



SALADA FOODS JAMAICA LIMITED
UNAUDITED FINANCIAL STATEMENT
MARCH 31, 2021
2ND QUARTER



SALADA FOODS JAMAICA LIMITED (GROUP)

INTERIM REPORT TO SHAREHOLDERS

The Board of Directors is pleased to release the following unaudited financial results for Salada Foods Limited Group for the six months ending March 31, 2021.

	6 months March 31 2021	6 months March 31 2020	% Change
	\$'000	\$'000	
Gross Revenue	579,295	562,782	3%
Gross Margin	29.0%	27.0%	7%
Operating Profit	80,701	52,267	54%
Interest and Other Investment income and Exchange Gains	5,993	(36,112)	117%
Profit after Tax	64,475	11,703	451%
EPS (cents)	6.2	11.4	N/A

Salada Foods Jamaica Limited Group recorded net profit of \$64.47M for the six-month period ending March 31, 2021, compared to the \$11.70M for the corresponding period last year, an increase of \$52.77M. This was driven by a 3% increase in revenue - \$579.30M compared to \$562.78M in the prior year. Exports, which accounted for 22% of revenue for the period, continue to perform well, especially in the New York Tri-State region and in South Florida.

Operating profit improved by 54% to \$80.70M versus the prior year of \$52.27M, arising from higher sales, lower priced local coffee beans, and a 12.3% reduction in expenses from \$100.49M to \$88.10M.

On the last day of the reporting period, March 31, 2021, Salada had a 10-for-1 stock split. On a like-for-like basis, the adjusted EPS for the six months year-to-date is 62 cents versus 11.4 cents for the same period last year.

For the 3 months ending March 31, 2021 (Q2) Salada saw strong demand for our products both locally and overseas. This along with some reduction in the cost of key raw material inputs translated into a very good quarter - net profit improved 718% vs 2021-Q2, \$51.4M vs \$6.3M; revenue grew 28.6% to \$352.9M versus \$274.3M and operating profit was 91.6% above the prior year, \$68.97M vs \$33.5M.

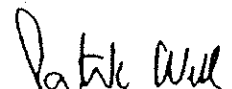
The launch of our Jamaica Mountain Peak Ginger & Turmeric instant teas in the first quarter of this fiscal year continues to enjoy favourable response from both domestic and export markets.


Salada donated 45 tablets, 3 laptops, and sanitizer dispenser equipment to Jebb Memorial Basic School to help students and teachers with online classes. The Company heeded the call to assist our Caribbean neighbour, St Vincent, that was affected by the eruption of the La Soufriere volcano, by donating over \$200,000 in teas and canned foods.

Disruptions in the global supply chain due to the pandemic and the devaluation of the Jamaican dollar are concerning. Salada continues to monitor these and deploy internal risk mitigating strategies.



Export sales are expected to remain buoyant, ameliorating some of the impacts of devaluation.


Patrick Williams - Chairman


Kathryn Lewis Green - Director



Salada Foods Jamaica Limited (Group)

Unaudited Consolidated Statement of Comprehensive Income For Six Months ended March 31, 2021.

	Three Months ended		Six Months ended	
	March 31	March 31	March 31	March 31
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Sales	352,935	274,324	579,295	562,782
Cost of Sales	(242,450)	(187,452)	(411,100)	(410,632)
Gross Profit	110,485	86,872	168,195	152,150
Other operating (loss)/income	115	105	606	606
Administrative expenses	(35,885)	(35,776)	(65,480)	(67,171)
Selling and promotional expenses	(10,481)	(17,683)	(22,620)	(33,317)
Operating profit	64,234	33,517	80,701	52,267
Net Finance income	4,740	(24,591)	5,993	(36,112)
Profit before taxation	68,974	8,928	86,694	16,155
Taxation	(17,604)	(2,646)	(22,219)	(4,452)
Total comprehensive income/(Loss)	51,370	6,282	64,475	11,703
Attributable to:				
Stockholders of the company	51,370	6,382	64,475	11,872
Non-controlling interest	0	(100)	0	(168)
	51,370	6,282	64,475	11,703
Earnings per stock unit	\$0.05	\$0.06	\$0.06	\$0.11



Salada Foods Jamaica Limited (Group)

Unaudited Consolidated Statement of Financial Position

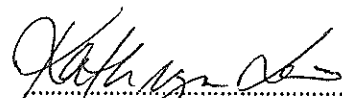
March 31, 2021.

	Unaudited March 31 2021 \$'000	Unaudited March 31 2020 \$'000	Audited September 30 2020 \$'000
NON-CURRENT ASSETS			
Property, plant and equipment	130,083	124,456	125,780
Intangible assets	1,300	1,300	1,300
Investment	100,605	107,777	99,507
Deferred tax asset	24,174	15,441	17,521
	<u>256,162</u>	<u>248,974</u>	<u>244,108</u>
CURRENT ASSETS			
Cash and cash equivalents	133,639	157,622	170,859
Investments	134,531	98,089	152,951
Accounts receivable	259,721	172,538	148,351
Inventories	408,921	468,560	405,274
	<u>936,812</u>	<u>896,809</u>	<u>877,435</u>
TOTAL ASSETS	<u>1,192,975</u>	<u>1,145,782</u>	<u>1,121,543</u>
STOCKHOLDERS' EQUITY			
Share capital	73,216	73,216	73,216
Capital reserves	16,275	16,275	16,275
Retained earnings	880,166	864,544	867,633
	<u>969,657</u>	<u>954,035</u>	<u>957,124</u>
NON-CONTROLLING INTEREST	-	887	-
	<u>969,657</u>	<u>954,922</u>	<u>957,124</u>
NON-CURRENT LIABILITY			
Employee benefit obligation	-	-	-
	<u>(0)</u>	<u>-</u>	<u>-</u>
CURRENT LIABILITIES			
Accounts payable	207,115	191,607	158,278
Current portion of Finance lease obligation	-	-	-
Tax payable	16,204	(747)	6,141
	<u>223,319</u>	<u>190,860</u>	<u>164,419</u>
TOTAL STOCKHOLDERS' EQUITY AND LIABILITIES	<u>1,192,975</u>	<u>1,145,782</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 Six Months Ended March 31, 2021.

	Share Capital \$'000	Capital Reserve \$'000	Retained Earnings \$'000	Non- controlling Interest \$'000	Total \$'000
Balances at September 30, 2020	73,216	16,275	867,633	0	957,124
Total comprehensive income for the period			64,475	0	64,475
	73,216	16,275	932,108	0	1,021,599
Dividends paid			(51,942)		(51,942)
Balances at March 31, 2021	73,216	16,275	880,166	0	969,657

	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			11,872	(168)	11,704
	73,216	16,275	937,262	887	1,027,640
Dividends paid			(72,718)		(72,718)
Balances at March 31, 2020	73,216	16,275	864,544	887	954,922



Salada Foods Jamaica Limited (Group)

Unaudited Consolidated Statement of Cash Flows Period ended March 31, 2021.

	Unaudited March 31 2021 \$'000	Unaudited March 31 2020 \$'000
Cash flows from operating activities:		
Profit for the period	64,475	11,703
Adjustments for Items not involving cash:		
Depreciation	12,911	10,730
Income Tax Expense	15,133	347
Deferred Taxation	7,085	4,104
Interest Income	(2,228)	(2,108)
Interest Expense	0	0
	<u>97,377</u>	<u>24,777</u>
Changes in operating assets and liabilities:		
Inventories	(8,343)	(85,471)
Accounts receivable	(110,229)	59,536
Accounts payable	72,001	31,176
Mortgage Receivable	-	-
Cash provided by operations	<u>50,805</u>	<u>30,018</u>
Interest Paid	0	0
Taxation paid or deducted at source	<u>(14,204)</u>	<u>(19,348)</u>
Net cash provided by operating activities	36,601	10,670
Cash flows from investing activities		
Investments, Net	(6,066)	80,844
Long term Receivables	0	8,414
Interest Received	1,376	1,412
Purchase of property, plant and equipment	(17,190)	(13,619)
Proceeds from sale of Assets	0	0
Cash provided/(used) by investing activities	<u>(21,880)</u>	<u>77,052</u>
Cash flows from Financing activities		
Shares issued during period, being cash provided		
Lease Obligation	0	0
Mortgage Receivable-current portion	0	7,267
Interest Expense	-	-
Cash used by Financing Activities	<u>0</u>	<u>7,267</u>
Cash provided before dividends	14,722	94,955
Dividends paid	<u>(51,942)</u>	<u>(72,718)</u>
Increase/(decrease) in cash and cash equivalents	(37,220)	22,270
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>133,639</u>	<u>157,622</u>



Salada Foods Jamaica Limited (Group)

Notes to the Interim Financial Statements

Period ended March 31, 2021.

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, 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 March 31, 2021.

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 March 31, 2021.

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 March 31, 2021.

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
QUARTERLY REPORT
AS AT 31 MARCH 2021**

10 LARGEST SHAREHOLDERS

SHAREHOLDERS	SHAREHOLDING
RESOURCE IN MOTION LIMITED	602,367,000
AIC (JAMAICA) LIMITED	89,881,200
DONWIS LIMITED	75,042,800
IDEAL PORTFOLIO SERVICES	39,466,380
IDEAL BETTING COMPANY LIMITED	27,553,100
IDEAL GROUP CORPORATION LIMITED	27,260,000
IDEAL FINANCE CORPORATION	26,200,000
DONOVAN A. LEWIS	16,774,000
PAM - POOLED EQUITY FUND	10,880,450
CARIBBEAN TRUST & MERCHANT BANK	10,307,600
	925,732,530

SHAREHOLDINGS OF DIRECTORS & CONNECTED PARTIES

DIRECTORS	TOTAL	DIRECT	CONNECTE
BERNARD MICHAEL	0	0	0
LEWIS, KATHRYN	824,479,610	10,000	824,469,610
STULTZ, ERIC*	2,720,000	0	2,720,000
WILLIAMS, PATRICK*	3,443,850	0	3,443,850

SENIOR MANAGEMENT

SENIOR MANAGERS	TOTAL	DIRECT	CONNECTE
BLAKE-BENNETT, DJANNA	0	0	0
HAMILTON, ZAYOUS	0	0	0
LLOYD, STEVEN	0	0	0

COMPANY SECRETARY	TOTAL	DIRECT	CONNECTE
SMITH, MICHELLE	0	0	0

Notes

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

Effective March 31, 2021 each issued ordinary shares of no par value in the capital of the Company was subdivided into 10 ordinary shares of no par value.