



**SALADA FOODS JAMAICA LIMITED (GROUP)**

**INTERIM REPORT**

**December 31, 2019**

**1st QUARTER**



## **SALADA FOODS JAMAICA LIMITED (GROUP)**

### **INTERIM REPORT TO SHAREHOLDERS**

The Board of Directors is pleased to release the following financial results for Salada Foods Group for the three-months ended December 31, 2019.

	<b>3 months December 31 2019</b>	<b>3 months December 31 2018</b>	<b>%</b>	<b>Change</b>
Gross Revenue	288,458	172,335		67%
Gross Margin	22.6%	19.7%		15%
Operating Profit	18,749	(15,728)		219%
Interest and Other Investment income and Exchange Gains	(11,521)	(3,633)		-217%
Profit after Tax	5,422	(23,082)		123%
EPS (cents)	5.3	(22.1)		124%

Revenue for the three-month period ending December 31, 2019 was \$288.46M or 67% above the \$172.34M posted for the comparable period last year. Revenue improvements were attributed to increased sales in both domestic and export markets.

Gross Profits of \$65.28M is an improvement over the corresponding period last year of \$34.0M. Increased manufacturing costs attributed to the use of Jamaica Blue Mountain green beans coupled with increased factory maintenance charges in the quarter drove cost of sales upwards reducing profitability. Operating profit for the period was \$18.75M or 219% above prior year's results.

Both administrative and selling and promotional expenses were curtailed in the quarter; administrative charges were \$31.40M lower than the \$35.59M last year. Profitability continues to be impacted by the JACRA cess on green beans of which \$20.71M was absorbed into production for the quarter.



The outlook to year end remains favourable with the strengthening of our marketing efforts in both domestic and overseas markets.

A handwritten signature in cursive script, appearing to read "Patrick Williams", written over a horizontal line.

Patrick Williams

Chairman

A handwritten signature in cursive script, appearing to read "Michael Bernard", written over a horizontal line.

Michael Bernard

Director



## Salada Foods Jamaica Limited (Group)

### Unaudited Consolidated Statement of Comprehensive Income For Three Months ended December 31, 2019

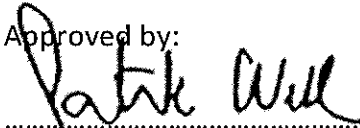
	Three Months ended	
	December 31	December 31
	2019	2018
	\$'000	\$'000
Sales	288,458	172,335
Cost of Sales	(223,180)	(138,327)
<b>Gross Profit</b>	<b>65,277</b>	<b>34,008</b>
<b>Other operating (loss)/income</b>	<b>501</b>	<b>(0)</b>
Administrative expenses	(31,395)	(35,592)
Selling and promotional expenses	(15,634)	(14,144)
<b>Operating profit</b>	<b>18,749</b>	<b>(15,728)</b>
Net Finance income	(11,521)	(3,633)
<b>Profit before taxation</b>	<b>7,229</b>	<b>(19,361)</b>
Taxation	(1,806)	(3,721)
<b>Total comprehensive income/(Loss)</b>	<b>5,422</b>	<b>(23,082)</b>
<b>Attributable to:</b>		
Stockholders of the company	5,490	(22,980)
Non-controlling interest	(68)	(102)
	<b>5,422</b>	<b>(23,082)</b>
<b>Earnings per stock unit</b>	<b>\$0.05</b>	<b>-\$0.22</b>

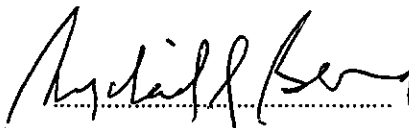


# Salada Foods Jamaica Limited (Group)

## Unaudited Consolidated Statement of Financial Position December 31, 2019

	Unaudited December 31 2019 \$'000	Unaudited December 31 2018 \$'000	Audited September 30 2019 \$'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	125,502	123,329	121,544
Intangible assets	1,300	1,300	1,300
Investment	136,589	112,015	144,141
Deferred tax asset	15,441	19,259	15,441
Long term receivables	7,207	13,868	8,317
	<u>286,039</u>	<u>269,771</u>	<u>290,743</u>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	217,575	21,777	135,352
Investments	93,613	263,140	142,601
Accounts receivable	161,372	216,887	167,391
Inventories	393,621	255,362	447,090
Current portion of Long term receivables	7,093	7,147	7,364
Tax recoverable	-	-	6,328
	<u>873,274</u>	<u>764,314</u>	<u>906,126</u>
<b>TOTAL ASSETS</b>	<u><u>1,159,315</u></u>	<u><u>1,034,085</u></u>	<u><u>1,196,869</u></u>
<b>STOCKHOLDERS' EQUITY</b>			
Share capital	73,216	73,216	73,216
Capital reserves	16,275	16,275	16,275
Retained earnings	858,163	769,248	925,390
	<u>947,654</u>	<u>858,739</u>	<u>1,014,881</u>
<b>NON-CONTROLLING INTEREST</b>	<u>987</u>	<u>1,507</u>	<u>1,055</u>
	<u>948,641</u>	<u>860,246</u>	<u>1,015,936</u>
<b>NON-CURRENT LIABILITY</b>			
Employee benefit obligation	-	-	-
	<u>(0)</u>	<u>-</u>	<u>-</u>
<b>CURRENT LIABILITIES</b>			
Accounts payable	200,106	150,611	160,635
Current portion of Finance lease obligation	-	3,101	-
Tax payable	10,567	20,126	20,298
	<u>210,674</u>	<u>173,838</u>	<u>180,933</u>
<b>TOTAL STOCKHOLDERS' EQUITY AND LIABILITIES</b>	<u><u>1,159,315</u></u>	<u><u>1,034,085</u></u>	<u><u>1,196,869</u></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, 2019.

	Share Capital \$'000	Capital Reserve \$'000	Retained Earnings \$'000	Non- controlling Interest \$'000	Total \$'000
Balances at September 30, 2019	73,216	16,275	925,390	1,055	1,015,936
Total comprehensive income for the period			5,490	(68)	5,422
	73,216	16,275	930,880	987	1,021,359
Dividends paid			(72,718)		(72,718)
Balances at December 31, 2019	73,216	16,275	858,162	987	948,641

	Share Capital \$'000	Capital Reserve \$'000	Retained Earnings \$'000	Non- controlling Interest \$'000	Total \$'000
Balances at September 30, 2018	73,216	16,275	849,364	1,609	940,464
Total comprehensive income for the period			(22,980)	(102)	(23,082)
	73,216	16,275	826,384	1,507	917,382
Dividends paid			(57,136)		(57,136)
Balances at December 31, 2018	73,216	16,275	769,248	1,507	860,246



## Salada Foods Jamaica Limited (Group)

### Unaudited Consolidated Statement of Cash Flows

Period ended December 31, 2019

	Unaudited December 31 2019 \$'000	Unaudited December 31 2018 \$'000
<b>Cash flows from operating activities:</b>		
Profit for the period	5,422	(23,082)
Adjustments for Items not involving cash:		
Depreciation	4,632	4,753
Income Tax Expense	(1,362)	2,045
Deferred Taxation	3,168	1,948
Interest Income	(960)	(1,628)
Interest Expense	0	96
Employee benefit Asset	-	0
	<u>10,900</u>	<u>(15,870)</u>
<b>Changes in operating assets and liabilities:</b>		
Inventories	(10,531)	(31,157)
Accounts receivable	71,934	24,209
Accounts payable	<u>39,675</u>	<u>19,744</u>
Cash provided by operations	111,978	(3,074)
Interest Paid	0	(96)
Taxation paid or deducted at source	<u>(5,214)</u>	<u>(7,048)</u>
Net cash provided by operating activities	106,764	(10,218)
<b>Cash flows from investing activities</b>		
Investments, Net	56,506	23,711
Long term Receivables	1,207	(1,742)
Interest Received	(969)	1,399
Purchase of property, plant and equipment	(8,567)	(12,973)
Proceeds from sale of Assets	<u>0</u>	<u>0</u>
Cash provided/(used) by investing activities	48,177	10,396
<b>Cash flows from Financing activities</b>		
Shares issued during period, being cash provided		
Lease Obligation	0	(2,154)
Interest Expense	-	-
Cash used by Financing Activities	<u>0</u>	<u>(2,154)</u>
Cash provided before dividends	154,908	(1,977)
Dividends paid	<u>(72,718)</u>	<u>(57,136)</u>
Increase/(decrease) in cash and cash equivalents	82,223	(59,113)
Cash and cash equivalents at beginning of period	<u>135,352</u>	<u>80,890</u>
Cash and cash equivalents at end of period	<u>217,575</u>	<u>21,777</u>



# Salada Foods Jamaica Limited (Group)

## Notes to the Interim Financial Statements

Period ended December 31, 2019.

### 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, 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. Effective February 1, 2017, the company outsourced the distribution of its core products in local market to its subsidiary, Mountain Peak Food Processors Limited.

### 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 thousand, 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 measured 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 profit or loss.



# Salada Foods Jamaica Limited (Group)

## Notes to the Interim Financial Statements

Period ended December 31, 2019.

### 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 comprising raw material packaging and goods in transit is based on their costs.

The cost of other inventories comprising raw and packaging materials and goods in transit is based on their cost and 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 three months from the reporting 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, 2019.**

#### **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 reporting date.

###### **(ix) Finance leases:**

###### **(i) Determining whether an arrangement contains a lease**

At inception of an arrangement, the company determines whether an arrangement is or contains a lease. If the company concludes for a finance lease that it is impracticable to separate payments reliably, then an asset and a liability are recognised as the amount equal to the fair value of the underlying asset; subsequently, the liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the company's incremental borrowing rate.

###### **(ii) Leased assets:**

Assets held by the company under leases that transfer to the company substantially all the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset.

## **Salada Foods Jamaica Limited (Group)**

### **Notes to the Interim Financial Statements**

**Period ended December 31, 2019**

The depreciation rates applied to leased assets are consistent with similar owned assets, except where there is no reasonable certainty that the lessee will obtain ownership by the end of the lease term, in which case the asset is depreciated at the shorter of the lease term and its useful life.

Assets held under other leases are classified as operating leases and are not recognised in the company's statement of financial position.

**(iii) Lease payments:**

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term to produce a constant periodic rate of interest on the remaining balance of the liability.

**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 DECEMBER 2019**

**10 LARGEST SHAREHOLDERS**

SHAREHOLDERS	SHAREHOLDING
RESOURCE IN MOTION LIMITED	60,236,700
AIC (JAMAICA) LIMITED	8,988,120
DONWIS LIMITED	7,504,280
IDEAL PORTFOLIO SERVICES COMPANY LIMITED	3,723,554
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
	<b>92,350,169</b>

**SHAREHOLDINGS OF DIRECTORS & CONNECTED PARTIES**

DIRECTORS	TOTAL SHAREHOLDING	DIRECT	CONNECTED
BERNARD, MICHAEL	0	0	0
HILL, AUBYN	0	0	0
LEWIS, KATHRYN	82,223,877	1,000	82,222,877
STULTZ, ERIC*	272,000	0	272,000
WILLIAMS, PATRICK*	344,385	0	344,385

**SENIOR MANAGEMENT HOLDINGS**

SENIOR MANAGERS	TOTAL SHAREHOLDING	DIRECT	CONNECTED
BLAKE-BENNETT, DIANNA	0	0	0
HAMILTON, ZAYOUS	0	0	0
LEWIS, LORNA	0	0	0

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

**Notes**

\*Eric Stultz and Patrick Williams/ Patricia Williams/ Bella Williams owns shares held through Ideal Portfolio Services Company Limited

**Appointment(s):**

Mr. Zayous Hamilton - Acting Financial Controller effective 30 November 2019

**Resignation(s):**

Mr. Garfield Edwards - Financial Controller effective 30 November 2019

Mr. Dave Lemard - Group Engineering & Services Manager effective 30 November 2019