



# CARIBBEAN FLAVOURS AND FRAGRANCES LTD.

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*"Tease the Senses"*

## Review of results for the quarter ended March 31, 2015

For the above mentioned reporting period revenues increased by \$4.37 million dollars , from \$62,77 million dollars in the quarter ended March 31,2014 to \$67.14 million dollar in the quarter ended March 31,2015.

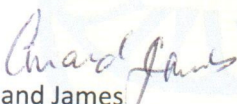
Gross Profit for the 2015 quarter was \$ 29.61 million compared to \$ 24.85 million for the same period in 2014

The net profit generated for the quarter was \$ 17.32 million and compared favourable to the net profit reported for the same period in 2014.

The \$2.37 million increase in net profit for the period equates to a 15.85 % increase for the quarter is consistent with our expectations for a good third quarter results and is an indication that the measures taken to reduce costs and increase revenues are having a positive effect.

The total net profit for the nine months period July 2014 to March 2015 was \$ 38.94 million dollars compared to \$ 39.75 million dollars for the period July 2013 to March 2014 which is a slight decrease of 2.08 %.

Based on the outlook for the final quarter ending June 2015, it is expected that the company will continue to be profitable and will end the year in a successful position.

  
Anand James  
Managing Director

CARIBBEAN FLAVOURS AND FRAGRANCES LIMITED

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CARIBBEAN FLAVOURS AND FRAGRANCES LIMITED  
STATEMENT OF PROFIT AND LOSS AND COMPREHENSIVE INCOME  
FOR THE NINE MONTHS TO 31 MARCH 2015

	Unaudited 3 months ended 31 March 2015 \$ '000	Unaudited 3 months ended 31 March 2014 \$ '000	Unaudited 9 months ended 31 March 2015 \$ '000	Unaudited 9 months ended 31 March 2014 \$ '000	Audited 12 months ended 30 June 2014 \$ '000
REVENUE	67,136	62,770	210,640	188,578	255,362
Cost of sales	<u>(37,530)</u>	<u>(37,923)</u>	<u>(133,482)</u>	<u>(111,741)</u>	<u>(153,727)</u>
Gross profit	29,606	24,847	77,158	76,837	101,635
Bad debt recovered	7	-	42	-	23
Impairment of fixed asset	-	-	-	-	(528)
Selling and distribution costs	(563)	(622)	(1,104)	(821)	(897)
Administrative expenses	(13,478)	(11,101)	(41,320)	(40,405)	(54,793)
Net finance income	<u>1,744</u>	<u>1,821</u>	<u>4,167</u>	<u>4,136</u>	<u>5,748</u>
Profit before tax	17,316	14,945	38,943	39,747	51,188
Taxation	-	-	-	-	(641)
Net profit	17,316	14,945	38,943	39,747	50,547
Earnings per share	\$0.19	\$0.17	\$0.43	\$0.48	\$0.60

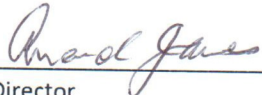
CARIBBEAN FLAVOURS AND FRAGRANCES  
STATEMENT OF CHANGES IN EQUITY  
FOR THE NINE MONTHS TO 31 MARCH 2015

	Unaudited 31 March 2015		Unaudited 31 March 2014		Audited 30 June 2014	
	Share Capital \$ '000	Retained Earnings \$ '000	Share Capital \$ '000	Retained Earnings \$ '000	Share Capital \$ '000	Retained Earnings \$ '000
Balance at beginning of period	56,200	100,510	5,620	58,956	56,200	58,956
Issue of shares			50,580		-	-
Net profit		38,943		39,747	-	50,547
Dividends paid	-	-	-	-	-	(8,993)
	<u>56,200</u>	<u>139,453</u>	<u>56,200</u>	<u>98,703</u>	<u>56,200</u>	<u>100,510</u>

CARIBBEAN FLAVOURS AND FRAGRANCES LIMITED  
STATEMENT OF FINANCIAL POSITION  
AS AT 31 MARCH 2015

Note	Unaudited 31 March 2015 \$ '000	Unaudited 31 March 2014 \$ '000	Audited 30 June 2014 \$ '000
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and bank balances	28,254	20,009	18,190
Short term investments	69,238	62,271	61,707
Tax recoverable	6,310	3,153	7,367
Receivables and prepayments	41,208	34,824	47,893
Inventories	64,833	43,210	41,750
	<u>209,843</u>	<u>163,467</u>	<u>176,907</u>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	1,680	2,094	1,320
Deferred tax	-	641	-
	<u>1,680</u>	<u>2,735</u>	<u>1,320</u>
	<u>211,523</u>	<u>166,202</u>	<u>178,227</u>
<b>LIABILITIES AND EQUITY</b>			
<b>CURRENT LIABILITIES</b>			
Payables and accruals	15,870	10,075	20,824
Taxation	-	-	-
Current portion of long term loans	-	-	693
Director's current account	-	240	-
	<u>15,870</u>	<u>10,315</u>	<u>21,517</u>
<b>NON-CURRENT LIABILITIES</b>			
Loan	-	984	-
Shareholder's loans	-	-	-
	<u>-</u>	<u>984</u>	<u>-</u>
<b>EQUITY</b>			
Share capital	56,200	56,200	56,200
Retained earnings	139,453	98,703	100,510
	<u>195,653</u>	<u>154,903</u>	<u>156,710</u>
Total liabilities and equity	<u>211,523</u>	<u>166,202</u>	<u>178,227</u>

Approved and signed on behalf of the Board by:

  
Director

  
Director

CARIBBEAN FLAVOURS AND FRAGRANCES LIMITED  
STATEMENT OF CASH FLOWS  
FOR THE NINE MONTHS TO 31 MARCH 2015

	9 months ended 31 March 2015 <u>\$ '000</u>	9 months ended 31 March 2014 <u>\$ '000</u>
CASH RESOURCES WERE PROVIDED BY/(USED IN):		
OPERATING ACTIVITIES		
Profit before taxation	38,943	39,747
Adjustment for non-cash income and expenses		
Depreciation	354	1,160
Interest income	(2,881)	(2,584)
	<u>36,416</u>	<u>38,323</u>
Changes in operating assets and liabilities		
Inventories	(23,083)	(2,560)
Receivables and prepayments	6,686	6,567
Payables and accruals	(4,954)	(1,271)
Tax paid	-	(11,324)
Tax recoverable	1,057	(3,153)
	<u>(20,294)</u>	<u>(11,741)</u>
Net cash provided by operating activities	<u>16,122</u>	<u>26,582</u>
CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	(715)	-
Interest received	2,881	2,584
Net cash provided by investing activities	<u>2,166</u>	<u>2,584</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Issue of shares	-	50,580
Director's current account	-	(1,232)
Bank loan	(693)	(836)
Shareholders loan	-	(5,000)
Net cash (used in)/provided by financing activities	<u>(693)</u>	<u>43,512</u>
NET (DECREASE)/INCREASE IN NET CASH AND CASH EQUIVALENTS	17,595	72,678
Cash and cash equivalents at beginning of year	79,897	9,602
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>97,492</u>	<u>82,280</u>
Represented by:		
Cash on hand	1,547	552
Short Term Investments	69,238	62,271
Bank balances	26,707	19,457
	<u>97,492</u>	<u>82,280</u>

CARIBBEAN FLAVOURS AND FRAGRANCES LIMITED  
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS  
NINE MONTHS ENDED 31 MARCH 2015

1. IDENTIFICATION AND PRINCIPAL ACTIVITIES

Caribbean Flavours and Fragrances Limited ("the Company") is a company limited by shares, incorporated and domiciled in Jamaica. Its registered office is located at 226 Spanish Town Road, Kingston 11. The principal activity of the company is the manufacture of and distribution of flavours mainly for the beverage, baking and confectionery industries. The company also sells food colouring and fragrances.

2. BASIS OF PREPARATION

Statement of Compliance

The financial statements of Caribbean Flavours and Fragrances Limited have been prepared in accordance with and compliance with International Financial Reporting Standards (IFRS) under the historical cost convention, as modified by the revaluation of certain financial assets. The same accounting policies and methods of computation are followed in the unaudited financial statements as were applied in the audited financial statements for the year ended June 30, 2014.

New Standards

IAS 1 (Amended)

Presentation of Financial Statements (effective for annual reporting periods beginning on or after 1 July 2012), amendments to revise the way other comprehensive income is presented.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Although these estimates are based on management's best knowledge of current events and action, actual results could differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are noted below:

Critical Accounting Estimates and Judgements in Applying Accounting Policies

The company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

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### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been used in the preparation of these financial statements are summarized below and have been consistently applied for all the years presented.

#### **Depreciable assets**

Management exercises judgement in determining whether cost incurred can accrue significant future economic benefits to the Company to enable the value to be treated as a capital expense. Further judgement is applied in the annual review of the useful lives of all categories of property, plant and equipment and their expected utility to the Company resulting in the depreciation determined thereon

#### **Allowance for losses**

In determining amounts recorded for provision for impairment of receivables in the financial statements, management makes judgements regarding indicators of impairment, that is, whether there are indicators that suggest there may be a measureable decrease in the estimated future cash flows from receivables, for example, default and adverse economic conditions. Management also makes estimate of likely future cash flows from impaired receivables as well as the time of such cash flows. Historical cost experience is applied where indicators of impairment are not observable on individual significant receivables with similar characteristics, such as credit risks.

#### **Comparative information**

Comparative figures have been reclassified, where necessary, to conform to changes in presentation in the current year.

#### **Valuation of property, plant and equipment**

Management exercises judgement in determining whether cost incurred can accrue significant future economic benefits to the Company to enable the value to be treated as a capital expense. Further judgement is applied in the annual review of the useful lives of all categories of property, plant and equipment and their expected utility to the Company resulting in the depreciation determined thereon.

#### **Depreciation**

Property, plant and equipment are stated at historical cost less accumulated depreciation. Depreciation is calculated on the straight-line basis at annual rates estimated to write-off the cost of fixed assets over their expected useful lives. The annual rates are as follows:-

- Leasehold property & improvements 10%
  - Buildings 2 ½%
  - Plant and machinery, furniture  
& fixtures, office equipment 10%
  - Computer equipment 33⅓%
  - Motor vehicles 25%
-



The assets' residual values and useful lives are reviewed periodically for impairment. Where an asset's carrying amount is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Gains and losses on disposal of property, plant and equipment are determined by comparing the proceeds with the carrying amount and are recognized in other income in the statement of comprehensive income.

Repairs and maintenance expenditure are charged to statement of comprehensive income during the financial period in which they are incurred.

#### **Revenue recognition**

Revenue from the sale of goods is recognised in the income statement 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.

#### **Foreign currency translation**

Balances in foreign currencies are translated at the rate of exchange ruling at the statement of financial position date. Transactions during the year are translated at the exchange rate prevailing at the date of the transactions. Gains or losses on translation are dealt with in the statement of comprehensive income. Exchange rates are determined by the weighted average rate at which Commercial Banks trade in foreign currencies as published by the Central Bank.

#### **Trade receivables**

Trade receivables are carried at anticipated realizable value. A provision is made for impairment of trade receivables when it is established that there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivable. Subsequent recoveries of amounts previously written off are credited in the statement of comprehensive income.

#### 4. TAXATION -

The Company's shares were listed on the Junior Market of the Jamaica Stock Exchange on October 7, 2013. Consequently the company is entitled to a remission of taxes for ten (10) years in the proportions set out below, provided the shares remain listed for at least fifteen (15) years.

Years 1 to 5 (October 7, 2013 – October 6, 2018) – 100%

Years 6 to 10 (October 7, 2018 – October 6, 2023) – 50%

#### 5. EARNINGS PER STOCK UNIT

Earnings per stock unit are calculated by dividing the profit for the period by the weighted average number of shares in issue for the period.

6. SHARE CAPITAL	2015	2014
<u>Authorised:</u>		
91,452,000 ordinary shares of no par value (2012:5,621,000)		
<u>Issued and fully paid:</u>		
89,920,033 ordinary shares of no par value	56,200	56,200

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**SHAREHOLDINGS OF TOP TEN (10) STOCKHOLDERS, DIRECTORS AND SENIOR OFFICERS AS AT MARCH 31, 2015.**

**TOP (10) STOCKHOLDERS**

**NUMBER OF SHARES HELD**

DERRIMON TRADING COMPANY LIMITED  
ANAND JAMES  
JOAN JAMES  
ANTHONY JAMES  
MAYBERRY MANAGED CLIENTS ACCOUNT  
MAYBERRY WEST INDIES BANK LIMITED  
KONRAD BERRY  
CATHERINE ADELIA PEART  
MANWEI INTERNATIONAL LIMITED  
MAYBERRY INVESTMENTS LTD. PENSION SCHEME

44,078,122  
11,689,604  
11,689,604  
4,445,000  
3,773,780  
3,596,002  
1,768,214  
1,711,730  
975,828  
781,275

**DIRECTORS**

ANAND JAMES  
JOAN JAMES  
HOWARD MITCHELL  
CLIVE NICHOLAS  
WILFORD HEAVEN  
DERRICK COTTERELL  
IAN KELLY

11,689,604  
11,689,604  
444,395  
100,000  
0  
0  
0

**SENIOR MANAGERS**

ANAND JAMES  
JANICE LEE  
RHONDE MCPHERSON

11,689,604  
0  
0

**CONNECTED PARTIES**

ANTHONY JAMES (SON OF MANAGING DIRECTOR)  
DERRICK COTTERELL (DIRECTOR OF DERRIMON TRADING LTD)  
IAN KELLY (DIRECTOR OF DERRIMON TRADING LTD)

4,445,000  
0  
0

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