

No provision is made if management considers the possibility of any outflow in settlement to be remote.

CARIBBEAN PRODUCERS (JAMAICA) LIMITED

Notes to the Financial Statements (Continued)

June 30, 2014*(Presented in United States dollars)*2. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

(d) Use of estimates and judgements (cont'd):

(iv) Residual value and expected useful life of property plant and equipment:

The residual value and the expected useful life of an asset are reviewed at least at each reporting date, and, if expectations differ from previous estimates, the change is accounted for prospectively. The useful life of an asset is defined in terms of the asset's expected utility to the company.

(e) Cash and cash equivalents:

This comprises cash and bank balances, and short-term deposits maturing within three months or less from the date of deposit or acquisition that are readily convertible into known amounts of cash and which are not subject to significant risk of changes in value.

(f) Accounts receivable:

Trade and other receivables are stated at amortised cost, less impairment losses.

(g) Inventories:

Inventories are valued at the lower of cost, determined on the weighted average basis, and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less selling expenses.

The cost of raw materials, labour and appropriate allocations for overhead expenses are included in manufactured finished goods.

(h) Property, plant and equipment:

(i) Recognition and measurement:

Items of property, plant and equipment are stated at cost, less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

(ii) Subsequent expenditure:

Subsequent expenditure is capitalised only if it is probable that future economic benefits associated with the expenditure will flow to the company.

CARIBBEAN PRODUCERS (JAMAICA) LIMITED

Notes to the Financial Statements (Continued)

June 30, 2014*(Presented in United States dollars)*2. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

(h) Property, plant and equipment (cont'd):

(iii) Depreciation:

Depreciation is recognised in profit or loss on the straight-line basis at annual rates estimated to write down the assets to their residual values over their expected useful lives. No depreciation is charged on construction in progress. The depreciation rates are as follows:

Leasehold improvements	10% and 20%
Furniture, fixtures and equipment	10% and 20%
Computer equipment	33.33%
Motor vehicles	20%

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(i) Accounts payable:

Trade and other payables are stated at amortised cost.

(j) Provisions:

A provision is recognised when the company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and where appropriate, the risk specific to the obligation.

(k) Related parties:

A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to in IAS 24 *Related Party Disclosures* as the “reporting entity”, that is, the company).

(a) A person or a close member of that person's family is related to the company if that person:

- (i) has control or joint control over the company;
- (ii) has significant influence over the company; or
- (iii) is a member of the key management personnel of the company or of a parent of the company.

CARIBBEAN PRODUCERS (JAMAICA) LIMITED

Notes to the Financial Statements (Continued)

June 30, 2014

(Presented in United States dollars)

2. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

(k) Related parties (cont'd):

(b) An entity is related to the company if any of the following conditions applies:

- (i) The entity and the company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the company or an entity related to the company.
- (vi) The entity is controlled, or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

(l) Revenue recognition:

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or material associated costs on the possible return of goods.

(m) Expense/income:

(i) Expenses:

Expenses are recognised in profit or loss on the accrual basis.

(ii) Finance costs:

Finance costs comprise interest payable on borrowings calculated using the effective interest method and material bank overdraft interest.

(iii) Finance income:

Finance income comprises interest earned on funds invested and is recognised in profit or loss as it accrues, taking into account the effective yield on the asset.

CARIBBEAN PRODUCERS (JAMAICA) LIMITED

Notes to the Financial Statements (Continued)

June 30, 2014*(Presented in United States dollars)*2. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

(n) Operating lease payments:

Payments made under operating leases are recognised in profit or loss on the straight-line basis over the term of the lease.

(o) Taxation:

Income tax on the profit for the year comprises current and deferred tax. Taxation is recognised in profit or loss, except to the extent that it relates to items recognised in equity, in which case it is recognised in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the reporting date and any adjustment to tax payable in respect of previous years.

Deferred tax is provided for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted at the reporting date.

A deferred tax liability is recognised for taxable temporary differences, except to the extent that the company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary differences will not reverse in the foreseeable future.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(p) Impairment:

The carrying amounts of the company's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

(i) Calculation of recoverable amount:

The recoverable amount of the company's receivables is calculated as the present value of expected future cash flows, discounted at the original effective interest rate inherent in the asset. Receivables with a short duration are not discounted.

The recoverable amount of other assets is the greater of their net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

CARIBBEAN PRODUCERS (JAMAICA) LIMITED

Notes to the Financial Statements (Continued)

June 30, 2014*(Presented in United States dollars)*2. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

(p) Impairment (cont'd):

(ii) Reversals of impairment:

An impairment loss in respect of receivables is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

(q) Interest-bearing borrowings:

Interest-bearing borrowings are recognised initially at cost. Subsequent to initial recognition, interest bearing borrowings are stated at amortised cost, with any difference between cost and redemption value recognised in profit or loss over the period of the borrowing on an effective interest basis.

(r) Foreign currencies:

Transactions in foreign currencies are converted at the rates of exchange ruling on the dates of those transactions. Monetary assets and liabilities denominated in other currencies at the reporting date are translated to United States dollars at the rates of exchange ruling on that date. Gains and losses arising from fluctuations in exchange rates are included in profit or loss.

For the purpose of the statement of cash flows, all foreign currency gains and losses recognised in profit or loss are treated as cash items and included in cash flows from operating or financing activities along with movements in the principal balances.

(s) Financial instruments:

A financial instrument is any contract that gives rise to a financial asset of one enterprise and a financial liability or equity instrument of another enterprise. Financial assets have been determined to include cash and cash equivalents and accounts receivable. Financial liabilities include short-term loans, accounts payable, short-term and long-term promissory notes and long-term borrowings.

(t) Determination of fair value:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Market price is used to determine fair value where an active market exists as it is the best evidence of the fair value of a financial instrument. The company's financial instruments lack an available trading market. Further, the company has no financial instruments that are carried at fair value. The carrying value of the company's financial instruments approximates their fair value.

CARIBBEAN PRODUCERS (JAMAICA) LIMITED

Notes to the Financial Statements (Continued)

June 30, 2014*(Presented in United States dollars)*2. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

(u) Interest in subsidiary:

Interest in subsidiary is stated at cost, less provision for impairment, if any.

(v) Interest in joint venture:

This represents entities or operations over which the company, by virtue of a joint venture agreement, exercises joint control with one or more entities. Interest in joint venture is accounted for using the equity method in accordance with IFRS 11 *Joint Arrangements*, whereby the investment is recognised initially at cost and thereafter the carrying amount is increased or reduced by the company's share of profits or losses after the acquisition date.

(w) 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.

(x) Transaction costs:

(i) Transaction costs of share issue:

Transaction costs on the issue of shares are deducted from the proceeds of the issue of share capital to the extent the costs are directly attributable to the issue of the shares.

(ii) Debt issuance costs:

Debt issuance costs represent financing and certain related fees associated with securing long-term borrowings. Amortisation is charged to profit or loss on the effective interest basis over the life of the related borrowings.

(y) Share-based payment transactions:

The grant-date fair value of share-based payment awards granted to employees or other parties is recognised as an expense, with a corresponding increase in share capital.

3. Cash and cash equivalents

	<u>2014</u>	<u>2013</u>
Cash	6,705	13,376
Bank balances	<u>2,891,573</u>	<u>3,113,930</u>
	<u>\$2,898,278</u>	<u>3,127,306</u>

CARIBBEAN PRODUCERS (JAMAICA) LIMITED

Notes to the Financial Statements (Continued)

June 30, 2014*(Presented in United States dollars)*4. Accounts receivable

	<u>2014</u>	<u>2013</u>
Trade receivables	9,818,802	8,702,630
Other receivables	<u>2,869,329</u>	<u>2,460,565</u>
	12,688,131	11,163,195
Less: Allowance for impairment losses	(55,726)	(71,000)
	<u>\$12,632,405</u>	<u>11,092,195</u>

Trade receivables include \$63,198 (2013: \$61,371) due from directors and \$18,332 (2013: \$17,710) due from related companies, which are controlled by key management.

Other receivables include \$9,346 (2013: \$6,160) due from directors and \$734,843 (2013: \$740,441) due from related companies, which are controlled by key management.

The aging of trade receivables at the reporting date was:

	<u>2014</u>		<u>2013</u>	
	<u>Gross</u>	<u>Impairment</u>	<u>Gross</u>	<u>Impairment</u>
Not past due	6,801,421	-	6,194,565	-
Past due 31- 45 days	1,152,424	-	1,090,216	-
More than 45 days	<u>1,864,957</u>	<u>55,726</u>	<u>1,417,849</u>	<u>71,000</u>
Trade accounts receivable	<u>\$9,818,802</u>	<u>55,726</u>	<u>8,702,630</u>	<u>71,000</u>

The movement in allowance for impairment in respect of trade receivables during the year was as follows:

	<u>2014</u>	<u>2013</u>
Balance at beginning of year	71,000	74,396
Amounts written off	(52,138)	(39,181)
Amount provided during the year	<u>36,864</u>	<u>35,785</u>
Balance at end of year	<u>\$55,726</u>	<u>71,000</u>

During the year bad debt expenses aggregating \$33,846 (2013: \$32,789) were recognised.

5. Inventories

	<u>2014</u>	<u>2013</u>
Goods held for resale – duty paid	14,489,605	14,078,353
Goods held in bonded warehouse	496,846	631,827
Goods in transit	1,746,931	2,331,715
Raw materials	1,484,238	737,224
Others	<u>320,489</u>	<u>177,655</u>
	<u>\$18,538,109</u>	<u>17,956,774</u>

During the year, expenses relating to inventory write-offs amounted to \$679,008 (2013: \$521,756).

CARIBBEAN PRODUCERS (JAMAICA) LIMITED

Notes to the Financial Statements (Continued)

June 30, 2014*(Presented in United States dollars)*6. Short-term loans

These commercial bank loans bear interest at 6.50% (2013: 6.50%) per annum and are repayable on demand. These loans are secured as detailed in note 15.

7. Accounts payable

	<u>2014</u>	<u>2013</u>
Trade payables	3,642,527	4,529,969
Other payables	<u>1,049,949</u>	<u>951,675</u>
	<u>\$4,692,476</u>	<u>5,481,644</u>

Trade payables include \$288 (2013: \$2,076) due to directors and \$38,200 (2013: \$87,146) due to related companies, which are controlled by key management.

Other payables include \$62,332 (2013: \$110,367) due to related companies, which are controlled by key management.

8. Short-term promissory notes

These promissory notes are repayable with three months notice to the company, are unsecured and bear interest at 6% to 8% per annum (2013: 7% to 8%). This includes \$750,000 (2013: \$500,000) payable to a related company, which is controlled by key management.

9. Interest in subsidiary

(a) The details of the company's subsidiary as at June 30, 2014 is as follows:

<u>Company</u>	<u>Principal activity</u>	<u>Percentage of ordinary shares held by company</u>	<u>Place of incorporation</u>
		<u>2014</u>	
CPJ Investments Limited	Holds investment in CPJ St. Lucia Limited	100	St. Lucia

(b) Interest in subsidiary comprises:

	<u>2014</u>	<u>2013</u>
Shares, at cost	10,000	-
Additional cost of acquisition	<u>746,176</u>	<u>-</u>
	<u>\$756,176</u>	<u>-</u>
	<u>2014</u>	<u>2013</u>
Shares, at cost	77	77
Additional cost of acquisition	406,977	406,977
Advances	<u>124,973</u>	<u>68,321</u>
	532,027	475,375
Less: Share of accumulated losses	<u>(312,241)</u>	<u>(253,444)</u>
	<u>\$219,786</u>	<u>221,931</u>

CARIBBEAN PRODUCERS (JAMAICA) LIMITED

Notes to the Financial Statements (Continued)

June 30, 2014*(Presented in United States dollars)*10. Interest in joint venture (cont'd)

The company holds a 50% interest in Caribbean Egg Processors Limited (CEP), a company incorporated to purchase, process and sell eggs, related products and services.

The company has recognised its interest in joint venture using the equity method and based on information available from the unaudited financial statements of CEP whose reporting date is June 30.

Summary of financial information for CEP is as follows:

	<u>2014</u>	<u>2013</u>
	\$	\$
Non-current assets	118,190	177,949
Current assets [including cash and cash equivalents \$5,203, (2013: \$14,240)]	106,361	131,977
Non-current liabilities	(637,832)	(655,631)
Current liabilities	<u>(141,157)</u>	<u>(149,003)</u>
Net liabilities (100%)	<u>\$(554,438)</u>	<u>(494,708)</u>
Company's share of net liabilities (50%)	<u>(277,219)</u>	<u>(247,354)</u>
Revenue	401,273	523,101
Depreciation	41,293	46,080
Taxation expense	-	-
Loss and total comprehensive loss (100%)	<u>(117,594)</u>	<u>(104,578)</u>
Company's share of loss (50%)	<u>(58,797)</u>	<u>(52,289)</u>

11. Deferred tax asset

The deferred tax asset is attributable to differences in tax and financial statement reporting in respect of the following:

	<u>2012</u>	Recognised <u>in income</u> [note 18(a)]	<u>2013</u>	Recognised <u>in income</u> [note 18(a)]	<u>2014</u>
Property, plant and equipment	\$(<u>17,599</u>)	<u>106,052</u>	<u>88,453</u>	<u>7,055</u>	<u>95,508</u>

CARIBBEAN PRODUCERS (JAMAICA) LIMITED

Notes to the Financial Statements (Continued)

June 30, 2014*(Presented in United States dollars)*12. Property, plant and equipment

	<u>Leasehold improvements</u>	<u>Furniture, fixtures and equipment</u>	<u>Computer equipment</u>	<u>Aircraft and motor vehicles</u>	<u>Construction in progress</u>	<u>Total</u>
Cost:						
June 30, 2012	4,994,112	6,127,069	991,327	1,320,065	674,436	14,107,009
Additions	1,591,575	1,949,266	348,947	120,443	-	4,010,231
Transfers	626,916	-	47,520	-	(674,436)	-
Disposals	(174,630)	(14,767)	(104,467)	(84,814)	-	(378,678)
June 30, 2013	7,037,973	8,061,568	1,283,327	1,355,694	-	17,738,562
Additions	556,163	1,059,194	171,408	267,679	-	2,054,444
Disposals	-	(731,400)	(6,874)	(154,921)	-	(893,195)
June 30, 2014	<u>7,594,136</u>	<u>8,389,362</u>	<u>1,447,861</u>	<u>1,468,452</u>	<u>-</u>	<u>18,899,811</u>
Depreciation:						
June 30, 2012	1,716,052	2,068,327	806,818	939,736	-	5,530,933
Charge for the year	555,919	679,889	156,754	173,551	-	1,566,113
Disposals	(174,630)	(5,782)	(101,839)	(84,774)	-	(367,025)
June 30, 2013	2,097,341	2,742,434	861,733	1,028,513	-	6,730,021
Charge for the year	674,210	792,891	161,442	108,610	-	1,737,153
Disposals	-	(579,349)	(2,011)	(111,956)	-	(693,316)
June 30, 2014	<u>2,771,551</u>	<u>2,955,976</u>	<u>1,021,164</u>	<u>1,025,167</u>	<u>-</u>	<u>7,773,858</u>
Net book values:						
June 30, 2014	<u>\$4,822,585</u>	<u>5,433,386</u>	<u>426,697</u>	<u>443,285</u>	<u>-</u>	<u>11,125,953</u>
June 30, 2013	<u>\$4,940,632</u>	<u>5,319,134</u>	<u>421,594</u>	<u>327,181</u>	<u>-</u>	<u>11,008,541</u>

13. Share capital

Authorised:

176,000,000,000
ordinary shares of no par value

Stated capital, issued and fully paid:

1,100,000,000 ordinary shares
of no par value
Less: Transaction costs of share issue

	<u>2014</u>	<u>2013</u>
	5,117,611	5,117,611
	(219,181)	(219,181)
	<u>\$4,898,430</u>	<u>4,898,430</u>

14. Long-term promissory notes

	<u>2014</u>	<u>2013</u>
Due to related companies (controlled by key management) [note (a)]	8,613,000	9,500,000
Due to related company (controlled by key management) [note (b)]	650,000	650,000
Due to other party [note (a)]	<u>176,537</u>	<u>63,266</u>
	<u>\$9,439,537</u>	<u>10,213,266</u>

CARIBBEAN PRODUCERS (JAMAICA) LIMITED

Notes to the Financial Statements (Continued)

June 30, 2014*(Presented in United States dollars)*14. Long-term promissory notes (cont'd)

- (a) These loans attract interest at 6% to 9% (2013: 6% to 9%) per annum, are unsecured and not repayable before June 30, 2015 (see note 15).
- (b) These loans are unsecured, interest-free, and are not repayable before June 30, 2015.

15. Long-term borrowings

		<u>2014</u>	<u>2013</u>
9.5% Bonds	(a)	3,003,506	3,304,556
7% RBC Royal Bank (Jamaica) Limited	(b)	-	109,808
7% RBC Royal Bank (Jamaica) Limited	(c)	63,916	105,376
7% RBC Royal Bank (Jamaica) Limited	(d)	700,000	800,000
7% RBC Royal Bank (Jamaica) Limited	(e)	1,400,000	1,600,000
10.5% RBC Royal Bank (Jamaica) Limited	(f)	<u>116,754</u>	<u>-</u>
[J\$ 12,980,023 (2013: Nil)]			
		5,284,176	5,919,740
Less: Current portion		<u>(356,681)</u>	<u>(451,268)</u>
		<u>4,927,495</u>	<u>5,468,472</u>
Debt issuance costs :			
At beginning of the year	(g)	(184,011)	(86,684)
Costs incurred during the year		-	(107,238)
Debt costs amortised during the year		<u>16,732</u>	<u>9,911</u>
At the end of the year		<u>(167,279)</u>	<u>(184,011)</u>
		<u>\$4,760,216</u>	<u>5,284,461</u>

- (a) On April 29, 2013, the company authorised the private placement by way of an exempt distribution under the Guidelines for Exempt Distributions (Guidelines SR-GUID-08/05-0016) of a series of 5-year promissory Bonds (“the Bonds”) denominated in Jamaican dollars (“J\$”) for an aggregate principal amount of up to J\$500,000,000. At June 30, 2014, bonds totaling J\$337,000,000 (2013: J\$335,000,000) were subscribed.

The bonds are secured by 5 year demand debentures over fixed and floating assets of the company.

- (b) This represented the balance due on an initial loan of \$800,000. The loan was repayable in sixty equal monthly instalments of principal and interest of \$16,055 and was fully settled during the year.
- (c) This represents the balance due on an initial loan of \$200,000. The loan is repayable in sixty monthly instalments of principal and interest of \$3,960, the final instalment being due on November 2015.
- (d) This represents the balance due on an initial loan of \$1,000,000. The loan is repayable in one hundred and twenty monthly instalments of principal of \$8,333, the final instalment being due in June 2021.

CARIBBEAN PRODUCERS (JAMAICA) LIMITED

Notes to the Financial Statements (Continued)

June 30, 2014*(Presented in United States dollars)*15. Long-term borrowings (cont'd)

- (e) This represents the balance of an initial loan at \$2,000,000. The loan is repayable in one hundred and twenty monthly instalments of principal of \$16,667, the final instalment being due on June 2021.
- (f) This represents the balance due on an initial loan of J\$13,195,000. The loan is repayable in eighty-four monthly instalments of principal and interest of J\$222,477, the final instalment being due in April 2021. This loan is secured by bills of sale over certain motor vehicles purchased by the company.
- (g) This represents costs incurred in obtaining certain long-term borrowings. The costs are being written off over the period of the borrowings on the effective interest basis.

The borrowings at (b) to (e) are secured by:

- Personal guarantee of a director limited to \$10,000,000.
- Demand debentures over fixed and floating assets amounting to \$14,112,000 and J\$50,000,000.
- First demand mortgage by way of a guarantee over commercial property owned by Freeport Investments Limited, located at Montego Bay Freeport for \$1,000,000.
- Subordination agreement in the amount of \$6,000,000 in respect of an inter-company loan (see note 14).
- Corporate guarantee of Hull Investment Limited (related party) to cover \$2,000,000.
- Acknowledged assignment of insurance policies in the amount of \$20,368,802 over commercial properties and other assets.

16. Gross operating revenue

Gross operating revenue represents income from the sale of food, beverages and non-food items for the year.

17. Disclosure of income/(expenses)

	<u>2014</u>	<u>2013</u>
(a) Other operating income, net:		
Foreign exchange gains	264,393	19,595
(Loss)/gain on disposal of property, plant and equipment	(8,985)	16,420
Others	<u>18,910</u>	<u>46,869</u>
	<u>\$ 274,318</u>	<u>82,884</u>
(b) Finance income:		
Interest income - third party	<u>\$ 679</u>	<u>1,134</u>

CARIBBEAN PRODUCERS (JAMAICA) LIMITED

Notes to the Financial Statements (Continued)

June 30, 2014*(Presented in United States dollars)*17. Disclosure of income/(expenses) (cont'd)

	<u>2014</u>	<u>2013</u>
(c) Finance costs:		
Interest on promissory notes	1,075,385	1,228,320
Interest on long-term and short term borrowings	859,296	531,290
Overdraft interest	<u>49,802</u>	<u>50,534</u>
	<u>\$1,984,483</u>	<u>1,810,144</u>

(d) Statutory disclosures:

Profit before taxation is stated after charging:

	\$	\$
Staff costs	7,222,158	6,493,687
Directors' emoluments	473,280	429,343
Auditors' remuneration	<u>28,074</u>	<u>27,620</u>

Staff costs include salaries, wages, other staff benefits and emoluments, and the company's payroll contributions.

18. Taxation

	<u>2014</u>	<u>2013</u>
(a) Deferred tax:		
Origination and reversal of temporary differences (note 11)	(7,055)	(106,052)
Tax credit recognised in profit for the year	\$(<u>7,055</u>)	(<u>106,052</u>)

	<u>2014</u>	<u>2013</u>
(b) Reconciliation of actual taxation credit:		
Profit before taxation	<u>\$3,461,257</u>	<u>3,086,795</u>
Computed "expected" tax charge at 25% (2013: 30%)	865,314	926,039
Tax effect of differences between treatment for financial statement and taxation purposes:		
Depreciation and capital allowances	64,813	(1,192)
Other items, net	93,129	55,879
Effect of change in tax rate	-	(9,828)
Tax remission [note (c)]	<u>(1,030,311)</u>	<u>(1,076,950)</u>
	\$(<u>7,055</u>)	(<u>106,052</u>)

(c) 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 at least 15 years:

- Years 2012 to 2016 - 100%
- Years 2017 to 2021 - 50%

CARIBBEAN PRODUCERS (JAMAICA) LIMITED

Notes to the Financial Statements (Continued)

June 30, 2014*(Presented in United States dollars)*19. Earnings per stock unit

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

	<u>2014</u>	<u>2013</u>
Profit for the year attributable to the stockholders of the company	\$ <u>3,468,312</u>	<u>3,192,847</u>
Weighted average number of ordinary stock units held during the year	<u>1,100,000,000</u>	<u>1,100,000,000</u>
Earnings per stock unit (expressed in ¢ per share)	<u>0.32¢</u>	<u>0.29¢</u>

20. Related party transactions

The profit for the year includes the following (income)/expense and transactions with related parties in the ordinary course of business:

	<u>2014</u>	<u>2013</u>
	\$	\$
Sales to related companies/directors	(48,489)	(189,437)
Interest expense paid to a related companies	812,006	971,822
Rent paid to a related company	51,600	50,900
Agency fee paid to a related company	630,000	780,000
Compensation for key management:		
Short-term benefits	<u>457,679</u>	<u>420,876</u>

Note - related companies represent companies controlled by key management.

21. Lease commitments

At June 30, 2014, there were unexpired operating lease commitments in relation to leasehold property, payable as follows:

	<u>2014</u>	<u>2013</u>
Within one year	438,845	439,985
Between one and five years	<u>548,275</u>	<u>1,004,282</u>
	<u>\$987,120</u>	<u>1,444,267</u>

During the year, the total operating lease expenses recognised amounted to \$668,243 (2013: \$571,508).

CARIBBEAN PRODUCERS (JAMAICA) LIMITED

Notes to the Financial Statements (Continued)

June 30, 2014

(Presented in United States dollars)

22. Contingent liabilities

- (a) In 2007, the Valuation Audit Unit of the Jamaica Customs Department conducted an audit relating to 2004 and submitted a claim for Special Consumption Tax (SCT) and General Consumption Tax (GCT) amounting to approximately \$235,612 (J\$26,436,145) to which the company has objected. The directors are of the opinion that it is unlikely that the Revenue Protection Division will prove any significant portion of this claim. Therefore, no provision has been made in the financial statements.
- (b) The company has issued counter-indemnities in support of contingent liabilities held with RBC Royal Bank (Jamaica) Limited for amounts totaling \$251,600 and \$98,548 (J\$11,057,345).

23. Dividends

On December 23, 2013, the directors declared a dividend of J\$0.03 (2013: J\$0.045) per share amounting to 311,315 (J\$33,000,000) [2013: \$508,652 (J\$49,500,000)].

24. Financial instruments

- (a) Financial risk management:

The company has exposure to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk; and
- market risk.

This note presents information about the company's exposure to each of the above risks, the company's objectives, policies and processes for measuring and managing risk, and the company's management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the company's risk management framework.

The risk management policies are established to identify and analyse the risks faced by the company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the company's activities. The Board of Directors has monitoring oversight of the risk management policies.

- (i) Credit risk:

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The maximum exposure to credit risk at the reporting date was represented by the carrying value of financial assets in the statement of financial position.

CARIBBEAN PRODUCERS (JAMAICA) LIMITED

Notes to the Financial Statements (Continued)

June 30, 2014*(Presented in United States dollars)*24. Financial instruments (cont'd)

(a) Financial risk management (cont'd):

(i) Credit risk (cont'd):

Cash and cash equivalents

The company limits its exposure to credit risk by placing cash resources with substantial counterparties who are believed to have minimal risk of default.

Accounts receivable

The company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer base, including the default risk of the industry in which customers operate, has less of an influence on credit risk. The company does not require collateral in respect of trade and other receivables.

Trade receivables mainly consist of balances due from retail and hospitality customers across Jamaica. Apart from the concentration of customers in Jamaica, the company does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

The company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The allowances for impairment losses are based on the ageing of the receivables, with allowance made for balances outstanding for over 180 days that appear to be uncollectable. The company also provides for receivables that are overdue for less than this time period, based on information that the receivable balance is uncollectable.

There were no changes in the company's approach to managing credit risk during the year.

(ii) Liquidity risk:

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. Liquidity risk may result from an inability to sell a financial asset at, or close to, its fair value. Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities.

Management of the company manages liquidity risk by maintaining adequate liquid financial assets with appropriate terms and currencies, together with committed financing to meet all contractual obligations and operational cash flows, including the servicing of its long-term liabilities.

The following are the contractual maturities of financial liabilities measured at amortised cost, including interest payments. The tables show the undiscounted cash flows of non-derivative financial liabilities based on the earliest date on which the company can be required to pay.

CARIBBEAN PRODUCERS (JAMAICA) LIMITED

Notes to the Financial Statements (Continued)

June 30, 2014*(Presented in United States dollars)*24. Financial instruments (cont'd)

(a) Financial risk management (cont'd):

(ii) Liquidity risk (cont'd):

	2014			
	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>1 year or less</u>	<u>2-9 years</u>
Short-term loans	6,325,000	6,736,125	6,736,125	-
Accounts payable	4,692,476	4,692,476	4,692,476	-
Short-term promissory notes	4,317,794	4,653,428	4,653,428	-
Long-term promissory notes	9,439,537	10,957,017	-	10,957,017
Long-term borrowings	<u>5,116,897</u>	<u>7,143,666</u>	<u>483,980</u>	<u>6,659,686</u>
Total financial liabilities	<u>\$29,891,704</u>	<u>34,182,712</u>	<u>16,566,009</u>	<u>17,616,703</u>
	2013			
	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>1 year or less</u>	<u>2-9 years</u>
Short-term loans	5,100,000	5,431,500	5,431,500	-
Accounts payable	5,481,644	5,481,644	5,481,644	-
Short-term promissory notes	3,746,667	4,030,766	4,030,766	-
Long-term promissory notes	10,213,266	11,863,389	-	11,863,389
Long-term borrowings	<u>5,735,729</u>	<u>8,508,226</u>	<u>618,292</u>	<u>7,889,934</u>
Total financial liabilities	<u>\$30,277,306</u>	<u>35,315,525</u>	<u>15,562,202</u>	<u>19,753,323</u>

There were no changes to the company's approach to liquidity risk management during the year.

(iii) Market risk:

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate as a result of changes in market prices. These arise mainly from changes in interest rates and foreign exchange rates and will affect the company's income or the value of its holdings of financial instruments.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on assets. The nature of the company's exposures to market risk and its objectives, policies and processes for managing these risks have not changed significantly over the prior year. For each of the major components of market risk, the company has policies and procedures in place which detail how the risk is managed and monitored. The management of each of these major components of market risk and the exposure of the company at the reporting date to each major risk are addressed below.

Derivative financial instruments are not used to reduce exposure to fluctuations in interest and foreign exchange rates.

CARIBBEAN PRODUCERS (JAMAICA) LIMITED

Notes to the Financial Statements (Continued)

June 30, 2014*(Presented in United States dollars)*24. Financial instruments (cont'd)

(a) Financial risk management (cont'd):

(iii) Market risk (cont'd):

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The company materially contracts financial liabilities at fixed interest rates. These primarily relate to bank overdrafts and loans which are subject to interest rates fixed in advance, but which may be varied with appropriate notice by the lenders. At the reporting date, financial liabilities subject to interest, aggregated \$24,716,507 (2013: \$24,329,673).

Interest-bearing financial assets are primarily represented by cash and cash equivalents, which are contracted at various interest rates. At the reporting date, financial assets subject to third party interest is \$636,860 (2013: \$54,890).

Sensitivity analysis

At the reporting date, the company only has fixed-rate financial assets and liabilities carried at amortised cost. Therefore, changes in market interest rates will neither affect the cash flow nor the carrying amount of the instruments.

Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The company incurs foreign currency risk primarily on receivables, purchases and borrowings that are denominated in a currency other than the United States dollar. The principal foreign currency risks of the company are denominated in Jamaica dollar (JMD).

The company ensures that the risk is kept to an acceptable level by monitoring its risk exposure and by maintaining funds in JMD as a hedge against adverse fluctuations in exchange rates.

At the reporting date, net foreign currency liabilities of the company are as follows:

	<u>2014</u>	<u>2013</u>
	<u>JMD</u>	<u>JMD</u>
Cash and cash equivalents	77,618,309	47,732,509
Accounts receivable	57,130,216	53,993,308
Accounts payable	(163,564,681)	(153,106,247)
Long term borrowings	<u>(349,980,023)</u>	<u>(335,000,000)</u>
Net foreign currency liabilities	<u>(378,796,179)</u>	<u>(386,380,430)</u>

CARIBBEAN PRODUCERS (JAMAICA) LIMITED

Notes to the Financial Statements (Continued)

June 30, 2014*(Presented in United States dollars)*24. Financial instruments (cont'd)

(a) Financial risk management (cont'd):

(iii) Market risk (cont'd):

Foreign currency risk (cont'd)

Exchange rates for the JMD, in comparison to the United States dollar, were:

	<u>JMD</u>
June 30, 2014:	\$112.20
June 30, 2013:	\$101.38

Sensitivity analysis

Changes in exchange rates would have the effect described below:

	<u>Increase/(decrease) in profit for the year</u>	
	<u>2014</u>	<u>2013</u>
	US\$	US\$
1% (2013: 1%) strengthening against the US\$	(<u>33,761</u>)	(<u>38,112</u>)
15% (2013: 10%) weakening against the US\$	<u>506,412</u>	<u>381,121</u>

The analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is done on the same basis as for 2013.

(b) Capital risk management:

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders. The directors of the company seek to maintain a strong capital base so as to maintain shareholder and creditor confidence. The company defines capital as total shareholders' equity.

Management of the company is responsible for monitoring the company's adherence to loan covenants on a timely basis and also to obtain relevant approvals from the bank before certain decisions are finalised.

There were no changes in the company's approach to capital management during the year.

(c) Fair value disclosures:

The fair values of cash and cash equivalents, accounts receivable and accounts payable are assumed to approximate their carrying values due to their relatively short-term nature. Long-term borrowings and promissory notes are carried at their contracted settlement value based on commercial terms. Amounts due to related companies are considered to approximate their carrying value due to their short-term nature, and/or an ability to effect future set-offs in the amounts disclosed.