



SEPROD LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED

JUNE 30, 2017



SEPROD LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE SIX MONTHS ENDED JUNE 2017
(expressed in Jamaican dollars unless otherwise indicated)

	Three Months Ending June 30th		Six Months Ending June 30th	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Revenue	4,113,869	3,917,381	8,365,210	7,599,658
Direct expenses	(3,120,893)	(3,104,214)	(6,313,235)	(5,863,838)
Gross Profit	992,976	813,168	2,051,975	1,735,820
Finance and other operating income	201,775	518,704	384,548	636,778
Selling expenses	(169,386)	(174,311)	(360,993)	(339,032)
Administration expenses	(634,640)	(403,808)	(1,228,235)	(855,155)
Operating Profit	390,725	753,753	847,294	1,178,411
Share of results from associated company	(23,687)	9,629	(41,432)	(576)
Finance costs	(100,162)	(78,802)	(170,016)	(155,144)
Profit before taxation	266,877	684,579	635,847	1,022,691
Taxation	(87,999)	(90,497)	(174,007)	(206,822)
Net Profit	178,877	594,083	461,840	815,869
Other Comprehensive Income:				
Foreign exchange gain on investment in affiliated company	(1,712)	65,103	2,111	91,261
Total Comprehensive Income	177,165	659,186	463,951	907,130
Net Profit is Attributable to:				
Stockholders of the company	237,581	631,960	530,995	892,875
Non-controlling interest	(58,703)	(37,877)	(69,155)	(77,006)
	178,877	594,083	461,840	815,869
Total Comprehensive Income is Attributable to:				
Stockholders of the company	235,868	697,062	533,106	984,136
Non-controlling interest	(58,703)	(37,877)	(69,155)	(77,006)
	177,165	659,186	463,951	907,130
Number of Shares in issue ('000)	516,339	516,339	516,339	516,339
Earnings per share (\$)	\$0.46	\$1.22	\$1.03	\$1.73

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 2016

Taxation Expense

The tax on the group's profit differs from the theoretical amount that would arise using the applicable tax rate of 25% as follows:

	Three Months Ending June 30th		Six Months Ending June 30th	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Profit before taxation	266,877	684,579	635,847	1,022,691
Tax calculated at a tax rate of 25%	66,719	171,145	158,962	255,673
Adjusted for the effect of:				
Investment income not subject to tax	-	-	-	-
Share of Results of Associated Company	5,922	(2,407)	10,358	144
Unrealised exchange gains not subject to tax	758	(11,369)	(1,058)	(18,295)
Subsidiaries not subjected to tax	49,034	(56,745)	57,203	(19,734)
	122,433	100,624	225,465	217,787
Employment Tax Credit	(24,532)	(12,718)	(42,429)	(30,043)
Deferred Taxation	(9,901)	2,591	(9,028)	19,078
	87,999	90,496	174,007	206,822



SEPROD LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION UNAUDITED
30 JUNE 2017

(expressed in Jamaican dollars unless otherwise indicated)

	Unaudited 6/30/2017 \$'000	Unaudited 6/30/2016 \$'000	Audited 12/31/2016 \$'000
NET ASSETS EMPLOYED			
Fixed assets	4,045,929	3,951,227	4,116,287
Intangible assets	423	2,964	1,694
Available-for-sale investments	1,707,585	1,929,120	1,705,475
Investments in joint venture	357,811	426,827	399,242
Long term receivables	3,548,390	3,153,728	3,543,922
Retirement benefit asset	40,300	-	40,300
Biological asset	238,870	230,035	236,343
Deferred tax	1,440	37,686	20,063
	<u>9,940,747</u>	<u>9,731,587</u>	<u>10,063,326</u>
Current Assets			
Inventories	2,188,408	1,645,227	1,930,268
Biological assets	415,720	305,095	513,198
Receivables	4,824,333	3,958,424	3,991,910
Held-for-trading Investments	-	1,119,030	-
Current portion of long term receivables	139,356	198,111	76,439
Taxation Recoverable	-	-	29,754
Short Term Deposits	-	149,506	153,906
Cash and bank balances	779,170	963,809	667,505
	<u>8,346,986</u>	<u>8,339,202</u>	<u>7,362,980</u>
Current Liabilities			
Payables	4,972,793	3,528,628	4,468,479
Bank Overdraft	-	-	-
Current portion of long term liabilities	2,287,419	1,633,410	2,182,838
Taxation	96,564	64,240	9,198
	<u>7,356,775</u>	<u>5,226,278</u>	<u>6,660,515</u>
Net Current Assets	<u>990,211</u>	<u>3,112,924</u>	<u>702,465</u>
	<u>10,930,958</u>	<u>12,844,511</u>	<u>10,765,791</u>
Equity Attributable to Stockholders of the Company			
Share Capital	561,287	561,287	561,287
Treasury Shares	(899)	(899)	(899)
Capital Reserves	1,281,896	1,503,431	1,279,785
Retained Earnings	8,668,322	9,439,401	8,137,327
	<u>10,510,606</u>	<u>11,503,220</u>	<u>9,977,500</u>
Non-controlling Interest	<u>(861,357)</u>	<u>(652,374)</u>	<u>(792,202)</u>
	<u>9,649,249</u>	<u>10,850,846</u>	<u>9,185,298</u>
Non-current Liabilities			
Long Term Liabilities	974,523	1,530,119	1,245,659
Deferred Tax	164,186	165,647	191,834
Retirement Benefit Obligations	143,000	297,900	143,000
	<u>1,281,709</u>	<u>1,993,666</u>	<u>1,580,493</u>
	<u>10,930,958</u>	<u>12,844,512</u>	<u>10,765,791</u>

Approved on behalf of the Board:

 R.R. Pandohie
 (Chief Executive Officer)

 P.J. Thwaites
 (Vice Chairman)

SEPROD LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
For the six months ended June 30, 2017
(expressed in Jamaican dollars unless otherwise indicated)

(Six Months Ending June 30th)

	2017	2016
	\$'000	\$'000
CASH RESOURCES WERE PROVIDED BY/(USED IN):		
Operating Activities		
Net profit	463,951	907,130
Items not affecting cash resources:		
Amortisation of intangible assets	1,270	1,270
Depreciation	238,574	241,534
Taxation	174,007	206,822
	877,802	1,356,756
Changes in operating assets and liabilities:		
Inventories	(258,140)	101,234
Accounts receivable	(832,423)	(2,217,727)
Biological assets	94,951	226,145
Accounts payable	504,315	1,546,840
	386,505	1,013,247
Taxation paid	(65,912)	(172,199)
Cash provided by operating activities	320,593	841,047
Investing Activities		
Purchase of fixed assets	(168,216)	(285,725)
Gain/(loss) on disposal of fixed assets	-	-
Repurchase of Shares	-	-
Investments in securities, net	193,228	(409,327)
Investment in associates	-	-
Long term loan receivable	(67,385)	(645,527)
Cash used in investing activities	(42,373)	(1,340,578)
Financing Activities		
Dividends paid	-	-
Short term loan received	166,901	358,366
Short term loan repaid	(54,719)	(175,742)
Long term loan received	33,929	16,262
Long term loan repaid	(312,665)	(48,253)
Cash (used in)/ provided by financing activities	(166,555)	150,633
Increase /(Decrease) in cash and cash equivalents	111,665	(348,897)
Cash and cash equivalents at beginning of year	667,505	1,312,707
CASH AND CASH EQUIVALENT AT END OF PERIOD	779,170	963,810

SEPROD LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE SIX MONTHS ENDED JUNE 2017
(expressed in Jamaican dollars unless otherwise indicated)

	Equity Attributable to Stockholders of the Company					Non-controlling Interest \$'000	Total Equity \$'000
	Number of Shares '000	Share Capital \$'000	Capital Reserve \$'000	Retained Earnings \$'000	Total \$'000		
	Balance as at 01 January 2016	516,339	560,388	1,412,170	8,546,526		
Total comprehensive income	-	-	91,261	892,875	984,136	(77,006)	907,130
Balance at 30 June 2016	516,339	560,388	1,503,431	9,439,401	11,503,220	(652,374)	10,850,846

	Equity Attributable to Stockholders of the Company					Non-controlling Interest \$'000	Total Equity \$'000
	Number of Shares '000	Share Capital \$'000	Capital Reserve \$'000	Retained Earnings \$'000	Total \$'000		
	Balance as at 01 January 2017	516,339	560,388	1,279,785	8,137,327		
Total comprehensive income	-	-	2,111	530,995	533,106	(69,155)	463,951
Dividend Payment	-	-	-	-	-	-	-
Balance at 30 June 2017	516,339	560,388	1,281,896	8,668,322	10,510,606	(861,357)	9,649,249

SEPROD LIMITED
UNAUDITED GROUP FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 2017
INFORMATION ABOUT BUSINESS SEGMENTS
(expressed in Jamaican dollars unless otherwise indicated)

(\$'000)

	Manufacturing		Distribution		Eliminations		Consolidated	
	30-Jun-17	30-Jun-16	30-Jun-17	30-Jun-16	30-Jun-17	30-Jun-16	30-Jun-17	30-Jun-16
REVENUE								
External sales	4,674,076	4,147,995	3,691,133	3,451,663			8,365,210	7,599,658
Inter-segment sales	2,823,326	2,813,659			(2,823,326)	(2,813,659)		
Total revenue	7,497,402	6,961,654	3,691,133	3,451,663	(2,823,326)	(2,813,659)	8,365,210	7,599,658
RESULTS								
Segment result	905,786	928,597	130,186	64,666			1,035,972	993,263
Unallocated corporate expenses							(188,678)	185,148
Operating profit	905,786	928,597	130,186	64,666	-	-	847,294	1,178,410
Share of results from associated company							(41,432)	(576)
Finance costs	-	-	-	-			(170,016)	(155,144)
Income taxes							(174,007)	(206,822)
Net Profit	905,786	928,597	130,186	64,666	-	-	461,840	815,869
OTHER INFORMATION								
Segment assets	8,314,507	7,839,964	1,279,401	1,259,051			9,593,908	9,099,015
Unallocated corporate assets							8,693,825	8,971,774
Total consolidated assets							18,287,733	18,070,789
Segment liabilities	(2,829,010)	(1,956,645)	(1,148,027)	(622,088)			(3,977,037)	(2,578,733)
Unallocated corporate liabilities							(4,661,447)	(4,641,212)
Total consolidated liabilities							(8,638,484)	(7,219,945)
Capital expenditure	88,254	233,181	3,441	8,403			91,696	241,584
Unallocated capital expenditure							76,520	44,140
Total capital expenditure							168,216	285,725
Depreciation	219,670	225,361	3,132	3,020			222,802	228,381
Unallocated depreciation							15,772	13,153
Total depreciation							238,574	241,534

Seprod Limited
Management Notes to Unaudited Financial Statements
for the Six Months ended 30 June 2017

The Quarter 2 results, as expected, are below 2016 primarily due to the one-off investment portfolio gain that occurred in prior year. The gain in the investment portfolio was subsequently realized and a special dividend paid to shareholders in 2016. For the 2017 Plan, Management embedded the investment gains of 2016 into the operating results expectation.

The net profit after tax for 2017 so far is 6% below Plan, primarily due to lower than expected sugar production caused by abnormally high rainfall that affected the cane harvesting. Management is confident that this deficit will be recouped, especially with the manufacturing investments that will come online in Quarter 4 and expectations of a significant uptick in the export business.

The guidance remains unchanged and Management expects that the 2017 operating results will be on target to be the same as 2016.

Seprod Limited – Top Ten Shareholders
As at June 30, 2017

Shareholder	No. of Shares	% Holding
Musson (Jamaica) Limited	233,747,988	45.26
Coconut Industry Board	163,420,345	31.65
Grace Kennedy Limited Pension Scheme	21,955,904	4.25
National Insurance Fund Trading A/C	15,443,045	2.99
Scotia Jamaica Investment Management Ltd. A/C 3119	7,724,433	1.50
NCB Insurance Co. Ltd. A/C WT109	4,085,146	0.79
Guardian Life – Guardian Equity Fund	3,055,730	0.59
Guardian Life Limited – Pension Fund	2,332,085	0.45
NCB Insurance Co. Ltd. A/C WT161	2,079,210	0.40
Estate Richard G.S. Jackson - Deceased	1,984,092	0.38

**Seprod Limited - Directors Holdings
as at June 30, 2017**

Director	No. of Shares
Byron Thompson Connected Person - Ivorine Thompson	1,220,668
Richard Pandohie	400,000
Hugh Gentles Connected Person- Carol Gentles	48,933 45,534
Granville Marsh	6,561
Nigel A. Clarke	990
Michael Subratie	Nil
Paul B. Scott	Nil
Peter J. Thwaites	Nil
Melanie Subratie	Nil
Nicholas Scott	Nil
Christopher Gentles	Nil

**Seprod Limited – Executive Holdings
as at June 30, 2017**

Executive	No. of Shares
Angela Cooper	18,854
Clement Burnett	Nil
Marilyn Anderson	Nil
Rupert Ashman	Nil
Evrol Dixon	Nil
Milton Maragh	Nil
Patrick Sterling	Nil
Marvin Cummings	Nil
Carol Andrade	Nil
Gavin Bellamy	Nil
Jeffrey Moss-Solomon	Nil
Dalton Brown	Nil
Devon Francis	Nil
Roger Lewis	Nil