



**Caribbean Producers (Jamaica) Limited  
Report to Shareholders  
Three Months Ended September 30, 2017**



# Report to the Shareholders

## Consolidated Unaudited Financial Results for the three month period ended 30 September 2017

YTD September 2017

### Financial High- lights in JM\$

*Weighted average*

*BOJ rate /US\$1.00*

*September 2017 —J\$130.49*

*September 2016 —J\$118.67*

*Subsidiary is represented in these figures.*

	September 2017 YTD	September 2016 YTD	Change	% Change
	J\$'000	J\$'000	J\$'000	
Gross Revenue	3,171,415	2,498,061	673,354	27%
Gross Profit	854,131	652,019	202,112	31%
Gross Profit %	27%	26%		1%
Operating Expenses	652,740	556,516	96,224	17%
EBIDTA	201,391	95,503	105,888	111%
Finance Cost, Net, Depreciation & Taxation	140,929	132,961	7,968	6%
Non-controlling interest	7,158	(4,496)	11,654	259%
Net Profit - Equity Holders	53,304	(32,962)	86,266	262%

### First Quarter YTD

The Board of Directors is pleased to present the company's consolidated unaudited results for the three month period ended September 30, 2017.

#### Strong Performance delivered with a 247% increase in Net Profit for Quarter 1

Following the strong performance of our prior financial year, the company continues to pursue its mission of delivering shareholder value. The net profit showed a significant improvement of 247% when compared to the corresponding period last year. The company delivered a net profit of US\$463 thousand, which was an increase by US\$779 thousand compared to last year. Gross operating revenue increased by US\$3.2 million or 15% from US\$21.1 million to US\$24.3 million. Gross profit of US\$6.5 million improved by 19% compared to last year. The increase in revenues was primarily driven by the growth in sales of our offshore subsidiary and targeted product categories in the local market.

Selling and administrative expenses increased by US\$341 thousand or 7% from US\$4.7 million to US\$5.0 million. This increase when compared to the first quarter in prior year was mainly due to the administrative costs relating to upgrade and strengthening of the IT infrastructure. There were also increases in other indirect costs relating to the increase in sales volumes. Accordingly, the earnings per stock increased from (USD 0.03) cents to a earnings per share of USD 0.04 cents.

#### Outlook

The company continues to execute its business transformation initiatives to strengthen its platform for growth. The major project for the second quarter is the launch of the first phase of a system upgrade. The company views this investment in technology as vital to maintaining efficiency and managing costs, as the company continues to grow and expand both onshore and offshore. The company plans to spend US\$2.7 million over the next three years to complete these projects. It is expected that the company will benefit from significant improvements in achieving operational excellence and management information capabilities.



## **Balance Sheet**

Current assets increased by US\$5.3 million or 13% from US\$40.7 million to US\$46.0 million. Accounts Receivable increased by US\$3.8 million corresponding with an increase in sales. Total assets increased by US\$4.1 million or 7% from US\$54.8 million to US\$58.9 million. Greater levels of cash and accounts receivables, as well as the investment in our warehouse management system accounted for the overall increase in total assets.

Current liabilities have increased by US\$3.8 million or 21% when compared to the 1st quarter in prior year. This is mainly due to the reclassification of the loan principal of the 5 year J\$337 million bond, which is slated for maturity in June 2018. Consequently, the company's long term liabilities have decreased by a corresponding US\$3.0 million. The company continues to improve its cash management position, as evidenced by a significant decrease in its short term loans by US\$1.3 million, when compared to the previous quarter.

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## **Human Resources Update**

The Human Resources department continues to focus on motivating and empowering our workforce to enable peak performance, to achieve our company mission of providing the highest levels of service to ensure the success of our customers. During this first quarter of the fiscal year, the department is pleased to report progress and positive performance in the following focus areas.

### ***Corporate Social Responsibility***

CPJ continues to uphold our reputation as a responsible corporate citizen by giving back to the communities in which we work. This quarter, we proudly supported ventures in education, youth development and health. Moving forward, we want the corporate social responsibility initiatives we support to align with our business mission, vision and values and have the greatest possible impact in our communities. This quarter we have engaged a corporate social responsibility specialist to audit our practices and further develop our philanthropic framework.

### ***Recruitment and Staffing***

The number of employees at CPJ decreased by 4.4% compared to the same quarter in the previous fiscal year. We are streamlining our workforce in alignment with the company's new strategic course. Our restructured business model is resulting in a leaner, more efficient organization. We will continue to meet the needs of our consumers by ensuring we employ the best people with the best attitude.

CPJ's compensation and benefits policy remains competitive and reflective of industry standards. During this first quarter, CPJ collaborated with a number of companies for the well-being of our valued team, with a focus on physical and financial health.

### ***Training and Development***

Under our updated business model, this fiscal year we are focusing on developing talent across the company. Continuing education and training is an important part of working at CPJ.

**CARIBBEAN PRODUCERS (JAMAICA) LIMITED**  
**Period ended September 30, 2017**

**Interim Statement of Financial Position - Unaudited**

	<b>Unaudited September 30, 2017</b>	<b>Unaudited September 30, 2016</b>	<b>Audited June 30, 2017</b>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3,725,718	2,911,056	2,763,268
Accounts receivable	16,129,860	12,345,430	13,908,764
Inventories	26,155,812	25,457,122	24,625,347
	<u>46,011,390</u>	<u>40,713,608</u>	<u>41,297,379</u>
<b>CURRENT LIABILITIES</b>			
Bank overdraft	310,245	-	243,222
Short-term loans	2,500,000	3,750,000	2,500,000
Accounts payable	11,195,677	8,823,330	7,237,075
Short-term promissory notes	4,317,794	4,968,885	4,317,794
Current portion long-term loans	3,075,757	450,923	475,310
Tax payable	588,318	175,355	578,804
	<u>21,987,791</u>	<u>18,168,493</u>	<u>15,352,205</u>
<b>NET CURRENT ASSETS</b>	<b>24,023,599</b>	<b>22,545,115</b>	<b>25,945,174</b>
<b>NON-CURRENT ASSETS</b>			
Investment	71,581	71,581	71,581
Deferred tax asset	797,291	590,307	797,291
Intangible asset	142,272	82,628	158,550
Property, plant and equipment	11,889,399	13,365,406	12,249,662
	<u>12,900,543</u>	<u>14,109,922</u>	<u>13,277,084</u>
<b>US\$</b>	<b><u>36,924,142</u></b>	<b><u>36,655,037</u></b>	<b><u>39,222,258</u></b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	4,898,430	4,898,430	4,898,430
Accumulated surplus	17,438,503	14,197,343	17,030,012
	<u>22,336,933</u>	<u>19,095,773</u>	<u>21,928,442</u>
Non- controlling interest	(16,981)	(144,464)	(71,836)
	<u>22,319,952</u>	<u>18,951,309</u>	<u>21,856,606</u>
<b>NON-CURRENT LIABILITIES</b>			
Due to related company	2,735,222	2,735,223	2,744,004
Long-term borrowings	2,600,593	5,650,716	5,353,980
Long-term promissory notes	9,268,375	9,317,789	9,267,668
	<u>14,604,190</u>	<u>17,703,728</u>	<u>17,365,652</u>
<b>US\$</b>	<b><u>36,924,142</u></b>	<b><u>36,655,037</u></b>	<b><u>39,222,258</u></b>

These interim financial statements were approved by the Board of Directors and signed on its behalf by:



Thomas Tyler

Director



Jan Polack

Director

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

## CARIBBEAN PRODUCERS (JAMAICA) LIMITED

Period ended September 30, 2017

Interim Statement of Comprehensive Income - Unaudited

	Unaudited	Unaudited	Audited
	Three months ended	Three months ended	Year ended
	<u>30-Sep-17</u>	<u>30-Sep-16</u>	<u>30-Jun-17</u>
Gross operating revenue	24,303,891	21,050,486	98,288,970
Cost of operating revenue	<u>(17,758,323)</u>	<u>(15,556,099)</u>	<u>(71,155,666)</u>
Gross profit	6,545,568	5,494,387	27,133,304
Selling and administration expenses	(5,015,628)	(4,674,939)	(20,036,435)
Depreciation and amortisation	(607,235)	(659,759)	(2,641,917)
Other operating income/(expenses), net	<u>13,407</u>	<u>(14,671)</u>	<u>163,448</u>
Operating profit	936,112	145,018	4,618,400
Finance income	110	532	953
Finance costs	<u>(427,876)</u>	<u>(461,200)</u>	<u>(1,762,143)</u>
Profit/(loss) before taxation	508,346	(315,650)	2,857,210
Taxation	<u>(45,000)</u>	<u>-</u>	<u>(267,563)</u>
Profit for the period, being total comprehensive income	<b>US\$</b> <u>463,346</u>	<u>(315,650)</u>	<u>2,589,647</u>
<b>Attributable to:</b>			
Shareholders	408,491	(277,765)	2,554,904
Non-controlling interest	<u>54,855</u>	<u>(37,885)</u>	<u>34,743</u>
	<u>463,346</u>	<u>(315,650)</u>	<u>2,589,647</u>
Earnings per stock unit (cents)	<u>0.04</u>	<u>(0.03)</u>	<u>0.23</u>



**CARIBBEAN PRODUCERS (JAMAICA) LIMITED**  
**Period ended September 30, 2017**

**Interim Statement of Changes in Equity - Unaudited**

	<u>Share capital</u>	<u>Accumulated surplus</u>	<u>Non -controlling Interest</u>	<u>Total</u>
<b>Three months ended September 30, 2016</b>				
Balances at June 30, 2016	4,898,430	14,475,108	(106,579)	19,266,959
Profit for the period, being total comprehensive income	<u>-</u>	<u>(277,765)</u>	<u>(37,885)</u>	<u>(315,650)</u>
Unaudited balances at September 30, 2016	US\$ <u>4,898,430</u>	<u>14,197,343</u>	<u>(144,464)</u>	<u>18,951,309</u>
<b>Three months ended September 30, 2017</b>				
Balances at June 30, 2017	4,898,430	17,030,012	(71,836)	21,856,606
Profit for the period, being total comprehensive income	<u>-</u>	<u>408,491</u>	<u>54,855</u>	<u>463,346</u>
Unaudited balances at September 30, 2017	US\$ <u>4,898,430</u>	<u>17,438,503</u>	<u>(16,981)</u>	<u>22,319,952</u>

**CARIBBEAN PRODUCERS (JAMAICA) LIMITED**  
**Period ended September 30, 2017**

**Interim Statement of Cash Flows - Unaudited**

	<b>Unaudited Three months ended September 30, 2017</b>	<b>Unaudited Three months ended September 30 2016</b>	<b>Audited Year-ended June 30, 2017</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit/(loss) for the period	408,491	(277,765)	2,554,904
Adjustments for:			
Depreciation and amortisation	607,235	659,759	2,641,917
Loss/(gain) on disposal of property, plant and equipment	51,579	17,637	(37,408)
Transfer and adjustment to property, plant and equipment	-	-	55,346
Interest income	(110)	(532)	(953)
Interest expense	427,876	461,200	1,762,143
Non-controlling interest	54,855	(37,885)	34,743
Taxation	45,000	-	267,563
	<u>1,594,926</u>	<u>822,414</u>	<u>7,278,255</u>
Increase in current assets:			
Accounts receivable	(2,221,096)	814,458	(748,876)
Inventories	(1,530,465)	(1,190,676)	(358,901)
Increase/(decrease) in current liability:			
Accounts payable	4,005,763	811,760	(730,759)
Cash provided by operations	1,849,128	1,257,956	5,439,719
Interest paid	(475,037)	(436,735)	(1,779,241)
Tax paid	(35,486)	-	(73,271)
Net cash provided by operating activities	<u>1,338,605</u>	<u>821,221</u>	<u>3,587,207</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Additions to property, plant and equipment	(287,353)	(384,687)	(1,433,059)
Proceeds from disposal of property, plant and equipment	5,080	16,298	122,033
Interest received	110	532	953
Net cash used by investing activities	<u>(282,163)</u>	<u>(367,857)</u>	<u>(1,310,073)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Promissory notes received	707	3,202	104,973
Promissory notes repaid	-	-	(802,983)
Long-term/short-term borrowings (paid)/received	(968,609)	570,916	9,458,366
Due to related company	(8,782)	(5,541)	3,240
Long-term/short-term borrowings repaid	815,669	(2,115,802)	(12,525,601)
Net cash used by financing activities	<u>(161,015)</u>	<u>(1,547,225)</u>	<u>(3,762,005)</u>
Net increase/(decrease) in cash and cash equivalents for the period	895,427	(1,093,861)	(1,484,871)
Cash and cash equivalents at beginning of the period	<u>2,520,046</u>	<u>4,004,917</u>	<u>4,004,917</u>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>US\$ <u>3,415,473</u></b>	<b><u>2,911,056</u></b>	<b><u>2,520,046</u></b>
Comprised of:			
Cash and cash equivalents	3,725,718	2,911,056	2,763,268
Bank overdraft	(310,245)	-	(243,222)
	<b>US\$ <u>3,415,473</u></b>	<b><u>2,911,056</u></b>	<b><u>2,520,046</u></b>

## **CARIBBEAN PRODUCERS (JAMAICA) LIMITED**

**Period ended September 30, 2017**

### **Selected explanatory notes**

#### **1 The company**

Caribbean Producers (Jamaica) Limited ("company or "parent company") is incorporated under laws of and domiciled in Jamaica. Its registered office is situated at Shop No. 14, Montego Freeport Shopping Centre, Montego Bay, St. James and its principal place of business is at 1 Guinep Way, Montego Freeport, Montego Bay, St. James.

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

As at September 30, 2017, the company held 100% of the issued share capital of CPJ Investments Limited, a company incorporated on September 16, 2013. CPJ Investments Limited's principal activity is holding a 51% investment in CPJ (St. Lucia) Limited, a company whose principal activity is the wholesaling and distribution of food and beverages and the distribution of non-food supplies. Both companies are incorporated and domiciled in St. Lucia.

#### **2 Basis of preparation**

These interim financial statements have been prepared in accordance with accounting policies set out in note 2 to the audited financial statements for the year ended June 30, 2017, which have been consistently applied from period to period.

#### **3 Basis of consolidation**

(i) Subsidiaries are entities controlled by the group. The group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The financial statements of a subsidiary are included in the financial statements from the date control commences until the date that control ceases.

(ii) Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

(iii) Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the group.

(iv) Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date. Changes in the group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests, even if doing so causes the non-controlling interest to have a deficit balance.



**CARIBBEAN PRODUCERS (JAMAICA) LIMITED**  
**Period ended September 30, 2017**

**Selected explanatory notes**

4 Operating segments

An operating segment is a component of the company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the company's other components and for which discrete financial information is available. An operating segment's operating results are reviewed regularly by the Board of Directors to make decisions about resources to be allocated to the segment and assess its performance.

Based on the nature of the company's products, processes, customers and distribution systems, management has determined that disclosure of segment information is not applicable to the company.

5 Taxation

The company's shares were listed on the Junior Market of the Jamaica Stock Exchange on July 20, 2011. Consequently, the company is entitled to a remission of taxes for 10 years in the proportions set out below, provided the shares remain listed for at least 15 years:

Years 1 to 5 100%  
Years 6 to 10 50%

6 Earnings per stock unit

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

	<u>Three months ended</u> <u>September 30, 2017</u>	<u>Three months</u> <u>ended September</u> <u>30, 2016</u>	<u>Twelve months</u> <u>ended June 30,</u> <u>2017</u>	<u>Twelve months</u> <u>ended June 30,</u> <u>2016</u>
Issued ordinary shares at beginning of period	1,100,000,000	1,100,000,000	1,100,000,000	1,100,000,000
Effect of shares issued during the period	-	-	-	-
Weighted average number of ordinary shares held during the period	<u>1,100,000,000</u>	<u>1,100,000,000</u>	<u>1,100,000,000</u>	<u>1,100,000,000</u>

7 Contingent Liability

Tax Administration Jamaica (TAJ) conducted a GCT audit for the period January 2012 to December 2015 and proposed an adjustment to the returns for the period. No assessment has been raised in this regard. At the date of authorisation of these financial statements, the management and directors were still in discussion with TAJ to review the proposed adjustments.



**TOP TEN (10) STOCKHOLDERS  
AS AT 30<sup>TH</sup> SEPTEMBER 2017**

<b>NAME</b>	<b>UNITS</b>	<b>%</b>
Wave Trading Limited	328,545,000	29.8677%
Sportswear Producers Limited	248,000,000	22.5455%
Mayberry West Indies Limited	227,410,186	20.6737%
Oniks Investments Limited	101,455,000	9.2232%
Bamboo Group Holdings Limited	14,427,763	1.3116%
ATL Group Pension Fund Trustees Nom. Ltd	12,982,044	1.1802%
SJIML A/C 3119	11,906,171	1.0824%
Yuan, Liao	9,854,710	0.8959%
JCSD Trustee Services Ltd. - Sigma Venture	8,165,032	0.7423%
Mayberry Managed Clients	6,327,741	0.5752%

**DIRECTORS AND CONNECTED PARTIES REPORT**

<b>NAME</b>	<b>POSITION</b>	<b>RELATIONSHIP</b>	<b>UNITS</b>	<b>%</b>
<u>Wave Trading Limited</u>			328,545,000	29.8677
Mark Hart	Chairman	Connected party holding		
<u>Sportswear Producers Limited</u>				
Mark Hart	Chairman	Connected party holding	248,000,000	22.5455
<u>Mayberry West Indies Limited</u>			227,410,186	20.6737
Konrad Mark Berry	Director	Connected party holding		
Christopher Berry	Director	Connected party holding		
<u>Alpine Endeavors Limited</u>			1,881,100	0.1710
Ronald Schragger	Director	Connected party holding		
<u>Apex Pharmacy</u>			72,489	0.0066
Konrad Mark Berry	Director	Connected party holding		
Christopher Berry	Director	Connected party holding		
Jan Polack	Director	Self	2,790,185	0.2536
Konrad Mark Berry	Director	Self	500,000	0.0454
Robert J. Hooker	Director	Self	472,000	0.0429
Theresa Chin	Director	Self	288,900	0.0262
Richard Mark Hall	Director	Self	114,090	0.0104

**SENIOR MANAGERS**

<b>NAME</b>	<b>UNITS</b>	<b>%</b>
Hugh Logan	144,343	0.0131



Compliance Statement for Statutory Obligations

Reporting Period: 1st Quarter Ending September 30, 2017

Statutory Liability	31-Jul-17	Date of Pmt	31-Aug-17	Date of Pmt	30-Sep-17	Date of Pmt
P.A.Y.E.	7,858,279.43	14-Aug-17	10,579,317.83	13-Sep-17	11,431,973.06	
N.H.T.	3,369,737.21	14-Aug-17	4,032,589.65	13-Sep-17	3,932,180.28	
Education Tax	3,801,837.22	14-Aug-17	4,560,494.24	13-Sep-17	4,434,657.77	
HEART	2,021,842.33	14-Aug-17	2,419,553.83	13-Sep-17	2,359,307.98	
NIS	1,830,281.08	14-Aug-17	1,923,081.60	13-Sep-17	1,779,131.10	
GCT	26,512,346.00	31-Aug-17	8,360,571.00	29-Sep-17	3,335,330.00	

\* - To be paid

**Kesha Ann Harper**  
Director of Finance

9 / NOV / 2017

Date

**Jan Polack**  
Chief Operating Officer

9 / NOV / 2017

Date