



SEPROD LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED

JUNE 30 2014

SEPROD LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE SIX MONTHS ENDED JUNE 2014

(expressed in Jamaican dollars unless otherwise indicated)

	Three Months Ending June 30th		Six Months Ending June 30th	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Revenue	4,065,503	3,603,757	7,817,433	7,210,247
Direct expenses	(3,192,382)	(3,033,542)	(6,027,529)	(5,862,430)
Gross Profit	873,121	570,215	1,789,904	1,347,817
Finance and other operating income	93,190	131,767	188,993	229,724
Dividends	7,434	611	7,849	1,024
(Losses)/gains on stock investments	(29,685)	107,749	(19,764)	102,249
Net foreign exchange gains/(losses)	6,652	35,228	27,504	72,807
Selling expenses	(142,429)	(99,675)	(240,983)	(197,748)
Administration expenses	(428,210)	(372,040)	(838,569)	(783,692)
Operating Profit	380,073	373,855	914,934	772,181
Finance costs	(52,424)	(42,013)	(105,073)	(82,314)
Profit before taxation	327,649	331,841	809,861	689,867
Taxation	(33,312)	(58,739)	(119,914)	(128,172)
Net Profit	294,337	273,102	689,948	561,695
Other Comprehensive Income:				
Items that may be subsequently reclassified to profit & loss				
Fair value gains/(losses) on available-for-sale investments	12,198	(4,713)	46,432	(18,675)
Foreign exchange gain/(loss) on investment in affiliated company	35,345	18,573	79,266	59,526
Total Comprehensive Income	341,881	286,962	815,646	602,545
Net Profit is Attributable to:				
Stockholders of the company	298,216	317,128	697,912	614,474
Non-controlling interest	(3,878)	(44,026)	(7,965)	(52,779)
	294,337	273,102	689,948	561,695
Total Comprehensive Income is Attributable to:				
Stockholders of the company	345,759	330,988	823,610	655,325
Non-controlling interest	(3,878)	(44,026)	(7,965)	(52,779)
	341,881	286,962	815,646	602,545
Number of Shares in issue ('000)	516,339	516,339	516,339	516,339
Earnings per share (\$)	\$0.58	\$0.61	\$1.35	\$1.19

Basis of Preparation

These consolidated financial statements have been prepared in accordance with the accounting policies set out in note 2 of the audited financial statements for the year ended 31 December 2013.

Taxation Expense

The tax on the group's profit differs from the theoretical amount that would arise using the applicable tax rate of 25% (2013 : 28 3/4 %) as follows:

	Three Months Ending June 30th		Six Months Ending June 30th	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Profit before taxation	327,649	331,841	809,861	689,867
Tax calculated at a tax rate of 25% / 28 3/4 %	81,912	95,404	202,465	198,337
Adjusted for the effect of:				
Investment income not subject to tax	(4,434)	(15,813)	(8,754)	(20,002)
Share of Results of Associated Company	-	-	-	-
Unrealised exchange gains not subject to tax	(8,119)	(26,061)	(21,383)	(36,865)
Subsidiaries not subjected to tax	6,010	13,780	694	22,681
	75,369	67,310	173,022	164,151
Employment Tax Credit	(26,398)	-	(43,221)	-
Deferred Taxation	(15,659)	(8,571)	(9,887)	(35,979)
	33,312	58,739	119,914	128,172

	Three Months Ending June 30th		Six Months Ending June 30th	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Profit before taxation	327,649	331,841	809,861	689,867
Tax calculated at a tax rate of 25% / 28 3/4 %	81,912	95,404	202,465	198,337
Adjusted for the effect of:	-	-	-	-
Investment income not subject to tax	(4,434)	(15,813)	(8,754)	(20,002)
Share of Results of Associated Company	-	-	-	-
Unrealised exchange gains not subject to tax	(8,119)	(26,061)	(21,383)	(36,865)
Subsidiaries not subjected to tax	6,010	13,780	694	22,681
	-	-	-	-
	75,369	67,310	173,022	164,151
	-	-	-	-
	-	-	-	-
Employment Tax Credit	(26,398)	-	(43,221)	-
Deferred Taxation	(15,659)	(8,571)	(9,887)	(35,979)
	33,312	58,739	119,914	128,172



SEPROD LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION UNAUDITED
 30 JUNE 2014
 (expressed in Jamaican dollars unless otherwise indicated)

	Unaudited 6/30/2014 \$'000	Audited 12/31/2013 \$'000
NET ASSETS EMPLOYED		
Fixed assets	3,772,433	3,787,173
Intangible assets	14,049	15,316
Available-for-sale investments	2,584,537	2,429,701
Long term receivables	275,986	275,446
Retirement benefit asset	-	-
Biological asset	313,868	294,633
Deferred tax	38,540	40,343
	6,999,413	6,842,612
Current Assets		
Inventories	2,240,177	2,252,634
Biological assets	433,200	607,870
Receivables	4,005,742	2,798,176
Available-for-sale investments	254,171	232,206
Held-for-trading Investments	515,931	535,695
Current portion of long term receivables	38,058	38,058
Taxation Recoverable	-	39,613
Short Term Deposits	-	82,850
Cash and bank balances	400,617	361,935
	7,887,896	6,949,037
Current Liabilities		
Payables	1,905,074	1,686,766
Provisions	-	37,264
Bank Overdraft	41,275	118,914
Current portion of long term liabilities	1,616,759	1,372,185
Taxation	21,849	107,349
	3,584,957	3,322,478
Net Current Assets	4,302,939	3,626,559
	11,302,353	10,469,171
Equity Attributable to Stockholders of the Company		
Share Capital	560,389	560,389
Capital Reserves	1,265,978	1,140,279
Retained Earnings	8,363,890	7,665,979
	10,190,258	9,366,648
Non-controlling Interest	(177,845)	(169,880)
	10,012,413	9,196,768
Non-current Liabilities		
Long Term Liabilities	893,427	864,202
Deferred Tax	207,413	219,102
Retirement Benefit Obligations	189,100	189,100
	1,289,940	1,272,404
	11,302,353	10,469,171

Approved on behalf of the Board:

P. B. Scott
(Chairman)

P.J. Thwaites
(Vice Chairman)

B.E. Thompson
(Chief Executive Officer)

SEPROD LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
For the six months ended June 30, 2014
(expressed in Jamaican dollars unless otherwise indicated)

(Six months ending 30th June)

	2014 \$'000	2013 \$'000
CASH RESOURCES WERE PROVIDED BY/(USED IN):		
Operating Activities		
Net profit	815,646	602,545
Items not affecting cash resources:		
Amortisation of intangible assets	1,267	1,287
Depreciation	206,629	198,133
Taxation	119,914	128,172
	1,143,455	930,137
Changes in operating assets and liabilities:		
Inventories	12,457	390,256
Accounts receivable	(1,207,564)	(431,648)
Biological assets	155,435	136,317
Accounts payable	181,044	(723,946)
	284,826	301,117
Taxation paid	(175,687)	(166,684)
Cash provided by operating activities	109,139	134,432
Investing Activities		
Purchase of fixed assets	(191,888)	(214,865)
Gain/(loss) on disposal of fixed assets	-	-
Repurchase of Shares	-	(899)
Investments in securities, net	(74,187)	(686,740)
Investment in associates	-	-
Long term loan receivable	(540)	-
Cash used in investing activities	(266,616)	(902,504)
Financing Activities		
Proceeds from issuance of ordinary shares of subsidiary	-	165,848
Proceeds from sale of preference shares of subsidiary	-	22,033
Dividends paid	-	-
Short term loan received	816,208	-
Short term loan repaid	(590,383)	-
Long term loan received	96,302	1,025,810
Long term loan repaid	(48,328)	(59,174)
Cash provided by/ (used in) financing activities	273,799	1,154,517
(Decrease)/Increase in cash and cash equivalents	116,322	386,446
Cash and cash equivalents at beginning of year	243,021	193,291
CASH AND CASH EQUIVALENT AT END OF PERIOD	359,343	579,737

SEPROD LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE SIX MONTHS ENDED JUNE 2014
(expresses in Jamaican dollars unless otherwise indicated)

	Equity Attributable to Stockholders of the Company				Total	Non-controlling Interest	Total Equity
	Number of Shares	Share Capital	Capital Reserve	Retained Earnings			
	'000	\$'000	\$'000	\$'000			
Balance as at 1 January 2013	516,398	561,287	990,528	7,044,396	8,596,211	(61,930)	8,534,281
Total comprehensive income			40,847	614,475	655,323	(52,779)	602,544
Transactions with owners:							
Gain on partial disposal to non-controlling interests					-		-
Additional equity contribution in subsidiary by non-controlling interest					-		-
Purchase of treasury shares	(59)	(899)		145,361	145,361	(145,361)	-
Issue of new shares					(899)		(899)
Sale of preference shares					-		-
					-	165,848	165,848
					-	22,033	22,033
Balance at 30 June 2013	516,339	560,389	1,031,375	7,804,232	9,395,996	(72,189)	9,323,807

	Equity Attributable to Stockholders of the Company				Total	Non-controlling Interest	Total Equity
	Number of Shares	Share Capital	Capital Reserve	Retained Earnings			
	'000	\$'000	\$'000	\$'000			
Balance as at 1 January 2014	516,339	560,388	1,140,279	7,665,981	9,366,648	(169,880)	9,196,768
Total comprehensive income	-	-	125,698	697,912	823,610	(7,965)	815,646
Increase in non-controlling interest in subsidiary							
Shares repurchased							
Additional equity contribution in subsidiary by non-controlling interests							
Issue of new shares							
Sale of preference shares							
Dividend Payment							
Balance at 30 June 2014	516,339	560,388	1,265,977	8,363,893	10,190,258	(177,845)	10,012,414

SEPROD LIMITED
UNAUDITED GROUP FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 2014

INFORMATION ABOUT BUSINESS SEGMENTS

(expressed in Jamaican dollars unless otherwise indicated)

(\$000)

	Manufacturing		Distribution		Eliminations		Consolidated	
	30-Jun-14	30-Jun-13	30-Jun-14	30-Jun-13	30-Jun-14	30-Jun-13	30-Jun-14	30-Jun-13
REVENUE								
External sales	5,261,250	4,723,467	2,556,183	2,486,780			7,817,433	7,210,247
Inter-segment sales	1,758,166	1,773,407			(1,758,166)	(1,773,407)		
Total revenue	<u>7,019,416</u>	<u>6,496,874</u>	<u>2,556,183</u>	<u>2,486,780</u>	<u>(1,758,166)</u>	<u>(1,773,407)</u>	<u>7,817,433</u>	<u>7,210,247</u>
RESULTS								
Segment result	<u>961,443</u>	<u>615,108</u>	<u>68,432</u>	<u>99,242</u>			1,029,875	714,350
Unallocated corporate expenses							(114,941)	57,832
Operating profit	961,443	615,108	68,432	99,242	-	-	914,934	772,182
Finance costs	-	-	-	-			(105,073)	(82,314)
Income taxes							(119,914)	(128,172)
Net Profit	<u>961,443</u>	<u>615,108</u>	<u>68,432</u>	<u>99,242</u>	<u>-</u>	<u>-</u>	<u>689,948</u>	<u>561,695</u>
OTHER INFORMATION								
Segment assets	8,865,570	7,905,899	1,047,652	876,791	-	-	9,913,222	8,782,690
Unallocated corporate assets							4,974,088	4,358,715
Total consolidated assets							<u>14,887,310</u>	<u>13,141,405</u>
Segment liabilities	(2,293,882)	(1,267,940)	(175,385)	(165,746)	-	-	(2,469,268)	(1,433,687)
Unallocated corporate liabilities							(2,405,629)	(2,385,272)
Total consolidated liabilities							<u>(4,874,896)</u>	<u>(3,818,959)</u>
Capital expenditure	187,932	202,713	3,535	368			191,467	203,081
Unallocated capital expenditure							422	11,784
Total capital expenditure							<u>191,888</u>	<u>214,865</u>
Depreciation	199,644	189,984	1,936	2,069			201,580	192,053
Unallocated depreciation							5,049	6,080
Total depreciation							<u>206,629</u>	<u>198,133</u>