



# DIRECTORS' CIRCULAR

TO THE ORDINARY SHAREHOLDERS OF

**CARIBBEAN FLAVOURS AND FRAGRANCES LIMITED**

IN RESPONSE TO THE OFFER BY

**DERRIMON TRADING COMPANY LIMITED**

TO ACQUIRE THE 45,841,911 ISSUED ORDINARY STOCK UNITS IN

CARIBBEAN FLAVOURS AND FRAGRANCES LIMITED

NOT ALREADY HELD BY DERRIMON TRADING COMPANY LIMITED

***THIS DOCUMENT IS IMPORTANT.*** If you have any questions regarding how you should act in respect of the matters set out herein, you should consult a licensed investment adviser, attorney-at-law, accountant or other professional adviser authorized to provide advice on such matters under applicable securities laws.

*This Directors' Circular is issued in accordance with the Securities (Take-Overs and Mergers) Regulations, 1999 and Part 6 (Takeovers, Mergers and Amalgamations) of the Junior Market Rules.*



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## DIRECTORS' LETTER

January 23, 2017

From: The Board of Directors  
Caribbean Flavours and Fragrances Limited  
226 Spanish Town Road  
Kingston 11

To: **The Shareholders of Caribbean Flavours and Fragrances Limited**

On January 17, 2017, Derrimon Trading Company Limited ("**Derrimon**") announced that it would make an offer to purchase 45,841,911 ordinary shares in Caribbean Flavours and Fragrances Limited ("**CFF**"), being all the CFF ordinary shares not already held by Derrimon (the "**Offer**"). The price being offered is J\$4.50 per CFF ordinary share. The Offer opened on January 20, 2017 and is scheduled to close on February 10, 2017. The Offer is contained in a Take-Over Bid Circular issued by Derrimon and dated January 17, 2017 (the "**Take-Over Bid Circular**").

The procedure and requirements relating to acceptance of the Offer are set out in Derrimon's Take-Over Bid Circular and the Form of Acceptance and Transfer circulated with Derrimon's Take-Over Bid Circular.

This Directors' Circular is issued in accordance with the Jamaica Stock Exchange Junior Market Rules General Principles Relating to Take-Overs and Mergers and the Securities (Take-Overs and Mergers) Regulations 1999.

**It is recommended that you read the Take-Over Bid and the Directors' Circular carefully and that you consult your stockbroker, bank manager, attorney-at-law, accountant or other professional adviser.**

# 1. GENERAL MATTERS

## 1.1 DEFINITIONS

Capitalised terms used in this Directors' Circular shall have the following meanings:

<b>"Board"</b>	means the board of directors of CFF;
<b>"CFF" or "Company"</b>	means Caribbean Flavours and Fragrances Limited, a public company incorporated in Jamaica with its registered office at 226 Spanish Town Road, Kingston 11 in the Parish of Saint Andrew;
<b>"CFF Shareholder"</b>	means a registered holder of at least one (1) CFF Share;
<b>"CFF Shares"</b>	means the existing issued fully paid ordinary shares and/or stock units of no par value in the capital of CFF and which are in issue on the date of the Take-Over Bid Circular and any such further shares and/or stock units which are unconditionally allotted or issued while the Offer remains open for acceptance;
<b>"Derrimon"</b>	means Derrimon Trading Company Limited, a public company incorporated in Jamaica with its registered office at 233-235 Marcus Garvey Drive, Kingston 11 in the Parish of Saint Andrew;
<b>"Form of Acceptance and Transfer"</b>	means the Form of Acceptance and Transfer that accompanies the Take-Over Bid Circular;
<b>"J\$"</b>	means Jamaican dollars, the lawful currency of Jamaica;
<b>"Jamaican Take-over Code"</b>	means the Securities (Take-Overs and Mergers) Regulations, 1999;
<b>"Jameses"</b>	means Anand James and Dr Joan James;
<b>"Jameses Shares"</b>	means the 23,379,208 CFF Shares owned by the Jameses;
<b>"JSE"</b>	means the Jamaica Stock Exchange;
<b>"JSE's Junior Market"</b>	means the Junior Market of the JSE;

<b>“Junior Market Rules”</b>	means the rules (for the time being) of the JSE’s Junior Market;
<b>“Mayberry”</b>	means Mayberry Investments Limited, the Lead Broker, Receiving Agent and Paying Agent to the Offer;
<b>“Offer”</b>	means the offer by Derrimon to purchase all of the CFF Shares not already owned by the Offeror at the Offer Price more particularly described at paragraph 2.1;
<b>“Offeror”</b>	means Derrimon;
<b>“Offer Price”</b>	means J\$4.50 per CFF Share payable in cash;
<b>“Special Committee”</b>	means a committee of the Board composed of the independent directors, being those directors on the Board that are neither shareholders nor directors of Derrimon, namely Clive Nicholas, Wilford Heaven and Carlton Samuels;
<b>“Take-Over Bid Circular”</b>	means the offer document issued by the Offeror and dated January 17, 2017 setting out the details of the Offer;

## 1.2 INTERPRETATION

In this Directors’ Circular words importing the singular shall, where applicable, include the plural and *vice versa* and references to one gender includes all other genders. References to a person shall include corporate bodies.

## 2. INTRODUCTION

- 2.1. On January 17, 2017, Derrimon announced that it would make an offer to purchase the 45,841,911 CFF Shares, being all the CFF Shares not already held by Derrimon (the “Offer”). The price being offered is J\$4.50 per CFF Share. The Offer opened on January 20, 2017 and is scheduled to close on February 10, 2017. The Offer is contained in the Take-Over Bid Circular.
- 2.2. Derrimon is a company incorporated in Jamaica and listed on the JSE’s Junior Market. Derrimon currently owns 44,078,122 CFF Shares which represents approximately 49.02% of CFF’s issued ordinary share capital.
- 2.3. It was disclosed in the Take-Over Bid Circular that, pursuant to an agreement dated August 17, 2016, Anand James and his wife Dr Joan James (the “Jameses”) agreed to sell the Jameses Shares (approximately 26.00% of CFF’s issued ordinary share capital) to Derrimon at J\$4.50 per share.
- 2.4. On December 21, 2016 Derrimon announced that it had commenced a process to acquire the Jameses Shares. The announcement stated that Derrimon prepaid J\$105,206,436.00 for the purchase of the Jameses Shares.
- 2.5. The Take-Over Bid Circular states that notwithstanding Derrimon’s prepayment of J\$105,206,436.00 to the Jameses for the purchase of the Jameses Shares, the transaction is not complete as the Jameses Shares have not yet been transferred to Derrimon.
- 2.6. The Take-Over Bid Circular also states that Derrimon will acquire the Jameses Shares through a take-over bid and not otherwise.
- 2.7. On receiving the Take-Over Bid Circular, in order to ensure independence of opinion, the Board took the decision to delegate to the Special Committee the task of reviewing and considering the Offer and giving its recommendation to the Board. The Special Committee was chaired by Clive Nicholas. The Special Committee also engaged the services of Harrison & Harrison, Attorneys-at-Law, to advise it on legal and regulatory issues in respect of the preparation of the Directors’ Circular and in respect of the Offer generally. Notwithstanding the delegation to the Special Committee, the Board retains ultimate responsibility for the contents of this Directors’ Circular.
- 2.8. This Directors’ Circular is issued in accordance with the Junior Market Rules and the Jamaican Take-over Code.
- 2.9. **It is recommended that you read the Take-Over Bid Circular and this Directors’ Circular carefully and that you consult your stockbroker, bank manager, attorney-at-law, accountant or other professional adviser.**

### 3. THE OFFER

3.1. The Offer by Derrimon is to purchase from the CFF Shareholders (other than Derrimon) all their CFF Shares at a price of J\$4.50 per share.

3.2. The table below summarises the key elements of the Offer:

<b>OFFER PRICE:</b>	J\$4.50
<b>CLOSING PRICE ON THE JSE ON JANUARY 16, 2017 (THE TRADING DAY BEFORE ANNOUNCEMENT OF THE OFFER):</b>	J\$11.95
<b>OPENING DATE OF THE OFFER:</b>	January 20, 2017
<b>DATE AFTER WHICH ACCEPTANCES WILL BE IRREVOCABLE:</b>	January 27, 2017
<b>ANNOUNCEMENT OF EXTENSION/NO EXTENSION:</b>	January 30, 2017
<b>INITIAL CLOSING DATE:</b>	5.00 p.m. on February 10, 2017 unless the Offer period is extended by Derrimon, in which case the designated expiration date will be the Final Closing Date.
<b>INTEREST ON OFFER PRICE:</b>	Derrimon will pay to tendering Shareholders interest on CFF Shares tendered in response to the Offer at the prevailing weighted average six-month Treasury Bill rate of 5.561% from December 21, 2016 up to but excluding the date of settlement.
<b>OFFER PRICE –WHEN PAYABLE:</b>	Within 14 days after the Final Closing Date to CFF Shareholders who accept the Offer.
<b>OFFER PRICE – HOW PAYABLE:</b>	In J\$ by either a banker's draft drawn on a local bank or by wire transfer.
<b>CONDITIONS ATTACHED TO THE OFFER:</b>	<p>(i) The Offer is conditional on Derrimon's receipt of a validly completed Form of Acceptance and Transfer appropriately executed and witnessed in respect of the Jameses Shares;</p> <p>(ii) The approval by the JSE for the transfer of the CFF Shares for which Forms of</p>



	Acceptance and Transfer have been received to be effected by way of an uninterrupted put-through (i.e., block transaction) across the JSE's Junior Market.
<b>HOW TO ACCEPT THE OFFER:</b>	CFF Shareholders accepting the Offer must follow the procedures which are outlined at paragraph 14 of the Take-Over Bid Circular, and more particularly set out in the Form of Acceptance and Transfer.
<b>JSE CESS &amp; STOCKBROKER'S FEE:</b>	Derrimon will bear and pay stockbroking fees payable to Mayberry and the JSE cess (both on the sell and buy side) in order to effect a transfer of the CFF Shares validly tendered.

- 3.3. Please note that although the Board has included in this Directors' Circular certain references to the contents of the Take-Over Bid Circular for your convenience, all CFF Shareholders are strongly advised to read the Take-Over Bid Circular in its entirety for the full terms and conditions of the Offer.

## 4. ANALYSIS OF OFFER & RECOMMENDATION

### 4.1 ANALYSIS OF OFFER

- 4.1.1 The Board has issued this Directors' Circular in compliance with the requirements of the Jamaican Take-over Code and the Junior Market Rules, the combined effect of which is to mandate the Board to provide CFF Shareholders (via this Directors' Circular) with a recommendation as to acceptance or rejection of Derrimon's Offer. Our recommendation is set out herein.
- 4.1.2 In evaluating the Offer, the Board reviewed the Take-Over Bid Circular and would like to bring to your attention an extract of the Reason for the Offer (Paragraph 2 of the Take-Over Bid Circular), as follows:

*"CFF was listed on the JSE's Junior Market on October 2, 2013 at a price of J\$2.25 per Share. The principals of the Company were Mr. Anand James and his wife Dr. Joan James.*

*Pursuant to the 2016 Agreement the Jameses agreed to sell to us the following Shares in CFF ("the Jameses Shares").*

<i>Name</i>	<i>Number of Shares</i>	<i>% of CFF's issued Share Capital</i>
<i>Anand James</i>	<i>11,689,604</i>	<i>13.00%</i>
<i>Joan James</i>	<i>11,689,604</i>	<i>13.00%</i>
<i>Total</i>	<i>23,379,208</i>	<i>26.00%</i>

*The agreed price per Share was J\$4.50.*

*Pursuant to a Deed of Assurance dated December 15, 2016 ("the Deed of Assurance") we made a prepayment on December 21, 2016 to acquire the Jameses Shares. The sum prepaid was J\$105,206,436.00 which, on completion, will translate to a price per CFF Share of J\$4.50, i.e. the same as the Offer Price. That transaction has not yet been completed because the Jameses Shares have not been transferred to us as yet.*

*As at January 13, 2017 the Shares are now trading at J\$11.80 per Share on the JSE's Junior Market. If we had completed the purchase of the Jameses Shares across the Stock Exchange at the agreed price of J\$4.50, it would in our view have destabilised materially the market in the Shares and given a false or misleading appearance with respect to the price of the Shares. It could have also meant that we could lose some of the Jameses Shares in the course of the "crossing" of the Shares over the market.*

*After taking professional advice on the matter, that drew our attention to the principles set out in the Securities (Take-overs and Mergers) Regulations, 1999 ("the Jamaican Take-over Code"), and Part 6*

*(Takeovers, Mergers and Amalgamations) of the Junior Market Rules, particularly our duty to take such steps as are necessary to prevent the creation of a false market in the Shares, we have determined that the most effective way of completing the purchase of the Jameses Shares is by way of a takeover bid which by its very nature:*

- (i) is open and transparent;*
- (ii) allows background information to be given to you, the Shareholders of CFF so that you can fully understand the special nature of the transaction; and*
- (iii) will facilitate the transfer of the Jameses Shares by way of a block transaction without affecting the trading price on the Jamaica Stock Exchange.*

*Our acquisition of the Jameses Shares would bring our total shareholding in CFF to 75.02%. Under the Jamaican Take-over Code if we had acquired the Jameses Shares that transaction would have triggered an obligation on our part to make a mandatory bid for the remaining shares at J\$4.50 per share. A similar obligation would have arisen under Part 6 (Takeovers, Mergers and Amalgamations) of the Junior Market Rules.*

*For the foregoing reasons we will not acquire the Jameses Shares before making the take-over bid but instead will acquire the Jameses Shares as part of the take-over offer. The Jameses have agreed to accept the Offer in this Offer Circular.*

*Accordingly, it will be seen that the real reason for this take-over is to acquire the Jameses Shares in a manner which will not disrupt the market in the Shares. If other shareholders accept this bid, we will be obliged to take up and pay for their tendered shares at the Offer Price of J\$4.50. As the Shares are trading at J\$11.80, it is not our expectation that other shareholders will tender Shares in response to this bid".*

In the above extract the reference to the **"2016 Agreement"** means the agreement dated August 17, 2016 between the Jameses and Derrimon whereby the Jameses agreed to sell and Derrimon agreed to purchase the Jameses Shares at J\$4.50 per share.

- 4.1.3 Derrimon has indicated that it intends to fund the Offer from credit lines provided by Proven Investments Limited and Mayberry Investments Limited. The commitment letters issued by Mayberry and Proven are among the documents available for inspection. The Special Committee is satisfied that Derrimon is, or will be, in a position to implement the Offer in full.

## 4.2 THE RECOMMENDATION OF THE BOARD

- 4.2.1 The Special Committee guided the preparation of this Directors' Circular and carefully reviewed and considered all relevant aspects of the Offer, including the Take-Over Bid Circular; the Fairness Opinion prepared by KPMG Advisory Services; the Valuation Report prepared by E.B.I. and Associates Limited; the advice of its legal advisors and such other information as it considered relevant.
- 4.2.2 On this basis, the Special Committee recommended to the Board that the Offer by Derrimon to acquire all the issued ordinary shares in CFF payable in the manner set out in the Take-Over Bid Circular **BE REJECTED**. By this Directors' Circular, the Board **UNANIMOUSLY RECOMMENDS REJECTION OF THE OFFER**.

## 4.3 WHY YOU SHOULD REJECT THE OFFER

The factors set out below are the principal reasons for the **UNANIMOUS** recommendation of the Special Committee and the Board that all CFF Shareholders should **REJECT** the Offer and **NOT TENDER** any of their CFF Shares to the Offeror:

### FAIRNESS OPINION

The Special Committee placed reliance on the Fairness Opinion prepared by KPMG Advisory Services, that states, inter alia, that as of the date of the Fairness Opinion and based upon and subject to the analyses, assumptions, qualifications and limitations discussed therein, from a financial point of view, the Offer Price, together with the interest on the Offer Price, is unfair to the Shareholders. A copy of the Fairness Opinion is set out at Appendix 6 to this Directors' Circular.

- 4.4 **YOU ARE NOT OBLIGED TO ACCEPT THIS RECOMMENDATION.** It is recommended that CFF Shareholders seek independent financial advice before making their final decision to accept or reject the Offer by consulting a stockbroker, bank manager, attorney-at-law or other professional advisor.

## 5. GENERAL

- 5.1. The Board accepts full responsibility, collectively and individually, for all the information in this Directors' Circular relating to CFF. The Directors have taken all reasonable care to ensure that, to the best of their knowledge and belief, those portions of the information given herein for which they have particular responsibility, are in accordance with the facts and do not omit anything likely to affect, in a material way, the import of such information.
- 5.2. CFF Shareholders who are resident in, or citizens of, jurisdictions outside Jamaica or persons who are custodians, nominees or trustees of shareholders and are residents of jurisdictions outside Jamaica, are particularly advised to have regard to Schedule 3 of the Take-Over Bid Circular which warns that such persons may be affected by the laws of the relevant jurisdictions.
- 5.3. Listing on the JSE's Junior Market
- 5.3.1 CFF was admitted to the JSE's Junior Market on October 2, 2013.
- 5.3.2 Pursuant to the Income Tax (Amendment) Act, 2016, CFF benefits from a two phase ten (10) year concessionary corporate income tax regimes as follows:
- (i) **Phase One:** for a period of five (5) years beginning from the date of listing, 100% of the corporate income tax otherwise payable by CFF is remitted; and
  - (ii) **Phase Two:** for a period of five (5) years from the date of expiration of Phase One, 50% of the corporate income tax otherwise payable by the CFF is remitted.
- 5.3.3 A condition of the concessionary tax regime is that CFF remains listed on the JSE's Junior Market for a continuous period of at least fifteen (15) years from the date of listing and is not during that period to be either suspended from the JSE's Junior Market or delisted. If CFF is suspended or delisted then it will become liable to pay all corporate income taxes saved due to the concession.
- 5.3.4 If CFF were to be delisted before October 2, 2028, CFF would be required to repay all corporate income tax saved.
- 5.3.5 CFF would become liable to be delisted if it breaches Junior Market Rule 505(14)(a) which prohibits a single shareholder from controlling, directly or indirectly, more than 80% of the listed shares of the listed company. According to the Take-Over Bid Circular, Derrimon has taken steps to ensure that its Offer will not result in it owning more than 80% of the listed shares and being susceptible to delisting; the relevant passage states:

*"We have no plans to de-list [CFF] from the JSE's Junior Market. If*

*[Derrimon] have to take up Shares tendered in response to this take-over bid which takes us over the 80% delisting threshold then [Derrimon] intend[s] to sell down the excess Shares over the 80% delisting threshold to avoid triggering delisting of the Company”*

- 5.3.6 The Board has not received the details of how Derrimon intends to sell down the excess Shares over the 80% delisting threshold, we are therefore unable to offer an opinion on how successful that process may be.
- 5.3.7 CFF could also be de-listed under the Junior Market Rules if on completion of the Offer it has less than 25 participating voting Shareholders.
- 5.3.8 If the CFF Shares units are delisted, a Shareholder’s ability to trade them will be negatively affected by – (i) the absence of an established market for these stock units, as they cannot be traded on the floor of the JSE, and – (ii) the significantly increased transaction costs resulting from the imposition of transfer tax and stamp duty on the stated consideration on a sale transaction. Transfer tax is, by law, borne by the seller.

## **6. APPENDICES & DOCUMENTS AVAILABLE FOR INSPECTION**

- 6.1. Appendix 1 to this Directors’ Circular contains particular information that is expressly required by the Jamaican Take-over Code and the JSE Take-Over Rules to be included herein.
- 6.2. CFF’s audited financial statements for the financial year ended June 30, 2016, being the last available audited financial statements as at the date hereof, are set out in Appendix 2, together with the consent of CFF’s auditors, McKenley and Associates. The auditors have given and not withdrawn their written consent to the inclusion of these financial statements, inclusive of their report thereon, in this Directors’ Circular.
- 6.3. CFF’s profit and loss statements for the previous five (5) financial years, as extracted from the financial statements for the period are set out at Appendix 3.
- 6.4. The unaudited financial statements for the three (3) month period ending on September 30, 2016 are set out at Appendix 4 together with the required certification. CFF’s chief financial controller has certified that the unaudited financial statements produced in this Directors’ Circular represent a true and fair position of the financial position of CFF over the periods in question.
- 6.5. The Valuation Report of December 15, 2016 prepared by E.B.I. and Associates Limited in respect of CFF’s fixed assets is set out at Appendix 5, together with their consent. E.B.I. and Associates Limited have given and not withdrawn their written consent to the inclusion of their Valuation Report in this Directors’ Circular.
- 6.6. The Fairness Opinion prepared by KPMG Advisory Services dated January 19, 2017

together with their consent is set out at Appendix 6. KPMG Advisory Services has given and not withdrawn their written consent to the inclusion of their Fairness Opinion in this Directors' Circular.

- 6.7. All of the appendices referred to herein form part of this Directors' Circular.
- 6.8. CFF's Articles of Incorporation and CFF's audited financial statements for the financial years 2011-2016 are available for inspection at the offices of Mayberry Investments Limited, 1½ Oxford Road, Kingston 5 during the hours of 9:00 a.m. and 4:00 p.m. from Monday to Friday (excluding public holidays) from the issue of this Directors' Circular until the closing of the Offer.

This Directors' Circular is dated January 23, 2017

We, being duly authorized to sign on behalf of the Board of CFF certify that the foregoing does not omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made.

We further certify that the contents of this Directors' Circular have been approved, and delivery of this Directors' Circular to the CFF Shareholders authorised, by Resolution of the Board passed on January 20, 2017.

**SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:**



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Clive Nicholas  
Acting Chairman

## APPENDIX 1

The information set out in this Appendix 1 is required to be included in the Directors' Circular by the Jamaican Take-Over Code and the JSE's Junior Market Rules.

- As far as the Board is aware, the number of CFF Shares directly or indirectly, legally or beneficially owned by each director or officer of CFF as at January 13, 2017 is outlined below:

	<i>Director or Officer</i>	<i>Direct Shareholding</i>	<i>Connected Party</i>	<i>Indirect Shareholding</i>
1.	<b>Clive Nicholas</b> (Acting Chairman)	100,000	n/a	n/a
2.	<b>Anand James</b>	11,689,604	<b>Dr Joan James</b> (wife of Anand James)	11,689,604
3.	<b>Derrick Cotterell</b>	Nil	<b>Derrimon Trading Company Limited</b> (Director and largest shareholder)	44,078,122
4.	<b>Wilford Heaven</b>	Nil	n/a	n/a
5.	<b>Carlton Samuels</b>	50,000	n/a	n/a
6.	<b>Ian Kelly</b>	2,322,814	<b>Derrimon Trading Company Limited</b> (Director)	n/a
7.	<b>Janice Lee</b>	Nil	n/a	n/a
8.	<b>Rhonde McPherson</b>	Nil	n/a	n/a

- According to the Take-Over Bid Circular, Howard Mitchell, B.Sc. (Govt.) LL.M., J.P. was a member and Chairman of the Board. On August 7, 2016 Mr. Mitchell resigned to assume the chairmanship of the Financial Services Commission. Mr Mitchell, as at January 13, 2017, owns 1,444,395 CFF Shares (approx. 1.61%).



3. The Mentor of CFF is Mrs Tania Waldron-Gooden. She does not own any CFF Shares. Mrs Waldron-Gooden is a senior executive at Mayberry. As at January 13, 2017, the following parties connected with Mayberry own the stated amount of CFF Shares:

Mayberry West Indies Bank Limited	3,000 CFF Shares	approx. 0.00%
Mayberry Investments Limited (Managed Clients Accounts)	2,697,546 CFF Shares	approx. 3.00 %
Konrad Berry (a Mayberry Director)	1,768,214 CFF Shares	approx. 1.97%
The Trustees of the Mayberry Investments Ltd. Pension Scheme	972,945 CFF Shares	approx. 1.08 %

The Offeror has engaged Mayberry to act as lead broker, receiving agent and paying agent for purposes of the Offer and Mayberry will receive fees for its services.

4. To the best of the knowledge of the Board, the persons or companies directly or indirectly beneficially holding more than 10% of the voting rights of CFF as at January 13, 2017 are:

Derrimon Trading Company Ltd.	44,078,122 CFF Shares	(approximately 49.02%)
Anand James	11,689,604 CFF Shares	(approximately 13.00%)
Joan James	11,689,604 CFF Shares	(approximately 13.00%)

5. Based on a notice uploaded to the Jamaica Stock Exchange's website by Derrimon on December 21, 2016, Derrimon announced that it has commenced a process to acquire the Jameses Shares from the Jameses. The Take-Over Bid Circular states that Derrimon will not acquire the Jameses Shares before making the take-over bid, but instead will acquire the Jameses Shares as part of the take-over bid offer. It also states that the Jameses have agreed to accept the Offer in the Take-Over Bid.
6. As far as the Board is aware, Derrimon is the Offeror and will not tender its CFF Shares.

7. As far as the Board is aware, the number of shares of Derrimon owned directly or indirectly, legally or beneficially by each director or officer of CFF as at January 13, 2017 is as outlined below:

	<i>Director</i>	<i>Direct Shareholding</i>	<i>Connected Party</i>	<i>Indirect Shareholding</i>
1.	Clive Nicholas (Acting Chairman)	**		**
2.	Anand James	**		**
3.	Derrick Cotterell	110,000,000	Monique Cotterell (wife of Derrick Cotterell)	40,000,000
4.	W. "Billy" Heaven	**		**
5.	Carlton Samuels	**		**
6.	Ian Kelly	15,743,459	Claudia Smith	1,000,000
7.	Janice Lee	**		**
8.	Rhonda McPherson	**		**
9.	Tania Waldron-Gooden (mentor)	**		**

8. As far as the Board is aware and after due enquiry, no person or company, as of January 13, 2017, beneficially owns 10% or more of the shares in Derrimon and also owns shares in CFF **EXCEPT FOR** Manwei International Limited which owns 50,019,790 shares in Derrimon (approximately 18.30%) and 975,828 CFF Shares.
9. According to the Take-Over Bid Circular, the following arrangements have been made or are proposed to be made between Derrimon and the following officers or directors of CFF:
- Pursuant to an agreement dated August 17, 2016 Anand James (a Director of CFF) agreed to sell 11,689,604 CFF Shares at a price of J\$4.50 per Share to Derrimon. Dr Joan James is also a party to the 2016 Agreement and has also agreed to sell 11,689,604 CFF Shares to Derrimon;
  - Pursuant to a Deed of Assurance dated December 15, 2016, Derrimon made a prepayment on December 21, 2016 to acquire the Jameses Shares. The sum prepaid was J\$105,206,436.00 which, on completion, will translate to a price per CFF Share of J\$4.50, i.e. the same as the Offer Price. That transaction is not complete because the Jameses Shares have not been transferred to Derrimon;

- c) If Derrimon purchases the Jameses Shares, Derrimon has no intention to make any changes to the current Board; and
- d) Derrimon plans no variation in the total emoluments receivable by the directors of CFF as a result of the Offer. No director or officer of CFF will receive any bonus or other compensation as a result of the outcome of this take-over bid.
10. As far as the Board is aware no director or officer of CFF, and no person or company beneficially holding over 10% of the voting rights of CFF, has any interest in any material contracts to which CFF is a party.
11. The volume of trading and price range of the stock of CFF Shares on the JSE's Junior Market from July 2016 to January, 16 2017 being the six (6) month period preceding the Offer are as follows:

Month	Trade Volume	Monthly Low	Monthly High	Offer Premium/ (Offer Discount) to Monthly Low	Offer Premium / (Offer Discount) to Monthly High
July	187,354	6.51	7.00	(31%)	(36%)
August	1,011,962	6.10	7.20	(26%)	(38%)
September	117,305	7.76	8.99	(42%)	(50%)
October	918,218	8.00	8.99	(44%)	(50%)
November	52,647	8.40	8.61	(46%)	(48%)
December	105,757	8.99	13.00	(50%)	(65%)
*January	30,987	11.20	12.00	(60%)	(63%)

\* As of January 16, 2017

The foregoing information in the table above is extracted from information available from the JSE and was not verified with, or by, us.

12. The audited financial statements for the year ended June 30, 2016 and the unaudited financial statements for the quarter ended September 30, 2016 are herein attached at Appendix 2 and Appendix 4 respectively. The Board is not aware of any information that indicates any material change in the financial position or prospects of CFF since the Company's last published interim financial statements **EXCEPT FOR** the payment of a dividend as set forth below:

Record Date	Amount of Dividend	Ex-Dividend Date	Payment Date
September 22, 2016	J\$0.10	September 20, 2016	October 6, 2016

13. As far as the Board is aware, none of the directors or officers of CFF has purchased or sold CFF Shares or shares in Derrimon in the six (6) months preceding the opening of the Offer, **EXCEPT THAT:**
- (a) on May 20, 2016 Ian Kelly, a Director and Chief Financial Officer of CFF purchased 2,000,000 CFF Shares (approx. 2.22%) on the open market at a price of J\$8.00 per Share. In purchasing those CFF Shares, Mr. Kelly acted independently and without the prior knowledge of CFF's Board;
  - (b) on May 27, 2016, former chairman Howard Mitchell purchased 1,000,000 CFF Shares (approx. 1.11%) on the open market at a price of J\$8.00 per Share; and
  - (c) on May 20, 2016, May 27, 2016 and October 12, 2016, Anthony James, connected person to Director Anand James sold 2,000,000, 1,000,000 and 820,700 (collectively (approx. 4.24%) at a price of J\$8.00 , J\$8.00 and J\$8.60 per Share, respectively.
14. As far as the Board is aware, none of the directors or officers of Derrimon has purchased or sold CFF Shares or shares in Derrimon in the six (6) months preceding the opening of the Offer.
15. CFF's Audited Financial Statements for the year ended June 30, 2016 are set out in Appendix 2 attached hereto.
16. CFF profit and loss summaries extracted from the audited financial statements for the five financial years ended 2011 - 2016 are set out in Appendix 3.
17. CFF's Unaudited Financial Statements for the quarter ended September 30, 2016 are set out in Appendix 4.
18. At the request of CFF, E.B.I. and Associates Limited carried out a valuation of the fixed assets as at December 15, 2016. Their valuation and their written consent are reproduced at Appendix 5.
19. The report from E.B.I. and Associates Limited states at page 7 that the valuation exercise was conducted with emphasis on piecemeal disposal of the CFF plant machinery, equipment, furniture, fixtures, fittings and leasehold improvements listed. It goes on to state that their findings reflect a net current realisable value of **SIXTEEN MILLION FIVE HUNDRED AND ONE THOUSAND SEVEN HUNDRED DOLLARS (J\$16,501,700.00)** and that even with the piecemeal disposal proposed, a further 10-20% may be factored on/off certain items in expediting a sale.
20. The Board is not aware of any other material fact which ought to be disclosed and neither the JSE nor the Financial Services Commission of Jamaica has requested the disclosure of any additional information.
-

## APPENDIX 2

**McKENLEY  
& ASSOCIATES**



E-MAIL:  
mckenleyandassociates@gmail.com

WEB SITE:  
www.wmckenley.com

12 KINGSLYN AVENUE,  
KINGSTON 10, JAMAICA  
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(876) 968-3118  
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CHARTERED ACCOUNTANTS

January 20, 2017

Mr. Clive Nicholas  
Acting Chairman  
Caribbean Flavours and Fragrances Limited  
226 Spanish Town Road  
Kingston 11

**Attention: Mr. Clive Nicholas**

**Re: Directors' Circular of Caribbean Flavours and Fragrances Limited**

We hereby consent to the inclusion of our Auditors' Report as set out in ***Appendix 2*** of this Director' Circular of Caribbean Flavours and Fragrances Limited in the form and context in which it is included.

We further confirm that this statement of consent has not been withdrawn prior to the submission of this Directors' Circular.

Yours sincerely,  
**MCKENLEY AND ASSOCIATES**

  
**Wilfred McKenley**

Wmk. Cffl.2016



**McKENLEY**  
**& ASSOCIATES**  
CHARTERED ACCOUNTANTS

**"Continuous Improvement and Innovation are our Duties....."**

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**Independent Auditors' Report to the Members**

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To the Members of  
Caribbean Flavours and Fragrances Limited

## **Independent Auditors' Report**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Caribbean Flavours and Fragrances Limited (the "Company" or "CFFL") which comprise the statement of financial position as at 30 June 2016, and the statement of comprehensive income, changes in stockholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

### **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 with the requirements of the Jamaican Companies Act, and for such internal controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards of 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 about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers 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.





## CHARTERED ACCOUNTANTS

To the Members of  
Caribbean Flavours and Fragrances Limited

### Independent Auditors' Report

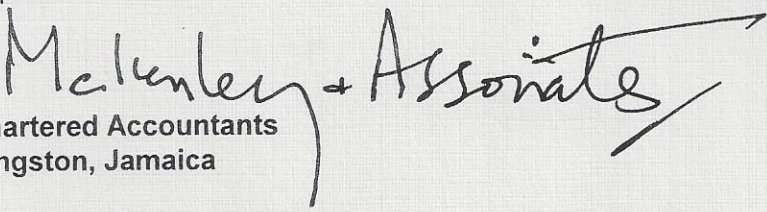
#### Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Caribbean Flavours and Fragrances Limited as at 30 June 2016 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, and comply with the provisions of the Jamaican Companies Act.

#### Report on other Legal and Regulatory Requirements

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose 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 so required.

  
Chartered Accountants  
Kingston, Jamaica

24 August 2016

**Caribbean Flavours and Fragrances Limited**  
**Statement of Comprehensive Income**  
**Year ended 30 June 2016**

Page 1

	<b><u>Note</u></b>	<b><u>2016</u></b> <b><u>\$'000</u></b>	<b><u>2015</u></b> <b><u>\$'000</u></b>
<b>Revenue</b>	3	362,500	306,807
Cost of sales		(227,805)	(193,355)
<b>Gross profit</b>		134,695	113,452
Bad debt recovered		-	94
Impairment of fixed asset			-
Selling and distribution costs	4	(5,013)	(2,133)
Administrative expenses	5	(67,183)	(59,257)
<b>Operating profit</b>		62,499	52,156
Finance income	6	11,571	5,581
Finance cost	6	-	(21)
<b>Profit before tax</b>		74,070	57,716
Taxation	7	-	-
<b>Net profit being total comprehensive income for year</b>		74,070	57,716
<b>Earnings per share</b>	8	\$0.82	\$0.64

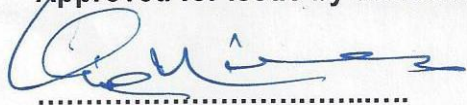


**Caribbean Flavours and Fragrances Limited**  
**Statement of Financial Position**  
**30 June 2016**

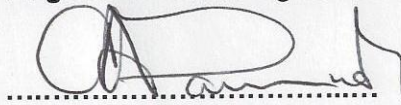
Page 2

	<u>Note</u>	<u>2016</u> <u>\$'000</u>	<u>2015</u> <u>\$'000</u>
<b>Non-Current Assets</b>			
Property, plant and equipment	9	2,997	1,358
<b>Current Assets</b>			
Inventories	10	71,751	62,873
Receivables	11	39,445	60,914
Taxation recoverable		4,464	4,085
Investments	12	52,803	50,000
Cash and cash equivalents	13	124,632	53,488
		293,095	231,360
<b>Current liability</b>			
Payables	14	19,741	30,437
<b>Net Current Assets</b>		273,354	200,923
		276,351	202,281
<b>Stockholders' Equity</b>			
Share capital	15	56,200	56,200
Retained earnings		220,151	146,081
		276,351	202,281

Approved for issue by the Board of Directors on 24 August 2016 and signed on its behalf by:



Clive Nicholas – Director



Carlton Samuels – Director

	<b>Note</b>	<b><u>2016</u></b> <b><u>\$'000</u></b>	<b><u>2015</u></b> <b><u>\$'000</u></b>
<b>Cash flows from operating activities:</b>			
Profit for the year		74,070	57,716
<b>Items not affecting cash:</b>			
Interest income	6	(6,521)	(4,264)
Interest expense	6	-	*21
Depreciation	9	918	675
Loss on disposal of fixed assets		1	-
		<u>68,468</u>	<u>*54,148</u>
<b>Changes in operating assets and liabilities -</b>			
Inventories		(8,878)	(21,123)
Receivables		21,469	(13,021)
Payables		(10,696)	9,613
Taxation recoverable		(379)	129
		<u>1,516</u>	<u>(24,402)</u>
<b>Cash provided by operating activities</b>		<u>69,984</u>	<u>*29,746</u>
<b>Cash flows from investing activities</b>			
Purchase of fixed assets		(2,558)	(713)
Purchase of investment		(2,803)	(50,000)
Interest received		6,521	4,264
<b>Net cash provided by/(used in) investing activities</b>		<u>1,160</u>	<u>(46,449)</u>
<b>Cash flows from financing activities</b>			
Repayment of loan		-	(693)
Interest expense			*(21)
Dividend paid	18	-	(8,992)
<b>Net cash used in financing activities</b>		<u>-</u>	<u>*(9,706)</u>
<b>Increase/(decrease) in cash and cash equivalents</b>		<u>71,144</u>	<u>(26,409)</u>
Cash and cash equivalents at beginning of year		53,488	79,897
<b>Cash and cash equivalents at end of year</b>	13	<u>124,632</u>	<u>53,488</u>
<b>Represented by:</b>			
Cash on hand		718	3,167
Bank balances		123,914	33,321
Fixed deposits		-	17,000
		<u>124,632</u>	<u>53,488</u>

\*restated for comparative purposes. Amount was not shown in prior year.

**Caribbean Flavours and Fragrances Limited**  
**Statement of Changes in Stockholders' Equity**  
**30 June 2016**

Page 4

	<u>Share Capital</u>	<u>Retained Earnings</u>	<u>Total</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
<b>Balance at 30 June 2013</b>	5,620	58,956	64,576
Issue of shares	50,580	-	50,580
Net profit as previously reported	-	50,547	50,547
Prior year tax charge	-	(3,153)	(3,153)
Net profit as restated	-	47,394	47,394
	56,200	106,350	162,550
Dividend paid	-	(8,993)	(8,993)
<b>Balance restated as at 30 June 2014</b>	56,200	97,357	153,557
Net Profit	-	57,716	57,716
Dividend paid	-	(8,992)	(8,992)
<b>Balance at 30 June 2015</b>	56,200	146,081	202,281
Net Profit	-	74,070	74,070
<b>Balance at 30 June 2016</b>	56,200	220,151	276,351

## **1. IDENTIFICATION AND PRINCIPAL ACTIVITIES**

Caribbean Flavours and Fragrances Limited ("the Company") is incorporated under the Companies Act of Jamaica and domiciled in Jamaica. Its principal activity is the manufacture and distribution of flavours, mainly for the beverage, baking and confectionary industries. Its registered office is located at 226 Spanish Town Road, Kingston 11.

These financial statements are presented using Jamaican dollars, which is considered the functional currency of the primary economic environment in which the Company operates.

Effective 2 October 2013, the Company's shares were listed on the Junior Market of the Jamaica Stock Exchange.

## **2. STATEMENT OF COMPLIANCE, BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES**

### **(a) Statement of compliance**

The financial statements of Caribbean Flavours and Fragrances Limited have been prepared in accordance and compliance with International Financial Reporting Standards (IFRS) and their interpretations adopted by the International 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.**

At the date of authorization of these financial statements, certain new, revised and amended standards and interpretations came into effect during the year and as at 1 January 2016.

Management has assessed the relevance of all such new standards, interpretations and amendments and determine that the majority of the standards did not have a significant effect on the amounts and disclosures in these financial statements. The principal standards that became effective included improvements to IFRS 2010-2012 and 2011-2013 cycles.

These cycles contained amendments to certain standards and interpretations that were effective 1 January 2016 and the main amendments applicable to the Company are as follows:

- **IFRS 13, Fair value Measurement** is amended to clarify that issuing of the standard and consequential amendments to IAS 39 and IFRS 9 was not intended 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 of not discounting is immaterial.

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## 2. STATEMENT OF COMPLIANCE, BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

### (a) Statement of compliance (continued)

**New, revised and amended standards and interpretations that became effective during the year (continued):**

- **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 ( or amortisation) is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after accounting for impairment losses or;
  - (ii) the accumulated depreciation (or amortisation) is eliminated against the gross carrying amount of the asset.
  - (iii) 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 ( or amortisation) is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after accounting for impairment losses or;
  - (iv) the accumulated depreciation (or amortisation) is eliminated against the gross carrying amount of the asset.
  - (v) revenue based methods of depreciation cannot be used. Such methods are not suitable because they reflect factors other than the consumption of economic benefits embodied in the assets.
- **IAS 24 Related Party Disclosures** has been amended to extend the definition of “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 separate 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 to individuals providing the key management personnel services.
  - **IAS 1 Presentation of financial statements** has been amended to clarify or state the following:
    - (i) the order of notes to the financial statements is not prescribed
    - (ii) specific criteria is now provided for presenting subtotals on the statement of financial position and in the statement of profit or loss and other comprehensive income (OCI)
    - (iii) the presentation in the statement of OCI of items of OCI arising from joint ventures and associates should be accounted for according to the equity method and follows IAS1
    - (iv) approach of splitting items into those that may be reclassified to profit or loss and those that will never be reclassified
    - (v) Specific single disclosures that are not material do not have to be disclosed
    - (vi) Line items in the financial statements should be disaggregated if this provides useful information to users.

## 2. STATEMENT OF COMPLIANCE, BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

### (a) Statement of compliance (continued)

**New, revised and amended standards and interpretations that became effective during the year (continued):**

- **Amendments to IAS 27 Equity Method in Separate Financial Statements**, allow the use of the equity method in separate financial statements, and apply to the accounting for subsidiaries, associates and joint ventures.
- **Amendments to IFRS 10 Consolidated Financial Statements**, was adjusted to confirm that the exemption from preparing consolidated financial statements is available to a parent entity that is a subsidiary of an investment entity.
- **IFRS 12, Disclosure of Interest in Other Entities**, was amended to clarify that the relevant disclosure requirements in the standards apply to an investment entity in which all of its subsidiaries are measured for fair value through profit or loss.

The adoption of these amendments by the management of the Company did not result in any change to the presentation and disclosures in the financial statements for the year ended 30 June, 2016

**Improvements to IFRS 2012-2014 cycle**, contain amendments to certain standards and interpretations and are effective for accounting periods beginning on or after 1 January 2016. The main amendments include:

- IFRS 5 Non- Current Assets Held for Sale and Discontinued Operations
- IFRS Financial Instruments: Disclosures
- IFRS 7 has also been amended to clarify that the additional disclosures required by Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7) are not specifically required for inclusion in condensed interim financial statements for all interim periods.
- IAS 34, interim Financial Reporting has been amended to clarify that certain disclosure, if they are not included in the notes to interim financial statements, may be disclosed “elsewhere in the interim financial report”.



## 2. STATEMENT OF COMPLIANCE, BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

### (a) Statement of compliance (continued)

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

At the date of authorization of the financial statements, certain new and revised and amended standards and interpretations were in issue but were not yet effective for the current year and which the Company has not early adopted.

Management has assessed all such new standards, amendments and interpretation with respect to its operations and has determined that as a small and medium size (SME) entity, the majority of the standards will have no impact on the Company's Financial Statements. The principal standards included

- **IFRS 15, Revenue from Contracts with Customers**, effective for accounting periods beginning on or after 1 January 2018 replaces IAS 11 Construction Contracts, IAS 18 Revenue, IFRS 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfer of Assets from Customers and SIC -31 Revenue- Barter Transactions Involving Advertising Services. It does not apply to insurance contracts, financial instruments or lease contracts which fall in the scope of other IFRSs
- **IFRS 9 Financial Instruments**, which is effective for accounting periods beginning on or after 1 January 2018, replaces the existing guideline in IAS 39 Financial; Instruments: Recognition and Measurement. IFRS9 principal focus includes revised guidance on the classification and measurement of financial assets and liabilities, including a new expected credit loss model for calculating impairment of financial assets and the new general hedge accounting requirements.
- **IFRS 16 leases**, which is effective for accounting periods beginning on or after 1 January 2019, eliminates the current dual accounting model and off balance sheet operating leases. Instead, there is a single method to account for leases where assets will be reflected on the balance sheet similar to current finance lease accounting.

Lessor accounting remains similar to current practice as the lessor will continue to classify leases as finance and operating leases. Finance lease accounting will be based on IAS 17 lease accounting, with recognition of net investment in lease comprising receivable and residual asset. Operating lease accounting will be based on IAS 17.

The Company is assessing the impact that the foregoing standards and amendments will have on its financial statements when they become effective and are adopted.

**2. STATEMENT OF COMPLIANCE, BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(b) Basis of preparation**

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.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment 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 judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are noted below:

**(c) Critical accounting estimates and judgments**

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual events. 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.

**(i) Allowances for losses**

In determining amounts recorded for allowance for losses in the financial statements, management makes judgments regarding indicators of impairment, that is, whether there are indicators that suggest there may be a measurable decrease in the estimated future cash flows from accounts receivable and other financial assets. For example, a decrease in cash flow may result from repayment default and adverse economic conditions. Management also makes estimates of the likely estimated future cash flows from impaired financial assets, including the net realizable value of underlying collateral, as well as the timing of such cash flows. The adequacy of the allowance depends on the accuracy of these judgments and estimates.

**(ii) Depreciable assets**

Estimates of the useful life and the residual value of property, plant and equipment are required in order to apply an adequate rate of transferring the economic benefits embodied in these assets in the relevant periods. The Company applies a variety of methods in an effort to arrive at these estimates from which actual results may vary. Actual variations in estimated useful lives and residual values are reflected in profit or loss through impairment or adjusted depreciation provisions.

**2. STATEMENT OF COMPLIANCE, BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(c) Critical accounting estimates and judgments (continued)**

**(iii) Income taxes**

Estimates are required in determining the provision for income taxes. There are some transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business.

The Company recognizes liabilities for possible tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were originally recorded, such differences will impact the income tax in the period in which such determination is made.

**(iv) Post-employment benefits**

Accounting for some post-employment benefits requires the use of actuarial techniques to make a realizable estimate of the amount of benefit that employees have earned in return for their service in the current and prior periods. The Company does not operate a defined benefit contribution pension scheme and therefore no judgment or estimate was required in this regard. The Company has implemented an individual retirement account (IRA) plan operated at a reputable financial institution for some categories of staff. The Company is only responsible to match employees' contributions to the plan.

**(v) Accruals**

Amounts accrued for certain expenses are based on estimates and are included in payables and accruals.

**(vi) Net realizable value of inventories.**

Estimates of net realizable value are based on the most reliable evidence available, at the time the estimates are made, of the amounts the inventories are expected to realize. These estimates take into consideration fluctuations of price or costs 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.

**(vii) Fair value estimation**

Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. A number of assets and liabilities included in the Company's financial statements require measurement or disclosure at fair value.

The fair value measurement of the Company's financial and non-financial assets and liabilities utilizes market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorized into different levels based on how observable are the inputs used in the valuation techniques.

---

**2. STATEMENT OF COMPLIANCE, BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(d) Critical accounting estimates and judgments (continued)**

**(viii) Fair value estimation (continued)**

The fair value hierarchy is:

- Level 1 Quoted unadjusted prices in active markets for identical assets or liabilities
- Level 2 Observable direct or indirect inputs other than level 1 input
- Level 3 Unobservable inputs that are not derived from market data

The classification of an item into the above level is based on the lowest level of inputs used that has a significant effect on the fair value measurement of the item. Transfer of items between levels is recognized in the period that they occur.

The fair value of financial instruments traded in active markets, such as available-for-sale investments, is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1 and comprise equity instruments traded on the Jamaica Stock Exchange (JSE).

**(e) Going concern**

The preparation of the financial statements in accordance with IFRS assumes that the Company will continue in operational existence for the foreseeable future. This substantially means that the statements of profit or loss and comprehensive income and financial position assume no intention or necessity to liquidate or curtail the scale of operations. This is referred to as the going concern concept. Management believes that the preparation of the financial statements on the going concern basis continues to be appropriate as there are no pending matters that may disrupt or curtail the operations of the Company.

**(f) Property, plant and equipment**

Property, plant and equipment are stated at historical cost less accumulated depreciation. Depreciation on assets under construction does not commence until they are complete and available for use. Depreciation on all other property, plant and equipment is calculated on the straight-line basis at annual rates estimated to write-off the carrying value of the assets over the period of their estimated useful lives. Land is not depreciated. The annual rates are as follows:-

Leasehold property & improvements	10%
Buildings	2 1/2%
Plant and machinery, furniture and fixtures, office equipment	10%
Computer equipment	33 1/3%
Motor vehicles	25%

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**2. STATEMENT OF COMPLIANCE, BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(f) Property, plant and equipment (continued)**

The assets' residual values and useful life 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.

**(g) Inventories**

Inventories are valued at the lower of cost, determined principally on a weighted average cost basis and fair value less costs to sell. Cost is determined as follows:

Finished goods: costs of product plus all indirect costs such as labour and appropriate allocations for overhead expenses to bring the product to a saleable condition.

Work-in-progress: cost of product, labour plus appropriate allocations for overhead expenses.

Goods-in-transit : cost of goods translated at the year- end exchange rate.

**(h) Foreign currency translations**

Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transactions.

Monetary items denominated in foreign currency are translated to Jamaican dollars using the closing rate at the reporting date. Non-monetary items measured at historical cost denominated in a foreign currency are translated using the exchange rate as at the date of initial recognition; non-monetary items in a foreign currency that are measured at fair value are translated using the exchange rates at the date when the fair value is determined.

Exchange differences arising from the settlement of transactions at rates different from those at the dates of the transactions and unrealized foreign exchange differences on unsettled foreign currency monetary assets and liabilities are recognized in profit or loss.

**(i) Trade receivables**

Trade receivables are carried at anticipated realisable 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 uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited in the statement of comprehensive income.

**2. STATEMENT OF COMPLIANCE, BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(j) Revenue recognition**

Revenue is recognized in the statement of comprehensive income to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue from the sale of goods is recognized when the significant risk and rewards of ownership of goods have been passed to the buyers and the amounts of revenue can reliably be measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, and other sales taxes or duty.

Rental, other income and interest income are recognized as they accrue unless collectability is in doubt. Dividend income is recognized when the right to receive payment is established.

**(k) Current and deferred Income taxes**

**Current**

Current tax charges are based on taxable profits for the year, which differ from the profit before tax reported because taxable profits exclude items that are taxable or deductible in other years, and items that are never taxable or deductible. The Company's liability for current tax is calculated at tax rates that have been enacted at the reporting date.

**Deferred tax**

Deferred tax is the tax that is expected to be paid or recovered on the differences between the carrying amounts of assets and liabilities and the corresponding tax bases. Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred tax is charged or credited to statement of income, except where it relates to items charged or credited to other comprehensive income or equity, in which case deferred tax is also dealt with in other comprehensive income or equity.

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**2. STATEMENT OF COMPLIANCE, BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(I) Financial instruments**

A financial instrument is any contract that gives rise to both a financial asset for one entity and a financial liability or equity of another entity.

**Financial assets**

The Company classifies its financial assets in the following categories: loans and receivables and investments available for sale and held to maturity categories. The classification depends on the purpose for which the financial assets are acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

**Loans and receivables**

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market; they are principally through the provision of goods and services to customers (e.g. trade receivable) but also incorporate other types of contractual monetary assets. They are included in current assets and include short term investments, accounts receivable, other receivables and cash and cash equivalents.

**Investments**

**(i) Available-for-sale**

These are non-derivative financial assets that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

**(ii) Held-to-maturity**

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the intention and ability to hold to maturity. Where the Company is required to sell other than an insignificant amount of held-to-maturity assets, the entire category would be compromised and reclassified as available-for-sale.

At the date of the statement of financial position, the Company held no investments in these categories.

**Financial liabilities**

The Company's financial liabilities are initially measured at fair value, and are subsequently measured at amortized cost using the effective rate interest method. At the date of the statement of financial position, the following items were classified as financial liabilities: bank overdraft, current portion of long term loans and accounts payables and accruals.

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**2. STATEMENT OF COMPLIANCE, BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(m) Borrowing and borrowing costs**

Bank and other borrowings are recognized initially at fair value, net of transactions costs incurred. Borrowings are subsequently stated at amortized cost.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalized during the period of time that is required to complete and prepare the asset for its intended use. Capitalization of such borrowing costs ceases when the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognized in the statement of comprehensive income in the period in which they are incurred.

**(n) Dividends**

Dividends on ordinary shares are recognized in stockholder's equity in the period in which they become legally payable. Interim dividends are due when declared and approved by the directors while final dividends are approved by shareholders at the Annual General Meeting.

Dividends for the year that are declared after the reporting date are disclosed in the subsequent events note.

**(o) Provisions**

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Company expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as an interest expense.

**(p) Cash and cash equivalent**

Cash and cash equivalent are carried at the statement of financial position date at cost. For the purpose of the cash flow statement, cash and cash equivalents comprise cash at bank and in hand and short term deposits with original maturities of three months or less, net of bank overdraft.



## 2. STATEMENT OF COMPLIANCE, BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

### (q) Impairment of non-current assets

Property, plant and equipment and other non-current assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the carrying amount of the assets exceeds its recoverable amount, which is the greater of an asset's net selling price and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identical cash flows.

#### Calculation of recoverable amount and reversal of impairment

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company makes an estimate of the recoverable amount.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation. Such reversal is recognized in the income statement unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase.

### (r) Employee benefits

- (i) Employee benefits include current or short term benefits such as salaries, statutory contributions paid, annual vacation and sick leave and non-monetary benefits such as medical care. Entitlement to annual leave and other benefits are recognized when they accrue to employees.
- (ii) The Company does not operate a pension scheme
- (iii) The Company does not have a formal profit-sharing or bonus plan in place for permanent employees.

### (s) Related parties

A related party is a person or entity that is related to the entity that is preparing the financial statements; referred to in IAS 24 Related Party Disclosures as the "reporting entity."

- (a) **A person or a close member of that person's family is related to a reporting entity if that person:**
  - (iv) Has control or joint control over the reporting entity;
  - (v) Has significant influence over the reporting entity; or
  - (vi) Is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

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**2. STATEMENT OF COMPLIANCE, BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(s) Related parties (continued)**

**(b) An entity is related to a reporting entity if any of the following conditions apply:**

- (i) The entity and the reporting entity are members of the same group.
- (ii) One entity is an associate or joint venture of the other entity.
- (iii) Both entities are joint ventures of the same third party
- (iv) One entity is 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 the employees of either the reporting entity or an entity related to the reporting entity.
- (vi) The entity is controlled or jointly controlled by a person identified in (a) above.
- (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.

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

**(t) Earnings per share**

The earnings per share is computed by dividing the profit attributable to the ordinary shareholders by the number of ordinary shares issued.

**(u) Segment reporting**

An operating segment is a component of a company that engages in business activities from which it may earn revenues and incur expenses; whose operating results are regularly reviewed by the entity's Chief Operation Decision Maker (CODM) to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

Based on the information presented to and reviewed by the CODM, the entire operations of the Company are considered as one operating segment.

**(v) Share Capital**

Ordinary shares are classified as equity. Incremental costs directly attributed to the issue of ordinary shares are recognized as a deduction from equity.

**(w) Trade and other payables**

Trade and other payables are stated at amortized cost.

**(x) Comparative balances**

When necessary, comparative figures are reclassified to conform to the changes in presentation in the current year.

### **3. REVENUE RECOGNITION**

Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Company's activities. Revenue is shown net of General Consumption Tax, returns and discounts.

The Company recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Company and specific criteria have been met in relation to the Company's activities as described below:

#### **Sale of goods**

Sales are recognised upon delivery of products, customer acceptance of the products and collectivity of the related receivables is reasonably assured.

#### **Dividend income**

Dividend income, if any, is recognised when the right to receive payment is established.

#### **Interest income**

Interest income is recognised in profit or loss for all interest bearing instruments on an accrual basis using the effective yield method based on the actual purchase price. Interest income includes coupons earned on fixed income investments.

### **4. SELLING AND DISTRIBUTION COSTS**

	<b><u>2016</u></b> <b><u>\$'000</u></b>	<b><u>2015</u></b> <b><u>\$'000</u></b>
Advertising and promotion	3,500	1,346
Bad Debt expense	878	-
Motor vehicle expenses	635	787
	<u>5,013</u>	<u>2,133</u>

Selling and distribution costs include the cost of monthly electronic and print costs along with the operating expenses of the two (2) motor vehicles owned by the Company which are used by the salesmen for islandwide delivery of the Company's manufactured products.

## 5. ADMINISTRATIVE EXPENSES

	<b><u>2016</u></b> <b><u>\$'000</u></b>	<b><u>2015</u></b> <b><u>\$'000</u></b>
Audit fee	1,500	1,440
Bank charges	794	628
Depreciation	918	675
Donations and subscriptions	754	593
Entertainment	18	458
Insurance	1,591	1,514
Rent	7,740	7,200
Legal and professional fees	1,990	4,083
Motor vehicle	442	709
Office and general	2,273	1,659
Asset and other taxes	282	240
Printing and stationery	342	401
Repairs and maintenance	2,412	1,758
Staff costs (Note 16)	30,499	23,288
Security	1,255	573
Telephone and postage	1,691	1,381
Travelling	2,756	1,925
Utilities	2,496	2,252
Director's fees	1,430	980
Director's remuneration	6,000	7,500
	<b><u>67,183</u></b>	<b><u>59,257</u></b>

## 6. FINANCE INCOME AND COSTS

	<b><u>2016</u></b> <b><u>\$'000</u></b>	<b><u>2015</u></b> <b><u>\$'000</u></b>
<b>Finance income -</b>		
Interest income	6,521	4,264
Net foreign exchange gains	5,050	1,317
	<b><u>11,571</u></b>	<b><u>5,581</u></b>
<b>Finance costs -</b>		
Loan interest incurred	-	(21)

## **7. TAXATION**

Taxation is based on profit for the year adjusted for taxation purposes and comprises:

	<b><u>2016</u></b> <b><u>\$'000</u></b>	<b><u>2015</u></b> <b><u>\$'000</u></b>
Current taxation	-	-
	-	-

The tax effect of difference between treatment of items for financial statements and taxation purposes is as follows:

	<b><u>2016</u></b> <b><u>\$'000</u></b>	<b><u>2015</u></b> <b><u>\$'000</u></b>
Profit before tax	74,070	57,716
Taxation at 25%	18,518	14,429
Difference between depreciation and capital allowances	(75)	68
Expenses not allowed for tax purposes	71	60
Unrealized foreign currency conversion gain	-	-
Remission of income tax	(18,514)	(14,557)
<b>Current taxation</b>	<b>NIL</b>	<b>NIL</b>

No account is taken of deferred taxation during the year ended 30 June 2016 because the Company was granted a remission from income tax as a result of listing on the Junior Market of the Jamaica Stock Exchange (JSE), effective 2 October 2013.

### **Remission of income tax**

By notice dated 13 August 2009, the Minister of Finance and the Public Service, issued and gazetted the Income Tax (Jamaica Stock Exchange Junior Market) (Remission) Notice, 2009. The Notice effectively granted a remission of income tax to eligible companies that were admitted to the Junior Market of the Jamaica Stock Exchange (JSE) if certain conditions were achieved after the date of initial admission.

Effective 2 October 2013, the Company's shares were listed on the Junior Market of the JSE and is therefore not subject to income tax for the year ended 30 June 2016. The Company is entitled to a remission of income taxes for ten years in the following proportion:

Years 2014 - 2018 – 100% of standard rate  
 Years 2019 - 2023 – 50% of standard rate

## **7. TAXATION (continued)**

### **Remission of income tax (continued)**

Provided the following conditions are met:

- (i) the Company remains listed for at least 15 years and is not suspended from the JSE for any breaches of its rules.
- (ii) the Subscribed Participating Voting Share Capital of the Company does not exceed J\$500 million
- (iii) the Company has at least 50 Participating Voting Shareholders

The financial statements have been prepared on the basis that the Company will have the full benefit of the tax remissions.

### **Government of Jamaica (GOJ) new taxes**

Effective 1 January 2014, the Government of Jamaica enacted new tax measures to change the tax incentive regimes applicable to various industries. Given the current tax position of the Company, as disclosed in note (i) above, these new tax measures have resulted in changes in the income tax and capital allowances computations but will not materially affect the Company's tax position until the end of the tax remission period. Some of these changes are as follows:

- Tax compliant entities are able to claim up to 30% of employer's and employees' statutory contributions (Employment Tax Credit (ETC)) against income tax for the year. Unused ETC , cannot be carried forward or refunded
- The maximum capital allowances on private motor vehicles, which were previously limited to J\$3,200, increased to a maximum of US\$35,000.
- No initial allowances are given on the purchase of buildings; however, all other capital expenditure on buildings and other assets continue to attract initial allowances.
- A Minimum Business Tax of \$60,000 was enacted, payable in two installments, June 15 and September 15 of each year by registered companies. This tax can be set-off against income tax liability for the financial year but cannot be carried forward if unused in the respective year.

## **8. EARNINGS PER SHARE**

Earnings per share are calculated by dividing the profit for the year by the 89,920,033 ordinary shares in issue.

9. PROPERTY, PLANT AND EQUIPMENT

	<u>Leasehold Property</u>	<u>Leasehold Improvements</u>	<u>Land &amp; Building</u>	<u>2016 Plant, Machinery Furniture &amp; Fixtures</u>	<u>Office Computer &amp; Equipment</u>	<u>Motor Vehicles</u>	<u>Total</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
<b>At cost -</b>							
30 June 2015	3,413	-	-	5,172	-	8,943	17,528
Additions	-	-	-	2,330	228	-	2,558
Disposals	-	-	-	-	-	(8,943)	(8,943)
30 June 2016	3,413	-	-	7,502	228	-	11,143
<b>Depreciation -</b>							
30 June 2015	2,928	-	-	4,300	-	8,942	16,170
Charge for the year	341	-	-	554	23	-	918
Relieved on disposal	-	-	-	-	-	(8,942)	(8,942)
30 June 2016	3,269	-	-	4,854	23	8,942	8,146
<b>Net Book Value -</b>							
30 June 2016	144	-	-	2,648	205	-	2,997

9. PROPERTY, PLANT AND EQUIPMENT (continued)

2015

	<u>Leasehold Property</u>	<u>Leasehold Improvements</u>	<u>Land &amp; Building</u>	<u>Plant, Machinery Furniture &amp; Fixtures</u>	<u>Office Computer &amp; Equipment</u>	<u>Motor Vehicles</u>	<u>Total</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
<b>At cost -</b>							
30 June 2014	3,413	-	-	4,459	-	8,943	16,815
Additions	-	-	-	713	-	-	713
30 June 2015	3,413	-	-	5,172	-	8,943	17,528
<b>Depreciation -</b>							
30 June 2014	2,587	-	-	3,966	-	8,942	15,495
Charge for the year	341	-	-	334	-	-	675
Relieved on disposal	-	-	-	-	-	-	-
30 June 2015	2,928	-	-	4,300	-	8,942	16,170
<b>Net Book Value -</b>							
30 June 2015	485	-	-	872	-	1	1,358
30 June 2014	826	-	-	493	-	1	1,320



## 10. INVENTORIES

	<u>2016</u> <u>\$'000</u>	<u>2015</u> <u>\$'000</u>
<b>Inventories comprise:</b>		
Raw materials	49,972	40,391
Finished goods	6,118	8,783
Resale goods	15,661	13,699
	<u>71,751</u>	<u>62,873</u>

There were no inventory write-downs for the current or the previous year.

## 11. RECEIVABLES

	<u>2016</u> <u>\$'000</u>	<u>2015</u> <u>\$'000</u>
Trade	38,121	53,746
Less: provision for bad debts	(655)	(501)
	<u>37,466</u>	<u>53,245</u>
Prepaid purchases	1,690	6,606
Prepaid insurance	289	321
Other	742	742
	<u>39,445</u>	<u>60,914</u>

Movement during the year in the allowance for doubtful debts account

Balance at 30 June 2015 and 30 June 2014	501	501
Increase in provision	154	-
Balance at 30 June 2016 and 30 June 2015	655	501

The aging of trade receivables and related impairment was:

	<u>2016</u> <u>\$'000</u>	<u>Impairment</u> <u>\$'000</u>	<u>2015</u> <u>\$'000</u>	<u>Impairment</u> <u>\$'000</u>
Current & past due 31 to 60 days	35,264		51,419	
Past due 61 to 90 days	1,630		1,156	
Past due over 90 days	1,227	655	1,171	501
	<u>38,121</u>	<u>655</u>	<u>53,746</u>	<u>501</u>

## 12. INVESTMENTS

	<u>2016</u> <u>\$'000</u>	<u>2015</u> <u>\$'000</u>
(i) 8.25% : Derrimon Trading Company Limited	-	50,000
(ii) 11.75% :Derrimon Trading Company Limited	15,000	-
(iii) 1.35% : NCB Capital Markets	37,803	-
	<u>52,803</u>	<u>50,000</u>

(i) This represents an amount loaned to a related entity, Derrimon Trading Company Limited. The amount was repaid during the year in the prior year.

(ii) This represents a private placement arranged by Mayberry Investments Limited and matures in February 2017.

(iii) This represents a repurchase agreement amounting to US\$301,773 and maturing in July 2016.

### 13. CASH AND CASH EQUIVALENT

	<u>2016</u> <u>\$'000</u>	<u>2015</u> <u>\$'000</u>
Cash on hand	718	3,167
J\$ bank balances	65,523	9,227
US\$ and other foreign currency bank balances	58,391	24,094
Fixed deposits	-	17,000
	<u>124,632</u>	<u>53,488</u>

The weighted average effective interest rate on Jamaican dollar (J\$) fixed deposits was 4.75% in 2015. There were no fixed deposits as at 30 June 2016.

### 14. PAYABLES

	<u>2016</u> <u>\$'000</u>	<u>2015</u> <u>\$'000</u>
Trade	12,789	15,670
General Consumption Tax (GCT)	3,649	6,223
Audit fee	1,395	1,335
Statutory contributions	467	554
Vacation leave	630	500
Customer deposits	-	4,733
Other	812	1,422
	<u>19,742</u>	<u>30,437</u>

### 15. SHARE CAPITAL

	<u>2016</u> <u>\$'000</u>	<u>2015</u> <u>\$'000</u>
<b>Authorized:</b>		
91,452,000 ordinary shares of no par value		
<b>Issued and fully paid:</b>		
89,920,033 ordinary shares of no par value	<u>56,200</u>	<u>56,200</u>

## 16. STAFF COSTS

	<b><u>2016</u></b>	<b><u>2015</u></b>
	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>
Casual labour	896	3,231
Redundancy	334	441
Salaries and wages	21,050	14,002
Statutory contributions	2,003	1,781
Travelling allowance	1,379	699
Staff welfare & training	2,920	2,166
Health and group life insurance	1,787	968
Vacation leave	130	-
	<b><u>30,499</u></b>	<b><u>23,288</u></b>

The average number of persons employed full-time by the Company during the year is as follows:

	<b><u>2016</u></b>	<b><u>2015</u></b>
Full time	15	14
Part time	3	2
	<b><u>18</u></b>	<b><u>16</u></b>

## **17. FINANCIAL INSTRUMENTS**

### **(a) Financial risk management**

The Company has exposure to credit risk, market risk and liquidity risk from its use of financial instruments in the ordinary course of business. Derivative financial instruments are not used to reduce exposure to fluctuations in interest and foreign exchange rates.

#### **(i) Credit risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The maximum exposure to credit risk at the reporting date is represented by the carrying amount of each relevant financial asset.

#### **Cash and cash equivalents,**

The Company limits its exposure to credit risk by:

- Placing cash resources with reputable financial institutions who they consider to be stable and have minimal risk of default and
- Investing in liquid securities with credit worthy institutions.

#### **Trade receivables**

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Management has a credit policy in place under which each customer is analysed for credit worthiness prior to being offered credit. The Company does not require collateral in respect of trade and other receivables.

At the reporting date there were no significant concentrations of credit risk in respect of the five (5) major customers that comprise over 58 % (2015-47%) of the trade receivables balance.

At 30 June 2016, amounts receivable from these customers aggregated approximately \$21,770,875 (2015 - \$25,364,052)

#### **Due to related parties**

At the reporting date there were significant amounts receivable and paid in respect to amounts due from and to related parties.

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

## **17. FINANCIAL INSTRUMENTS (continued)**

### **(a) Financial risk management (continued)**

#### **(i) Credit risk (continued)**

Exposure to credit risk:

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	<b><u>2016</u></b> <b><u>\$'000</u></b>	<b><u>2015</u></b> <b><u>\$'000</u></b>
Cash and bank balances	124,632	36,488
Accounts receivable	37,466	53,245
Fixed deposits	-	17,000
	<u>162,098</u>	<u>106,733</u>

The aging of trade receivables at reporting date was:

Current: below 30 days	29,742	41,748
Past due 31-60 days	5,522	9,671
Past due 61-90 days	1,630	1,156
More than 90 days	1,227	1,171
	<u>38,121</u>	<u>53,746</u>
Provision for doubtful debt	(655)	(501)
	<u>37,466</u>	<u>53,245</u>

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The allowances for doubtful debts are based on the ageing of the receivables, with write-offs made if attempts to collect fail and the amount is deemed uncollectible by management.

#### **(ii) Liquidity risk**

Liquidity risk, also referred to as funding risk, is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at or close to its fair value. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, and the availability of funding through an adequate amount of committed credit facilities.

Liquidity risk is managed by the Company by maintaining committed lines of credit and by efficiently managing the Company's cash cycle. At the end of the reporting period, the Company was not exposed to any liquidity risk as current assets significantly exceeded current liabilities.

## 17. FINANCIAL INSTRUMENTS (continued)

### (a) Financial risk management (continued)

#### (ii) Liquidity risk (continued)

	<u>Carrying Amount</u> <u>\$'000</u>	<u>Contractual Cash Flows</u> <u>\$'000</u>	<u>2016</u> <u>6 months</u> <u>or less</u> <u>\$'000</u>	<u>6-12</u> <u>months</u> <u>\$'000</u>	<u>1-2</u> <u>Years</u> <u>\$'000</u>	<u>2-5</u> <u>Years</u> <u>\$'000</u>
Accounts payable	19,741	19,741	19,741	-	-	-
Long-term liabilities	-	-	-	-	-	-
Total financial liabilities	19,741	19,741	19,741	-	-	-

	<u>Carrying Amount</u> <u>\$'000</u>	<u>Contractual Cash Flows</u> <u>\$'000</u>	<u>2015</u> <u>6 months</u> <u>or less</u> <u>\$'000</u>	<u>6-12</u> <u>months</u> <u>\$'000</u>	<u>1-2</u> <u>Years</u> <u>\$'000</u>	<u>2-5</u> <u>Years</u> <u>\$'000</u>
Accounts payable	30,437	30,437	30,437	-	-	-
Long-term liabilities	-	-	-	-	-	-
Total financial liabilities	30,437	30,437	30,437	-	-	-

#### (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.

#### (iv) 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. Subject to normal conditions, the Company materially contracts financial liabilities at fixed interest rates for the duration of the term. Interest-bearing financial assets is primarily represented by cash and cash equivalents. Interest-bearing financial liabilities are represented by bank overdrafts and long term loans. At the reporting date, there were no bank overdrafts or long term loans.

## 17. FINANCIAL INSTRUMENTS (continued)

### (a) Financial risk management (continued)

#### (iv) Interest rate risk (continued)

Financial instruments are subject to interest as follows:

	<u>2016</u> <u>\$'000</u>	<u>2015</u> <u>\$'000</u>
<b>Fixed rate instruments:</b>		
Financial assets	176,717	100,321
Financial liabilities	-	-
	<u>176,717</u>	<u>100,321</u>

**At the statement of financial position there were no variable rate instruments:**

#### Cash flow sensitivity analysis for variable rate instruments

An increase or decrease in basis points in interest rates at the reporting date would not have increased/ (decreased) profit for the year because there were no variable instruments held by the Company at 30 June 2016 (2015-nil%).

#### (v) 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, primarily the United States Dollars (US\$) and Euro (€).

#### Exposure to currency risk

At 30 June 2016 the Company incurred foreign currency risk primarily on cash and cash equivalents, purchases and receivables that are denominated in a currency other than the Jamaican dollar. The principal foreign currency exposures of the Company are denominated in United States dollars (US\$).

Exposure to foreign currency risk on US\$ denominated balances were as follows:

	<u>2016</u> <u>\$'000</u>	<u>2015</u> <u>\$'000</u>
Cash and cash equivalent	397	159
Accounts receivable	31	87
Investments	301	-
Accounts payable	(88)	(159)
US\$	<u>641</u>	<u>87</u>
Equivalent to	<u>J\$ 80,772</u>	<u>10,128</u>

## 17. FINANCIAL INSTRUMENTS (continued)

### (a) Financial risk management (continued)

#### (v) Foreign currency risk (continued)

Exposure to foreign currency risk on Euro (€) denominated balances were as follows:

		<u>2016</u> <u>\$'000</u>	<u>2015</u> <u>\$'000</u>
Cash and cash equivalent	€	59	49
Equivalent to	J\$	8,312	6,360

Exchange rates in terms of the Jamaican dollar (\$) to the United States dollar (US\$) and Euro (€) were as follows:

	<u>US\$</u>	<u>€</u>
At 30 June 2016	126.01	140.49
At 30 June 2015	116.98	130.45

### Sensitivity Analysis

Changes in the exchange rates of the Jamaican dollar (\$) to the United States dollar (US\$) and the Euro (€) would have the effects on profit as described below:

	Increase/(decrease) in profit for the year	
	<u>2016</u> <u>\$'000</u>	<u>2015</u> <u>\$'000</u>
<b>10% (2015:10%) strengthening</b> of the US\$ and Euro (€) against the J\$	8,908	1,649
<b>1% (2015 : 1%) weakening</b> of the US\$ and Euro (€) against the J\$	(891)	(165)

The analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2016 as that of 2015.

### (b) Capital management

The Company manages the adequacy of capital by managing the returns on equity and borrowed funds to protect against losses on its business activities so as to be able to generate an adequate level of return for its stockholders. As a condition of its long term loans, the Company is required to have positive stockholders' equity. There are no other externally imposed capital requirements and there have not been any changes in the Company's approach to managing capital during the year.



## **17. FINANCIAL INSTRUMENTS (continued)**

### **(c) Fair value of financial instruments**

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.

The following methods and assumptions have been used:

- (i) The fair values of cash and cash equivalents, accounts receivable, due from related parties and accounts payable are assumed to approximate their carrying values due to their relatively short-term nature.
- (ii) Long term loans, if any, approximate their fair values as these loans are carried at amortised cost reflecting their contractual obligations and the interest rates are reflective of market rates for similar loans.

## **18. DIVIDENDS**

During the prior year the Company paid a Dividend of 10 cents per share to stockholders on 18 June 2015. This dividend was approved as final on 25 November 2015 at the Annual General Meeting.

## **19. COMMITMENTS AND CONTINGENCIES**

Apart from commitments to financial institutions, the management and directors of the Company were not aware of any significant claims, disputes and legal proceedings against the Company that could result in any material contingent liability.

## **20. RESTATEMENTS**

Interest expense was noted in the current year's cash flow and the comparative balance was also included in the financial statements for comparative purposes in the year ended 30 June 2016.

## **21. RELATED PARTIES TRANSACTIONS AND BALANCES**

(a) The statement of comprehensive income includes the following related party transactions

	<b><u>2016</u></b> <b><u>\$'000</u></b>	<b><u>2015</u></b> <b><u>\$'000</u></b>
<b>Key management compensation:</b>		
Salaries	6,000,000	7,500,000
<b>Rental expense:</b>		
Paid to a company connected to a Director	7,740,000	7,200,000
<b>Directors fees:</b>		
Management charges	1,430,000	980,000
<b>Interest income:</b>		
Paid from a related company	6,472,542	2,695,890

**22. EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE**

As at 24 August 2016 the date these financial statements were approved and signed, management was not aware of any material subsequent event that should be disclosed to stakeholders.

## APPENDIX 3

### Caribbean Flavours and Fragrances Limited Audited Statement of Comprehensive Income (Extracted) June 30, 2012 - 2016

	2012 (J\$ '000)	2013 (J\$ '000)	2014 (J\$ '000)	2015 (J\$ '000)	2016 (J\$ '000)
INCOME STATEMENT					
Revenues	193,874	229,892	255,362	306,807	362,500
Gross Profit	79,385	92,283	101,635	113,452	134,695
Total Operating Expenses	72,940	59,346	55,690	61,296	72,196
Profit before Taxation	6,458	50,388	51,188	57,716	74,070
<b>Net Profit</b>	<b>4,284</b>	<b>38,832</b>	<b>47,394</b>	<b>57,716</b>	<b>74,070</b>

## APPENDIX 4



### CARIBBEAN FLAVOURS AND FRAGRANCES LTD.

226 Spanish Town Road Kingston 11, Jamaica, W.I., Tel.: (876) 923-5111, (876) 923-8777 / Fax: (876) 923-4323  
Email: ajames@cffjamaica.com , Website: www.caribbeanflavoursjm.com

*"Tease the Senses"*

January 20, 2017

#### CERTIFICATION OF FINANCIAL STATEMENTS

To: THE ORDINARY SHAREHOLDERS IN  
CARIBBEAN FLAVOURS AND FRAGRANCES LIMITED

I am currently the Chief Financial Officer of Caribbean Flavours and Fragrances Limited and I hereby certify that:

- (a) the unaudited financial statements of Caribbean Flavours and Fragrances Limited as set out in this Director's Circular reflect fairly the financial position of the company over the three (3) month period ending on September 30, 2016, and
- (b) the extracts from the financial statements of the Company for the five financial years ended 2011 - 2016, (in particular the profit and loss statements) as set out in this Director's Circular reflect fairly the financial position of the company over the period.

  
Ian C. Kelly  
Chief Financial Officer

# CARIBBEAN FLAVOURS AND FRAGRANCES LIMITED

## REPORT TO SHAREHOLDERS ON THE COMPANY'S FINANCIAL PERFORMANCE FOR THE QUARTER ENDED SEPTEMBER 30, 2016

We are pleased to report on the performance of Caribbean Flavours and Fragrances Limited for the first Quarter ending September 30, 2016.

Sales for the quarter were \$101.148 million which represents a \$13.684 million or 15.64% growth when compared to the \$87.464 million recorded for the same period in 2015. The improvement to our revenue was primarily driven by increase in the sale of flavours in the domestic market as well as the sale of products to new customers. In addition, there has been a 26.68% year over year increase in the sale of fragrances for the quarter thereby contributing positively to both the revenue and our profitability.

The gross profit showed an increase of 12.96% moving from \$32.856 million to \$37.114 million as per our first quarter's performance. The Company will continue to refine and improve our purchasing strategy in order to extract the necessary efficiencies and improve our cost of sales and gross profit.

The company continues to manage its administrative and general expenses within budget and compared to the 2015 quarter, there has been an increase in order to adequately support the changing requirements of the business.

The selling and distribution costs are a direct reflection of the sales growth and the expansion of our corporate social responsibility. As such expenses related to advertising and our donations and sponsorship have increased accordingly. We will continue to review these expenses and our distribution methods to ensure that efficiencies are obtained at all times.

The net profit recorded for the period was \$20.216 million and represents a 0.73% decrease in profit when compared to \$20.363 million recorded for the similar comparative reporting period. We will continue to deliver on our business plans which are anchored on the pillars of revenue growth and expense management in order to deliver the desired results.

CARIBBEAN FLAVOURS AND FRAGRANCES LIMITED

UNAUDITED

FINANCIAL STATEMENTS

FOR THE THREE MONTHS TO 30 SEPTEMBER 2016

CARIBBEAN FLAVOURS AND FRAGRANCES LIMITED

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FOR THE THREE MONTHS TO 30 SEPTEMBER 2016

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**CARIBBEAN FLAVOURS AND FRAGRANCES LIMITED**  
**STATEMENT OF PROFIT AND LOSS AND COMPREHENSIVE INCOME**  
**FOR THE THREE MONTHS TO 30 SEPTEMBER 2016**

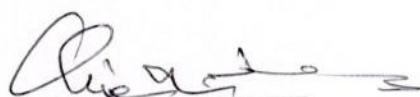
	Unaudited 3 months ended 30 September 2016 \$ '000	Unaudited 3 months ended 30 September 2015 \$ '000	Audited 12 months ended 30 June 2016 \$ '000
REVENUE	101,148	87,464	362,500
Cost of sales	<u>(64,034)</u>	<u>(54,608)</u>	<u>(227,805)</u>
Gross profit	37,114	32,856	134,695
Bad debt recovered	-	-	-
Selling and distribution costs	(989)	(369)	(5,013)
Administrative expenses	(17,328)	(14,068)	(67,183)
Net finance income	<u>1,419</u>	<u>1,944</u>	<u>11,571</u>
Profit before tax	20,216	20,363	74,070
Taxation	-	-	-
Net profit	20,216	20,363	74,070
Earnings per share	\$0.22	\$0.23	\$0.82



CARIBBEAN FLAVOURS AND FRAGRANCES LIMITED  
STATEMENT OF FINANCIAL POSITION  
AS AT 30 SEPTEMBER 2016

	Unaudited 30 September 2016	Unaudited 30 September 2015	Audited 30 June 2016
Note	\$ '000	\$ '000	\$ '000
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	70,654	38,498	124,632
Short term investments	90,303	65,000	52,803
Tax recoverable	4,577	3,153	4,464
Receivables and prepayments	59,193	42,890	39,445
Inventories	81,985	85,236	71,751
	<u>306,712</u>	<u>234,777</u>	<u>293,095</u>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	15,999	1,516	2,997
	<u>322,711</u>	<u>236,293</u>	<u>296,092</u>
<b>LIABILITIES AND EQUITY</b>			
<b>CURRENT LIABILITIES</b>			
Payables and accruals	22,444	13,649	19,741
Current portion of long term loans	-	-	-
	<u>22,444</u>	<u>13,649</u>	<u>19,741</u>
<b>LONG TERM LIABILITIES</b>			
Bank loan	12,700	-	-
<b>EQUITY</b>			
Share capital	56,200	56,200	56,200
Retained earnings	231,367	166,444	220,151
	<u>287,567</u>	<u>222,644</u>	<u>276,351</u>
Total liabilities and equity	<u>322,711</u>	<u>236,293</u>	<u>296,092</u>

Approved and signed on behalf of the Board by:



Director

CLIVE NICHOLAS



Director

DERRICK COTTERELL

**CARIBBEAN FLAVOURS AND FRAGRANCES**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE THREE MONTHS TO 30 SEPTEMBER 2016**

	Unaudited 30 September 2016		Unaudited 30 September 2015		Audited 30 June 2016	
	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	220,151	56,200	146,081	56,200	146,081
Issue of shares	-	-	-	-	-	-
Net profit	-	20,216	-	20,363	-	74,070
Dividends paid	-	(9,000)	-	-	-	-
	<u>56,200</u>	<u>231,367</u>	<u>56,200</u>	<u>166,444</u>	<u>56,200</u>	<u>220,151</u>

# CARIBBEAN FLAVOURS AND FRAGRANCES LIMITED

## STATEMENT OF CASH FLOWS FOR THE THREE MONTHS TO 30 SEPTEMBER 2016

	3 months ended 30 September 2016 \$ '000	3 months ended 30 September 2015 \$ '000
CASH RESOURCES WERE PROVIDED BY/(USED IN):		
OPERATING ACTIVITIES		
Profit before taxation	20,216	20,363
Adjustment for non-cash income and expenses		
Depreciation	431	132
Interest income	(1,419)	(1,944)
	<u>19,228</u>	<u>18,551</u>
Changes in operating assets and liabilities		
Inventories	(10,235)	(22,363)
Receivables and prepayments	(19,748)	18,025
Payables and accruals	2,703	(16,788)
Tax recoverable	(113)	932
	<u>(27,393)</u>	<u>(20,194)</u>
Net cash (used in)/provided by operating activities	<u>(8,165)</u>	<u>(1,643)</u>
CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	(13,432)	(291)
Purchase of investments	(37,500)	(15,000)
Interest received	1,419	1,944
Net cash provided by investing activities	<u>(49,513)</u>	<u>(13,347)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Bank loan	12,700	-
Dividends paid	(9,000)	-
Net cash used in financing activities	<u>3,700</u>	<u>-</u>
NET INCREASE IN NET CASH AND CASH EQUIVALENTS	(53,978)	(14,990)
Cash and cash equivalents at beginning of year	124,632	53,488
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>70,654</u></u>	<u><u>38,498</u></u>
Represented by:		
Cash on hand	51,660	726
Bank balances	18,994	37,772
	<u><u>70,654</u></u>	<u><u>38,498</u></u>

CARIBBEAN FLAVOURS AND FRAGRANCES LIMITED  
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS  
THREE MONTHS ENDED 30 SEPTEMBER 2016

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, 2015.

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.

---

### 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

**SHAREHOLDINGS OF TOP TEN (10) STOCKHOLDERS, DIRECTORS AND SENIOR OFFICERS AS AT 30 SEPTEMBER 2016.**

**TOP (10) STOCKHOLDERS**

**NUMBER OF SHARES HELD**

DERRIMON TRADING COMPANY LIMITED  
 ANAND JAMES  
 JOAN JAMES  
 MAYBERRY MANAGED CLIENTS ACCOUNT  
 IAN KELLY  
 LLOYD BADLAL  
 KONRAD BERRY  
 HOWARD MITCHELL  
 JCSD TRUSTEE SERVICES LTD. – SIGMA VENTURE  
 MANWEI INTERNATIONAL LIMITED

44,078,122  
 11,689,604  
 11,689,604  
 2,697,546  
 2,322,814  
 2,019,382  
 1,768,214  
 1,444,395  
 1,327,097  
 975,828

**DIRECTORS**

ANAND JAMES  
 IAN KELLY  
 CLIVE NICHOLAS  
 CARLTON SAMUELS  
 WILFORD HEAVEN  
 DERRICK COTTERELL

11,689,604  
 2,322,814  
 100,000  
 50,000  
 0  
 0

**SENIOR MANAGERS**

ANAND JAMES  
 JANICE LEE  
 RHONDE MCPHERSON

11,689,604  
 0  
 0

**CONNECTED PARTIES**

JOAN JAMES (WIFE OF DIRECTOR ANAND JAMES)  
 IAN KELLY (DIRECTOR OF DERRIMON TRADING LTD)  
 ANTHONY JAMES (SON OF DIRECTOR ANAND JAMES)  
 DERRICK COTTERELL (DIRECTOR OF DERRIMON TRADING LTD)

11,689,604  
 2,322,814  
 820,700  
 0

## APPENDIX 5



### E.B.I. and Associates Limited

4 Pembroke Kingston 5, Jamaica, W.I.

Telephone: (876) 631-2901; (876) 805-0075

Fax: (876) 631-2901

E-mail: [ebibryan@netzero.com](mailto:ebibryan@netzero.com)

Ref: 15,04068/09

---

January 20, 2017

Mr. Clive Nicholas  
Acting Chairman  
Caribbean Flavours and Fragrances Limited  
226 Spanish Town Road  
Kingston 11

**Attention: Mr. Clive Nicholas**

**Re: Directors' Circular of Caribbean Flavourss and Fragrances Limited**

We hereby consent to the inclusion of our Valuation Report on the plant machinery, equipment, furniture, fixtures, fittings, and leasehold improvements for Caribbean Flavours and Fragrances Limited as set out in ***Appendix 5***, of this Director' Circular of Caribbean Flavours and Fragrances Limited in the form and context in which it is included.

We further confirm that this statement of consent has not been withdrawn prior to the submission of this directors' circular.

Yours sincerely,  
**E.B.I. AND ASSOCIATES LIMITED**

E. Bryan Ingleton  
E. Bryan Ingleton  
Managing Director

EBI:si



# **VALUATION REPORT**

On

**CARIBBEAN FLAVOURS AND FRAGRANCES LIMITED**  
**(226 Spanish Town Road, Kingston 11, Jamaica, W.I.)**  
**[Plant Machinery, Equipment, Furniture, Fixtures, Fittings and Leasehold improvements]**

To

**Mr. Derrick Cotterell**  
**Managing Director**  
**Caribbean Flavours and Fragrances Limited**  
**226 Spanish Town Road**  
**Kingston 11, Jamaica**

BY

**E.B.I. AND ASSOCIATES LIMITED**  
**4 PEMBROOKE ROAD**  
**KINGSTON 2**

TEL#: (876) 631-2901: 805-0075;

FAX #: 631-2901

E-mail: [ebibryan@netzero.com](mailto:ebibryan@netzero.com)

Plant - Equipment - Furniture - Fixture - Auto - Craft: Valuers; Engineers; Renovators

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## SECTION A

**E.B.I. & Associates Limited**

Plant – Equipment – Furniture – Fixture – Auto – Craft: Valuers; Engineers; Renovators



## **E.B.I. and Associates Limited**

4 Pembroke Kingston 5, Jamaica, W.I.  
Telephone: (876) 631-2901; (876) 805-0075  
Fax: (876) 631-2901  
E-mail: [ebibryan@netzero.com](mailto:ebibryan@netzero.com)

Ref: 15,04068/09

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December 15, 2016

Mr. Derrick Cotterell  
Managing Director  
Caribbean Flavours and Fragrances Limited  
226 Spanish Town Road  
Kingston 11  
Jamaica

Dear Mr. Cotterell:

**Re: “INVENTORY/ CURRENT REALISABLE VALUES -ASSET OF PLANT, MACHINERY,  
EQUIPMENT, FURNITURE, FIXTURES, FITTINGS & LEASEHOLD IMPROVEMENTS”**

### **SECTION A**

Responding to your instructions, we visited Caribbean Flavours and Fragrances Limited, where we inspected and valued the asset of plant machinery, equipment, furniture, fixtures, fittings, and leasehold improvements, guided by your verbal instructions to execute said exercise and our discussions with you and other officers of Caribbean Flavours and Fragrances Limited.

#### Terms of Reference

To determine Inventory/Current Realisable Values - asset of plant, machinery, equipment, furniture, fixture and Leasehold improvements; these assets were primarily identified for us by Mr. Christopher Carless, Accountant, Miss Rhonde McPherson, Quality Assurance Manager and Mr. Rechal Turner, Production Supervisor and otherwise.

The verification of ownership of the assets was not requested nor done.

### Market Value Definition

Market value is the price in cash and kind that may be exchanged between a "willing buyer" and "willing seller" with equity to both, neither under compulsion to buy nor sell and is best evidenced by a quoted market price, if one exists, and both fully aware of all relevant facts as at an agreed date.

### Appraisal Method

An appraisal is an estimate of value. To arrive at this estimate, the appraisers follow an orderly procedure by which the appraisal problem is defined, the work necessary to solve the problem is planned, and the data involved acquired, interpreted and translated into an estimate of value. This procedure is called the appraisal method.

At Caribbean Flavours and Fragrances Limited, we paid attention to condition, marketability, duty and utility of the assets, while noting effective age and period of service. Particular attention was paid to the element of obsolescence.

There were signs of technological, functional and economic obsolescence evident; in some machines' electrical, mechanical and design features.

Obsolescence is generally recognized as contributing to the loss from the upper limit of value of an asset being appraised. In machinery and equipment where technology and state of the arts are continually changing in design, materials of construction, and manufacture, it is necessary to consider the degree of obsolescence that these changes contribute to the loss of value.

Technological obsolescence relates to the difference between the design and materials of construction used in today machines as compared with some machines under appraisal.

Functional obsolescence has to do with the difference in production rates and other capability characteristics between a new machine and the machine being evaluated.

Economic obsolescence deals with influence external to the assets. It is defined as the impairment of desirability of useful life arriving from economic forces, such as changes in optimum usage, legislature enactments, which restricts or impairs property rights and changes in supply-demand relationship, and other.

### Condition Definition

#### *Excellent Condition*

This describes units that appear new; fully functional; all original parts; 95% original functional operation or more.

#### *Good Condition*

This describes units of machinery/equipment, which have been modified/repaired and are used to or near its optimum capacity.

#### *Fair Condition*

This describes units of machinery/equipment that are being used below their specific use because of the effects of age, and/or applications that require general repairs to raise its functions close to original specification.

#### *Poor Condition*

This describes units of machinery/equipment that can only be used below the optimum capacity in current unserviceable condition.

#### *Scrap Condition*

This describes units of machinery/equipment that are no longer serviceable, and invariably may not be used for any practical purpose.

### Age/Life Span

The plant machinery and equipment and other assets listed have a useful life span of approximately two (2) to approximately nine (9) years.

### Current Realisable Value

The Net Realisable Value of assets estimates of realisable value are based on the most reliable evidence available at the time of the acquisition, other, and of the amount the assets are expected to realise at disposal; less a reasonable prediction of the costs associated with either the eventual sale or the disposal.

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

### Summary

This valuation exercise was conducted with emphasis on piecemeal disposal of the plant machinery, equipment, furniture, fixtures, fittings and leasehold improvements listed.

Our findings reflect a Net Current Realisable Value of **SIXTEEN MILLION FIVE HUNDRED AND ONE THOUSAND SEVEN HUNDRED DOLLARS (JS\$16,501,700.00)**; even with this piecemeal disposal proposed here, a further 10-20% may be factored on/off certain items in expediting sale.

In the main, the values listed may bear no relation to the original purchase prices; also, may not necessarily be indicative of the amounts realisable; further, we do not make any warranty, expressed nor implied.

The appraiser's duties pursuant to his employment to make the valuation are complete upon delivery of this report, and he is not obliged because of this report to neither give testimony nor appear before any tribunal, unless specific arrangements were previously made.

No responsibility is assumed for matters legal in character.

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### Machinery Maintenance

The listed plant equipment, machinery, furniture and fixtures were generally in fair to good operational condition. At the time of our inspection, Caribbean Flavours and Fragrances Limited were in operation.

### Plant Marketability

The listed assets are in the main not unique to the present process, and as such, may find alternate application in many other commercial/industrial operations.

### Appraisal Certificate

We certify that we have examined the assets listed. To the best of our knowledge and belief, the

**Inventory/Current Realisable Value - Caribbean Flavours & Fragrances Limited - 5**  
**Plant machinery, equipment, furniture, 15 December, 2016**  
**Fixtures, fittings, and leasehold improvements**

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statements contained in this report are true, and that we do not have any financial or other interest in the subject property.

The Request

This valuation report on Caribbean Flavours and Fragrances Limited listed assets was made at the request of Mr. Derrick Cotterell, Managing Director, Caribbean Flavours and Fragrances Limited; 226 Spanish Town Road, Kingston 11, Jamaica and inspection took place during the period of December 2016.

We thank you for doing business with us, and look forward to a continued mutually and beneficial relationship.

Yours sincerely,

**E.B.I. AND ASSOCIATES LIMITED**

*E. Bryan Ingleton*

E. Bryan Ingleton  
Managing Director

EBI: si



## **SECTION B**

**E.B.I. & Associates Limited**

**Plant – Equipment – Furniture – Fixture – Auto – Craft: Valuers; Engineers; Renovators**

## **EBI SCHEDULE**

### **FIXED ASSETS – CARIBBEAN FLAVOURS & FRAGRANCES LIMITED**

**E.B.I. & Associates Limited**

Plant – Equipment – Furniture – Fixture – Auto – Craft: Valuers; Engineers; Renovators

CARIBBEAN FLAVOURS AND FRAGRANCES LIMITED

PLANT MACHINERY, EQUIPMENT, FURNITURE, FIXTURES, FITTINGS AND LEASEHOLD IMPROVEMENTS

REAL ASSET VALUATION

SECTION B										
ASSET NUMBER	QTY.	ASSET CONDITION	ASSET NAME	ASSET GROUP	DESCRIPTION	LOCATION	SERIAL#	MODEL#	AGE(YRS) USEFUL REMAINING LIFE (YRS)	CURRENT REALISABLE VALUE J\$
SPANISH TOWN ROAD:										
001-002	2	FAIR	CABINET	FURNITURE	TWO (2) GLOBAL CONTRACT METALLIC FIVE DRAWER LATERAL FILE CABINET - 0.46DX1.07WX1.66H(M)	ACCOUNTS DEPT.			19/9	65,000.00
003-006	4	FAIR	CHAIR	FURNITURE	FOUR (4) SIDE ARM RECEPTION LEATHERETTE & DECORATED WOOD FINISH CHAIRS	RECEPTION			12/3	6,000.00
007	1	GOOD	TV	EQUIPMENT	SAMSUNG 0.81(M) WALL MOUNTED LED TELEVISION	RECEPTION			1/9	40,500.00
008	1	FAIR	WATER COOLER	EQUIPMENT	BLACK STAR TOP LOAD HOT & COLD WATER DISPENSER	RECEPTION			1/9	21,500.00
009	1	FAIR	CABINET	EQUIPMENT	DECORATED HARDWOOD AND CLEAR GLASS WALL MOUNTED PRODUCT DISPLAY CABINET - 2.00LX0.31DX2.44H(M)	RECEPTION			21/9	25,000.00
010-015	6	FAIR	WORK STATION	FURNITURE	SIX (6) GLOBAL CONTRACT BOULEVARD EXTRUDED DEMOUNTABLE RACEWAY PANEL FRAMES FITTED WITH LEVELERS & ACCESSORIES WITH SOIL RESISTANT FINISH, WORK STATIONS AS UNDER ; PARTIONS - 1.52LX0.06TX1.06HX4 (M); L-SECTION WITH THREE (3) DRAWER UJT FILE- 0.92LX0.61WX0.74HX4 (M); 1.52LX0.61WX0.99HX2 (M) WITH RECEPTION COUNTER ATTACHMENT 0.38(M) WIDE AND ACCESSORIES	FRONT OFFICE			16/9	270,000.00
016	1	FAIR	CABINET	EQUIPMENT	DECORATED HARDWOOD AND PLYBOARD WALL MOUNTED MULTI SECTIONED PRODUCT HOLDING CUPBOARD & COMMUNICATIONS UTILITY CABINET - 2.88LX0.74DX2.62H(M); 2.88LX0.74DX2.62H(M)	FRONT OFFICE			1/9	49,500.00
017-022	6	FAIR	CHAIR	FURNITURE	SIX (6) SIDE ARM PNEUMATIC SWIVEL LEATHERETTE OFFICE CHAIRS	FRONT OFFICE			3/7	12,000.00
023	1	FAIR	ACU	EQUIPMENT	SANYO 36,000 BTU MINI SPLIT AIR CONDITION UNIT	FRONT OFFICE			14/3	25,000.00
024-025	2	FAIR	CABINET	EQUIPMENT	TWO (2) METAL SINGLE SHUTTER UTILITY UNDER TABLE CABINET	FRONT OFFICE			16/9	5,000.00
026-027	2	FAIR	CABINET	FURNITURE	TWO (2) FOUR DRAWER METAL FILING CABINETS	ACCOUNTANT OFFICE			16/9	25,000.00
028	1	FAIR	DESK	FURNITURE	MODULAR LAMINATE FINISH "U" SHAPED DESK FITTED WITH 1.52LX0.38DX0.86H(M) HUTCH - 1.52LX1.52WX0.72H(M)	ACCOUNTANT OFFICE			11/9	41,500.00
029	1	FAIR	CABINET	EQUIPMENT	STATIONARY METAL CABINET - 0.46LX0.91WX1.98H (M)	ACCOUNTANT OFFICE			17/8	10,500.00
030	1	FAIR	CABINET	EQUIPMENT	STANDARD TWO DRAWER STATIONARY LATERAL METAL CABINET - 0.47LX0.91WX0.69H (M)	ACCOUNTANT OFFICE			16/9	10,000.00
031	1	FAIR	SHELVING UNIT	FURNITURE	THREE (3) TIER HARDWOOD FABRICATED DECORATED BOOKSHELF - 0.86LX0.25WX0.92H (M)	ACCOUNTANT OFFICE			16/4	2,000.00

# CARIBBEAN FLAVOURS AND FRAGRANCES LIMITED

## PLANT MACHINERY, EQUIPMENT, FURNITURE, FIXTURES, FITTINGS AND LEASEHOLD IMPROVEMENTS

REAL ASSET VALUATION

SECTION B										
ASSET NUMBER	QTY.	ASSET CONDITION	ASSET NAME	ASSET GROUP	DESCRIPTION	LOCATION	SERIAL#	MODEL#	AGE/YRS USEFUL REMAINING LIFE (YRS)	CURRENT REALISABLE VALUE J\$
032	1	FAIR	ACU	EQUIPMENT	SANYO 12,000 BTU MINI SPLIT AIR CONDITION UNIT	ACCOUNTANT OFFICE			16/4	6,000.00
033	1	FAIR	CUPBOARD	FURNITURE	HARDWOOD FABRICATED DECORATED STATIONARY CUPBOARD - 1.12LX0.56WX0.72H (M)	ACCOUNTANT OFFICE			16/4	2,500.00
034	1	FAIR	SAFE	EQUIPMENT	CHUBB SAFE KEY & COMBINATION, FIXED IN PLACE- 0.60WX0.65DX0.97H(M)	ACCOUNTANT OFFICE			25/9	45,000.00
035	1	FAIR	RACK	EQUIPMENT	MILD STEEL FABRICATED DECORATED UTILITY FOUR TIER RACKS - 0.78WX0.46DX1.88H(M)	ACCOUNTANT OFFICE			25/9	4,000.00
036	1	FAIR	SHELVING UNIT	EQUIPMENT	PLYWOOD FABRICATED WALL MOUNTED DECORATED SHELVING UNIT	ACCOUNTANT OFFICE			16/9	1,000.00
037-038	2	FAIR	DESK	FURNITURE	MODULAR EXECUTIVE DOUBLE PEDESTAL SIX (6) DRAWER DESK FITTED WITH GLASS MATTING - 1.83LHX0.92WX0.76H(M)	MANAGING DIRECTOR OFF			16/9	35,000.00
039	1	GOOD	CHAIR	FURNITURE	HB PNEUMATIC SWIVEL FABRIC OFFICE CHAIRS	MANAGING DIRECTOR OFF			1/9	13,500.00
040	1	GOOD	TABLE	FURNITURE	CONFERENCE ROOM MODULAR EXECUTIVE SET; MELAMINE FINISH TABLE - 2.39LX1.11WX0.74H (M); SIX (6) PNEUMATIC SWIVEL MID BACK FABRIC CHAIRS	MANAGING DIRECTOR OFF			1/9	110,500.00
041-042	2	FAIR	CHAIR	FURNITURE	TWO (2) PNEUMATIC SWIVEL LEATHER OFFICE CHAIRS	MANAGING DIRECTOR OFF			6/4	31,500.00
040	1	GOOD	CABINET	FURNITURE	METAL FRAMED VINYL TOP FABRICATED CREDENZA WITH TWO SLIDING GLASS DOOR AND SHUTTER - 1.50LX0.43WX0.56H (M)	MANAGING DIRECTOR OFF			16/9	7,500.00
041	1	GOOD	SHELVING UNIT	FURNITURE	ALUMINIUM FRAMED GLASS CLADDED AND SHELVED DISPLAY LOCKED THREE TIER SHELVING UNIT 0.46WX0.31DWX1.11H(M)	MANAGING DIRECTOR OFF			13/7	12,500.00
042	1		CABINET	FURNITURE	FOUR DRAWER METAL FLING CABINETS	MANAGING DIRECTOR OFF			16/9	13,500.00
		FAIR	ACU	EQUIPMENT	SANYO 24,000 BTU MINI SPLIT AIR CONDITION UNIT	MANAGING DIRECTOR OFF			16/9	13,500.00
043	1	FAIR	CABINET	EQUIPMENT	HARDWOOD AND PLYBOARD FABRICATED DECORATED TWO DOOR CUPBOARD - 0.64DX0.92WX0.92H(M)	MANAGING DIRECTOR OFF			11/9	5,000.00
045	1	FAIR	REFRIGERAT OR	EQUIPMENT	DAEWOO 119L REFRIGERATOR	MANAGING DIRECTOR OFF			1/9	19,200.00
046-051	7	GOOD	PRINT	EQUIPMENT	SEVEN (7) ASSORTED WALL MOUNTED FRAMED PRINTS	MANAGING DIRECTOR OFF			16/9	25,500.00
052	1	GOOD	PAINTING	EQUIPMENT	FRAMED AND MOUNTED 'BEACH FRONT' PAINTING ON CANVAS BY UNKNOWN ARTIST - 0.34WX0.48H(M);	MANAGING DIRECTOR OFF			16/9	17,500.00
053	1	GOOD	COFFEE MAKER	EQUIPMENT	HAMILTON BEACH 12CUP BREWSTATION SUMMIT COFFEE MAKER, PROGRAMMABLE DISPENSING COFFEE MACHINE	MANAGING DIRECTOR OFF			1/4	3,500.00
054	1	GOOD	TV	EQUIPMENT	SAMSUNG 0.81(M) WALL MOUNTED LED TELEVISION	MANAGING DIRECTOR OFF			1/9	40,500.00
055	1	FAIR	DESK	FURNITURE	DOUBLE PEDESTAL, METAL FRAMED VINYL TOP DESK - 1.52LX0.76WX0.74H(M)	QUALITY CONTR. MGR OFFICE			16/4	4,500.00

CARIBBEAN FLAVOURS AND FRAGRANCES LIMITED

PLANT MACHINERY, EQUIPMENT, FURNITURE, FIXTURES, FITTINGS AND LEASEHOLD IMPROVEMENTS

REAL ASSET VALUATION

SECTION B										
ASSET NUMBER	QTY.	ASSET CONDITION	ASSET NAME	ASSET GROUP	DESCRIPTION	LOCATION	SERIAL#	MODEL#	AGE(YRS) USEFUL REMAINING LIFE (YRS)	CURRENT REALISABLE VALUE J\$
056	1	FAIR	TABLE	FURNITURE	HARDWOOD FRAMED LAMINATE TOP TABLE - 1.93LX0.92WX0.72H (M)	QUALITY CONTL. MGR OFFICE			18/3	3,500.00
057	1	FAIR	REFRIGERATOR	EQUIPMENT	SANYO 4.5 CF REFRIGERATOR	QUALITY CONTL. MGR OFFICE			11/3	4,500.00
058	1	FAIR	CABINET	FURNITURE	FOUR DRAWER METAL FILING CABINETS	QUALITY CONTL. MGR OFFICE			14/6	8,500.00
059	1	FAIR	SHELVING UNIT	FURNITURE	THREE (3) TIER HARDWOOD FABRICATED DECORATED BOOKSHELF - 0.92LX0.31WX1.52H (M)	QUALITY CONTL. MGR OFFICE			14/6	1,500.00
060	1	POOR	CHAIR	FURNITURE	SIDE ARM RECEPTION METAL FRAME LEATHERETTE FINISH CHAIR	QUALITY CONTL. MGR OFFICE			8/3	500.00
061	1	FAIR	CHAIR	FURNITURE	METAL PNEUMATIC SWIVEL LEATHERETTE FINISH CHAIR	QUALITY CONTL. MGR OFFICE			11/4	500.00
062	1	GOOD	PRINTER	EQUIPMENT	AVERY DENNISON TABLETOP MONARCH PAXAR THERMAL BAR CODE LABEL/TAG PRINTER	QUALITY CONTL. MGR OFFICE	9040555	9825	8/7	51,000.00
063	1	GOOD	STOVE	EQUIPMENT	WHIRLPOOL FOUR BURNER SS COOK TOP ELECTRIC STOVE	LABORATORY	W1071540	3	1/9	96,000.00
064	1	GOOD	REFRIGERATOR	EQUIPMENT	WHIRLPOOL TWO DOOR 16CF TOP FREEZER REFRIGERATOR	LABORATORY	V55145658	WRT316SF DM00	1/9	85,000.00
065	1	GOOD	SCALE	EQUIPMENT	METTLER TOLEDO PRECISION ELECTRONIC BALANCE, 1,200G, 0.01G SCALE	LABORATORY	B61739189	ME1002E	2/8	64,500.00
066		GOOD	BLENDER	EQUIPMENT	BRENTWOOD 0.57KG BLEND TO GO BLENDER	LABORATORY		JB-195	2/3	2,300.00
067	1	GOOD	SCALE	EQUIPMENT	OHAUS DIGITAL SCALE	LABORATORY	7129-71375	V31XW6	1/9	44,600.00
068	1	GOOD	OVEN	EQUIPMENT	REICHERT PORTABLE FULL-RANGE DIGITAL AUTOMATIC REFRACTOMETER & ACCESSORIES	LABORATORY	5800-04	AR200	2/8	245,000.00
069	1	GOOD	METER	EQUIPMENT	ANTON PARR 0.0001 GCM3 RESOLUTION PORTABLE DENSITY METER	LABORATORY	81930562	DMA35	1/9	280,000.00
070	1	FAIR	BLENDER	EQUIPMENT	WARING DOMESTIC COUNTER TOP BLENDER	LABORATORY			3/7	1,500.00
071	1	GOOD	AC	EQUIPMENT	WESTINGHOUSE 12,000 BTU AIR CONDITION UNIT	LABORATORY	WIM1205-231	WCHXE-12ECR1	1/9	32,500.00
072	1	FAIR	ROS	EQUIPMENT	ECODYNE THREE (3) MEMBRANE 2.90GPM APPROX REVERSE OSMOSIS FIP SYSTEM, AS UNDER:  PRO SOURCE PLUS 133L FIBRE WOUND PRESSURE TANK DAB 3HP WATER PUMP TUFF TANK 1,514 LITRE PVC WATER STG. TANK  TWO (2) J.A WELCH MILD STEEL FABRICATED 3,200L APPROX. ELEVATED HORIZONTAL TANKS FITTED TO MILD STEEL FABRICATED FIXED IN PLACE PLATFORM/FRAME ASSORTED PIPING AND OTHER.	WATER TREATMENT		R2040B PSP-FW35-10-01	16/4	565,000.00

CARIBBEAN FLAVOURS AND FRAGRANCES LIMITED

PLANT MACHINERY, EQUIPMENT, FURNITURE, FIXTURES, FITTINGS AND LEASEHOLD IMPROVEMENTS

REAL ASSET VALUATION

SECTION B										
ASSET NUMBER	QTY.	ASSET CONDITION	ASSET NAME	ASSET GROUP	DESCRIPTION	LOCATION	SERIAL #	MODEL #	AGE/YRS - USEFUL REMAINING LIFE (YRS)	CURRENT REALISABLE VALUE J\$
073	1	GOOD	TRUCK	EQUIPMENT	BLUE GIANT 2.487KG CAPACITY HYDRAULIC JACK/HAND TRUCK. STEEL 69X1.22 (M) FORKS: TIRE- POLYESTER; MANUAL PALLET TRUCK	PLANT	54812	HJ-5500	1/9	42,300.00
074-075	2	FAIR	TRUCK	EQUIPMENT	TWO (2) MILD STEEL FABRICATED PLATFORM (UTILITY) TRUCKS ON CASTORS - 69X1.22 (M) 1.83X0.92 (M) BED WITH 0.61(M)H HAND RAIL 1.52X0.76 (M) BED WITH 0.79(M)H HAND RAIL	PLANT			13/9	32,500.00
076-077	2	FAIR-GOOD	TRUCK	EQUIPMENT	TWO (2) MILD STEEL FABRICATED HAND TRUCKS	PLANT			1/9	14,200.00
078-086	9	FAIR	EXTINGUISHER	EQUIPMENT	NINE (9) ASSORTED FIRE EXTINGUISHERS ONE (1) BUCKEYE CARBON DIOXIDE - 2.25KG FOUR (4) ABC DRY CHEMICAL - 4.54KG FOUR (4) ABC DRY CHEMICAL 9.08KG	PLANT		4515CD	12/9	42,500.00
087	1	FAIR	SCALE	EQUIPMENT	METTLER TOLEDO DIGITAL TABLE TOP 30KG SCALE	WAREHOUSE	R3P-10382-6CN	TIGRE	6/9	42,500.00
088	1	FAIR	CABINET	FURNITURE	FOUR DRAWER METAL FILING CABINETS	PRODUCTION DEPARTMENT			13/7	5,500.00
089	1	POOR	DESK	FURNITURE	DOUBLE PEDESTAL METAL FRAMED VINYL TOP DESK - 1.52LX0.76WX0.74H(M)	PRODUCTION DEPARTMENT			13/2	3,500.00
090	1	POOR	LOCKER	EQUIPMENT	MILD STEEL FABRICATED CLOTHES LOCKER	PLANT			15/5	3,500.00
091-092	2	POOR	CHAIR	FURNITURE	TWO (2) SIDE ARM RECEPTION METAL FRAME LEATHERETTE FINISH CHAIR	PRODUCTION DEPARTMENT			11/2	500.00
093-094	2	GOOD	FAN	EQUIPMENT	TWO (2) WINDY 0.76 DIA INDUSTRIAL PEDESTAL OSCILLATING FAN 110V, 50HZ, 280W, 1200RPM	PRODUCTION DEPARTMENT		CSF-30	1/9	22,600.00
095	1	FAIR	SCALE	EQUIPMENT	METTLER TOLEDO DIGITAL SCALE	PRODUCTION DEPARTMENT	7247-4EF	8434	7/4	21,000.00
096-097	2	FAIR	BIN	EQUIPMENT	TWO (2) ROUGH & READY 170.35L UTILITY PVC BINS	PRODUCTION DEPARTMENT			1/4	8,000.00
098-099	2	GOOD	RACKING UNIT	EQUIPMENT	TWO (2) SEVILLE CLASSICS CHROME FINISHED WIRE RACKING UNIT - 0.43DX1.19WX0.98HX2(M)	PRODUCTION DEPARTMENT			2/8	10,000.00
100	1	FAIR	SHELVING UNIT	EQUIPMENT	INDUSTRIAL PALLET RACKING TIERED SYSTEM AS UNDER: UPRIGHTS FABRICATED FROM 0.083X0.083 (M) "C-CHANNELS" AND 0.107X0.107 (M) TEARDROP STRUCTURAL METAL RACK BEAMS WITH STIFFENERS - 1.07DX2.44WX1.98X3H (M); 1.07DX2.74WX2.06X4H(M)- EXTENDED; 1.07DX2.44WX1.98X3H (M)	WAREHOUSE - FINISH GOODS			16/9	275,000.00
101	1	FAIR	SHELVING	EQUIPMENT	INDUSTRIAL SHELVING TWO LEVEL UNIT FABRICATED FROM 0.102X0.104 (M) TIMBER, AT UPRIGHT, 0.203 X 0.051(M) TIMBER PLATE AT BEAMS WITH 0.254X0.051 TIMBER PLATE TO FLOOR SHELF BOLTED IN PLACE & BRACED; 1.42DX2.29WX2.44HX6(M);	WAREHOUSE - FINISH GOODS			16/9	110,000.00
102	1	FAIR	SHELVING	EQUIPMENT	DEIXON FRAMED FOUR TIER SHELVING UNIT BRACED, UNIT FIXED IN PLACE - 1.91WX0.61DX1.83H (M)	WAREHOUSE - FINISH GOODS			16/9	27,500.00

CARIBBEAN FLAVOURS AND FRAGRANCES LIMITED

PLANT MACHINERY, EQUIPMENT, FURNITURE, FIXTURES, FITTINGS AND LEASEHOLD IMPROVEMENTS

REAL ASSET VALUATION

SECTION B										
ASSET NUMBER	QTY.	ASSET CONDITION	ASSET NAME	ASSET GROUP	DESCRIPTION	LOCATION	SERIAL #	MODEL #	AGE(YRS) USEFUL REMAINING LIFE (YRS)	CURRENT REALISABLE VALUE J\$
103	1	FAIR	SHELVING UNIT	EQUIPMENT	INDUSTRIAL PALLET RACKING TIERED SYSTEM AS UNDER; UPRIGHTS FABRICATED FROM 0.083X0.083 (M) "C" CHANNELS" AND 0.107X0.107 (M) TEARDROP STRUCTURAL METAL RACK BEAMS WITH STIFFENERS & TIMBER LATHES TO SHELVES - 0.76DX2.74WX3.07X1(M) 3-TIER; 0.76DX2.74WX2.14X1H(M) 3-TIER; 0.69DX4.47WX2.74X1H (M) 3- TIER	WAREHOUSE - RAW MATERIAL			16/9	185,000.00
104	1	FAIR	SHELVING UNIT	EQUIPMENT	INDUSTRIAL PALLET RACKING TIERED SYSTEM AS UNDER; UPRIGHTS FABRICATED FROM 0.064X0.064 (M) "C" CHANNELS" AND METAL RACK BEAMS WITH STIFFENERS - 0.96DX2.87WX3.09X1(M) 3-TIER; 0.71DX3.10WX1.70X1(M) 3- TIER	WAREHOUSE - FRAGRANCE			16/9	65,000.00
105	1	FAIR	SHELVING UNIT	EQUIPMENT	INDUSTRIAL PALLET RACKING TIERED SYSTEM AS UNDER; UPRIGHTS FABRICATED FROM 0.083X0.083 (M) "C" CHANNELS" AND 0.107X0.107 (M) TEARDROP STRUCTURAL METAL RACK BEAMS & SHEET METAL RACK TO SHELVES - 0.76DX2.74WX3.07X1(M) 3-TIER;	WAREHOUSE - FRAGRANCE			16/9	45,000.00
106	1	FAIR	FAN	EQUIPMENT	WINDY 0.76 DIA INDUSTRIAL PEDESTAL OSCILLATING FAN 110V, 50HZ, 280W, 1200RPM	WAREHOUSE - FRAGRANCE	CSF-30		2/8	15,500.00
107	1	GOOD	TABLE	EQUIPMENT	STAINLESS STEEL SHEET TOP WORK TABLE ON GALVANIZED FRAME & UJT SHELF - 1.52LX0.76X0.92H(M)	WAREHOUSE - FRAGRANCE			3/7	21,500.00
108	1	FAIR	SCALE	EQUIPMENT	METTLER TOLEDO 330 KG DIGITAL SCALE	WAREHOUSE - FRAGRANCE	B43085651 8	INDY-231	6/4	33,000.00
109	1	FAIR	TANK	EQUIPMENT	STAINLESS STEEL VERTICAL 225L 0.58DIAX0.84 STRAIGHT SIDE MIXING TANK, WITH FLAT BOTTOM, COVERED, FLANGED SIDE DISCHARGE, ON MILD STEEL FABRICATED MOBILE TROLLEY	WAREHOUSE - FRAGRANCE			16/9	135,500.00
110	1	FAIR	SHELVING UNIT	EQUIPMENT	INDUSTRIAL PALLET RACKING TIERED SYSTEM AS UNDER; UPRIGHTS FABRICATED FROM 0.083X0.083 (M) "C" CHANNELS" AND 0.107X0.107 (M) TEARDROP STRUCTURAL METAL RACK BEAMS WITH STIFFENERS - 1.11DX2.59WX1.93X3H(M) 3-TIER; 0.76DX3.65WX2.75X2H(M)- EXTENDED; 1.07DX2.44WX1.98X3H (M)	PRODUCTION DEPARTMENT			16/9	155,000.00
111	1	FAIR	SHELVING UNIT	EQUIPMENT	INDUSTRIAL PALLET RACKING TIERED SYSTEM AS UNDER; UPRIGHTS FABRICATED FROM 0.083X0.083 (M) "C" CHANNELS" AND 0.107X0.107 (M) TEARDROP STRUCTURAL METAL RACK BEAMS WITH STIFFENERS - 1.07DX2.37WX1.93X6H (M) 3-TIER	WAREHOUSE - RAW/FINISH MATERIAL			16/9	84,000.00
112	1	GOOD	WASHER	EQUIPMENT	BRIGGS AND STRATTON POWER-FLOW POWER 3000 PSI, 190 CC PETROL ENGINE PORTABLE WASHER	PLANT	1-215775335	20569	1/9	71,500.00
113	1	UTT	DUCTING	EQUIPMENT	GALVANIZE STEEL SHEET FABRICATED, CEILING MOUNTED WITH IN LINE 0.61M DIA EXTRACTOR FAN - (0.61X056- 0.31X0.31X20.82M) RUN APPROXIMATELY - FUME EXTRACTOR DUCTING	PRODUCTION DEPARTMENT			16/9	15,000.00
114	1	GOOD	SCALE	EQUIPMENT	METTLER-TOLEDO HD PLATFORM; 2500 KG CAPACITY, FLOOR SCALE, DIGITAL MULTIRANGE WEIGHING TERMINAL READOUT INDICATOR FITTED WITH SALTER BRECKNELL WS300-50, 1.22X1.22X0.076(M), 300 KG CAPACITY SS PLATFORM	RECEIVAL	D41036288 3	IND-246	1/9	185,000.00

CARIBBEAN FLAVOURS AND FRAGRANCES LIMITED

PLANT MACHINERY, EQUIPMENT, FURNITURE, FIXTURES, FITTINGS AND LEASEHOLD IMPROVEMENTS

REAL ASSET VALUATION

SECTION B										
ASSET NUMBER	QTY.	ASSET CONDITION	ASSET NAME	ASSET GROUP	DESCRIPTION	LOCATION	SERIAL.#	MODEL.#	AGE/YE/SL USEFUL REMAINING LIFE (YRS)	CURRENT REALISABLE VALUE J\$
115	1	GOOD	TANK	EQUIPMENT	CHILLER/HOLDING 468L TANK FABRICATED FROM STAINLESS STEEL, FREE-STANDING, A TOP DECO MILD STEEL, FABRICATED PLATFORM, WITH DEMOUNTABLE 70 KW, 415V, 16.90AMP, 50 HZ AGITATOR, WITH LID, OUTLET VALVE MANUALLY-CLEANABLE BUTTERFLY VALVE AND CONNECTED TO 2.85KW, 220V, 50HZ CONDENSING UNIT APPROX. SIZE AIR COOLED REFRIGERATION CHILLER FIXED ONTO PLATFORM	PRODUCTION DEPARTMENT			27/9	490,000.00
116	1	GOOD	TANK	EQUIPMENT	STAINLESS STEEL VERTICAL 2029L, 1.37DIAX 1.37 STRAIGHT SIDE, WITH CONE BOTTOM, UNCOVERED, FLANGED CENTER BOTTOM DISCHARGE, ON FOUR STEEL LEGS WITH 8.20KW, 3PH, 19.76AMP, 415V HIGH SHEAR EMULSIFIER	PRODUCTION DEPARTMENT			27/9	704,500.00
117	1	GOOD	TANK	EQUIPMENT	STAINLESS STEEL VERTICAL 801L, 0.92DIAX 1.22 STRAIGHT SIDE MIXING TANK, WITH CONE BOTTOM, UNCOVERED, FLANGED CENTER SIDE DISCHARGE, ON FOUR STEEL LEGS WITH 8.25KW, 3PH, 415V, 19.76AMP HIGH SHEAR EMULSIFIER	PRODUCTION DEPARTMENT			27/9	390,000.00
118		GOOD	TANK	EQUIPMENT	STAINLESS STEEL VERTICAL 323.30L, 0.77DIAX 0.81 STRAIGHT SIDE MIXING TANK, WITH FLAT BOTTOM, UNCOVERED, FLANGED CENTER SIDE DISCHARGE, ON MILD STEEL FABRICATED MOBILE TROLLEY	PRODUCTION DEPARTMENT			27/9	155,000.00
119	1	GOOD	TANK	EQUIPMENT	STAINLESS STEEL VERTICAL 378.82L, 0.77DIAX 0.70 STRAIGHT SIDE MIXING TANK, WITH FLAT BOTTOM, COVERED, FLANGED SIDE DISCHARGE, ON FOUR STEEL LEGS	PRODUCTION DEPARTMENT			27/9	165,000.00
120	1	GOOD	TANK	EQUIPMENT	STAINLESS STEEL VERTICAL 490L, 0.89DIAX 0.78 STRAIGHT SIDE MIXING TANK, WITH FLAT BOTTOM, COVERED, FLANGED SIDE DISCHARGE, ON FOUR STEEL LEGS BY JA WELCH	PRODUCTION DEPARTMENT			27/9	305,000.00
121	1	GOOD	TANK	EQUIPMENT	STAINLESS STEEL VERTICAL 2,338L, 1.40DIAX1.52 STRAIGHT SIDE, WITH CONE BOTTOM, COVERED, FLANGED CENTER BOTTOM DISCHARGE, ON FOUR STEEL LEGS FITTED WITH 13KW, 3PH, 31AMPS, 415V HIGH SHEAR EMULSIFIER BY JA WELCH	PRODUCTION DEPARTMENT			27/9	712,000.00
122	1	GOOD	TANK	EQUIPMENT	STAINLESS STEEL VERTICAL 2,029L, 1.37DIAX 1.37 STRAIGHT SIDE, WITH CONE BOTTOM, UNCOVERED, FLANGED CENTER BOTTOM DISCHARGE, ON FOUR STEEL LEGS WITH WITH DEMOUNTABLE 8.25KW, 3PH, 415V, 19.76AMP HIGH SHEAR EMULSIFIER	PRODUCTION DEPARTMENT			27/9	717,500.00
123		GOOD	TANK	EQUIPMENT	STAINLESS STEEL VERTICAL 13,700L, 2.36DIAX3.13 STRAIGHT SIDE HOLDING RIBBED TANK, SLIGHT CONE TOP & BOTTOM WITH 0.076M CENTER BOTTOM AND SIDE LOW INLET/OUTLET DISCHARGE, ON FOUR STEEL LEGS WITH PORTABLE STAINLESS STEEL SANITARY DISPLACEMENT MIXER/PUMP UNIT & ACCESSORIES	PRODUCTION DEPARTMENT			27/9	1,220,000.00
124	1	GOOD	TANK	EQUIPMENT	STAINLESS STEEL VERTICAL 422.2L, 0.81DIAX0.81 STRAIGHT SIDE MIXING TANK, WITH FLAT BOTTOM, COVERED, FLANGED SIDE DISCHARGE, ON MILD STEEL FABRICATED MOBILE TROLLEY	PRODUCTION DEPARTMENT			27/9	230,500.00



CARIBBEAN FLAVOURS AND FRAGRANCES LIMITED

PLANT MACHINERY, EQUIPMENT, FURNITURE, FIXTURES, FITTINGS AND LEASEHOLD IMPROVEMENTS

REAL ASSET VALUATION

SECTION B										
ASSET NUMBER	QTY.	ASSET CONDITION	ASSET NAME	ASSET GROUP	DESCRIPTION	LOCATION	SERIAL#	MODEL#	AGE(YRS) USEFUL REMAINING LIFE (YRS)	CURRENT REALISABLE VALUE J\$
125	1	FAIR	TANK	EQUIPMENT	CHILLER/HOLDING 866.40L, 1.04DIA X 1.06H TANK FABRICATED FROM STAINLESS STEEL, DISH BOTTOM. JACKETED FREE-STANDING, A TOP DECO MILD STEEL FABRICATED PLATFORM, WITH DEMOUNTABLE 7.46 KW, 415V, 18AMP, 50 HZ AGITATOR, WITH LID, OUTLET VALVE MANUALLY-CLEANABLE BUTTERFLY VALVE AND CONNECTED TO 5.70KW, 415V, 3PH, 50HZ, CONDENSING UNIT APPROX. SIZE, AIR COOLED REFRIGERATION CHILLER FIXED ONTO PLATFORM	PRODUCTION DEPARTMENT			27/9	981,000.00
126	1	GOOD	TANK	EQUIPMENT	STAINLESS STEEL VERTICAL 225L, 0.58DIA X 0.84 STRAIGHT SIDE MIXING TANK, WITH FLAT BOTTOM, COVERED, FLANGED SIDE DISCHARGE, ON MILD STEEL FABRICATED MOBILE TROLLEY	PRODUCTION DEPARTMENT			27/9	115,000.00
127	1	GOOD	TANK	EQUIPMENT	STAINLESS STEEL VERTICAL 16L, 0.015DIA X 0.63 STRAIGHT SIDE HOLDING TANK, WITH FLAT BOTTOM, UNCOVERED, ON FOUR STEEL LEGS	PRODUCTION DEPARTMENT			27/9	6,500.00
128-129	2	GOOD	BIN	EQUIPMENT	TWO (2) SECO PIPER STAINLESS STEEL UTILITY COVERED MOBILE (SWIVEL CASTERS) SLIDE-OFF COVER BINS, CAPACITY - 22.7L & 55.26L	PRODUCTION DEPARTMENT			16/9	65,500.00
130-159	30	FAIR	DRUM	EQUIPMENT	THIRTY (30) MM&M STAINLESS STEEL 208L ROUND SILVER CLOSED HEAD UN RATED DRUMS & BUNG	PLANT/OTHER			16/9	250,000.00
160-163	4	FAIR	TABLE	EQUIPMENT	STAINLESS STEEL SHEET TOP WORK TABLE ON GALVANIZED FRAME & UJT SHELF AS UNDER - 1.52L X 0.76 X 0.92H(M) X1 2.74L X 0.76 X 0.92H(M) X1 1.52L X 0.76 X 0.92H(M) X3	PRODUCTION DEPARTMENT			6/9	112,500.00
164	1	FAIR	HOMOGENIZE R	EQUIPMENT	APV GAULIN 283.90-567.81 LPH, 230-460V, 3PH, 5.60KW, 206.84BAR, TWO STAGE VALVE HOMOGENIZER & ACCESSORIES	PRODUCTION DEPARTMENT	1891-1233	295-M3-3TBS	27/9	1,742,000.00
165-166	1	FAIR	CRANE	EQUIPMENT	TWO (2) JET 2 TON FOLDING LEGS, HD FRAME, WORKSHOP HYDRAULIC CRANE ON RIGID SWIVEL CASTERS	PRODUCTION DEPARTMENT		FHC-200K	6/9	36,000.00
167	1	FAIR	STAND	EQUIPMENT	JOSHUA GREAVES AND SONS MANUAL HYDRAULIC MIXING STAND	PRODUCTION DEPARTMENT	22263	STAND	27/9	45,000.00
168-169	2	GOOD	LADDER	EQUIPMENT	TWO (2) LOCAL BUILT MILD & GALVANIZE STEEL FABRICATED EXPANDED METAL MULTI STEPPED RAILED LADDER WITH PLATFORM ON CASTERS	PRODUCTION DEPARTMENT			27/9	48,000.00
170	1	GOOD	A/C UNIT	EQUIPMENT	ICON QUALITY INVERTER WALL MOUNTED AIR CONDITION UNIT, 12,000 BTU (3.50KW) UNIT 220V-240V, 1PH, 50HZ	CANTEEN			1/9	36,500.00
171-172	3	FAIR	TABLE	EQUIPMENT	THREE (3) LIFETIME COMMERCIAL FOLDING TABLE - 0.76WX1.83L(M)	CANTEEN			4/6	18,000.00
173-191	18	GOOD	CHAIR	FURNITURE	EIGHTEEN (18) LIFETIME PVC/METAL CHAIR	CANTEEN			4/6	32,000.00
192	1	FAIR	MICROWAVE	EQUIPMENT	MAGIC CHEF MICROWAVE - 0.55L X 0.35W X 0.29H(M)	CANTEEN		MCD11105 T	2/7	7,500.00

CARIBBEAN FLAVOURS AND FRAGRANCES LIMITED

PLANT MACHINERY, EQUIPMENT, FURNITURE, FIXTURES, FITTINGS AND LEASEHOLD IMPROVEMENTS

REAL ASSET VALUATION

SECTION B										
ASSET NUMBER	QTY.	ASSET CONDITION	ASSET NAME	ASSET GROUP	DESCRIPTION	LOCATION	SERIAL#	MODEL#	AGE(YRS) USEFUL REMAINING LIFE (YRS)	CURRENT REALISABLE VALUE J\$
193	1	FAIR	SYSTEM	EQUIPMENT	PUMPED POTABLE WATER SUPPLY SYSTEM AS UNDER: TUFF TANK 3,785.40LITRE PVC WATER STORAGE TANK DAB PUMP - 1.5HP SOLAR WATER HEATING 302L SOLUTION SYSTEM, 2500W	PLANT ROOF ROOF			3/7	165,000.00
194	1	FAIR	LIFT TRUCK	EQUIPMENT	30 NISSAN ELECTRIC RIDE ON FORKLIFT TRUCK RHRS: 1,742.4 CAPACITY: 1,247.40KG @ 4.75M HEIGHT MAST: 3F475 TWO STAGE BATTERY: 12 VOLT FRONT TYRE SIZE: CUSHION SOLID REAR TYRE SIZE: CUSHION SOLID	PLANT	CUM001- 003070	CYM011.15 E	9/9	835,000.00
195	1	POOR	LIFT TRUCK	EQUIPMENT	NISSAN ELECTRIC FORKLIFT TRUCK CAPACITY: 1,380.77KG BATTERY: 36 VOLT FRONT TYRE SIZE: CUSHION SOLID REAR TYRE SIZE: CUSHION SOLID	PLANT	A-382083	EE	24/6	215,000.00
196	1	UTT	STACKER	EQUIPMENT	SINOLIFT SEMI-ELECTRIC PALLET STACKER CAPACITY: 1,000KG @ 3.50M (TWO STAGE MAST) BATTERY: 12VOLT FRONT TYRE SIZE: RIGID REAR TYRE SIZE: RIGID	PLANT	912106	CTD-10H	13/9	135,000.00
197	1	FAIR	CHARGER	EQUIPMENT	GNB AUTO-CHARGER II ELECTRIC FORKLIFT LIFT TRUCK BATTERY, 24V; 600AH/8HRS, 3PH, 12 CELL/24 VOLT			GTC SERIES	8/7	45,000.00
198-199	2	FAIR	DISPLAY	EQUIPMENT	TWO (2) PINEWOOD FABRICATED AND STAINED WALL MOUNTED UTILITY CABINET - 0.26DX1.10WX1.34H(M)	PRODUCTION DEPARTMENT			15/9	5,000.00
200	1	FAIR	SINK	EQUIPMENT	ADVANCE TABCO TWO (2) BOWL SS WASH-UP SINK W/O MIXER - 1.22LX0.61WX0.31D (M), UNIT FIXED TO MILD STEEL FABRICATED STAND	PREPARATION AREA		304	13/9	32,500.00
432	232	POOR-FAIR	PALLET	EQUIPMENT	TWO HUNDRED & THIRTY TWO (232) HARDWOOD FABRICATED PALLET - 1.02L X 1.22WX0.11H (M)	PLANT			1/9	232,000.00
507	75	POOR-FAIR	PALLET	EQUIPMENT	SEVENTY FIVE (75) ULINE PVC MOULDED PALLET- 1.03WX1.22LX0.13H(M)	PLANT			1/9	150,500.00
508-509	2	FAIR	TANK	EQUIPMENT	TWO (2) DOUBLE CHAMBER 3,785.40L CAPACITY FIBREGLASS FABRICATED SEPTIC MANWAY TANKS (PARTIALLY BURIED IN SAND/GRAVEL MIXTURE) & FITTED WITH 75TL PVC TANK SUBMERSIBLE 1.5HP EFFLUENT PUMP, ENCLOSED WITH RCC VERTICAL BUNDED TANK & ACCESSORIES	YARD			27/9	165,000.00
510	1	FAIR	SIGN	EQUIPMENT	MILD STEEL FRAMED, ALUMINIUM SHEET CLADDED ADVERTISING SIGN FIXED IN RCC FOOTING.	EXTERIOR			9/6	6,500.00
511	1	FAIR	SURVEILLANCE	EQUIPMENT	SURVEILLANCE SYSTEM CAMERA SYSTEM, ASSORTED TWELVE CCTV, SIXTEEN (16) CHANNEL VIDEO RECORDER, DIGITAL VIDEO RECORDER, JSW 0.79(M) MONITOR HAWKEYE PANIC/HOLD-UP AND INTRUSION DETECTION SYSTEM	PLANT			1/9	635,000.00

CARIBBEAN FLAVOURS AND FRAGRANCES LIMITED

PLANT MACHINERY, EQUIPMENT, FURNITURE, FIXTURES, FITTINGS AND LEASEHOLD IMPROVEMENTS

REAL ASSET VALUATION

SECTION B						
ASSET NUMBER	QTY.	ASSET CONDITION	ASSET NAME	ASSET GROUP	DESCRIPTION	LOCATION
					DIGITAL FIRE ALARM SYSTEM	
					PRIVATE BRANCH EXCHANGE (PBX) TELEPHONE NETWORK AS UNDER: - NORTEL NORSTAR PLUS COMPACT ICS PHONE SYSTEM - TEN (10) MERIDIAN COMPATIBLE (AVAYA 1416 DIGITAL TELEPHONES) & ACCESS	
					EQUIPMENT AVAYA IP500 V2 CONTROL UNIT RECEPTION PHONE WITH SIDECAR & ACCESSORIES NETWORK SET-UP SERVICE CHARGES ASSORTED CABLE RUNS/INSTALLATION	
512	1	POOR-FAIR		ASSET	GENERAL PLANT SUNDRY ITEMS: ASSORTED TOOLS; FANS; MOTORS; SPARES AND OTHER	PLANT
513		FAIR-GOOD			LEASEHOLD IMPROVEMENTS: FIXTURES, FITTINGS & OTHER ACCOMMODATION AND CONSTRUCTION: COMPLEX	PLANT
					PURPOSE BUILT SINGLE STOREY STRUCTURE ACCOMMODATED INTO "BUILDING SHELL" AND UTILIZED AS ADMINISTRATIVE OFFICES, RESTROOMS, LABORATORY, KITCHENS, DRY POWDER STORES, RAW/FINISH GOOD STORES, WORKERS BATHROOM BUILDING, CAR PORTE, GATE, SECURITY GUARD BUILDING AND PRODUCTION/STORES BUILDING, ALUMINIUM SHEET CLADDING TO STEEL I-BEAM UPRIGHT IN SECTION AT WALLS; PARTITIONS FRAMED OUT WITH PEBLE DASH G&T TIMBER AND PLYBOARD FIXED TO TIMBER FRAMING IN COLUMNS/RIBS FIXED IN PLACE CLAPPED WITH DRYWALL TAPED AND PLASTERED, PLYBOARD SHEETINGS AND OTHER. THE AREAS ARE DESIGN AND UTILIZED AS PRODUCTION FLOOR, WAREHOUSE, STORES, OFFICES, KITCHENS, BATHROOMS INCLUSIVE OF WATER CLOSETS, FACE BASINS AND COUNTER, LEAN-TO STORES AND OTHER MILD STEEL FABRICATED INTERNAL STAIRCASE PROVIDES ACCESS TO MEZZANINE STORAGE. THESE WORKS WERE COMPLETED WITH IN ORIGINAL BUILDING SHELL AND WITH ADDITIONS LEAN-TO TO OTHER AREAS AND SIDE. CONSTRUCTION IS OF MODERN TECHNOLOGY. COMPONENTS ARE AS UNDER: CEILING - ACOUSTIC TILES SUSPENDED IN ALUMINIUM TRACKS, AND ALUMINIUM CLAPPED INSULATED CEILINGS PANELS. MAIN BUILDING CEILING - ACOUSTIC TILES AND ACRYLIC CLEAR PRISMATIC LIGHTING PANEL TILES SUSPENDED IN ALUMINIUM TRACKS. TO GENERAL OFFICES AND LABORATORY, SUSPENDED DECORATIVE PLYBOARD, SOFFIT OF METAL FRAMEWORK OTHERWISE.	41,000.00
						27/9
						1,721,500.00

CARIBBEAN FLAVOURS AND FRAGRANCES LIMITED

PLANT MACHINERY, EQUIPMENT, FURNITURE, FIXTURES, FITTINGS AND LEASEHOLD IMPROVEMENTS

REAL ASSET VALUATION

SECTION B										
ASSET NUMBER	QTY.	ASSET CONDITION	ASSET NAME	ASSET GROUP	DESCRIPTION	LOCATION	SERIAL #	MODEL #	AGE/YRS. USEFUL REMAINING LIFE (YRS)	CURRENT REALISABLE VALUE J\$
<p>WALL - RCC BLOCKS, SHIP LAPPED TIMBER FRAMED AND CLADDED PLY-BOARD AND SHEETROCK PLASTERED AND TAPED, LAMINATE, PEBBLE DASHED, INDUSTRIAL ALUMINIUM SIDINGS TO L-BEAMS AND PURLINS, PAINTED SURFACE FINISHES OTHERWISE, PARTITIONS FABRICATED FROM EXPANDED METAL SHEETING CLADDED &amp; SUPPORTED ON METAL HALLOW SECTION UPRIGHTS AND STIFFENERS FIXED IN PLACE IN SECTIONS</p> <p>NB. CERAMIC TILE TO WALL IN SECTIONS AT INTERIOR.</p> <p>DOORS - MILD STEEL FABRICATED SECURITY, PLATE GLASS IN ANODISED AND PAINTED ALUMINIUM FRAME AND SOLID &amp; HALLOW CORE PLY-BOARD BASED AND FLUSH PANEL IN TIMBER FRAME, HALLOW SECTION METAL FRAMED STEEL AND TRANSLUCENT PVC SHEETS CLADDED, ROLLER STEEL SHUTTER TO PLANT.</p> <p>WINDOW - SLIDING, SWING AND PLATE GLASS IN FIXED ALUMINIUM FRAME, REDWOOD LOUVRES, MILD STEEL SECURITY SCREEN TO WINDOWS/DOORS IN SECTIONS</p> <p>FLOOR - CERAMIC AND SCREED FINISH RCC IN SECTION LIGHT - FLUORESCENCE RECESSED AND SURFACE TROFFER LAMPS, OUTDOOR SECURITY MERCURY VAPOUR LAMPS FIXED TO BUILDING, SUSPENDED LED STRIP T/B LAMPS.</p> <p>LABORATORY QUARTZ VENEER SURFACE COUNTERS (SECTIONED) FITTED TO CEDAR WOOD WITH GLASS DOOR BASE CABINETS AND BANKS OF DRAWERS IN SECTIONS, DECORATED AND FIXED TO FLOOR WITH TWO WALL MOUNTED GLASS DOORS CABINETS IN PLACE, UTILITY SIX TIER SHELF AND OTHER, STAINLESS STEEL SINK AND FITTINGS.</p> <p>STAIRCASE TO MEZZANINE (STORES) FABRICATED FROM MILD STEEL</p> <p>NB. TIMBER FINISH ROOF CUM FLOOR TO ADMINSTRATIVE BLOCK.</p> <p>AWNING</p> <p>VINYL FABRIC PROJECTION LONG HALF BARREL SUPPORTED AT ENDS ON HS GALVANIZED STEEL UPRIGHTS &amp; BEDED IN RCC FOOTINGS AT GROUND</p> <p>GATE SECURITY GUARD BLDG</p> <p>ALUMINIUM LOUVRE TO WINDOWS, MILD STEEL SCREEN SECURITY DOORS AND OTHER.</p> <p>CAR PORTE</p> <p>ALUMINIUM ROOF SHEETINGS CLADDED TO METAL RAFTERS AND LATHES, &amp; SUPPORTED ON METAL TUBES UPRIGHTS.</p>										

CARIBBEAN FLAVOURS AND FRAGRANCES LIMITED

PLANT MACHINERY, EQUIPMENT, FURNITURE, FIXTURES, FITTINGS AND LEASEHOLD IMPROVEMENTS

REAL ASSET VALUATION

SECTION B							
ASSET NUMBER	QTY.	ASSET CONDITION	ASSET NAME	ASSET GROUP	DESCRIPTION	LOCATION	SERIAL #  MODEL #
						AGE(YRS) USEFUL REMAINING LIFE (YRS)	CURRENT REALISABLE VALUE J\$
PRODUCTION/STORES BLDG ALUMINIUM ROOF SHEETINGS CLADDED TO METAL RAFTERS AND PURLINS; MILD STEEL SCREEN SECURITY DOOR.  WORKERS BATHROOM BLDG. ALUMINIUM ROOF SHEETINGS CLADDED TO METAL RAFTERS AND PURLINS. ALUMINIUM SHEET CLADDING TO STEEL I-BEAM UPRIGHT AND C-PURLIN RIBBED SIDINGS. DECORATED AND FINISHED PLYBOARD TO HARDWOOD TIMBER PARTITION. METAL FRAMED STEEL AND TRANSLUCENT PVC SHEETS CLADDED DOOR, SHOWER STALLS, FACE CABIN AND WATER CLOSET, STORES AND OTHER TO INTERIOR. GLAZED TILE AND PAINTED FINISH TO SECTIONS.  FENCING GALVANIZED CHAIN LINKED WIRES FIXED TO POSTS FINISHED WITH STRANDS BARD WIRES, WITH TWIN LEAK METAL SWING GATE.  ELECTRICAL SYSTEM: ELECTRICAL/ELECTRONICS SYSTEM/SUM PANELS; BREAKERS; STARTERS; TRANSFORMER; SWITCHES; CABLES & OTHER. PLUMBING-GENERAL PLANT: ASSORTED FIXTURES/FITTINGS INSTALLED THE WORKS APPEARS STRUCTURALLY SOUND AND IN FAIRLY GOOD STATE OF REPAIRS AT THE TIME OF INSPECTION							
SUB TOTAL (J\$)							16,501,700.00

## SECTION C

**E.B.I. & Associates Limited**

Plant – Equipment – Furniture – Fixture – Auto – Craft: Valuers; Engineers; Renovators

## **EBI SCHEDULE**

### **PHOTO GALLERY – CARIBBEAN FLAVOURS & FRAGRANCES LIMITED**

**E.B.I. & Associates Limited**

Plant – Equipment – Furniture – Fixture – Auto – Craft: Valuers; Engineers; Renovators



## ASSET PHOTO GALLERY

DECEMBER, 2016

### **CARIBBEAN FRAGRANCES & FLAVOURS LIMITED**

#### **PLANT MACHINERY, EQUIPMENT, FURNITURE, FIXTURES & LEASEHOLD IMPROVEMENTS**

##### **SECTION C**



SIGN



LEASEHOLD IMPROVEMENTS



ASSETS



LEASEHOLD IMPROVEMENTS



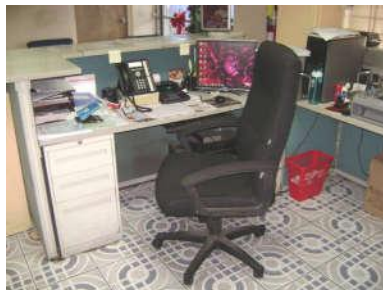
ASSETS



ASSETS



ASSETS



ASSETS



ASSETS





## **ASSET PHOTO GALLERY**

### **Photographs Cont'**



**ASSETS**



**ASSETS**



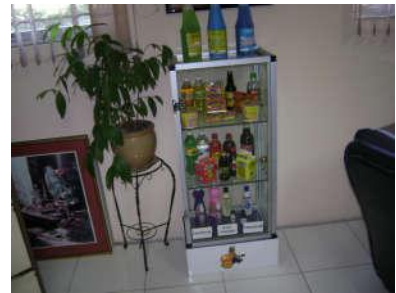
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**AIR DUCT FAN**



**LEASEHOLD IMPROVEMENTS**



**ASSETS**



## ASSET PHOTO GALLERY

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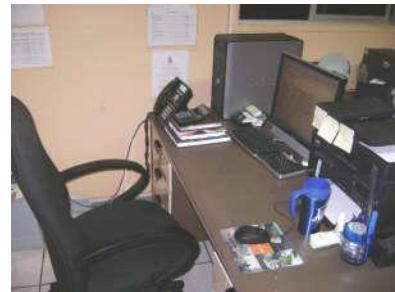
### Photographs Cont'



LEASEHOLD IMPROVEMENTS



LEASEHOLD IMPROVEMENTS



ASSETS



ASSETS



ASSETS



LEASEHOLD IMPROVEMENTS



ASSETS



ASSETS



ELECTRICAL FIXTURES

### Photographs Cont'



ELECTRICAL TRANSFORMER



ELECTRICAL FIXTURES



HAND WASH SINK



SHELVING/RACK



SHELVING/RACK



OSMOSIS SYSTEM



OSMOSIS SYSTEM



OSMOSIS SYSTEM



SHELVING





## ASSET PHOTO GALLERY

### Photographs Cont'



SHELVING



ASSETS



ASSETS



CANTEEN ASSETS



KITCHEN COUNTER



A/C UNIT



PALLET STACKER



LEASEHOLD IMPROVEMENTS



ASSETS

### Photographs Cont'



SS MIXING TANK



MIXERSTAND/MIXER/TANKS



CHILLER



CHILLER



HOMOGENIZER



SS BARREL & SHELVING



ASSETS



SS TWIN BOWL SINK, OTHER



SS WORK TABLE

# EBI

## ASSET PHOTO GALLERY

### Photographs Cont'



PALLET STACKER



PALLET STACKER



30NISSAN FORKLIFT TRUCK



30NISSAN FORKLIFT TRUCK



30NISSAN FORKLIFT TRUCK



30NISSAN FORKLIFT TRUCK



NISSAN FORKLIFT TRUCK



NISSAN FORKLIFT TRUCK



NISSAN FORKLIFT TRUCK



## ASSET PHOTO GALLERY

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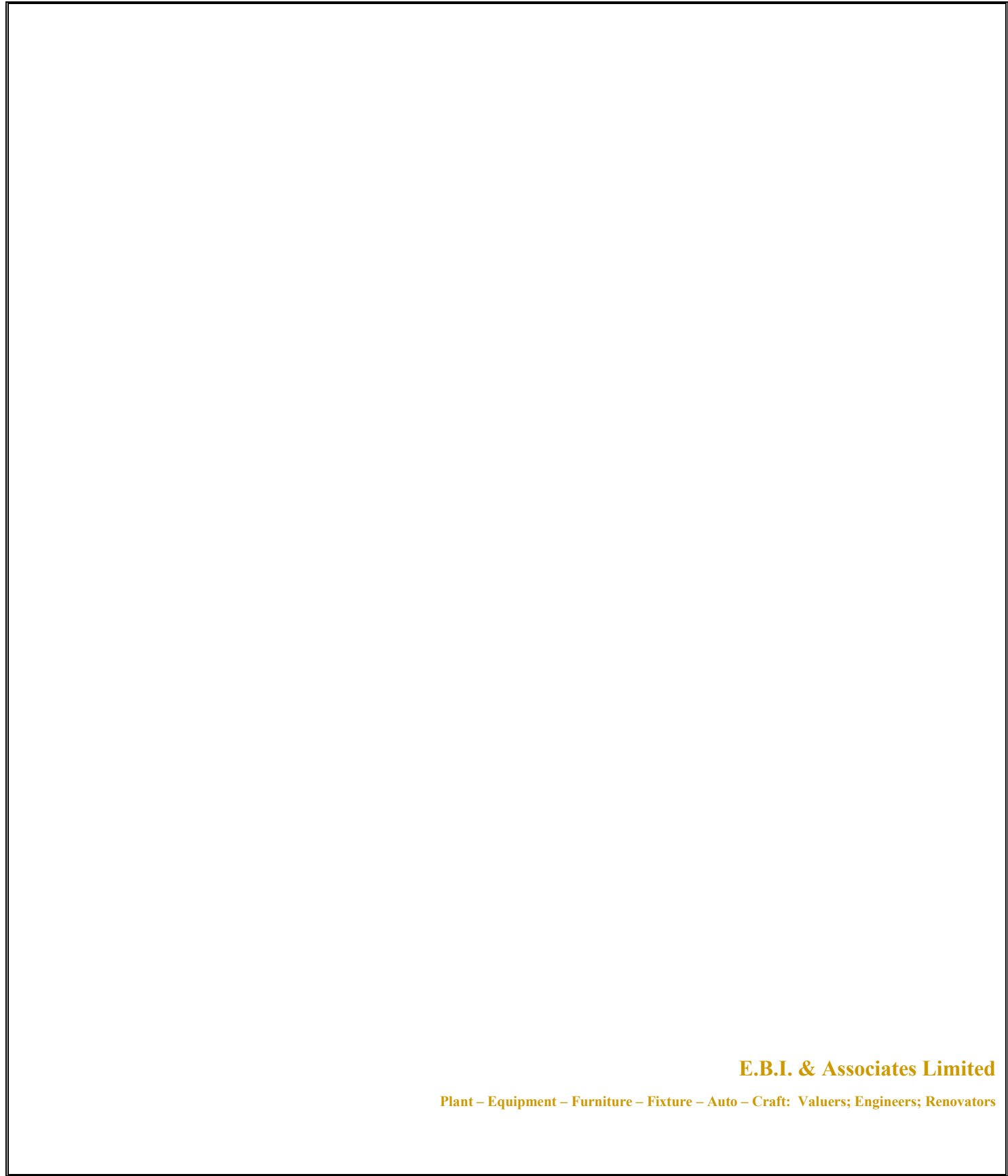
### Photographs Cont'



LEASEHOLD IMPROVEMENTS



SOLAR W/HEATER & OTHER



**E.B.I. & Associates Limited**

**Plant – Equipment – Furniture – Fixture – Auto – Craft: Valuers; Engineers; Renovators**



## APPENDIX 6



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January 19, 2017

The Board of Directors  
Caribbean Flavours and Fragrances Limited  
226 Spanish Town Road  
Kingston 11

Dear Sirs,

KPMG Advisory Services ("KPMG Advisory") understands that Derrimon Trading Company Limited ("Derrimon" or "the Offeror") announced on January 17, 2017 that it would make a bid to acquire all of the issued shares in the capital of Caribbean Flavours and Fragrances Limited ("the Company" or "CFF") not currently held by Derrimon. Derrimon is a company incorporated under the laws of Jamaica and is listed on the Jamaica Stock Exchange's ("JSE") Junior Market. Pursuant to an agreement dated August 17, 2016 with Mr. Anand James and his wife, Dr. Joan James ("the Jameses"), the Jameses agreed to sell Derrimon their current holding of 23,379,208 shares in CFF at a price of J\$4.50 ("the 2016 Agreement") which if completed would take Derrimon's total holding in CFF to approximately 75.02 percent of the issued shares of CFF. Pursuant to a Deed of Assurance dated December 15, 2016 ("the Deed of Assurance") Derrimon made a prepayment on December 21, 2016 of J\$105,206,436.00 to acquire the Jameses 23,379,208 shares. The prepayment was equivalent to a price per CFF share of J\$4.50. Under the Securities (Take-overs and Mergers) Regulations, 1999 ("the Jamaican Takeover Code"), and Part 6 (Takeovers, Mergers and Amalgamations) of the Junior Market Rules Derrimon is obligated to make a mandatory bid for the remaining shares in CFF. Derrimon has offered to purchase the shares in CFF owned by persons other than itself or the Jameses at a price equivalent to J\$4.50 plus interest at the prevailing weighted average six-month Treasury Bill rate of 5.561% from December 21, 2016 up to but excluding February 23, 2017 ("the Consideration" or "the Offer"). The above description is summary in nature.



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The specific terms and conditions of the Offer are described in the offer to all of CFF's ordinary shareholders titled "Take-Over Bid Circular" and in the directors' circular of CFF ("the Directors' Circular") which are to be mailed to shareholders in connection with the Offer.

### **Engagement of KPMG Advisory by the Company**

Representatives of CFF initially contacted KPMG Advisory on December 9, 2016, regarding a potential advisory engagement and KPMG Advisory was engaged by CFF pursuant to an engagement letter dated December 29, 2016 ("the Engagement Letter"). CFF retained KPMG Advisory to prepare an opinion as to the fairness, from a financial point of view, of the Offer to the minority shareholders, other than the Jameses, of CFF ("the Shareholders") ("the Fairness Opinion").

Subject to the terms of the Engagement Letter, KPMG Advisory consents to the inclusion of this Fairness Opinion in the Directors' Circular to be provided to the Shareholders of CFF, and to the filing thereof with the applicable Jamaican authorities.

### **Credentials of KPMG Advisory**

KPMG Advisory is a Jamaican partnership which is part of KPMG in Jamaica, a Jamaican partnership and a member firm of KPMG, a global network of professional firms providing audit, tax and advisory services. KPMG is a network of independent member firms which include more than 189,000 persons in 152 countries affiliated with KPMG International, a Swiss cooperative. Each KPMG firm is a legally distinct and separate entity and describes itself as such. KPMG International performs no professional services for clients nor, concomitantly, generates any revenue.

KPMG Advisory has participated in a significant number of regional and Jamaican transactions involving public and private companies and has extensive experience in mergers and acquisitions, and fairness opinions. This Fairness Opinion is the opinion of KPMG Advisory and its form and content have been approved by accredited corporate finance professionals, each of whom is experienced in business valuations, merger, acquisition, divestiture, corporate finance and fairness opinions.

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The Fairness Opinion has been prepared in accordance with the Practice Standards of the Canadian Institute of Chartered Business Valuators ("the CICBV") but the CICBV has not been involved in the preparation or review of this Fairness Opinion.

### **Description of the Company**

The Company is a publicly-listed company on the JSE's Junior Market. The Company manufactures and distributes flavours for the food, beverage, baking, confectionery and pharmaceutical industries, as well as water soluble food colours to enhance the visual appearance of products. The Company also manufactures and supplies fragrances for the household cleaning, body care, aroma therapy and air re-freshener industries.

The Jameses are the founders of CFF. Anand James is a consultant of CFF, each of the Jameses own 11,689,604 of the issued shares of CFF. Derrimon Trading Company Limited is the largest shareholder in CFF, holding 44,078,122 of the 89,920,033 shares issued by CFF.

### **Relationship with Interested Parties**

Neither KPMG Advisory nor any of its partners: (i) is an associated or affiliated entity or insider, as defined by section 51 of the Securities Act, of the Company, DTL, or any of its associates or affiliates (collectively, "the Interested Parties"), (ii) is an advisor to any of the Interested Parties or any of their respective associates or affiliates in connection with the Offer, other than KPMG Advisory in its capacity as financial advisor to the Company, (iii) is a manager or co-manager of a soliciting dealer group for the Offer, or (iv) has a material financial interest in the completion of the Offer. KPMG in Jamaica as a firm has no commercial relationship with the Company however, a certain partner of KPMG in Jamaica holds an insignificant number of shares in the Company.

KPMG Advisory and its affiliated entities have not acted as lead or co-lead manager on any offering of shares or any other securities of the Company or any Interested Party, during the 24 months preceding the date on which KPMG Advisory was first contacted in respect of the Fairness Opinion, other than as described herein.

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Further, as a safeguard to maintain our independence the partner of KPMG in Jamaica who holds an insignificant number of shares was not involved in the engagement and no partner of KPMG in Jamaica exercises any management control over any of the Interested Parties. We do not believe the shares held in the Company by the partner of KPMG in Jamaica impair the ability of KPMG Advisory to assess the fairness of the Offer to the Shareholders from a financial point of view in an independent and objective manner. The Board of Directors of the Company has approved the use of KPMG Advisory in providing this Fairness Opinion.

In connection with the issuance of this Fairness Opinion KPMG Advisory will receive a fee for its services and is to be reimbursed for its reasonable out-of-pocket expenses. In addition, the Company has agreed to indemnify KPMG Advisory, in certain circumstances, against certain expenses, losses, claims, actions, damages, and liabilities incurred in connection with the provision of our services.

Except for the fees referred to above, neither KPMG Advisory, nor its representative, or any of its employees, involved in this engagement, receive any pecuniary or other benefits, directly or indirectly, for or in connection with, the provision of the Fairness Opinion. All our employees receive a salary and our partners or employees may receive partnership distributions from KPMG Advisory or bonuses based on overall productivity, but not directly in connection with any engagement for the provision of a report. We do not pay commissions or provide any other benefits to any person for referring clients to us in connection with the reports that we provide.

### **Scope of Review**

In connection with the Fairness Opinion, KPMG Advisory has reviewed and/or relied upon (without attempting to verify independently the completeness or accuracy of) the following:

- (i) a draft copy of the Take-Over Bid Circular dated January 17, 2017;
- (ii) audited annual financial statements of CFF as at and for the years ended June 30, 2011, 2012, 2013, 2014, 2015 and 2016;

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- (iii) unaudited interim financial statements of CFF for the five-month period ended November 30, 2016;
- (iv) projected financial statements of CFF as at and for years ending June 30, 2017, 2018, 2019, 2020 and 2021;
- (v) the Valuation Report on the Plant Machinery, Equipment, Furniture, Fixtures, Fittings and Leasehold improvements owned by CFF prepared by E.B.I. and Associates Limited dated December 15, 2016;
- (vi) discussions with senior management of CFF with respect to the past and current business operations, financial condition and future prospects of the Company; and
- (vii) certain publicly available information related to the business and financial information (including reported prices and trading activity of shares) concerning the Company.

KPMG Advisory has not conducted any independent evaluation or appraisal of the assets and liabilities (including any contingent, derivative or off-balance sheet assets and liabilities) of the Company.

#### **Assumptions and Limitations**

With the Board of Directors of the Company's acknowledgement and agreement as provided for in the Engagement Letter, KPMG Advisory has relied upon the accuracy, completeness and fair presentation of all information provided to it by or on behalf of the Company, or otherwise obtained by KPMG Advisory (collectively, "the Information"). The Fairness Opinion is conditional upon such accuracy, completeness and fair presentation. Subject to the exercise of professional judgment, and except as expressly described herein, KPMG Advisory has not attempted to verify independently the accuracy, completeness or fair presentation of any of the Information.

With respect to the budgets, forecasts, projections or estimates provided to KPMG Advisory and used in its analyses, KPMG Advisory notes that projecting future results is inherently subject to uncertainty.



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KPMG Advisory has assumed, however, that such budgets, forecasts, projections and estimates were prepared using the assumptions identified therein which KPMG Advisory has been advised are, in the opinion of CFF reasonable in the circumstances. KPMG Advisory expresses no independent view as to the reasonableness of such budgets, forecasts, projections and estimates or the assumptions on which they are based.

KPMG Advisory has not, to the best of its knowledge been denied access by CFF to any information requested by KPMG Advisory. In developing our fairness opinion, we have assumed that any draft documents pertinent to the Offer which were reviewed by us will be finalised without substantial revision.

The Directors of the Company have represented to KPMG Advisory in a letter dated January 19, 2017, to the best of their knowledge, information and belief after due inquiry, among other things; that:

- (i) the Company has no information or knowledge of any facts public or otherwise not specifically provided to KPMG Advisory relating to the Company which would reasonably be expected to affect materially the Fairness Opinion to be given by KPMG Advisory;
- (ii) the information, data and other material (collectively, "the Corporate Information") provided to KPMG Advisory by or on behalf of the Company or its representatives in respect of the Company and its affiliates in connection with the Offer is or, in the case of historical financial information was, at the date of preparation, true, complete and accurate and did not and does not contain any untrue statement of a material fact and does not omit to state a material fact necessary to make the Corporate Information misleading in the light of circumstances in which it was presented;
- (iii) to the extent that any of the Corporate Information identified in subparagraph (ii) above is historical, there have been no changes in any material facts or new material facts since the respective dates thereof which have not been disclosed to you and no material change has occurred in the Corporate Information or any part thereof which would have or which would reasonably be expected to have a material effect on the Fairness Opinion;

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- (iv) there have been no verbal or written offers or serious negotiations for or transactions involving any material property of The Company or any of its affiliates during the preceding 24 months which have not been disclosed to KPMG Advisory (for the purposes of subparagraphs (v) and (vi), "material assets", "material liabilities" and "material property" shall include assets, liabilities and property of CFF or its affiliates having a gross value greater than or equal to J\$10 million);
- (v) since the dates on which the Corporate Information was provided to KPMG Advisory, no material transaction has been entered into by the Company or any of its affiliates;
- (vi) other than as disclosed in the Corporate Information, neither the Company nor any of its affiliates has any material contingent liabilities and there are no actions, suits, claims, proceedings, investigations or inquiries pending or threatened against or affecting the Offer, the Company or any of its affiliates at law or in equity or before or by any governmental department, commission, bureau, board, agency or instrumentality which may, in any way, materially adversely affect the Company or its affiliates or the Offer;
- (vii) there are no agreements, undertakings, commitments or understanding (whether written or oral, formal or informal) relating to the Offer, except as have been disclosed in complete detail to KPMG Advisory;
- (viii) the contents of any and all documents prepared by the Company or on its behalf in connection with the Offer for filing with regulatory authorities or delivery or communication to security holders of the Company (collectively, "the Disclosure Documents") have been, are and will be true, complete and correct in all material respects and have not and will not contain any misrepresentation and the Disclosure Documents have complied, comply and will comply with all requirements under applicable laws;
- (ix) the Company has complied in all material respects with the Engagement Letter; and

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- (x) to the best of its knowledge, information and belief after due inquiry, there is no plan or proposal for any material change in the affairs of the Company which have not been disclosed to KPMG Advisory.

In preparing the Fairness Opinion, KPMG Advisory has made several assumptions, including that all final or executed versions of documents will conform in all material respects to the drafts provided to KPMG Advisory, conditions to the Offer can be satisfied in due course, all consents, permissions, exemptions or orders of relevant regulatory authorities or third parties will be obtained, without adverse condition or qualification, the procedures being followed to implement the Offer are valid and effective, the Take-Over Bid Circular and Directors' Circular will be distributed to the Shareholders in accordance with all applicable laws, and the disclosure in the Directors' Circular will be accurate, in all material respects, and will comply, in all material respects, with the requirements of all applicable laws.

The Fairness Opinion has been provided for the information and assistance of the Board of Directors of the Company in connection with its consideration of the Offer and is not intended to be, and does not constitute, a recommendation that any Shareholder tender their shares or any other matter. The Fairness Opinion may not be used for any other purpose, without the express prior written consent of KPMG Advisory. KPMG Advisory denies any responsibility for losses which result from the unauthorised use of this Fairness Opinion. Save for any responsibility which we may have to the persons to whom this report is expressly addressed, to the fullest extent permitted by law, we do not accept any liability to any other person for any loss suffered by any such person as a result of, arising out of, or in connection with the Fairness Opinion.

We define fairness opinion as a special letter of opinion from a financial advisor to the management board and/or supervisory board and/or shareholders (or similar body) of an entity considering a material transaction, opining on the fairness of the consideration offered<sup>1</sup>.

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<sup>1</sup> The Canadian Institute of Chartered Business Valuators' Practice Standard No. 510 *FAIRNESS OPINIONS Disclosure Standard and Recommendations*.



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Evaluation is limited to the adequacy of the consideration, or fairness of the exchange, not the strategic merits of the transaction. A fairness opinion does not provide assurance that the best possible price was obtained.

A fairness opinion is an impartial expert judgement, not a statement of fact. There exists a significant degree of judgement involved in selecting methods and basis for arriving at our opinion and a significant number of items which may be subjectively considered when arriving at such opinion. It follows therefore that, whilst our opinion is one which we consider to be both reasonable and defensible, others may arrive at a different conclusion.

In considering fairness, from a financial point of view, KPMG Advisory considered the Offer from the perspective of Shareholders generally and did not consider the specific circumstances of any particular Shareholder, including with regard to income tax considerations. Shareholders should consult an independent expert if such a Shareholder is in any doubt as to the merits or otherwise of the Offer.

KPMG Advisory is not expressing any opinion as to the price at which the shares of the Company will trade at any time.

In arriving at our opinion, we were not authorised to solicit, and did not seek to solicit, interest from any party with respect to an acquisition, business combination or extraordinary transaction, involving the Company. We did not negotiate with any third parties that may express an interest in the Company or any of its constituent businesses.

The Fairness Opinion is rendered as of January 19, 2017, on the basis the Information provided or otherwise available to KPMG Advisory. Any changes therein may affect the Fairness Opinion and, although KPMG Advisory reserves the right to change or withdraw the Fairness Opinion in such event, it disclaims any undertaking or obligation to advise any person of any such change that may come to its attention, or to update, revise or reaffirm the Fairness Opinion after such date.



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### **Our Approach in Arriving at a Conclusion**

We considered the fair market value of a minority shareholding in the Company in arriving at our conclusion. For the purpose of this Fairness Opinion, fair market value is defined as the highest price, expressed in terms of cash equivalents, at which property would change hands between a hypothetical willing and able buyer and a hypothetical willing and able seller, acting at arm's length in an open and unrestricted market, when neither is under compulsion to buy or sell and when both have reasonable knowledge of the relevant facts.

Each of the analyses performed was considered to bear on the overall assessment of the financial fairness of the Offer but no single analysis was considered sufficient to that end on its own merits.

Our Fairness Opinion is rendered on the basis of securities markets, economic and general business and financial conditions prevailing as at the date hereof and the conditions and prospects, financial and otherwise, of the Company as they are reflected in the Information and as they were represented to us in our discussions with management of the Company and its affiliates and advisors. The Information contains assumptions with respect to company performance, general business, markets, economic conditions and other matters, many of which are beyond the control of any party involved in the Offer.

### **Fairness Conclusion**

Based upon and subject to the foregoing, KPMG Advisory is of the opinion that, as of the date hereof, the Consideration offered is not fair to the Shareholders of Caribbean Flavours and Fragrances Limited from a financial point of view.

Yours faithfully,

*KPMG Advisory Services*

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