



**Caribbean Producers (Jamaica) Limited
Report to Shareholders
Nine Months Ended March 31, 2018**



Report to the Shareholders

Consolidated Unaudited Financial Results for the nine month period ended 31 March 2018

YTD December 2018

Financial Highlights in JM\$

Weighted average

BOJ rate /US\$1.00

March 2018 —J\$127.49

March 2017 —J\$128.10

Subsidiary is represented in these figures.

	March 2018 YTD	March 2017 YTD	Change	% Change
	J\$'000	J\$'000	J\$'000	
Gross Revenue	10,409,524	9,265,813	1,143,348	12.3%
Gross Profit	2,840,044	2,582,970	256,975	9.9%
Gross Profit %	27%	28%		-0.6%
Operating Expenses	2,074,064	1,855,981	218,010	11.7%
EBIDTA	765,980	726,989	38,964	5.4%
Finance Cost, Net, Depreciation & Taxation	441,866	479,036	(37,186)	-7.8%
Non-controlling interest	29,580	4,341	25,238	581.3%
Net Profit - Equity Holders	294,534	243,611	50,912	20.9%

Nine month period - YTD

The Board of Directors is pleased to present the company's consolidated unaudited results for the nine month period ended March 31, 2018.

Nine month period results show strong growth of 13% in Gross Revenue and 21.5% in Net Profit

During the nine month period gross operating revenue of US\$81.65 million increased by US\$9.32 million or 12.9% over the corresponding period last year. Sales efforts were geared towards a focused approach to developing market share with the innovation of new product offerings. Sales of Dairy, Dry Goods and Wine increased in key target markets. Gross profit increased by 10.5% ending at US\$22.28 million by US\$2.11 million above the corresponding period in 2017. CPJ St. Lucia contributed US\$2.58 million or 11.6% of the gross profit. There were increases in the sales of Wines & Spirits, as well as Frozen Food categories over the corresponding period last year.

Selling and Administrative expenses increased by US\$1.79 million (12.3%) from US\$14.55 million to US\$16.34 million primarily due to exchange movement on Jamaican dollar expenses versus United States revenues as well as growth related expenses in offshore operations. Depreciation and amortization decreased by US\$0.16 million (7.8%) relating to the capital and operating assets of the company. Finance costs declined by 6.2% from the prior period last year due to improved treasury management. Profit before taxation increased by 26.2% over the nine month period increasing from US\$2.21 million to US\$2.79 million. The net profit attributable to the shareholders of US\$2.31 million for the nine month period showed an increase compared to US\$1.90 million, or 21.5% based on the year on year comparison. Accordingly, the earnings per stock increased by 23.5% from USD 0.17 cents to USD 0.21 cents. CPJ has entered its 7th year on the Junior Stock exchange, so a tax charge is now reflected.

Balance Sheet

Current assets increased by US\$6.0 million or 14.3% from US\$41.86 million to US\$47.86 million and total assets increased by 9.5% to US\$60.60 million for the period compared to the corresponding period in 2017. Current Liabilities increased by US\$4.89 million or 29.4% and Long term borrowings and promissory notes decreased by 15.3% or US\$2.25 million.

Quarter to Date

Growth of 5.5% of Gross Revenues in 3rd Quarter

Gross operating revenues for the 3rd quarter increased by 5.5% from US\$26.3 million to US\$27.7 million based on growth in the hospitality sector and our offshore subsidiary. There was a US\$0.49 million or 6.6% growth in gross profit over the corresponding period last year (US\$7.89 million versus US\$7.40 million for the 3rd quarter of 2017.) The improvement in gross profit is mainly due to new markets and opportunities in our offshore operations which are now in their third year of operations. Selling and administrative expenses showed an increase of US\$0.78 million or 15.3% (US\$5.88 million from US\$ 5.10 million) year on year, the increase was as a result of increases in salary related expenses offshore, offset by a small reduction of Depreciation and amortization by 11.0% or US\$75.3 thousand. Operating profit had a marginal decrease as a result of upsizing of operations offshore by 9.4% from US\$1.66 million to US\$1.51 million. In addition, Finance costs reduced by 7.9%. Consequently the net profit for the quarter was US\$0.92 million versus US\$0.97 million from the corresponding period last year.

Outlook

The performance to date has been aligned with the company's internal forecast and the Q4 should continue to meet expectation subject to any extraordinary event. In May, the company successfully closed a private placement of Notes in the amount of J\$500 million with Scotia Investments as the lead broker. The company will use the proceeds of the offer to pay out existing debt which matures in May and finance the expansion of CPJ's growing operations. The company expects the implementation of an enhanced warehouse management system to create value and efficiency with its future expansion of its distribution capacity to drive operational cost efficiencies to the bottom line.

The business model fundamentals underpinning CPJ's long term business strategy and prospects for growth and performance remain solid. Management continues to plan and evaluate opportunities and challenges for the company as it continues to grow.

Corporate Social Responsibility

This quarter one of our community service initiatives that the company supported was The Hanover Poor Relief Department, which hosted over 150 parishioners at their joint Wellness/Feeding Programme. In addition, a medical doctor was on hand to do blood pressure checks and give other general medical attention to the attendees. This was the Poor Relief's way of giving back to the community and we fully endorsed this project. On February 10th, which was celebrated as Annual Wetlands Day, CPJ joined with the Montego Bay Marine Park the task of cleaning the mangrove and re-planting trees along the Howard Cooke highway as well as we also participated in March at the Forestry Department's 80th Anniversary Forest Trek 2018 through Windsor Forest in line with our environmental initiatives.

CPJ has title-sponsored the JISA track meet since 2013 where the Co-executive chairman Mr. Mark Hart, saw it fit that the company contribute to the development of western Jamaica through sports. The event has grown year on year with 2018 showing the largest staging and commanding the attendance of more schools from Eastern Jamaica. The meet is aimed at strategically contributing to the nation-building process by using sporting activities to promote value-based education. \$1.5 M has been invested each year since inception, to ensure that the JISA Meet has the right infrastructure to provide an exceptional sporting environment for the children of Western Jamaica.

Future HR Initiatives

As we continue to grow and evolve as a company, our major focus will be to leverage current technological trends and focus on talent development in all areas to assist us in achieving our objectives.

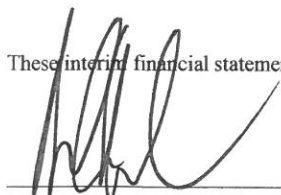
**We wish to thank our customers, vendors, partners, management and staff
for their continued support and commitment.**

CARIBBEAN PRODUCERS (JAMAICA) LIMITED
Period ended March 31, 2018

Interim Statement of Financial Position - Unaudited

	Unaudited March 31, 2018	Unaudited March 31, 2017	Audited June 30, 2017
CURRENT ASSETS			
Cash and cash equivalents	3,055,595	3,820,140	2,763,268
Accounts receivable	18,927,155	14,806,911	13,908,764
Inventories	25,879,775	23,232,709	24,625,347
	<u>47,862,525</u>	<u>41,859,760</u>	<u>41,297,379</u>
CURRENT LIABILITIES			
Bank overdraft	-	462,773	243,222
Short-term loans	2,400,000	3,500,000	2,500,000
Accounts payable	11,206,719	7,465,233	7,237,075
Short-term promissory notes	4,317,794	4,317,794	4,317,794
Current portion long-term loans	3,260,367	466,150	475,310
Tax payable	340,385	427,750	578,804
	<u>21,525,265</u>	<u>16,639,700</u>	<u>15,352,205</u>
NET CURRENT ASSETS	26,337,260	25,220,060	25,945,174
NON-CURRENT ASSETS			
Investment	71,581	71,581	71,581
Deferred tax asset	797,291	590,307	797,291
Intangible asset	47,103	125,133	158,550
Property, plant and equipment	11,822,746	12,679,492	12,249,662
	<u>12,738,721</u>	<u>13,466,513</u>	<u>13,277,084</u>
US\$	<u>39,075,981</u>	<u>38,686,573</u>	<u>39,222,258</u>
SHAREHOLDERS' EQUITY			
Share capital	4,898,430	4,898,430	4,898,430
Accumulated surplus	18,818,523	16,376,835	17,030,012
	<u>23,716,953</u>	<u>21,275,265</u>	<u>21,928,442</u>
Non- controlling interest	160,183	(72,689)	(71,836)
	<u>23,877,136</u>	<u>21,202,576</u>	<u>21,856,606</u>
NON-CURRENT LIABILITIES			
Long term promissory notes	9,269,110	9,267,668	9,267,668
Due to related company	2,735,222	2,767,504	2,744,004
Long-term borrowings	3,194,513	5,448,825	5,353,980
	<u>15,198,845</u>	<u>17,483,997</u>	<u>17,365,652</u>
US\$	<u>39,075,981</u>	<u>38,686,573</u>	<u>39,222,258</u>

These interim financial statements were approved by the Board of Directors on May 8th, 2018 and signed on its behalf by:


 Mark Hart Director


 David Lowe Director

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

CARIBBEAN PRODUCERS (JAMAICA) LIMITED

Period ended March 31, 2018

Interim Statement of Profit or Loss and Other Comprehensive Income - Unaudited

	Unaudited Three months ended	Unaudited Three months ended	Unaudited Nine months ended	Unaudited Nine months ended
	<u>31-Mar-18</u>	<u>31-Mar-17</u>	<u>31-Mar-18</u>	<u>31-Mar-17</u>
Gross operating revenue	27,744,628	26,296,846	81,649,726	72,332,654
Cost of operating revenue	<u>(19,854,494)</u>	<u>(18,895,170)</u>	<u>(59,373,127)</u>	<u>(52,168,953)</u>
Gross profit	7,890,134	7,401,676	22,276,599	20,163,701
Selling and administration expenses	(5,878,288)	(5,096,818)	(16,341,335)	(14,550,503)
Depreciation and amortisation	(609,377)	(684,665)	(1,855,375)	(2,012,630)
Other operating income, net	<u>104,707</u>	<u>43,117</u>	<u>72,894</u>	<u>61,969</u>
Operating profit	1,507,176	1,663,310	4,152,783	3,662,537
Finance income	117	142	320	909
Finance costs	<u>(512,395)</u>	<u>(556,067)</u>	<u>(1,361,600)</u>	<u>(1,451,312)</u>
Profit before taxation	994,898	1,107,385	2,791,503	2,212,134
Taxation	<u>(76,170)</u>	<u>(139,674)</u>	<u>(249,234)</u>	<u>(276,517)</u>
Profit for the period, being total comprehensive income	US\$ <u>918,728</u>	<u>967,711</u>	<u>2,542,269</u>	<u>1,935,617</u>
Attributable to:				
Equity holders of the Parent	847,119	929,172	2,310,250	1,901,727
Non-controlling interest	<u>71,609</u>	<u>38,539</u>	<u>232,019</u>	<u>33,890</u>
	<u>918,728</u>	<u>967,711</u>	<u>2,542,269</u>	<u>1,935,617</u>
Earnings per stock unit (cents)	<u>0.08</u>	<u>0.08</u>	<u>0.21</u>	<u>0.17</u>

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

CARIBBEAN PRODUCERS (JAMAICA) LIMITED
Period ended March 31, 2018

Interim Statement of Changes in Equity - Unaudited

		<u>Share capital</u>	<u>Accumulated surplus</u>	<u>Non -controlling Interest</u>	<u>Total</u>
Nine months ended March 31, 2017					
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>1,901,727</u>	<u>33,890</u>	<u>1,935,617</u>
Unaudited balances at March 31, 2017	US\$	<u>4,898,430</u>	<u>16,376,835</u>	<u>(72,689)</u>	<u>21,202,576</u>
Nine months ended March 31, 2018					
Balances at June 30, 2017		4,898,430	17,030,012	(71,836)	21,856,606
Profit for the period, being total comprehensive income		-	2,310,250	232,019	2,542,269
Transaction recorded directly in equity:					
Dividends		<u>-</u>	<u>(521,739)</u>	<u>-</u>	<u>(521,739)</u>
Unaudited balances at March 31, 2018	US\$	<u>4,898,430</u>	<u>18,818,523</u>	<u>160,183</u>	<u>23,877,136</u>

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

CARIBBEAN PRODUCERS (JAMAICA) LIMITED**Period ended March 31, 2018****Consolidated Interim Statement of Cash Flows - Unaudited**

	Unaudited Nine months ended March 31, 2018	Unaudited Nine months ended March 31, 2017	Audited Year-ended June 30, 2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period	2,310,250	1,901,727	2,554,904
Adjustments for:			
Depreciation and amortisation	1,855,375	2,012,630	2,641,917
Loss/(gain) on disposal of property, plant and equipment	42,778	2,478	(37,408)
Transfer and adjustment to property, plant and equipment	40,488	-	55,346
Interest income	(320)	(909)	(953)
Interest expense	1,227,983	1,385,086	1,762,143
Non- controlling interest	232,019	33,890	34,743
Taxation	249,234	276,517	267,563
	<u>5,957,807</u>	<u>5,611,419</u>	<u>7,278,255</u>
(Increase)/decrease in current assets:			
Accounts receivable	(5,018,391)	(1,647,023)	(748,876)
Inventories	(1,254,428)	1,033,737	(358,901)
Increase/(decrease) in current liability:			
Accounts payable	<u>3,908,228</u>	<u>(494,356)</u>	<u>(730,759)</u>
Cash generated from operations	3,593,216	4,503,777	5,439,719
Interest paid	(1,166,567)	(1,410,429)	(1,779,241)
Taxation paid	<u>(487,653)</u>	<u>(26,295)</u>	<u>(73,271)</u>
Net cash provided by operating activities	<u>1,938,996</u>	<u>3,067,053</u>	<u>3,587,207</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment	(1,413,728)	(1,096,371)	(1,433,059)
Proceeds from disposal of property, plant and equipment	13,450	33,679	122,033
Interest received	<u>320</u>	<u>909</u>	<u>953</u>
Net cash used by investing activities	<u>(1,399,958)</u>	<u>(1,061,783)</u>	<u>(1,310,073)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid	(521,739)	-	-
Promissory notes received	1,442	104,973	104,973
Promissory notes repaid	-	(802,982)	(802,983)
Long-term/short-term borrowings repaid	(5,276,752)	(8,207,744)	(12,525,601)
Due to related company	(8,782)	26,740	3,240
Long-term/short-term borrowings received	<u>5,802,342</u>	<u>6,226,193</u>	<u>9,458,366</u>
Net cash used by financing activities	<u>(3,489)</u>	<u>(2,652,820)</u>	<u>(3,762,005)</u>
Net increase in cash and cash equivalents for the period	535,549	(647,550)	(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>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	US\$ <u>3,055,595</u>	<u>3,357,367</u>	<u>2,520,046</u>
Comprised of			
Cash and cash equivalents	3,055,595	3,820,140	2,763,268
Bank overdraft	-	(462,773)	(243,222)
	US\$ <u>3,055,595</u>	<u>3,357,367</u>	<u>2,520,046</u>

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

CARIBBEAN PRODUCERS (JAMAICA) LIMITED
Period ended March 31, 2018

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 are wholesale and distribution of food and beverages, the distribution of non-food supplies and the manufacture and distribution of fresh juices and processes meats.

As at March 31, 2018, 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 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) A "subsidiary" is an enterprise controlled by the company. The group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of a subsidiary are included in the consolidated financial statements from the date control commences until the date that control ceases.

The interim consolidated financial statements include the financial statements of the company and its subsidiaries (note 1)

(ii) Intra-group balances and transactions, and any unrealised gains and losses or 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 March 31, 2018

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>March 31, 2018</u>	<u>Three months</u> <u>ended March 31,</u> <u>2017</u>	<u>Nine months ended</u> <u>March 31, 2018</u>	<u>Nine months ended</u> <u>March 31, 2017</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 interim financial statements, the management and directors were still in discussion with TAJ to review the proposed adjustments.

8 Dividends

On November 17, 2017, the Board of Directors declared an interim dividend of J\$0.06 per stock unit payable on January 19, 2018 to shareholders on record as at December 15, 2017 with an ex-dividend date of December 13, 2017.



TOP TEN (10) STOCKHOLDERS AS AT 31ST MARCH 2018

NAME	UNITS	%
Sportswear Producers Limited	248,000,000	22.5455
Mayberry Jamaican Equities Limited	218,839,500	19.8945
Wave Trading Limited	180,632,858	16.4212
Oniks Investments Limited	90,455,000	8.2232
Thomas Tyler	82,830,563	7.5301
Ho Choi Limited	33,081,579	3.0074
Beech Realty Company Ltd	31,000,000	2.8182
PWL Bamboo Holdings Limited	15,000,012	1.3636
ATL Group Pension Fund Trustees Nom. Ltd	12,982,044	1.1802
Bricks Limited	12,000,000	1.0909

DIRECTORS AND CONNECTED PARTIES REPORT

NAME	POSITION	RELATIONSHIP	UNITS	%
<u>Sportswear Producers Limited</u>			248,000,000	22.5455
Mark Hart	Chairman	Connected party holding		
<u>Wave Trading Limited</u>			180,632,858	16.4212
Mark Hart	Chairman	Connected party holding		
<u>Mayberry Jamaican Equities Limited</u>			218,839,500	19.8945
Konrad Mark Berry	Director	Connected party holding		
Christopher Berry	Director	Connected party holding		
<u>PWL Bamboo Holdings Limited</u>			15,000,012	1.3636
Christopher Berry	Director	Connected party holding		
<u>Bricks Limited</u>			12,000,000	1.0909
David Lowe	Director	Connected party holding		
<u>Alpine Endeavors Limited</u>			1,881,100	0.1710
Ronald Schrager	Director	Connected party holding		
<u>A+Medical Centre Limited</u>			1,000,000	0.0909
Christopher Berry	Director	Connected party holding		
<u>Apex Pharmacy Limited</u>			921,936	0.0838
Christopher Berry	Director	Connected party holding		
<u>Hall's Investments Limited</u>			114,090	0.0104
Richard Mark Hall	Director	Connected party holding		

NAME	POSITION	RELATIONSHIP	UNITS	%
Thomas Tyler	Director	Self	82,830,563	7.5301
Jan Polack	Director	Self	2,790,185	0.2537
Konrad Mark Berry	Director	Self	500,000	0.0455
Robert J. Hooker	Director	Self	472,000	0.0429
Theresa Chin	Director	Self	288,900	0.0263

SENIOR MANAGERS

NAME	UNITS	%
Debbie Clarke	0	0
Hugh Logan	144,343	0.0131
Kesha Ann Harper	0	0
Rhys Campbell	0	0
Ryan Peart	0	0
Wayne Soltau	0	0