



CARIBBEAN FLAVOURS AND FRAGRANCES LIMITED

REVIEW OF THE RESULTS FOR THE QUARTER ENDED DECEMBER 31, 2014

For the above mentioned reporting period revenues increased by \$ 16.46 million dollars, from \$ 63.73 million dollars in the quarter ended December 31, 2013 to \$ 80.19 million dollars in the quarter ended December 31, 2014.

Gross Profit for the 2014 quarter was down slightly by \$ 1.6 million when compared with the 2013 period.

As a result the net profit for the period was \$ 10.81 million compared to the amount of \$ 11.08 million in the 2013 period.

The twenty six per cent (26 %) increase in revenues for the second quarter is consistent with our strategy to grow revenues over and above the rate of inflation in the country. However, because of increased air freighting costs for the importation of certain raw materials from the Central American region, the profitability of the company was adversely affected.

The company has taken steps to ensure that these and other associated costs are reduced to acceptable levels in the future by making new arrangements with our suppliers.

In addition to the above, there was also an adjustment for inventories and this also affected the final results for the quarter.

We look forward to a profitable third quarter as the company continues to seek to increase its revenues by increasing sales to its existing customers in Jamaica and in markets outside of Jamaica.

Anand James
Managing Director

CARIBBEAN FLAVOURS AND FRAGRANCES LIMITED

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FOR THE SIX MONTHS TO 31 DECEMBER 2014

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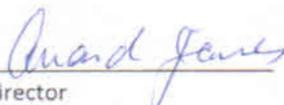
CARIBBEAN FLAVOURS AND FRAGRANCES LIMITED
STATEMENT OF PROFIT AND LOSS AND COMPREHENSIVE INCOME
FOR THE SIX MONTHS TO 31 DECEMBER 2014

	Unaudited 3 months ended 31 December 2014 \$ '000	Unaudited 3 months ended 31 December 2013 \$ '000	Unaudited 6 months ended 31 December 2014 \$ '000	Unaudited 6 months ended 31 December 2013 \$ '000	Audited 12 months ended 30 June 2014 \$ '000
REVENUE	80,193	63,728	143,503	125,832	255,362
Cost of sales	<u>(55,987)</u>	<u>(37,927)</u>	<u>(95,944)</u>	<u>(73,802)</u>	<u>(153,727)</u>
Gross profit	24,206	25,801	47,559	52,030	101,635
Bad debt recovered	20	-	35	-	23
Impairment of fixed asset	-	-	-	-	(528)
Selling and distribution costs	(401)	(361)	(692)	(619)	(897)
Administrative expenses	(13,829)	(16,120)	(27,690)	(28,359)	(54,793)
Net finance income	<u>814</u>	<u>1,760</u>	<u>2,422</u>	<u>2,314</u>	<u>5,748</u>
Profit before tax	10,810	11,080	21,634	25,366	51,188
Taxation	-	-	-	-	(641)
Net profit	10,810	11,080	21,634	25,366	50,547
Earnings per share	\$0.41	\$0.42	\$0.81	\$0.95	\$0.60

CARIBBEAN FLAVOURS AND FRAGRANCES LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014

Note	Unaudited 31 December 2014 \$ '000	Unaudited 31 December 2013 \$ '000	Audited 30 June 2014 \$ '000
ASSETS			
CURRENT ASSETS			
Cash and bank balances	24,264	17,452	18,190
Short term investments	54,238	65,383	61,707
Tax recoverable	6,310	-	7,367
Receivables and prepayments	55,452	35,903	47,893
Inventory	53,878	41,432	41,750
	<u>194,142</u>	<u>160,170</u>	<u>176,907</u>
NON-CURRENT ASSETS			
Property, plant and equipment	1,798	2,478	1,320
Deferred tax	-	641	-
	<u>1,798</u>	<u>3,119</u>	<u>1,320</u>
	<u>195,940</u>	<u>163,289</u>	<u>178,227</u>
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Payables and accruals	17,506	11,385	20,824
Taxation	-	10,035	-
Current portion of long term loans	90	576	693
Director's current account	-	78	-
	<u>17,596</u>	<u>22,074</u>	<u>21,517</u>
NON-CURRENT LIABILITIES			
Loan	-	693	-
Shareholder's loans	-	-	-
	<u>-</u>	<u>693</u>	<u>-</u>
EQUITY			
Share capital	56,200	56,200	56,200
Retained earnings	122,144	84,322	100,510
	<u>178,344</u>	<u>140,522</u>	<u>156,710</u>
Total liabilities and equity	<u>195,940</u>	<u>163,289</u>	<u>178,227</u>

Approved and signed on behalf of the Board by:


Director


Director

CARIBBEAN FLAVOURS AND FRAGRANCES
STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS TO 31 DECEMBER 2014

	Unaudited 31 December 2014		Unaudited 31 December 2013		Audited 30 June 2014	
	Share Capital \$ '000	Retained Earnings \$ '000	Share Capital \$ '000	Retained Earnings \$ '000	Share Capital \$ '000	Retained Earnings \$ '000
Balance at beginning of period	56200	100,510	5,620	58,956	56,200	58,956
Issue of shares	-	-	50,580	-	-	-
Net profit	-	21,634	-	25,366	-	50,547
Dividends paid	-	-	-	-	-	(8,993)
	<u>56,200</u>	<u>122,144</u>	<u>56,200</u>	<u>84,322</u>	<u>56,200</u>	<u>100,510</u>

CARIBBEAN FLAVOURS AND FRAGRANCES LIMITED
STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS TO 31 DECEMBER 2014

	6 months ended 31 December 2014 \$ '000	6 months ended 31 December 2013 \$ '000
CASH RESOURCES WERE PROVIDED BY/(USED IN):		
OPERATING ACTIVITIES		
Profit before taxation	21,634	25,366
Adjustment for non-cash income and expenses		
Depreciation	236	777
Interest income	(2,422)	(1,393)
	19,448	24,750
Changes in operating assets and liabilities		
Inventories	(12,128)	(782)
Receivables and prepayments	(7,558)	5,488
Payables and accruals	(3,318)	39
Tax paid	-	(1,290)
Tax recoverable	1,057	-
	(21,947)	3,455
Net (used in)/cash provided by operating activities	(2,499)	28,205
CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	(715)	-
Interest received	2,422	1,393
Net cash provided by investing activities	1,707	1,393
CASH FLOW FROM FINANCING ACTIVITIES		
Issue of shares	-	50,580
Director's current account	-	(1,394)
Bank loan	(603)	(551)
Shareholders loan	-	(5,000)
Net cash (used in)/provided by financing activities	(603)	43,635
NET (DECREASE)/INCREASE IN NET CASH AND CASH EQUIVALENTS	(1,395)	73,233
Cash and cash equivalents at beginning of year	79,897	9,602
CASH AND CASH EQUIVALENTS AT END OF YEAR	78,502	82,835
Represented by:		
Cash on hand	378	2,133
Short Term Investments	54,238	65,383
Bank balances	23,886	15,319
	78,502	82,835

CARIBBEAN FLAVOURS AND FRAGRANCES LIMITED
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
SIX MONTHS ENDED 31 DECEMBER 2014

1. IDENTIFICATION AND PRINCIPAL ACTIVITIES

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

2. BASIS OF PREPARATION

Statement of Compliance

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

New Standards

IAS 1 (Amended)

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

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

Critical Accounting Estimates and Judgements in Applying Accounting Policies

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

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	33 ⅓%
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 <date to be verified>. 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	<u>2014</u>	<u>2013</u>
<u>Authorised:</u>		
91,452,000 ordinary shares of no par value (2013:5,621,000)		
<u>Issued and fully paid:</u>		
89,920,033 ordinary shares of no par value	56,200	5,620

**SAREHOLDINGS OF TOP TEN (10) STOCKHOLDERS, DIRECTORS AND SENIOR OFFICERS AS AT
DECEMBER 31, 2014.**

TOP (10) STOCKHOLDERS	NUMBER OF SHARES HELD
DERRIMON TRADING COMPANY LIMITED	44,078,122
ANAND JAMES	11,689,604
JOAN JAMES	11,689,604
ANTHONY JAMES	4,445,000
MAYBERRY MANAGED CLIENT S ACCOUNT	3,773,780
MAYBERRY WEST INDIES BANK LIMITED	3,596,002
KONRAD BERRY	1,768,214
CATHERINE ADELIA PEART	1,711,730
MANWEI INTERNATIONAL LIMITED	975,828
MAYBERRY INVESTMENTS LTD. PENSION SCHEME	781,275

DIRECTORS

ANAND JAMES	11,689,604
JOAN JAMES	11,689,604
ANTHONY JAMES	4,445,000
HOWARD MITCHELL	444,395
CLIVE NICHOLAS	100,000

SENIOR MANAGERS

ANAND JAMES	11,689,604
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