



Salada Foods Jamaica Limited
Interim Financial Report to Stockholders
For the Nine Months to June 30, 2015

The Directors of Salada Foods Jamaica Limited now release the unaudited financial results of the Group for the period ended June 30, 2015.

The quarter ending June 30, 2015 was a difficult one for the Company. However, several significant positive steps have and are being taken to address the challenges.

Sales for the quarter were \$153 million, which is \$33 million lower than the corresponding quarter in the prior year. However, sales year to date (YTD) were \$507.6 million, which was \$67.9 million higher than the year to date position in the prior year. This significant increase in sales YTD was due to the new management's successful focus on growing export business. Export sales year to date were \$127 million compared to \$57 million in the corresponding prior year period. The Company expects export sales to continue to grow at a faster pace than local sales for the remainder of the financial year.

The resulting financial performance for the quarter was a loss of \$9.7 million, which was below the prior year's equivalent quarter of \$28.8 million profit. Profit before tax for the nine months to June was \$26.6 million, which was also below prior year's comparable YTD profit of \$68.9. This resulted from a number of factors. Chief among them was the purchase, at the end of the last financial year of 12 months' supply of coffee beans at a time when coffee bean prices were at or near their highest.

Increased prices and increased export sales on coffee products have to some extent mitigated the increased bean cost but has not been enough to negate the impact of the over 70% increase in bean cost. The expensive coffee beans will affect the margins for the remainder of the year after which it is expected that the higher cost coffee beans would have all been processed and sold. Management will in the future source coffee beans at lower cost and/or in less quantity to avoid a recurrence.

Profits were also affected by the performance of The Company's subsidiary, Mountain Peak Food Processors Limited (MPFP). As such, a decision has been taken to close down MPFP's manufacturing operations. MPFP will continue to sell products under its Roberts brand but the manufacturing of those products will be sourced through alliances with third party manufacturing partners.

Sales and promotional expenses for the quarter and YTD were marginally better than the same period in the previous year. However, administrative expenses of \$27.1 million for the quarter and \$80.7 million for the YTD were above previous year's administrative expenses for the same periods, due mainly to increased staff compliment as a result of the strengthening of the procurement and accounting functions.

Inventory of \$371 million as at June 2015 was higher than the corresponding period in the prior year as a result of the higher cost and the volume of expensive coffee beans being held. There however has been a reduction in inventory of 9.5% compared with the previous quarter's end, resulting from systematic steps employed by management to reduce same.



A national advertising and promotion campaign for the Company's coffee products will be run between July and September 2015 to assist in driving local consumer demand. This together with anticipated increased export sales is expected to improve the outlook of the final quarter for the financial year.

A handwritten signature in black ink that reads "Patrick Williams".

.....
Patrick Williams Chairman

A handwritten signature in black ink, appearing to be "Aubyn Hill", written in a stylized, cursive script.

.....
Aubyn Hill Director



Salada Foods Jamaica Limited (Group)

Unaudited Consolidated Statement of Comprehensive Income For Nine Months Ended June 30, 2015

	Three Months ended		Nine Months ended	
	June 30 2015 \$'000	June 30 2014 \$'000	June 30 2015 \$'000	June 30 2014 \$'000
Turnover	153,023	188,083	507,617	439,705
Cost of Sales	<u>(126,598)</u>	<u>(121,958)</u>	<u>(383,276)</u>	<u>(279,018)</u>
Gross Profit	26,425	66,125	124,341	160,687
Other operating income	309	593	4,590	7,315
Selling and promotional expenses	(11,421)	(12,764)	(28,380)	(28,865)
Administrative expenses	(27,081)	(26,577)	(80,698)	(75,703)
Operating profit	(11,769)	27,377	19,854	63,434
Interest income	<u>2,087</u>	<u>1,424</u>	<u>6,745</u>	<u>5,450</u>
Profit before taxation	(9,681)	28,801	26,598	68,884
Taxation	2,336	(8,640)	(5,518)	(20,663)
Total comprehensive income	<u>(7,346)</u>	<u>20,161</u>	<u>21,081</u>	<u>48,221</u>
Attributable to:				
Stockholders of the company	(8,296)	21,620	22,133	51,790
Non-controlling interest	950	(1,459)	(1,052)	(3,569)
	<u>(7,346)</u>	<u>20,161</u>	<u>21,081</u>	<u>48,221</u>
Earnings per stock unit	-\$0.08	\$0.21	\$0.21	\$0.50



Salada Foods Jamaica Limited (Group)

Unaudited Consolidated Statement of Financial Position

For June 30, 2015

	Unaudited June 30 2015 \$'000	Unaudited June 30, 2014 \$'000	Audited September 2014 \$'000
NON-CURRENT ASSETS			
Property, Plant and equipment	223,188	228,014	230,282
Intangible Assets	11,143	4,984	11,143
Employee Benefit Asset	11,501	51,370	11,501
Investment	15,000	15,000	15,000
Deferred tax asset	35,180	-	21,824
	<u>296,012</u>	<u>299,368</u>	<u>289,750</u>
CURRENT ASSETS			
Cash and cash equivalents	63,469	44,030	74,908
Accounts receivable	101,562	197,734	282,752
Inventories	370,596	287,763	227,178
Biological assets	1,129	2,151	2,500
	<u>536,756</u>	<u>531,678</u>	<u>587,338</u>
TOTAL ASSETS	<u>832,768</u>	<u>831,046</u>	<u>877,088</u>
STOCKHOLDERS' EQUITY			
Share Capital	73,216	73,216	73,216
Capital Reserves	16,275	16,275	16,275
Retained Earnings	631,206	624,722	645,112
	<u>720,697</u>	<u>714,213</u>	<u>734,603</u>
NON-CONTROLLING INTEREST	<u>1,052</u>	<u>(249)</u>	<u>7,617</u>
	<u>721,749</u>	<u>713,964</u>	<u>742,220</u>
NON-CURRENT LIABILITY			
Employee benefit obligation	40,582	23,689	36,194
Deferred Tax Liability		7,376	
	<u>40,582</u>	<u>31,065</u>	<u>36,194</u>
CURRENT LIABILITIES			
Accounts Payable	67,146	81,347	76,632
Taxation Payable	3,291	4,670	22,042
	<u>70,437</u>	<u>86,017</u>	<u>98,674</u>
TOTAL STOCKHOLDERS' EQUITY AND	<u>832,768</u>	<u>831,046</u>	<u>877,088</u>

Approved by:

Patrick Williams – Chairman

Aubyn Hill - Director



Salada Foods Jamaica Limited (Group)

Unaudited Consolidated Statement of Changes in Equity

Attributable to Stockholders of the Company

For Nine Months Ended June 30, 2015

	Share Capital \$'000	Capital Reserve \$'000	Retained Earnings \$'000	Non- controlling Interest \$'000	Total \$'000
Balances at September 30, 2014	73,216	16,275	645,112	7,617	742,220
Total comprehensive income for the period			22,133	(1,052)	21,081
	73,216	16,275	667,245	6,565	763,301
Dividends paid			(41,552)		(41,552)
Balances at June 30 2015	73,216	16,275	625,693	6,565	721,749

	Share Capital \$'000	Capital Reserve \$'000	Retained Earnings \$'000	Non- controlling Interest \$'000	Total \$'000
Balances at September 30, 2013	73,216	16,275	614,485	3,320	707,296
Total comprehensive income for the period			51,790	(3,569)	48,221
	73,216	16,275	666,275	(249)	755,517
Dividends paid			(41,553)		(41,553)
Balances at June 30 2014	73,216	16,275	624,722	(249)	713,964



Salada Foods Jamaica Limited (Group)
Unaudited Consolidated Statement of Cash Flows
For June 30, 2015

	Unaudited June 30 2015 \$'000	Unaudited June 30 2014 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit for the period	21,081	48,221
Adjustment for items not involving cash	<u>38,472</u>	<u>22,782</u>
	59,553	71,003
Changes in operating assets and liabilities		
Inventories	(143,418)	(37,226)
Accounts receivable	181,190	(107,769)
Accounts payable	<u>(9,486)</u>	<u>9,217</u>
Cash generated from operations	87,839	(64,775)
Taxation paid	<u>(37,295)</u>	<u>-</u>
Net cash provided/(used) by operating activities	<u>50,544</u>	<u>(64,775)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment in Subsidiary	-	(4,984)
Purchase of property, plant and equipment	(21,802)	(41,030)
Investment in biological assets	<u>1,371</u>	<u>-</u>
Net cash used by investing activities	<u>(20,431)</u>	<u>(46,014)</u>
Net cash provided/(used) before dividends	30,113	(110,789)
Dividends paid	<u>(41,552)</u>	<u>(41,553)</u>
Net increase/(decrease) in cash and cash equivalents	(11,439)	(152,342)
Cash and cash equivalents at beginning of period	74,908	196,372
Cash and cash equivalents at end of period	<u>63,469</u>	<u>44,030</u>



Salada Foods Jamaica Limited (Group)

Notes to the Interim Financial Statements

June 30, 2015

1) Identification

Salada Foods Jamaica Limited (“the company”) is incorporated and domiciled in Jamaica. Its principal activity is the manufacture and sale of instant coffee and roasted and ground coffee beans and other consumer products. The company and its subsidiaries are collectively referred to as the “group”. The company’s registered office is located at 20 Bell Road, Kingston 11 Jamaica, West Indies.

2) Statement of compliance, basis of preparation and significant accounting policies

a) Statement of Compliance

- i) The consolidated financial statements are prepared in accordance with International Financial reporting Standards (IFRS) and their interpretations, issued by the International Accounting Standards Board (IASB), and comply with the provisions of the Jamaican Companies Act.

b) Basis of preparation

- i) These financial statements are presented in Jamaican dollar, which is the functional currency of the group. All information presented in Jamaican dollars has been rounded to the nearest thousands, except when otherwise indicated.
- ii) The financial statements are prepared on the historical cost basis, where necessary, prior period comparatives have been reclassified to conform to current period presentation. The same accounting policies and methods of computation are followed in the interim financial statements, as were followed in the most recent annual financial statements.

c) Significant accounting policies

- i) Property, plant & equipment:

Property, plant & equipment are stated at historical cost or deemed cost, less accumulated depreciation and impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the group and its cost can be measured reliably. The cost of day-to-day servicing of property, plant and equipment is recognised in the income statement.



Salada Foods Jamaica Limited (Group)

Notes to the Interim Financial Statements

June 30, 2015

2. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

c). Significant accounting policies (cont'd)

ii) Depreciation:

Depreciation is computed on a straight-line basis at annual rates estimated to write down the property, plant & equipment to their estimated residual values at the end of their expected useful lives. No depreciation is charged on freehold land. Annual depreciation rates are as follows:

Buildings	2.5 - 10%
Infrastructure	2.5 – 10%
Machinery and equipment	2.5 - 20%
Motor vehicles	20%

The depreciation methods, useful lives and residual values are reassessed at the reporting date.

iii) Inventories:

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average cost basis. The cost of finished goods and work-in-progress comprises raw and packaging materials, direct labour, other direct costs and a proportion of related production overheads. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The cost of other inventories is based on the FIFO principle and includes expenses incurred in acquiring and bringing them to their existing location and condition.

iv) Accounts receivable:

Trade and other receivables are stated at amortised cost, less impairment losses.

v) Cash and cash equivalents:

Cash and cash equivalents comprise cash and bank balances, other short-term investments and other monetary instruments with maturities ranging between one and twelve months from the statement of financial position date.

vi) Accounts payable:

Trade and other payables are stated at amortised cost.



Salada Foods Jamaica Limited (Group)

Notes to the Interim Financial Statements

June 30, 2015

2. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

c). Significant accounting policies (cont'd)

vii) Revenue:

Revenue from the sale of goods is recognised in profit or loss 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.

viii) Income tax:

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the profit or loss except to the extent that it relates to items recognised directly to equity, in which case it is recognised in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted at the statement of financial position date.

ix) Segment reporting:

An operating segment is a component of the group 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 Operating 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.

SALADA FOODS JAMAICA LIMITED

**LIST OF SHAREHOLDERS
AS AT 30 JUNE 2015**

10 LARGEST SHAREHOLDERS

SHAREHOLDERS	SHAREHOLDING
RESOURCE IN MOTION LIMITED	60,231,450
AIC (JAMAICA) LIMITED	8,988,120
DONWIS LIMITED	7,504,280
IDEAL PORTFOLIO SERVICES COMPANY LIMITED	3,217,017
JAMAICAN TEAS LIMITED BUYING ACCOUNT	2,960,000
IDEAL GROUP CORPORATION LIMITED	2,726,000
IDEAL FINANCE CORPORATION LIMITED	2,620,000
IDEAL BETTING COMPANY LIMITED	2,755,310
DONOVAN A. LEWIS	1,677,400
CARIBBEAN TRUST & MERCHANT BANK	1,030,760
	93,710,337

**SHAREHOLDINGS OF DIRECTORS' & CONNECTED PARTIES
AS AT 30 JUNE 2015**

DIRECTORS	TOTAL SHAREHOLDING	DIRECT	CONNECTED
BERNARD, MICHAEL	0	0	0
HILL, AUBYN	0	0	0
LEWIS, KATHRYN	81,445,057	1,000	81,444,057
STULTZ, ERIC	0	0	0
WILLIAMS, PATRICK	0	0	0

**SENIOR MANAGEMENT HOLDINGS
AS AT 30 JUNE 2015**

SENIOR MANAGERS	TOTAL SHAREHOLDING	DIRECT	CONNECTED
LEWIS, LORNA	0	0	0
MILES, MICHELLE	0	0	0
SMITH, MICHELLE	0	0	0
WONG, BERNADETTE	0	0	0

NOTES:

1. EFFECTIVE 30 APRIL 2015, OLIVIA M. GLOVER,
COMPANY SECRETARY RETIRED FROM SALADA FOODS
GROUP OF COMPANIES

2. MICHELLE SMITH WAS APPOINTED AS COMPANY
SECRETARY TO THE SALADA FOODS GROUP OF
COMPANIES EFFECTIVE 30 APRIL 2015