



Salada Foods Jamaica Limited
Interim Financial Report to Stockholders
For the Three Months to December 31, 2016

	3 months December 31 2016	3 months December 31 2015	% Change
Gross Revenue	195,274	188,630	4%
Gross Margin	32.2%	31.2%	3%
Operating Profit	20,728	16,380	27%
Interest and Other Investment income and Exchange Gains	3,244	1,707	90%
Profit after Tax	17,298	13,478	28%
EPS (cents)	17.4	14.7	18%

The Directors of Salada Foods Jamaica Limited now release the unaudited financial results of the Group for the period ended December 31, 2016.

After tax profit for the quarter of \$17.29 million, 28% above the previous year's \$13.47million. This equates to earnings per stock unit (EPS) of \$0.17 for the quarter versus \$0.15 for the corresponding prior year's quarter. Increased sales, improved margins and gains on investments positively impacted the net profit position. Improved margins were attributed to improved efficiencies and the mix of products sold.

Revenue for the quarter was \$195.27 million, an increase of 4% over the \$188.63 million for the corresponding period. This is as a result of a 42.9% increase in domestic distributor sales. Exports lag corresponding prior year results by 65.9%; timing of export sales affected the quarter's performance.

The gross margin for the quarter was 32.2% in comparison to 31.2% for the same period of the prior year. This resulted from price increase in November 2016, improved efficiencies as well as the mix of products sold during the quarter.

Selling and promotional expenses for the quarter were \$13.57 million, a 7.2% increase over the corresponding quarter of the prior year. This resulted from an increase in spend on promotional activities to support the Jamaica Mountain Peak brands. Administrative expenses of \$29.3 million for the quarter was below the corresponding prior years' spend of \$31.09 million attributed to lower staff costs.

The inventory of \$278 million for the quarter was 12% below the corresponding period of the prior year. Inventory management procedures implemented continue to positively impact the inventory value.

Patrick Williams Chairman

Michael Bernard Director



Salada Foods Jamaica Limited (Group)

Unaudited Consolidated Statement of Comprehensive Income For Three Months ended December 31, 2016

	Three Months ended	
	December 31 2016	December 31 2015
	\$'000	\$'000
Revenue	195,274	188,630
Cost of Sales	(132,488)	(129,849)
Gross Profit	62,787	58,781
Other operating (loss)/income	849	352
Selling and promotional expenses	(13,573)	(12,666)
Administrative expenses	(29,335)	(30,086)
Operating profit	20,728	16,380
Net Finance income	3,244	1,707
Profit before taxation	23,972	18,087
Taxation	(6,675)	(4,609)
Total comprehensive income	17,298	13,478
Attributable to:		
Stockholders of the company	18,124	15,300
Non-controlling interest	(826)	(1,822)
	17,298	13,478
Earnings per stock unit	\$0.17	\$0.15



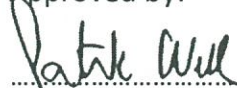
Salada Foods Jamaica Limited (Group)

Unaudited Consolidated Statement of Financial Position

December 31, 2016

	Unaudited December 31 2016 \$'000	Unaudited December 31 2015 \$'000	Audited September 30 2016 \$'000
NON-CURRENT ASSETS			
Property, plant and equipment	143,760	158,699	154,454
Assets held for sale	43,030	42,761	43,030
Intangible assets	7,614	9,843	8,171
Employee benefit asset	23,693	15,420	24,662
Investment	49,042	-	49,071
Deferred tax asset	42,212	41,528	40,331
	<u>309,351</u>	<u>268,251</u>	<u>319,719</u>
CURRENT ASSETS			
Cash and cash equivalents	159,301	76,219	126,469
Investments	74,532	15,000	67,863
Accounts receivable	118,160	124,640	147,201
Inventories	289,599	317,984	279,102
Biological assets	2,938	2,933	2,050
Taxation recoverable	-	-	34
	<u>644,530</u>	<u>536,776</u>	<u>622,719</u>
TOTAL ASSETS	<u>953,881</u>	<u>805,027</u>	<u>942,438</u>
STOCKHOLDERS' EQUITY			
Share capital	73,216	73,216	73,216
Capital reserves	16,275	16,275	16,275
Retained earnings	659,131	625,328	686,716
	<u>748,622</u>	<u>714,819</u>	<u>776,207</u>
NON-CONTROLLING INTEREST	<u>2,228</u>	<u>(3,946)</u>	<u>3,054</u>
	<u>750,850</u>	<u>710,873</u>	<u>779,261</u>
NON-CURRENT LIABILITY			
Finance lease obligation	11,436	-	13,405
Employee benefit obligation	32,360	36,119	32,360
	<u>43,796</u>	<u>36,119</u>	<u>45,765</u>
CURRENT LIABILITIES			
Accounts payable	140,600	53,446	102,787
Taxation payable	11,035	4,589	7,210
Current portion of Finance lease obligation	7,600	-	7,415
	<u>159,235</u>	<u>58,035</u>	<u>117,412</u>
TOTAL STOCKHOLDERS' EQUITY AND LIABILITIES	<u>953,881</u>	<u>805,027</u>	<u>942,438</u>

Approved by:



Patrick Williams – Chairman



Michael Bernard - 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, 2016

	Share Capital \$'000	Capital Reserve \$'000	Retained Earnings \$'000	Non- controlling Interest \$'000	Total \$'000
Balances at September 30, 2016	73,216	16,275	686,716	3,054	779,261
Total comprehensive income for the period			18,124	(826)	17,298
	73,216	16,275	704,840	2,228	796,559
Dividends paid			(45,709)		(45,709)
Balances at December 31, 2016	<u>73,216</u>	<u>16,275</u>	<u>659,131</u>	<u>2,228</u>	<u>750,850</u>

	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	<u>73,216</u>	<u>16,275</u>	<u>625,328</u>	<u>(3,946)</u>	<u>710,873</u>



Salada Foods Jamaica Limited (Group)

Unaudited Consolidated Statement of Cash Flows

Period ended December 31, 2016

	Unaudited December 31 2016 \$'000	Unaudited December 31 2015 \$'000
Cash flows from operating activities:		
Profit for the period	17,298	13,478
Adjustments for Items not involving cash:		
Depreciation	12,114	9,164
Income Tax Expense	8,354	7,357
Deferred Taxation	(1,679)	(2,748)
Interest Income	(1,928)	(1,442)
Interest Expense	465	-
Gain on Disposal	(11)	-
Employee benefit Asset	969	969
	<u>35,582</u>	<u>26,779</u>
Changes in operating assets and liabilities:		
Inventories	(9,525)	22,978
Investments	(6,640)	-
Accounts receivable	28,298	(34,297)
Accounts payable	37,815	(6,977)
Cash provided by operations	<u>85,530</u>	<u>8,483</u>
Interest Paid	(465)	-
Taxation paid or deducted at source	(4,544)	(401)
Net cash provided by operating activities	<u>80,521</u>	<u>8,082</u>
Cash flows from investing activities		
Interest Received	1,545	1,442
Purchase of property, plant and equipment	(1,535)	(3,322)
Proceeds from sale of Assets	683	-
Investment in biological assets	(888)	(916)
Cash used by investing activities	<u>(195)</u>	<u>(2,796)</u>
Cash flows from Financing activities		
Finance lease obligation, being cash used by financing activity	(1,785)	-
Cash provided before dividends	<u>78,541</u>	<u>5,286</u>
Dividends paid	<u>(45,709)</u>	<u>(41,553)</u>
Increase/(decrease) in cash and cash equivalents	32,832	(36,267)
Cash and cash equivalents at beginning of period	<u>126,469</u>	<u>112,486</u>
Cash and cash equivalents at end of period	<u>159,301</u>	<u>76,219</u>



Salada Foods Jamaica Limited (Group)

Notes to the Interim Financial Statements

Period ended December 31, 2016

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, 2016

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, 2016

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) Finance lease obligation

As Lessee

Leases of fixed assets where the group assumes substantially all the benefits and risks of ownership are classified as finance leases. Finance leases are capitalised at the estimated present value of the underlying lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in finance lease obligation. The interest element of the finance charge is charged to the income statement over the lease period. The fixed asset acquired under finance lease contracts is depreciated over the estimated useful life of the asset.



Salada Foods Jamaica Limited (Group)

Notes to the Interim Financial Statements

Period ended December 31, 2016

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

c). Significant accounting policies (cont'd)

x) 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 2016**

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	2,958,985
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
	93,712,032

**SHAREHOLDINGS OF DIRECTORS' & CONNECTED PARTIES
AS AT 31 DECEMBER 2016**

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 2016**

SENIOR MANAGERS	TOTAL SHAREHOLDING	DIRECT	CONNECTED
Blake-Bennett, Dianna	0	0	0
Kerr, Andrew	0	0	0
Lemard, Dave	0	0	0
Lewis, Lorna	0	0	0