

**Schedule 2
FORM ECSRC – OR**

(Select One)

QUARTERLY FINANCIAL REPORT for the period ended 31 MARCH 2017
Pursuant to Section 98(2) of the Securities Act, 2001

OR

TRANSITION REPORT
for the transition period from _____ to _____
Pursuant to Section 98(2) of the Securities Act, 2001
(Applicable where there is a change in reporting issuer's financial year)

Issuer Registration Number: SLH120119112KN

S. L. HORSFORD & COMPANY LIMITED

(Exact name of reporting issuer as specified in its charter)

ST. KITTS & NEVIS

(Territory or jurisdiction of incorporation)

WEST INDEPENDENCE SQUARE BASSETERRE

(Address of principal executive Offices)

(Reporting issuer's:

Telephone number (including area code): 869-465-2616

Fax number: 869-465-1042

Email address: headoffice@horsfords.com

NONE

(Former name, former address and former financial year, if changed since last report)

(Provide information stipulated in paragraphs 1 to 8 hereunder)

Indicate the number of outstanding shares of each of the reporting issuer's classes of common stock, as of the date of completion of this report. NONE

CLASS	NUMBER
Ordinary	60,296,860

SIGNATURES

A Director, the Chief Executive Officer and Chief Financial Officer of the company shall sign this Annual Report on behalf of the company. By so doing each certifies that he has made diligent efforts to verify the material accuracy and completeness of the information herein contained.

The Chief Financial Officer by signing this form is hereby certifying that the financial statements submitted fairly state the company's financial position and results of operations, or receipts and disbursements, as of the dates and period(s) indicated. The Chief Financial Officer further certifies that all financial statements submitted herewith are prepared in accordance with International Accounting Standards consistently applied (except as stated in the notes thereto) and (with respect to year-end figures) including all adjustments necessary for fair presentation under the circumstances.

Name of Chief Executive Officer:

W. Anthony Kelsick

Signature

Date

Name of Director:

Donald L Kelsick

Signature

Date

Name of Chief Financial Officer:

Sherillia Massicot

Signature

Date

INFORMATION TO BE INCLUDED IN FORM ECSRC-OR

1. Financial Statements

Provide Financial Statements for the period being reported in accordance with International Accounting Standards. The format of the financial statements should be similar to those provided with the registration statement. Include the following:

- (a) Condensed Balance Sheet as of the end of the most recent financial year and just concluded reporting period.
- (b) Condensed Statement of Income for the just concluded reporting period and the corresponding period in the previous financial year along with interim three, six and nine months of the current financial year and corresponding period in the previous financial year.
- (c) Condensed Statement of Cash Flows for the just concluded reporting period and the corresponding period in the previous financial year along with the interim three, six and nine months of the current financial year and the corresponding period in the previous financial year.
- (d) By way of *Notes to Condensed Financial Statements*, provide explanation of items in the financial statements and indicate any deviations from generally accepted accounting practices.

2. Management's Discussion and Analysis of Financial Condition and Results of Operation.

Discuss the reporting issuer's financial condition covering aspects such as liquidity, capital resources, changes in financial condition and results of operations during the reporting period. Discussions of liquidity and capital resources may be combined whenever the two topics are interrelated. Discussion of material changes should be from the end of the preceding financial year to the date of the most recent interim report.

The Management's Discussion and Analysis should disclose sufficient information to enable investors to judge:

1. The quality of earnings;
2. The likelihood that past performance is indicative of future performance; and
3. The issuer's general financial condition and outlook.

It should disclose information over and above that which is provided in the management accounts and should not be merely a description of the movements in the financial statements in narrative form or an otherwise uninformative series of technical responses. It should provide management's perspective of the company that enables investors to view the business from the vantage point of management.

The discussion should focus on aspects such as liquidity; capital resources; changes in financial condition; results of operations; material trends and uncertainties and measures

taken or to be taken to address unfavourable trends; key performance indicators; and non-financial indicators.

General Discussion and Analysis of Financial Condition

The slowing down of the economy noticed in the first quarter continued into the second quarter. Net income declined by 6.87% compared with 2016. Projected income for the 2016/17 financial year is for a decrease against 2015/016..

The company is financially sound with a debt to equity ratio of 0.28:1 and a liquidity ration of 1:1.28. There are no commitments to capital projects

Liquidity and Capital Resources

Provide a narrative explanation of the following (but not limited to):

- i) The reporting issuer's financial condition covering aspects such as liquidity, capital resources, changes in financial condition and results of operations.
- ii) Any known trends, demands, commitments, events or uncertainties that will result in, or that are reasonably likely to result in, the issuer's liquidity increasing or decreasing in any material way. If a deficiency is identified, indicate the course of action that the reporting issuer has taken or proposes to take to remedy the deficiency.
- iii) The issuer's internal and external sources of liquidity and any material unused sources of liquid assets.
- iv) Provisions contained in financial guarantees or commitments, debt or lease agreements or other arrangements that could trigger a requirement for an early payment, additional collateral support, changes in terms, acceleration of maturity, or the creation of an additional financial obligation such as adverse changes in the issuer's financial ratios, earnings, cash flows or stock price or changes in the value of underlying, linked or indexed assets.

- v) Circumstances that could impair the issuer's ability to continue to engage in transactions that have been integral to historical operations or are financially or operationally essential or that could render that activity commercially impracticable such as the inability to maintain a specified level of earnings, earnings per share, financial ratios or collateral.
- vi) Factors specific to the issuer and its markets that the issuer expects will affect its ability to raise short-term and long-term financing, guarantees of debt or other commitment to third parties, and written options on non-financial assets.
- vii) The relevant maturity grouping of assets and liabilities based on the remaining period at the balance sheet date to the contractual maturity date. Commentary should provide information about effective periods and the way the risks associated with different maturity and interest profiles are managed and controlled.
- viii) The issuer's material commitments for capital expenditures as of the end of the latest fiscal period, and indicate the general purposes of such commitments and the anticipated source of funds needed to fulfil such commitments.
- ix) Any known material trends, favorable or unfavorable, in the issuer's capital resources, including any expected material changes in the mix and relative cost of capital resources, considering changes between debt, equity and any off-balance sheet financing arrangements.

Discussion of Liquidity and Capital Resources

The group's liquidity position remains strong as the business continues to generate adequate cash flow. The liquidity ratio was 1:1.28 and debt to equity of .28:1

Loans installments and interest were paid on their due dates. There were no defaults.

There are no capital commitments and no known events that would have a material effect on the profitability of the company.

Off Balance Sheet Arrangements

Provide a narrative explanation of the following (but not limited to):

- i) Disclosures concerning transactions, arrangements and other relationships with unconsolidated entities or other persons that are reasonably likely to materially affect liquidity or the availability of, or requirements for capital resources.
- ii) The extent of the issuer's reliance on off-balance sheet arrangements should be described fully and clearly where those entities provide financing, liquidity, market or credit risk support, or expose the issuer to liability that is not reflected on the face of the financial statements.
- iii) Off-balance sheet arrangements such as their business purposes and activities, their economic substance, the key terms and conditions of any commitments, the initial on-going relationship with the issuer and its affiliates and the potential risk exposures resulting from its contractual or other commitments involving the off-balance sheet arrangements.
- iv) The effects on the issuer's business and financial condition of the entity's termination if it has a finite life or it is reasonably likely that the issuer's arrangements with the entity may be discontinued in the foreseeable future.

There are no off-balance sheet arrangements.

Results of Operations

In discussing results of operations, issuers should highlight the company's products and services, facilities and future direction. There should be a discussion of operating considerations and unusual events, which have influenced results for the reporting period. Additionally, any trends or uncertainties that might materially affect operating results in the future should be discussed.

Provide a narrative explanation of the following (but not limited to):

- i) Any unusual or infrequent events or transactions or any significant economic changes that materially affected the amount of reported income from continuing operations and, in each case, the extent to which income was so affected.
- ii) Significant components of revenues or expenses that should, in the company's judgment, be described in order to understand the issuer's results of operations.
- iii) Known trends or uncertainties that have had or that the issuer reasonably expects will have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations.
- iv) Known events that will cause a material change in the relationship between costs and revenues (such as price increases, costs of labour or materials), and changes in relationships should be disclosed.
- v) The extent to which material increases in net sales or revenues are attributable to increases in prices or to increases in the volume or amount of goods or services being sold or to the introduction of new products or services.
- vi) Matters that will have an impact on future operations and have not had an impact in the past.
- vii) Matters that have had an impact on reported operations and are not expected to have an impact upon future operations
- viii) Off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships that have or are reasonably likely to have a current or future effect on the registrant's financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.
- ix) Performance goals, systems and, controls.

Overview of Results of Operations

The 31 March 2017 signaled the end of the first half of the financial year. The economy continued on its downward trend which negatively impacted sales and profitability. Sales of \$77,486,610 were 6.91% below 2016; gross margin also dropped by 11.91%. However, other income increased by 31.57%. There was a small increase in expenses of 1.77%. Net income before tax for the six months was \$8,261,221; this was a decrease of 6.87% compared with 2016.

Management believes that unless new major projects come on stream, outlook for the remaining six months is for a further decline in sales and profitability compared with 2016.

3. Disclosure about Risk Factors.

Provide a discussion of the risk factors that may have an impact on the results from operations or on the financial conditions. Avoid generalised statements. Typical risk factors include untested products, cash flow and liquidity problems, dependence on a key supplier or customer, management inexperience, nature of business, absence of a trading market (specific to the securities of the reporting issuer), etc. Indicate if any risk factors have increased or decreased in the time interval between the previous and current filing.

Potential RISK Factors

(1) General country economic conditions and its effects on consumer disposable income and spending

(2) Competitive environment and entry of significant new competitors engaged in similar lines of business and their effects of market share, sales and margins.

(3) Availability and cost of capital, particularly debt capital to finance ongoing working capital needs.

(4) Availability of labour, particularly in the area of skilled management

The economic forecast for the country is positive and no changes in the above risk factors are expected.

The company operates in the retail industry and carry Public Liability Insurance. The business generates adequate cash flow to meet working capital needs and no shortfall in liquidity is anticipated.

4. Legal Proceedings.

A legal proceeding need only be reported in the ECSRC – OR filed for the period in which it first became a reportable event and in subsequent interim reports in which there have been material developments. Subsequent Form ECSRC – OR filings in the same financial year in which a legal proceeding or a material development is reported should reference any previous reports in that year. Where proceedings have been terminated during the period covered by the report, provide similar information, including the date of termination and a description of the disposition thereof with respect to the reporting issuer and its subsidiaries.

NONE

5. Changes in Securities and Use of Proceeds.

- (a) Where the rights of the holders of any class of registered securities have been materially modified, give the title of the class of securities involved. State briefly the general effect of such modification upon the rights of holders of such securities.

NOT APPLICABLE

(a) Where the use of proceeds of a security issue is different from that which is stated in the registration statement, provide the following:

- Offer opening date (provide explanation if different from date disclosed in the registration statement)

NOT APPLICABLE

- Offer closing date (provide explanation if different from date disclosed in the registration statement)

N/A

- Name and address of underwriter(s)

N/A

- Amount of expenses incurred in connection with the offer

N/A

- Net proceeds of the issue and a schedule of its use

N/A

- Payments to associated persons and the purpose for such payments

N/A

(c) Report any working capital restrictions and other limitations upon the payment of dividends.

There are no working capital restrictions. However, the Company must seek the consent of its bankers, the Royal Bank of Canada, before making a dividend payment

6. Defaults upon Senior Securities.

- (a) If there has been any material default in the payment of principal, interest, a sinking or purchase fund instalment, or any other material default not satisfied within 30 days, with respect to any indebtedness of the reporting issuer or any of its significant subsidiaries exceeding 5 per cent of the total assets of the reporting issuer and its consolidated subsidiaries, identify the indebtedness. Indicate the nature of the default. In the case of default in the payment of principal, interest, or a sinking or purchase fund instalment, state the amount of the default and the total arrears on the date of filing this report.

There were no defaults. Principle and interest were paid on their due dates.

- (b) If any material arrears in the payment of dividends have occurred or if there has been any other material delinquency not satisfied within 30 days, give the title of the class and state the amount and nature of the arrears or delinquency.

There were no dividend arrears. No dividends were paid in this quarter.

7. Submission of Matters to a Vote of Security Holders.

If any matter was submitted to a vote of security holders through the solicitation of proxies or otherwise during the financial year covered by this report, furnish the following information:

- (a) The date of the meeting and whether it was an annual or special meeting.

N/A

- (b) If the meeting involved the election of directors, the name of each director elected at the meeting and the name of each other director whose term of office as a director continued after the meeting.

N/A

- (c) A brief description of each other matter voted upon at the meeting and a statement of the number of votes cast for or against as well as the number of abstentions as to each such matter, including a separate tabulation with respect to each nominee for office.

N/A

- (d) A description of the terms of any settlement between the registrant and any other participant.

N/A

- (e) Relevant details of any matter where a decision was taken otherwise than at a meeting of such security holders.

N/A

8. Other Information.

The reporting issuer may, at its option, report under this item any information, not previously reported in a Form ECSRC – MC report (used to report material changes), with respect to which information is not otherwise called for by this form, provided that the material change occurred within seven days of the due date of the Form ECSRC-OR report. If disclosure of such information is made under this item, it need not be repeated in a Form ECSRC – MC report which would otherwise be required to be filed with respect to such information or in a subsequent Form ECSRC – OR report.

N/A

S.L. Horsford Group of Companies
Income Statement for the period October 2016 to March 2017

	October 2016 to Mar-17	October 2015 to Mar-16	Period ended Sept. 2016	Period ended Sept. 2015
	EC\$	EC\$	EC\$	EC\$
SALES	77,486,610	83,240,609	158,767,780	157,118,254
Gross Margin	18,086,791	20,531,847	39,849,883	36,700,230
Other Income	9,013,988	6,851,263	9,600,195	8,966,794
GROSS REVENUE	27,100,779	27,383,110	49,450,078	45,667,024
EXPENSES				
Building and Insurance	2,332,131	2,284,780	4,119,077	4,103,662
Office	822,474	778,188	1,769,015	1,615,563
Employment	9,509,474	9,281,831	18,349,389	17,098,898
Selling	2,683,178	2,626,020	4,946,023	4,791,464
Depreciation	2,007,612	1,929,617	3,897,998	3,743,987
Interest	867,447	838,942	1,581,467	1,726,330
Other	617,242	773,367	1,485,039	1,563,900
TOTAL EXPENSES	18,839,558	18,512,745	36,148,008	34,643,804
NET INCOME before results of associated co.'s	8,261,221	8,870,365	13,302,070	11,023,220
<i>Share of results of Associated co.</i>			<u>2,843,581</u>	<u>3,102,944</u>
INCOME BEFORE TAXATION	8,261,221	8,870,365	16,145,651	14,126,164
Income Tax Expense	(3,056,652)	(3,011,140)	(6,095,611)	(5,699,564)
	5,204,569	5,859,225	10,050,040	8,426,600

S.L. Horsford Group of Companies
Statement of Financial Position as at March 2017

	Mar. 2017 EC\$	December-16 EC\$	NOTES	September-16 EC\$
CURRENT ASSETS				
Cash at bank & on hand	541,577	586,961		786,060
Accounts Receivable	14,827,852	17,332,307	1	15,995,218
Inventories	33,620,468	29,013,895		40,043,013
Taxation Recoverable				64,327
	48,989,897	46,933,163		56,888,618
CURRENT LIABILITIES				
Loans & Bank O/Ds	27,625,299	30,471,732	2	29,259,278
Accounts Payable & Accruals	8,766,972	7,501,183		14,012,052
Provision for Taxation	1,710,177	2,879,663		2,007,323
	38,102,448	40,852,578		45,278,653
WORKING CAPITAL	10,887,449	6,080,585		11,609,965
Accounts Receivable - Non current	27,651,929	29,149,569	3	22,588,211
Investment in Associated Companies	13,016,155	13,016,155		13,016,155
Available for sale Investments	505,235	505,236		505,235
intangibles	20,413	20,413		27,253
Property Plant and Equipment	102,737,376	102,890,034		98,360,748
TOTAL	154,818,557	151,661,992		146,107,567
FINANCED BY:				
Share Capital	60,296,860	60,296,860		60,296,860
Reserves	71,797,813	71,491,284	4	70,261,344
Current Year Profits	5,204,569	3,664,015		
SHAREHOLDERS' FUNDS	137,299,242	135,452,159		130,558,204
Loans - Non - Current	10,873,326	9,567,189	5	8,903,373
Deferred Tax	6,645,989	6,645,989		6,645,990
FUNDS EMPLOYED	154,818,557	151,665,337		146,107,567

S.L. HORSFORD AND COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED MARCH 2017

	March 2017	MARCH 2016	SEPT. 2016	SEPT. 2015
CASH FLOW FROM OPERATING ACTIVITIES				
Income before Taxation	8,261,221	8,870,366	16,145,651	14,113,219
Adjustments for:				
Depreciation and Amortisation	2,007,613	1,714,622	3,897,998	3,743,987
Gain on disposal of Property, Plant and Equipment	(103,066)	(61,829)	(206,734)	(217,995)
Finance Costs incurred	867,447	838,942	1,581,467	1,726,330
Share of Income from Associated Companies	-	-	(2,843,581)	(3,089,999)
Operating profit before working capital changes	11,033,215	11,362,101	18,574,801	16,275,542
Net change in non-cash working capital balances related to Operations	2,344,831	(766,043)	(2,569,006)	(3,394,190)
	13,378,046	10,596,058	16,005,795	12,881,352
Finance Costs Paid	(867,447)	766,043	(1,581,467)	(1,726,330)
Taxation Paid	(3,289,477)	(838,942)	(5,366,891)	(3,553,049)
Net cash inflow from Operating activities	9,221,122	8,991,073	9,057,437	7,601,973
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of Property, Plant and Equipment	(2,021,724)	(1,908,969)	(4,356,786)	(3,791,328)
Proceeds on disposal of Property, Plant and Equipment	305,546	442,124	641,440	676,658
Purchase of Intangibles	(6,840)	(40,146)	(40,146)	-
Dividend Received from Associated Companies			2,380,180	2,332,658
Net cash used in investing activities	- 1,723,018	(1,506,992)	(1,375,312)	(782,012)
CASH FLOWS FROM FINANCING ACTIVITIES				
Non-current Receivables	(5,063,718)	(3,448,933)	(4,808,148)	(4,370,057)
Long-term loans received/(Paid)	1,392,047	2,292,406	5,429,941	(628,972)
Dividends paid to Shareholders	(3,014,843)	(2,713,363)	(5,426,717)	(4,522,264)
Net cash used in financing activities	(6,686,514)	(3,869,890)	(4,804,924)	(9,521,293)
Net Increase/(decrease) in cash and cash equivalents	811,590	- 5,376,882	2,877,201	(2,701,332)
Cash and cash equivalents - beginning of quarter	(1,589,195)	(4,466,396)	(4,466,396)	(1,765,064)
Cash and cash equivalent - end of quarter	(777,605)	(9,843,278)	(1,589,195)	(4,466,396)
Cash	541,577	689,249	786,060	834,478
Bank Overdraft	(1,319,183)	(4,050,138)	(2,375,255)	(5,300,874)
	(777,605)	(3,360,889)	(1,589,195)	(4,466,396)