



SALADA FOODS JAMAICA LIMITED (GROUP)

INTERIM REPORT

DECEMBER 31, 2017

FIRST QUARTER



SALADA FOODS JAMAICA LIMITED (GROUP)

INTERIM REPORT TO SHAREHOLDERS

The Directors of Salada Foods Jamaica Limited now release the unaudited financial results of the Group for the period ended December 31, 2017.

	3 months December 31 2017	3 months December 31 2016	% Change
Gross Revenue	227,763	195,274	17%
Gross Margin	37.1%	32.2%	15%
Operating Profit	41,595	20,727	101%
Interest and Other Investment income and Exchange Gains	(5,733)	3,245	-277%
Profit after Tax	26,768	17,298	55%
EPS (cents)	26.0	17.4	49%

Operating profit for the quarter amounted to \$41.59M up 101% when compared to the \$20.73M posted in the corresponding quarter prior year. Increased sales and lower selling and distribution expenses were the contributors. As a result net profit for the quarter was \$26.77M, 55% above the \$17.29M posted prior year. This equates to EPS of \$0.26 for the quarter in comparison to \$0.17 for the corresponding period.

Revenue was recorded at \$227.76M an increase of 17% against prior year's quarter of \$195.27M. Export sales grew 100% and is the key driver of revenue growth. Improvements in the distribution of our brands in South East United States was the reason for this performance.

Our contract manufacturing business line continues to record growth, increasing by 69.4% against the corresponding period.

Expenses were marginally higher at 4% above prior year and is attributable to increased administration costs for professional fees.

Management continues to prudently manage inventory in-house as well as with our distribution partners.

We continue to pursue the sale of Salada's interest in our Pimora Company subsidiary and Mountain Peak Food Processors Limited continues to operate as the Group's marketing and distribution Company.

Patrick Williams Chairman

Michael Bernard Director



Salada Foods Jamaica Limited (Group)

Unaudited Consolidated Statement of Comprehensive Income For Three Months ended December 31, 2017

	Three Months ended	
	December 31	December 31
	2017	2016
	\$'000	\$'000
Revenue	227,763	195,274
Cost of Sales	(143,292)	(132,488)
Gross Profit	84,471	62,786
Other operating (loss)/income	1,429	849
Selling and promotional expenses	(11,913)	(13,573)
Administrative expenses	(32,392)	(29,335)
Operating profit	41,595	20,727
Net Finance income	(5,733)	3,245
Profit before taxation	35,862	23,972
Taxation	(9,094)	(6,674)
Total comprehensive income	26,768	17,298
Attributable to:		
Stockholders of the company	27,021	18,124
Non-controlling interest	(253)	(826)
	26,768	17,298
Earnings per stock unit	\$0.26	\$0.17



Salada Foods Jamaica Limited (Group)

Unaudited Consolidated Statement of Financial Position

December 31, 2017

	Unaudited December 31 2017 \$'000	Unaudited December 31 2016 \$'000	Audited September 30 2017 \$'000
NON-CURRENT ASSETS			
Property, plant and equipment	109,496	143,760	104,263
Assets held for sale	-	43,030	39,000
Intangible assets	1,300	7,614	1,300
Employee benefit asset	-	23,693	-
Investment	53,267	49,042	42,150
Deferred tax asset	42,953	42,212	46,735
	<u>207,016</u>	<u>309,351</u>	<u>233,448</u>
CURRENT ASSETS			
Cash and cash equivalents	128,447	159,301	146,349
Investments	200,524	74,532	176,302
Accounts receivable	238,774	118,160	192,138
Inventories	196,744	289,599	209,145
Biological assets	-	2,938	-
Taxation recoverable	93	-	93
	<u>764,582</u>	<u>644,530</u>	<u>724,027</u>
TOTAL ASSETS	<u>971,598</u>	<u>953,881</u>	<u>957,475</u>
STOCKHOLDERS' EQUITY			
Share capital	73,216	73,216	73,216
Capital reserves	16,275	16,275	16,275
Retained earnings	687,635	659,131	712,556
	<u>777,126</u>	<u>748,622</u>	<u>802,047</u>
NON-CONTROLLING INTEREST	1,856	2,228	2,109
	<u>778,982</u>	<u>750,850</u>	<u>804,156</u>
NON-CURRENT LIABILITY			
Finance lease obligation	3,159	11,436	5,251
Employee benefit obligation	34,016	32,360	33,370
	<u>37,175</u>	<u>43,796</u>	<u>38,621</u>
CURRENT LIABILITIES			
Accounts payable	135,257	140,600	94,375
Taxation payable	11,957	11,035	12,169
Current portion of Finance lease obligation	8,227	7,600	8,154
	<u>155,441</u>	<u>159,235</u>	<u>114,698</u>
TOTAL STOCKHOLDERS' EQUITY AND LIABILITIES	<u>971,598</u>	<u>953,881</u>	<u>957,475</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, 2017

	Share Capital \$'000	Capital Reserve \$'000	Retained Earnings \$'000	Non- controlling Interest \$'000	Total \$'000
Balances at September 30, 2017	73,216	16,275	712,556	2,109	804,156
Total comprehensive income for the period			27,021	(253)	26,768
	73,216	16,275	739,577	1,856	830,924
Dividends paid			(51,942)		(51,942)
Balances at December 31, 2017	<u>73,216</u>	<u>16,275</u>	<u>687,635</u>	<u>1,856</u>	<u>778,982</u>

	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>



Salada Foods Jamaica Limited (Group)
Unaudited Consolidated Statement of Cash Flows
Period ended December 31, 2017

	Unaudited December 31 2017 \$'000	Unaudited December 31 2016 \$'000
Cash flows from operating activities:		
Profit for the period	26,768	17,298
Adjustments for Items not involving cash:		
Depreciation	7,024	12,114
Income Tax Expense	5,317	8,354
Deferred Taxation	3,778	(1,679)
Interest Income	(1,777)	(1,928)
Interest Expense	280	465
Gain on Disposal	-	(11)
Employee benefit Asset	646	969
	<u>42,036</u>	<u>35,582</u>
Changes in operating assets and liabilities:		
Inventories	12,401	(9,525)
Investments	(35,339)	(6,640)
Accounts receivable	(46,636)	28,298
Accounts payable	40,882	37,815
Cash provided by operations	<u>13,344</u>	<u>85,530</u>
Interest Paid	(280)	(465)
Taxation paid or deducted at source	(4,323)	(4,544)
Net cash provided by operating activities	<u>8,741</u>	<u>80,521</u>
Cash flows from investing activities		
Interest Received	1,494	1,545
Purchase of property, plant and equipment	(12,257)	(1,535)
Proceeds from sale of Assets	39,000	683
Investment in biological assets	-	(888)
Cash used by investing activities	<u>28,237</u>	<u>(195)</u>
Cash flows from Financing activities		
Lease Obligation	(2,938)	(1,785)
Interest Expense	-	-
Cash provided by Financing Activities	<u>(2,938)</u>	<u>(1,785)</u>
Dividends paid	<u>(51,942)</u>	<u>(45,709)</u>
Increase/(decrease) in cash and cash equivalents	<u>(17,902)</u>	<u>32,832</u>
Cash and cash equivalents at beginning of period	<u>146,349</u>	<u>126,469</u>
Cash and cash equivalents at end of period	<u><u>128,447</u></u>	<u><u>159,301</u></u>



Salada Foods Jamaica Limited (Group)

Notes to the Interim Financial Statements

Period ended December 31, 2017

1) Identification

Salad 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, 2017

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, 2017

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, 2017

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 2017**

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	3,332,477
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
BARITA GROUP PENSION	860,677
	93,609,804

**SHAREHOLDINGS OF DIRECTORS' & CONNECTED PARTIES
AS AT 31 DECEMBER 2017**

DIRECTORS	TOTAL SHAREHOLDING	DIRECT	CONNECTED
Bernard, Michael	0	0	0
Hill, Aubyn	0	0	0
Lewis, Kathryn	81,819,573	1,000	81,818,573
Stultz, Eric*	0	0	120,000
Williams, Patrick	0	0	44,385

COMPANY SECRETARY	TOTAL SHAREHOLDING	DIRECT	CONNECTED
Smith, Michelle	0	0	0

**SENIOR MANAGEMENT HOLDINGS
AS AT 31 DECEMBER 2017**

SENIOR MANAGERS	TOTAL SHAREHOLDING	DIRECT	CONNECTED
Blake-Bennett, Dianna	0	0	0
Hamilton, Zayous*	0	0	0
Lemard, Dave	0	0	0
Lewis, Lorna	0	0	0

Notes:

*** Effective 1 December 2017, Mr Zayous Hamilton was appointed Acting Financial Controller for Salada Foods Jamaica Limited**

On 29 September 2017, Andrew Kerr, Financial Controller resigned from Salada Foods Jamaica Limited