



**SALADA FOODS JAMAICA LIMITED**  
**UNAUDITED FINANCIAL STATEMENTS TO STOCKHOLDERS**  
Directors' Statement

The Directors hereby present the unaudited financial statements of the Group for the second quarter ended March 31, 2014.

	Quarter (\$ Millions)			Year-todate (\$ Millions)		
	Current	Prior	% Chg	Current	Prior	% Chg
Sales	124.2	140.6	-11.7%	251.6	293.5	-14.3%
Gross Profit	43.7	62.5	-30.1%	94.5	123.5	-23.5%
Selling & Promotional Expenses	7.6	4.6	-65.2%	16.1	14.0	15.0%
Administrative Expenses	26.6	25.3	-5.1%	49.1	50.0	-1.8%
Interest Income	1.3	3.9	-66.7%	4.0	8.3	-51.8%
Profit Before Tax	13.1	46.0	-71.5%	40.1	81.3	-50.7%
Profit After Tax	9.0	29.3	-69.3%	28.1	55.0	-48.9%
EPS Unit Cents	0.10	0.29	-65.5%	0.29	0.54	-46.3%

The year-to-date (YTD) profit before tax was \$40.1million versus \$81.3 million for the corresponding prior year period. Profit before tax for the quarter was \$13.1 million compared to \$46.0 million for the corresponding quarter of 2013. This decrease resulted from a reduction in sales, other operating income and interest income which was partially offset by the YTD reduction in Administration expenses.

Turnover for the six months was \$251.6 million, a \$41.9 million or 14.3% decrease when compared with the prior year's \$293.5 million. The turnover for the quarter decreased from \$140.6 million to \$124.2 million, an 11.7% decrease over the corresponding prior year's period. This resulted from the change in the local distributor which occurred during the quarter and the continued process of transition in the retail trade. The cost of sales ratio YTD was 62.4% compared with 57.9% in the prior year while for the quarter the ratio was 64.8% compared with 55.5% for the prior year's quarter ended March 31, 2013. The year to date gross profit was \$94.5 million, a \$29.0 million or 23.5% decrease over the prior year's result of \$123.5 million. The quarter's gross profit reflected a 30.1% decrease, moving from \$62.5 million to \$43.7 million. These results were adversely affected by the subsidiary Mountain Peak Food Processors Limited which has not yet reached a break even position and incurred a loss for the quarter and period.

Selling & Promotional expenses YTD of \$16.1 million was 15% above the prior year's \$14.0 million, while the quarter's expenses of \$7.6 million were \$3.0 million more than the previous comparative quarter's \$4.6 million which also is as a result of the changes effected with the move in local distribution. Administrative expenses of \$49.1 million YTD were 1.8% below the prior year's \$50.0 million, the quarter's expense of \$26.6 million were 5.1% above the prior year's comparative quarter's expenses.

The Group earned interest income of \$4.0 million YTD compared to \$8.3 million in the prior year, while for the quarter it earned interest income of \$1.3 million in comparison to \$3.9 million in the corresponding prior year's period. This resulted from reduced interest rates and fewer investments on short term deposits.

Net profit attributable to stockholders was \$10.2 million for the quarter ended March 31, 2014 compared with \$30.2 million for the corresponding prior year's quarter. This equates to earnings per stock unit (EPS) of \$0.10 for the quarter versus \$0.29 per stock unit for the corresponding prior year's quarter. Net profit attributable to stockholders for the six months ended March 31, 2014 was \$30.2 million compared with \$56.6 million for the corresponding prior year's period. The YTD earnings per stock unit were \$0.29 compared with \$0.54 for the six months ended March 31, 2013.

  
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 John Bell - Chairman

  
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 Jeffrey Gobham - Director

**SALADA FOODS JAMAICA LIMITED**  
**Consolidated Statement of Comprehensive Income**  
For Six Months ended March 31, 2014

	THIS QUARTER		YEAR TO DATE	
	Unaudited \$'000 Mar-14	Unaudited \$'000 Mar-13	Unaudited \$'000 Mar-14	Unaudited \$'000 Mar-13
<b>Continuing operations</b>				
Turnover	124,199	140,673	251,622	293,551
Cost of Sales	<u>(80,453)</u>	<u>(78,210)</u>	<u>(157,059)</u>	<u>(169,993)</u>
<b>Gross Profit</b>	43,746	62,463	94,563	123,558
Other Operating Income	2,283	9,625	6,723	13,499
Selling and Promotional Expenses	(7,603)	(4,651)	(16,101)	(14,007)
Administrative Expenses	<u>(26,659)</u>	<u>(25,296)</u>	<u>(49,126)</u>	<u>(50,063)</u>
<b>Results from operating activities</b>	<b>11,767</b>	<b>42,141</b>	<b>36,059</b>	<b>72,987</b>
Interest income	1,294	3,954	4,026	8,278
Profit before tax	<u>13,061</u>	<u>46,095</u>	<u>40,085</u>	<u>81,265</u>
Taxation	(4,098)	(16,711)	(12,023)	(26,258)
<b>Total comprehensive income for the period</b>	<b><u>8,963</u></b>	<b><u>29,384</u></b>	<b><u>28,062</u></b>	<b><u>55,007</u></b>
<b>Attributable to:</b>				
Stockholders of the company	10,206	30,195	30,172	56,573
Non-controlling interest	<u>(1,243)</u>	<u>(811)</u>	<u>(2,110)</u>	<u>(1,566)</u>
	<b>8,963</b>	<b>29,384</b>	<b>28,062</b>	<b>55,007</b>
<b>Continuing operations</b>				
Earnings per stock unit	\$0.10	\$0.29	\$0.29	\$0.54
No. of stock units issued	103,883,300	103,883,300	103,883,300	103,883,300

**SALADA FOODS JAMAICA LIMITED**  
**Consolidated Statement of Financial Position**

	Unaudited	Unaudited	Audited
	31 March 2014	31 March 2013	30 September 2013
	\$'000	\$'000	\$'000
<b>Assets</b>			
PROPERTY, PLANT & EQUIPMENT	227,351	141,411	208,414
INVESTMENT	15,000	15,000	15,000
POST RETIREMENT BENEFITS ASSET	51,370	53,485	51,370
<b>Total current assets</b>			
BIOLOGICAL ASSETS	2,151		2,151
INVENTORIES	279,996	241,417	250,537
RECEIVABLES	173,841	94,959	89,965
CASH AND DEPOSITS	<u>47,487</u>	<u>223,206</u>	<u>196,372</u>
TOTAL CURRENT ASSETS	503,475	559,582	539,025
<b>Total current liabilities</b>			
PAYABLES	68,353	57,817	72,129
TAXATION PAYABLE	<u>3,973</u>	<u>3,589</u>	<u>3,319</u>
TOTAL CURRENT LIABILITIES	72,326	61,406	75,448
NET CURRENT ASSETS	431,149	498,176	463,577
<b>Total assets</b>	<u><u>724,870</u></u>	<u><u>708,072</u></u>	<u><u>738,361</u></u>
<b>EQUITY</b>			
SHARE CAPITAL	73,216	73,216	73,216
CAPITAL RESERVES	16,275	16,275	16,275
RETAINED EARNINGS	<u>603,104</u>	<u>580,571</u>	<u>614,485</u>
	692,595	670,062	703,976
NON-CONTROLLING INTEREST	<u>1,210</u>	<u>6,025</u>	<u>3,320</u>
	693,805	676,087	707,296
POST RETIREMENT BENEFITS OBLIGATION	23,689	20,880	23,689
DEFERRED TAX LIABILITY	<u>7,376</u>	<u>11,105</u>	<u>7,376</u>
<b>Total equity attributable to equity holders of the Company</b>	<u><u>724,870</u></u>	<u><u>708,072</u></u>	<u><u>738,361</u></u>

Approved:



Chairman

John Bell

Director

  
Jeffrey Gobham

**SALADA FOODS JAMAICA LIMITED**  
**Consolidated Statement of Changes in Equity**  
 Attributable to Equity Holders of the Company  
 For Six Months ended 31 March, 2013

	No. of Shares	Share Capital	Capital Reserve	Retained Earnings	Non-controlling Interest	Total
	000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balances at 1 October 2012</b>	103,883	73,216	16,275	565,551	7,591	662,633
Total comprehensive income for the quarter				56,573	(1,566)	55,007
	<b>103,883</b>	<b>73,216</b>	<b>16,275</b>	<b>622,124</b>	<b>6,025</b>	<b>717,640</b>
Dividends to equity holders				(41,553)		(41,553)
<b>Balances at 31 March 2013</b>	<b>103,883</b>	<b>73,216</b>	<b>16,275</b>	<b>580,571</b>	<b>6,025</b>	<b>676,087</b>

**For Six Months ended 31 March, 2014**

	No. of Shares	Unaudited Share Capital	Capital Reserve	Retained Earnings	Non-controlling Interest	Total
	000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balances at 1 October 2013</b>	103,883	73,216	16,275	614,485	3,320	707,296
Total comprehensive income for the quarter				30,172	(2,110)	28,062
	<b>103,883</b>	<b>73,216</b>	<b>16,275</b>	<b>644,657</b>	<b>1,210</b>	<b>735,358</b>
<b>Contributions by and distributions to owners</b>						
Dividends to equity holders				(41,553)		(41,553)
<b>Total contributions by and distributions to owners</b>				<b>(41,553)</b>		<b>(41,553)</b>
<b>Balances at 31 March 2014</b>	<b>103,883</b>	<b>73,216</b>	<b>16,275</b>	<b>603,104</b>	<b>1,210</b>	<b>693,805</b>

**SALADA FOODS JAMAICA LIMITED**  
**Consolidated Statement of Cash Flows**  
**For Six Months ended 31 March, 2014**

	Unaudited	Unaudited
	31-Mar 2014	31-Mar 2013
	\$'000	\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Total comprehensive income for the period	28,062	55,007
Adjustment for items not involving cash		
Depreciation	12,658	6,083
	40,720	61,090
Changes in non-cash working capital components:		
Change in Inventories	(29,459)	(24,122)
Change in Receivables	(83,876)	55,496
Change in Payables and accruals	(3,777)	3,162
Income Tax Expense	654	(37,848)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>(75,738)</b>	<b>57,778</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of fixed assets	(31,594)	(60,253)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(31,594)</b>	<b>(60,253)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend Payment	(41,553)	(41,553)
<b>NET CASH FLOWS USED IN FINANCING ACTIVITIES</b>	<b>(41,553)</b>	<b>(41,553)</b>
<b>NET DECREASE/(INCREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(148,885)</b>	<b>(44,028)</b>
Cash and cash equivalents at 1 October	196,372	267,234
<b>CASH AND CASH EQUIVALENTS AT 31 MARCH</b>	<b>47,487</b>	<b>223,206</b>

## **SALADA FOODS JAMAICA LIMITED**

Notes to the Financial Statements (Continued)  
Period ended March 31, 2014

### Depreciation:

- (ii) 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 or capital work-in-progress. Annual depreciation rates are as follows:

Buildings	2.5 - 6.5%
Machinery and equipment	2.5 - 20%
Motor vehicles	20%

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

### (b) 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.

### (c) Accounts receivable:

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

### (d) Cash and cash equivalents:

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

### (e) Accounts payable:

Trade and other payables are stated at amortised cost.



## **SALADA FOODS JAMAICA LIMITED**

Notes to the Financial Statements

Period ended March 31, 2014

### 1. Identification and Basis of preparation

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. 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.

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.

The financial statements are presented in Jamaican dollars (\$), which is the functional currency of the group.

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.

### 2. Statement of compliance, and significant accounting policies

#### (a) Property, plant & equipment:

- (i) 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**

Notes to the Financial Statements (Continued)  
Period ended March 31, 2014

(f) Revenue:

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.

(g) Income tax:

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement 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.

(h) 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.

