



Salada Foods Jamaica Limited

Interim Financial Report to Stockholders For the Six Months to March 31, 2018

The Board of Directors of Salada Foods Jamaica Limited now release the unaudited financial results of the Group for the six-month period ended March 31, 2018.

	6 months March 31 2018	6 months March 31 2017	% Change
Gross Revenue	482,274	404,375	19%
Gross Margin	39.7%	35.7%	11%
Operating Profit	107,371	53,791	100%
Interest and Other Investment income and Exchange Gains	(52)	7,680	-101%
Profit after Tax	80,277	44,906	79%
EPS (cents)	77.6	44.7	74%

Net Profit for the half year ended March 31, 2018, was \$80.28 million up by 79% from the \$44.91 million posted for the corresponding period prior year.

Operating profit improved by 100% recorded at \$107.37 million in comparison to the \$53.79 million posted last year. Growth in revenue and management's focussed attention on curtailing expenses contributed to this improvement. Expenses were 22% lower at \$86.64 million than the corresponding period's \$89.85million attributed to lower selling and promotional expenses.

Revenue grew by 19% topping at \$482.27 in comparison to prior year results of \$404.37 million. Top-line growth was attributed to improved sales through our local distributor and sales of products manufactured under contract. Sales of our flagship brand Jamaica Mountain Peak into the local trade grew by 11% over the corresponding period. Our entry into the convenience channel coupled with trade marketing initiatives continue to drive awareness and trial of the brand. The contract manufacturing segment of the business grew by 65% when compared to the corresponding period of the prior year.

Exports have begun to show signs of recovery growing by 26% in comparison to prior year's results; sales into the United States and Canada were the contributors. We continue to work closely with our distributor in the United States to ensure sustained growth.

Continuous improvements in our factory operations have positively impacted our efficiency and has resulted in margins of 39.7% which compared favourably to prior year.



Pimora remains a going concern as Salada opts to dispose of its 70% share-holdings in the company. The sale of this subsidiary is being actively pursued.

The launch of the Mountain Bliss 876 brand is indicative of Salada's intention to remain a dominant player in the beverage market reclaiming market share through the introduction of new products in the local market.

Exports and the utility of our manufacturing capacity remain paramount on our growth agenda.

A handwritten signature in black ink, appearing to read "Patrick Williams".

Patrick Williams Chairman

A handwritten signature in black ink, appearing to read "Aubyn Hill".

Aubyn Hill Director



Salada Foods Jamaica Limited (Group)

Unaudited Consolidated Statement of Comprehensive Income For Six Months ended March 31, 2018

	Three Months ended		Six Months ended	
	March 31 2018	March 31 2017	March 31 2018	March 31 2017
	\$'000	\$'000	\$'000	\$'000
Revenue	254,511	209,101	482,274	404,375
Cost of Sales	(147,750)	(127,429)	(291,042)	(259,916)
Gross Profit	106,761	81,672	191,232	144,459
Other operating (loss)/income	602	(2,959)	2,031	(2,109)
Selling and promotional expenses	(12,919)	(13,976)	(24,832)	(27,549)
Administrative expenses	(28,668)	(31,675)	(61,060)	(61,010)
Operating profit	65,776	33,062	107,371	53,791
Net Finance income	5,681	4,435	(52)	7,680
Profit before taxation	71,457	37,497	107,319	61,471
Taxation	(17,948)	(9,890)	(27,042)	(16,564)
Total comprehensive income	53,508	27,607	80,277	44,906
Attributable to:				
Stockholders of the company	53,609	28,320	80,630	46,445
Non-controlling interest	(100)	(713)	(353)	(1,539)
	53,508	27,607	80,277	44,906
Earnings per stock unit	\$0.52	\$0.27	\$0.78	\$0.45



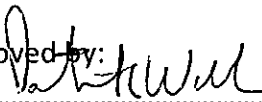
Salada Foods Jamaica Limited (Group)

Unaudited Consolidated Statement of Financial Position

March 31, 2017



	Unaudited March 31 2018 \$'000	Unaudited March 31 2017 \$'000	Audited September 30 2017 \$'000
NON-CURRENT ASSETS			
Property, plant and equipment	105,798	132,187	104,263
Assets held for sale	-	43,030	39,000
Intangible assets	1,300	7,057	1,300
Employee benefit asset	-	22,724	-
Investment	61,271	49,628	42,150
Deferred tax asset	39,958	42,231	46,735
	<u>208,327</u>	<u>296,857</u>	<u>233,448</u>
CURRENT ASSETS			
Cash and cash equivalents	94,031	148,935	146,349
Investments	246,310	82,920	176,302
Accounts receivable	243,896	131,929	192,138
Inventories	234,388	254,651	209,145
Biological assets	-	-	-
Taxation recoverable	93	-	93
	<u>818,718</u>	<u>618,435</u>	<u>724,027</u>
TOTAL ASSETS	<u>1,027,045</u>	<u>915,292</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	741,244	687,452	712,556
	<u>830,735</u>	<u>776,943</u>	<u>802,047</u>
NON-CONTROLLING INTEREST	<u>1,756</u>	<u>1,515</u>	<u>2,109</u>
	<u>832,491</u>	<u>778,458</u>	<u>804,156</u>
NON-CURRENT LIABILITY			
Finance lease obligation	1,024	9,421	5,251
Employee benefit obligation	34,016	32,360	33,370
	<u>35,040</u>	<u>41,781</u>	<u>38,621</u>
CURRENT LIABILITIES			
Accounts payable	137,155	74,203	94,375
Taxation payable	14,009	13,065	12,169
Current portion of Finance lease obligation	8,350	7,785	8,154
	<u>159,514</u>	<u>95,053</u>	<u>114,698</u>
TOTAL STOCKHOLDERS' EQUITY AND LIABILITIES	<u>1,027,045</u>	<u>915,292</u>	<u>957,475</u>

Approved by: 
.....
Patrick Williams – Chairman


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Aubyn Hill- Director



Salada Foods Jamaica Limited (Group)

Unaudited Consolidated Statement of Changes in Equity Attributable to Stockholders of the Company For Six Months Ended March 31, 2018

	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			80,630	(353)	80,277
	73,216	16,275	793,186	1,756	884,433
Dividends paid			(51,942)		(51,942)
Balances at March 31, 2018	73,216	16,275	741,244	1,756	832,491

	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			46,445	(1,539)	44,906
	73,216	16,275	733,161	1,515	824,167
Dividends paid			(45,709)		(45,709)
Balances at March 31, 2017	73,216	16,275	687,452	1,515	778,458



Salada Foods Jamaica Limited (Group)
Unaudited Consolidated Statement of Cash Flows
Period ended March 31, 2018

	Unaudited March 31 2018 \$'000	Unaudited March 31 2017 \$'000
Cash flows from operating activities:		
Profit for the period	80,277	44,906
Adjustments for Items not involving cash:		
Depreciation	13,561	28,100
Income Tax Expense	20,270	18,262
Deferred Taxation	6,773	(1,698)
Interest Income	(2,947)	(4,081)
Interest Expense	519	884
Gain on Disposal	-	(11)
Employee benefit Asset	646	1,938
	<u>119,099</u>	<u>88,300</u>
Changes in operating assets and liabilities:		
Inventories	(25,243)	25,424
Investments	(89,130)	(15,614)
Accounts receivable	(51,758)	15,350
Accounts payable	42,780	(29,556)
Cash provided by operations	<u>(4,252)</u>	<u>83,904</u>
Interest Paid	(519)	(884)
Taxation paid or deducted at source	<u>(15,886)</u>	<u>(12,422)</u>
Net cash provided by operating activities	<u>(20,656)</u>	<u>70,598</u>
Cash flows from investing activities		
Interest Received	1,325	3,850
Purchase of property, plant and equipment	(15,096)	(5,391)
Proceeds from sale of Assets	39,000	683
Investment in biological assets	-	2,050
Cash provided/(used) by investing activities	<u>25,228</u>	<u>1,192</u>
Cash flows from Financing activities		
Lease Obligation	(4,949)	(3,615)
Interest Expense	-	-
Cash used by Financing Activities	<u>(4,949)</u>	<u>(3,615)</u>
Cash provided before dividends	(377)	68,175
Dividends paid	<u>(51,942)</u>	<u>(45,709)</u>
Increase/(decrease) in cash and cash equivalents	(52,318)	22,466
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>94,031</u></u>	<u><u>148,935</u></u>



Notes to the Interim Financial Statements

Period ended March 31, 2018

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 March 31, 2018

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 March 31, 2018

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 March 31, 2018

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
QUARTERLY REPORT
AS AT 31 MARCH 2018

10 LARGEST SHAREHOLDERS	
SHAREHOLDERS	SHARES HELD
RESOURCE IN MOTION LIMITED	60,233,700
AIC (JAMAICA) LIMITED	8,988,120
DONWIS LIMITED	7,504,280
IDEAL PORTFOLIO SERVICES COMPANY LIMITED	3,384,477
IDEAL BETTING COMPANY LIMITED	2,755,310
IDEAL GROUP CORPORATION LIMITED	2,726,000
IDEAL FINANCE CORPORATION LIMITED	2,620,000
DONOVAN A. LEWIS	1,677,400
PAM - POOLED EQUITY FUND	1,088,045
CARIBBEAN TRUST & MERCHANT BANK	1,030,760
	92,008,092

SHAREHOLDINGS OF DIRECTORS & CONNECTED PARTIES			
DIRECTORS	TOTAL SHAREHOLDING	DIRTY	CONNECTED
BERNARD, MICHAEL	0	0	0
HILL, AUBYN	0	0	0
LEWIS, KATHRYN	81,881,800	0	81,881,800
STULTZ, ERIC	0	0	120,000
WILLIAMS, PATRICK	0	0	44,385

SENIOR MANAGEMENT HOLDINGS			
SENIOR MANAGERS	TOTAL SHAREHOLDING	DIRTY	CONNECTED
BLAKE-BENNETT, DIANNA	0	0	0
HAMILTON, ZAYOUS	0	0	0
LEMARD, DAVE	0	0	0
LEWIS, LORNA	0	0	0

COMPANY SECRETARY			
COMPANY SECRETARY	TOTAL SHAREHOLDING	DIRTY	CONNECTED
SMITH, MICHELLE	0	0	0

Notes:

**As at 30 September 2017, Eric Stultz acquired 120,000 shares, held through Ideal Portfolio Services Company Limited*

**Patrick Williams/ Patricia Williams/ Bella Williams owns 44,385 shares held through Ideal Portfolio Services Company Limited*