



**SALADA FOODS JAMAICA LIMITED (SLF)**

**UNAUDITED FINANCIAL STATEMENT**

**DECEMBER 31, 2020**

**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, 2020.

|   | <b>3 months<br/>December 31<br/>2020</b> | <b>3months<br/>December 31<br/>2019</b> | <b>%</b> | <b>Change</b> |
|---|--|---|----------|---------------|
| Gross Revenue   | 226,360                                  | 288,458                                 |          | -22%          |
| Gross Margin  | 25.5%                                    | 22.6%                                   |          | 13%           |
| Operating Profit  | 16,467                                   | 18,749                                  |          | -12%          |
| Interest and Other Investment income and Exchange Gains | 1,253                                    | (11,521)                                |          | 111%          |
| Profit after Tax  | 13,104                                   | 5,422                                   |          | 142%          |
| EPS (cents)   | 12.6                                     | 5.3                                     |          | 139%          |

Net profit for the Group as of December 30, 2020 was \$13.10M an improvement of 142% when compared to the \$5.42M posted last year.

Revenue for the period was recorded at \$226.36M a 22% decline in comparison to the \$288.46M posted last year. Domestic sales declined by 29% to \$137.24M from \$192.46M prior year. The Company's production capabilities have been adversely affected by the delay in obtaining permits from JACRA resulting in our inability to produce some of our flagship products which are being demanded by the domestic market. We expect that by the second quarter, having now received the requisite permits this situation will normalize. Exports continue to perform showing a 1.3% increase when compared to last year.

Operating profit declined by 12% to \$16.47M compared to \$18.75M prior year, affected by lower sales over the period. Both administrative and marketing expenses were curtailed at \$29.59M and \$12.4M respectively in comparison to the \$31.39M and \$15.63M last period.



We remain optimistic that domestic economy will improve as persons adapt to our new environment. The outlook for exports remains promising.

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

Patrick Williams    Chairman

A handwritten signature in blue ink, appearing to read "Kathryn Lewis-Green", written over a horizontal line.

Kathryn Lewis-Green    Director



## Salada Foods Jamaica Limited (Group)

### Unaudited Consolidated Statement of Comprehensive Income For Three Months ended December 31, 2020.

|  | Three Months ended  |                     |
|--|---------------------|---------------------|
|  | December 31<br>2020 | December 31<br>2019 |
|  | \$'000              | \$'000              |
| Sales                                    | 226,360             | 288,458             |
| Cost of Sales                            | (168,650)           | (223,180)           |
| <b>Gross Profit</b>                      | <b>57,710</b>       | <b>65,278</b>       |
| <b>Other operating (loss)/income</b>     | <b>491</b>          | <b>501</b>          |
| Administrative expenses                  | (29,595)            | (31,395)            |
| Selling and promotional expenses         | (12,139)            | (15,634)            |
| <b>Operating profit</b>                  | <b>16,467</b>       | <b>18,749</b>       |
| Net Finance income                       | 1,253               | (11,521)            |
| <b>Profit before taxation</b>            | <b>17,720</b>       | <b>7,228</b>        |
| Taxation                                 | (4,615)             | (1,806)             |
| <b>Total comprehensive income/(Loss)</b> | <b>13,104</b>       | <b>5,422</b>        |
| <b>Attributable to:</b>                  |                     |                     |
| Stockholders of the company              | 13,104              | 5,490               |
| Non-controlling interest                 | 0                   | (68)                |
|  | <b>13,104</b>       | <b>5,422</b>        |
| <b>Earnings per stock unit</b>           | <b>\$0.13</b>       | <b>\$0.05</b>       |



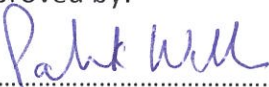
# Salada Foods Jamaica Limited (Group)

## Unaudited Consolidated Statement of Financial Position

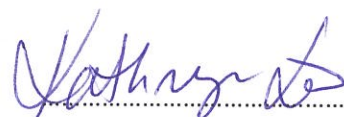
December 31, 2020.

|   | Unaudited<br>December 31<br>2020<br>\$'000 | Unaudited<br>December 31<br>2019<br>\$'000 | Audited<br>September 30<br>2020<br>\$'000 |
|---|--|--|---|
| <b>NON-CURRENT ASSETS</b>                         |  |  |   |
| Property, plant and equipment                     | 134,432                                    | 125,502                                    | 125,780                                   |
| Intangible assets                                 | 1,300                                      | 1,300                                      | 1,300                                     |
| Investment  | 101,598                                    | 136,589                                    | 99,507                                    |
| Deferred tax asset                                | 24,174                                     | 15,441                                     | 17,521                                    |
| Long term receivables                             | -  | 7,207                                      | -   |
|   | <u>261,504</u>                             | <u>286,039</u>                             | <u>244,108</u>                            |
| <b>CURRENT ASSETS</b>                             |  |  |   |
| Cash and cash equivalents                         | 144,255                                    | 217,575                                    | 170,859                                   |
| Investments                                       | 133,025                                    | 93,613                                     | 152,951                                   |
| Accounts receivable                               | 159,780                                    | 161,372                                    | 148,351                                   |
| Inventories                                       | 345,728                                    | 393,621                                    | 405,274                                   |
| Current portion of Long term receivables          | -  | 7,093                                      | -   |
| Tax recoverable                                   | -  | -  | -   |
|   | <u>782,788</u>                             | <u>873,274</u>                             | <u>877,435</u>                            |
| <b>TOTAL ASSETS</b>                               | <u>1,044,292</u>                           | <u>1,159,315</u>                           | <u>1,121,543</u>                          |
| <b>STOCKHOLDERS' EQUITY</b>                       |  |  |   |
| Share capital                                     | 73,216                                     | 73,216                                     | 73,216                                    |
| Capital reserves                                  | 16,275                                     | 16,275                                     | 16,275                                    |
| Retained earnings                                 | 828,795                                    | 858,163                                    | 867,633                                   |
|   | <u>918,287</u>                             | <u>947,654</u>                             | <u>957,124</u>                            |
| <b>NON-CONTROLLING INTEREST</b>                   | -  | 987  | -   |
|   | <u>918,287</u>                             | <u>948,641</u>                             | <u>957,124</u>                            |
| <b>NON-CURRENT LIABILITY</b>                      |  |  |   |
| Employee benefit obligation                       | -  | -  | -   |
|   | <u>(0)</u>                                 | <u>-</u>                                   | <u>-</u>                                  |
| <b>CURRENT LIABILITIES</b>                        |  |  |   |
| Accounts payable                                  | 116,519                                    | 200,106                                    | 158,278                                   |
| Current portion of Finance lease obligation       | -  | -  | -   |
| Tax payable                                       | 9,488                                      | 10,567                                     | 6,141                                     |
|   | <u>126,006</u>                             | <u>210,673</u>                             | <u>164,419</u>                            |
| <b>TOTAL STOCKHOLDERS' EQUITY AND LIABILITIES</b> | <u>1,044,292</u>                           | <u>1,159,315</u>                           | <u>1,121,543</u>                          |

Approved by:



Patrick Williams – Chairman



Kathryn Lewis Green - 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, 2020.

|   | Share<br>Capital<br>\$'000 | Capital<br>Reserve<br>\$'000 | Retained<br>Earnings<br>\$'000 | Non-<br>controlling<br>Interest<br>\$'000 | Total<br>\$'000 |
|---|----------------------------|------------------------------|--------------------------------|---|-----------------|
| Balances at September 30, 2020            | 73,216                     | 16,275                       | 867,633                        | 0   | 957,124         |
| Total comprehensive income for the period |                            |                              | 13,104                         | 0   | 13,104          |
|   | 73,216                     | 16,275                       | 880,737                        | 0   | 970,229         |
| Dividends paid                            |                            |                              | (51,942)                       |   | (51,942)        |
| Balances at December 31, 2020             | 73,216                     | 16,275                       | 828,796                        | 0   | 918,287         |

|   | Share<br>Capital<br>\$'000 | Capital<br>Reserve<br>\$'000 | Retained<br>Earnings<br>\$'000 | Non-<br>controlling<br>Interest<br>\$'000 | Total<br>\$'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         |



# Salada Foods Jamaica Limited (Group)

## Unaudited Consolidated Statement of Cash Flows Period ended December 31, 2020.

|  | Unaudited<br>December 31<br>2020<br>\$'000 | Unaudited<br>December 31<br>2019<br>\$'000 |
|--|--|--|
| <b>Cash flows from operating activities:</b>     |  |  |
| Profit for the period                            | 13,104                                     | 5,422                                      |
| Adjustments for Items not involving cash:        |  |  |
| Depreciation                                     | 4,944                                      | 4,632                                      |
| Income Tax Expense                               | 2,485                                      | (1,362)                                    |
| Deferred Taxation                                | 2,131                                      | 3,168                                      |
| Interest Income                                  | (1,159)                                    | (960)                                      |
| Interest Expense                                 | 0  | 0  |
|  | <u>21,505</u>                              | <u>10,900</u>                              |
| Changes in operating assets and liabilities:     |  |  |
| Inventories                                      | 59,579                                     | (10,531)                                   |
| Accounts receivable                              | (10,525)                                   | 71,934                                     |
| Accounts payable                                 | (18,501)                                   | 39,675                                     |
| Mortgage Receivable                              | -  | -  |
| Cash provided by operations                      | <u>52,059</u>                              | <u>111,978</u>                             |
| Interest Paid                                    | 0  | 0  |
| Taxation paid or deducted at source              | <u>(7,076)</u>                             | <u>(5,214)</u>                             |
| Net cash provided by operating activities        | <u>44,983</u>                              | <u>106,764</u>                             |
| <b>Cash flows from investing activities</b>      |  |  |
| Investments, Net                                 | (6,301)                                    | 56,506                                     |
| Long term Receivables                            | 0  | 1,207                                      |
| Interest Received                                | 228  | (969)                                      |
| Purchase of property, plant and equipment        | (13,571)                                   | (8,567)                                    |
| Proceeds from sale of Assets                     | 0  | 0  |
| Cash provided/(used) by investing activities     | <u>(19,645)</u>                            | <u>48,177</u>                              |
| <b>Cash flows from Financing activities</b>      |  |  |
| Shares issued during period, being cash provided |  |  |
| Lease Obligation                                 | 0  | 0  |
| Mortgage Receivable-current portion              | 0  | 0  |
| Interest Expense                                 | -  | -  |
| Cash used by Financing Activities                | <u>0</u>                                   | <u>0</u>                                   |
| Cash provided before dividends                   | 25,338                                     | 154,908                                    |
| Dividends paid                                   | <u>(51,942)</u>                            | <u>(72,718)</u>                            |
| Increase/(decrease) in cash and cash equivalents | (26,604)                                   | 82,223                                     |
| Cash and cash equivalents at beginning of period | <u>170,859</u>                             | <u>135,352</u>                             |
| Cash and cash equivalents at end of period       | <u>144,255</u>                             | <u>217,575</u>                             |



# Salada Foods Jamaica Limited (Group)

## Notes to the Interim Financial Statements

Period ended December 31, 2020.

### 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, 2020.

### 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, 2020.**

#### **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, 2020.**

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 2020**

**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 | 3,806,638         |
| 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>92,433,253</b> |

**SHAREHOLDINGS OF DIRECTORS & CONNECTED PARTIES**

| DIRECTORS          | TOTAL SHAREHOLDING | DIRECT | CONNECTED  |
|--------------------|--------------------|--------|------------|
| BERNARD, MICHAEL   | 0                  | 0      | 0          |
| LEWIS, KATHRYN     | 82,306,961         | 1,000  | 82,305,961 |
| 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         |
| LLOYD, STEVEN         | 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*