



SEPROD LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED

SEPTEMBER 30 2014



SEPROD LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 2014
(expressed in Jamaican dollars unless otherwise indicated)

	Three Months Ending September 30th		Nine Months Ending September	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Revenue	3,444,694	3,094,020	11,262,127	10,304,267
Direct expenses	(2,759,959)	(2,404,005)	(8,787,488)	(8,266,435)
Gross Profit	684,735	690,015	2,474,639	2,037,832
Finance and other income	134,428	96,032	339,011	501,835
Selling expenses	(94,578)	(96,060)	(335,560)	(293,808)
Administration expenses	(452,222)	(411,349)	(1,290,792)	(1,195,041)
Operating Profit	272,363	278,638	1,187,297	1,050,819
Finance costs	(59,354)	(47,291)	(164,427)	(129,605)
Profit before taxation	213,009	231,347	1,022,871	921,214
Taxation	(51,857)	(75,296)	(171,771)	(203,468)
Net Profit	161,152	156,051	851,100	717,746
Other Comprehensive Income:				
Items that may be subsequently reclassified to profit & loss				
Fair value gains/(losses) on available-for-sale investment	14,846	19,233	61,278	558
Foreign exchange gain/(loss) on investment in affiliated company	13,480	15,410	92,746	74,936
Total Comprehensive Income	189,478	190,694	1,005,124	793,240
Net Profit is Attributable to:				
Stockholders of the company	193,311	179,684	891,223	794,158
Non-controlling interest	(32,158)	(23,633)	(40,123)	(76,412)
	161,152	156,051	851,100	717,746
Total Comprehensive Income is Attributable to:				
Stockholders of the company	221,637	214,327	1,045,247	869,652
Non-controlling interest	(32,158)	(23,633)	(40,123)	(76,412)
	189,478	190,694	1,005,124	793,240
Number of Shares in issue ('000)	516,339	516,339	516,339	516,339
Earnings per share (\$)	\$0.37	\$0.35	\$1.73	\$1.54

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 September 30th		Nine Months Ending September 30th	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Profit before taxation	213,009	231,347	1,022,871	921,214
Tax calculated at a tax rate of 25% / 28 3/4 %	53,252	66,512	255,718	264,849
Adjusted for the effect of:				
Investment income not subject to tax	(4,162)	(5,137)	(12,916)	(25,139)
Unrealised exchange gains not subject to tax	(544)	(20,918)	(21,927)	(57,782)
Subsidiaries not subjected to tax	22,105	33,248	22,799	55,929
	70,651	73,705	243,673	237,856
Employment Tax Credit	(16,412)	-	(59,634)	-
Deferred Taxation	(2,382)	1,591	(12,269)	(34,388)
	51,857	75,296	171,771	203,468



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

	Unaudited 9/30/2014 \$'000	Audited 12/31/2013 \$'000
NET ASSETS EMPLOYED		
Fixed assets	3,807,887	3,787,173
Intangible assets	13,413	15,316
Available-for-sale investments	2,619,146	2,429,701
Long term receivables	268,557	275,446
Biological asset	318,079	294,633
Deferred tax	41,595	40,343
	<u>7,068,677</u>	<u>6,842,612</u>
Current Assets		
Inventories	1,944,945	2,252,634
Biological assets	526,683	607,870
Receivables	3,306,105	2,798,176
Available-for-sale investments	263,016	232,206
Held-for-trading Investments	551,476	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	503,012	361,935
	<u>7,133,295</u>	<u>6,949,037</u>
Current Liabilities		
Payables	1,273,745	1,686,766
Provisions	-	37,264
Bank Overdraft	47,713	118,914
Current portion of long term liabilities	1,692,421	1,372,185
Taxation	13,134	107,349
	<u>3,027,013</u>	<u>3,322,478</u>
Net Current Assets	<u>4,106,282</u>	<u>3,626,559</u>
	<u>11,174,959</u>	<u>10,469,171</u>
Equity Attributable to Stockholders of the Company		
Share Capital	560,389	560,389
Capital Reserves	1,294,303	1,140,279
Retained Earnings	8,273,212	7,665,979
	<u>10,127,904</u>	<u>9,366,648</u>
Non-controlling Interest	<u>(210,003)</u>	<u>(169,880)</u>
	<u>9,917,901</u>	<u>9,196,768</u>
Non-current Liabilities		
Long Term Liabilities	859,872	864,202
Deferred Tax	208,086	219,102
Retirement Benefit Obligations	189,100	189,100
	<u>1,257,058</u>	<u>1,272,404</u>
	<u>11,174,959</u>	<u>10,469,171</u>

Approved on behalf of the Board:


P. B. Scott
(Chairman)


B. E. Thompson
(Chief Executive Officer)

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

(Nine months ending 30th September)

	2014 \$'000	2013 \$'000
CASH RESOURCES WERE PROVIDED BY/(USED IN):		
Operating Activities		
Net profit	1,005,123	793,240
Items not affecting cash resources:		
Amortisation of intangible assets	1,903	1,920
Depreciation	312,088	295,515
Taxation	171,771	203,468
	1,490,885	1,294,143
Changes in operating assets and liabilities:		
Inventories	307,689	449,678
Accounts receivable	(507,927)	(408,064)
Biological assets	57,741	(94,366)
Accounts payable	(450,285)	(678,949)
	898,103	562,441
Taxation paid	(238,641)	(253,181)
Cash provided by operating activities	659,462	309,260
Investing Activities		
Purchase of fixed assets	(332,802)	(308,703)
Gain/(loss) on disposal of fixed assets	-	-
Repurchase of Shares	-	(899)
Investments in securities, net	(153,186)	(735,915)
Investment in associates	-	-
Long term loan receivable	6,889	-
Cash used in investing activities	(479,099)	(1,045,517)
Financing Activities		
Proceeds from issuance of ordinary shares of subsidiary	-	165,848
Proceeds from sale of preference shares of subsidiary	-	22,033
Dividends paid	(283,991)	(273,660)
Short term loan received	1,232,145	27,452
Short term loan repaid	(935,700)	-
Long term loan received	106,557	837,110
Long term loan repaid	(87,096)	-
Cash provided by/ (used in) financing activities	31,915	778,783
(Decrease)/Increase in cash and cash equivalents	212,278	42,526
Cash and cash equivalents at beginning of year	243,021	193,291
CASH AND CASH EQUIVALENT AT END OF PERIOD	455,299	235,817

SEPROD LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 2014
(expressed in Jamaican dollars unless otherwise indicated)

	Equity Attributable to Stockholders of the Company					Non-controlling Interest	Total Equity
	Number of Shares '000	Share Capital \$'000	Capital Reserve \$'000	Retained Earnings \$'000	Total \$'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			75,494	794,158	869,652	(76,412)	793,240
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 (899)	(145,361)	(899)
Issue of new shares					-		-
Sale of preference shares					-	165,848	165,848
Dividend Payment				(273,660)	(273,660)	22,033	22,033
Balance at 30 September 2013	516,339	560,389	1,066,022	7,710,255	9,336,665	(95,822)	9,240,843

	Equity Attributable to Stockholders of the Company					Non-controlling Interest	Total Equity
	Number of Shares '000	Share Capital \$'000	Capital Reserve \$'000	Retained Earnings \$'000	Total \$'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	-	-	154,023	891,223	1,045,246	(40,123)	1,005,123
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				(283,991)	(283,991)		(283,991)
Balance at 30 September 2014	516,339	560,388	1,294,302	8,273,213	10,127,903	(210,003)	9,917,900

(expressed in Jamaican dollars unless otherwise indicated)

(\$000)

	Manufacturing		Distribution		Eliminations		Consolidated	
	30-Sep-14	30-Sep-13	30-Sep-14	30-Sep-13	30-Sep-14	30-Sep-13	30-Sep-14	30-Sep-13
REVENUE								
External sales	7,405,503	6,506,873	3,856,624	3,797,394			11,262,127	10,304,267
Inter-segment sales	2,579,187	2,687,458						
Total revenue	<u>9,984,690</u>	<u>9,194,331</u>	<u>3,856,624</u>	<u>3,797,394</u>	<u>(2,579,187)</u>	<u>(2,687,458)</u>	<u>11,262,127</u>	<u>10,304,267</u>
RESULTS								
Segment result	<u>1,235,411</u>	<u>912,772</u>	<u>91,014</u>	<u>143,201</u>			1,326,425	1,055,973
Unallocated corporate expenses							<u>(139,128)</u>	<u>(5,155)</u>
Operating profit	1,235,411	912,772	91,014	143,201	-	-	1,187,297	1,050,818
Finance costs	-	-	-	-			<u>(164,427)</u>	<u>(129,605)</u>
Income taxes							<u>(171,771)</u>	<u>(203,468)</u>
Net Profit	<u>1,235,411</u>	<u>912,772</u>	<u>91,014</u>	<u>143,201</u>	<u>-</u>	<u>-</u>	<u>851,100</u>	<u>717,746</u>
OTHER INFORMATION								
Segment assets	8,086,447	7,593,730	1,118,768	951,880	-	-	9,205,215	8,545,610
Unallocated corporate assets							<u>4,996,757</u>	<u>4,404,483</u>
Total consolidated assets							<u>14,201,972</u>	<u>12,950,093</u>
Segment liabilities	(1,456,449)	(1,188,016)	(165,444)	(201,593)	-	-	<u>(1,621,894)</u>	<u>(1,389,609)</u>
Unallocated corporate liabilities							<u>(2,662,178)</u>	<u>(2,297,902)</u>
Total consolidated liabilities							<u>(4,284,071)</u>	<u>(3,687,511)</u>
Capital expenditure	327,982	293,763	2,037	1,711			330,019	295,474
Unallocated capital expenditure							<u>2,783</u>	<u>13,229</u>
Total capital expenditure							<u>332,802</u>	<u>308,703</u>
Depreciation	301,484	284,021	2,933	3,087			304,417	287,108
Unallocated depreciation							<u>7,671</u>	<u>8,407</u>
Total depreciation							<u>312,088</u>	<u>295,515</u>