



Salada Foods Jamaica Limited Interim Financial Report to Stockholders For the Three Months to December 31, 2015

The Directors of Salada Foods Jamaica Limited now release the unaudited financial results of the Group for the period ended December 31, 2015.

Net profit attributable to shareholders for the quarter was \$15.3 million compared to \$1.5 million for the corresponding prior year's quarter. This equates to earnings per stock unit (EPS) of \$0.15 for the quarter versus \$0.01 for the same period in the prior year.

Revenue for the quarter was \$188.6 million, an increase of 41.2% over the corresponding period in the previous year. This resulted from increases in sales for both the export and domestic markets. This is the highest ever sales by Salada in a first quarter. Export sales grew by 72.6% and domestic by 40% over corresponding period in the prior year. This is validation of the export-led strategy that the company is pursuing.

Profit before tax for the quarter of \$18 million was an improvement over the previous year's loss of \$735 thousand. The performance of subsidiaries Mountain Peak Food Processors Limited and Pimora Company Limited continues to be a drag on profits. However, changes implemented late in the last financial year at Mountain Peak Food Processors are slowly bearing fruit and the overall performance of that subsidiary is improving. We remain bullish on the future of Pimora as we sensitise the local market to its unique offering and we expect the early interest shown by overseas companies will begin to translate into sales in North America as the weather warms up.

The gross margin for the quarter was 31.2%, compared with 20.1% for the same period in the prior year. This resulted from a price increase in November 2015 and improved sales of higher margin products to the trade.

Selling and promotional expenses for the quarter of \$12.7 million increased by 50% over the corresponding period for the prior year. This resulted from reallocation of expenses and an increase in promotional spending to drive both the local and international sales growth that was realised. Administrative expenses of \$30.1 million for the quarter were above the corresponding prior year's period due mainly to additional staff costs and one off redundancy costs.

Inventory of \$317 million for the quarter was marginally below the corresponding period in the prior year. However plans put in place since the last financial year have resulted in a steady reduction in inventory since it peaked in March 2015. Inventory levels will continue to fall over the coming quarter.

Patrick Williams Chairman

Aubyn Hill Director



Salada Foods Jamaica Limited (Group)

Unaudited Consolidated Statement of Comprehensive Income For Three Months ended December 31, 2015

	Three Months ended	
	December 31	December 31
	2015	2014
	\$'000	\$'000
Turnover	188,630	134,195
Cost of Sales	(129,849)	(107,158)
Gross Profit	58,781	27,037
Other operating income	352	2,132
Selling and promotional expenses	(12,667)	(8,426)
Administrative expenses	(30,086)	(22,877)
Operating profit	16,380	(2,134)
Interest income	1,707	1,399
Profit before taxation	18,087	(735)
Taxation	(4,609)	194
Total comprehensive income	13,478	(541)
Attributable to:		
Stockholders of the company	15,300	1,461
Non-controlling interest	(1,822)	(2,002)
	13,478	(541)
Earnings per stock unit	\$0.15	\$0.01



Salada Foods Jamaica Limited (Group)

Unaudited Consolidated Statement of Financial Position

December 31, 2015

	Unaudited December 31 2015 \$'000	Unaudited December 31 2014 \$'000	Audited September 30 2015 \$'000
NON-CURRENT ASSETS			
Property, Plant and equipment	158,699	236,939	163,715
Assets Held for Sale	42,761	-	43,030
Intangible Assets	9,843	11,143	10,400
Employee Benefit Asset	15,420	11,501	16,389
Investment	-	15,000	-
Deferred tax asset	41,528	21,824	38,777
	<u>268,251</u>	<u>296,407</u>	<u>272,311</u>
CURRENT ASSETS			
Cash and cash equivalents	76,219	103,859	112,486
Investments	15,000	-	15,000
Accounts receivable	124,640	114,221	90,343
Inventories	317,984	322,326	340,962
Biological assets	2,933	2,500	2,017
Taxation Recoverable	-	-	2,361
	<u>536,776</u>	<u>542,906</u>	<u>563,169</u>
TOTAL ASSETS	<u>805,027</u>	<u>839,313</u>	<u>835,480</u>
STOCKHOLDERS' EQUITY			
Share Capital	73,216	73,216	73,216
Capital Reserves	16,275	16,275	16,275
Retained Earnings	625,328	605,021	651,581
	<u>714,819</u>	<u>694,512</u>	<u>741,072</u>
NON-CONTROLLING INTEREST	<u>(3,946)</u>	<u>5,615</u>	<u>(2,124)</u>
	<u>710,873</u>	<u>700,127</u>	<u>738,948</u>
NON-CURRENT LIABILITY			
Employee benefit obligation	<u>36,119</u>	<u>36,194</u>	<u>36,119</u>
CURRENT LIABILITIES			
Accounts Payable	53,446	81,749	60,413
Taxation Payable	4,589	21,243	-
	<u>58,035</u>	<u>102,992</u>	<u>60,413</u>
TOTAL STOCKHOLDERS' EQUITY AND LIABILITIES	<u>805,027</u>	<u>839,313</u>	<u>835,480</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 Three Months Ended December 31, 2015

	Share Capital \$'000	Capital Reserve \$'000	Retained Earnings \$'000	Non- controlling Interest \$'000	Total \$'000
Balances at September 30, 2015	73,216	16,275	651,581	(2,124)	738,948
Total comprehensive income for the period			15,300	(1,822)	13,478
	73,216	16,275	666,881	(3,946)	752,426
Dividends paid			(41,553)		(41,553)
Balances at December 31, 2015	73,216	16,275	625,328	(3,946)	710,873

	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			1,461	(2,002)	(541)
	73,216	16,275	646,573	5,615	741,679
Dividends paid			(41,552)		(41,552)
Balances at December 31, 2014	73,216	16,275	605,021	5,615	700,127



Salada Foods Jamaica Limited (Group)
Unaudited Consolidated Statement of Cash Flows
Period ended December 31, 2015

	Unaudited December 31 2015 <u>\$'000</u>	Unaudited December 31 2014 <u>\$'000</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit for the period	13,478	(541)
Adjustment for items not involving cash	<u>13,301</u>	<u>8,978</u>
	26,779	8,437
Changes in operating assets and liabilities		
Inventories	22,978	(95,148)
Accounts receivable	(34,297)	168,531
Accounts payable	<u>(6,977)</u>	<u>5,115</u>
Cash generated from operations	8,483	86,935
Taxation paid	<u>(401)</u>	<u>(799)</u>
Net cash provided by operating activities	<u>8,082</u>	<u>86,136</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received	1,442	
Purchase of property, plant and equipment	(3,322)	(15,633)
Investment in biological assets	<u>(916)</u>	<u>-</u>
Net cash used by investing activities	<u>(2,796)</u>	<u>(15,633)</u>
Net cash provided before dividends	5,286	70,503
Dividends paid	<u>(41,553)</u>	<u>(41,552)</u>
Net (decrease)/increase in cash and cash equivalents	(36,267)	28,951
Cash and cash equivalents at beginning of period	<u>112,486</u>	<u>74,908</u>
Cash and cash equivalents at end of period	<u>76,219</u>	<u>103,859</u>



Salada Foods Jamaica Limited (Group)

Notes to the Interim Financial Statements

Period ended December 31, 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

Period ended December 31, 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

Period ended December 31, 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 31 DECEMBER 2015**

10 LARGEST SHAREHOLDERS

SHAREHOLDERS	SHAREHOLDING
RESOURCE IN MOTION LIMITED	60,233,700
AIC (JAMAICA) LIMITED	8,988,120
DONWIS LIMITED	7,504,280
IDEAL PORTFOLIO SERVICES COMPANY LIMITED	3,217,477
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
	93,713,047

**SHAREHOLDINGS OF DIRECTORS' & CONNECTED PARTIES
AS AT 31 DECEMBER 2015**

DIRECTORS	TOTAL SHAREHOLDING	DIRECT	CONNECTED
Bernard, Michael	0	0	0
Hill, Aubyn	0	0	0
Lewis, Kathryn	81,447,767	1,000	81,446,767
Stultz, Eric	0	0	0
Williams, Patrick	0	0	0

COMPANY SECRETARY	TOTAL SHAREHOLDING	DIRECT	CONNECTED
Smith, Michelle	0	0	0

**SENIOR MANAGEMENT HOLDINGS
AS AT 31 DECEMBER 2015**

SENIOR MANAGERS	TOTAL SHAREHOLDING	DIRECT	CONNECTED
Kerr, Andrew	0	0	0
Lemard, Dave	0	0	0
Lewis, Lorna	0	0	0
Miles, Jerome	0	0	0
Wong, Bernadette	0	0	0